



University of Kasdi Merbah Ouargla



**Faculty of Economic Sciences, Commercial Sciences and
Management Sciences**

Department of Management Sciences

Dissertation submitted in partial fulfillment of the requirements for the
Master Degree in The field of Management

Title

The Role of Business Incubators in Supporting Startups

**A study of the Algerian reality and some
pioneering international experiences**

Presented and Publically defended by

SEDRATI Nadia

discussed and approved publicly on :21/06/2023

Before the committee consisting of :

President: Benchouiha Bachir Lecturer Professor "A" University of Kasdi Merbah Ouargla

Supervisor: Allaoui Mohammed Elhassen Professor University of Kasdi Merbah Ouargla

Examiner: Saidat Nadjmi Lecturer Professor "A" University of Kasdi Merbah Ouargla

Academic Year: 2022/2023



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Dedication

I dedicate this modest work to my beloved family whose love always strengthen my will and provides me with encouragement.

To my dear nephews and nieces who give the sweet taste to my life.

To my friends who were the source of my motivation.

To all my teachers throughout my career of study.

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First and foremost, I would like to express my deepest thanks to the Almighty Allah for giving me strength and capacity to complete this work.

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A profound gratitude, thanks and appreciation go in advance to all **the members of jury** who have accepted to examine and evaluate this dissertation.

I must acknowledge the debt I owe to our families and friends and all who have helped me and supported me to accomplish this work.

Last but not least, I take the full responsibility for the mistakes and flaws in my research. Any consequences are not endorsed by my supervisor.

ABSTRACT

This study aims to know the role played by business incubators in supporting startups. To achieve this, the theoretical framework for business incubators and startups was addressed, in addition to personification the reality of the Algerian experience in the field and highlighting the experience of the United States of America as the world leader in the field of Businesses incubators and startups , as well as the experience of the United Arab Emirates as the leader in the Middle East and North Africa region. The study concluded that business incubators are devices that provide all forms of support to startups , as they provide work mechanisms, incubate creative ideas, facilitate the process of starting a project, and ensure the formation of various links that provide a supportive environment for the success of the project. To achieve the objectives of the study, the descriptive approach was used and relied on the analysis of some statistical tables. The study reached a set of results, the most important of which is that there is a large gap between the Algerian experience and the pioneering experiences, and it is a gap that is hoped will gradually shrink in the coming years after the procedures that expressed the state's tendency to focus on this type of institutions and the great interest in them.

Keywords: Business incubators, Startups, International Experiences, Algeria, USA, UAE.

تهدف هذه الدراسة إلى معرفة الدور الذي تلعبه حاضنات الأعمال في دعم المؤسسات الناشئة و لتحقيق ذلك تم التطرق إلى الإطار النظري لحاضنات الأعمال و المؤسسات الناشئة ، إضافة إلى تشخيص واقع التجربة الجزائرية في المجال و تسليط الضوء على تجربة الولايات المتحدة الأمريكية باعتبارها الرائدة عالميا في مجال حاضنات الأعمال و المؤسسات الناشئة و كذا تجربة الإمارات العربية المتحدة باعتبارها الرائدة في منطقة الشرق الأوسط و شمال إفريقيا . و خلصت الدراسة إلى أن حاضنات الأعمال هي أجهزة تقدم جميع أشكال الدعم للمؤسسات الناشئة ، فهي توفر آليات عمل واحتضان الأفكار الإبداعية وتسهل عملية بدء المشروع و تضمن تكوين الروابط المختلفة التي توفر البيئة الداعمة لنجاح المشروع . لتحقيق أهداف الدراسة تم استخدام المنهج الوصفي و الاعتماد على تحليل بعض الجداول الإحصائية . توصلت الدراسة إلى مجموعة من النتائج أهمها أن هناك فجوة كبيرة بين التجربة الجزائرية و التجارب الرائدة و هي فجوة من المأمول أن تنقلص تدريجيا في السنوات القادمة بعد الإجراءات التي عبرت عن توجه الدولة إلى التركيز على هذا النوع من المؤسسات و الإهتمام الكبير بها . الكلمات المفتاحية : حاضنات الأعمال ، المؤسسات الناشئة ، التجارب العالمية ، الجزائر ، الولايات المتحدة الأمريكية ، الإمارات العربية المتحدة .

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List of Abbreviation

BI : business incubator

SMEs : small and medium enterprises

NBIA : National Business Incubators Association

USA : The United States of America

UAE : the United Arab Emirates

NPH : Number of project holders

NIP : Number of incubated projects

NCSME : Number of small and medium enterprises

NCE : Number of created employments

GCC : The Gulf Cooperation Council

GENERAL INTRODUCTION

It is almost impossible for most startups to withstand against the turbulent waves of the market for a long time, as it is out of the ordinary here that an emerging entity can succeed in its nascent experience without the help or assistance of major institutions, but it remains best for the company in the post-establishment stage to quickly engage under The Business Incubators Brigade, which are institutions and companies specifically geared to helping small projects grow and succeed over periods that may take years .

Considering the increasing interest of our country in the subject business incubators , the startups , and the strong relation that links the two , whether at the level of individuals , academic or government . And because of its diligent efforts to follow the global wave which has proven that this type of institutions has an effective role in the economic activity of developed or even developing countries , we formulate the following problematic as the main question of our research :

The problem of the study :

To what extent do business incubators play a role in supporting startups ?

Based on the problem statement, the following sub-questions emerge :

- 1. What is the conceptual framework for both business incubators and startups?**
- 2. What is the role of business incubators in supporting Algeria's startups ?**
- 3. Is it possible to adopt the mechanisms of the pioneer countries in supporting start-ups through business incubators in Algeria?**

Research hypothesis :

We propose the following hypotheses to answer the formulated problematic :

1. Business incubators aim to assist new entrepreneurs with business start-ups .
2. The Algeria's incubators Seeking like all business incubators (and different types) in other countries to provide support and auspices to entrepreneurs and their start-ups .
3. Algeria can adopt the mechanisms of the pioneer countries in supporting start-ups through business incubators .

Research choice reasons:

This study was conducted due to some personal and objective factors

The objective factors :

- The subject commensurate with our scientific specialization
- The importance of business incubators and startups .
- The recent interest of the State in this type of institutions .
- Highlighting the services provided by business incubators to support and develop startups .

The personal factors :

- The personal desire to study the subject .
- To know the opportunities available to us and the type of support that we might get in case we decided to embark on the adventure of establishing a start-up .

Research objectives:

- Presenting a conceptual framework about business incubators and startups
- Highlighting the importance of business incubators and startups
- Exploring the reality of business incubators in Algeria .
- To show the role that business incubators play in supporting startups

The relevance of the research:

The importance of this study lies in fact that it involves a new recent topic that could be a reference for students and researchers in the field . entrepreneurs also could benefit from its results .

Research methodology :

In order to view the aspects of this study and to answer the problematic, the student used the descriptive approach to explain the concepts related to business incubators and startups in general and in Algeria in particular, and the applied approach that fits the case study to present the reality of this type of institution in Algeria in addition to some of the leading international experiments by reviewing some statistics and analyzes and extracting the most important elements of their success in the same field.

The structure of the Dissertation :

The present dissertation is divided into three chapters. The first chapter is concerned with the conceptual fraework about business incubators and startups and it is divided into three sub-chapters : business incubators ,startups and the role of business incubators in supporting startups . The second chapter is concerned with the literature review and it is divided into two main parts . Finally, the third chapter which concerned with the Algerian reality and International experiences is divided into three sub-chapters , the Algerian reality , the USA experience and the UAE experience .

Chapter One :

**The conceptual fraework about business
incubators and startups**

Introduction:

Considering the difficulties that startups face , which are due to several reasons, including their modernity, their overreliance on creative and new ideas, the lack of experience that new entrepreneurs have , and the fierce competition in the markets. Therefore it required providing mechanisms to support these institutions and help them stand on their feet to face these challenges, especially in their early stages of establishment, and the most important of these supportive mechanisms is the incubation, where business incubators provide various services that help startups to promote .

Hence, this chapter has been divided into three big titles :

- Business incubators
- Startups
- the role of Business incubators

1 Business incubators:

1.1 Defining business incubators

One of the first definitions of business incubator that was given in the workshop ‘Best Practices in Incubator Infrastructure and Innovation Support’ (Helsinki, 1998) was defined as " a place where newly created firms are concentrated in a limited space and which is aimed at improving the chance of growth and rate of survival of these enterprises by providing them a modular building equipped with all the necessary utilities (telephone, fax, computer) as well as with managerial support and backup services ". (Tsaplin et al , 2017 , p 34) .

According to the American National Assembly, business incubators are organizations that aim to help new businesses and entrepreneurs and provide

them with the necessary means and support (training and transmission of field experiences, individualized coaching, financial support) to overcome the difficulties of start-up and establishment as well as the marketing of products of these companies (Chrifa, 2018, p. 69).

The business incubators aim mainly at incubating and sponsoring new ideas and small-scale enterprises owners by providing basic services to support initiators (Qataf, 2010, P 117)

Some of the most important definitions of Business Incubators are as follows:

The incubator is institution has its legal entity and its relationship with the entrepreneurs in order to alleviate the burdens and reduce the starting stage of their enterprises.

The definition of National Business Incubators Association "NBIA": 'Business incubation is a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with a set of targeted resources and services. these services are usually developed by incubator management and include the provision of management guidance, technical assistance and consulting tailored to young growing companies' (NBIA, 2011).

Business incubators are defined as self-contained institutions that (have their own legal entity) and work to provide a number of services and facilities for small investors who initiate the establishment of small enterprises (Hussein. 2003, p 168).

They are also defined as "a dynamic process for developing and promoting the small organizations that are in the phase of establishment or in order to ensure their survival and growth, especially in the beginning phase of activity, by providing various financial and technical assistance and other facilities" (Atiani, 2004, p 55)

According to the previous definitions we can say that Business incubator is an organization that provides the basic services that new businesses and entrepreneurs need to grow and survive especially in the first phase of their establishment .

1.2 Historical glance about business incubators:

The formal concept of business incubation began in the US in 1959 when Joseph L. Mancuso opened the Batavia Industrial Center in New York, . He converted the headquarters of his family 's stopped working company, into a business center , that rent its units to individuals whose want to establish enterprises , with providing them advice and consultations . This idea had great success, especially because this building was located in an active business area , afterwards this idea turned into what is now known as the incubator . This center is still working until now under the same old name (The Batavia industrial center) where thousands of small and medium enterprises have arise from .

However, these attempts to establish incubators were not followed up in an organized way until the beginning of the eighties, specifically in 1984, when The U S Small Business Administration (SBA) developed a program for developing and establishing a number of incubators . In that year there were only 20 incubators working in the United States of America, and their number increased dramatically, especially when the American Association of Business Incubators was established in 1985 by some American industrialists. In the 1980s incubation spread to the UK and Europe through various related forms .

1.3 The characteristics of Business Incubators :

Through the definitions and multiple functions of incubators, it is clear that they share a set of key features which can be summarized as follows : (Gojil , 2008)

- A workplace that includes shared services, consulting services, and a site for interaction and sharing of experiences between the incubated institutions with an acceptable rent and cost.
- Accurate selection process for projects entering the incubator and acceptable requirements .
- A small administrative team with significant capabilities to secure early diagnosis of any risks and prompt treatment provided by a wide range of the incubator's nets of relationships with professionals, specialists, and financial, marketing and technical institutions in the local environment.
- A net of relationships for the incubator through which the incubated projects link with a group of expertise and services such as industrial facilities, workshops, universities, laboratory services, research centers, and so on . The incubator manager must use his experience and contacts to identify potential beneficiaries and work to develop the link between the concerned partners.
- Finding a plan for the business to graduate after three or four years of residence in the incubator .

1.4 Business Incubators Types:

There are many different classifications of incubator types according to the purpose for which they were established (Rashid, 2014). According to the US National Association of Business Incubators, we review the following types of business incubators:

- **International Business Incubators:** aim to attract foreign capital with the accompanying transfer of modern technology.

- **Regional incubator:** serves a specific geographical area for its development, as well as serving certain minorities or a specific segment such as women.
- **Technological incubator:** contains small enterprises with innovative designs for new nontraditional products with advanced machines and equipment.
- **Industrial Incubator:** It is established within an industrial zone
- **Sector-specific incubator** aims to serve a specific sector or activity such as software.
- **Incubators of public non-technological projects:** focus on attracting agribusiness enterprises, light engineering industries and outstanding craftsmanship enterprises.

Another classifications of incubator types is as follows :(Khalil , 2006.p 612)

- **First generation incubators :**

It supportes the organizations whose their products largest capital is knowledge, such as computers, namely the products that exceed the sum of the technical components involved in their manufacture the costs of raw materials and labor. These incubators have a close relationship with universities, research institutes, and technical schools.

- **second generation incubators :**

With a traditional base: it includes agricultural, industrial, dietetic, handicrafts, mechanical organizations, and so on . It is supported by research centers and technical schools. It is also linked to local groups and associations such as chambers of commerce and industry.

As the shifting focus to the development of business incubators globally occurs, literature has subsequently concluded that they can be categorised into four types, which are:

- public business incubator,

- private business incubator,
- university business incubator, and
- hybrid business incubator

1.5 The importance of business incubators :

The main objective of the business incubator is to embrace and develop small creative businesses by providing the best services and assistance associated with the foundation and growth phase as well as support for economic development and the development of entrepreneurs and risk-taking of new investors.

Its importance can be seen in the following points:(Azzedine, 2017, p. 96)

- It is a centre of development and creativity that leads to the advancement of the economy.
- Encourages the development of new startups by providing all kinds of support.
- Supporting economic development by achieving a high rate of return growth.
- Providing work for those who want to be real businessmen, especially graduates of university studies .

1.6 The objectives of business incubators :

Generally the objectives of business incubators are as follows : (Berkan , 2012 , p 6)

- Finding new creative small and medium enterprises , or helping to expand the development of new ideas to create and existing small and medium enterprises.
- Create new creative projects and help to expand the existing ones.
- Helping innovators to transform their ideas into marketable products, models or processes.

- Providing support, financing, advisory services and facilities for its members.
- Increase the chance of success of new projects.
- Connecting small industries with each other (achieving industrial integration).
- Providing strong projects for the community that are able to continue and develop in the future.

Business incubators are also aim to : (Tartar and Halimi , 2010 , p 5)

- Developing markets and providing them with new products.
- Helping young graduates of universities and higher institutes to establish their own institutions.
- Reducing risk and causes of failure for emerging enterprises.
- Helping entrepreneurs to establish small and medium enterprises in the launching phase.

The primary goal of business incubators is to produce many successful businessmen and small and medium enterprises that can compete and survive in the market.

2 Startups:

2.1 Defining Startups:

The term startup began to be used immediately after the Second World War , just after the emergence of risque capital companies, and then this term became commonly used. Nowadays the term exists and defined in the French dictionary " la rousse " as "A young innovative enterprise in the sector of modern technology" (Youcef and Ismail ,2021,p70) . here we have several definitions of startup :

- According to the English dictionary startup is a just started Small project .

- A startup company may be defined as a business organization created by entrepreneurs within a collaborative structure.(Javier Sevilla et al , 2022 , p 1)
- Startup companies are newly born companies which struggle for existence. These entities are mostly formed based on brilliant ideas and grow to succeed. These phenomena are mentioned in the literature of management, organization, and entrepreneurship theories. However, a clear picture of these entities is not available.(Salamzadeh , 2015 , p1)
- Ferré defined it as Initial stage of creating a project
- Paul Graham defines startup as a “ company designed to grow fast. Being newly founded does not in itself make a company a startup. Nor is it necessary for a startup to work on technology, or take venture funding, or have some sort of "exit." The only essential thing is growth. Everything else we associate with startups follows from growth. (Youcef and Ismail ,2021,p71)
- A **startup** or **start-up** is a company or project undertaken by an entrepreneur to seek, develop, and validate a scalable business model. startups are new businesses that intend to grow large beyond the solo founder. At the beginning, startups face high uncertainty and have high rates of failure, but a minority of them do go on to be successful and influential. Wikipedia
- The term startup refers to a company in the first stages of operations. Startups are founded by one or more entrepreneurs who want to develop a product or service for which they believe there is demand. These companies generally start with high costs and limited revenue, which is why they look for capital from a variety of sources such as venture capitalists.

2.2 Startups theories :

Salamzadeh (2015) said that Startups are rarely considered as the main focus of theories in different domains. However, there are some theories which could be implicitly considered as “startup theories” in the existing literature. These theories are categorized in three main areas : organization , management, and entrepreneurship .

2.2.1 Organization theories focusing on startups :

The organizational approach argues three main approaches toward studying startup creation which are the entrepreneurial, organizational and ecological approaches . While the prior research had only examined one of these three approaches without considering the others . The scholars of the organizational approach pointed out: " The organizational approach argues the conditions under which an organization is planned and the processes followed in its initial development phase, which have important consequences on its structure and performance in later life " , However, there is limited research which investigates the startup evolution .

2.2.2 Management theories focusing on startups :

Since management is about people on one hand , and management theories are “perspectives” or “descriptions of the relationships among organizational characteristics” on the other hand ; management theories have more to do with those entities as individuals/teams that coordinate their efforts toward some common goals, they have less to do with startups in an organizational sense .

Management theorists and scholars are becoming more interested in studying startups . Some of the main management theories which used in startup research are as follows: strategic management , small business governance , human resource management , team management , complexity theory , etc. However

these theories are loosely connected to startup research and are mostly considering startups as their samples or cases.

2.2.3 Entrepreneurship theories focusing on startups :

This theories is more focused on startups. This might be due to several reasons which are :

- Entrepreneurship deals with idea, creativity, innovation, new product or service development, opportunity, and the like. Thus, entrepreneurship theories are more prone to be considered in the early stages of any business or organization. These concepts are integral parts of a startup .
- Going beyond entrepreneurship theories, theories of organization and management will emerge, which deal with managing people and organizations .
- Startups are about turning ideas into businesses which is a critical point in entrepreneurship studies such as new venture creation, value creation, and opportunity recognition, evaluation and exploitation .

2.3 The characteristics of start-up :

According to the economist Fridenson Patrich : Startups are not related to age, size or industry, but rather one should look for the following: (Farida and Amel ,2022 ,p 91)

- Potentially high growth and modern technology use.
- Need amount of financing and make sure the market is good and new because it is difficult to evaluate the risk

The most common characteristics of start-up :

- **Scalability:** these are companies that seek to increase their size and income within a short period of time and improve their production and sales without the

need for a rise in their costs. SMEs, on the other hand, have more traditional visions and are in the market with the aim of following a more linear course.

- **Technology and innovation:** these are companies that come into being upon the basis of innovative ideas to satisfy a new need in the market. They rely on digital technologies to evolve, while SMEs may employ state-of-the-art technologies without necessarily basing their business model on innovation.
- **Global approach:** The goal of a start-up is to grow and expand rapidly but with a broader and more global focus, as opposed to SMEs, which target a local or national market.
- **Youth:** these are emerging companies that have reached the early stages of their brand management, sales and employee recruitment. They have no prior positioning.
- **Reduced initial costs:** Start-ups are created with the premise of low production costs in order to grow faster and thus increase their profit margins. In fact, they begin with a small workforce and without their own premises and many start in shared offices (co-working).

Characteristics of startups:

The characteristics that differentiate startups from small businesses are as follows:

- 1- They are new businesses with an opportunity for progressive and increasing growth
- 2- They are mainly technology-related institutions that require low costs. Startups rely on technology and generate large profits at a rapid pace.

2.4 Startups life cycle :

Despite that the main characteristic of the Startups is their increasing growth , they are often stumble and face obstacles and difficult gradations through their way to the top , hereinbelow the different stages of Startups life cycle : (Mouna et al , 2020 , p 407)

The first stage:

Before the start of the start-up, a person or a group of individuals proposes a model of a creative or even crazy idea. And during this stage they deal with deepening the research, the well study of the idea , the well study of the market, then the study of the target consumer's behavior and tastes , to ensure if it can be implemented in reality, to develop it and to keep its continuity in the future. Then search for someone to finance it. Funding in the early stages is usually self-financing, with the possibility of obtaining some government assistance.

The second stage : the launching stage:

In this stage, the startup begins launching the first generation of the product or service, when it is still unknown, and perhaps the most difficult thing that an entrepreneur can face at this stage is to find someone who will adopt the idea in reality and finance it , the entrepreneur usually resorts to Family and friends as a first source for obtaining financing, or financing can be obtained from people who are willing to gamble with their money, especially when the degree of risk is high. At this stage, the product needs a lot of promotion with a high price .

The third stage: Initial Enthusiasm :

In this stage the product reaches its top with a high enthusiasm, then the offer spreads, and the product could spread beyond its first innovators . Here the negative pressure begins as the number of exhibitors increase the thing that cause failure or even other obstacles that could push the curve back.

The fourth Stage:Sliding into the Trough:

Although the enterprising financiers continued to finance the project, it continues to decline until it reaches a stage that can be called the **Trough of Sorrow** or the **Trough of Death**, which leads to the exit of the project from the market, at this stage growth rates are very low.

The fifth Stage: Climbing the Slope:

In this stage, the entrepreneur continues to make modifications to his product and launch improved versions, so that the startup begins to rise again due to the applied strategies and the work team that gain experience. The second generation of the product is launched, its price is set, and it is marketed on a larger scope.

The sixth stage: the stage of high growth:

In this stage, the product is finally developed and exits the stage of trial and testing, and been put in the appropriate market . Then the startup begins to grow continuously and the curve rises up.

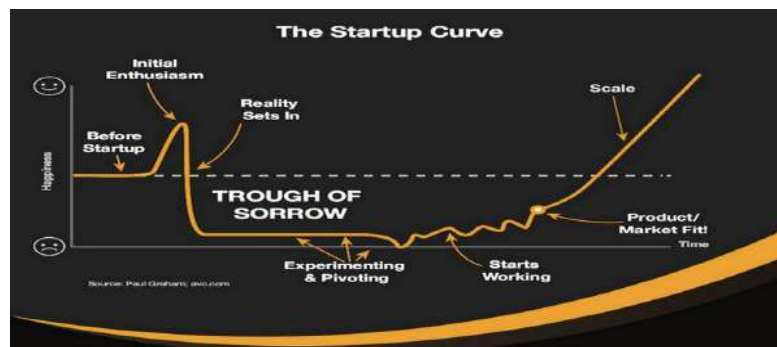


Figure1: the startup life cycle curve

Source: <https://expans.io> (2017/08/13)

2.5 Types and Sources of Start-Up Financing :

There are different types of financing options that are available for the startups during the different stages of the firm life cycle. The financing types are based upon the level of growth of the startups from the first stage of the firm life cycle to the final stages along with their growth and production scale. Since the type of finance vary across different stage of the firm life cycle. These types are classified as follows (Tamoor , 2013, p 3) :

- Seed financing
- Startup financing
- First round financing
- Second round and Mezzanine finance.

Also there are many different Sources of funding that Startups use to cover marketing, growth, and operating expenses to launch the business. Here we present six of them which are as follows (Tamoor , 2013, p 4) :

2.5.1 Owners' Capital :

For the start-up firms in the initial stage, Owner's capital is seen as "Seed financing" when the options for external financing are limited. It is considered to be the primary option as a source of finance for the startups. Owner capital is a part of insider financing and is the largest sources of informal finance for the startups including owner's equity, loans and credit card. Insider finance channels mostly include finance from the family members, friends and affiliates of the firm. Insider finance comprises of funds from the startup team that consist of owner's family, friends, relatives and colleagues. With the startups insider finance is an important option since these firms have no collateral or track records. Startups have difficulty in obtaining external finance because of the vague future prospects and find difficulty in signaling their creditworthiness.

2.5.2 Banks :

As a source of finance for the startup firms, Banks are the most well know sources of finance after owner's capital. Banks are financial institutes that provided finance to all type of firms irrespective of their size. Banking finance is important for startup firms since they rarely obtain long term debt or equity, as they must rely on the bank credit as a major source of finance, since they obtain much of the external capital from the entrepreneur's own funds, and informal investors like family members, friends and colleagues .

2.5.3 Angel Investors :

For a start-up firm it is important to look for the sources of finance that are easily available. Different from the mainstream environment of financial market,

Angel finance is an informal market for the direct finance where the individuals can invest directly in the small companies or start-ups through an equity contract. Angel investors are wealthy individuals that operate as informal or private investors that provide venture financing for the small startup firms . As the name suggests, angel investors are individuals of high net worth and therefore the amount they wish to invest in the small size firms is mostly the same as it is required by the firm on the other hand . The amount of finance provided by the angel investors vary across individual and depends on the firm's perspective for need.

2.5.4 Venture Capital :

Venture capital is the main source of finance for the high technology firms (both small and large). It is a type of financial capital made available by the venture capitalists in the early-stage of the firm that often involves ample risk of total loss or failure for the startups. Venture Capitalists on the other hand are individuals that join informal and organized startups in order to raise and distribute the venture capital to new and rapidly growing new ventures and business opportunities .

2.5.5 Trade Credit :

It is another source of finance for the startups which is largely relationship based. As the firm grows, there might be a shift in their dependence from the informal sources of finance to more formal sort of sources. It is available in the later stages of the firm lifecycle. As the startup proceeds in the different stages of the firm lifecycle, Trade credit becomes an important source of working capital . Banks are the main providers of trade credit. It is measured by the accounts payable at the end of the prior year. Trade credit helps startups in various ways, by providing a support during the credit crunches, contractions of monetary policy or may be other shocks or economic recession that may lead the

financial institutions less willing to provide finance to the startup firms. On the other hand trade credits are very expensive, with a typical trade credit arrangement for the payment to be due in full in 30 days.

2.5.6 Leasing :

Leasing is another source of “asset-backed” finance. It is another formal type of external financing option beside Trade credit. Lease finance is a more refined type of finance and is rarely available in the lower income countries (Charvis, Klapper & Love, 2011). Leasing involves the purchasing of a fixed asset by a lender or a lessor. It is a common method of financing equipment and real state by both the banks and leasing companies across many countries. The borrower, after purchasing of the fixed asset, enters into a rental contract with the provider who specifies the payment schedule. In many contracts there is a possibility of the presence of an option where the borrower can purchase the asset at the end of the contract at the pre-specified price.

2.6 The difference between start-ups and small and medium enterprises :

Many people made mistakes in classifying small enterprises and considered them as startups , while others believed that the startups are small or medium enterprises at the beginning of its establishment, in addition to that the owners of ideas and businesses believe that their commercial projects can be classified with startups, and they belong to the field of entrepreneurship, while they could be a small commercial projects . thus , there are several differences between startups and small and medium enterprises, which we summarize as follows (Bkhiti and Bouaouina , 2020, p 541):

Table1: The difference between start-ups and small and medium enterprises

The differences	Startups	SMEs
Innovation	Innovations are the most important things for a startup. Startups are meant to create something new and to improve what already exists.	They mostly do not make any claims as to uniqueness. One's business is one out of many businesses alike . Starting a business, One's may easily follow out-of-the-box solutions.
Technology	Technologies are oftentimes the main product of startup. But even if it is not so, startup cannot help but using new technologies to achieve fast growth and scale-up.	There are no special technologies required. There are many out-of-box technological solutions, which are to be applied to achieve main business goals. Technologies in the sphere of marketing, accountant`s solutions, etc.
Purpose of establishment	Upon creation, the project owner has the perception that makes him believe that his company has begun to be a project that can be developed, and he provides through it a product or service that affects the market .	Since its inception, the owner of the project seeks to achieve expansion and reach high profit rates, and does not aim to turn his project into a huge idea that goes beyond the local markets.
Funding	rely more on outside investors	rely more on traditional forms of financing
The project duration	Many people describe startups as temporary, it means that they either turn into a big company within years, or stay to become a small project, because they are working on a product or service that can be replicated and developed.	The continuation of small projects depends on the ability of their owners to achieve stability and profit, as long as they are working and producing, and their scope can be expanded a little, they will remain successful and continuous for an unknown period.
Rate of growth	grow within the shortest possible time creating a reproducible business model.	may prioritize stability and profitability over expansion. may prioritize stability and profitability over expansion. may prioritize stability and profitability over expansion.
Risk	They may face a high level of uncertainty and may be more	SMEs have a more stable customer base and revenue stream, which can help reduce their level of risk.

	vulnerable to failure as a result of their bring a new product or service to the market.they are typically more risky due to their early stage of development and reliance on outside funding .	SMEs may also be more diversified in their operations, which can also help reduce risk. While SMEs may still face challenges and risks, they are generally less risky than startups.
Salvation	92% of enterprises are shut down during the first three years	32% of enterprises are shut down in the first three years

Source: Prepared by the student based on(Bkhiti and Bouaouina , 2020) and the website :

<https://apiumhub.com/tech-blog-barcelona>

3 The role of business incubators in supporting startups

3.1 Services provided by the business incubator:

Business incubators seek to provide a comprehensive set of services to help launch the new enterprises as follows (Bou shaour , 2018 ,p 423) :

- **Secretarial services :**

All services related to supporting the joint secretariat, such as reception , organizing various correspondences via telephone, fax, and e-mail, printing texts, photocopying documents, saving files, etc.

- **Infrastructure (Basic facilitations and services) :**

Business incubators are setting up factories in entirely built-up spaces on flexible conditions and at affordable prices. Clients may be too far from the incubator facility to co-locate, so it receives help and advice online. This model is suitable for contractors who need advice from any incubator but not for those who still need offices and warehouses.

- **Business services:**

Finding appropriate solutions to the technical, financial, administrative and legal problems that facing the enterprise .

- **Providing financing or means for reaching to financiers:**

Not everyone is able to obtain the necessary financing resources to engage in a new activity or enterprise to becomes profitable. And the

incubation programs help in providing finance , financial resources and venture capital, usually through a net of external service providers.

- **Linking with individuals and networking:**

Incubators aim to support cooperation and coordination with various specialized institutions, at which they cooperate with universities, research and science institutions and technology parks. In some cases, they work to connect the new business owners with others who are in a position to invest in the future in the company (strengthening the concept of cooperation between projects) .

- **Education and access to knowledge:**

Assistance with research, advice and initial training, and assistance with product development and marketing. Business incubators fill the voidness and compensate for the existing shortage resulting from the inability of every person to spend the time and money necessary to pursue studies and obtain a university degree in business administration. Incubation programs help to bar this gap by providing initial training for entrepreneur .

- **Building a brand:**

Business incubators are also considered a space to launch businesses, increase success rates, encourage distinguished ideas and ensure the sustainability of the incubated institutions and build their own brand.

- **Program management..**

3.2 Incubation stages :

The projects that are joined in the incubator are sponsored and monitored through the different stages of these project's life as follows (Foudou et al , 2021 , p 120) :

3.2.1 The first stage: the stage of study, preliminary discussion and planning :

At this stage, and through personal interviews between the incubator management and the applicants for their projects, it will be confirmed that :

- The seriousness of the owner of the idea (or project) and the applicability of the selection criteria to the beneficiaries and their projects.
- The ability of the proposed work team to manage the project .
- The quality and nature of the services required by the project from the incubator and the capacity of the incubator to provide them .
- Marketing study and plans that guarantee the ability of the product to enter the market
- Future plans for project expansions.

3.2.2 The second stage: the stage of preparing the project plan :

According to the results that had been reached in the first phase , during the preparation of the project's feasibility study economically, technically and marketing , the beneficiary prepares the project plan.

3.2.3 The third stage: the stage of joining the incubator and starting the activity :

At this stage, the project is contracted. A suitable place shall be assigned to it according to its plan.

3.2.4 The fourth stage: the stage of growth and developing of the project :

At this stage, the performance of the institutions operating within the incubator will be monitored and assisted to achieve high growth rates through assistance and consultations from the specialized technical bodies assisting in the management of the incubator, in addition to participating in seminars, workshops and training courses that take place within the incubator in cooperation with the concerned institutions.

3.2.5 The fifth stage: the stage of graduation from the incubator :

It is the final stage for the projects within the incubator, it usually takes place after a period ranging between two to three years from the acceptance of the project in the incubator, and that according to specific criteria for graduation, where the project is expected to have achieved a measure of success and growth. And it is able to start its activity outside the incubator with a larger business volume.

Conclusion :

In the end, we can say that if it were not for business incubators, which constitute the largest contribution and the most important supporter of small projects and startups, the number of these institutions would not exceed a quarter of the numbers recorded in global statistics, so that most non-incubated institutions falter in the first years of their establishment. Business incubators come at the forefront of global solutions in order to accelerate economic growth through their effectiveness in the success of the incubated institutions.



Chapter Two :
The Literature Review

Intorduction :

Since the issue of business incubators and the importance of their role in supporting startups is considered the topic of the era, which is mentioned in most economic dialogues and seminars recently, locally and internationally, we have chosen a group of previous studies on the subject, which were addressed by researchers at the local and international levels.

1 The previous studies

1.1 Local studies :

1.1.1 The study by : BENACHENHOU Farida and KARA MOSTEFA Amel

The title of the study : Environment for the creation of business incubators and startups in Algeria: opportunities and obstacles , (2022) . genetics and biodiversity journal , Issue 2588 .

Problematic:

What role do business incubators play in supporting innovation and innovation and creativity of startups in Algeria ?

Research methodology :

This study used a descriptive analytical approach .

Research Objectives :

This research paper try to show the importance enjoyed by business incubators in developed and developing countries which has demonstrated its capacity and competence to support and promote start-ups, to overcome the difficulties and obstacles they face in the early stages of their creations , with Algeria's experience in this field .

The results of the study :

- Business incubators are attempting to play a major role in promoting the national economy, especially after the creation of the Ministry of Start-ups and the Knowledge Economy .
- Innovation is an imperative for the management of these institutions at the moment to maintain them and to gain in competitiveness by improving and modifying their products, methods and ways of working.
- Algeria still lacks the number of business incubators necessary to promote the orientation of the national economy towards the knowledge economy due to the obstacles and difficulties encountered by the startup sector .
- Including the need to provide the conditions for the establishment of incubators to help Algerian startups overcome the burdens and dangers of the establishment stages .

1.1.2 The study by : Foudou Mohammed, Mimouni Belkacem ,Benyaba Mohammed

The title of the study : The role of business incubators in supporting and developing startups in Algeria . (2021) . Journal of Economic Growth and Entrepreneurship Vol. 4, No. 4 .

Problematic: To what extent are business incubators considered as a mechanism to support and develop startups in Algeria?

Research methodology : This study used the theoretical descriptive approach

Research Objectives : this study aims to highlight the role of business incubators in supporting and developing emerging startups .

The results of the study : The study found that business incubators contribute significantly to translating entrepreneurial ideas into marketable products on the

ground through their effective contribution to building bridges of cooperation between research centers on the one hand and the world of industry on the other hand by providing an integrated package of support services.

1.1.3 The study by : Saoudi Abd Samad and Hadjab Issa

The title of the study : Evaluation of the role of business incubators in establishing and supporting entrepreneurial projects in Algeria .(2017) . Journal of Business and Financial Economics JFBE .

Problematic:Do business incubators contribute to the establishment and support of entrepreneurial projects in Algeria?

Research methodology : It is the theoretical descriptive approach

Research Objectives : this study aims to show the importance of establishing business incubators and the role they play through their services and accompaniment

For projects, initiatives and ideas before their launch and after their establishment, as well as evaluating their role in launching, establishing and supporting these projects in Algeria.

The results of the study :

The main results of this study are as follows :

- despite all the procedures adopted by Algeria to promote institutions, especially the entrepreneurial work, Algeria still faces many problems and obstacles that impede the rapid development of these institutions .
- Incubators have a major role in promoting the national economy, as they contribute to expanding and distributing the economic base by investing in successful entrepreneurial ideas and transforming them into promising economic projects.

- Despite the issuance of the executive decree containing the basic law for nurseries of enterprise since 2003, its embodiment in reality did not begin until 2009.
- Business incubators are one of the modern methods for encouraging and developing entrepreneurial work.

1.2 Foreign studies :

1.2.1 The study by : Iman Fouad Shokeir and Amal Sulaiman Alsukaity

The title of the study : The role of business incubators in supporting small and medium enterprises in Saudi Arabia - with reference to some international and arab experiences , (2019) . The Business and Management Review, Volume 10 , Number 2 .

The study : The research paper discusses the current situation of the Saudi business incubators and their role in supporting small and medium-sized enterprises.

Research methodology : The study was based on the theoretical descriptive approach ; interviews as a key tool for gathering information.

Research Objectives : the main objectives of the research are as follows :

- Focusing on the most important indicators of the success of business incubators.
- Reviewing the Saudi experience of establishing business hubs and incubators.
- Developing of Saudi incubators to be in line with the global trends as well as supporting its role in fully backing the development projects that are related to industrial and women fields.

The results of the study :

The most important results of the study can be noted as follows :

- 1- The novelty of the idea of incubators in Saudi Arabia where not more than ten years, and there are only 24 incubators in Saudi Arabia, in addition to the fact that the vast majority of them do not benefit from international experiences in this field.
- 2- The role of business incubators in supporting projects is still very limited. It operates in accordance with a non-scientific methodology, with limited services provided, and its role is confined to establishing social headquarters for incubated projects.
- 3- Lack of interest in follow-up projects after leaving the incubator and only to provide places for meetings and presentation of their experiences on other projects incubated.
- 4- Business incubators are not supported enough to make them an effective mechanism for supporting new projects.

1.2.2 The study by : Adhia Ika Wahyuni and Siska Noviaristanti

The title of the study : Startup characteristic and the role of business incubators in indonesia ,(2022) . Indonesian Journal of Business and Entrepreneurship, Vol. 8 No. 2 .

Research methodology :

This study employs a quantitative method with a deduction approach, and used the descriptive analysis .

Research Objectives :

This study was conducted to investigate the startup models and the business incubator services that include 992 startups and 23 business incubators in Indonesia.

The results of the study :

The results show that startups with independent model dominate business in Indonesia, with private ownership and from indigenous people. As for services from business incubators in Indonesia, they have provided key services to create sustainability from technopreneurship.

1.2.3 The study by : Evgeny S. Ogurtsov et al .

The title of the study : The Role of Business Incubators in Supporting Economic Growth and Advancement of Small Business of the Russian Federation ,(2016). Indian Journal of Science and Technology, Vol 9(29).

Research methodology :

The present research was carried out applying general scientific methods, conventional statistical methods of information processing and decision making, decision making methods based on the optimization of performance indicators, searching methods, methods of a comprehensive economic analysis of business activity, system analysis, risk assessment methods of economic systems activity1-20, as well as project management methods.

Research Objectives :

This research paper try to show the role and functions of business incubators in the advancement of small entrepreneurship in the Russian Federation, as well as providing economic growth

The results of the study :

- Entities of the Russian Federation need business incubators with a variety of functional purposes and range of services.
- The creation of companies based on the business incubator contributes to the development of small entrepreneurship in the regions as well as production growth.
- In general, the regions, implementing projects on creation and development of business incubators, pursue the following objectives: solving employment problems, engaging the population in small business, contributing to growth of small enterprises, providing relationships between small businesses and large industrial enterprises, as well as providing advisory services, creating conditions for communication and transfer of best practices to entrepreneurs, and ensuring interaction with partners.

1.2.4 The study by : Allahar et al

The title of the study : Businesses incubation as an instrument of innovatio: the experience of south America and the caribbean , (2016) . International Journal of Innovation, Volume 4, Number 2 .

Research methodology :

A qualitative research method was adopted involving a review of published reports, journal articles and relevant case studies; and face-to-face semi-structured interviews with incubator managerial staff.

Problematic:

The research problem identified in this paper is the need to address the issue of the dearth of research on the design and operations of BI in the Caribbean region.

Research Objectives :

The main purpose of this study is to address the research gaps emphasized as deficiencies in the literature and to generate results which provide a clearer picture of the incubation ecosystem especially for countries where almost no published research is available, such as studies of the Caribbean islands. the paper is intended to serve as a guide to organizations and institutions which are currently operating incubators or plan to establish them.

The results of the study :

the major findings are that there are great similarities among the incubators studied in terms of their links to universities, services offered, and funding challenges, but there is growing acceptance of incubation as a potentially valid tool for promoting business development and innovation although most incubators are at the early stage.

1.2.5 The study by : Francisco Tomas Zapata-Guerrero et al

The title of the study : Incubator efficiency vs survival of start-ups ,(2020) .
RAUSP Management Journal Vol.55 No.4 .

Research Objectives :

The purpose of this paper is to contribute to the knowledge on the efficiency of the incubators in Mexico,from a double-managerial approach (incubator and start-ups) measuring the efficiency oriented to the survival growth in the employment.

The results of the study :

- The estimated model in the context of Mexico confirms that high efficiency appears to be associated with the minimum use of resources to provide a specific volume of result
- The overall performance of business incubators has a medium-low level, considering survival levels, employment growth, these being its contribution to economic growth.
- the size and restriction of resources coupled with academic and business talent would be determinants in the efficiency of incubators .

1.2.6 The study by : Ľubica Lesáková

The title of the study : The Role of Business Incubators in Supporting the SME Start-up , (2012). Polytechnic journal Hungary , Vol. 9, No. 3.

Research methodology :

The study was based on the theoretical descriptive approach .

Research Objectives :

The main aim of the article is to present the role of incubators as a means of supporting the small and medium enterprises.

The results of the study :

- Business incubators form an important part of the support infrastructure for small and medium enterprise start-ups in Slovakia.
- provide the starting companies (usually for a period of 3 years from the commencement of business) with complex support on one spot and create favourable starting conditions to enable the operation of their enterprise.
- administration support for the companies .

- the incubators provide their clients with educational services and counselling .
- The extent and form of support in individual incubators varies depending on type, specialisation and capacity.

1.2.7 The study by : Nicola Dee et al .

The title of the study : A review of research on the role and effectiveness of business incubation for high-growth start-ups , (2012) . Centre for Technology Management Working Paper Series . the University of Cambridge , No: 2012/01.

Research methodology :

This paper reviews the results of quantitative and qualitative research on business incubation .

Research Objectives :

The aim of this paper is to provide an overview of current knowledge on the role and effectiveness of business incubation in supporting the development of new firms with high growth potential.

The results of the study :

- In academic and practitioner publications alike there is widespread definitional and conceptual ambiguity in relation to business incubation.
- Given the variety of business incubator strategies, business models, stakeholders, et al., there is no standard measure for assessing incubator performance.
- As the incubation industry has matured so understanding of its core purpose has become more sophisticated.

- Research on business incubation needs to be considered in the context of other bodies of knowledge .

1.2.8 The study by : Dede Akhmad Nawawi and Hari Mulyadi

The title of the study : The Impact of Technology Business Incubator on Startup Success among Business Incubator Members ,(2021) . Advances in Economics, Business and Management Research, volume 657 .

Research methodology : A verificative approach was carried out by employing the explanatory survey method.

Research Objectives : This research aimed at investigating the impact of Technology Business Incubator on Startup Success among Business Incubator Members at LPiK ITB Bandung.

The results of the study :

- The research findings revealed that Technology Business Incubator affected Startup Success in the medium category.
- the better the Technology Business Incubator, the higher the Startup Success members at Business Incubator LPiK ITB.

1.2.9 The study by : M. Ariza Eka Yusendra et al

The title of the study : Completing Missing Link between Business Incubation Model & Startup Business Performance in a Developing Country ,(2019) . International Conference on Business, Economy, Entrepreneurship and Management .

Research methodology : The method which was used to collect the data is the survey method, and the data collecting instrument was questionnaires.

Research Objectives : This research attempted to create and explore the startup business performance improvement model through an effective incubation model.

The results of the study :

The research result shows that an effective incubation model does not have a significant impact on startup business performance. However, it must be mediated by an empowered startup business. Supportive Entrepreneurial Environment is known to have an essential role in building an empowered startup business, which then will increase startup business performance.

Aspects learned from previous studies :

Through the previous studies that we discussed in our study, we benefited from a set of points that were highly valuable contributions in support of the subject of our study, and they were as follows:

- Although most of these previous studies were involved with our current study in both variables the independent (business incubators) and the dependent (startups) and the approach used (descriptive and analytical), each of them presented the subject differently from the other and from the current study. Where the research tools used, research processing and statistical analysis, for example. Local studies presented the subject closer to the current study, especially since it is in the same spatial framework and closer to the temporal framework, and contributed to providing a clear conceptual framework for business incubators and start-ups, and defining the role played by Algerian business incubators in supporting startups, focusing on the legislative dimension and The financial dimension. While previous foreign studies from all over the world (Western and Arab) were selected, which in turn contributed to presenting successful models and others seeking success, with a focus on the advantages of these models from various dimensions, especially the financial, environmental, legislative and cognitive dimensions.

- In view of what the previous studies have presented, it seems clear that there are few proposed solutions to keep pace with the wave of economic growth resulting from the effectiveness of the role of business incubators in supporting start-ups, especially in previous local studies, and there was no shedding light on the process of benefiting from successful foreign experiences, which is the thing that the current study focuses on and what can be described as the added value.

Conclusion :

Through this chapter, it can be said that the subject of the current study, which is the role of business incubators in supporting startups, has received great interest from researchers in the field at the international level, although this interest has been delayed locally.

Chapter Three :
**Personification the Algerian reality and
International experiences**

Introduction :

In light of Algeria's search for leadership among innovative countries which is depends on the knowledge economy in the region and the orientation towards technological transformation, and since the formation of the first government after the 2019 elections, there have been several new laws to support the economic system and develop an economic environment suitable for emerging enterprises, and the focus of the government's action program was For the period between 2020-2024 on economic activation , and accordingly there was talk about mini-enterprises and startups as one of the creative fields of wealth and job positions for youth and the achievement of economic development in the country.

1 Personification the Algerian reality :

1.1 Business incubators in Algeria :

1.1.1 The Algerian definition of business incubators :

The legal framework for incubators is represented in Executive Decree No. 03-78 dated 25-02-2003, which includes the basic law for enterprise nurseries. In addition there is the Executive Decree No. 03-79 dated 25-02-2003, which includes the basic law of facilitation centers.

Here it should be noted that the Algerian legislator, based on the French

legislator, has included the concept of incubators in nurseries, despite the distinction between many researchers and legislations, which led to ambiguity in the concept of business incubators.

The economist Faris Masdour, defines business incubators as " a spatial space (an institution) that brings together a number of small and micro-enterprises that are harmonious with each other in one place and provide them with all they need in terms of offices, tools, facilities, accompaniment and financing in order to facilitate their launch, but they will be under the eyes of the administration that supervises the incubator.

It is called the incubator because it incubates the project for a limited period, so if it achieves a benefit and customers and becomes able to be independent, then it goes out to leave the place for others in order to be incubated.

1.1.2 Types of business incubators in Algeria :

There are four types of business incubators in Algeria divided into two categories Public and Technological business incubators : (Djegham and Khaldi , 2022 , p 11)

1.1.3 Public business incubators :

which are as follows :

a. Enterprises Nurseries :

This type of incubators is interested in incubating small and medium enterprises without distinguishing among activities, that is to say , it receives all projects , whatever their activity. There are 16 nurseries in Algeria distributed over 16 states .

It is defined in the public journal (2003) as " public institutions of an industrial and commercial nature that has intangible personality , financial independence and aim to assist and support the establishment of enterprises Which are contained within the framework of the policy that promoting small and medium enterprises."

Nurseries have three forms that are as follows :

- **Incubator** : A support structure that undertakes of project holders in the service sector .
- **Linking workshop** : A support structure that undertakes of the sector of small industries and crafts .
- **Institutional hostel** : A support structure that undertakes of Project holders belonging to the field of research

b. Facilitation centers(support and advice centers) :

public institutions of an administrative nature that has intangible personality , financial independence .It carries out the procedures for

establishing institutions, as well as assisting, informing and accompanying project holders .The Ministry of Small and Medium Enterprises and Handicrafts established 14 facilitation centers as a first stage at the level of 14 states : Algiers, Boumerdes, Tipaza, Blida, Chlef, Oran, Tizi ousou, Setif, Constantine, El Oued, Jijel, Laghouat, Sidi Bel Abbes and Ghardaia, then 21 centers were established in the second stage, making the total number of these centers 35 centers .

1.1.4 Technological business incubators :

Technological business incubators were established in Algeria in the form of what is called “technological parks” within the Algeria’s vision to build an Informational society that is based on two pillars:

- promotion and wide dissemination of information and communication technology to maximize the effects in terms of growth and development .
- Establishing a pole distinguishable in information and communication technology at the national level that can serve the local demand and capable to exporting.

1.1.5 University or Research business incubators :

University incubators and scientific research centers are considered as inputs for both business incubators and technological incubators through the research they provide that contribute to the creation of new projects. Where these incubators are considered as a means to link technology, capital and creative ideas in order to benefit from entrepreneurial talents, this type of incubators also encourages the establishment of new projects.

Table2: The development of Enterprises Nurseries and facilitation centers in Algeria (2015-2019)

The year	operational structures		Structures under construction	
	Facilitation centers	Enterprises Nurseries	Facilitation centers	Enterprises Nurseries
2015	15	13	04	11
2016	16	30	04	11
2017	26	16	01	06
2018	26	16	01	03
2019	27	17	02	02

Source : (Bamhammed et al , 2021, p 242)

It is noted from the table that the manner of development of the number of nurseries and facilitation centers is slow, despite the support provided and the legal support from the state.

1.1.6 The reasons behind delaying the launch of business incubators in Algeria :

The reasons for the delay in launching incubators and nurseries projects in Algeria are due to the bad economic and social conditions that Algeria went through in the past years, which did not allow the emergence of political and economic awareness of the importance of such new tools in achieving economic and social development. In general it is possible to enumerate the factors and reasons that led to the delay In launching such projects in the following points (Noredline and Baadache ,2022, p 11) :

- The delay in the issuance of laws and decrees regulating the activity of institutional incubators and nurseries, as the first decrees were issued only in 2003 .

- Enterprise nurseries pertain to the service sector, and this is pursuant to the French model .
- The problems and obstacles that the SMEs sector suffers from in Algeria, which led the trustee authorities to spend efforts on rehabilitating SMEs, without paying serious attention to the mechanism of business incubation .
- Lack of the necessary competents to manage and run such incubators and nurseries .
- Bureaucratic obstacles that public administrations and agencies in Algeria still suffer from, which constitute the main obstacle to the establishment of incubators and nurseries .

1.1.7 Challenges of business incubators in supporting startups in Algeria :

Business incubators in Algeria face a number of challenges that may affect the effectiveness of the performance of their leading role in providing services and assistance to startups . These challenges can be summarized as follows (Bouadla and Ben Tayeb , 2020, p 49) :

- Lack of political and economic awareness about importance of business incubators in the development of startups .
- The financing problem is considered one of the biggest problems that business incubators face in serving startups , with the weakness of venture capital.
- The problem of the lack of information and the lack of organizational expertise to manage the incubators .
- The faintness of the coordination between the various development agencies, between universities and research institutions on the one hand, and the production sector on the other and also between financing and consulting institutions .
- The faintness of entrepreneurship development projects, as entrepreneurial skills are still inactive and unexploited .
- The faintness of the qualified human resource and its lack to a sufficient background on entrepreneurship in Algeria, which faces many difficulties and challenges Especially with creative and innovative ideas .
- The technical backwardness, and failure to convoy the developments in the global business environment (e-payment, e-commerce.....) .

- The backwardness productivity and the inconformity with international standards, which makes the Algerian product unable to enter major markets due to its weak competitiveness .

1.1.8 Conditions for the success of business incubators in Algeria :

To guarantee the success of business incubators in Algeria several conditions should be taken into consideration the most important of them are as follows (Telkhokh & khadir ,2022, p125) :

- The existence and spread of the culture of self-employment and the entrepreneurship spirit .
- The work on ensuring that incubators are shared between state institutions and private sector institutions, because the required moral and material support becomes easier and more effective.
- Choosing the appropriate manager accurately, and giving him/her the authority and liberty he/she needs to ensure the success of the incubator and the incubated institutions .
- setting specific criteria to select the institutions that will be incubated, suitable with local conditions, taking into account economic feasibility, and their future expansion potential, including increasing local added value, improving export capacity, achieving greater employment opportunities, development and modernization, and taking into account environmental conditions .
- The services and facilities provided by the incubator must be adjusted with the real needs of the institutions, also the choice of the location of the institutions has an important role in the success of the incubator, so that it must be close to the business community, universities and research centers, and in an area that has the basic structures of roads, transportation and telephone lines .
- Encouraging financing systems outside the system of bank loans with the aim of supporting and developing financing capacity and providing new sources of financing for small and medium industries, such as projects of investment companies, venture capital companies, leasing companies and Islamic banks.

- The availability of the spirit of creativity and innovation .

1.1.9 The contribution of business incubators in the Algerian economy :

Table3: The development of business incubators activity in Algeria.

Year	Number of incubated projects	Number of created enterprises	Number of novelty jobs
2017	161	83	546
2018	186	93	539
2019	85	61	463
2020	79	41	169
2021	135	72	423

Source : (Bahia et al , 2023, p 234)

Through the table, it is clear that the Algerian business incubators achieved the highest number of incubated projects between 2017 and 2018, while the number of created enterprises reached almost half of this number in both years, and the number of created jobs was very close in this two years , which indicates that the performance of business incubators in this period was proceeding uniformly .The number of incubated projects, the number of created enterprises , and the number of jobs created decreased between the years 2019 and 2020, and this may be due to the Corona crisis, but it began to rise again in the year 2021 and this is after the return of the government's focus and interest in this type of institutions, and yet there is still a noticeable lack of performance in what is required to achieve a significant impact on the Algerian economy.

Table4: The distribution of the Algerian business incubators.

N	The state	NPH	NIP	NCSME	NCE
1	Oran	93	48	26	1
2	Batna	57	17	6	24
3	Adrar	44	16	5	24
4	Sidibel Abbas	52	4	4	65
5	Khenchela	58	18	3	18

Chapter Three : Personification the Algerian reality and International experiences

6	Oumel Bouaghi	960	50	5	22
7	Annaba	58	27	6	26
8	Tiaret	92	11	0	20
9	Ghardaia	27	0	0	0
10	Bechar	138	13	8	8
11	Biskra	67	18	17	159
12	El bayadh	202	24	8	77
13	Mila	48	3	3	10
14	Ouargla	29	16	8	161
15	Bordjbou arriridje	169	5	3	9
16	Bouira	6	0	0	0
17	Algiers	24	4	4	0
18	Tlemcen	18	4	8	10
19	Total	2142	278	114	634

Source: Publications of the Ministry of Industry and Pharmaceutical Production , N 24, April 2023 .

NPH : Number of project holders

NIP : Number of incubated projects

NCSME : Number of small and medium enterprises

NCE : Number of created employments

We note from the above table that the extent of the business incubator's contribution to incubating emerging projects in Algeria until April 2023 has reached 278 incubated projects out of a total number of 2142 project holders, which means that the number of incubated projects in Algeria is less than a quarter of the number of new projects. In addition, the number of small and medium enterprises that were established amounting to 114 institutions did not

exceed half of the number of incubated enterprises, while these projects have created 634 new jobs.

1.1.10 Algerian business incubators financing Sources:

According to Executive Decree 03-78, incubators are funded as follows:

- state contributions
- Rental revenues and royalties paid for the services provided by the incubators
- Donations and bequests

It is clear that business incubators did not have a fixed funding source that would enable them to provide a good performance in developing the competitiveness of startups and small and medium enterprises, until the issuance of Executive Decree No. 20-254 on September 15, 2020 which included the establishment of a specialized national committee that grants the label of a “business incubator” to every structure affiliated with the public or private sectors or in partnership between the private and public sectors, proposing support for startups and holders of innovative projects in terms of accommodation and training And providing advice and financing. A business incubator label is granted to the applicant for a renewable five-year period .

1.2 Startups in Algeria :

1.2.1 The Algerian definition of startups :

Referring to Chapter Four of Executive Decree No. 20-254, we find that the Algerian legislator did not define the start-up, but rather set the criteria for considering it as such . these criteria are as follows :

- The institution is subjected to Algerian law.
- The age of the institution should not exceed eight years .
- The institution's business model must be based on products, services, a business model, or any innovative idea.
- Its annual business turnover should not exceed the amount determined by the National Committee .

- The company's capital must be owned by at least 50% by natural persons or by other institutions that have the "startup" mark.
- the growth potentiality of the enterprises must be big enough .
- The number of workers should not exceed 250 workers .

1.2.2 Conditions and procedures for granting an startup label :

Article 12: of Executive Decree No. 20-254 that included Conditions and procedures for granting an startup label .

Among these conditions are the following: (Boumaaraf , 2023 , p211)

- Submitting a copy of the basic law of the company, which dictates the need to establish the startup in the form of a company within which the enterprise carries out the activity, that means excluding a startup registered in the name of a natural person .
- Submit a copy of the commercial register and the tax and statistical identification card .
- Submit a certificate of enrollment in the National Fund for Social Insurance, attached with a nominal list of salaried workers.
- Submit a copy of the financial statements for the current year.
- Providing scientific and technical qualifications to the organization's employees.
- Submit every property or intellectual document or any award or reward obtained by the institution.

1.2.3 The most prominent Algerian startups:

There are successful startups in Algeria that have raised the challenge, achieved success and gained profits, including the following :
(<https://teyssir.com> ,2021)

- **Ouedkniss:**
It is a leading company in the field of classified ads.
- **Kaimo Company:**
A company active in the field of electronic commerce.
- **Batolis:**
which is also an active company in the field of e-marketing.

- **Yassir :**

It is a service-providing company that has revolutionized urban transport in Algeria.

- **Echrily:**

A site for the purchase and delivery of legumes and foodstuffs.

1.2.4 The available financing formulas for startups in Algeria :

Within the state's efforts to support the establishment and development of startups , it has put group of mechanisms and structures that contribute in providing the necessary financing for them, and they can be briefly referred to as follows: (Bouanini & Kerroumi, 2021,p170)

1.2.4.1 National Agency for Supporting Youth Employment (ANSEJ):

The National Agency for Supporting Youth Employment was established in 1996. It is a public body of a special nature, has an intangible personality and financial independence. The Minister of Small Enterprises, startups and Knowledge Economy is the one who is responsible for following up its activities. This agency was established with the aim of accompanying young people with projects in order to create or expand productive and service activities according to an approach that aims to create wealth and jobs .It has regional and local branches , it contains 51 branches that covers all states as well as many accessories located at the level of some regions .(Official Gazette , 1996).

The agency helps young people who want to establish their own institutions and provides them with some supports to achieve their goals. We distinguish two types of supports :

A. The first type (The Subsidies):

- Interest-free loans
- 100% reduction in the interest rate for tripartite financing
- A loan without additional interest for young entrepreneurs, and it takes three forms (a non-equivalent loan for rent, a non-equivalent loan for the creation of group offices, a non-equivalent loan for the acquisition of mobile workshops) .

B. The second type (tax and semi-tax subsidies):

These subsidies vary between the stage of establishment of the institution and the stage of operation :

- In the first stage, the young investor benefits an exemption from registration rights of the establishment contracts, the estate fee on buildings, and the value-added fee of the equipment purchase that is directly involved in the implementation of the investment and the exemption from ownership transfer fees for estate acquisitions, and to benefit from the low rate (5%) related to customs tariff on imported equipment and means of production.
- As for the operation phase, there is exemption from the estate fee on the buildings and additional buildings for a period of three, six or ten years, as well as exemption from the single arbitrary tax for a period of three, six or ten years, depending on the location of the project, in addition to benefiting from a reduction in tax on gross income and tax on companies profits and fees for occupational activity by 70% during the first year of taxation, 50% during the second year, and 25% during the third year .

The National Agency for Youth Employment Support operates institutions according to three forms :

- **Self-financing:** In this case, the investor finances his project by himself, so that he bears all the necessary expenses for that, provided that the invested amount does not exceed 10,000,000 DZD, so that the investor benefits from tax exemptions.
- **Bilateral financing :** In this formula, the financial contribution of young entrepreneurs is complemented by an interest-free loan granted by the National Agency for Supporting Youth Employment .
- **Triple financing:** In this formula, the personal contribution of young entrepreneurs is complemented by an interest-free loan granted by the National Agency for Supporting Youth Employment, which varies

according to the level of investment, and with a bank loan whose interest is reduced by 100% by the National Agency for Supporting Youth Employment, and it is guaranteed by **The Joint Guarantee Fund to guarantee risks Loans granted to young entrepreneurs** .

1.2.4.2 The National Agency for the Management of Microcredit (ANGEM)

It is an institution that enjoys intangible personality and financial independence. Its most prominent tasks is establishing agreements with banks to provide the necessary financing, providing advice and assistance to beneficiaries of the micro-credit system in the field of financial installation and monitoring of loans, and establishing agreements with every organization or body whose aim is to achieve information and sensitization operations and accompany beneficiaries of the micro-credit device while they carrying out their activities (The Official Gazette, 2004) .

Owners of small and medium enterprises affiliated with this agency benefit of some advantages represented in:

- interest free loans
- Comprehensive exemption from some taxes and fees or their reduction

1.2.4.3 Venture capital firms and investing capital firms :

The method of financing with risk capital opens up promising prospects for startups in Algeria and is an important alternative to the method of bank financing that relies on loans, as risk capital companies participate with the owner of the project or the institution without guaranteeing the return or the original amount.

The aim of creating venture capital companies is mainly due to participation in every process aimed at strengthening the capital of small and medium enterprises and emerging enterprises . In Algeria, interest in this type of institution began through the issuance of Law No. 11-06 dated 06/24/2006 regarding companies with investment capital, which aims to define the conditions for practicing the activity of investment capital, as well as the method

of its establishment and functioning (Official Gazette 2006) .some of these companies are as follows :

- Sofinance company
- FINALEP company
- Algeria Investment Company
- The Algerian Saudi Investment Company

1.2.4.4 The Investment Fund:

Through which the “Investment Algeria” project was created to finance projects aimed at establishing small enterprises through the entry of the fund as a partner with the investor in the project, and the partnership is 51% for the investor and 49% for the fund .

1.2.4.5 The finance fund of startups :

(Benabderrahmane,2023,p 618)

An investment capital fund was established with the participation of public banks and the National Agency for the Promotion and Development of Technological Parks with the aim of forming a company to finance startups, The Emerging Enterprises Fund has allocated financial envelopes for holders of innovative projects amounting to 510 million DZD, since its inception in early 2021.The innovative projects funded by the fund concern 18 sectors of activity, particularly services, information and communication technologies, health, transportation and tourism. The fund, located in 16 states of the country, is a venture capital company dedicated to financing start-ups and innovative projects.

1.2.5 The New Strategies for supporting startups in Algeria :

Algeria has realized the great importance of startups in building a modern economy .Therefore , since 2020, it has begun to take crucial steps to serve and develop these institutions, the most important of which are : (Belfedil and Benabdelaziz , 2023 , p 244)

- Establishing an investment fund devoted to supporting and financing startups .

- Establishing a higher council for innovation to value ideas and national capabilities for scientific research within the framework of serving and developing the knowledge economy .
- Developing the legal framework for startups and incubators, as well as defining the ecosystem for the knowledge economy and reviewing texts on financing mechanisms to adapt them to the growth cycle of startups.
- Converting the National Agency for the Promotion and Development of Sheds (ANPT) to the Ministry of Small Enterprises, startups and Knowledge Economy .
- Transforming the regional technological pole of excellence (HUB) for startups, which is being accomplished by Sonatrach at the level of the Great Wind Park of Dunia Park, to the Ministry of Small Enterprises, startups and Knowledge Economy .
- Enable holders of innovative projects and startups to benefit from the available spaces within the institutions of the youth and vocational training sectors at the national level .
- And also that the local communities prepare areas designated for start-ups, giving priority to the areas where there are great potentials of innovative project holders, especially the states: Ouargla, Bechar, Constantine, Oran, Tlemcen, Setif, and Batna, before expanding this endeavor to include the entire national territory.

The state also offers a set of incentives and facilities to embody an emerging project, as follows:

- Tax exemptions comes to five years.
- Facilities to finance the activities of start-ups , in particular giving bank loans to pay off their investment burdens.
- Issuing an instruction to implement the content of the supplementary finance law, which exempts owners of start-up companies from gross income tax.
- Exemption from the tax on the professional activity for a period of three years after the date of initiating the activity.
- Exemption of equipment acquired by start-up companies to implement their projects from value-added tax.

- A digital platform for startups that aims to combat bureaucracy, which will facilitate administrative procedures without issuing any documents and without going to the administration.
- Opening the way for investment capital companies to own more than 49% of the shares of start-ups.

1.2.6 Challenges of startups in Algeria :

Algerian startups are among the Arab companies that have faced many stumblings and obstacles, including the following : (Dinaoui & Zerouat , 2021)

- **Funding:** All startups agree that the most important challenge facing them is obtaining financing in all its forms. Whether it is seed financing to start launching the company, growth financing to expand its business, or acceleration financing to increase growth faster . There is a gap between the suitable startups to receive growth, and the investors (individuals or companies) who offer their money to be pumped into it. But financing is not a problem for everyone, although it is an important challenge. There are many Algerian startups that financed themselves and rejected the financing offers they received because they did not agree with their vision.

- **The small market:** Although the number of Algerian startups is small, this is justified by the small size of the Arab market in general and the Algerian market in particular.

There are several factors that play a role in making it small, whether the population, the rate of Internet spread, the facilitation of electronic payment,...etc.

- **Legislation:** Algeria's company laws do not contain any articles related to startups. Rather, most of its laws date back to decades ago, when the term startups had not even appeared and treating startups as any limited liability company adds to it burdens that are not commensurate with its nature.

- **Entrepreneurs without experience:** Establishing a startup requires a variety of entrepreneurial experiences .
- **Teamwork:** Technology startups, in particular, suffer from their inability to quickly find a suitable employee to complete an hasty project.
- **Hiring the right talent:** Even if the entrepreneur possesses the required managerial skills, he will still need to find the right talents to work with him to ensure the success of his startup.
- **Poor funding search skills.**
- **Presenting the right product to the right market:** The right time must be chosen to present a product that meets the needs, aspirations and expectations of consumers, and it must solve a problem that the products in the market do not address.
- **The project marketing problem:** You should choose the marketing directions that suit your project, the appropriate marketing channels, and start preparing a plan and budget to reach customers and potential customers.

2 International experiences :

2.1 Business incubators in USA :

The United States has the largest number of business incubator programs in the world. In many ways the U.S. has been a pioneer in this industry and the growth has been rapid from less than a 100 in the 1980s to about 1,800 in the 2010 (NBIA ,2010) . The United States government has played a dominant role in supporting incubators with legislative allocations for economic development and job creation. They have also provided support at both the local and state level by providing sponsorship .(Al-Mubaraki & Busler , 2010).In 2020, the number of incubators in the United States was 1,900, with an estimated increase of 400 incubators over the year 2019.

Tabl 5 : The development of business incubators in the USA between 1980 and 2020

The year	1980	1999	2012	2017	2019	2020
Number of BI	12	800	1250	1400	1500	1900

Source : : Prepared by the student based (Sayah,2022,486)

2.1.1 The Distribution of types of business incubators in the United States :

The United States of America is the cradle of business incubators and the largest country in the world containing this type of institutions of all kinds, which are represented in:

- Technological incubators.
- Traditional community incubators.
- High-tech specialized incubators.
- private incubators.
- University incubators

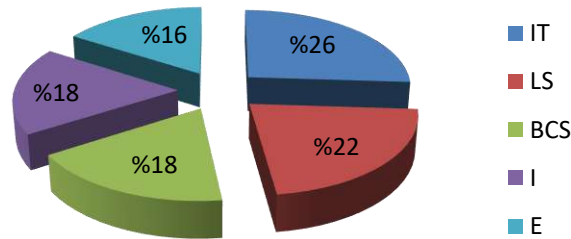
But the three main types of business incubators in the USA distribute as follows :

- Mixed incubators by 54%
- Technological incubators by 37%
- Manufacturing incubators, services and other economic sectors by 9%

2.1.2 Target Industries by USA Business Incubators :

A number of incubation programs offer targeted services to entrepreneurs in specific industry sectors :

Figure2: Target Industries by USA Business Incubators



Source : Prepared by the student based on data from (Zehner et al ,2014, p148)

Figure 2 shows that the number of business incubators in the USA is distributed according to the most commonly targeted industry sectors in the following percentages : information technology (IT) by (26%), bioscience and life science (LS) by (22%), computer software (CS) by (18%), energy (I) by (18%), and the environment (E) by (16 %).

2.1.3 The United States' incubators financial resources :

The United States of America follows the approach of plurality in financing incubators at the federal, state and local levels, where the federal levels and state governments play a major role in supporting incubators and providing the necessary financing means and continuous investments for them. Despite the government's dominance in supporting incubators, the private sector, including private universities, contributes mainly to the development of incubators in many US states.(Hamd and Noah , 2022 ,p461)

- Public, governmental, non-profit incubators funded by the government, with a percentage of 51% .
- Incubators funded by educational institutions, with a percentage of 20% , and they aim to stimulate economic development in the surrounding communities .
- Private, for-profit incubators that are set up and funded by private investment entities or a group of industrial companies, representing 8% of the total number of incubators in the USA.

- Jointly funded incubators amounting to 16 % are funded by non-governmental organizations and other private entities.
- Up to 5 % of incubators are funded by private organizations such as churches, chambers of commerce, or some non-American communities.

2.1.4 The United States' incubators financial services :

Incubators in the United States manage to provide a wide range of financial services to their tenants which are as follows :(Al-Mubaraki & Busler , 2010)

- **Firstly**, these services include assistance in preparing a set of documents to secure grants from a variety of government agencies (nowadays, about 70% of business incubators in the U. S. receive grants and subsidies from the government) or developing a proper business plan to prove credible financial projections when securing bank loans. A network of relationships that the incubator has with banks or other service providers also helps facilitate the funding process for the enterprise by providing some added credibility.

- **Secondly**, in the later stages of the venture's life cycle, it is more common for the incubators to connect start-up companies with angel investors and venture capitalists who may fill the growth capital gap. Once the enterprise reaches profitable maturity, it has several exit options such as an IPO or acquisition. What is more, some incubators in the United States have seed funds that invest directly in the incubated firms and expect to realize gains upon the success of the start-up company. However, this type of direct financial participation has yet to take root.

- **Lastly**, as one of the factors affecting business incubation in the USA, the role of government is worth noting. the government is involved in the activity of business incubators at federal, state and local levels. State governments play a crucial role in supporting incubators as they make legislative changes concerning economic development that are designed

to support incubators in many of the States, whereas local and federal levels fulfill the secondary role in incubator sponsorship.

2.1.5 Startups in USA :

The American experience in the field of supporting and developing startups gives important lessons and is considered a sophisticated reference for many countries. Although it is considered the largest global economic power, it has not given up the support of these institutions ,where large organizations contributed to creating a legal, legislative, regulatory and financial environment that allowed these institutions to carry out their activities and provide approximately 60% of the total job positions in the United States of America, and their contribution to the gross domestic product is estimated at 43% .

Also :

- 15.4% of the US population is involved in startups.
- There are currently around **31.7 million** small businesses in America.
- Small businesses account for **99.9%** of US businesses.

Table5: **Number of New Business in USA**

The year	2015	2016	2017	2018	2019	2020	2021	2022
N° of New business	2.82	2.98	2.20	3.50	3.52	4.38	5.40	5.07
In millions								

Source: Prepared by the student based on the website : <https://www.commerceinstitute.com>(2023)

On average, there are 4.4 million businesses are started every year. That average is from the past five years of business formation data in the United States. And according to data from the US Census Bureau, 5.4 million new business applications were filed in 2021, which is the highest of any year on record and a 53% increase from 2019.

And as reported by the US Census Bureau, the emergence of the Corona virus had a significant impact on increasing the number of new businesses in USA .

2.1.6 The most important startups in America :

The United States of America ranks first in the world in the number of startup companies, with different nature, type of activity, and size. Among them we mention the following :

- **SpaceX :**

The Space Exploration Technologies Company works to manufacture aviation and space transport (missiles and spacecraft) to transport goods, people and payloads to space.

- **Gopuff :**

A company for delivering consumer goods and foodstuffs via the Internet .

- Epic Games :

It is a video game and software development and publishing company

- **Fanatics :**

It is a company that specializes in displaying licensed sports apparel such as T-shirts, shoes, socks, hats, and key chains .

2.1.7 The contribution of startups in job creation in the USA :

The American start-ups play an important role in creating jobs, due to the large number of these institutions in the country, that are increasing over the years, and the following table shows the number of the created jobs over through 15 years :

Table6: The number of jobs created by start-ups in the USA(2007-2021)

Year	2007	2008	2009	2010	2011	2012	2013	2014
N of jobs	3.502.303	3.329.731	2.797.462	2.509.568	2.567.418	2.789.241	2.797.809	2.877.712
Year	2015	2016	2017	2018	2019	2020	2021	
N of jobs	3.011.469	3.130.736	3.111.021	3.090.584	3.116.850	3.112.140	2.997.172	

Source : (Bahia et al , 2023, p 231)

According to the table above, it is clear that the huge number of job created by the USA's startups between 2007 and 2021 with a total estimated number of 44,741,216 jobs, at which the largest number of jobs was registered in 2007, estimated at 3,502,303 and the lowest number of jobs was in 2010, estimated at 2,509,568. Accordingly, we can say that the role of startups has always been effective in the economy of the United States of America through the job opportunities it provides and the reduction of unemployment.

2.1.8 Characteristics of the American experiment :

The United States of America has the longest experience in the field of business incubation and its work in supporting emerging projects, which is what made it the most appropriate model to follow. The most important features of this model are as follows :

- As one of the factors affecting business incubation in the USA, the role of government is worth noting. The government is involved in the activity of business incubators at federal, state and local levels. State governments play a crucial role in supporting incubators as they make legislative changes concerning economic development that are designed to support incubators in many of the States, whereas local and federal levels fulfill the secondary role in incubator sponsorship.(Tsaplin & Pozdeeva,2017).
- The USA business incubators have demonstrated that they accelerate both the wealth creation process with a community by raising the success rates of incubated companies above non incubated companies by matching entrepreneurs with both intellectual and professional capital.

- American incubators have higher status and global recognition as well as the more substantial amount of capital than many other countries .
- Most of the technological and scientific incubators in the USA are linked to public universities and local groups.
- All governmental and private sectors participate in the development of the incubator sector and in all scientific, technological, industrial, commercial and services fields in general.

2.2 Business incubators in the United Arab Emirates :

Although the United Arab Emirates is an petroleum-exporting country and ranks the seventh among petroleum-exporting countries, this did not deter it from diversifying its economy in order to become a pioneer of startups in the Middle East. The United Arab Emirates ranks first in the Middle East and North Africa in terms of the number of startups.

The first business incubator in the region was the Business Incubation Center , which was established in 2002, with the aim of supporting the Business owners of small and medium enterprises, and provide them with the necessary facilities and capabilities, to start their own projects in the local market of Dubai and the Emirates in general .The projects registered in the Center varied at which service, commercial and professional projects accounted for the largest share among the economic sectors in the center, by a total of 50%, and the remaining percentage was diversified in other sectors, such as medicine and health, food, and other vital sectors.

2.2.1 The most important UAE's business incubators :

In an effort to be a pioneer in the field of startups regionally and globally, and because it is aware of what these companies need in terms of accompaniment and support until the stage of maturity, the United Arab Emirates has worked to launch several business incubators and business accelerators, some of the most important of which are the following:

- **In5:**

One of the most famous business incubators in the UAE and even the world, the in5 Foundation was launched in 2013 as an incubating environment that helps empower entrepreneurs and startups by enhancing the innovation capabilities of entrepreneurs, helping them and adopting their ideas, providing plans for training and mentoring them, as well as a range of other supportive services.

- **FinTech Hive:**

It is an incubator launched by the Dubai International Financial Center (DIFC) in January 2017, and works mainly on:

- ✓ Providing the necessary support for startups operating in the financial technology sector
- ✓ Adopting a tight strategy for 2024 aimed at achieving inclusive global growth
- ✓ Relying on partners in major international financial institutions working together to achieve the success of the growth strategy goals .

- **Silicon Oasis Founders :**

It is owned by the Government of the Emirate of Dubai through the Dubai Silicon Oasis Authority , it focuses on :

- ✓ Promoting local entrepreneurial talent in the mobile application space.
- ✓ Providing loans for emerging strategic businesses.
- ✓ Providing incubation programs specifically designed to accelerate the growth of companies and improve their business proposals.

2.2.2 The Roles of Business Incubators in the UAE :

There are six roles that Business Incubators of UAE play divided into two levels Macro and Micro levels with three roles to each level as they are mentioned in the following table :

Table7: Summary of Business Incubators' Roles in UAE Discussed Within GCC Studies

Category of roles	Roles of BI	N of suggested roles discussed by 28 studies in the GCC	Rank
Macro level	Develop entrepreneurship culture	11	4
	Contribute to local economies	24	1
	Support national innovation strategies	13	3
Micro level	Nurture entrepreneurs	13	3
	Create jobs	17	2
	Commercialised products/services	13	3

Source : (Al Ameeri ,2019, P 107)

According to the table (07) within The Gulf Cooperation Council studies it is obvious that the "contribute to the local economy" has the highest expected roles in UAE and then " Create jobs" in the second rank then come " the Support national innovation strategies" in the Macro level and both (Nurture nterpreneurs and Commercialised products/services) in the micro level , all in the same rank (the third rank) .In the last rank come" Develop entrepreneurship culture" in the macro level .

2.2.3 Startups in UAE :

The UAE hosts thousands of startups in all fields, and the state works in turn to support innovative ideas and projects, this is due to the fertile environment for business and the strategic ability to enter the regional and Arab market and the pursuit of globalization, and this appears evident through the achievements of various UAE's startups that has reached the number 15,876 startup, and some of the important of which we review are as follows: (<https://www.for9a.com>)

- **Careem :**

"Careem" is a transportation startup that powers online vehicle reservations and helps people connect with drivers in their vicinity.Careem amazed the auto industry, raising about 771 million from 22 unique investors, and was also acquired by Uber.

- **Zand :**

" Zand" is an advanced large-scale digital bank. As the first financial institution of its kind in the world, the bank provides innovative financial management services to retail and corporate clients.

- **Tabby:**

"Tabby" is a startup company founded in 2019, in the field of "Purchase now pay-later" and headquartered in Dubai in the United Arab Emirates.

2.2.4 The state support for startups in the UAE :

The UAE supports entrepreneurship efforts through the Mohammed bin Rashid institution and the MBREF institution, where the start-up gets a low interest rate, a three-year grace period, and a five-year repayment period, and the individual must put only 20% of the total cost of the project to start a business .(Bensada & Gourari ,2023 , p 73).

There are significant Emirati initiatives to support startups and entrepreneurs and promote innovation, including the following:

✓ **Dubai Entrepreneurship Academy:**

Its mission is to train future business leaders with skills and knowledge.

✓ **Business Village:**

To develop and support the small and medium enterprises sector in Dubai.

✓ **Young Entrepreneurs Competition:**

It focuses on all high school and university students to start their business as a career option, and they are required to establish a company and manage it for four days in local shopping centers, which gives them an opportunity to learn about business planning, product visualization and marketing services.

✓ **Mohammed Bin Rashid Award for Young Entrepreneurs:**

To honor distinguished entrepreneurs in the country

2.2.5 The contribution of startups to the UAE economy :

In the United Arab Emirates that are supported by a strong administrative system that encourages progress and development at all stages, many entrepreneurs in various fields have been able to achieve achievements that are praised . As official reports attest to these achievements, small and medium-sized startups contributed 53% of the UAE's Gross domestic product (GDP) in 2019, compared to 49% in 2018.

Not only that, these companies constitute 95% of the total organizations in the country, and employ about 86% of the workforce outside the petroleum sector.

According to a study conducted by the Mohammed bin Rashid Establishment for the Development of Small and Medium Enterprises in 2020, 50% of companies in Dubai are startups .

2.2.6 The most important factors that made the UAE a pioneer of startups in the Middle East and North Africa :

These factors are as follows : (<https://teyssir.com>)

- Financial and moral government support for startups, as it is a priority for the state .
- The existence of a large number of business incubators working to accompany startups .
- The government visions that stimulate creativity and innovation .
- The UAE has a very developed infrastructure in terms of ports, roads and airports .
- High levels of networking and technological development
- Funding availability.
- Laws and legislation that guarantee intellectual property rights and the rights of entrepreneurs.
- The international standing enjoyed by the UAE and the network of international and regional relations.

Conclusion :

Through this chapter, it seems clear that business incubators have a fundamental role in supporting and developing start-ups, otherwise the leading countries would not have adopted them and provided them with all the appropriate conditions to provide the required results. It also seems clear that

Algeria sought, albeit late, to build a model close to the models of these countries .

General Conclusion :

According to the foregoing, we conclude that both the American and Emirati experiments are characterized by ecosystems that encourage the growth, development and spread of incubating institutions and incubated institutions alike because of the constant interest in providing their ecosystems with the best conditions that drive towards excellence in its two parts : the overall (entrepreneurial culture, economic policies supporting, infrastructure) and the partial one like (applied scientific research and venture capital financing) .

Although Algeria did not reach high levels that would enable it to compete with major countries at the global international level, such as the United States of America, or at the regional level, such as the United Arab Emirates ,there are efforts being made during the past few years after the freedom of intellectual creativity in all its scientific dimensions was legalized, as well as academic freedom and freedom of scientific research, in addition to the establishment of the National Council for Scientific Research and Technology and support for the basic structures of scientific research, giving and involving the private sector in entering the activity of business incubators supporting startups in accordance with Executive Decree 20-254 ,the state has also realized the importance of including entrepreneurship courses in higher education in some scientific fields . Even if it took a few more years Algeria can catch up with the world in the field of business incubators, and its success in providing the required support to startups , by following the footsteps adopted by a country such as the United Arab Emirates, and this will only be achieved through continuous improvement in all surrounding circumstances such as legal legislation, administrative facilities, and the provision of funds of all kinds. In addition , striving towards competition in all sectors in this field .

The results of the study :

Through the study, the following results were reached :

- ✓ Despite the different definitions of business incubators, there is a consensus that these institutions are the primary supporter of emerging enterprises, which in turn contribute significantly to economic development such as increasing national output and solving social problems such as reducing the unemployment rate.
- ✓ Business incubators facilitate the launch of startups by converting creative ideas into innovative projects, providing a shop, linking with funding sources, facilitating administrative procedures, providing various consultations and other supportive services in the first years of launch.
- ✓ there is a large gap between the Algerian experience and the pioneering experiences, and it is a gap that is hoped will gradually shrink in the coming years after the procedures that expressed the state's tendency to focus on this type of institutions and the great interest in them.

The prospects of the study :

Finally, we can say that this research is still open to study and can be dealt with in the future:

- ❖ To follow up on the results of the new strategies adopted by the Algerian government in the field of business incubators and start-ups .
- ❖ Monitoring the extent to which Algeria is close to reducing the gap between it and the leading countries in this field.

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