

An overview on "startups" with a glimpse on the Algerian experience

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ABSTRACT

This study aims at presenting a theoretical framework of "start-up" with a view in its situation in the world globally, and in Algeria specially.

The study found that USA is the best country and system which encourages and enhances these projects, either in quantity or quality and influence of "start-ups" on the economy, society and internet. While it is a very young experience in Algeria- where it did the first steps begin to establish the system that will support the establishment of startups in Algeria, starting with adjusting its concept, and ending with building the factors that enhance its success, including the various financing and supporting mechanisms, platforms and bodies

1. Introduction

"Start-up" is a new trend in business world. It gathers an important attention among entrepreneurs especially the young ones. It has spread among contemporary generations especially those that accompanied the Internet and technology revolution, which made them more ventured and tendentious to risk and to find quick solutions to the problems at hand in exchange for great profits.

And as all new topics, "start-up" is still subject to studies and research at the theoretical or practical level, which is the case in Algeria, in which this has attracted the attention of official institutions recently that have tried to support and develop it, by starting to define and structure its concept, in addition to preparing the appropriate system for it. Based on that, the following problem appeared: **"What are start-ups? and what is their status in Algeria?"**

1.1. The importance of the study:

The importance of the study appears through the great role that "start-ups" have become to play in developing the economy and society alike, by finding innovative solutions to proposed problems or unsatisfied needs in the market that may be apparent and not met, or needs that are created in the consumer. This has led to a great popularity of this concept, especially with the success it met in many developed or densely populated countries, such as the United States of America, India, the United Kingdom, and Egypt in the Arab countries.

1.2. The purpose of the study:

This study aims at discovering the "start-up experience" in Algeria in order to determine its situation in the world, and the suitability of the system that is being built to develop it, and the extent to which this reflects the success of encouraging the idea of adopting the "start-ups" by both young people and Algerian institutions.

2. What is a « Start-up » ?

“Start-up” has become a popular topic in these last years, whether in research or discussion but without reaching an inclusive definition for it; it is inspired by “The Social Network” young people wish to leave school for beginning a multimillion dollar company (Appster, 2018, p. 01).

According to its meaning, (The-American-Heritage-Dictionary, 2020) indicates that “Start-up” is “The act or process of setting into operation or motion”; while in business, (Forbes, 2013) defines a “Start-up” like “a company working to solve a problem where the solution is not obvious and success is not guaranteed”; In the same sense (Ries, 2010) says that “Start-up” is a “human institution designed to create a new product or service under conditions of extreme uncertainty”, and (Blank & Dorf, 2012, p. 52) define “Start-up” as “temporary organization designed to search for a repeatable and scalable business model”. Also, “start-up” is an initiated company that is designed to find the right business model for the company in order to survive amid extreme uncertainty (Rosa, Sukoharsono, & Saraswati, 2019, p. 60)

From the above, it appears that the most important thing that researchers agree upon, is to consider “Start-up” as the inception or the beginning point in realizing an idea in the reality, which it most often arises from a deficiency or a specific need in the entrepreneur’s or the company’s environment; this condition engenders an important risk and uncertainty due to the ambiguity of the situation and the lack of its clarity.

So, “Start-up” can be a new venture or a new division or business unit in an existing company (Blank & Dorf, 2012, p. 52). It is generally designed to look for repeat and measurable businesses, and can be developed into the larger (scalable) ones; and the effort taken to develop the “start-up” business is in the form of innovation at the various stages of its development, this innovation is generally done to find various answers and solutions that arise in the community, so that the products produced have benefits in everyday life. (Rosa, Sukoharsono, & Saraswati, 2019, p. 56)

And from here, it appears the risk related to “start-up” which results from the necessity to deal with uncertainty in different perspectives: market, product, competitiveness, people and finances, because the major risk that an entrepreneur may come across is to give the market a product that nobody wants or needs, as well as “Start-up” naturally having limited economic, human and physical resources; therefore, these resources should be effectively implemented and managed. (Bortolini, Cortimiglia, Danilevicz, & Ghezzi, 2018, p. 03).

In addition to these risks, one of the important features of “start-up” industries is the initially relatively low cost of capital required to launch a business, and the wide open regulatory, technological, and physical frontiers all resulting in the ability to scale fast. (Appster, 2018, p. 01)

3. Characteristics of « Start-up »:

While considering the “Start-up” as the starting point for embodying an idea or filling a void that appeared in the business environment, it is similar to the launch stage of other enterprises, as they don’t have or have a very limited date with data for a year or two; they have small or no revenue and result in operating losses which increase the necessity to private equity and raise the fail probabilities. (Akkaya, 2020, p. 138)

With that, not all enterprises may qualify as “Start-ups”, because it is not enough for the enterprise to be a newly created to be called “Start-up” and, different from the perception of some, a “Start-up” is not a smaller version of a business constituted. (Oliveira & Zotes, 2018, p. 98)

Thus, a distinction can be made between “Start-up” and other types of enterprises, through the following characteristics: (Rosa, Sukoharsono, & Saraswati, 2019, pp. 60, 61) (Oliveira & Zotes, 2018, p. 98)

- ✓ “Start-up” is a new enterprise that usually has less than 03 years.
- ✓ It includes a little number of workers that have multitasking capabilities, which implies that each employee can concurrently work on multiple tasks.
- ✓ “Start-up” is often engaged in technology where this business is commonly associated with technology and application use.
- ✓ The “Start-up” operates in websites and it has a site as an identity because the operations used are in that field. Although the services offered are in the form of real products or services using applications, it will still use the website.
- ✓ A “Start-up” may be a business model which aims at producing value for the customers and transform the value created into revenue for the enterprise; in other term, a “Start-up” is a business solution for social problems.

- ✓ The business model usually offered by a “start-up” is still in the development stage.
- ✓ “Start-up” allows the ability of repetition, because it is often related with that products that do not have an inventory limit and are constantly available to the consumer
- ✓ “Start-up” is characterized by scalability; it is able to target a large scale and a large number of customers.
- ✓ “Start-up” works in conditions of highest level of uncertainty, where regardless of the market analysis, financial and operational viability that the creation phase requires, the success of the project and its acceptance by customers is not necessarily sure.

4. Life cycle of « Start-up »:

Any business knows different stages in its life where each phase brings new things either opportunities, risks, or characteristics, which applies to the “Start-up”, these stages are known as “life cycle” that refers to series of situations where “Start-up” should be endorsed by necessary resources and effectuates effectively various activities in order to conquer potential crisis or problems which can appear during its existence. (Passaro, Quinto, Rippa, & Thomas, 2016, p. 06). In general a “Start-up” passes by the followings stages:

4.1. First stage:

It has many names as “pre-seed phase”, “Ideation and intuition step”, or “bootstrapping stage”; it represents the phase where the entrepreneur tries to understand market, customer and all the society and environment, in order to detect an existing opportunity by discovering or generating a potential idea that it could be technological idea or created innovation that solves a problem or satisfies a consumer need. (Passaro, Quinto, Rippa, & Thomas, 2016, p. 08) (Salamzadeh & Kesim, 2015, p. 05) (Szarek & Piecuch, 2018, p. 72.). This step is very important for the success of “Start-up” because it is attributed largely to ideas that should be compelling to fill needs and provides unique values to customers, and these ideas must focus on giving customers new product that does not exist before or it does not available now, and they deal with new technology. (Hoang, 2015, p. 05).

In this stage, the founder of “Start-up” is characterized by creativity, intuition and prior experience which helps him to engender probable idea of business, at the same time, this founder needs some technical resources to use it for analyzing and identifying the idea viability; these resources may be obtained by the higher education systems and the government and local agencies. Also, he works on his venture idea, makes a team, searches for financial resources which are, in this level, from personal funds or family and friends who believe in this venture success. (Passaro, Quinto, Rippa, & Thomas, 2016, pp. 08, 09).

4.2. Second stage:

It is called “seed stage” or “start-up stage”, it is the real beginning of the business where the entrepreneur has the feasibility of the project which makes him able to measure and quantify the probabilities of the success, and he can precise his necessary resources. This stage is characterized by team work, prototype development, entry into market, valuation of the venture, seeking for support mechanisms such as accelerators and incubators, and average investments to get further managerial, technical and physical resources and to grow the start-up, these mechanisms are very important because a big number of “start-up” fails in this level due to the inability to access to them, while those “start-ups” which succeed to these mechanisms have a higher chance to become profitable companies. (Passaro, Quinto, Rippa, & Thomas, 2016, p. 09) (Salamzadeh & Kesim, 2015, p. 06)

This phase can take a few months or several years, and it is important to take all the time needed for a good launching for the “start-up” which allows better paying dividends in the future; and among the challenges of this stage is the development of product or service, and rational use of the resources, especially the financial ones, by establishing written plan with policies and standards for every function in order to put it into action. (Citi-bank, p. 07)

4.3. Last stage:

Named “creation stage” or “expansion stage”, it represents the last phase of a “start-up”, and when it is finished, we obtain an organization firm. It appears when the enterprise sells its products, enters into market, and hires its first employees, which increases its market’s value, and it can obtains more easily the funds for extending its product portfolio, like venture capitals. In this level, entrepreneur must develop his skills and abilities such as motivation and coordination skills, to relate with employees, customers and suppliers, also, he has to look for international markets and partners, and constantly develop its products and services. (Passaro, Quinto, Rippa, & Thomas, 2016, p. 10) (Salamzadeh & Kesim, 2015, p. 06) (Szarek & Piecuch, 2018, p. 73). This stage is accompanied by the challenges of

having more resources like larger facilities, more management team members and employees, expanded accounting and management systems. (Citi-bank, p. 11)

5. Financing the « Start-up »:

Searching for finance resources is a very important and crucial step for “Start-up”, and it is generally a long and difficult operation because banks are usually hesitant to give this type of financing to risky projects; this is why the entrepreneur has to use his capacity to find the proper sufficient financing ways. (Gomez, 2007, p. 246).

In this context, many options of financing “start-up” are available, but it should be noted that every choice is compatible with nature of market, risk of business and the age and stage of the “start-up”, so, the entrepreneur should study and compare between these options to find the most appropriate to his situation considering that each of them has its positives and negatives and possibilities. In all, the most famous resources of financing “start-up” are the following:

5.1. Bootstrapping:

Entrepreneur takes generally this choice of financing in the beginning of his project where he keens to use his own funds (Oliveira & Zotes, 2018, p. 99), whereas “bootstrapping” means that the entrepreneur depends completely on his own resources because he wants to keep the full control of the business and to test his ability to direct it without outside loans or investments, in addition to proving that his business idea will work. (Sartorelli, 2017, p. 58).

The positive of “bootstrapping” is the freedom of the entrepreneur where he is the only responsible of his work, he has the entire control on the plan, time and different decisions of the start-up’s management, and he has not pressure from banks or investors to strengthen the balance sheet or to gain profits quickly. In other hand, this source of financing will be never sufficient for the “start-up” growth in the future comparing to the money earned from investors or banks, as well the potential isolation of the entrepreneur, especially if he is young and not experienced and without any help from business experts. So if the entrepreneur who wants to found a “start-up” is rich and has an abundant personal income, the “bootstrapping” is the best and right choice for him, but if he is not, this option of financing his business, is very risky and can make him more poor. (Hoang, 2015, pp. 12, 13) (Calopa, Horvat, & Lalic, 2014, p. 25).

This source of financing is called “internal financing”, and it is limited and insufficient in the next step of the “start-up” life, which push the entrepreneur to use “external financing” during the early stages of this project. (Achibane & Tlaty, 2018, p. 276)

5.2. Family and friends:

If the entrepreneur has not the enough own funds, he heads usually toward informal sources of financing which represent his family and friends members, they are the first line of investors who believe in the “start-up” idea and accept the high fail risk that accompanies the investment of their money in this project. (Calopa, Horvat, & Lalic, 2014, p. 27). This option of financing gives entrepreneur certain level of freedom because the family and friends are mostly not proficient investors and they do not interfere in the function or the management of the “start-up”, so he can have less complex investment or relations and he builds the business as he wants (Hoang, 2015, p. 13), however it is important to retain that this money is a donation and the failure may tense the relationships between the entrepreneur and members of family and friends.

5.3. Bank loans:

In the case that funds from previous sources are not available or insufficient, the entrepreneur goes, most of time, to banks to get the necessary money as a loan with specific rate of interest and specified time of payment. It is known that banks even tighten up the lending standards and requirements, which means that loans are accepted just for the most creditable and loyal customers and the most confident of their ability to pay; all these conditions are the negative side of this source of financing, mainly if the situation of the “start-up” is not good which would be a major obstacle of obligations’ fulfilment, that exposes the entrepreneur to penalties and judicial prosecutions; while the benefit of bank loans is that owner of the “start-up” does not lose his business ownership because bank hasn’t any rapport with the management and all relations between them will be finished once the borrower has repaid his loan. (Hoang, 2015, p. 15)

5.4. Business Angels:

Many names are used to indicate this type of financing like “business angels”, “angel invest”, “angel investment”, “angel capital” and “angel finance”, but all of them mention that it is a finance model supported by private investors which possess an amount of accumulation on business to the enterprises beginning with their own resources and at the first phases (Tiftik & Zincirkiran, 2014, p. 47), what it means that business angels represents wealthy individual or group of persons who invest in the “start-up” and businesses that are not appropriate with the banks loans, and they have in same time a great potential to grow in the future, in order to have a new ideas even if these are with high level of risk, and of course with higher return (Bista, 2016, p. 21). Business angels are considered as the most important link between funding and “start-up” companies, and between the first stage of its life cycle as ideation and the stage in which it is ready to exist in the market; as well, this type of financing gives to “start-up”, in addition to the financial support, a managerial support. (Calopa, Horvat, & Lalic, 2014, p. 28).

This option of financing is a bridge between loans from family and friends and venture capital, and in exchange for the high risk taken by these investors, they require a high rate of return and generally they take an active participation in the business as an advisor or member or another role. (Dibrova, 2015, pp. 281, 282). However, when the “start-up” sees success and begins its growth, the funds collected from the “business angels” will be insufficient where the business requires huge capital, which push the entrepreneur to search for another big source such as venture capitalist firms that are able to offer a higher level of money than angel investors. (Bista, 2016, p. 22)

5.5. Venture capitalists:

They represent a group of specialist investors who collect money from private and institutional sources to finance “start-up” and new projects that have an important potential for great growth therefore they need a huge capital than previous options cannot offer. These investors focus generally on specific domains in which they have more expertise and interest; also they are attracted by “start-up” that passes successfully from the first stages to the growth phase of its lifecycle (Bista, 2016, p. 22).

So “start-up” that goes to this type of investors must be able to demonstrate its solid assets like intellectual property, convincing projections of great results and revenues or a fast increase of employees’ number (Sartorelli, 2017, p. 62).

But it should be noted that venture capital does not involve just putting money, whereas investing in high level risky business which characterized the venture capitalists’ preferred kind of “start-up”, includes a share of the ownership and an important part of capital and revenues, in addition to their participation in management by taking place on the board of the “start-up”, and they care too about its founder, its management team, its concept, its marketplace, its revenue model and its potential value-added and if it fit their objectives or not. (Tekker, Tekker, & Teraman, 2016, p. 214). Consequently the firms which are financed by venture capital are more likely prone to the change of CEO from the own founder of the “start-up” to an external person. (Achibane & Tlaty, 2018, p. 278).

To augment the success probabilities of this option of financing, it is indispensable to determine the necessities and form a specific plan for the future with realistic objectives, especially with the active role of venture capitalists through supplying business consultancy, strategic consultancy, innovative manufactures to the market, transferring the experiences of senior executives (Tiftik & Zincirkiran, 2014, p. 47)

5.6. Crowdfunding:

This type of “start-up” financing is relatively new source, it knew large reputation with the expansion of internet and social media; this way gives entrepreneur opportunity to ask a CROWD of ordinary people to give some of their money in order to use it to finance the business. And these persons do not have any profits from this process except some symbolic rewards like souvenirs from project creators or discounts for using services or a simply dinner with creators.

The advantage of crowdfunding is that entrepreneur does not lose ownership of the “start-up” because the backers invest in his project only because they are attracted to his idea or product and hope that it will be real, not to become shareholders or earn profits. In addition, this choice is fairly easy for the entrepreneur, all he has to do is to share his idea on websites and crowdfunding platforms and waits for the supporters to assure the required money; this option can also help him to test his product, test the market and build potential customers. In other side, crowdfunding can be risky for “start-up” that has not reached the funding targets as it exposes it to the possibility of losing money and losing the idea itself. (Sartorelli, 2017, p. 60) (Hoang, 2015, pp. 17, 18)

6. Challenges of « Start-up »:

The condition of uncertainty in which the “start-up” operates, leads it to face many challenges that may limit its success or guide it directly to failure, which is very elevated in this kind of projects. And it is founded that, among the causes of failures, the unclear value presented to the market and the customers, and the incapability to attract and merge the required resources such as technical and business knowledge, useless team and greedy investors. (Roshanzamir, Roosta, & Shajari, 2019, p. 07). In the same sense, (Salamzadeh & Kesim, 2015, p. 07) summarized the most popular challenges of “start-up” in the following points:

- ✓ **Financial challenges:** finance is a very important part of the “start-up” creation, because it interferes with all its activities and steps of launching and expansion; which leads to making it a great challenge for the “start-up” which finds difficulties in obtaining adequate financial resources during each stage of its life; either in the stage of persuade the family and friends to invest in the idea, or obtaining the resources to expand the business later ; also, in the seed and creation stage, the entrepreneur researches for investors and convince them to support him, as angel investors or venture capital.
- ✓ **Human resources challenges:** the “start-up” begins mostly with one person or very little number of founders, but in the case that the work develops, the number of workers gradually doubles and teams are formed, especially of experts and specialists, who maintain the current growth and aim to develop it in the future; which makes this process very important and critical for the “start-up”, which obliges the founder to have sufficient expertise and knowledge that allows him to make good choices, otherwise, it conducts to the failure and problems with human resources.
- ✓ **Support mechanisms:** “Start-up” needs necessary support mechanisms that push it to continue and to develop in the different stages of its life, and without these mechanisms, “start-up” has very high rates of failure. These support mechanisms include, angel investors, hatcheries, incubators, science and technology parks, accelerators, small business development centres, venture capitals, etc
- ✓ **Environmental elements:** The uncertainty of a “start-up” environment makes it more dangerous and difficult than an established firm environment, which obliges it to give attention to the environmental element like trends of the moment, limitations in the markets, legal, political and economic issues etc, otherwise, the “Start-up” will face failure.

7. « Start-up » in world:

The adoption of the concept and idea of “start-up” is a recent trend in many countries of the world, and it is more popular in countries that are characterized by a high level of technological industry in the first place, as these companies are mainly related to technology, which allows providing creative solutions to many problems that the country faces. The **Table 1** summarizes the most important statistics related to “start-ups” in the leader countries in this field for the year 2021.

Table 1: Main statistics of leader countries of “Start-ups” in 2021

	USA	India	United Kingdom
Rank by number of “start-ups”	01	02	03
Number of “start-ups”	70638	12438	6136
Number of “start-ups” in TOP 10	02	00	00
Number of “start-ups” in TOP 100	28	10	07
SR Score of the top “start-up” in the country	92019	85799	86385
Its rank in the country	01	01	01
Its rank in the world	02	26	21

Source: (startup-ranking, Startup ranking-Countries, 2021)

USA is at the top of global ranking in terms of number of start-ups, as the latest statistics (startup-ranking, Startup ranking-Countries, 2021) indicate that it has reached 70638 start-ups, with wide difference from the second-ranked country represented by India who registered 12438 start-ups only, followed by the United Kingdom with 6136 start-ups.

In addition to the large number that USA record in terms of number of start-ups, they are also of great influence, as the SRscore index, an index whose value ranges from 0-100000, reflects the importance of the “start-ups” on the Internet through the SRweb, and the start-up's social impact through SRsocial.

SRweb based on several factors among them: number and quality of web pages that link to a start-up web page; distribution of internal links that point to other pages in the same domain; number and quality of external links which are links from a start-up web page that point to an external web page; On-Page SEO factors such as content of a page, title Tag and URL; number of estimated visits and unique visitors to the start-up web site; number of estimated pageviews per visit to the start-up web site; estimated average of visit duration. (startup-ranking, How it works?, 2021)

While SRsocial is measured by Facebook engagement represented on number of likes for the fan page, number of likes for posts, number of comments for posts, number of shares for posts, number of persons engaged with the fan page; and Twitter engagement by number of followers, number and quality of retweets, number of favourites for tweets, number of persons engaged with the account. (startup-ranking, How it works?, 2021)

The statistics show that “start-ups” in USA have a great impact on the Internet or on society as most of them score very high in the previous index, and most of them occupying advanced arrangements at the global level; as it is noted that among the 10 strongest and most influential “start-ups” in the world, 02 American start-ups are found; and the top start-up in the US and the second in the world, the Coursera, achieved a score of 92019 in SRscore. (startup-ranking, Top-United States, 2021).

While the first start-up in India scored a result of 85799 in the index SRscore and thus ranked 26 in the world, whereas in the first 100 start-ups in the world, there are 10 Indian start-ups, with impact points exceeding 82000 out of 100000 in SRscore. (startup-ranking, Top-India, 2021)

As for the United Kingdom, the first start-up in it reached a value of 86385 registered in the SRscore with a ranking of 21 at the global level, while only 07 British start-ups are found among the 100 best start-ups in the world. (startup-ranking, Top-United Kingdom, 2021)

It should be noted that the start-up that ranks at the top of the global ranking is an Australian start-up under the name of Canva, which is the most influential start-up on the Internet and the society with a SRscore of 92121; although Australia ranks 07th in the world by number of start-ups which has estimated at 2194 start-ups. (startup-ranking, Top-Australia, 2021)

The level of progress made by “start-ups” in these countries is due to the institutional system that encourages and supports them, which is called the “start-up ecosystem” or “entrepreneurial ecosystem” which expresses the conditions in which persons, firms and society are reunited to promote the generation of economic wealth and prosperity; and it is a combination of interconnected entrepreneurial actors (potential and existing), organisations (firms, venture capitalists, business angels and banks), institutions (universities, public sector agencies and financial bodies), and processes (business birth rate, rate of HGFs, number of serial entrepreneurs and blockbuster entrepreneurs, and levels of entrepreneurial ambition and sell-out mentality in the society). (Carvalho, 2017, pp. 06, 07). These ecosystems arise in general in sites that have place-specific property and they are usually attractive places to live either for their cultural attractions or their physical attributes which provide opportunities for activities. (Mason & Brown, 2013, p. 08).

In this context, the latest report on the grading and ranking of ecosystems in the world, issued in 2021, revealed that USA has the best ecosystem globally with a total score of 124.420; while the second ecosystem in the world is the United Kingdom's ecosystem which has a total score of 28.719 points; this allows USA to maintain a large gap between it and their immediately followed countries, and this is noted also for 2017, 2019 and 2020. It is noted also that USA has the high score in the quantity of existed start-ups with 19.45 points versus 8.16 to UK, 101.17 points for USA in the quality of start-ups versus 16.86 for UK, and score of 3.80 for USA and 3.70 for UK in the business environment score. (Startup-Blink, Global Startup Ecosystem Index 2021, 2021, p. 26)

While “start-up ecosystem” in India, as the second influential start-ups in the world as mentioned earlier, occupies the 20th rank in 2021, with a progress of 03 ranks compared to 2020, with score of 8.833 points (as 1.83 in quantity of start-ups, 4.40 in quality of start-ups and 2.61 in the business environment). (Startup-Blink, Global Startup Ecosystem Index 2021, 2021, pp. 27, 97)

8. « Start-up » in Algeria:

It can be considered that “Start-up” in Algeria is a new concept used in the academic researches and in government plan, because it had the same treatment as micro-enterprises without limits or differentiation between the two themes; also for entrepreneurs and young people which explored jobs and projects markets. This is what led Algeria to fall very late in this domain, as the 69st place in the world with just 87 start-ups all over the country (startup-ranking, Startup ranking-Countries, 2021). This is due to the government's previous tendency in the first place to encourage actual enterprises and projects that achieve jobs, so it paid great attention to SMEs, but it did not determine the concept of “start-up” and did not see it as an important topic, especially that this type of enterprises is related principally to innovation in products, services and processes, while the consumer nature prevails in Algeria, with lower rates of innovation. As for the entrepreneurs, many of them preferred sectors that generate immediate profits, in the short or medium term, without a real desire for risk which is the basis of the “start-ups” in the beginning.

It is noted that the 1st ranked “start-up” in Algeria, called Siamois QCM, has a considerable influence on society and internet with a SRscore of 69024 points, thus ranking 1483 in the world; while the 2nd, named Sekoir, is ranked 1636 in the world with SRscore of 67844 points (startup-ranking, Top-Algeria, 2021). And according to the same website, the distribution of these start-ups across the wilayas (provinces) of Algeria, is considered completely uneven, as it is noted that the majority are concentrated in Algiers, while only some of them are distributed in a very small number of wilayas, where just 03 start-ups are located in Blida, 02 start-ups located in each of Mostaganem and Oran, and only 01 is located in each of ElOued, Jijel, Tlemcen, while all the rest are mostly in Algiers. This can be explained by the possibilities available in each wilaya, as “start-ups” require the availability of many infrastructure and official bodies, and sometimes even research centres, that allow the “start-ups” to be established and to be developed later, with the need for an entrepreneurial culture and acceptance of the concept of risk in local communities, especially among investors and bearers of ideas, in order to encourage investment and launch in these projects; which unfortunately does not exist in many wilayas of the country where the appropriate environment is usually concentrated in northern cities, and declines as we head towards the interior or the south, both in terms of experience Investors, the availability of bodies responsible for the sector or the societal peculiarities that help that.

This is due to the absence of an effective ecosystem that push start-ups to grow, and the entrepreneurs to invest in them, where the start-up ecosystem ranking of Algeria is in the 116th place on the global rank in the 2021 report, while Algiers is the top city for Startups in Algeria ranked by StartupBlink; and with a total score of 0.071, as 0.01 on quantity of start-ups, 0.03 point on the quality score and 0.03 point in the business environment score, Algiers is in the 984th place among the top cities for Startups in the world, with a drop of 16 places compared to 2020 rank. (Startup-Blink, Algeria Startup Ecosystem Overview, 2021).

This situation prompted the government to devise a serious and real strategy to promote investment and support the establishment and growth of “start-ups” in Algeria; among the frameworks put in place are the foundation of a special and independent ministry to supervise the “start-ups” named Ministry of SME, Startups and Digital Economy, by the decret n°20-50 of February 2020 (HARMOUCHE, MAKI, & DOUKHI-MOUKADDEM, December 2021, p. 401), and it has as a mission the creation and development of an ecosystem appropriate to the peculiarities of the Algerian society and consumer on the one hand, and the nature of the Algerian entrepreneur and the Algerian market on the other hand. In the same time, a research was launched in 2019 by Sylabs¹, that aimed to collect data of start-ups and entrepreneurs in all over Algeria, that enables to publish the first “Algerian entrepreneurial ecosystem mapping”, which reaches that Algeria’s ecosystem is experiencing an unprecedented growth as new projects and start-ups are arising in the market day after day. (Sylabs, 2019).

According to this “Algerian entrepreneurial ecosystem mapping” we count: 08 co-working spaces, 04 of them are situated in the centre, as 03 in Algiers, 02 in the West and 02 in the East the country; in addition to 08 incubators/ accelerators which are all located in Algiers, also 08 research centres specialized in sciences & technology, in the period of the research launched by Sylabs, where this number has increased later. In addition to this, 07 programs were registered to support the launch of start-ups, which all are public institutions as ANADE (previously ANSEJ), ANGEM, CNAC, ANDI, EADN, PAJE and ANDPME, and many incubators and accelerators launched by private and public sector. All of this reflects the efforts that Algeria has begun to encourage and motivate “start-ups”, so, many start-ups are launched in Algeria in different sectors like offers comparator, marriage provider, e-learning, sport,

¹ Sylabs, incubator/accelerator, is a company founded at the end of 2015, Sylabs works for the inclusion of entrepreneurial initiatives, especially young people, in the Algerian economic landscape, in full transformation.

editing, books, hydrolic, tourism, logistics, food, fashion, home decoration, cosmetics, art & society, online market, online grocery, e-commerce, legaltech, linking solutions, VTC and e-health.

It should be noted that many “start-ups” in Algeria have great fame and success, as they reached the last stage of the “start-up” lifecycle, namely Siamois QCM which it is an E-training platform for Algerian medical students and those preparing for the residency exam, it contains more than 50000 MCQs and clinical cases, this start-up was launched in June 10, 2017, has achieved in January 2022, the 1478th rank with 69024 points in SRscore, as 75621 points in SRweb and 9647 points in SRsocial (Startup-ranking, 2022). While Sekoir represent a peer to peer money exchange platform focusing on providing safe and secure money transfer solutions, and bringing money transfer to its peer-to-peer origins, it was launched in April 04, 2021; and despite its recency, this start-up was able to achieve a good ranking and points among the start-ups in Algeria, as according to (startup-ranking, Sekoir سكوار, 2022), it comes second in Algeria in terms of vogue, where it achieved a total of 67845 points in SRscore, as 74738 points in SRweb and 5812 in SRsocial.

As for “start-up” financing, Algeria mainly contains 03 platforms of crowdfunding which aim principally to provide funds for entrepreneurs and social projects who have no access to the bank system. While this number is considered very small and may not be sufficient to provide the necessary funding, in addition to the significant weakness in the marketing of these platforms, as the majority of entrepreneurs and bearers of ideas are not aware of the existence of them nor the way to deal with them, but this can constitute a good base for expanding their scope in the future, and introducing other new platforms. The main crowdfunding platforms in Algeria are: Twizas (Twizas-platform, 2020) as the first platform launched to work in Algeria, and which has known many important developments in the framework and areas of its financing for start-ups, which known many important changes on its framework and areas; Chriky platform for participative financing launched in 2015 (CHRIKY-platform, 2014/2015); and recently Ninvesti Algerian Crowdfunding launched in 2020 (Ninvesti-platform, 2020).

Whereas the most popular business Angels in Algeria are represented in Casbah Business Angels launched in 2012 by Silicon Valley and Algerian CEOs, it is the Algeria’s premier angel investor organization as a group of entrepreneurs and angel investors who invest their money in new start-ups and companies (Magnitt-website, n.y). In addition to this, Algeria registered a new business angel investor launched in 2020 namely Business Angels Algérie Diaspora (BAALDI) which is an association that connects project leaders in France and Algeria with Business Angels in France or internationally, with the goal to find them support and funding, and to prepare them to better present their project to business angels through training (business plan, management, studies, etc.) as well as through coaching, mentoring, and project management by experienced volunteers who follow them in the course of business creation (baaldi-platform, 2020).

In the same time, Algeria has many Venture Capital investors and compaies, such as ASICOM, EL DJAZAIR ISTITHMAR, SOFINANCE, FINALEP and recently Algerian startup fund created by authotirities in September 2020 (HARMOUCHE, MAKI, & DOUKHI-MOUKADDEM, December 2021, p. 404), all of these investors are generally companies founded within the framework of the partnership between the government and foreign banks and financial institutions, or within partnership between public Algerian banks.

Based on all that was previously mentioned, more efforts are needed to develop the “startup” sector in Algeria which increases the level of confidence in it and in the proposed ideas and projects, what in turn motivate the interest of investors inside and outside of the country and thus pushes them to adopt greater financing for the sector of “start-ups”, through the concept of Business Angels and Venture Capital.

9. CONCLUSION

“Start-up” is a modern popular trend in the world, it represents a newly firms or risky projects that are in their first stage of lifecycle and evolution. These companies are mostly related to technology and innovation which allow creating, developing and distributing original new innovative products, services and processes, which offer solutions for problems proposed by economy or society. This innovative aspect requires significant financial resources to push these firms for more growth so that they can evolve and continue their lifecycle instead of failure, as well the need for an integrated and comprehensive support system for “start-ups”.

The importance of “start-up” has increased in the last decade through the role that it plays in the development and growth of the countries that registered a great number of creations of this type of company where people prefer to create a job than search for it.

As for Algeria, the idea and concept of “start-up” is a very recent topic, which made it not reach the results achieved by other countries in this field, even it is classified among the last countries in the global ranking; this prompted the official bodies to launch serious initiatives in order to focus on introducing this sector to society and the economic fabric, and to work to support and develop it on the other hand, through the establishment of a ministry for “start-up” in Algeria, accompanied by holding several forums at the academic and university level to present suggestions and recommendations which helps to properly structure this concept, and everything related to building an ecosystem for “start-up” from the process of accompaniment through activating incubators and encouraging various alternative solutions to the financing process, by organizing crowdfunding platforms, preparing and organizing platforms for risk capital and angel capital. In addition to that, an actual detailed study of “start-up” across Algeria was launched during the year 2019 to further understand and accommodate this type of enterprises and business models.

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