

Sociology of Organizational Failure: The Role of Organizational and Functional Barriers in Startup Disintegration – An Academic Perspective Study

Abouelfoutouh Bouhoreira *

¹ University of Amanoukal El-Hadj Moussa Ak Akhamouk, Tamanrasset (Algeria),
abouelfoutouhbouhoreira@univ-tam.dz

Received: 27/06/2025

Accepted: 10/12/2025

Published: 31/12/2025

Abstract: This research explores the sociological dimensions of structural and operational obstacles that hinder the sustainability of startups in Algeria. Relying on data gathered from 147 university professors at Tamenghist University, the study adopts a hybrid methodology that merges statistical analysis of Likert-scale surveys with in-depth insights from semi-structured interviews. The analysis uncovers how fragmented planning processes, rigid legal frameworks, and disconnected institutional support systems restrict the adaptability of emerging businesses. Moreover, it exposes a fundamental tension between the inflexible pace of state bureaucracy and the fast-evolving demands of the entrepreneurial market.

The findings underscore the importance of informal social networks in compensating for institutional shortcomings. To address these challenges, the study advocates for overhauling existing legislation, fostering closer collaboration between academic institutions and startup incubators, and building stronger administrative capabilities.

Keywords: Entrepreneurial ventures; Institutional obstacles; Operational challenges; Long-term planning; Bureaucratic.

* Corresponding author.

1- Introduction

Startups today form the cornerstone of structural transformations in modern economies, not only as engines of innovation and job creation but also as social actors reshaping production relations within a knowledge economy. In recent decades, the world has witnessed increasing attention to this sector due to its importance in supporting national economies and achieving intertwined social and economic goals. This interest stems from the capacity of these enterprises to convert innovative ideas into both scientific and practical solutions, making them a driver of economic competitiveness in diverse and changing contexts.

In this context, developing countries, including Algeria, have sought to adopt policies to promote economic diversification and reduce reliance on the rentier model based on natural resources (such as oil, gas, and minerals), which leads to imbalances in the balance of payments and hampers comprehensive development. Accordingly, the Algerian government, in alignment with sustainable development discourse, has adopted formal and varied strategies to create a new "entrepreneurial field" that supports startups, aiming to establish a favorable environment for their growth and development. Among the most notable initiatives was the issuance of Executive Decree No. 052/02 of 2020, which created a legal framework for granting labels such as "startup" or "innovative project," with the participation of vital ministries such as Higher Education, Industry, and Finance. Additionally, an Algerian fund was established to finance these companies, along with the founding of "Venture Algeria" to provide technical and financial support in an attempt to create an environment conducive to entrepreneurship.

However, despite these serious efforts by official policy, startups in Algeria face structural challenges that threaten their continuity and ability to grow into small and medium-sized enterprises. These challenges fall within the framework of dual violence that creates a complex working environment: the first is organizational (scattered legislation, absence of a law on business incubators, centralized decision-making, lack of a modern law regulating the work of incubators and accelerators), and the second is functional (scarcity of human and technological capital, geographical disparity in infrastructure between the center and desert peripheries due to imbalanced infrastructure). These structural conditions not only threaten the continuity of these enterprises but also transform them into fragile entities incapable of evolving into small and medium projects, limiting the spread of innovative ventures beyond major cities, especially in vulnerable regions (such as desert areas).

From this standpoint, understanding the nature of these obstacles and analyzing them in depth becomes an urgent necessity to determine their impact on the continuity of startups in the Algerian context. These challenges do not only affect internal growth but also the contribution of startups to the national economy. Since social and organizational dimensions are central to explaining the dynamics of failure or success, this study offers a sociological dissection of the mechanisms that hinder continuity through the perspective of the "academic elite from the faculty corps" at the University of Tamanrasset (as a critical observer of the social field), with the aim of answering **the central research question:**

- How do organizational-functional structures reproduce the failure of startups in the Algerian context?

Which further branches into **the following questions:**

- What is the nature and types of organizational and functional barriers hindering the continuity of startups in Algeria?
- How does weak strategic planning contribute to reducing the efficiency and continuity of these enterprises?
- How can the legislative and regulatory frameworks governing startups help mitigate the impact of these barriers?

1.1- Research Hypotheses

The study hypotheses were formulated in line with the general orientation of the research through its problematics, objectives, and the direction of the posed questions to explore these obstacles, as follows:

1.1.1. General Hypothesis:

- Organizational and functional structures reproduce the dynamics of failure in Algerian startups through mechanisms that restrict adaptation and operational efficiency.

1.1.2. Sub-Hypotheses:

- Weak organizational structure contributes to undermining the continuity of Algerian startups by hindering their ability to make quick decisions and adapt to environmental changes.
- Weak strategic planning reduces the efficiency of startups by leading to early termination and failure to achieve sustainability.
- Governmental laws and regulations play a limited role in reducing the organizational and functional obstacles facing startups due to the lack of supportive implementation mechanisms for a conducive work environment.

1.2- Significance and Objectives of the Study:

Startups are now a major driver of Algeria's national economic development, representing a fertile ground for entrepreneurial projects and innovation. However, they face multiple organizational and functional challenges that limit their sustainability. These challenges stem from structural, cultural, and legislative factors embedded in the local socio-economic environment.

The significance of this study lies in its central problem, which seeks to analyze these barriers from a sociological perspective to understand how organizational factors (such as administrative structure and strategic planning) interact with external factors (such as governmental legislation and cultural environment) to shape the reality of startups in Algeria. It also aims to fill a research gap left by previous studies, which primarily addressed the economic obstacles facing these enterprises in Algeria, focusing more on quantitative aspects without linking them to the social and cultural structures shaping the behavior of these economic actors.

Accordingly, the study seeks to achieve three main objectives:

- Analyze the sociological relationship between weak organizational structure and the continuity of startups.
- Assess the role of strategic planning in enhancing startup efficiency.
- Evaluate the impact of the legislative framework and government policies in mitigating organizational and functional barriers.

1.3. Theoretical and Conceptual Framework of the Study

This section highlights the study's terminological and operational concepts and addresses the topic according to epistemologically recognized theories in the field of the sociology of organization, through examining the available theoretical literature. The second part refers to previous studies related to the subject, which are useful for identifying the research gap and comparing findings with the current study's results in light of its hypotheses. These are addressed as follows:

1.3.1. Terminological and Operational Definitions of Key Concepts:

- **Startup:** The Algerian legislator defines a startup under Executive Decree No. 19-142 dated April 28, 2019, which sets the legal and regulatory framework for supporting these enterprises. This legal text implements Presidential Decree No. 18-06 of April 9, 2018, aimed at encouraging entrepreneurship and wealth creation through startup support. According to this, a startup is an economic entity that meets the following criteria:
- Established for no more than 5 years from the date of commercial registration.
- Operates in innovative economic activities with high added value such as modern technology, digital economy, renewable energies, social and solidarity economy, or creative industries.

- Aims for rapid growth and local/international expansion.
- Employs no more than 50 people and has an annual turnover or total budget not exceeding 10 million Algerian Dinars.

Thus, it can be considered "a newly established economic unit characterized by lower setup costs compared to traditional firms" (Maryam Zaater, 2023, p.1122), reflecting its nature as an innovative entity shaping the knowledge economy and investing in modern technology or innovative services.

- **Continuity of the Institution:** Refers to the ability of organizational entities to maintain core functions and achieve their goals over time, even under environmental challenges and external pressures. This can be analyzed through four concepts : Organizational continuity: maintaining administrative structures and internal regulatory rules. Environmental adaptability: strategic flexibility in facing challenges (e.g., economic crises or legislative changes). Interaction between formal and informal institutions: how formal laws (e.g., government policies) intersect with informal practices (e.g., social norms and traditions). Risk management and resilience: systems that protect human and material resources and ensure rapid recovery of critical operations after crises. (Bleich Erik, 2006, p.226)
- **Organizational Barriers:** Refer to internal factors stemming from the structural and administrative nature of the organization that hinder goal achievement effectively. These include: Structural related to authority and responsibility organization, such as overlapping roles or excessive centralization. Cultural: stemming from dominant institutional values and beliefs, such as resistance to change or bureaucratic culture. Procedural concerning internal rules and systems, such as overly complex procedures or mismatches between internal policies and operational realities. (Ahmed Barrah & Kanouni Sofiane, 2015, pp.231–232)
- **Functional Barriers:** Refer to negative impacts stemming from official or unofficial functions that conflict with the declared institutional goals. These include: excessive bureaucracy, neglectful organizational cultures, lack of strategic planning, and weak human resources. (Zineb Chami, 2022, p.569)
- **Entrepreneurial Environment:** Refers to the complex setting surrounding entrepreneurial activity, composed of interacting social, economic, and legislative factors that determine startup success or failure. This environment directs innovation dynamics, resource distribution, and relationships among economic entities. (Barakat Djamel Eddine & Assoul Mohamed El-Amine, 2024, pp.501–502)

1.3.2. Previous Studies Related to the Topic:

Previous research on organizational and functional barriers affecting the continuity of firms and companies in the economic space is vast, combining theoretical analysis and field applications. These studies show that such variables govern the performance of the business sector within national economies.

Studies generally view startups as key drivers of innovation and economic development. However, their disintegration and declining continuity are often linked to the complex interaction between organizational and functional barriers that reshape market dynamics and institutional environments. From a sociological perspective, these barriers reflect structural and institutional challenges that determine small economic entities' adaptability to socio-economic changes. (Aghion et al., 2023)

Organizational barriers—such as legal complexities and high compliance costs—discourage market entry and startup empowerment. Studies show that heavily regulated industries like fintech or medical devices experience higher failure rates due to strict compliance requirements (e.g., data sovereignty or licensing). (AllahRakha, 2023) Complex tax policies and excessive administrative procedures divert resources from innovation, especially in emerging economies where startups lack financial flexibility. (AKANG, 2024)

Functionally, internal factors like poor governance and lack of managerial experience play a critical role in startup failure. A case study of digital firms in Indonesia showed that leadership deficiencies and ineffective business models contribute to failure in competitive

environments. (Rozas & ER, 2024) Externally, challenges such as funding shortages and intensified competition (e.g., in Canada's cannabis sector) create unfavorable conditions due to jurisdictional regulatory differences. (McArdle et al., 2024)

To overcome these barriers, studies recommend simplifying organizational processes and adopting government support mechanisms such as tax incentives and R&D grants to reduce administrative burdens and enhance flexibility. (Halynskiy et al., 2024) Moreover, collaboration between government and the private sector is essential to develop flexible regulatory frameworks balancing governance with innovation needs. (Myroshnychenko et al., 2024) Internally, strengthening governance by building strong leadership teams and clear growth strategies is advised. (Rozas & ER, 2024)

In conclusion, these studies show that startup disintegration results from a multidimensional interaction between organizational and functional barriers, necessitating an integrated approach that combines legal reforms, support policies, inter-sectoral partnerships, and improved internal governance. Only through these means can a more favorable economic environment for sustaining these entities be built.

It is observed that these studies also remain limited in capturing the sociological dimension of the phenomena they address from a scientific perspective, as they exhibit an excessive focus on structural factors (such as compliance costs or sector-specific laws) without linking them to broader social dynamics such as the influence of social networks, institutional cultures, or relationships among stakeholders. This narrow focus undermines a deep understanding of how these barriers interact with local social contexts, or how informal cultural and economic factors shape the paths of success or failure for startups. Although previous studies acknowledge that organizational and functional barriers hinder startup growth, they often treat these barriers as fixed variables independent of social contexts. Moreover, these studies lack an analysis of how developing countries or transitional economies reinterpret or apply laws informally, which complicates the interaction of startups with the regulatory environment.

Accordingly, our study aims to fill these gaps by adopting a sociological methodology that integrates an institutional perspective and social network analysis to understand the interaction of organizational and functional barriers within the Algerian national context. Unlike previous studies that focus on individual factors, our study presents a comprehensive analysis that links structural factors such as laws and regulatory environment, social factors such as organizational culture and the relationship between supervising sectors, and dynamic factors by deconstructing organizational and functional barriers and measuring their impact in the Algerian context.

1.3.3– Theoretical Approaches to the Study Topic:

Academic tradition in scientific fields, especially in the social sciences, requires approaching social phenomena under investigation through the theoretical frameworks of the discipline, as they possess the appropriate tools capable of providing sociological analysis and interpretation that reveal the essence of the phenomenon and its relation to the environment. Therefore, in this study, we attempted to encompass the topic of barriers to startup continuity through a set of theoretical approaches within the sociology of organizations, as follows:

- **Bureaucratic Organization Theory:** One of the most prominent theoretical models in organizational sociology, it seeks to understand how organizations achieve efficiency and order through formal structures and a law-based system. This approach focuses on building an organized administrative system that relies on standardized procedures and objective rules, aiming to ensure fairness in resource distribution, decision-making, and enhancing effectiveness within organizational entities. This is achieved by dividing administrative authority within the organization into hierarchical levels, each assigned specific powers, with oversight applied from top to bottom.

This hierarchy ensures precise distribution of responsibilities, facilitates swift decision-making, and enhances vertical communication across administrative levels. It emphasizes specialization and division of labor by assigning tasks based on individual

competencies and acquired expertise, focusing on repetition of specific functions. This reduces role overlap and enhances productivity by developing specialized skills among employees. Furthermore, the organization relies on a set of written regulations and laws governing administrative operations, specifying employee selection, promotion criteria, and performance evaluation. These procedures provide transparency and predictability in organizational processes, reducing arbitrariness in policy implementation. Thus, fixed structures and written rules help maintain operational continuity within the organization, even amid personnel or external changes, making this stability a crucial element in ensuring long-term organizational performance sustainability.

The organization maintains a formal character in interactions, separating administrative decisions from personal relationships or emotional affiliations. This principle reduces subjective bias and promotes justice through reliance on objective criteria in decision-making. Its core goal is to maximize efficient use of available resources by applying principles of rational-legal authority, including precise task distribution planning and adopting scientific methods in process management, thereby improving productivity and reducing waste. (<https://www.toolshero.com>)

- **Social Network Theory:** This approach focuses on studying relationships between individuals or actors within organizations and analyzing how these links influence individual and collective performance. A social network is defined as a structure consisting of nodes (representing individuals or entities) and ties (representing relationships or interactions among them), forming a complex web that affects the flow of information, the distribution of influence, and decision-making within organizations.

Its core principles in organizational analysis include the concept of capital, referring to non-material resources gained by individuals or organizations through participation in social networks, such as access to information, emotional support, and political influence. It also includes the concept of strong ties, characterized by frequent interaction and deep relationships (such as personal friendships or long-term partnerships) within the organization, which foster organizational loyalty and internal coordination within teams or departments. In contrast, weak ties refer to superficial or temporary relationships (like casual acquaintances), offering channels for new or diverse information from outside closed social circles, thus stimulating innovation and adaptation to environmental changes. Accordingly, this approach uses network mapping as a tool for analyzing social networks and identifying patterns of relationships among individuals or groups. These maps reveal influential individuals and structural gaps representing disconnections between unlinked groups. (Kurchner H.R & R.Miller, 2006, pp. 199–203)

1.3.4 – The Interaction Between Organizational-Functional Barriers and Startup Continuity in the Algerian Context:

Although startups are considered a vital economic engine in developing countries, their failure rates remain a critical indicator for national economies, according to various academic studies. In Algeria, startup failure rates range from 60% to 70% within the first five years of establishment, with noticeable variations depending on sector and geographic location. This rate exceeds the global average (50–60%) according to the 2022 World Bank Report.

This can be explained by the entrepreneurial environment in Algeria, which shows a disparity between formal structure and organizational efficiency. The fragmentation of supporting entities and complexity of administrative procedures weaken startups' ability to adapt to market demands. This misaligned interaction between the public and private sectors reinforces “organizational fragility,” where bureaucratic procedures become obstacles to innovation rather than supports for organization. Moreover, the absence of supportive social networks linking startups with universities and financing institutions, coupled with a shortage of administrative and technological skills, creates barriers rooted in deep sociological factors, including an organizational culture focused on vertical authority, which limits creativity and

rapid decision-making—contrary to the nature of startups that require flexibility and innovation.

The weak digital infrastructure outside major cities also reflects the geographic and social divide in resource distribution. In Algeria, technological infrastructure is concentrated in large cities, while desert and rural areas remain marginalized, limiting the spread of innovative projects and depriving large social segments of entrepreneurial opportunities. Cultural barriers also have an intangible influence within the entrepreneurial environment, as Algerian society, in its cultural makeup, does not favor risk-taking in the domain of free enterprise. People tend to prefer secure, guaranteed government jobs over entrepreneurial ventures. This societal culture of risk aversion reduces the number of bold entrepreneurial initiatives and heightens fear of social or economic failure. (Yacine Tlili, 2022)

2- Method and Tools:

Conducting scientific research in the fields of social sciences, especially sociology, requires the researcher to fully adhere to the methodology of this research. This, in turn, leads the researcher to a set of methods, approaches, and tools that aid in investigation and inquiry into the subject that arouses their scientific curiosity. Thus, in this study, we have in turn attempted to track aspects of the topic of organizational failure in startups, which hinders their continuity within the Algerian economic and social space, according to the following elements:

2.1- Study Scope:

The study targeted a statistical population consisting of 315 university professors from various faculties at the University of Tamanrasset, from whom the main sample for sociological analysis was extracted. This group was chosen as a reliable source of knowledge to understand the organizational and functional dynamics affecting the continuity of startups, due to the professors' expertise in analyzing social and economic phenomena and their ability to provide critical insights based on theoretical knowledge and field experience.

The study was conducted over a period of six months (from January 2025 to June 2025), including stages of fieldwork, data collection using various tools (such as guided questionnaires and semi-structured interviews), and data analysis and interpretation using an analytical methodology that combines quantitative (descriptive statistics) and qualitative (sociological contextual analysis) approaches. This period was chosen in alignment with the academic calendar of the University of Tamanrasset, a research-oriented academic institution located in southern Algeria, and considered a microcosm for studying the interaction between the academic environment and startups. This facilitated access to the sample and ensured ongoing communication with participants.

2.2- Study Method and Sample:

The study relied on the descriptive-analytical method that combines quantitative and qualitative approaches, aiming to provide a comprehensive analysis of the role of organizational and functional barriers in the disintegration of startups from the perspective of Tamanrasset University professors. This was done using guided questionnaires to measure the degree of alignment between professors' opinions and the proposed hypotheses on barriers, along with semi-structured interviews with a sample of professors to explore the social and cultural contexts that enhance or weaken the impact of these barriers.

A stratified sample was adopted to include professors from various faculties (such as economics and social sciences, technological sciences, and law), in order to ensure knowledge and professional diversity and enhance the credibility of the results by covering multiple perspectives of the studied phenomenon.

As for the sample size, 159 professors were chosen as the main sample, representing about 48% of the study population, in accordance with Krejcie & Morgan tables, which define the minimum representative sample for populations fewer than 500 individuals. The distribution was as follows: Faculty of Humanities and Social Sciences with a sample of 50 professors, Faculty of Technology with 59 professors, Faculty of Economics and

Management with 20 professors, Faculty of Law and Political Sciences with 30 professors. About 147 questionnaires were returned fully completed.

2.3- Tools Used in the Study:

The study included a set of methodological and statistical tools for data collection, including:

- **Questionnaire:** A quantitative tool consisting of 21 closed-ended questions (using the five-point Likert scale) to measure the degree of professors' agreement with the proposed hypotheses. The questions were formulated based on previous studies and legislative analysis (such as Executive Decree No. 052/02).
- **Semi-structured research interviews:** A qualitative tool including 10 open-ended questions to explore in-depth views on the nature of organizational and functional barriers and possible recommendations for improving the support environment.
- **Statistical operations:** The data underwent descriptive statistical analysis (such as percentages, means, measures of central tendency, and dispersion) using the statistical program JASP, which helped derive objective results reflecting the reality of startups and the barriers they face. The Cronbach's Alpha and Pearson correlation coefficients were used to verify the reliability and validity of the measurement, yielding the following results:

Table (1): Statistical Coefficients Results

Coefficient	Value/Result	Evaluation
Cronbach's Alpha (α)	0.975	Very High Reliability
Spearman (ρ)	Average / 0.85-0.76	High Construct Validity
Pearson (r)	Average / 0.88-0.79	High Construct Validity

Source: Prepared by the researcher based on questionnaire data and JASP output

Thus, it can be said that the questionnaire enjoys high reliability and validity, making it a dependable measurement tool.

2.4- Psychometric Characteristics of the Study Sample:

Table (2): Psychometric Characteristics of the Respondents' Sample

Gender

Alternatives / Gender	Frequency	Percentage (%)
Male	80	54.42
Female	67	45.57
Total	147	100%

Academic Rank

Academic Rank	Frequency	Percentage (%)
Assistant Professor	22	14.96
Lecturer	94	63.94
Full Professor	31	21.08
Total	147	100%

Years of Experience

Years of Experience	Frequency	Percentage (%)
Less than 5 years	53	36.05
5 to 10 years	43	29.25
11 to 15 years	37	25.17
More than 15 years	14	9.52
Total	147	100%

Field of Specialization

Field of Specialization	Frequency	Percentage (%)
Humanities and Social Sciences	43	29.25
Economic Sciences	20	13.60
Technological Sciences	57	38.77
Law and Legal Sciences	27	18.36
Total	147	100%

Participation in Institutional Projects

Participation Type	Frequency	Percentage (%)
Yes, as a supervisor	39	26.53
Yes, as a member of the training team	06	4.08
Yes, as a consultant	42	28.57
No	60	40.81
Total	147	100%

Source: Researcher based on JASP statistical program

The psychometric characteristics of the sample in the above table show interaction with the social and professional context. The relative gender balance reflects a relatively parallel gender representation in the academic environment, indicating increasing female participation in research fields related to innovation, despite continued male dominance in high academic positions. The sample's focus on less experienced professors indicates a generational shift in academic circles toward addressing modern challenges in the entrepreneurial environment, although it reduces the sample's ability to analyze long-standing historical or structural barriers. The disciplinary distribution enhances the analysis of organizational and functional barriers through multiple perspectives, but the lack of economic specializations weakens the financial understanding of challenges.

It appears that 59.19% of the sample participated in startup projects (as consultants or supervisors), which enhances the practical credibility of the data, while the low training participation indicates weak institutional links between academics and the entrepreneurial space.

3- Results and Discussion

3.1- Presentation and Discussion of the First Chapter Results:

Table (3): Arithmetic Means and Standard Deviations for Study Sample's Evaluation of Weak Organizational Structure

Digital Leadership Concepts	Frequency	Percentage	Mean	Std Dev.	Rank
Lack of role and responsibility clarity among team members hinders startup operational efficiency	80	54.42%	1.762	0.69	Agree
Absence of clear hierarchy in startups delays strategic decision-making	65	44.21%	1.89	0.88	Agree
Weak interdepartmental communication increases conflicting priorities and wastes resources	72	48.98%	1.83	0.75	Agree
Lack of clarity in job roles reduces employee commitment to startup goals	59	40.13%	1.89	0.89	Agree
Centralized authority in one person reduces institutional flexibility to adapt to challenges	70	47.61%	2.21	0.79	Agree
Absence of crisis management structures makes startups vulnerable to sudden shocks	78	53.06%	2.07	0.90	Agree

Digital Leadership Concepts	Frequency	Percentage	Mean	Std Dev.	Rank
Failure to develop organizational structure with growth leads to administrative chaos	63	42.85%	1.79	0.78	Agree

Source: Prepared by the researcher based on JASP program

The table above shows aspects of respondents' reactions to a set of issues related to weak organizational structure:

The **first item**, with (Mean = 1.76, Std. Dev. = 0.69), indicates that the majority of respondents agreed that the lack of role clarity hinders the operational efficiency of startups. Although this result reflects the opinion of professors with less than 10 years of experience who hold managerial and supervisory roles in startup projects, they observed a drop in performance when roles were not clearly defined. This may reflect a specific understanding of the challenges in coordinating organizational teams in startups, particularly in the Algerian context, where hierarchical culture prevails without mechanisms for systematic power distribution (Yassine Talili, 2022), resulting in operational chaos supported by high results around task conflicts—confirming that this conclusion is not merely theoretical but a tangible field reality.

This view aligns with (Rozas & ER, 2024), who linked poor governance, lack of leadership competence, and unclear tasks to startup disintegration, which results in wasted resources due to the absence of clear bureaucratic frameworks. Similarly, (Aghion et al., 2023) found that predefined mechanistic work structures enhance speed and accuracy in startups.

From a sociological perspective, these results can be interpreted through Administrative Organization Theory, which emphasizes that division of labor and specialization form the basis for rational-legal authority that ensures efficiency and stability within institutions—thus reducing role overlap and improving productivity. Conversely, failure to apply “rational division of labor” leads to unclear roles and the disintegration of Durkheimian organizational solidarity. Social Network Theory also indicates that undefined role nodes weaken information flow and reduce internal coordination, increasing the fragility of organizational structure.

The **second item** came with a (mean = 1.89, standard deviation = 0.88), and these results reflect the agreement of a large percentage of the respondents that the absence of a clear hierarchy within the startup slows down the pace of making strategic decisions. This result reveals a sociological paradox characterizing the entrepreneurial environment in Algeria. While the startup is based on the idea of flexibility as one of the core criteria in organizing and managing economic institutions, in Algeria, it clashes with a local and centralized organizational culture that may not support taking initiative in the absence of clear official authority. This is in line with the studies of (McArdle et al., 2024) and (AllahRakha, 2023) regarding the impact of organizational differences on decision-making speed, where horizontal structures may enhance innovation but slow critical decision-making if not supported by clear delegation mechanisms. The study by (Aghion et al., 2023) also confirms how complex hierarchies undermine responsiveness to opportunities in developing environments. Therefore, the failure here is not in the absence of a leader but in the absence of a structure that enables effective leadership. This is a deeply rooted challenge in the Algerian context, which lacks weak ties with external entities that could compensate for the lack of hierarchy during crises.

Sociologically, the results of this item can be interpreted through the lens of bureaucratic organization, which views hierarchy within the organization not just as a control tool but as a vital mechanism to accelerate decision-making and distribute responsibilities in a way that prevents organizational paralysis. Meanwhile, the social network perspective highlights the lack of weak ties in startups that transfer urgent information from operational bases to decision-makers. Thus, the mismatch between the need for bureaucratic transparency and the speed of information exchange via networks emerges as a dual obstacle requiring a more flexible hierarchical restructuring and systematic delegation of authority.

The **third item** had statistics estimated at (mean = 1.83, standard deviation = 0.75), and these results reflect a relative consensus that weak communication between departments within startups wastes resources and increases the conflict of administrative goals. This highlights the importance of horizontal links between administrative organizational units for the supervising and consulting professors who rely on the cooperation of multiple teams within startups to maintain their continuity. This result aligns with the study by (AKANG, 2024) on how redirecting resources away from innovation is often due to excessive administrative procedures. It is also confirmed by the studies of (McArdle et al., 2024) and (Rozas & ER, 2024), which found that institutions with weak functional links suffer from administrative overload and human capital waste. This is consistent with the Algerian context, where startups are tied to academic projects, and the actors may not yet possess the administrative skills required to maintain communication among work teams within their institutions. This is due to weak links between academics and the entrepreneurial sphere, which undermines practical communication management skills within work teams. This challenge is inherent in Algerian organizational culture, which lacks supportive social networks between universities and the entrepreneurial space.

From a sociological perspective, this issue can be considered a structural problem effectively explained by social network theory. This weakness indicates the existence of structural gaps between work teams, preventing the flow of information and knowledge, impeding the distribution of influence, and isolating administrative departments in separate functional units necessary for group cooperation, thus hindering internal integration within startups.

The **fourth item** was estimated at (mean = 1.89, standard deviation = 0.89), and these values reflect, among the respondents with medium and high levels of experience, a desire for organizational environments where responsibilities are clearly defined. This enhances organizational loyalty to startups. The organizational structure is not merely an administrative chart but a social framework that produces meanings and expectations directly influencing individuals' motivation. The absence of clarity and transparency in tasks and responsibilities through written rules and standardized procedures creates a sense of ambiguity and arbitrariness among employees, undermining their sense of organizational justice and weakening their loyalty to the institution's goals. Within the Algerian context, this is linked to a weak administrative culture and flexible acquisition of leadership skills, which supports the conclusion of (Aghion et al., 2023) regarding the difficulty of adapting to changes that guide the success of startups in maintaining their continuity.

This result also supports the findings of (AllahRakha, 2023) regarding the impact of legal complexities on attracting talent within institutions, and the study of (AKANG, 2024), which argues that the lack of clearly defined tasks distracts the institution from its innovative goals. From a sociological standpoint, this aligns with bureaucratic organization theory, which holds that precise task definition enhances transparency, reduces ambiguity, and increases commitment. Meanwhile, social network theory highlights those individuals deprived of strong ties lose their sense of belonging and collective commitment.

The **fifth item** came with estimated statistics (mean = 1.89, standard deviation = 0.89), reflecting the opinion of the older and more experienced group of respondent professors that concentrating decision-making authority in one person hinders and limits innovation within startups. This result aligns with the study of (Halynskyi et al., 2024), which finds that narrow social networks weaken startups' ability to quickly adapt to management and administrative requirements. It therefore recommends delegating authority within them to enhance organizational flexibility. This underscores the importance of distributing centers of influence within the institution, as highlighted by the study of (Myroshnychenko et al., 2024).

From a sociological standpoint, this perspective aligns with bureaucratic organization theory, which prefers distributing authority across sequential administrative levels to enhance flexibility, rather than adopting a charismatic model that disrupts bureaucracy—where individual leadership is transformed into “symbolic dominance” that hinders administrative

flexibility within startups. Meanwhile, social network theory shows that the absence of decision-making plurality reduces the flow of new ideas and resources from outside administrative authority. Therefore, institutions must adopt delegation and institutional consultation mechanisms that integrate governance and innovation. This clearly contradicts the Algerian context, where institutions are dominated by an organizational culture that excessively glorifies centralized authority and legitimizes such practices (Tilili, 2022), making the institution incapable of adapting to challenges or continuing after the departure of its founder. This contrasts with the solutions proposed in various studies recommending the empowerment of work teams to participate in decision-making within the institution.

The **sixth item** had statistical values estimated at (mean = 2.07, standard deviation = 0.90), revealing a consensus among respondent professors that the lack of formal mechanisms within startups for managing shocks exposes them to sudden collapse and weakens their ability to adapt. This challenge compromises the continuity of startup projects in Algeria—a concern strongly emphasized by law professors due to its regulatory and financial implications. This explains the high bankruptcy rates noted in previous studies in highly regulated sectors, where unstructured institutions are the most incapable of absorbing sudden organizational shocks. This orientation aligns with the study by (Myroshnychenko et al., 2024), which emphasizes the importance of establishing written risk management plans and procedures to ensure performance continuity within startups, and also with (McArdle et al., 2024), which sees the necessity of having formal emergency committees and precautionary plans to overcome transient crises within the legal framework.

From a sociological perspective, organizational structures, as described by bureaucratic organization theory, aim to ensure continuity and stability in the face of external changes. Thus, the absence of pre-prepared mechanisms for dealing with shocks (whether legal changes, market crises, or competitive challenges) leads the institution to operate reactively and randomly rather than respond in an organized manner. Formal organizations tend to neglect building resilience mechanisms against risks. Meanwhile, social network theory posits that strong ties between individuals accelerate harmony and resource exchange in the event of a shock. In the Algerian context, this challenge is exacerbated by the lack of integration between economic sectors, reinforcing expert warnings about the rapid collapse of these institutions, as we previously documented in the theoretical framework.

As for the **seventh item**, its results were released with estimated statistics of (mean = 1.79, standard deviation = 0.78), indicating agreement among respondent professors that failure to develop the organizational structure of a startup as it grows leads to administrative chaos within it and affects the dynamic nature of organization. This view is concentrated among respondents with high levels of experience, who emphasize the need to periodically review roles and regulations within administrative organization to maintain its stability. This idea goes beyond the static view of bureaucracy as a rigid structure and invites an understanding of organization as a continuous "social process." The failure to align structure with the increasing size and complexity of operations is an indication of leadership's inability to manage growth. It highlights, in their view, the failure of startups to update their organizational structures in tandem with the expansion of their activities.

This result supports the study by (AllahRakha, 2023), which found that neglecting restructuring leads to accelerated administrative chaos and the duplication of authority within institutions, thereby hindering performance. This aligns with bureaucratic organization theory, which emphasizes the necessity of updating structures with institutional growth to ensure stability. Meanwhile, social network theory points to the necessity of adding new ties within the administrative structure to ensure network integration and the vitality of information flow. Therefore, it requires adopting a phased structural development plan supported by a network map that matches the growth stages of the institution and balances governance with expansion—something inconsistent with the Algerian context, which lacks a vision for the historical transformations of the economic space and is dominated by complex bureaucratic

procedures that redirect resources away from innovation in emerging economies, where firms lack financial flexibility.

3.2- Presentation and Discussion of the Second Chapter Results:

Table (4): Arithmetic means and standard deviations of the study sample categories' estimations regarding the weakness of strategic planning

Concepts of Digital Leadership	Frequency	Percentage	Mean	Sta. Dev	Rank
Analyzing the market and competitors before starting the operations of the startup affects its ability to achieve a competitive advantage.	69	46.93%	1.92	0.93	Agree
The absence of measurable goals in the startup's plan hinders its ability to effectively evaluate performance.	70	47.61%	1.89	0.80	Agree
Allocating insufficient resources for the planning phase leads to uncalculated decisions within the startup.	94	63.94%	1.83	0.64	Agree
Neglecting risk planning affects the likelihood of sudden failure of the startup.	70	47.61%	1.65	0.75	Strongly agree
Not reviewing the strategic plan regularly affects the realism of the startup project.	79	53.74%	1.91	0.72	Agree
The absence of a long-term vision in the startup shifts the focus to short-term gains.	67	45.57%	2.02	0.83	Agree
The lack of team involvement in planning weakens their commitment to implementation within the startup.	79	53.74%	2.12	0.78	Agree

Source: Prepared by the researcher based on the JASP program

From the table above, we observe the respondents' reactions—mainly professors—regarding issues related to strategic planning, which were as follows:

The **first item** was estimated at (mean = 1.92, standard deviation = 0.93), reflecting the awareness of about half the sample of professors, particularly lecturers and those with medium to high experience, who recognize the rapid changes in innovation environments. Therefore, they highlight the importance of environmental and economic scanning before launching the startup project. Market and competitor analysis enhances its competitive advantage. This result supports the findings of the study by (McArdle et al., 2024), which confirms the role of preliminary market analysis in guiding startup strategies and reducing risks, where institutional actors try to generate organizational mechanisms to explore opportunities and threats within the economic market space before field engagement in the project, as noted by the study (Rozas & ER, 2024) as a key reason for the failure of digital companies.

From a sociological perspective, it is impossible for startups to build an effective strategy without integrating market scanning processes into systematic bureaucratic procedures. It highlights the importance of precise planning for task distribution and the adoption of scientific methods in managing such processes. Rational planning begins with understanding the external environment to make informed decisions that do not negatively affect the startup's entry as a market competitor. Meanwhile, social network theory shows that strong ties with external actors (such as economic experts and funders) form vital channels for exploring opportunities and absorbing competitive waves. However, in the Algerian context, deeper challenges emerge, such as the lack of connections between startups and external parties (e.g., consulting and economic funding institutions) that provide accurate market data. This limits access to market information. Therefore, the academic vision of the respondents, supported by their consulting experience, recognizes this gap but lacks mechanisms to address

it, due to the exacerbated weakness of Algeria's digital infrastructure, which does not allow access to the required data and information (Yassine Tilili, 2022).

The **second item** came with statistics estimated at (mean = 1.89, standard deviation = 0.80), indicating the consensus among respondents that the absence of measurable goals weakens the effective evaluation of the startup. However, the results also reveal a segment of respondents hesitant to confirm the adequacy of current goals in evaluating institutional performance. Thus, responses to the statement affirm the existence of a fundamental issue in today's internal governance mechanisms. The clarity and measurability of objectives are tied to individuals' feelings of fairness and transparency within the organization. This result aligns with the study (Rozas & ER, 2024) regarding the impact of ineffective business model design on startup failure, as the lack of clear performance indicators negatively affects employee commitment and participation in achieving strategic objectives.

From a sociological analysis, setting objective and measurable standards, according to bureaucratic organization theory, should be part of the formal bureaucratic structure to ensure fair monitoring and performance evaluation and prevent arbitrary decisions. Written regulations and objective standards ensure transparency in evaluation. Without these goals, the institution enters a state of ambiguity, making it impossible to assess progress or effectively identify weaknesses. Social network theory, on the other hand, affirms that goal clarity enhances social capital within the team and fosters cooperation through mutual support ties. Yet, this approach does not align with the Algerian context. Despite respondents' confirmation of the presence and clarity of goals, startups lack training in performance indicators, denying them the opportunity to assess their performance and goal achievement. Additionally, the Algerian organizational culture focuses on relational flexibility rather than transparency, where informal standards replace formal ones. Hence, this shortcoming goes beyond being a technical issue to becoming an obstacle to building a performance- and accountability-based organizational culture—supporting the conclusions of previous studies stressing the need to strengthen internal governance as a condition for sustainability.

The **third item** received statistical rates estimated at (mean = 1.83, standard deviation = 0.64), indicating a relative consensus among professors supervising startups that a lack of sufficient resources allocated to planning leads to reckless and uncalculated decisions. It also highlights the dangerous interaction between functional and financial obstacles. The result reflects less consensus among economics-specialized professors compared to others, indicating that this problem is so apparent that it is seen from various angles and not limited to financial analysis disciplines. This result supports the study (AKANG, 2024) on how excessive administrative procedures redirect resources away from innovation in emerging economies, as well as the study (Rozas & ER, 2024), which found that a lack of administrative competencies leads to irrational decision-making within institutions.

The **fourth item** was estimated at (mean = 1.65, standard deviation = 0.75), indicating strong agreement among respondents—particularly the professors—that neglecting risk planning increases the likelihood of sudden failure for the startup. This finding confirms the high awareness of the academic sample regarding the risks of unplanned environments. In fact, this concern was especially prominent among law specialists due to the organizational and financial implications of such neglect.

This helps explain the high bankruptcy rates previously noted in studies covering highly regulated sectors, where unstructured institutions are the most incapable of absorbing sudden organizational shocks. This result aligns with the findings of the study by (Myroshnychenko et al., 2024), which emphasized the importance of setting up written plans and procedures for risk management to ensure the continuity of performance within startups. It also aligns with (McArdle et al., 2024), which stressed the need for official emergency committees and contingency plans to overcome institutional crises within the legal framework.

From a sociological perspective, organizational structures, as described by bureaucratic organization theory, aim to ensure stability and continuity in the face of external

changes. Therefore, the absence of pre-prepared mechanisms to deal with shocks—whether legal changes, market crises, or competitive challenges—results in the organization acting on a random "reaction" basis instead of an organized response. "Formal organizations" often overlook building resilience mechanisms to face risks. Meanwhile, social network theory suggests that strong links between individuals accelerate harmony and resource sharing in times of crisis.

In the Algerian context, this challenge is exacerbated by the absence of integration between economic sectors, supporting the warnings issued by experts regarding the rapid collapse of such institutions, as previously reported in the theoretical framework.

Item Five came with estimated statistics (mean = 1.91, standard deviation = 0.72), indicating the conviction of the majority of respondents on the importance of periodic review to adapt the objectives of startups to the environmental changes they face. This opinion reflects a professional reality where short and medium experiences of professors intersect with the pressures of daily performance in the university workspace. It also shows a mature understanding among them of planning as a "process" rather than a "static document," especially since the social and economic environment in which startups operate is by nature variable. Thus, a plan that does not adapt to these changes loses its function as a guiding tool and becomes merely ink on paper. This result supports the study by (Myroshnychenko et al., 2024) on the importance of developing flexible organizational frameworks within startups to allow them adaptability and dynamic growth strategies. Here, the failure of the institution is linked to its failure to interact with the surrounding environment, which accelerates the disintegration of the project.

From a sociological perspective, this aligns with the bureaucratic organization theory, which emphasizes the need to update structures as the institution grows to ensure stability. Organizational continuity requires a cyclic process between structures and actors through regular and continuous evaluation of strategic plans. In the Algerian context, this theoretical orientation clashes with one of the characteristics of Algerian culture—namely, the rigidity of bureaucracy within economic institutions that favor fixed plans over continuous review, where rules become sacred goals rather than regulatory tools that can be periodically reviewed. There is also another issue concerning the geographical disparity in infrastructure where startups operate, especially in rural areas, which limits the updating of necessary data for review (Yacine Tlili, 2022).

Item Six recorded statistical values (mean = 2.02, standard deviation = 0.83), indicating that a significant proportion of the surveyed professors confirm that a short-sighted perspective weakens continuity by shifting focus toward short-term gains. Various organizations at their inception may adopt short-term practices to cope with environmental pressures, which weakens their ability for long-term cohesion and innovation. This shortcoming aligns with the orientations of senior academic staff in institutional frameworks, who believe that long-term vision requires a combination of bureaucratic planning and intensified connections with external partners who provide expansionary ideas and strategies. This analysis is supported by bureaucratic organization theory, which focuses on maximizing resource utilization through meticulous planning. It also aligns with the study by (Aghion et al., 2023), which links this vision deficiency to the failure of institutions to adapt to structural changes.

From a sociological perspective, vision acts as an organizational doctrine that gives individuals a sense of purpose and direction, guiding their decisions consistently. In its absence, organizational behavior becomes opportunistic, focusing on daily survival rather than building sustainable value. This aligns with the Algerian cultural context that avoids risk and prefers short-term projects, relying on "guaranteed public jobs" with a short horizon at the expense of long-term entrepreneurial ventures. This is related to the nature of rentier systems that dominate the oil-based economy, where quick-profit projects are preferred over sustainable investments.

Item Seven recorded statistical values (mean = 2.12, standard deviation = 0.78), which is the highest mean among the planning clauses, reflecting a broad awareness among the surveyed professors that involving team members enhances their ownership of the plan and increases their motivation to implement it. The absence of participation weakens their commitment to execution. This result supports the study by (Rozas & ER 2024) on the importance of building strong leadership teams to enhance internal governance of startups. Planning, when done participatively, becomes a process of building strong internal ties, creating shared understanding of goals, and increasing the sense of ownership and responsibility toward the plan by the implementation team. When the plan is imposed top-down, it creates alienation between leadership and the team and fails to mobilize the necessary energies for execution.

From a sociological perspective, involving all actors through official committees and working groups enhances trust and enables the distribution of rational-legal authority, while building strong ties within the organizational network raises the level of ownership and loyalty to project goals. This aligns with social network theory, which shows that strong ties among employees enhance organizational loyalty and internal coordination.

3.3 - Presentation and Discussion of the Study Results for the First Chapter:

Table (5): shows the means and standard deviations of the study sample estimates on government legislation.

Digital Leadership Concepts	Frequency	Percentage	Mean	Std. Dev.	Rank
The complexity of formal registration procedures for startups hinders entrepreneurship.	59	40.13	1.89	0.88	Agree
Exempting startups from imposed taxes reduces their need to expand investments in development and innovation activities.	53	36.05	2.63	1.22	Agree
Difficulty in obtaining activity licenses consumes the resources of the startup.	53	36.56	2.40	1.11	Agree
The flexibility of laws with the specificities of startups increases their regulatory and functional burdens.	49	33.33	2.75	1.16	Agree
The absence of government incentives for innovation hinders the growth of startups.	61	41.49	1.93	0.99	Agree
Bureaucracy wastes opportunities to benefit from quick labor market chances for startups.	70	47.61	1.72	0.82	Strongly Agree
The flexibility of financing laws leads startups to ambiguity in making financial and operational decisions.	66	44.89	2.12	0.92	Agree

Source: Prepared by the researcher using the JASP program

It is observed from the table above that the professors' responses regarding issues related to official legislation were as follows:

Item One recorded estimated statistical values (mean = 1.89, standard deviation = 0.88), indicating a significant awareness among about two-thirds of the surveyed professors that the delay and stalling of launching startups is often a result of bureaucratic complexities in fulfilling the legal registration conditions. This opinion comes from a sample including legal specialists and consultants, confirming that this complexity is not just a perception but an institutional reality hindering initiatives from their inception. This result is supported by the studies of (AllahRakha 2023), which sees legal complexity as a disincentive for new companies entering the market, and (AKANG, 2024), who confirms that administrative complexity diverts resources from innovation in startups.

From a sociological perspective, this barrier reveals the bureaucracy's failure to ease the burdens of economic institution formation, as rigid structures and complex procedures weaken the flexibility required by startups. Although these laws aim to ensure market fairness, they do so at the expense of adaptability and initiative launching. At the same time, the lack of official social networks as mediators between government actors and emerging entrepreneurs becomes apparent. Instead of procedures being rational tools for market organization, they become goals in themselves, creating a formal structural obstacle that restricts the flexibility and innovation of new market actors. In the Algerian context, this situation resonates clearly in an economy with a large number of startups, characterized by legal complexities and excessive administrative procedures—factors that hinder them and increase the difficulty of overcoming regulatory challenges.

Item Two recorded statistical data (mean = 2.63, standard deviation = 1.22), indicating variance in opinions with notable awareness among research professors that government tax exemptions may redirect startup resources in the wrong direction—toward covering operational commitments rather than developing research, innovation, and growth. This result is among the most sociologically controversial, revealing a paradox where financial support policies designed to stimulate may lead to opposite behavioral outcomes, as reflected by the high standard deviation. This can be explained by the characteristics of rentier economies where incentives are designed to stimulate investment but fail due to bureaucratic implementation. This position aligns with the study by (AKANG 2024), who observed how tax incentives unintentionally reduce investment in innovation, as well as (Venkataraman & V.d.Ven 2006), on the relationship between tax policy and startup growth.

Sociologically, these results contradict the bureaucratic organization theory, which sees tax exemptions as growth support tools to reduce market entry risks. However, the bureaucratic financial procedures and laws revealed a contradiction between official policy intentions and social capital. While laws provide temporary financial protection to startups, they simultaneously deprive them of the ability to create new connections that contribute to innovation sustainability. In the Algerian context, this finding opens the door to rethinking tax policies and their applications within the local economic space—something previous studies lacked, as exemptions are often implemented in the absence of strong governance and follow-up mechanisms, being treated as an end rather than a means to promote innovation. This, in fact, reflects an opportunistic organizational culture spread in the national economy, showing a lack of understanding of long-term tax benefits and a focus on rent-seeking over capacity building.

Item Three recorded estimated statistical data (mean = 2.40, standard deviation = 1.11), reflecting acknowledgment by a significant percentage of the surveyed professors that administrative requirements—expressed as licensing difficulties—consume a large portion of startups' material and human capital and waste their resources. This confirms the negative role bureaucracy plays in draining the limited "financial capital" of these new economic entities. This result is supported by the study by (McArdle et al. 2024), describing varying licensing requirements across jurisdictions as a hindrance by redirecting resources away from innovation, especially in startups lacking financial flexibility.

From a sociological perspective, this does not merely reflect administrative inefficiency but represents a form of bureaucratic power that hinders new economic actors in the market. This aligns with social network theory, which shows that weak ties between entrepreneurs and external parties (such as financial institutions or government bodies) undermine the simplification of these procedures and support for young projects. This may lead to the loss of quick market opportunities, especially in traditional societies like Algeria, where vertical culture dominates the understanding of the state-business relationship.

Item Four recorded statistical data (mean = 2.75, standard deviation = 1.16), indicating agreement among a significant percentage of the surveyed professors that flexibility in laws imposes additional burdens on entrepreneurs within startups to adapt themselves to the changing standards they face. This result represents another highly

significant sociological paradox, as respondents' reactions show that they perceive legal flexibility—supposedly positive—as a source of increasing organizational burdens. This points to a huge gap between the legal text and its practical application. If flexibility is introduced within an ineffective bureaucratic context, it does not constitute legislative adaptation offering facilitation, but rather a vague discretionary authority left to employees. This increases uncertainty and amplifies the organizational burdens on new entrepreneurs entering the market. This finding aligns with the study by (Halynskiy et al., 2024), which indicates that policy ambiguity undermines trust in the regulatory system, and the study by (Myroshnychenko et al., 2024), which observed how discretionary legal interpretations become complex sub-rules affecting efficiency.

From a sociological perspective, these results contradict bureaucratic organization theory, which favors flexible laws to enhance high adaptability within the organizational structure. However, such flexibility also requires administrative competence and continuous learning capacity. Otherwise, it becomes a greater administrative burden than a beneficial tool. This reality is clearly reflected in the Algerian context, where startups lack effective mechanisms to assess the impact of regulatory policies on internal operations. The bureaucratic system shows a duality that promotes flexible official frameworks under the banner of innovation while internally reinforcing the growth of parallel relationship networks that entrench compliance with administrative authority.

Item Five recorded estimated statistical data (mean = 1.93, standard deviation = 0.99), where these values confirm the consensus of the respondents that the absence of government incentives hinders the growth of startups. This result expresses their awareness of the need for such incentives and that the state's failure to perform its role as a strategic partner disables the ability of startups to continue competing in the market. This is consistent with the findings of the study by (Myroshnychenko et al., 2024) regarding the need for collaboration between the government and the private sector to develop flexible frameworks supporting startups, as well as the study by (Halynskiy et al., 2024), which calls for activating targeted support programs by governments to help startups cope with economic environmental changes.

From a sociological perspective, this viewpoint aligns with bureaucratic organization theory, which stresses the importance of government support in building an environment conducive to innovation. The long-term structural gains of startups are linked to the availability of an enabling institutional environment. The decline of social capital embedded in the synergy between the public and private sectors accelerates bureaucratic action in dismantling laws and weakening strong ties between actors, which form a direct support map for promising ideas aligned with local needs. From the perspective of social network theory, government incentives represent strong links between the state and startups to ensure their growth. The absence of these incentives does not only mean a lack of funding but also indicates a weak connection between the public and private sectors.

As for Item Six, it came with estimated statistical data (mean = 1.72, standard deviation = 0.82), indicating that this clause recorded the lowest mean, reflecting a strong rejection by the respondents of the idea that formal bureaucratic processes allow the flexibility necessary for startups to seize immediate market opportunities. This result highlights a complex sociological logic between two opposing rationalities: the first reflects the logic of the slow and rigid bureaucratic state resulting from administrative procedures, while the second represents the entrepreneurial market logic, which is fast and variable. The failure of a startup to handle both makes it incapable of adapting to the immediate demands of the market.

From a sociological perspective, this assumption supports the bureaucratic organization perspective, which sees excessive formal procedures as an obstacle to dynamic initiatives aimed at ensuring the continuity of institutions in market competition. Meanwhile, social network theory shows that weak ties and official bureaucracy block access to new information and opportunities, hindering innovation and adaptability in rapidly changing environments. This view aligns with the Algerian context, where startups lack the administrative and technological skills needed to take advantage of available market

opportunities. This opinion is supported by the strong consensus of the experienced respondents, who emphasize that bureaucracy in the Algerian context is not just procedures, but an active mechanism in destroying economic value by wasting opportunities.

As for Item Seven, it came with estimated statistical data (mean = 2.12, standard deviation = 0.92), and these values reflect the respondents' awareness that variations in financing frameworks may lead to the adoption of business models inconsistent with the objectives of the startup and weaken its independence. Flexibility in financing laws is not only an incentive but also a potential cause of negligence in decision-making within institutions, as linking it to strict governance and accountability mechanisms may lead to the mismanagement of resources. This result supports the study of (Aghion et al., 2023) on the impact of regulatory barriers on the continuity of small entities in developing sectors, which emphasizes the need to strengthen internal governance and build strong leadership teams, as easy financing cannot be a substitute for sound and responsible management of organizations.

From a sociological perspective, this finding aligns with social network theory, which shows that strong ties with supporting bodies (such as banks) enhance institutional independence, while weak ties hinder real financial support networks. In the absence of clarity, flexibility in financing laws leads startups to imitate each other's decisions rather than adopt distinctive strategies for funding diversification. This finding does not correspond to the Algerian context in which startups operate. The economy is built on uncertainty and lacks supportive networks with financial institutions that could compensate for weak bureaucratic laws, where financial decisions are made without clear standards. Moreover, the weak digital infrastructure outside cities exacerbates the lack of financial transparency and prevents startups from fully benefiting from government or private support, pushing them toward contradictory funding solutions subject to donor pressure at the expense of their vision and market sustainability. (Yacine Tlili, 2022)

4- Conclusion

The study showed that the organizational and functional obstacles facing startups in Algeria produce a systematic failure resulting from the interaction of entrenched bureaucratic structures with conservative local economic cultures. There is also an absence of social support networks between economic actors and academic institutions. The results confirmed that weak strategic planning, lack of clarity in administrative structures, and complex government legislation reduce the flexibility of startups, turning them into entities incapable of adapting to market changes or seizing competitive opportunities.

From a sociological perspective, the results also revealed a fundamental contradiction between the logic of the slow bureaucratic state and the requirements of the fast-paced entrepreneurial market, where formal procedures hinder innovation and promote reliance on informal parallel networks, while marginalizing strong ties with supporting entities such as universities and financial institutions. Although the study contributed to analyzing organizational barriers from this perspective, it faced theoretical and practical limitations, including focusing on academic views without incorporating the perspectives of entrepreneurs themselves and limiting the field sample to a single university in Tamanrasset province, which limits the generalizability of the results. Therefore, what we propose is to expand the research scope to include a study of informal networks and the impact of local cultures on entrepreneurial behavior, as well as to explore the role of technology in overcoming bureaucratic obstacles and analyze the impact of macroeconomic policies on the entrepreneurial environment. These areas will open new horizons for understanding the phenomenon of failure or success in startups in integrated ways.

References:

- Official Gazette No. 24. (2019). Executive Decree No. 19-142 dated April 30, 2019. Algeria.
- Maryam Zaater. (2023). Startups in Algeria between the Problematic of the Concept and Support Mechanisms. *Al-Mi'yar Journal*, 27(5), Algeria.
- Ahmed Barrah, Sofiane Kanouni. (2015). Organizational Obstacles to Administrative Innovation in Public Service Organizations. *Journal of Development and Human Resources Management*, 1(3), 229-234.
- Zineb Chami. (2022). Functional Obstacles Amid Organizational Change Within the University Environment. *Tabna Journal for Academic Scientific Studies*, 5(1), 566-586.
- Djamal Eddine Barkat & Mohamed El Amine Assoul. (2024). The Reality of the Entrepreneurial Ecosystem in Algeria—Opportunities and Challenges in Light of Global Indicators. *Journal of Economic and Financial Research*, 11(4), Algeria.
- Bleich, Erik. (2006). *Institutional Continuity and Change*. Policy Studies, 27(3), 226–236.
- Kurchner-Hawkins, R., & Miller, R. (2006). *Organizational Politics: Building Positive Political Strategies in Turbulent Times*. In *Handbook of Organizational Politics*, Edward Elgar Publishing.
- Mulder, P. (2024). *Bureaucratic Theory of Management by Max Weber*. ToolsHero. <https://www.toolshero.com/management/bureaucratic-theory-weber/> (accessed June 19, 2025).
- Audretsch, D. B., Belitski, M., & Desai, S. (2023). Digital Transformation and Startup Resilience: Evidence from Post-Pandemic Recovery. *Technological Forecasting and Social Change*, 187, 122–145.
- Bracht, J., Gill, R., & Schäfer, D. (2024). Legal Form and Access to Finance: Evidence from European Startups. *Small Business Economics*, 62(4), 1235–1252.
- Engelen, E., Klaver, J., & Vollaard, H. (2023). Strategic Innovation in Crises: Lessons from Dutch Startups During the Pandemic. *Journal of Business Research*, 154, 789–801.
- Halynskyi, M., Kovalenko, A., & Kurylo, O. (2024). Tax Compliance and Startup Growth: Evidence from Clean Energy Sectors. *International Journal of Entrepreneurship and Innovation*, 25(2), 123–135.
- Kézai, A., & Kurucz, F. (2023). Crisis Resilience in Startups: The Role of Agility and Digital Adoption. *Journal of Small Business Management*, 61(3), 456–472.
- Kuckertz, A., & Brem, A. (2023). Startup Strategy and Regulatory Adaptation: Insights from Germany's National Startup Strategy. *Journal of Business Venturing*, 38(5), 106–234.
- McArdle, P. F., Haines-Saah, R., & Mitchell, S. (2024). Regulatory Fragmentation and Cannabis Industry Growth in Canada. *Journal of Industrial Ecology*, 18(4), 567–580.
- Myroshnychenko, Y., Stadler, I., & Pohl, J. (2024). Bibliometric Analysis of Regulatory Barriers in Renewable Energy Startups. *Renewable and Sustainable Energy Reviews*, 132, 110–345.
- Rozas, D., & ER, L. (2024). Internal Challenges in Digital Startups: A Systematic Literature Review. *Journal of Small Business Management*, 62(3), 456–472.
- Vasi, I., Gossen, M., & Smith, J. (2024). Crisis Management in Startups: Lessons from the Post-Pandemic Era. *Strategic Management Journal*, 45(2), 321–340.
- Wu, Y., & Tham, K. S. (2023). Environmental Regulations and Technological Innovation in Startups. *Journal of Cleaner Production*, 412, 137456.

- Aghion, P., Akcigit, U., & Howitt, P. (2023). Creative Destruction and Employment Growth: Evidence from French Startups. *Journal of Economic Dynamics and Control*, 147, 104657.
- AKANG, O. (2024). Regulatory Burden and SME Growth in Emerging Economies. *International Journal of Business and Management Studies*, 16(1), 45–60.
- AllahRakha, M. R. (2023). Regulatory Challenges in FinTech Startups: A Global Perspective. *Journal of Financial Regulation*, 9(2), 112–130.
- Official Gazette No. 21. (2018). Presidential Decree No. 18-06 dated April 11, 2018. Algeria.