

## **The growth of startups in Algeria: What role of National Agency for Support and Development of Entrepreneurship?**

*Seif Eddine Boumenad*

*University of Mascara, (Algeria), seifeddine.boumenad@univ-mascara.dz*

### **ARTICLE INFO**

*Article history:*

*Received:28/07/2021*

*Accepted:01/11/2021*

*Online:12/11/2021*

*Keywords:*

*Entrepreneurship*

*Innovation*

*Young entrepreneur*

*Startup*

*Microenterprises*

*NASDE*

*JEL Code: L26, M13,*

*O31*

### **ABSTRACT**

*The present sheet is devoted to testify on the efforts of the Algerian state in relation to the promotion of entrepreneurship and the support of Algerian startups, the figures presented show that an average of 45 projects are financed per day, 66% of the projects financed are young people from vocational training, as well as 18% of the projects financed are university students. We also observe that 65% of funded projects have an investment amount of less than 5 million dinars, female entrepreneurship was presented by 14% of funded projects for women, and 92% of funded promoters are under 35 years. 02% of projects are funded in extension.*

### **1. Introduction:**

The global business environment has witness sedenormous internationalization practices that suggest untapped opportunities for both businesses and entrepreneurs. Given the importance of entrepreneurship for an animated economy, lot off governmental organizations in these fields has recently begun to pay particular attention to the interdependency of entrepreneurship orientation and business systems. Entrepreneurship has been identifiid as one of the key drivers of economic prosperity and is therefore considered a reasonable vehicle with which to help emerging economies grow and overcome the major challenges posed by poverty in developing countries. Indeed, previous research has shown that the creation of ventures by itself does not contribute to economic growth (Soluk, Kammerlander , & Darwin, 2021) However, the focus of entrepreneurship research, for the most part, has been on the effect of entrepreneurship action on business outcomes.

### **2. Definition of research questions:**

The phenomenon of entrepreneurial has become a central topic in the literature on entrepreneurship in companies and this for nearly 40 years, for the development of this ability in young people. The Algerian governments have made available to young people aged 18 to 35 years, wishing to undertake an organization called NASDE (National Agency for Support and Development of Entrepreneurship), The latter's mission is to accompany young promoters in the path of entrepreneurship by offering them a mode of financing that suits their needs, as well as various tax benefits and services, as well as the new legal framework of Decree No. 20-254 published on September 15, 2020 on the creation of the national committee for the labeling of "startup", "Innovative Projects" and "incubators" to the labeling to light the fires on the problems encountered by the Startup in Algeria This device has been reinforced by the delegated Minister of Startup in order to encourage the creation of innovative and quality projects with high added value (ICT and Startup) by privileging young graduates of vocational training and universities. Indeed the Algerian state has provoked a classical entrepreneurship to a generation of Algerian Starteur, Through this article we try to evaluate the hard work of the

Algerian government according to the data available at the level of NASDE, in order to answer the following starting question "Are the indicators of entrepreneurship in Algeria positive?" and "What future for the Algerian Entrepreneur?"

### **3. Conceptual framework:**

#### *3.1 What is Entrepreneurship?*

Some of the literature on entrepreneurship has identified the individual or social characteristics that characterize the entrepreneur, including desire for personal fulfillment, need for power and wealth, desire for independence and autonomy, and improvement of the cultural and social status of the family. But the most important individual characteristics that place entrepreneurial behavior within the entrepreneurship function are related to the entrepreneur's natural tendency to be open to the environment and external challenges, willingness to take risks, cognitive abilities, and creativity (Rüdiger, Peris-Ortiz, & Blanco-González, 2014, p. 2).

To be successful in the modern era, businesses need to consider online reservations, online reviews, online discount coupons, automation of order processing and many other technology-related aspects. Going digital is important for success. The following five questions help any entrepreneur to assess company's readiness for cloud-enabled business activities (Soltanifar & Smailhodžić, 2021, p. 11):

1. Does the business require an increase in the agility of business applications such as reducing IT costs via the use of data centres, tools, operating systems or platform consolidation? (cloud-enabled agility)
2. What tangible benefits (both business and IT) are associated with cloud-based infrastructure, for instance, balancing between customer experience and IT costs? (cloud-enabled infrastructure)
3. What data security and data disaster recovery processes does the business operate currently? (cloud-enabled solutions management)
4. What department leads the cloud transformation? For instance, does the business have its own Cloud Centre of Excellence? (cloud-enabled implementation)
5. What training is necessary for the business and its employees to be up to date with cloud techniques? (cloud-enabled resources)

The concept of entrepreneurial orientation has suffered from numerous divergences between authors, from the point of view of the nature of the construct, the interdependence of its dimensions and their nature, and the theoretical relations between the construct, its antecedents and its measurement, which is why we have chosen to refer in this section to the original definition of the concept, This is why we have chosen to refer in this section to the original definition of the concept by Miller's definition (1983): "An entrepreneurial firm is a firm that engages in product market innovation, undertakes somewhat risky ventures, and is the first to propose "proactive" innovations by beating its competitors to the punch.

Three characteristics can therefore be extracted from this definition to explain the entrepreneurial aspect of a firm: innovation, risk-taking and proactivity.

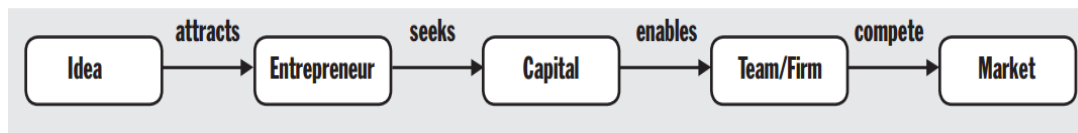


Fig 1: Business Competition Chain

The role of the entrepreneur is to conceive a business idea in terms of an innovation to be brought successfully to the market and to find the wherewithal to make this happen. The entrepreneur does not necessarily need to have the design, production or delivery skills or to shoulder all or most of the risk.

#### *3.2 Who is an Entrepreneur?*

An entrepreneur is a person who habitually creates and innovates to build something of recognised value around perceived opportunities. Questions about personality are not special to entrepreneurs. Why we do what we do, why we are often alike and yet are so different are questions that psychologists have been studying for some time.

Competitiveness is one aspect of motivation that is well recognised in sports but has received little attention in regard to entrepreneurs of entrepreneurship, competitiveness is generally set in the context of the external competitive forces on the business rather than the competitive spirit within the individual entrepreneur. (Bolton & Thompson, 2004, p. 20)

The behavioural characteristics of the entrepreneur have received the most attention from researchers over the years. The most important are eight characteristics according to Hornaday (1982):

- Perseverance and determination
- Ability to take calculated risks
- Need to achieve
- initiative and taking responsibility
- orientation to clear goals
- creativity
- honesty and integrity
- Independence.

#### **4. The Algerian devices for the benefit of entrepreneurs :**

##### *4.1 Algeria Disrupt:*

The Algeria Disrupt program is a legal and regulatory framework that aims to promote startups and accelerate their growth, the program also introduces a new public investment fund dedicated to startups, as well as a startup gas pedal "Aventure"

##### *4.2 The "startup" label :*

The startup label is an institutional document that will serve as a "passport" to access all the facilities that the state makes available to startups, you can have this label only if you have already created your company and you meet a number of criteria.

##### *4.3 The innovative project label :*

The "innovative project" label is intended for project leaders who have not yet created their company. It allows them to access advantages in the same way as the "startup" label.

##### *4.4 Incubators/Accelerators:*

Support structures (incubators, gas pedals, etc.) are real relays for public policy to support innovation.

These structures that welcome project leaders have several essential roles in the early years of the company:

- Offering discounted workspace
- Set up mutualized training for incubated companies
- Offer shared administrative and accounting management services
- Connecting project leaders with mentors or coaches
- Facilitate access to funding for start-ups by organizing meetings with funders
- Connect with potential customers (especially in the context of open innovation)

##### *4.5 The "incubator" label :*

The "incubator" label is intended for all structures that support innovation and startups. With this label, you become eligible for state aid, including tax exemptions.

**4.6 National Agency for Support and Development of Entrepreneurship:**

The National Agency for Support and Development of Entrepreneurship (NASDE), is a public organization with a specific character, endowed with legal personality and financial autonomy, placed under the supervision of the Minister of Micro-Enterprise, Start-ups and the Knowledge Economy. NASDE accompanies the project holders for the creation and the extension of the micro-enterprises of production of goods and services. NASDE has a network of 51 branches, located in all the Wilayas of the country, as well as annexes located in the main localities. NASDE's missions are: - Support, advise and accompany young promoters in the creation of activities. - To make available to young promoters all economic, technical, legislative and regulatory information related to their activities. - Develop relationships with the different partners of the scheme (banks, taxes, CNAS and CASNOS, etc.). - Develop a cross-sectoral partnership for the identification of investment opportunities - various sectors. - To ensure a training on the technique of management of the microenterprise to the profit of the young promoters. - To encourage all other forms of actions and measures for the promotion of the creation and expansion of activity. NASDE has adopted an organization mode adapted to its mission of accompanying young project holders in relation with their economic and social environment. The organization set up is focused on support and favors local initiative. The General Management is committed to developing activities in the field of engineering processes and methods of support and training. At the local level, the implementation of the system is ensured by the agencies installed in each wilaya, to which are attached antennas established in certain localities.

**5. Funded Projects:**

Table 1: Projects engaged since the creation of the agency

<b>Period</b>	<b>Rates (%)</b>	<b>Number of projects</b>
Since foundation to 12/31/2010	56%	140 503
2011	68%	42 832
2012	69%	65 812
2013	49%	43 039
2014	32%	40 856
2015	20%	23 676
2016	21%	11 262
Since foundation to 12/31/2016	53%	367 980

Source: developed by the author based on ([www.ansej.org.dz](http://www.ansej.org.dz))

The results displayed in the table above confirm the new directions of the scheme in terms of activities to be funded. According to ANADE, the share of agriculture has increased from 26% in 2014, to 29% in 2015 and 31% in 2016. The share of the BTPH went from 12% in 2014, to 16% in 2015 and 15% in 2016, The share of industry and maintenance went from 16% in 2014, to 21% in 2015 and 24% in 2016, The share of the liberal professions went from 4% in 2014, to 5% in 2015 and 6% in 2016, Counting on the service sector, the rate of financing is in clear regression, going from 32% in 2014, to 21% in 2016.

**6. Funded Projects in the ICT Sector:**

Table 2: Funded Projects in the ICT Sector

	<b>Total projects funded</b>	<b>Funded projects ICT</b>	<b>Rate (%)</b>
Since foundation to 12/31/2010	140 503	6 858	5%
2011	42 832	451	1%
2012	65 812	616	1%
2013	43 039	591	1%
2014	40 856	750	2%

2015	23 676	655	3%
2016	11 262	628	6%
Since foundation to 12/31/2016	367 980	10 549	3%

Source: developed by the author based on (www.ansej.org.dz)

The ICT not only impacts many aspects of daily life but also leads to new opportunities for businesses. This means that new needs and types of consumers will continue to emerge, and new innovations and ideas will emerge to meet those needs. Businesses that can fully adopt the ICT will be able to improve their bottom line by growing their overall productivity, lowering operating costs or entering new markets (Hisrich & Soltanifar, 2021, p. 34) In Algeria we can observe the encouragement of the creation of innovative and quality projects generator of added value (ICT and start-up) through a specific support reserved for university graduates has allowed to raise the share of projects financed in this sector from 2% in 2014, to 3% in 2015 and 6% in 2016.

### 7. Funded Projects by Educational Level:

Table 3: Funded Projects by Education Level

Level of education	Professional training	Rate (%)	University	Rate (%)	Total projects funded
Since foundation to 12/31/2010	33 561	24%	14 747	10%	140 503
2011	6 920	16%	2 906	7%	42 832
2012	10 469	16%	3 371	5%	65 812
2013	10 675	25%	2 964	7%	43 039
2014	13 737	34%	3 539	9%	40 856
2015	11 979	51%	3 024	13%	23 676
2016	7 451	66%	2 001	18%	11 262
Since foundation to 12/31/2010	94 792	26%	32 552	9%	367 980

Source: developed by the author based on (www.ansej.org.dz)

From the table number 4 The rate of projects whose promoters financed are from vocational training increased from 25% in 2014, to 43% in 2015 and 66% during the year 2016. The rate of university promoters increased from 8% in 2014, to 13% in 2015 and 18% during the year 2016. The rate of promoters from vocational training and academics represents 84% of the projects funded in the year 2016.

The empirical study of Wang, ogilvie, & Richardson (2021) provides us some indicators for the reason that most of the business interviewees indicated that they face particular challenges because of race or gender. Nonetheless, they are proud of their social identities and their Newark community. Their deep connections with local communities granted them unique opportunities, the ability to recognize those opportunities, and the resources to tap into them. Entrepreneurship provides them opportunities to leverage and capitalize the limited resources associated with their gender, race, and ethnic identities to pursue these opportunities.

### 8. Projects funded for women:

Table 4: Projects funded for women

	Total projects funded	Projects funded for women	Femininity rate (%)
Since foundation to 12/31/2010	140 503	18 375	13%
2011	42 832	2 951	7%
2012	65 812	4 477	7%
2013	43 039	3 526	8%
2014	40 856	3 665	9%
2015	23 676	2 645	11%
2016	11 262	1 550	14%

Since foundation to 12/31/2010	367 980	37 189	10%
--------------------------------	---------	--------	-----

Source: developed by the author based on (www.ansej.org.dz)

Female entrepreneurship was seen as being in its infancy as recently as 10 years ago, but is now considered to have reached maturity. The field was inspired by both the gender and occupations literature, which explores how roles and experiences of both men and women have changed over time, as well as by feminist theory and research, which assumes that ‘gender is not merely fundamental in the structuring of society, but that this process disadvantages women’ (Boateng, 2018, p. 62) In Algeria the rate of projects financed for women has increased significantly from an average of 7% during the period (2010-2013) to 9% in 2014, 11% in 2015 and 14% during the year 2016.

## 9. Impact on jobs:

Table 5: Impact of funded projects on employment

Period	Impact on jobs	Rate (%)
Since foundation to 12/31/2010	392 670	44,71%
2011	92 682	10,55%
2012	129 203	14,71%
2013	96 233	10,96%
2014	93 140	10,61%
2015	51 570	5,87%
2016	22 766	2,59%
Since foundation to 12/31/2010	<b>878 264</b>	<b>100%</b>

Source: developed by the author based on (www.ansej.org.dz)

The number of jobs generated at the start by the projects financed since the creation is about 878 264 jobs. For the period 2014-2016, 167 476 jobs were generated by the projects financed, or 20% of the total number of jobs created by ANSEJ since its inception.

## 10. Conclusion:

The present sheet is devoted to testify on the efforts of the Algerian state in relation to the promotion of entrepreneurship and the support of Algerian startups, the figures presented previously show that on average 45 projects are financed per day, 66% of the projects financed are young people from vocational training, as well as 18% of the projects financed are university students. We also observe that 65% of funded projects have an investment amount of less than 5 million dinars, female entrepreneurship was presented by 14% of funded projects for women, and 92% of funded promoters are under 35 years old. 02% of projects are funded in extension.

In addition, it is suggested that the official indicators of the support organizations be complemented by empirical studies in order to study the motivation to undertake and the creation of an enterprise on the one hand, and the survival of an enterprise on the other. Moreover, a longitudinal survey would also be more appropriate to assess in a more concrete way the effects of motivation (expected results) towards the entrepreneurial career on the intention to undertake.

Finally, we suggest that an evaluation of the entrepreneurship program be carried out at the universities with the various actors, teachers, entrepreneurs, students and support organizations.

## Acknowledgment:

The author would like to thank the editor and an anonymous reviewers for helpful comments. The views expressed in the article and any errors are those of the author alone.

## References

- [1] Boateng, A. (2018). African Female Entrepreneurship: Merging Profit and Social Motives for the Greater Good. Gewerbestrasse: Palgrave Macmillan.
- [2] Bolton, B., & Thompson, J. (2004). Entrepreneurs : Talent, Temperament, Technique (2 ed.). Oxford: Elsevier Butterworth-Heinemann.
- [3] Hisrich, R., & Soltanifar, M. (2021). Unleashing the Creativity of Entrepreneurs with Digital Technologies. In M. Soltanifar, M. Hughes, & L. Göcke, Digital Entrepreneurship Impact on Business and Society (pp. 23-49). Gewerbestrasse: Springer Nature Switzerland.
- [4] Hornaday, J. (1982). Research about living entrepreneurs. In C. Kent, D. Sexton, & K. Vesper, Encyclopaedia of Entrepreneurship. Prentice-Hall.
- [5] Miller, D. (1983). The correlates of entrepreneurship in three types of firms. *Management science*, 7(29), 770-791.
- [6] Rüdiger, K., Peris-Ortiz, M., & Blanco-González, A. (2014). Entrepreneurship, Innovation and Economic Crisis: Lessons for Research, Policy and Practice. New York: Springer Science.
- [7] Soltanifar, M., & Smailhodžić, E. (2021). Developing a Digital Entrepreneurial Mindset for Data-Driven, Cloud-Enabled, and Platform-Centric Business Activities: Practical Implications and the Impact on Society. In M. Soltanifar, M. Hughes, & L. Göcke, Digital Entrepreneurship Impact on Business and Society (pp. 3-21). Gewerbestrasse: Springer Nature Switzerland.
- [8] Soluk, J., Kammerlander, N., & Darwin, S. (2021). Digital entrepreneurship in developing countries: The role of institutional voids. *Technological Forecasting & Social Change*(170).
- [9] Wang, Q., ogilvie, d., & Richardson, L. (2021). Race/ethnicity, place, and art and culture entrepreneurship in underserved communities. *Cities*, 1-10.
- [10] [www.ansej.org.dz](http://www.ansej.org.dz)
- [11] [www.startup.dz](http://www.startup.dz)