

Balancing Cultural Imperatives and Entrepreneurial Support: Exploring the Entrepreneurial Orientation of Youth in Algeria and the Role of Business Incubators

Concilier les impératifs culturels et le soutien à l'entrepreneuriat : exploration de l'orientation entrepreneuriale des jeunes en Algérie et du rôle des incubateurs d'entreprises

Omar DAHBI¹ 

University of Adrar / ALGERIA
dahbibbm@univ-adrar.edu.dz

Laala BOUKEMICHE² 

University of Adrar / ALGERIA
Boukemiche@yahoo.com

Received: 28/04/2024,

Accepted: 06/04/2025,

Published: 25/12/2025

Abstract: The importance of small enterprises stems from their role in pursuing economic and social objectives, such as creating more sustainable employment opportunities, developing talents and innovations, promoting individual initiative, and achieving balanced development geographically among the provinces of the country. The issue, raised today is not about how to establish a new small enterprise, but how to ensure its survival, continuity, and sustainability. Therefore, it has become essential for various countries, including Algeria, to support the establishment and sustainability of small and medium enterprises, so they can confront the difficulties that lead to their failure and disappearance. This is achieved through the establishment of support networks, with business incubators being one of the most prominent forms. Studies have shown an incubator can provide the necessary requirements for the development and growth of new projects by supplying them with all the support factors they need to thrive, stabilize, compete, and endure.

Keywords: Business incubators, small and medium enterprises, financing programs and institutions, entrepreneurship.

* Corresponding author: Omar DAHBI

Langues & Cultures / © 2025 The Authors. Published by the University of Adrar, Algeria.

This is an open access article under the CC BY license (<http://creativecommons.org/licenses/by/4.0/>)

Introduction

Small and medium enterprises are of utmost importance in economic, political and social activities, whether in developed or developing countries, due to their characteristics, the most important of which are accelerating the economic and social growth process. Global experiences have proven that the enterprise system of large-scale and capital does not necessarily lead to

accelerating the economic and social growth process. According to the reports of specialized international bodies and organizations, SMEs have many characteristics, such as the ability to adapt quickly, innovate, and develop. They are also considered the basic element of development by contributing to pushing growth and increasing the domestic product.

Algeria, like other countries, has sought since its independence to drive growth and achieve balanced and comprehensive development that adapts to its available resources. This begins with prioritizing large-scale enterprises within the framework of strategies for manufacturing industries and growth poles that have failed to achieve their desired objectives. It extends to the necessity of reconsidering the development approach by focusing on small and medium enterprises.

Research problem

With the above in mind, the following problem can be raised: "How can traditional and innovative financing mechanisms be developed to reduce the financing gap for small and medium enterprises in Algeria?"

To address this problem, we have decided to present the following sub-questions:

- ✓ What are the mechanisms for supporting entrepreneurship and facilitating the establishment of small and medium enterprises in Algeria?
- ✓ Do traditional financing formulas for small and medium enterprises correspond with their various types and characteristics?
- ✓ Do the current financing programs contribute to meeting the needs of small and medium enterprises?
- ✓ Are there innovative financing methods that are compatible with the current economic developments?
- ✓ Have support organizations played their role in assisting these small and medium enterprises?

Research Objectives

Through this research, we seek to:

- ✓ Identify small and medium enterprises based on various definitions provided for them, while highlighting their key characteristics.
- ✓ Identify the traditional sources of funding for small and medium enterprises.
- ✓ Clarify the innovative methods in financing small and medium enterprises and assess their effectiveness in bridging the financing gap for these enterprises.

Research Structure

In order to address the problem and verify the validity or invalidity of the hypotheses, we have divided the research into four axes:

- ✓ Youth and Entrepreneurial Culture: Theoretical Foundations and Motivations for Establishment.
- ✓ Mechanisms of Entrepreneurship Support and Business Incubators as a Model for Establishment Assistance.

- ✓ Mechanisms and Entities Supporting the Promotion of Small and Medium Enterprises (SME) in Algeria.
- ✓ Various Obstacles Hindering the development of Entrepreneurship of the SME Contraction Sector in Algeria.

I. Youth and Entrepreneurial Culture: Theoretical Foundations and Motivations for Establishment

I.1 General Concepts about Entrepreneurship and Entrepreneurial Culture

Entrepreneurship has become a commonly used and widely circulated concept, now defined as a field of research (See: Christian Bruyat, 1993). Due to its increasing importance, governments, academic researchers, and society as a whole are showing more interest in the development of entrepreneurs and their enterprises, as well as their ability to survive and grow. This growing interest can be attributed to the opportunities provided by these entrepreneurs and new enterprises (often SME) in terms of employment opportunities. For example, in Algeria, small and medium enterprises in the private sector provide 77.09% of the total workforce in this sector (Traditional, 2009, p. 32-33).

With some large companies relinquishing certain activities unsuitable for their operations, they have provided opportunities for emerging enterprises to invest in those activities. Therefore, entrepreneurship has become a fundamental axis for development in most countries, offering an attractive lifestyle that enables individuals to realize their potential, become more independent, and achieve a higher standard of living.

✓ Entrepreneurship Definition

There are several approaches that define entrepreneurship, including the descriptive approach (Hussein Rahim, 2003), which aims to understand the role of the entrepreneur in the economy and society by utilizing economic sciences in its analyses. The behavioral approach aims to explain the activities and behaviors of entrepreneurs according to their specific circumstances. Finally, the developmental approach that was analyzed within a temporal and situational perspective the personal and environmental variables that encourage, hinder, and impede entrepreneurial spirit. The developmental a stage pproach defines entrepreneurship as a series of successive stages starting from possessing entrepreneurial tendencies to adopting entrepreneurial behavior. These stages include the decision-making stage to enter the field of entrepreneurship, preceded by a stage called entrepreneurial orientation, which is defined as individual will or mental readiness turning into establishing an enterprise under certain conditions.

As for creating value, it considers this concept as a fundamental principle of entrepreneurship, talking about the degree of creativity or value created through the organization and motivated by the individual. Personal change dynamics at the level of the individual and we say that the situation is entrepreneurial as long as there is dynamic change intertwined between the individual and the means of creating value.

A common and practical definition can be derived as follows: Entrepreneurship is the dynamic of establishing and exploiting business opportunities by an individual or a group of individuals through the creation of new organizations aimed at creating value.

✓ Entrepreneurial Spirit

The subject of entrepreneurship and small and medium enterprises (SMEs) have gained significant attention compared to the past, when the focus was solely on large enterprises as the sole generator of jobs and wealth. However, this perspective quickly changed with the increasing importance of the entrepreneurship sector, especially in small and medium enterprises, which are now closely associated with entrepreneurship.

Therefore, the development of entrepreneurial spirit has become of great interest, especially among young people, as it addresses the issue of unemployment. The question raised is: What do we mean by entrepreneurial spirit? The answer to this question can be summarized by highlighting the differences between two terms that are often mixed in usage: enterprise spirit (*l'esprit d'entreprise*), and entrepreneurship (*l'esprit d'entreprendre*). Authors distinguish between these two concepts, defining entrepreneurial spirit as "a set of positive attitudes towards the concept of the enterprise and entrepreneur" (Bourguiba, 2013).

✓ Entrepreneurial Culture Concept

This concept is not different from the essence of entrepreneurial spirit but includes the influence of the environment and some external factors. "The sum of skills and knowledge acquired by an individual or a group of individuals, attempting to exploit them by applying them in investment in capital, through the generation of innovative (new) ideas, creativity across various sectors, in addition to the presence of an organizational management structure (Leger-Jarniou, 2009).

It encompasses behaviors, motivation, entrepreneurs' reactions, in addition to planning and making organizational decisions and monitoring. Furthermore, there are four places where this culture can be instilled: family, school, institution, and environment.

The model proposed by J. PSABOURIN and Y. GASSE summarizes the concept of entrepreneurial culture, highlighting the stages leading to the emergence of entrepreneurs among educated individuals, especially those who have undergone training in entrepreneurship. Through the analysis of eight training programs, the researchers observed a positive relationship between individual entrepreneurial orientations and entrepreneurial capabilities.

Regarding the factors influencing this model, they can be divided into three groups:

- **Antecedents (Les antécédents):** This represents a set of personal and environmental factors that encourage the emergence of predispositions in individuals. The researchers noted that students whose parents are self-employed have greater entrepreneurial potential compared to others.

- **Predispositions (Les prédispositions):** This includes psychological characteristics exhibited by entrepreneurs, such as motivations, attitudes, aptitudes, and desired outcomes, which interact under favorable conditions to transform into behavior.
- **Materializing Entrepreneurial Potentials and Capabilities in a Project:** This is influenced by driving motivations, which include positive factors and factors of discontinuity (interruption). The higher the intensity of driving motivations, the more individuals are encouraged to establish an enterprise. Individuals possessing greater entrepreneurial potentials and capabilities require lighter driving motivations.

II. Mechanisms of Entrepreneurship Support and Business Incubators as a Model for Establishment Assistance

II.1 The Importance of Business Incubators in the Development and Growth of Emerging and Medium Small Enterprises

✓ The Concept of Business Incubators

An incubator is an integrated working system that provides the necessary resources and facilities for starting a project. It involves a network of connections and communications with the business and industrial community. The incubator is managed by specialized administration that offers all types of support to increase the success rates of projects joining its program. The support helps projects overcome problems that often lead to failure and inability to meet obligations.

Business incubators are defined as: "An independent entity that has legal personality, as it provides a range of services and facilitations for small enterprises and help them overcome the burdens of the start-up stage. Business incubators can be private institutions, public-private partnerships or state-owned, in which the state gives them strong support.(Rahim, 2007)" Business incubators are also defined as: "A developmental institution that has its own legal, administrative and financial entity, dedicated to assisting entrepreneurs in establishing, managing and developing new projects by providing them an integrated package of services, consultations, facilities, support mechanisms for a specified period of time called the incubation period, to enable them after to rely on themselves and move to the labor market and establish their small developmental projects outside the incubator." The definition used by the Algerian legislator refers to business incubators as: "Public institutions with industrial and commercial character that have legal personality and financial independence."

Business incubators aim to achieve several goals, including

- Creating new innovative projects and assisting in expanding existing projects.
- Helping innovators transform their ideas into marketable products, models or processes.
- Providing support, funding, advisory services and facilities for their members.
- Increasing the chances of success for new projects.
- Linking small industries to each other (achieving industrial integration).

- Introducing strong projects to the community that are able to continue and evolve in the future.

Among the roles and tasks performed by the incubator (Ali, 2013):

- Providing advisory services related to feasibility studies of projects, selection of materials, machines, equipment and work methods.
- Providing financial, administrative and marketing support and consultation.
- Linking the incubated entity with various governmental and non-governmental bodies.
- Administrative and technical training for the entity's employees by the incubating entity or private bodies.

In addition to:

- Providing spaces and equipped areas for establishing projects.
- Providing specialized programs for financing new projects, through venture capital corporations, government financing programs, or a network of businessmen and investors.
- Continuous follow-up and evaluation of new projects in cooperation with consultants.

Business incubators represent one of the most important types of support designed to assist new projects of all kinds and help them grow and develop. There are many classifications of incubator types according to the purpose for which they were established. Some of the main types include (according to Sherif Ghayat, *Technology Business Incubators and Their Role in Developing Innovation and Creativity in Small and Medium Enterprises - The Case of Algeria*, 2010):

- **Regional incubator:** This type of incubator serves a specific geographical region with the aim of developing it. It works to utilize local resources such as raw materials, services "And invest unemployed young people in this region."
- **The international incubator:** This incubator promotes attracting foreign capital with an emphasis on high quality technology transfer processes. It focuses on international financial and technological cooperation with the aim of qualifying and developing national companies through international companies and pushing them to expand and move towards foreign markets.
- **The industrial incubator:** It is established within a specific industrial zone after identifying the needs of this area for industries and supporting services. Benefits are exchanged between large factories and small projects affiliated with the incubator.
- **The sector-specific incubator:** This incubator works to serve a specific sector or activity such as software or engineering industries. It is run by specialists in the target activity.
- **The technology and technological incubator:** These are technology incubators that aim to invest in advanced designs for new products while owning advanced equipment and devices, benefiting from scientific research and technological innovations and transforming them into successful projects.
- **The research incubator:** Usually located within a university or research center, it works to develop ideas, research and designs of faculty members.
- **Internet incubator:** It is an institution that helps emerging internet and software companies grow to reach the maturity stage.

In addition to the above types, there are other types of incubators, such as public incubators for non-technological projects, virtual incubators, incubators specialized in creative and artistic fields, and incubators specialized in various manufacturing, production and service sectors.

II.2 Indicators for the Success of Business Incubators

An in-depth study conducted on a number of technology incubators in North America and the European Union confirmed that there are a number of factors for the success or failure of any business incubation process for a new project. These depend on six main elements (Hanaa, April 17,18 2006):

- ✓ Available resources at the incubator.
- ✓ Level of shared services and quality of the business network.
- ✓ Criteria for the entry and exit of projects.
- ✓ Good follow-up of projects.
- ✓ Financing and financial support.
- ✓ Professional management of the incubator.

Based on the availability of these elements, the study summarized the best practices that help the success of incubators in the following points:

- ✓ The area of the incubator should not be less than 30 thousand square meters so that it can generate rental returns that allow incubators to depend on their own revenues.
- ✓ There must be at least 10 affiliated projects so that a network of activities and business exchange can be established, helping to develop a number of shared services and support their operations.
- ✓ Technological incubators are located next to universities or research center, scientific libraries. They should also be located near government laboratories or large specialized company laboratories.
- ✓ They incubator should be located in buildings with specific standardized specifications, especially in communications and basic infrastructure to facilitate communication between different companies.
- ✓ The incubator should have an inclusive approach, providing services to both affiliated and non-affiliated companies.

III. Mechanisms and Entities Supporting the Promotion of Small and Medium Enterprises (SME) in Algeria

III.1 The National Fund for Qualification and Development of Small and Medium Enterprises (ANDPME)

This fund was established by Executive Decree No. 05165 dated May 03, 2005, but the official announcement was in 2006. On one hand, this fund finances activities related to startups, in addition to the environment in which these institutions operate. On the other hand, the financial source for this fund is the government, which allocates one billion dinars annually to implement the program.

Balancing Cultural Imperatives and Entrepreneurial Support: Exploring the Entrepreneurial Orientation of Youth in Algeria and the Role of Business Incubators

Sector	2016		2017		2018	
	Number	Percentage%	Number	Percentage%	Number	Percentage%
Small Enterprise	1,005	20.39	1,115	20.24	1,315	19.29
Small Enterprise	2,072	42.05	2,284	41.47	2,534	37.18
Medium Enterprise	1,850	37.54	2,108	38.27	2,966	43.52
Total	4,927	100	5,507	100	6,815	100

Table 01: The number of qualification files deposited with the National Fund 2016-2018.

Source: Ministry of Industry and Mining "Statistical bulletins of the sector of small and medium enterprises" Numbers 30, 31, 32 of 2017.

The results of the table are data issued by the National Fund for the Development and Promotion of Small and Medium Enterprises, deposited with the latter to qualify these institutions, where the largest share of these files deposited in 2016 and 2017 was Medium Small businesses with 2072 institutions and 2,284 institutions respectively. As for 2018, the largest proportion was from medium enterprises with 2,966 institutions, according to the files deposited with the Fund. We note that there is an increase from year to year in the number of small and medium enterprises, which is due to the interest of individuals and the role played by the Algerian state in this field.

III.2 The National Agency for Microfinance (ANGEM)

This agency was established under Executive Decree No. 04-14 dated January 22, 2004, and was responsible for managing microfinance as it works to provide small banking programs. These are non-interest-bearing loans to purchase raw materials. Among the responsibilities of this agency are:

Sector	Number of Projects	Percentage%
Agriculture	118,111	13.82
Small Industry	335,297	39.27
Construction and Public Works	726,94	8.51
Services	173,441	20.31
Craft Industries	150,005	17.56
Commerce	3,694	0.43
Fishing	806	0.09
Total	854,048	100

Table 02: Loans Granted for Financing by the ANGEM Agency, September 2018.

Source: Based on data available on the agency's website: <https://www.angem.dz/article/prets-octroyes> Date accessed: 11/10/2018.

Based on the data in the table, we can see an increase in the number of projects funded by the agency, reaching around 854,048 projects by the end of the third quarter of 2018. These funded projects are mainly concentrated in the sectors of agriculture, crafts and services, small industries, construction and public works, accounting for 63.20% for the benefit of home-based businesses and those oriented towards women. According to information provided by this agency, funding attracted the 18–49-year-old youth age groups with medium and secondary education levels, accounting for 87%. The remaining approximately 3% of financing went to university degree holders out of the total projects funded by the ANGEM agency.

IV. Various Obstacles Hindering the Development of Entrepreneurship of the SME Construction Sector in Algeria

Within this section, we will attempt to present the main problems facing small and medium enterprises in Algeria, and then propose the most important solutions to these problems in order to help these institutions achieve their goals.

IV.1 Administrative (Legal and Administrative) Obstacles: These Include (Entar, May 25-28, 2003):

- ✓ Administrative bureaucracy and complicated procedures and that require many documents and authorities that must be contacted, making the administrative environment unhelpful due to slow processes and lack of information.
- ✓ Lack of stability in the laws and regulations governing and organizing small and medium enterprises in Algeria, and lack of enforcement of texts by relevant structures such as banks, public administrations, national funds, etc.
- ✓ A heavy and complicated judicial system, and lack of judges' expertise, especially in commercial matters.

- ✓ Insufficient knowledge about competing companies in work environment, which hinders small and medium enterprises from keeping up with changes in markets.
- ✓ Lack of qualified executives to manage and supervise small and medium enterprises, including insufficient experience in recruiting highly qualified employees, which can expose these enterprises to various problems.

IV.2 Financing-related Problems

These obstacles constitute one of the most serious issues hampering the growth and development of small and medium enterprises in Algeria. Owners of these institutions face major difficulties obtaining financing (all types of loans) to continue their activities. The banking sector in Algeria views lending to institutions, especially at the startup stage as fraught with risks, due to asymmetric information and insufficient assets available as collateral.

Even if financing is available for small and medium enterprises that have passed the startup stage, there is another problem related to the high interest rates borne by these SME, in addition to the complexity and strictness of the guarantees required. We note that banks impose guarantees on the loans they provide to investors, in addition to the absence of banks specialized only in financing the SME sector in Algeria (Chabli, 2004).

IV.3 Obstacles Related to Industrial Property

The problem of industrial property in Algeria is one of the main challenges for both large and small-medium enterprises. A World Bank study found that 37% of companies search for property to undertake investment, and 13% see it as the foremost problem they face, and some companies have been searching for property for over five years without success.

Conclusion

Business incubators are one of the most important mechanisms for economic and technological development and a means of creating new job opportunities. They effectively contribute to developing existing industries by forming small and medium projects, providing them with sufficient information and necessary studies for work plans, project feasibility and product marketing. Incubators vary according to the purpose for which they were established, as there are regional, international, technological and other types.

For the incubator to play its role in developing and supporting small and medium enterprises as well as activating this role in developing the competitive capabilities of these institutions, it must do the following:

- ✓ Relying on modern approaches to develop the competitive capabilities of small and medium projects, and using technology incubators to support those specialized in globally distinctive skills by linking them to scientific institutions and research centers, will enhance their competitive capabilities.

- ✓ Ensuring the needs of these projects for the incubation program and the suitability of these needs for the services and basic infrastructure of the incubator, and seeking the assistance of specialized global experts to market the services of these projects.
- ✓ Proper management of time by the incubator manager to develop added value for affiliated projects, and continuous evaluation of the incubator program to ensure continuous development and performance improvement.

Recommendations

Based on the findings, it is recommended:

- ✓ SME owners must be made aware of the important role incubators play in elevating their operations.
- ✓ Coordination is needed between incubators and institutes to advance scientific and technological research and development.
- ✓ Collaboration should be strengthened between local and international R&D laboratories through coordination to foster innovation within SME.
- ✓ Ensuring qualified human resources are trained for these incubators both internally and externally, with focus on developing, upgrading and renewing facilitators' knowledge in line with local and global environments.
- ✓ Successful international models and experiences in business incubation should be learned from and built upon by studying them and understanding their strengths and sustainability requirements, to avoid technical and organizational risks in managing such incubators.

References

Hussein Rahim. (December 2007). Systematizing business incubators as a mechanism to support technological renewal. Journal of Economic Sciences and Management Sciences, Issue 02, Faculty of Economic Sciences and Management Sciences, University Ferhat Abbas of Setif, p.164.

Hussein Rahim, Nadhem. (December 2007). Business incubators as a mechanism to support technological renewal. Journal of Economic Sciences and Management Sciences, Issue 02, Faculty of Economic Sciences and Management Sciences, University Ferhat Abbas of Setif, p.164.

Abdelrahman Antar. (May 25-28, 2003). Problems of small and medium enterprises and methods of supporting them and supporting their competitiveness. International training seminar on: Financing small and medium enterprises and developing their role in Maghreb economies (p. 67). Setif: University of Setif. Sétif: Setif University.

Abdelrazzaq Khalil, Nouredine Hnaie. (April 17-18, 2006). The role of business incubators in financing small and medium enterprises in Arab countries. Presentation delivered as part of the International Forum: Requirements for qualifying small and medium enterprises in Arab countries (p. 162). Ouargla, Algeria: University of Ouargla.

Muhammad Bouqum Cherif Ghat. (December 2010). Technology business incubators and their role in developing creativity and innovation in small and medium enterprises - the case of Algeria. Journal of Economic and Administrative Research, Issue 06, University of Biskra, p. 62,63.

Muhammad Bouqum Cherif Ghat. (December 2010). Technology business incubators and their role in developing creativity and innovation in small and medium enterprises - the case of Algeria. Journal of Economic and Administrative Research, Issue 06, University of Biskra, pp. 62,63.

Nabeel Muhammad Shabli. (January 2004). The role of business incubators in supporting Arab creativity. Afaqeqtesadia Journal, Issue 97, Dubai University, p. 123, 124.

Heitham Ali. (April 19, 2013). What do you know about business incubators. Retrieval date October 05, 2021, from www.esyria.sy/edaraa/index.php.fevrie

Ministry of Small and Medium Enterprises and Traditional Industries (2009, p. 32,33). 9. First quarterly report on small and medium enterprises and traditional industries. Algeria: Ministry of Small and Medium Enterprises and Traditional Industries

Bourguiba, M. B. (2013). De l'universalisme à la contingence culturelle. Réflexion sur l'intention entrepreneuriale ", d'après 8ème CIFE PME, Op.Cit, (p. p.7).

Leger-Jarniou, C. (2009). Enseigner l'esprit d'entreprendre à des étudiants: Réflexion autour d'une pratique de 10 ans. Actes du premier congrès de l'Académie de l'entrepreneuriat ; entrepreneuriat et enseignements : rôle des institutions de formation, programmes, méthodes et outils (pp. p,15). Lile: Paris : université Paris Dauphine, , Lile Nord -Pas de calais.

Tounès.(2003):" L'intention entrepreneuriales ; une recherche comparative entre des étudiants suivant des des formations en entrepreneuriat (bac+5) et des étudiants en DESS CAAE". Dans Thèse pour le Doctorat ès sciences de gestion (p. p.45). France : France : université de Rouen.

Christian Bruyat, c. d.-G. (1993). Christian Bruyat , création d'entreprise : contribution Epstémologiques et modélisation. Dans hèse de doctorat ès science de gestion (p. 32). France université Pierre Mendés ex-Grenoble II.