

THE REALITY OF WOMEN ENTREPRENEURSHIP IN ALGERIA

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Received: 02.01.2023, Accepted: 14.02.2023

Abstract

The role of women entrepreneurs is important in economic improvement of the country, because one idea can change many persons' lives in a positive path, through the small and medium enterprises, where the government sought to developed strategies and policies to support the female entrepreneurs to establish their business activities.

The data were collected from the Algerian Agency for Support and Development of Entrepreneurship, and the questionnaire was designed from a random sample of women entrepreneurs, according to the number of women enterprises in Algeria, to study their contribution, and the different factors that impact on their decision to create their own projects, using spss and warp pls in the analysis.

As a result of this study, the value of (Cronbach's $\alpha=0.970$) confirms that there is impact of women entrepreneurship on economic development through their enterprises and they are able to achieve this through the environment surrounding them.

Keywords: *women entrepreneurs; small and medium enterprises; economic development*

JEL Codes: *L26; M13; O1*

1. Introduction

Entrepreneurship is a self-motivated act to earn money dependently, no matter what your business is, small or big, it gives a freedom to choose the way to earn and serve the society, when there are more successful entrepreneurs it is an indicator that the country is progressing, also it is an indicator of a healthy economy (Shaikh, 2021).

Therefore, some nations are trying to take a set of incentive measures in order to encourage young people to join this field and make a great combination to integrate ambitious women, who constitute the driving force for development, whereby studies

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have shown that there is a strong correlation between women's entrepreneurial activity and growth.

Until the end of the 1980s, entrepreneurship was generally reserved for men, economic, legal, but also socio-cultural constraints prevented women to embark on entrepreneurial careers. However, over the past three decades and in many countries, we are witnessing an increasing involvement and increasing number of women employed in economic activity through the establishment and management of companies (Adjout & Arabi, 2018).

Social and cultural and physiological differences of men and women in Algerian society are factors, which weigh heavily on a woman especially when she chose to enter the area of entrepreneurship.

In this context, the Algerian government has worked to bring in various programmes and policies in the economic field, to upgrade small and medium enterprises, in order to support economic growth and create more jobs, and integrate women in business and encourage them to have their own activity, and through this research we discuss why women's activity is considered important in the small and medium enterprises sector.

The study problem

How does women's entrepreneurship effect on economic development in Algeria?

Study Hypothesis:

H1: The women entrepreneurship in Algeria seeks to participate in economic development through their enterprises.

H2: The environment surrounding entrepreneurial women influences the decision to create their own enterprises.

Study Objective:

The main objective of this research is to study the women entrepreneurship in Algeria and understand the challenges and opportunities faced by women in starting and running their own businesses, and also to highlight the ways in which women entrepreneurs contribute to the economic growth, and identify best practices for supporting and promoting women's entrepreneurship.

2. Literature review

Entrepreneurship is the process of proceedings by an entrepreneur who always looks for something new and utilizes such thoughts into fruitful opportunities through the acceptance of uncertainty and risk (Rikkee, 2021).

Schumpeter (1965) defined "entrepreneurs as individuals who exploit market opportunity through technical and/or organizational innovation" (Osman & Murat, 2011).

Women Entrepreneurship

The literature on women’s entrepreneurship highlights several elements specific to women entrepreneurs: their motivations for entrepreneurship, limited access to external financing, less presence in the networks, less self-confidence to get started in the entrepreneurial adventure and the creation of companies with well-defined characteristics, in particular.

Defining the Woman Entrepreneur:

“A woman who has the necessary characteristics that make her take risks and start her own activity, she has spirit of initiative and responsibility, and she has the ability to achieve goals” (Mohammadi & Jaleh, 2019).

Lavoie (1988) defines the Woman Entrepreneur as “the woman who, alone or with one or more partners, has founded, bought or accepted as an inheritance a business, who assumes all the financial, administrative and social risks and responsibilities and who participates daily in its day-to-day management”.

A Woman Entrepreneur is an individual who acknowledges moving apart to meet her necessities and becomes monetarily autonomous, she has the potential and the assurance to set up, maintain and regulate her undertakings in an orderly way (Vibhavari & Prachi, 2016).

A woman entrepreneur is one who incubates new ideas, starts her enterprise with these ideas, and provides added value to a society based on her independent initiative (Suri & Verma, 2020).

Table 1. The characteristics of Women Entrepreneurs

1	The great ability to reconcile their private life with their responsibility towards the company.
2	Flexibility in dealing.
3	Entrepreneurial spirit, leading them to search for new opportunities.
4	Provide a family environment that encourages them to continue.
5	Ability to take risks.
6	The ability to take responsibility for obtaining it.
7	The ability to control and manage time well and the organizing skills.
8	An acceptable level of education in order to achieve their goals.

Source: author’s research

Challenges faced by Women Entrepreneurship

Women have to face various problems in entering into any entrepreneurial activity and also while they are continuing with their business (Sumangala, 2003).

✓ The entrepreneurial commitments: Every woman has to look after family obligations, and it is considered as an obstacle for her conducting entrepreneurial activities, her responsibilities towards family result in very little time left for her to engage herself in any business activity.

✓ Taking less risks: Women are more afraid of taking risks and moving to the next step of their lives, they are more comfortable in their safe zone, fear of failure, fear of success, fear of being on their own in this path.

✓ Being perfect in all tasks: all women want to be perfect in all the tasks, they feel that they should do them perfectly, and this makes them poor in delegation of authority which may be an obstacle for their success in their business.

Women entrepreneurs contribute to economic development

Women entrepreneurs play the role of change makers in the family and in the society and inspire other members of the society to take up such activities, women create job opportunities for others (Malyadri, 2014):

✓ Generation of employment: entrepreneurial activities give rise to employment opportunities, they become job creators and not job seekers, and because of this the economic growth will be accelerated by generating employment.

✓ Local development: women mostly start their business activities in their local market and the regions they live, the Government also encourages the entrepreneurs to start businesses through different schemes and subsidies.

✓ Improvement in the standard of living: various products are produced by the women in their small-scale businesses, which are offered to the people at reasonable rates, new products are introduced and the scarcity of essential commodities is removed, all this facilitates the improvement in the standard of living.

The main motivating factors for women's entrepreneurship

– Desire for independence, achievement, job satisfaction, self-fulfillment, financial independence, to fill the boredom of being a housewife, response to an economic necessity (Hisrich, 1986).

– Desire for a challenge, self-determination, work-family balance, response to frustration with career advancement opportunities, discrimination (Buttner & Dorothy, 1997).

– Personal development, economic necessity, desire for achievement, acting on the advice of friends or family, high degree of esteem, need for creativity.

– Desire for independence, freedom, to be your own boss, to take on a challenge, financial opportunity, work-life balance, flexible hours, response to unemployment, ability to work from home.

– Possibility to earn more money, recognition of a paid job and paid work (Hughes, 2006).

– Desire for independence, self-fulfillment, passion for initiative, desire to generate income, social status, to exercise power, to compensate for low family income, in response to dissatisfaction with salary, difficulties in finding a job, better work-family balance (Simounin, 2006).

– Desire for independence, search for satisfaction, desire to take up a challenge.

– Challenge, market opportunity, desire to earn more money, work-family balance, dream of being an entrepreneur (Humbert & Drew, 2010).

– Need to create own job, need to find income and to escape poverty, need for subsistence (Davis & Fatima, 2012).

– Desire to take on a challenge, to accomplish oneself, to be one's own boss, to have a better work-life balance, job dissatisfaction, personal life, dissatisfaction at work (McGowan et al., 2012).

Women Entrepreneurship in Algeria

The Algerian government seeks to activate the role of women in the local economy through programmes and policies that grant loans to various individuals in order to enter the field of entrepreneurship, including the most well-known in Algeria, i.e. the National Agency for Support and Development of Entrepreneurship for the establishment of enterprises, so we will mention the number of small and medium enterprises, especially the institutions established through the Support Agency, and before that we will define SMEs according to the Algerian law.

The concept of SMEs in Algeria

- Article 05 of Algerian Law No. 17/02 on the development of Small and Medium Enterprises defines these institutions, as: An organization of product goods or services, which occupies from 10 to 250 employees and its total annual revenue does not exceed 40 billion Algerian dinars, and it has the full independence in the activity.

- The medium enterprises according to Article 8: "Each institution occupies between 50 to 250 employees and the amount of its work between 400 million to 4 billion Algerian dinars and the total annual revenue between 200 million to 1 billion Algerian dinars."

- As for the small enterprises, Article 9 defines them, as enterprises which have between 10 and 49 employees and the total annual revenue is less than 400 million Algerian dinars or 200 million dinars.

- Article 10 defines the micro enterprises: "as an institution that operates from 1 to 09 employees and its capital is less than 40 million Algerian dinars, and the total annual revenue does not exceed 20 million Algerian dinars.

Table 2. Provide the typology of Enterprises in Algeria

Type of SMEs	Number of Employees	Year Revenues
micro enterprises	01-09	less than 40 million DZD
small enterprise	10-49	more than 400 million DZD
Medium Enterprise	50-250	400 million to 4 billion DZD

Source: author's research

The enterprises are classified based on the number of employees and the annual proceeds. However, if the classification differs between the number of workers and the number of works or proceeds, the enterprises are classified according to the number of works or proceeds.

Evolution of SMEs in Algeria until 2021

The small and medium enterprises in Algeria's sector have experienced significant growth, and the following table illustrates this.

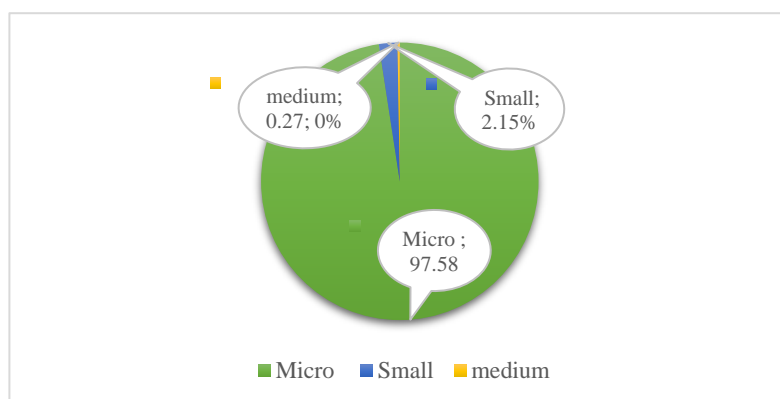
Table 3. Evolution of the of SMEs

Years	Number of SMEs
2015	943 569
2016	1 022 621
2017	1 074 503
2018	1 093 170
2019	1 193 339
2020	1 507 750
2021	1 286 365

Source: author's research based to statistical publications of the Algerian Ministry of SMEs

Table 3 provides statistical numbers of SMEs in Algeria until 2021 (for 2022 they will not publish it yet until the next year), it can be seen from the above that there is continuous development of SMEs, which reached 1 286 365 in 2021 but also, we can see it is small number compared to other countries, and because of that the government put forward growth programs and schemes to increase the contribution of the sector.

Figure 1. Distribution of SMEs by Size in ALGERIA



Source: author's research based to statistical publications of the Algerian Ministry of SMEs

The figure provides the different number of SMEs in each type, the number of small enterprises reached 97.58% (53952 enterprises) in the total, followed by small enterprises with value of 2.15% (1188 enterprises), and in the last place the medium enterprises reached (152 enterprises) or 0.27%.

3. Research Methodology

In order to clarify the importance of this study and reach the goals, we used the descriptive and analytical methods to determine the role of women's entrepreneurship in contributing to economic development, through its activity in Algeria, and because all the projects were launched through the financial contribution of the National Agency for Support and Development of Entrepreneurship, which grants loans to start any type of activity.

Considering that women's entrepreneurship is the only way to contribute women's participation in business, and before starting to address the various statistics on the reality of women's entrepreneurship in Algeria, we would like to define the Support Agency.

The National Agency for Support and Development of Entrepreneurship – Algeria was established in December 08, 1996, it is a National Agency with moral personality and financial independence, and seeks to encourage all forms leading to the revival of the youth employment sector to product goods and services.

Table 4. The Number of enterprises established through the National Agency for Support and Development of Entrepreneurship

<i>Sector</i>	<i>Women</i>		<i>Men</i>
	<i>2021</i>	<i>Femininity rate%</i>	<i>2021</i>
Farming	2781	5%	57 113
Arts and crafts	7438	17%	43 663
Public works	866	2%	35 296
Industry	4569	15%	25 779
Services	18503	17%	91 852
TOTAL	34 157		253 703

Source: author's research based to statistical publications of the Algerian Ministry of SMEs

The table 4 shows the projects funded in different sectors, we note that there is a large difference between them, women participation in entrepreneurial activity is still weak, they constitute only 34 157 enterprises from the total number.

Based on the collected data, we prepared an electronic questionnaire covering all aspects of the study, and we placed it at the Agency level because of its permanent dealings with women entrepreneurs on various occasions.

We reached a sample consisting of 450 entrepreneurs who have different viewpoints in various sectors to build the study.

1. Sample Adequacy:

$$MOj = \frac{\sum i \neq jr^2ij}{\sum i \neq jr^2ij + \sum i \neq j^u}$$

Table 5. KMO test for Sampling Adequacy

KMO TEST	N
0.799	450

Source: author's research based on SPSS 25 Program

KMO test is a measure of how suited your data is for factor analysis, the test measures sampling adequacy for each variable in the model and for the complete model. The statistic is a measure of the proportion of variance among variables that might be common variance. The lower the proportion, the more suited your data is to factor analysis.

KMO values between 0.5 and 1 indicate that the sampling is adequate, and the table-5 shows that KMO is more than (+0.5), the value was (0.799) and this indicates the suitability and sufficiency of the sample size to continue the statistical analysis process.

2. Sample equation

We calculated the sample size using the Thompson equation (2012), which is one of the most important and well-known equations for determining sample size based on study Community size.

$$n = \frac{N \times 0.50(1-0.50)}{[N-1 \times (0.10^2 + 1.65^2)]}$$

Community size= (N=450) Women entrepreneurs.

3. Personal Information

Table 6. Distribution of the study sample according to gender

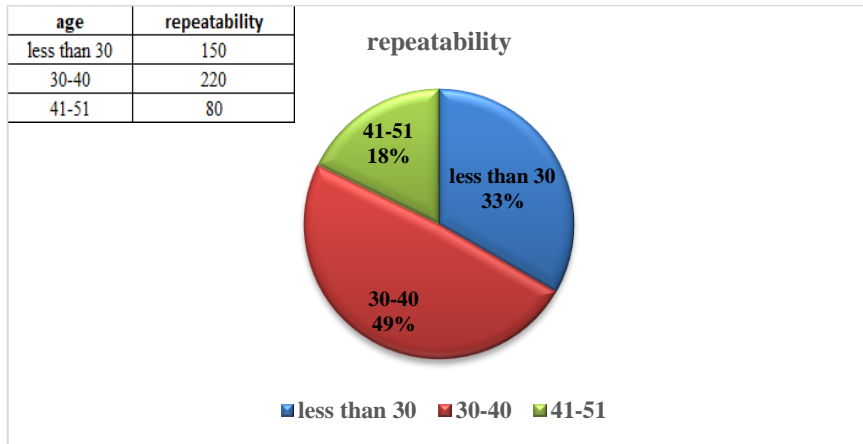
Gender	Repetition	%
Females	450	100
Men	0	0

Source: author's research based on SPSS 25 Program

The table 6 provides that the females sample were 100%, and there are no males because this study includes only the women who involve in entrepreneurship.

The figure 2 provides the different age of women entrepreneurs, according to the statistical results, women with average age (30 to 40) were 49%, followed by women less than 30 years old with 33%, and in the last place those whose ages range from 41 to 50 years with 18%.

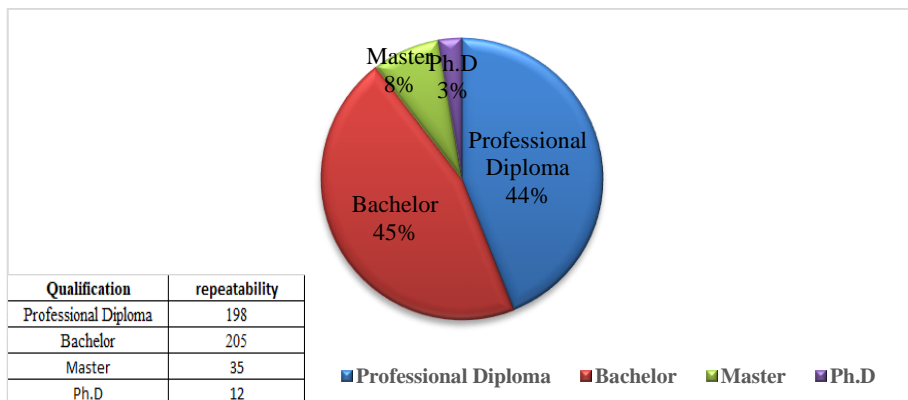
Figure 2. Distribution of sample members according to age (n=450)



Source: author's research based on SPSS 25 Program

The figure-3 shows that women entrepreneurs in this sample have different qualification, starting with Bachelor with 45%, followed by women who have professional diploma with 44%, after that come women who have Master degree with 8%, and in the lastly come women who have PhD degree with 3%.

Figure 3. Distribution of sample members according to Qualification n=450)



Source: author's research based on SPSS 25 Program

4. The reliability and validity of the questionnaire

The reliability of the questionnaire was verified through the Alpha-Cronbach coefficient method.

Table 7. Cronbach's Alpha test results on measuring questionnaire overall stability (n=450)

Section	Reliability (honesty)	(α) Cronbach (confidence)
Economic Development	0.922	0.960
Dynamic Environment	0.862	0.893
Women Entrepreneurship	0.910	0.953
Total	0.898	0.947

Source: Own research based on SPSS results

According to the table N07, the value of Cronbach's Alpha (α) for all was **0.947**, and the reliability coefficient was much more than (0.6), which indicates that the questionnaire has a high degree of sincerity and stability. $\sqrt{0.998} = 0.947$, and based on the above analysis, the validity of the study tool was confirmed.

AFC confirmatory factor analysis:

The reliability of the questionnaire was verified through the Alpha-Cronbach coefficient method.

Table 8. Confirmative Factor Analysis (AFC)

Phrases		Women Entrepreneurship	Economic Development	Dynamic Environment
Women Entrepreneurship	WE1	(0.867)		
	WE2	(0.856)		
	WE3	(0.609)		
	WE4	(0.912)		
	WE5	(0.856)		
	WE6	(0.842)		
	WE7	(0.761)		
	WE8	(0.663)		
	WE9	(0.789)		
	WE10	(0.852)		
	WE11	(0.715)		
	WE12	(0.502)		
	WE13	(0.602)		
Economic Development	ED1		(0.699)	
	ED2		(0.701)	
	ED3		(0.850)	
	ED4		(0.736)	
	ED5		(0.539)	
	ED6		(0.753)	
	ED7		(0.672)	
	ED8		(0.757)	
	ED9		(0.667)	
	ED10		(0.819)	
	ED11		(0.663)	
	ED12		(0.724)	
	ED13		(0.638)	
Dynamic Environment	DE1			(0.856)
	DE2			(0.882)
	DE3			(0.853)

	DE4			(0.861)
	DE5			(0.733)
	DE6			(0.716)
	DE7			(0.738)
	DE8			(0.765)
	DE9			(0.777)
	DE10			(0.856)
KMO TEST		0.837	0.721	0.748

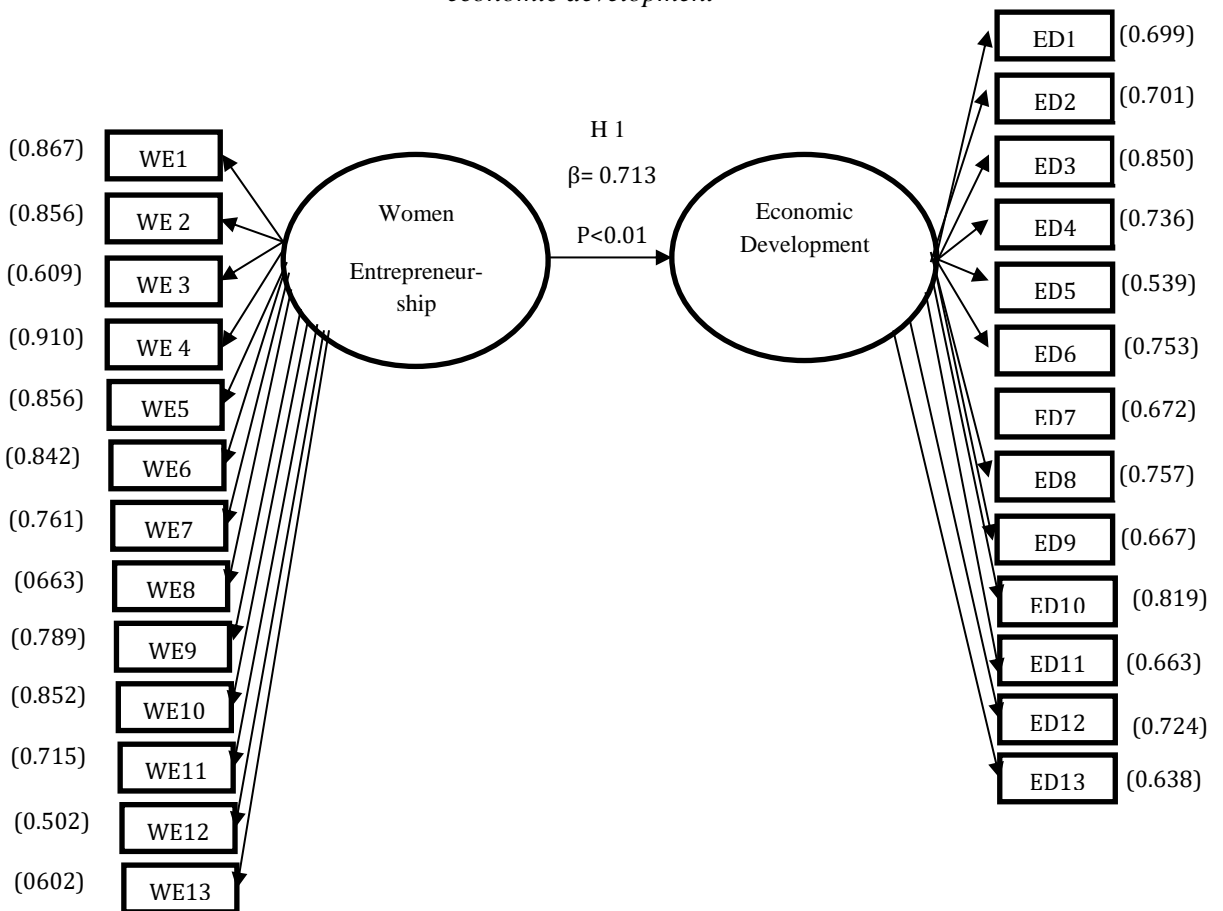
Source: authors using Warp PLS v5.0 (n = 450) and SPSS V 25

The values of the remaining expressions after the AFC confirmatory factor analysis process all more than (0.6), and the sample adequacy test for each axis also exceeded (0.7), and all these are good indicators to complete the statistical analysis.

5. Hypothesis test

H1: The women entrepreneurship in Algeria seeks to participate in economic development through their enterprises.

Figure 4. Modelling the relationship between the women entrepreneurship and the economic development

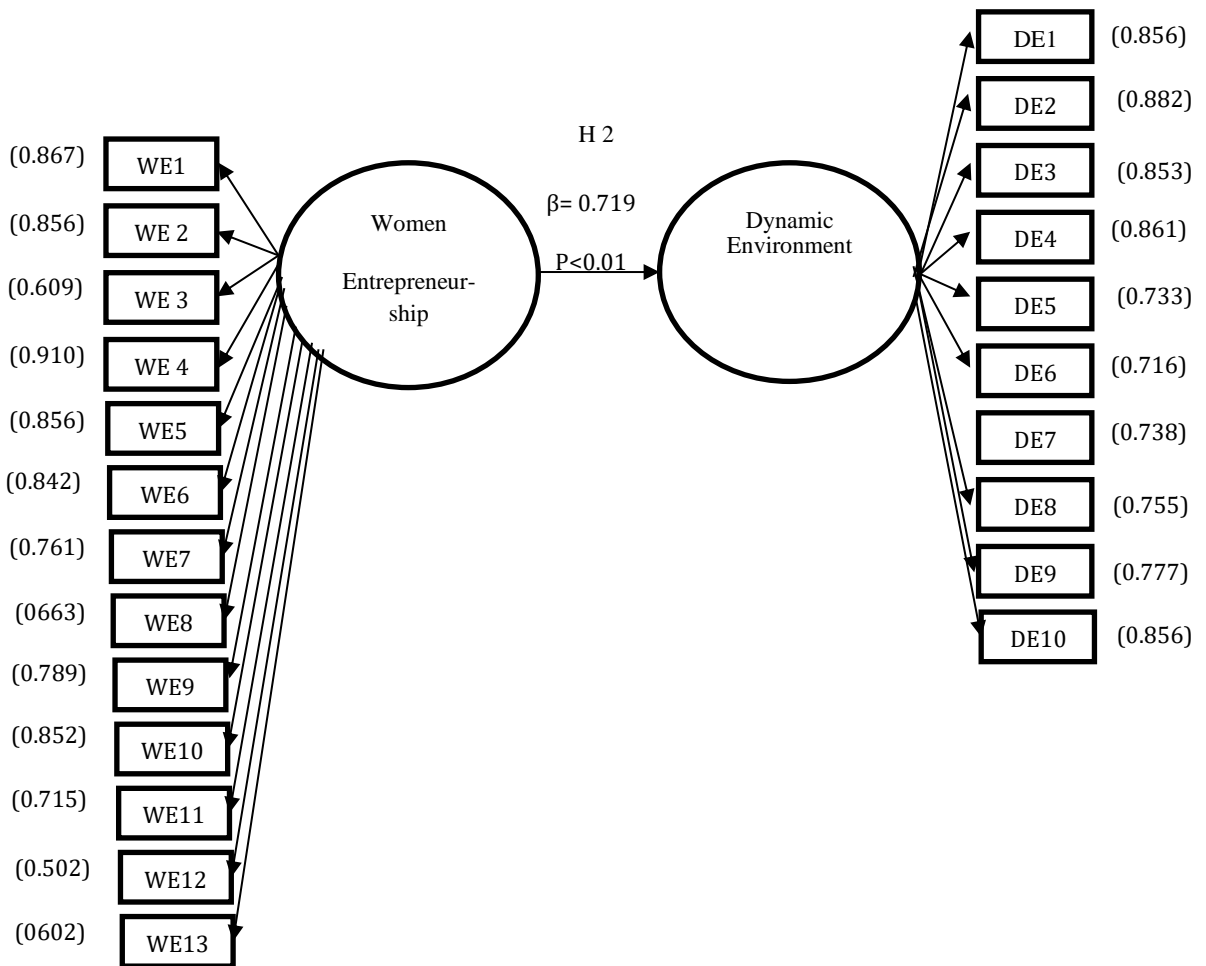


Source: authors using Warp PLS v5.0 (n = 450) program

After modelling the women entrepreneurship and their contribution to economic development through their enterprises, we can say that the above figure-4 shows that the value of β is positive (0.713) and that the level of morale is less than (0.01), and all this leads us to accept this hypothesis which claims that the women entrepreneurship in Algeria seeks to participate in economic development through their enterprises.

H2: The environment surrounding entrepreneurial women influences the decision to create their own enterprises.

Figure 5. Modelling the relationship between the women entrepreneurship and the dynamic environment



Source: authors using Warp PLS v5.0 (n = 450) program

After modelling the women entrepreneurship and the environment surrounding it, we can claim that the figure-5 shows that the value of β is positive (0.719) and that the level of morale is less than (0.01), all this leads us to accept this hypothesis which argues that the environment surrounding women entrepreneurs has impact on the decision to create their own enterprises.

4. Conclusion

Women entrepreneurs bring unique perspectives, skills, and experiences to the table, which can lead to innovative and successful businesses. However, despite these positive developments, women still face challenges and barriers in starting and growing their businesses, these barriers include a lack of networks and mentorship, gender biases...ect.

To address these challenges and promote women's entrepreneurship, it is important to support policies and initiatives that provide women with equal access to resources and opportunities, this can include initiatives that provide funding to women-owned businesses, training programs to help women develop the skills they need to start and grow their businesses, and mentorship and networking opportunities to connect women with experienced entrepreneurs and business leaders, and the the value of (Cronbach's $\alpha=0.970$) confirm the results in below:

- Women entrepreneurs in Algeria play a significant role in economic development and their participation has been shown to have a positive impact on communities and economies,

- The environment surrounding women entrepreneurs in Algeria, including family, culture, traditions, society, state, and geographical location, has a significant influence on their decision to become entrepreneurs and can greatly impact the success of their enterprises.

Encouraging and supporting women entrepreneurs is important for promoting gender equality and driving economic growth.

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