

Women Entrepreneurship in Algeria: Support Mechanisms and Challenges

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Abstract:

Women entrepreneurs have increasingly become a dynamic force within the economic framework, prompting the Algerian government to implement a series of reforms and transformations aimed at adopting a new policy. This policy includes establishing mechanisms to support and promote women's entrepreneurship to achieve economic and social development.

This study aims to elucidate the concept of entrepreneurial thinking and the various support mechanisms available to female entrepreneurs, while also highlighting the obstacles they encounter.

Keywords: Entrepreneurial Thinking, Women Entrepreneurs, Economic Development.

JEL Classification Codes: O1, J19.

ملخص:

أصبحت المرأة المقاولة تشكل قوة فاعلة داخل النسيج الاقتصادي، مادفع الدولة الجزائرية إلى انتهاز مجموعة من الإصلاحات والتحولت تمهيدا لانتهاج سياسة جديدة من خلال وضع آليات داعمة لترقية المقاولة النسوية لتحقيق التنمية الاقتصادية والاجتماعية.

وتهدف هذه الدراسة إلى إبراز مفهوم الفكر المقاولاتي ومختلف آليات الدعم المرافقة للمقاولة النسوية، مع إبراز العراقيل التي تعترضها.

كلمات مفتاحية: الفكر المقاولاتي، المقاولة النسوية، التنمية الاقتصادية.

تصنيفات JEL: O1، J19.

1. Introduction:

Historically, entrepreneurship has been predominantly male-dominated, despite significant advancements in women's educational and professional achievements and their integration into various fields. Although women have attained prominent job positions, the business sector has remained largely inaccessible to them, reflecting persistent gender inequality in the labor market. In recent years, however, there has been a growing focus on women's entrepreneurship. This shift is marked by the emergence of support networks and mentoring programs designed to assist and guide women entrepreneurs in realizing their projects. These initiatives offer essential advice and consultation throughout the stages of establishing small and medium-sized enterprises, aiming to address initial risks that could hinder progress and contribute positively to economic development.

The following questions are further elaborated from the aforementioned context: What mechanisms has the Algerian state implemented to support and facilitate women entrepreneurship? What are the obstacles faced by women entrepreneurs?

To address these questions, this paper is structured into four main axes:

- Fundamentals of Entrepreneurship;
- Women Entrepreneurship;
- Mechanisms Supporting Women Entrepreneurship in Algeria;
- Challenges of Women Entrepreneurship in Algeria.

2. Fundamentals of Entrepreneurship:

2.1 Concept of Entrepreneurship: In the early 1990s, Professor Howard Stevenson of Harvard University articulated a prevalent definition of entrepreneurship among Americans, characterizing it as the discovery and exploitation of business opportunities by individuals or organizations (Alain, 2003). Alternatively, entrepreneurship can be described as "the dynamic process of creating and exploiting business opportunities by individuals or groups through the formation of new organizations to generate value" (Eric, Laviolette, & loue, 2006). According to Robert Hisrich, entrepreneurship involves the process of developing a new product of value by investing the necessary time and effort while assuming various risks, including financial, psychological, and social. In return, entrepreneurs gain both material and moral satisfaction (robert & michel, 1989; Drucker, 1985). Despite the diversity of definitions, entrepreneurship universally entails human economic activity characterized by the initiative to utilize available material and human resources, foster innovation and employment opportunities, and organize these resources to enhance production processes and create added value.

2.2 Characteristics of Entrepreneurship: The success of a new venture depends on specific characteristics that an entrepreneur must possess to establish and effectively

manage projects. A successful entrepreneur integrates entrepreneurial personality traits with the ability to control administrative and technical activities. Essential characteristics required of entrepreneurs include (Bouchenafa,2006):

- **Achievement Orientation:** Refers to the desire to deliver the best performance, assuming responsibility for achieving goals adeptly, willingness to endure hardships, and striving to measure success by the feasibility of reaching objectives.
- **Desire for Independence:** Entails not relying on others to achieve goals.
- **Self-Confidence:** Fundamental for initiating new business endeavors as it activates their cognitive and imaginative faculties, making them more optimistic about the anticipated outcomes of their new ventures.

2.3 Broad Vision and Foresight:

- **Comprehensive Vision:** Encompassing most factors affecting project operations, enabling future forecasting and continuous development through thoughtful planning and effective solutions.
- **Perseverance and Commitment:** Overcoming obstacles encountered in business operations.
- **Team Building Flexibility:** Encouraging teamwork and gaining acceptance through diplomatic and tactical skills, maintaining unity and avoiding discord among team members.

Before examining the types of Algerian entrepreneurs, it is crucial to first define the concept of entrepreneurship. According to J.B. Say, an entrepreneur is an individual who owns and manages their own business (Drucker, 1985). Furthermore, Peter Drucker emphasizes that entrepreneurs are not limited to small and medium-sized enterprises; they can also be found in large organizations. The essence of entrepreneurship lies in embracing change as a central tenet, distinguishing entrepreneurs from speculators, capitalists, or wage earners.

One of the seminal studies on Algerian entrepreneurs was conducted by Peneff's titled "Algerian Industrialists" (Peneff, 1983), which explores the social, geographical origins, educational levels, and career paths of Algerian entrepreneurs. Accordingly, Peneff classified entrepreneurs into:

- **Merchant Entrepreneurs:** These individuals, primarily from rural backgrounds with Arab cultural influences, are transitioning from trade to industry. They tend to retain a merchant mindset, focusing on buying and selling rather than on rational management and administration.
- **Non-Resident Entrepreneurs:** Typically graduates of French educational institutions, these entrepreneurs hold secondary or university degrees. They were largely uninvolved in the Algerian liberation struggle and often delegate the management of their enterprises to foreign managers, concentrating instead

on import-export activities.

- **Labor Entrepreneurs:** This group consists of qualified workers, administrators, and mid-level executives, mostly from modest rural origins and educated in elementary French schools. Many labor entrepreneurs were actively involved in the Algerian liberation struggle.

In his 2008 study titled "New Images of Entrepreneurship in Algeria: An Attempt at Classification," (Madaoui, 2008) questioned the nature and socio-professional characteristics of Algerian entrepreneurs. Madioui attempted to answer this question through a survey study involving 50 entrepreneurs from the provinces of Kabylia and Algiers, active in various sectors, focusing on their social, familial, and professional backgrounds and their motivations, factors influencing the establishment and development of their institutions, personal characteristics, creativity in their institutions, and reached the classification of Algerian entrepreneurs into four main groups as follows:

- **Transitioned Entrepreneurs:** These individuals are former public sector executives who have moved into the private sector. The primary motivation for this shift is the availability of new opportunities in the private sector, which prompted them to leave their public sector positions.
- **Forced Entrepreneurs:** The 1986 petroleum crisis and the subsequent transition to a market economy led to a decline in job creation due to reduced public investment and the restructuring of public institutions from 1994 onwards. This resulted in widespread layoffs and a shortage of state-provided jobs. Consequently, many individuals, particularly those over 40 who faced heightened vulnerability to unemployment, were compelled to seek self-employment as a means to escape economic hardship. Unlike transitioned entrepreneurs, this shift was driven more by economic necessity and severe unemployment conditions rather than personal choice or opportunity.
- **Migrant Entrepreneurs:** Predominantly from the Kabylie region, these entrepreneurs spent extended periods in France, gaining experience as traders, workers, or employees in French factories. With Algeria's move towards a market economy in the early 1980s, they returned to leverage legislative changes and establish private enterprises, capitalizing on new state opportunities. Another subgroup includes individuals who were sent by Algerian authorities in the 1980s to pursue higher education in advanced countries (e.g., the USA, Canada, France, Germany) and subsequently settled there, becoming professionals and entrepreneurs. This new generation of migrants often supports their family members in Algeria, encouraging them to establish their own businesses with financial assistance.
- **Hereditary Entrepreneurs:** Unlike the other types, hereditary entrepreneurs

are characterized by their familial ties to entrepreneurial activities, which were primarily established under the Investment Law of 1966. There are two distinct groups within this category: the first comprises managers aged 40-50 who began their careers early in family businesses with modest educational backgrounds, driven by a commitment to preserving family traditions. The second group consists of younger managers aged 30-35 who have inherited family businesses and implemented significant changes in management practices due to their higher education and emphasis on competence, organization, discipline, productivity, and profitability. These family enterprises often face generational conflicts as a result of differing approaches to management.

3. Women Entrepreneurship:

3.1 Definition of Women Entrepreneurs:

Basically, the definition of woman entrepreneur is similar to that of a male entrepreneur. Accordingly, woman entrepreneurs encompass any woman who desires to establish a company or inherits an institution, thereby granting her financial, organizational, managerial, and social responsibilities over this company. A woman entrepreneur is a person who bears financial risks to create or acquire an institution for the purpose of introducing new products to the market. Furthermore, a woman entrepreneur is defined as a woman possessing specific characteristics and qualities that enable her to undertake the risks of business activities for her own account. She is a woman who exhibits initiative, takes risks, assumes responsibility, and adeptly manages organization and administration, confident in her abilities and potential, aiming for success and excellence. This initial definition prioritizes the personal and institutional characteristics and traits that distinguish women entrepreneurs in their pursuit of future aspirations.

Moreover, we can state that the term "women entrepreneurship" encompasses the following:

- Women engaged in entrepreneurial professions;
- Women who control, make decisions, and manage an enterprise for their own account;
- Women who establish enterprises in a creative and innovative manner.

Based on the above, we can say that a woman entrepreneur is any woman who executes idea creatively in order to manage a small enterprise, thereby gaining a market share, while bearing all potential risks. Thus, she embodies the qualities of a determined, strict, and innovative woman who confronts all obstacles and challenges in her path.

3.2 Motivations of Women to Enter the World of Entrepreneurship

The study titled "Les Français et la création d'entreprise," published in the Baromètre

report for the year 2009, indicated that 34% of men surveyed expressed a desire to establish businesses, with 17% of them having a concrete intention to do so. In contrast, 27% of women expressed a desire to start businesses, with 11% actively planning to achieve this in the near future. These figures show an improvement compared to statistics from the same report in 2007, which indicated 15% of women interested in starting businesses, with 6% of them intending to do so imminently. Therefore, motivations driving women to enter the entrepreneurship world, in comparison to men, include:

- Desire for independence
- Women's need to assert their ability to achieve positive results, potentially reshaping their society akin to men's capabilities.
- Pursuit of power, authority, and decision-making ability
- Continuous commitment to progress, proving their capacity for innovation and initiative.
- Desire to contribute actively to economic and social life by creating job opportunities that enhance living conditions, moving beyond merely meeting basic needs through informal home-based work.
- Aspiration to achieve a prestigious social status commensurate with their educational and professional development.

Women who have gained significant self-confidence, especially those who have experienced heightened recognition and awareness of their role in providing added value to societies, are no less important than men in terms of their contributions.

3.3 Differentiating Male and Woman Entrepreneurship:

Differences between male and female entrepreneurs can be delineated through three fundamental elements: the personal characteristics of the entrepreneur, the characteristics of the enterprise, and the management approaches employed. These distinctions are summarized in Table 1 below.

Table 1: Differences between Male and Woman Entrepreneurship

Personal Characteristics	Characteristics of the company	Management Approaches Employed
<ul style="list-style-type: none"> - Younger in age; - Enter the entrepreneurial field after a prolonged period of unemployment, staying at home, or facing issues in a previous job; - Lower levels of competence; - Less experience in managing businesses; - Limited expertise in the specific industry; - Reduced proficiency in financial or entrepreneurial management. 	<ul style="list-style-type: none"> - Smaller in age and size; - Concentration of activities in low-growth sectors; - Absence of business partners; - Longer operational lifespan; - Lower success rates; - Similar productivity and growth. 	<ul style="list-style-type: none"> - Prefers a horizontal organizational structure; - Employs a flexible management style; - Encourages participation; - Shares authority and information with others; - Demonstrates high negotiation skills; - Primarily focuses on achieving personal and social goals; - Exhibits greater resource conservation and efficiency.

Source: Kwaish, Khaled, and Ben Qamja Zohra. "Wo Entrepreneurship in Algeria: Reality and Challenges (Survey Study)." *Al-Manager Journal*, Issue 02, 2015, pp. 35.

3.4 Reasons for Women's Engagement in Entrepreneurship:

Women's participation in various aspects of life, from education to employment, has begun to manifest in Algeria, particularly through the safeguarding of women's rights as outlined in Article 29 of the Constitution. This article emphasizes women's freedom and protects their rights, principles derived from Islamic values that preserve and safeguard women's rights. Consequently, women have engaged in numerous social fields, including culture, education, politics, among others. Prior to discussing the reasons prompting women to adopt entrepreneurial activities, there has been a recent increase in women's interest in entrepreneurship despite the challenging conditions they face. This interest stems from their desire to create job opportunities and avoid unemployment, which affects both genders. Among the factors driving women towards entrepreneurship are:

A.Education: Since independence, the Algerian state has prioritized rebuilding its institutions, with a major focus on educational institutions. Hence, Algerian families have become increasingly aware of the importance of education, especially among girls. Further improvements in political and social conditions in Algeria, have led women to gain educational qualifications enabling them to assume important positions, including in entrepreneurship. As the Algerian state adopted market economy policies and established support mechanisms for employment, women

became capable of establishing their own enterprises.

Table 1: Distribution of Loan Applications by Gender (Since the Agency's Inception until march 31, 2023)

By Gender of Beneficiary	Men	Percentage	women	Percentage
Number of Loans Granted	336340	36.75%	578711	63.25%

Source: National Agency for Microcredit Management, www.angem.dz, Date: 02/09/2024.

Accordingly, women received the majority share of loans at 63.28%, followed by men at 36.72%. This underscores women's strong preference for microloans to purchase equipments and raw materials for their projects, such as sewing supplies, hairdressing, and other traditional industries.

B. Technology: With the major technological advancements witnessed in most industrialised sectors replacing manual labor, women find it easier to work due to the assistance provided by machines, which reduces their physical interevention. This has increased opportunities for their integration into the workforce.

C. Unemployment: Unemployment is considered one of the main reasons prompting women, especially those with incomplete education, to turn to entrepreneurship. There is significant interest observed in this category, particularly in freelance professions, industry, and services.

D. Entrepreneurial Role Models: According to Shapéro and Sokol, the role model has a significant impact on entrepreneurial orientation, particularly when it involves a family member providing advice on the success of entrepreneurial activity.

E. Financial Ease: It is well-established that individuals who possess sufficient financial resources to support initial project start-ups are more likely to undertake entrepreneurial ventures. Specifically, certain support institutions mandate that entrepreneurs provide a portion of the project funding as equity or a personal contribution.

F. Social Factors: Social factors play a crucial role in shaping women's orientation towards entrepreneurship. For instance, experiences such as divorce, along with other social variables, can significantly influence a woman's entrepreneurial aspirations, especially when she has children from a previous marriage.

G. Awareness Programs: Research, including the work of Fayolle and Gailly (2009), indicates that awareness programs are essential in promoting entrepreneurship. For women, tailored programs within university settings that educate them about

innovative ideas and their practical applications can be particularly instrumental in facilitating the initiation of entrepreneurial ventures directly from the academic environment.

H. Personal Motivations: A woman's personal attributes, including self-confidence and perseverance, play a crucial role in motivating her to improve her economic status through participation in the market economy. By broadening her knowledge and expanding her network, a woman entrepreneur can utilize these skills to cultivate successful business relationships.

4. Mechanisms Supporting Women Entrepreneurship in Algeria:

The mechanisms that support women's entrepreneurship in Algeria are summarized in the table below:

Table 2: Characteristics of Agencies and Programs Aimed at Mitigating Unemployment and Supporting Entrepreneurship in Algeria

National Agency for Investment Development (ANDI)	Exemption from Value Added Tax (VAT) on the acquisition of essential equipment for the project, whether for establishment or expansion. A 5% subsidies for the purchase of imported equipment.	Local and foreign investors	Supporting and advising investors	Ministry of Industry, Small and Medium Enterprises, and Investment Promotion
Zakat Fund	-Providing financial assistance to low-income individuals registered with the Fund. -Allocating a portion of zakat funds to economically active individuals through interest-free loans (qardhasan).	Individuals with disabilities who are capable of engaging in some form of activity; -Low-income and productive families; -Craftspeople; -University graduates and vocational training center alumni.	Implementation of the social solidarity policy through the Fund's strategy, which is based on the principle of "not providing assistance to keep someone in poverty, but to enable them to become self-sufficient."	Ministry of Religious Affairs and Endowments

Source: Compiled by researchers based on: Dahmani, Mohamed Adrous (2013), "The Problem of Unemployment in Algeria: An Attempt at Analysis," Thesis submitted for the Doctoral Degree in Economic Sciences, University of Abi Bakr Belkaïd Tlemcen, Algeria, available at: dspace.univ-tlemcen.dz Accessed: 17/08/2024, pp. 219-220.

5. Challenges of Woman Entrepreneurship in Algeria

5.1 The Economic and Developmental Impacts of Woman Entrepreneurship:

Woman entrepreneurship plays a crucial role in the economic development process through:

- Contributing to women's employment: Woman entrepreneurs and small businesses significantly contribute to women's workforce participation by integrating various jobs that align with women's skills, such as computer work, sewing, etc. Entrepreneurship also encourages women to initiate their own ventures, thereby actively contributing to national economic development.
- Reducing poverty and unemployment: This is due to the lower cost of creating job opportunities in entrepreneurship, coupled with smaller overall investment requirements.
- Population stability and reducing internal migration from rural to urban areas: Woman entrepreneurship depends on local resources and markets, thereby serving communities where they are based. This helps reduce internal migration and enhances local development in these communities.
- Economic security for families and societal economic growth: Adequate income from woman entrepreneurship enables families to meet their needs and improve their living standards and assets, thereby enhancing economic security.
- Promoting self-employment, particularly among women.
- Developing production methods and improving service delivery.
- Utilizing available resources in the local environment by focusing on local markets.
- Redistributing income within society by providing opportunities for all individuals.

5.2 Challenges of Woman Entrepreneurship in Algeria:

A comparison with other countries highlights Algeria's lag in entrepreneurial projects, attributed to various barriers faced by entrepreneurs. For example, Japan has implemented programs that enable small enterprises to access benefits and conditions comparable to those available in the public sector. In contrast, Canada introduced a government-sponsored program to finance small projects, which resulted in increased sales for participants compared to non-participants due to the provided support. Among the challenges hindering entrepreneurial efforts for women in Algeria are:

A. Societal Culture: In Algerian society, there remains significant resistance to women pursuing entrepreneurship. This reluctance is largely due to the prevailing view that entrepreneurial activities are predominantly male-oriented, with many associating these activities primarily with sectors such as construction, which are perceived as unsuitable for women.

B. Lack of Awareness and Sensitization: The limited success and engagement of women in entrepreneurial projects can be attributed to a lack of awareness and targeted initiatives. There is a notable scarcity of events designed to highlight entrepreneurial products and share experiences related to starting small businesses, particularly in artisanal sectors. Workshops and forums for discussing and

implementing business ideas are also infrequent in Algeria. Consequently, such initiatives are not widely accessible, further hindering the development of women entrepreneurs.

C. Financial Hardship: The limited availability of financial resources significantly impedes the establishment of small enterprises. Entrepreneurs often lack the means to self-finance their ventures and consequently must rely on bank loans, which can result in high interest charges. This dependency on external financing creates additional financial burdens and challenges for aspiring business owners.

D. Administrative Problems: The complexity and protracted nature of procedures required by certain administrative authorities create significant delays in processing the files of prospective investors. These administrative challenges discourage investors from pursuing their business objectives, as the bureaucratic obstacles hinder their progress and investment efforts.

E. Spinsterhood: Many women face the social challenge of remaining unmarried as they delay marriage to focus on advancing their entrepreneurial projects. Over time, this delay can lead to a reduction in the number of willing participants due to their advancing age. Practical experiences suggest that this social issue discourages other women from considering entrepreneurship.

F. Social Obstacles: Many families are hesitant to permit their daughters to engage in private entrepreneurial projects due to concerns about societal judgment. This reluctance often persists despite considerable effort by the individuals involved, and most attempts to overcome these obstacles ultimately end in failure.

6. Conclusion :

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