Chapter 22

An Empirical Analysis of the Algerian Entrepreneurship Ecosystem: Entrepreneurship Ecosystem in Algeria

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ABSTRACT

This study is going to focus on the Algerian entrepreneurship ecosystem by adopting an investigation approach to explore the efficiency of the entrepreneurship process and actions. A proper survey has been conducted among several Algerian entrepreneurs to understand the national entrepreneurial ecosystem: environment, financial capacity, collaboration with the external environment, innovation capacity, etc. This chapter reports the findings of entrepreneurship ecosystem concerning the six entrepreneurship-related domains described by Isenberg to identify and develop. Results show that Algerian efforts still need a lot of enrichment due to the importance of the issue and the need for environmental and technological changes in the country. These changes should be substantially generated depending on the nature of entrepreneurship and should require the necessity of keeping up with these changes especially when shaping strategies and policies to address these challenges.

INTRODUCTION

Entrepreneurial ecosystems are emerging around the world as a fundamental pillar to develop entrepreneurs’ activities. It has a key role in today’s economy, directly linked to innovation, job creation, and the small business sector. It is considered as one of the critical elements for a healthy productive economy in developing countries. The entrepreneurial ecosystem literature has attracted much attention, especially in policy circles (Alvedalen & Boschma, 2017). Entrepreneurship makes economies more competitive and innovative and is crucial to achieving the objectives of several sectorial policies. Successful entrepreneurship ecosystem needs a dynamic environment. National social and economic
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development policies are designed by taking into consideration the contributions and impacts of policies that support entrepreneurship.

Algeria tried to support this fact by putting in place a number of initiatives. However, there is a gap between providing the support and making it accessible for interested individuals. During these few years, entrepreneurship has become the trend. A good number of students, youth and professionals are creating their own enterprises to face the market demand (see Appendix 4). In the present circumstances, small businesses deal with new issues, such as rapid changes in technology, explosive growth in the number of new competitors, and an increasing variety of customer’s needs.

Enterprises can benefit competitive strengths through sustaining corporate entrepreneurship, which is determined as stimulation and strengthening innovativeness factor, risk-taking, and proactiveness (Covin & Miles, 2006; Dess & Lumpkin, 2005). Nascent businesses are being introduced into their economic and social environment, and they are labeled to the several conditions in which they are operating. This illustrates the facilities and advantages that exist and which motivate entrepreneurs to start a new business where new value creation is in the core.

Using these facts, and in order to obtain more understanding to shaping entrepreneurship strategies in the Algerian context, this study comes to identify and analyze the prevailing conditions of the entrepreneurial ecosystem through a field study in some Algerian enterprises. The primary objective of this study taps into the efficiency of the several states that have had influence engagement in entrepreneurial activities, as well as the critical factors of entrepreneurship ecosystem’ development process. Knowing current status helps identify opportunities and assists to develop plans for effective intervention.

Nonetheless, in order to better comprehend entire ecosystems, one should examine the intermediate causes, i.e., the systematic conditions and the entrepreneurial activity. Support services, networks, funding, worker talent, leadership (mostly in the form of dealmakers and entrepreneurs leading the ecosystem), and knowledge lie at the heart of the ecosystem. “The presence of these elements and the interaction between them predominantly determine the success of the ecosystem” (Stam, 2015, p. 66).

Another critical point lies in the fact that measuring entrepreneurial ecosystems enables the comparison between different ecosystems, within the same country and around the world (Mack & Mayer, 2016; Ritala & Almpanopoulou, 2017). Thus, examining the reciprocity among elements is essential to understanding the broader role of entrepreneurial ecosystems (Spigel, 2015).

Then, this study builds on existing based research and develops a conceptual framework to understand what measures should be taken to make entrepreneurship ecosystems? As an exploratory and the quantitative analysis, it purported to help us understanding Algerian ecosystem and its dimensions and know the critical lacks by building a clear analytical framework that makes explicit what is the cause and what is an effect.

This study is structured as follows: First, the paper is devoted to a review of the relevant literature and the Algerian entrepreneurship context. The quantitative methodology employed is then reviewed, and the results discussed. The chapter concludes with a discussion of the implications, the findings and directions for future research.
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