

## Mechanisms for Fostering Entrepreneurship Among University Students in Algeria: An Analytical Study

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### Abstract

Recognizing entrepreneurship as a driver of economic development, Algeria has increasingly invested in cultivating an entrepreneurial ecosystem. This investment encompasses a range of initiatives aimed at fostering entrepreneurial mindsets among university students and graduates. This study presents and analyzes the mechanisms implemented to promote entrepreneurship in Algerian higher education, focusing on the reforms and policies introduced to support entrepreneurial ventures. Additionally, the role of universities in shaping entrepreneurial culture is assessed, with quantitative data underscoring the impact achieved by Algerian universities in collaboration with national institutions committed to sustaining entrepreneurial activity in Algeria.

**Keywords:** Entrepreneurship, Entrepreneurial Culture, Entrepreneurial Education, Algerian Universities, Business Incubators, Entrepreneurship Hubs.

### Introduction

Entrepreneurship has demonstrated significant potential in stimulating economic growth, generating employment, and driving innovation. Its transformative influence on the global economy has compelled many nations, including Algeria, to prioritize entrepreneurship as a pathway to accelerated economic development and international competitiveness. Algeria has adopted a strategic approach focused on a series of structural reforms aimed at instilling entrepreneurial values and skills among university students, a demographic viewed as particularly well-suited to spearheading this vision. Consequently, Algerian universities have taken on an expanded role, tasked with nurturing and advancing entrepreneurial ambition within the academic environment.

In recent years, Algeria has achieved substantial progress in this field, underpinned by a series of targeted reforms designed to reinforce entrepreneurial orientation among students. This study is thus framed by the following central research question: **What specific mechanisms has Algeria implemented to foster entrepreneurship among university students?**

### **Objectives of the study:**

In the light of the research, we can supply the most important goals in the following:

- Defining the theoretical framework for entrepreneurship.
- Evaluate the practices of entrepreneurship in Algeria.
- Show mechanisms for Fostering Entrepreneurship Among University Students in Algeria

To address this question, the study is organized into two primary sections:

- **Section One:** Conceptual Framework of Entrepreneurship and the Entrepreneur
- **Section Two:** Presentation and Analysis of Entrepreneurial Development Mechanisms for University Students in Algeria

## **Section One: Conceptual Framework of Entrepreneurship and the Entrepreneur**

### **1. Definition of Entrepreneurship**

Entrepreneurship, in its relation to creativity and innovation, involves taking an invention or novel idea to market, assuming the inherent risks associated with this venture. Thus, while the entrepreneur may not always be the inventor, their role is fundamentally centered on the economic realization of innovation<sup>1</sup>. The term "entrepreneurship" has been closely linked with the concept of the entrepreneur since the mid-18th century, rooted in French economic thought. The French term *entrepreneur* refers to an individual who organizes, manages, and bears the risks of a business or project. Essentially, the entrepreneur is a visionary—a creator who conceptualizes, develops, and executes a strategic vision<sup>2</sup>.

Hernandez describes entrepreneurship as a sequence of phases that lead to the establishment of an organization. This process requires the founder to mobilize and coordinate resources—informational, material, and human—to seize opportunities and structure them into viable

projects. In this view, the entrepreneur is a strategic leader capable of envisioning an entrepreneurial direction and catalyzing change through entrepreneurial activities<sup>3</sup>. Similarly, Gartner regards entrepreneurship as the act of creating new organizations, emphasizing the need to study the practical activities that give rise to these entities<sup>4</sup>.

Dollinger further defines entrepreneurship as "the process of establishing an innovative economic organization focused on profit or growth while operating within conditions of risk and uncertainty."<sup>5</sup>

An essential element in this context is *entrepreneurial culture*, which comprises the skills and knowledge acquired by individuals or groups, applied to capital investments through innovative ideas<sup>6</sup>. This culture embodies a systematic, logical connection between academic research and the dynamic environment it seeks to address, both theoretically and practically. Entrepreneurial culture emerges as a product of a socially interactive organization, where a unique institutional identity allows relative autonomy from its external environment. The entrepreneurial organization embodies shared values and practices among its members, working collectively toward economic objectives, resolving challenges, and contributing to societal advancement by generating economic and social benefits. Core values within this culture include organization, management, ethics, competitiveness, professionalism, competence, and a sustained capacity for innovation and renewal<sup>7</sup>.

## 2. Importance of Entrepreneurship

The significance of entrepreneurial activity is evident through several critical contributions<sup>8</sup>:

- Creating a multitude of projects that stimulate economic growth and development.
- Generating long-term job opportunities to foster economic expansion.
- Enhancing national income and export volumes through accelerated economic growth.
- Contributing positively to the community.
- Establishing a high-performance environment that attracts and retains top talent.

- Providing new employment opportunities and reducing unemployment.
- Acting as a reintegration tool for workers displaced by economic factors outside their control.
- Offering avenues for differentiation and individual achievement.
- Improving efficiency through increased competitiveness.
- Facilitating structural changes in the market and promoting the adoption of organizational innovation and modern technology.
- Raising the likelihood of introducing impactful innovations to the economy by founding new companies.
- Delivering substantial quality diversity, with new ventures offering fresh ideas and economic creativity.
- Elevating overall public income through enhanced economic growth rates.
- Promoting an entrepreneurial culture among individuals.
- Serving as a crucial driver for transforming societal attitudes toward business and enterprise.

### 3. The Concept of Entrepreneurial Education

Since this study focuses on university-level entrepreneurship, examining entrepreneurial education and its objectives is essential. Entrepreneurial education is an instructional approach aimed at cultivating and nurturing both individual and collective talents and innovations. A European working group of experts representing member states proposed a comprehensive definition that encompasses two critical elements<sup>9</sup>:

- A broader approach to education, emphasizing entrepreneurial skills and attitudes, which involve developing personal qualities and are not solely focused on creating new enterprises.
- A more specific component, emphasizing education for establishing new businesses.

Entrepreneurial education aims to equip future entrepreneurs with the following<sup>10</sup>:

- Self-assessment to determine their readiness for entrepreneurship.
- An understanding of the personal traits and behaviors typical of successful entrepreneurs.
- Recognition of the skills necessary to become a proficient and professional entrepreneur.
- Learning how to transform ideas into entrepreneurial projects.
- Studying effective methods for managing entrepreneurial ventures.
- Developing strategies for project growth from the initial implementation phase.

#### 4. The Entrepreneur: Definition and Skills

The term "entrepreneur" denotes an individual who assumes the risk of engaging in an activity with potential for profit or financial loss, accepting responsibility for uncertain outcomes<sup>11</sup>. Economists Cantillon and Say describe the entrepreneur as a risk-taker who uses personal capital, highlighting uncertainty as fundamental to the entrepreneurial role. Cantillon broadly defines the entrepreneur as one who purchases or rents at a set price to sell or produce at an uncertain price, irrespective of sector—agricultural, artisanal, commercial, or other<sup>12</sup>.

J. Schumpeter (1883–1950), widely regarded as the "father of entrepreneurship," conceptualized the entrepreneur within an economic system traditionally balanced by supply and demand. Schumpeter argued that entrepreneurs disrupt this equilibrium through innovations—whether in the form of new products, production methods, or markets. He famously termed this process "creative destruction," where entrepreneurs transcend existing constraints within the economic system, catalyzing transformative shifts through their innovations<sup>13</sup>.

##### 4.1. Entrepreneurial Skills

Entrepreneurial skills can be categorized into three core areas<sup>14</sup>:

- **Technical Skills:** Writing, communication, environmental monitoring, business management, technological literacy, interpersonal skills, listening, organization, and building professional networks.

- **Business Management Skills:** Goal-setting, strategic planning, decision-making, relationship management, marketing, financial acumen, accounting, control, negotiation, product launch, and persuasion.
- **Personal Entrepreneurial Skills:** Commitment, risk tolerance, creativity, influence, perseverance, visionary leadership, and a focus on change.

## **Section Two: Analyzing Entrepreneurial Development Mechanisms for University Students in Algeria**

Algeria has enacted significant reforms aimed at forging a conducive legal framework and ecosystem to nurture entrepreneurship, especially targeting university students and graduates. This section delves into the multifaceted mechanisms Algeria has deployed to foster entrepreneurship within universities:

- **Entrepreneurship Houses**

Inaugurated in 2007 and expanded nationally in 2017, these hubs are pivotal in cultivating an entrepreneurial culture at the university level. They function by :

- Providing mentorship, advisory services, and incubation support to young entrepreneurs in collaboration with the National Agency for Youth Support.
- Organizing informational sessions and sensitization campaigns about entrepreneurship across universities.
- Hosting seminars, workshops, and study days
- Guiding nascent entrepreneurs through the process of business creation, feasibility analysis, and enterprise management.
- Conducting competitions for the best project ideas and business plans.
- Arranging experiential learning through field visits to established economic entities.
- Enabling networking opportunities with successful entrepreneurs.
- Implementing a summer university initiative designed to integrate student entrepreneurs with influential entrepreneurial support organizations.

Despite these initiatives, data indicates that only 23% of project holders engaging with Entrepreneurship Houses are university graduates, highlighting the need to recalibrate these initiatives to better serve and engage university-educated participants.

- **Ministry of Knowledge Economy and Startups**

This ministry, established to bolster the startup ecosystem, underscores Algeria's strategic emphasis on startups as catalysts for economic innovation and growth. Laws and policies were enacted to support the growth of these firms and the agencies that assist them<sup>15</sup>. The following table demonstrates the fluctuations in the number of small and medium-sized enterprises (SMEs) in Algeria from 2017 to 2020, providing a backdrop for evaluating these initiatives:

**Table 01:** Trends in the Number of Small and Medium-Sized Enterprises (SMEs) in Algeria, 2017–2020

2020	2019	2018	2017	Year
395029	400635	473026	502939	Number of SMEs

**Source:** Ministry of Industry Publications

This trend reveals a contraction in SME numbers from 502939 in 2017 then plummeting to 395029 in 2020. This decline is attributable to challenges such as mismanagement, insufficient support, and the disruptive impacts of the COVID-19 pandemic.

- **Partnership Between Knowledge Economy Ministry and Higher Education**

A strategic alignment with the Ministry of Higher Education has transformed traditional Entrepreneurship Houses into Entrepreneurship Development Centers. These centers, tailored specifically for the academic community, are now pivotal in providing structured entrepreneurial education and training. With 84 centers across the nation, they are structured to offer comprehensive entrepreneurial development services, including awareness, training, and administrative support.

- **National Agency for the Support and Development of Entrepreneurship (NESDA)**

Previously known as ANADA, NESDA is instrumental in supporting entrepreneurs

through the initial and growth phases of business development. This agency's operations include:

- Delivering mentorship and consultancy services.
  - Facilitating integration with crucial economic stakeholders such as banks, tax and fiscal authorities, and social security funds.
  - Providing training modules to project holders in Entrepreneurship Development Centers, facilitated by a team of 400 trainers who collectively offer 200,000 hours of training. This setup allows approximately 45 students to complete a 15-day training cycle, equipping them with the credentials necessary to participate in project evaluation committees and seek funding for their startups.
- **University Business Incubators**  
Operated under the auspices of the Ministry of Higher Education and affiliated with the Directorate General for Scientific Research and Technological Development, these incubators are dedicated to nurturing student entrepreneurs. They aim to transform innovative ideas into viable businesses

**Table 02: Activity of business incubators in Algeria**

<b>Year</b>	<b>Number of hosted projects</b>	<b>Number of companies created</b>	<b>Number of jobs created</b>
<b>2016</b>	93	37	ND
<b>2017</b>	139	94	399
<b>2018</b>	127	50	297

**Source: Ministry of Industry Publications, 2018**

- **Resolution 12/75 of September 27, 2022: University Degree - Startup/Patent Certification**
- Enacted on September 27, 2022, this resolution establishes a formal framework for integrating entrepreneurship within academic settings. It acknowledges the significant role of universities in promoting entrepreneurial ventures, as evidenced by the registration of 6,000 projects in 2023, with 2,300 evaluated and 84 receiving the

“Label for Innovation.” Projects awarded this designation are eligible for funding from the Startup Support Fund, a joint initiative between the Ministry of Knowledge Economy and six government-owned banks holding equal shares in the fund<sup>16</sup>:

- Algerian Popular Credit Bank (CPA)
- National Bank of Algeria (BNA)
- Algerian External Bank (BEA)
- National Savings and Retirement Fund (CNEP)
- Bank for Agriculture and Rural Development (BADR)
- Local Development Bank (BDL)

Upon achieving innovation certification, entrepreneurs are mandated to register their inventions or trademarks with the Algerian National Institute of Industrial Property (INAPI), ensuring the protection of their intellectual property. This step is crucial for safeguarding their innovations against infringement and fostering a culture of legal and commercial respect for intellectual property. INAPI, a public agency dedicated to industrial and commercial rights, provides essential services such as<sup>17</sup>:

- Issuing patents.
- Registering trademarks.
- Safeguarding brand designs.

The tables below illustrate the dynamics of intellectual property registrations between 2018 and 2022.

**Table 03: trends in patent and trademark registrations from 2018 to 2022:**

Type of Registration	2018	2019	2020	2021	2022
Trademark Registrations	6,722	6,475	7,746	7,620	8,654
Patent Applications	675	636	710	849	1,118
Design Applications	413	452	502	440	378

**Source:** [INAPI Statistics](#)

The data indicates a significant increase in trademark registrations, from 6,722 in 2018 to 8,654 in 2022, reflecting heightened awareness among founders about the importance of brand protection. This awareness is attributable to Algerian universities' efforts in promoting intellectual property education through workshops and training. Additionally, patent applications have risen, highlighting the success of university initiatives in encouraging innovation. Design applications have fluctuated, with a peak in 2020, followed by a decline, possibly due to the costs associated with protecting design rights, which may be prohibitive for nascent entrepreneurs.

- **Enhancing Partnerships with Economic Stakeholders**

Algeria has fostered cooperative agreements with economic stakeholders to support open innovation and facilitate collaborative problem-solving. This model allows established companies to engage with academic research, introducing business challenges that universities help address through applied research, often resulting in the formation of spin-off companies via formalized partnerships.

- In some cases, challenges faced by economic partners are incorporated into national research programs if deemed to have national relevance.
- Notably, Algeria's global leadership in organized entrepreneurial activities in 2022, as recognized by the Global Entrepreneurship Network.<sup>18</sup>

**Conclusion:**

The entrepreneurial reforms in Algeria have catalyzed the establishment of numerous programs and institutions dedicated to fostering entrepreneurship among youth, with particular emphasis on university graduates. These initiatives provide critical training, mentorship, and financial support for young graduates facing unemployment and limited resources to launch their projects.

Key findings from this study include:

- Algeria's past support for startups primarily had social implications; however, following essential reforms, these initiatives have begun to generate significant economic impacts.

- The national economy faces challenges in absorbing new graduates, with approximately 280,000 students entering the job market annually. In response, the Ministry of Higher Education has intensified its efforts to cultivate entrepreneurial spirit among university students, thereby encouraging them to create their own enterprises.
- Engagement with support and mentoring agencies is crucial for young entrepreneurs to overcome the initial challenges associated with launching their ventures.
- Although Algerian universities have made notable strides in promoting entrepreneurial culture and motivating students to establish their businesses, bureaucratic barriers often hinder the practical realization of these projects.
- The study recommends the enhancement of financial capacities within entrepreneurial support agencies, alongside the implementation of stringent oversight measures to curb financial and administrative corruption.

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