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Purple Economy Principles as a Strategic Framework for Managing Start-ups

مبادئ الاقتصاد البنفسجي كمدخل استراتيجي لتسيير المؤسسات الناشئة

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Abstract:

The main objective of this study is to emphasize the importance of the strategic use of the principles of the purple economy in managing start-ups and their potential for achieving competitive advantage. The principles of the purple economy are consistent with the objectives of start-ups, going beyond the conventional. The study has shown that the values of the purple economy meet the needs of start-ups since they focus on creativity, cultural differentiation, and community participation in value creation. The main challenge associated with the purple economy is the lack of awareness of the concept by many entrepreneurs.

Key words: Purple Economy Principles; Start-up Management; Competitive Advantage; Innovation; Cultural Identity.
JEL classificationcodes : *Z10- M13- L26- O13- Z12*.

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1. Introduction:

In recent years, the topic of startups has received significant attention from both developed and developing countries alike, due to the positive effects they have on their economies. This is due to startups' possession of such characteristics, innovative ideas, flexibility, and the ability to renew business models, and they are more receptive to modern ideas. Nevertheless, they also face increasing challenges within a changing and highly competitive environment, which pushes them to search for alternative managerial and strategic models enhancing their ability to survive and evolve. In this regard, the **purple economy**, with its principles, is one of the new approaches that entrepreneurs can adopt in managing and operating startups. It seeks to integrate the cultural and technical aspect into economic processes in order to generate new ideas based on cultural identity, achieve competitive advantages, and ensure growth and sustainability for such enterprises.

Accordingly, based on the aforementioned, the following research question is raised:

What is the strategic importance of applying the principles of the Purple Economy in managing and running startups?

Plan of the Research

In order to address the research question, the study is divided into the following themes:

a) Fundamentals of the Purple Economy.
b) Key Concepts Relating to the Purple Economy.
c) The Strategic Importance of Applying the Purple Economy Dimensions in Running Startups.

Methodology of the Research

In order to tackle the research's question, a descriptive methodology was employed through collecting data and information from various sources, including books, journals, periodicals, websites, doctoral theses, and dissertations.

Hypothesisof the Research:
The adoption of the principles of the Purple Economy in managing startups constitutes a supportive strategy for building competitive advantages and attaining growth and sustainability.

Objectives of the Research
This research seeks to:

- Identify the Purple Economy and its foundational pillars.
- Identify startups and their distinctive features.
- Clarify the impact of applying the principles of the Purple Economy in supporting the effective management of startups.

Importance of the Research:

This research intends to explain how startups can support their management processes by adopting the principles of the purple economy in order to achieve growth, continuity, and acquire competitive advantages.

2. Fundamentals of the Purple Economy

2.1. The Concept of the Purple Economy

The emergence of the Purple Economy is traced to the growing importance of the cultural aspect in contemporary society. Among the most prominent factors cited (Kennar, 2025, p. 197):

- The restoration of global economic and political equilibrium for the profit of emerging countries, and a return to local environments once again regarded as centers of stability which rely on cultural consumption.
- New forms of demand (following the collapse of the grand ideologies), representing a growing social demand regarding quality and steps towards innovation (premised on the existence of a cultural mindset capable of bridging different disciplines and cultivating a talent for discovery) ...
- The Purple Economy is naturally global as it values goods and services at large, regardless of their sector, based on their cultural aspect.
- The Purple Economy refers to the integration of the cultural aspects into the economy; it works towards an economic system that adapts to human diversity within globalization and draws

upon the cultural aspect to assign value to goods and services (Sonatsh & Snehlata , 2018, p. 47).

It has also been defined as: a new form of sustainable economy that attaches great importance to the cultural aspect of society through the restoration of economic and political equilibrium by drawing upon the interior environment, which represents the cultural identity of the state. It thereby valorizes reliance on both local goods and services while seeking to establish an intersectoral interlinkage grounded in the local cultural dimension. This kind of economy is furthermore linked to sustainable development through associating the cultural dimension with the three pillars of sustainable development: the economic, social, and environmental dimensions (Ben Malek, 2019, p. 43).

2.2. Dimensions of the Purple Economy

The Purple Economy rests upon two primordial dimensions (Bessebaa et al., 2020, pp. 100–110):

a. The Ethical Dimension:

This dimension is premised on the view that ethics are a matter of culture, whether pertaining to an organization, a society, or a people. In the face of the pressures of globalization and the risk of cultural Unification, the ethical dimension calls upon decision-makers to integrate the cultural field into the activities and policies of sustainable development.

b. The Cultural Footprint Dimension:

The Purple Economy applies the "Cultural Footprint" indicatorwhich seeks to identify the extent to which cultural aspects are embraced within society and organizations, etc. In other words, the cultural footprint represents the set of positive or negative external factors and indirect effects produced within the cultural environment through the actions of economic actors, and can be linked to production and consumption.

The Purple Economy responds, on the one hand, to the need of enterprises for innovation and differentiation from their competitors, and on the other, to the desire of certain states to work towards

cultural diversity and its valuation, by reconciling culture with sustainable economic development and positioning culture as a driver of creativity and wealth creation (Belbachir et al., 2020, p. 242).

3. Key Concepts Relating to the Startups

3.1. Definition of Startups

Despite the abundance of research and institutions that have addressed the subject of startups particularly in recent times no unified definition has yet emerged. The term "emerging" carries relative definitions that vary from one sector to another and from one country to another, leading each state to adopt its own specific definition. This divergence stems from differences in the classification criteria employed in each country, which in turn reflect differences in capacities, resources, and levels of economic development (Anani, 2014, p. 93).

In terminological terms, the English dictionary defines a startup as a small project that has just begun. The term "startup" comprises two parts: "start," which evokes the idea of launching, and "up," which points to the idea of strong growth. Therefore, some define it as an enterprise that aims to market and introduce a new product or innovative service targeting a large market, irrespective of the company's size or its sector or field of activity. It is further characterized by high uncertainty and elevated risk, offset by the prospect of strong, rapid growth and the possibility of substantial profits in the event of success (Boulchaour, 2018, p. 417).

In recent years, the concept of startups has become the most widely used and prevalent term as a model that aligns with economic transformations and the globalization characterized by the growing influence of technology on economic life, which is increasingly oriented towards what is known as the Fourth Industrial Revolution and the knowledge economy.

The French Larousse dictionary defines startups as young innovative enterprises (jeuneentreprise) operating in the field of modern technologies. The English dictionary, in turn, defines a startup as a small project in its infancy, with the word composed of two parts:

"Start," indicating the idea of launching, and "up," indicating the idea of strong growth (Meziane & Amarouche, 2021, p. 31).

According to Eric Ries, a startup is a human entity designed to create a new product or service under conditions of extreme uncertainty (Ramdani & Bouguerra, 2020, p. 278).

3.2. Characteristics of Startups

The characteristics of startups may be briefly concluded as follows (Boulchaour, 2018, p. 421):

- High potential for strong growth;
- Use of modern technology;
- No need for large-scale funding; crowdfunding campaigns are common;
- Operating in new markets wherein risk assessment is difficult.

Startups are further distinguished by several key features, the most prominent of which include (Boulchaour, 2018, p. 420):

- Young enterprises whose primary objective is survival, faced with two feasible options: either growth and success, or closure and failure.
- Rapid growth and the capacity to generate significant returns in a short period of time; they are enterprises capable of yielding very substantial profits.
- They are technology-related enterprises relying principally on technology.
- Small capital base but high returns; they require very modest costs relative to the profits they generate.
- Their ability to adapt to the external environment and extend their reach to remote areas, in addition to their limited geographic spread (Sebti, 2008–2009, p. 12).
- Their capacity for innovation and the development of new products, owing to the fact that the cost of doing so is 24 times lower than that of large enterprises (Ramdani & Bouguerra, 2020, p. 279).

3.3. Types of Startups

Prior studying their definition and characteristics, it remains to address the types of startups. There exist several distinct and varied categories of startups, which can be classified according to three

criteria, thereby facilitating a clearer organization and understanding of the concepts:

3.3.1. In Terms of Size

The size criterion refers to the number of employees and staff, the geographic scope, or the volume of capital. Startups are divided into two sub-categories:

a. Large Startups:

This category encompasses commercial companies aiming at innovating and creating major trends in their industry, pursuing unlimited growth in stark contrast to small and medium-sized enterprises (Borouissa, 2022).

b. Small and Medium-Sized Startups:

Their activity is characterized by modest activity; they have no intention of growing their business substantially, and their workforce is smaller than that of large startups (Meriem BOUROUISSA, 2022, pp. 77–94).

3.3.2. In Terms of Activity

This criterion is likewise divided into two sub-categories:

a. Social Startups:

These are startups of a social character; that is, enterprises aiming at operating within the society in which they are established in order to reform it or make a difference whether generally or in relation to a specific issue or to contribute positively to a social cause or a charitable endeavor of some kind.

b. Lifestyle Startups:

This category of startups centers its activity mainly on daily behaviors and various lifestyle patterns, those that people feel drawn to and identify with, such as the Algerian startup YASSIR, which is a startup built around a continuous activity tied to a particular lifestyle pattern, namely travel from one place to another (Ghiat & Boufarah, 2022).

3.3.3. In terms Scalability

The final criterion is scalability, which is also divided into two sub-categories:

a. Scalable Startups:

These are enterprises built or established with the purpose of being developed and having their activity and scope expanded over time, until they become among the major entrepreneurial companies in their industry or field (Ghiat & Boufarah, 2022). Their work is centered on development, on staying ahead of competitors in terms of ideas, and on keeping pace with the times.

b. Acquirable Startups:

These are enterprises created from the outset with the objective of being developed, having their activity and scope expanded, and then being sold in major deals once they have secured a prominent position in the market in which they operate, amid competitors in the same field or industry. They are generally technology-driven startups whose workforce consists of developers working, for instance, on developing a website or a smartphone's application, which is subsequently sold for substantial sums to large enterprises of the same field (Ghiat & Boufarah, 2022).

3.4. Distinguishing Startups from Small, Medium, and Micro Enterprises

In Algeria, as in other formerly developing countries, no official or legal definition of the small and medium enterprise sector was put forward until after the efforts made by certain bodies interested in studying this sector, efforts that continued until the economic openness experienced by the Algerian economy in recent years prompted renewed attention to this sector. Article 05 of Law No. 17-02, containing the Orientation Law for Small and Medium Enterprises, sets out a dual definition, as follows: "*A small and medium enterprise, regardless of its legal nature, is defined as an enterprise engaged in the production of goods and/or services employing between one (01) to two hundred and fifty (250) persons, with an annual turnover not exceeding 4 million Algerian dinars, or an annual balance sheet total not exceeding one (01) billion Algerian dinars*". (Article 05 of Law No. 17-02, 2017). Article 08 of the same law further clarifies the preceding definition, defining *a medium enterprise as one employing between 50 and 250 persons with an annual turnover of between 400 million and one (01) billion Algerian dinars*(Article 08 of Law No. 17-02, 2017).

With regard to small enterprises, Article 09 of the same law defines them as enterprises employing between 10 and 49 persons with an annual turnover not exceeding two hundred (200) million Algerian dinars (Article 09 of Law No. 17-02, 2017).

As for the final type which is seldom confused with the others, namely micro enterprises (referred to in some references as "micro-enterprises") Article 10 of the same law defines them as *enterprises employing between one (01) and nine (09) persons with an annual turnover of less than 40 million Algerian dinars, or an annual balance sheet total not exceeding twenty (20) million Algerian dinars*(Article 10 of Law No. 17-02, 2017)).

Despite this, some still consider startups to be small, medium, or micro enterprises. On this basis, multiple key distinctions maybeconcluded :

3.4.1. Purpose of Establishment :

a. Emerging Enterprises:

When conceiving an enterprise, the founder envisages it as a scalable project with the potential to grow into a large enterprise.

b. Small and Medium Enterprises:

These do not put forward innovative ideas and solutions; rather, they are implemented within the local market and rely on the business owner, who does not aspire for the project to evolve into a large-scale undertaking but instead seeks to attain expansion.

3.4.2. Phases of Establishment :

a. Emerging Enterprises:

All startups work on innovation, which means that opportunities for funding and support are limited, with no prepared model to follow and no certainty regarding the actual number of employees required.

b. Small and Medium Enterprises:

They operate on the basis of a clear business plan; the business owner draws inspiration from the projects of those around them and starts preparations at a faster pace, while enjoying greater opportunities to secure funding and a better understanding of the project's requirements and the steps involved in its establishment.

3.4.3. Industrial Environment or Local Market :

a. Emerging Enterprises:

The absence of a clear business plan, combined with the startup's limited capacity to create employment given that the roles it offers are not defined from the outset are the primary reasons for this.

b. Small and Medium Enterprises:

The impact of these enterprises on the local economy is clear and well-defined; they are able to create employment, their financing requirements are not substantial given their capacity to generate profit, and they therefore enjoy greater support from the local industrial community, with the state providing them with loans and financing.

3.4.4. Financing :

a. Emerging Enterprises:

The method may vary; an entrepreneur with an innovative idea through seeking an investor, and may join entrepreneurship competitions, among other avenues available for financing the enterprise.

b. Small and Medium Enterprises:

This could be relied on the business owner, who finances the project independently, or through bank loans or support mechanisms.

3.4.5. Duration of the Project or Idea:

a. Emerging Enterprises:

It may evolve into a large enterprise within a matter of years, or remain a small project, as it operates on a product or idea that is replicable and scalable.

b. Small and Medium Enterprises:

Their continuity depends on the extent to which their owners are able to achieve profitability and stability. Their scope may be expanded somewhat, allowing them to remain successful and precarious for an indefinite period (Bekhiti & Bouaouina, 2020, pp. 48–67).

4. The Strategic Importance of Applying the Dimensions of the Purple Economy in Running Startups

The application of the dimensions of the Purple Economy in the management of startups is likely to contribute to the growth and sustainability of this category of enterprise and to the achievement of distinction (competitive advantages), by attracting a broad customer

base; precisely what innovative projects require. This is accomplished through the valuation of goods and services according to the cultural dimension. The following points illustrate this:

- Designing and building a brand identity for the enterprise that reflects the cultural identity of the country, which will forge an emotional bond with customers and thereby attract a larger clientele, something these enterprises particularly need in their early stages.

- Reinforcing the use of local cultural elements in the design of products, the delivery of services, and their promotion.
- Fostering creativity and innovation in the development of products that integrate technology and traditional crafts in order to realize distinction.

- The necessity for enterprises to respect local customs and traditions in order to reinforce a sense of belonging, strengthen social ties, and ensure stability; through embedding cultural values in the management of the enterprise and engaging positively with the local community.

- Creative industries are also regarded as one of the most significant investment opportunities for startups; this indicator encompasses the production of goods and services bearing a cultural footprint that takes in consideration the customs and traditions of the country, such as traditional industries, liberal trades and crafts, and campaigns to promote local products (Boudjahfa, 2021, p. 99).
- Treating culture as an integral part of the business model rather than a mere add-on, with a view to achieving sustainable growth that transcends material profit.

- Building relationships and concluding cooperation agreements and partnerships with cultural institutions, craftspeople, and academic institutions to strengthen the cultural dimension of the project.

- Supporting private programs dedicated to protecting and promoting local culture within the community, and reinforcing social solidarity among the various stakeholders of society (Bahlouli & Rouabhi, p. 352).

- Diversity Management: This refers to "*building an organizational culture that enables all members of the organization including women and minorities to make the fullest possible use of their capacities and potential. To this end, organizational management can employ various approaches to managing diversity within the organization, with the ultimate objective of drawing upon the intellectual capacities and technical skills of all employees within an environment in which everyone is able to give of their best*" (Al-Khafaji & Abbas, 2008, p. 352).

- Directing the enterprise's financial investments towards projects concerned with enhancing cultural diversity; for instance, organizations might adapt their commercial activities to local cultures in their communications activities or their advertising (Gagnon, 2012, p. 6).

- Purple Training**:** This refers to training grounded in cultural pluralism and diversity, encompassing "*those training programs designed to render members of organizations more receptive to working in a multicultural and diverse environment. This form of training can take various shapes, such as enabling individuals to recognize the differences and similarities existing between them, or training specifically aimed at helping women and men work together, or teaching foreign employees the local language in which they work and assisting them through translated guidance booklets*" (Al-Khafaji & Abbas, 2008, pp. 353–354).

4.1. The Purple Economy as an Economic Stake

The Purple Economy constitutes an economic stake as it is embodied in the mastery of the cultural footprint that is, the influence we exert upon the cultural environment which is regarded as an economic gain. This is what enables enterprises to seize opportunities to enter new markets through the cultural valuation of products and their adaptation to human diversity.

The Purple Economy encompasses the full range of activities that contribute to enhancing the cultural impact of both the individual and the collective. The need to preserve natural resources affords the

Purple Economy such growth, due to its strong reliance on immaterial foundations for the creation of value. Thus, the Purple Economy is regarded as a transversal economy, inasmuch as the various products leave their footprint on the cultural environment (Musitelli, 2011, p. 5).

In addition to the foregoing, the Purple Economy carries great significance when its principles are applied to the production of goods and services (Djilali, 2022, p. 399):

- Many economists and economic controllers hold that economic crises have arisen as a result of the marginalization of the cultural dimension distinguishing each country.
- The pressing need to establish a cultural orientation specific to each country or region, so as to allow enterprises to identify the requirements they must build upon in order to align with that orientation.
- Many specialists consider that economic diversification has become linked to the cultural credibility of the goods produced and services.
- Economic enterprises are regarded as an instrument for conveying and preserving local culture, one that takes into account a unified consumption culture grounded in local characteristics and opportunities.
- The efforts of developed countries such as France, USA, and Japan to enhance and integrate different patterns of consumption with material and cultural characteristics.
- The Purple Economy contributes effectively to diversifying the national economies of developing countries that rely predominantly on the hydrocarbons sector (oil), supporting tourism nationally and internationally.

5. Conclusion:

Ultimately, the adoption of the principles of the Purple Economy in the management and running of start-up enterprises is a strategic orientation aimed at achieving an equilibrium between economic performance and social and cultural responsibility in enterprise operations. This model promotes the valuation of creativity and cultural identity, as well as innovation, which are aimed at enhancing the sustainability of start-ups in adapting to economic shift in recent times.

The integration of the Purple Economy's values into management practices also reflects positively on the enterprise's reputation and on the relationship between the enterprise and the social environment. Furthermore, it assists in the creation of immaterial added value based on knowledge and cultural capital, which is a key factor in improving competitiveness and ensuring sustainable development. Consequently, the adoption of this approach could help in building a more sustainable start-up that is integrated into the economic and social environment, which meets the requirements for sustainable development in the medium and long term.

According to the foregoing, the following recommendations may be suggested:

Promotion of scientific research and academic studies on the Purple Economy and its relationship with the management of business and entrepreneurship.

Activation of the role of institutions that support start-ups to raise awareness of the importance of the Purple Economy and to provide the necessary support mechanisms for its implementation.

Promotion of a corporate culture that supports creativity and cultural specificity within the enterprise.

Investmentin human resources through continuous training in the fields of creativity, knowledge, and cultural economy.

Incorporation of the principles of the Purple Economy in the management strategies of start-ups as a driver for supporting creativity and differentiation.

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