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**ENTREPRENEURSHIP AND TERRITORIAL ECONOMIC DEVELOPMENT  
IN ALGERIA**

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**Abstract.** Entrepreneurship and territorial economic development are two interdependent dimensions that play a crucial role in shaping the socio-economic dynamics of a region or country. Entrepreneurship, as a driver of innovation, job creation, and economic growth, is often closely linked to territorial economic development, where local prosperity is sought through specific strategies and actions. In the specific context of Algeria, entrepreneurship and economic development hold particular significance, given the unique challenges and opportunities facing the country. Entrepreneurial activity can not only energize local markets but also play a significant role in reducing unemployment, stimulating innovation, and building a robust economic foundation. Territorial economic development involves the implementation of policies and strategies to balance growth across different regions, promote the efficiency of local infrastructure, and enhance the quality of life for citizens. The complex interaction between entrepreneurship and economic development underscores the importance of understanding how these elements interact and mutually influence each other. This study will explore these dynamics specifically in the Algerian context, examining how entrepreneurship can be a crucial catalyst for territorial economic development and how, in turn, economic development can create an environment conducive to entrepreneurial growth. The problem addressed in this article is to study the key factors that have played a significant role in the dynamics of the entrepreneurial process. To address the question of the development paradigm of territories, we selected the region of Blida as a case study, as this province is located in the heart of the fertile agricultural plain of Mitidja, which has served as a springboard for the development of the agri-food industry. The statistical study relies on the results of a quantitative questionnaire survey conducted among a sample of agri-food companies, where the questions focus on the behaviors of entrepreneurs in territorial development. This work, in theory, follows an approach where the following theoretical concepts have served as explanatory, analytical, and interpretative elements of the survey data. Thus, the analytical exploitation of the survey data has allowed us to determine the characteristics and specificities of the entrepreneur as a creator-innovator according to J. Schumpeter (1912).

**Keywords:** entrepreneurship, territory, companies, development.

**JEL Classification:** D21, L10, R10.

## INTRODUCTION

Entrepreneurship is considered one of the major factors for a growing economy. Indeed, promoting entrepreneurship has become a necessity for the development of any nation aspiring to be competitive. The territorial approach to development phenomena has significantly broadened under the influence of globalization. Numerous analyses are thus concerned with the territorial dimension of the development phenomenon, particularly theories of spatial development (Razafindrazaka, & Fourcade, 2016). The scientific literature has been enriched with examples of territorial economies that have demonstrated adaptability and innovation, especially during periods of crisis and technological changes. The relationships between businesses and territory are often analyzed from the perspectives of choice, industrial economics, and localization (Pecqueur and Zimmerman, 2004). These relationships provide a partial picture of the complexity of the interactions that a business maintains with its territory. The issue of relationships between businesses and territory transforms the productive problem by giving it meaning within a territorial development project (Pecqueur, & Zimmerman, 2004).

Therefore, the territorial anchoring of industrial activities results from the conjunction between aspects of organizational proximity, revealing the intra- and/or inter-firm industrial dimension, and aspects of spatial proximity, upon which the territorial dimension is based (Zimmermann, 1998). However, entrepreneurship within agri-food companies represents a compelling subject for reflection, on both economic and social grounds. Economically, it is considered an alternative to the economic crisis (Ornano, & Bachelot, 2009). It is seen as a growth lever due to its openness to the world and, socially, as a job provider. It is also approached in its territorial proximity (Messegheem et al., 2009) as a significant factor in development. Building on the presumed correlation between the various motivations of the entrepreneur and the dynamics of their business, this work aims at two essential objectives. Firstly, it involves understanding the issue of entrepreneurial behavior in agri-food companies, studying their specificities, and how they contribute to territorial development. Secondly, it also aims to delve into the praxeology of entrepreneurs facing interculturality in organizations in developing countries, particularly in local productive systems. More specifically, it seeks to answer a series of questions, such as: To what extent can entrepreneurs reconcile performance imperatives with the cultural influences and attractions of their environment? How can private entrepreneurship be integrated into territorial development in a dynamic of economic balance based on innovation networks and regional resources? Answering these questions requires an understanding of the impact of the entrepreneurial process on the development of a territory, through the phenomenon of local innovation networks and industrial dynamics.

This work is based on the results of a research study conducted through a statistical survey of a sample of businesses (SMEs) located in the agri-food cluster of the Blida province (Ferdj, & Hamadi, 2024). It allowed us to specify the entrepreneurial process and local industrial dynamics. To achieve this, the methodology employed in this research includes several components. Firstly, we will shed light on the concepts surrounding the logic of entrepreneurship and territory, innovative entrepreneurship, and the notion of innovation and their evolutions. Secondly, we will conduct a descriptive statistical analysis focusing on the factors of entrepreneurship and local industrial dynamics in the Blida province as a competitiveness cluster, covering both the industry sector and the SME fabric, as significant potentials of the Blida province. Thirdly, we will perform an exploratory analysis of our field survey, from which we will try to identify the main actions that promote entrepreneurship and territorial development.

## **LITERATURE REVIEW**

Entrepreneurship can be defined as "a process by which individuals become aware that owning their own business is a viable option or solution; these individuals think about businesses they could create, learn about the steps to become an entrepreneur, and embark on the creation and start-up of a business" (Filion, 1997). Thus, according to Julien and Marchesnay (2011), innovation involves multiple opportunities that form the foundations of entrepreneurship, as they require new ideas to offer or produce new goods and services, or to reorganize the business. Innovation opens up markets to various opportunities, such as creating a business different from what was previously known, discovering or transforming a product, and proposing new ways of doing, distributing, or selling. According to Schumpeter (2012), as cited by Julien and Cadieux (2010), entrepreneurship is defined as "the ability to introduce innovations (products, methods, etc.) and to cause or take advantage of a market imbalance, including the creation of value in a dialogical process between the entrepreneur and the market."

However, entrepreneurship refers to the activity of an individual or a group of individuals who embark on the creation, development, and management of a business or organization with the aim of achieving an economic, social, or cultural project (Pereverzieva, & Volkov, 2020). Entrepreneurship is a complex concept that can be defined in various ways depending on the context and perspectives. Entrepreneurship generally involves risk-taking, innovation, the pursuit of new opportunities, the mobilization of financial, human, and material resources, as well as the implementation of a strategy to achieve specific objectives. Several researchers (Tounès, 2003; Verstraete & Marchesnay, 2000) show that four major entrepreneurial functions have been considered: risk-taking, the combination of factors of production, the innovation function, and the arbitrage function. Bygrave and Hofer (1991) as well as Gartner (1985) have analyzed entrepreneurship from the perspective of creating a wealth-generating organization, aligning with the functional approach. According to Fayolle (2012), this economic approach aims to understand the impact of business creation and the role of entrepreneurs in socio-economic development (Akpoviroro and al, 2021). Entrepreneurship can also be defined as the process by which an individual (the entrepreneur) identifies a commercial or social opportunity, mobilizes necessary resources, takes initiatives, assumes risks, and takes responsibility to create, develop, and manage a business or project, with the goal of generating profits or having a positive impact on society (Fayolle, 2002). Entrepreneurship often involves seeking innovation, creating value, adapting to market changes, and solving problems while being aware of the inherent risks of entrepreneurial activity (Tounès, 2003).

In a territorial approach, the territory, the object of analysis or the framework for the spatial dimension of development processes, refers to quite different realities related to the issues (Bertrand, 2003). Thus, according to Bertrand (2003), while the constructed nature of the territory is a common factor, the approaches to this construction vary among researchers. Two main orientations can thus intersect or overlap in research (Dali & Nomo, 2017): (1) the orientation that focuses on the territory as the materialization of economic, social, and cultural relationships and networks, and (2) the orientation that considers the territory as an institutional space where authority is exercised. Thus, a territory can be defined from various perspectives, such as geographical, sociocultural, and economic. On an economic level, the territory is the site of economic activities related to local resources (Dali & Nomo, 2017). On a geographical level, the territory is primarily a space. Sociologists have replaced "territory" with "space" due to the social dimensions of space (Dali & Nomo, 2017). According to Claude Raffestin (1986), the territory "is a space transformed by human labor." And according to Pierre George and Fernand Verger (2009), the territory is defined as "a geographical space characterized by legal belonging (national territory), natural specificity (mountainous territory), or cultural specificity (linguistic territory)." Then, according to Di Méo (1996), "the territory is an economic, ideological, and political (social,

therefore) appropriation of space by groups that give themselves a particular representation of themselves and their history".

However, theorists of territorial development (Chabault, 2006; Courlet and Pecqueur, 1996; Joyal, 2006; Maillat, 2003; Rallet and Torre, 2004; Velt, 2002) then emphasize the advantages associated with the clustering of SMEs as a factor in local development. Indeed, the sociocultural dimensions, such as the degree of trust and cooperation among economic agents, have a major impact on learning and innovation resulting from the operation of these systems (Dali & Nomo, 2017). These advantages help to enable the territory to foster its development. Therefore, the trajectory of local development is now defined at the intersection of the logics of businesses and the dynamics of the territory. In the territorial development approach, it is important to note that the territory is characterized by the connection between a community of people and the complementarity of the production activities of businesses (Becattini, 1992 cited by Blanc, 1997). The overall productive dynamic, according to Dali & Nomo (2017), is generated by the connection between businesses, institutions, and individuals (Figure 1). Thus, in the territorial approach to entrepreneurship, the sociocultural dimensions, such as the degree of trust and cooperation among economic agents, have a major impact on learning and innovation resulting from the functioning of the system (Dali & Nomo, 2017).

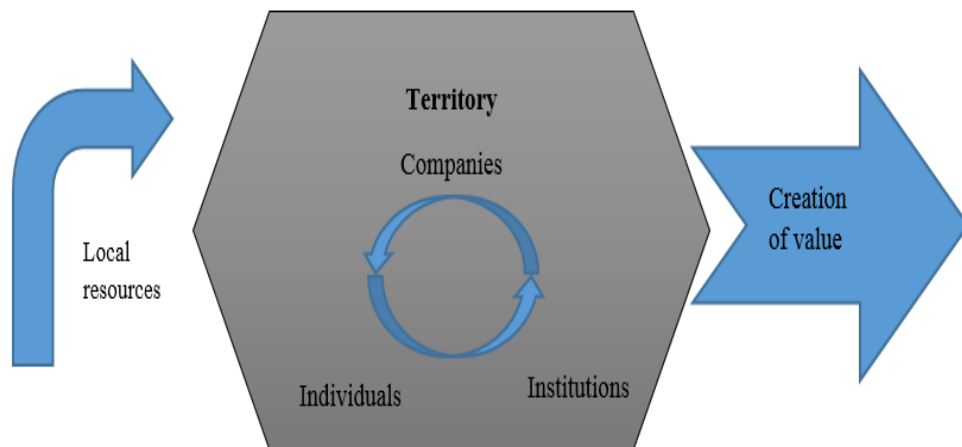


Figure 1. The link between businesses, institutions, and individuals

Source: Dali, C. & Nomo Théophile S. (2017). *Territorial Approach to Entrepreneurship: An Attempt at Conceptualization*. *Canadian Journal of Tropical Geography RCGT (Online)* Vol. 4 (1).

## METHODOLOGY

By choosing the territorial approach to economic development, focusing on the case of the province of Blida is not arbitrary, as it aligns perfectly with our research concerns outlined in the problem statement, considering it as a territory that has been shaped over historical processes until it has taken its current form and organization. It is home to 20,036 SMEs employing over 60,969 individuals. The industrial fabric of the province consists of 5,145 production units employing more than 42,893 workers, with nearly 40,810 working in the private sector as of 2017. Through a questionnaire survey (Naga, 2023) conducted with a sample of 110 enterprises (SMEs), we sought to present the various characteristics of businesses located in different industrial zones and activity areas across the entire territory of the province of Blida. This was done to specify the process of entrepreneurship and the local industrial dynamics.

According to the data provided in the above table, it is evident that the agri-food sector plays a very significant role in the industry of the Wilaya of Blida. Indeed, after the services sector, which represents more than 2630 SMEs or 51% of the total, the agri-food sector is the second largest,

comprising 763 production units, or 15%. This sector employs approximately 11,027 workers, constituting 27% of the total workforce.

*Table 1*  
*Employment Situation by Sector of Activity (2019)*

Sector of Activity	Number of Companies	(%)	Job Creation by Sector of Activity	(%)
Services	2531	25,11	24382	32,35
Construction and Public Works	4087	40,55	17460	23,17
Industry	1769	17,56	19057	25,29
Agri-food Industry	763	7,57	11027	14,66
Tourism	675	6,7	1516	2,01
Agriculture	253	2,51	1905	2,52
TOTAL	10078	100	75347	100

*Source: Data from CNAS (National Social Security Fund) and the Directorate of Industry and Mines, Blida Province, 2019.*

In terms of business sectors, SMEs in the Blida region operate in various industries, but in different proportions from one sector to another. According to the statistics in Table (1), it is observed that over 40% of the total existing SMEs in the Wilaya of Blida operate in the Construction and Public Works (BTP) sector, with a workforce of 4,087 SMEs. The services sector comes in second with 2,531 SMEs, accounting for 25.11% of all SMEs. In the third position is the industry sector with 1,769 SMEs, representing 17.56% of the total SMEs. This indicates that the fabric of SMEs is primarily centered around these three sectors. Following is the agri-food industry, which represents 7.57% of the total SMEs, with a count of 763 SMEs.

## **PRESENTATION OF RESULTS**

- **Entrepreneurial Characteristic:**

For Woywode and Lessat (2001), the age of SME entrepreneurs is a determining factor in the commitment and performance of the business. Younger entrepreneurs are more likely to pursue a growth strategy than their older counterparts, as age is generally associated with more conservative behavior. An older leader is, in principle, less likely to adopt innovative behavior or embrace a new idea, as they are typically more attached to a certain organizational status quo. In this context, SMEs that contribute more to the development of their territory and achieve better performance have relatively young entrepreneurs. From the statistics provided in Table (2), we observe that nearly 90% of the entrepreneurs in our sample are over 35 years old. It seems that engaging in agri-food business activities in Algeria requires a certain level of professional maturity to succeed. This result can be explained by the fact that these entrepreneurs have all held responsibilities in activities related to the management and marketing of goods and services. This has allowed them to accumulate a certain level of professional maturity to establish their own SMEs and subsequently become owner-managers.



Table 2

*Distribution of SME Entrepreneurs by Age Group*

Age Groups	Number of Individuals	(%)
25-35 years	3	2,7
36-45 years	52	47,3
46-55 years	50	45,5
over 56 years	5	4,5
Total	110	100,0

Source: Field survey results

- **Entrepreneurs' Educational Level:**

The level of education of the entrepreneur has a positive impact on the success of the business (Julien, 1997). Their knowledge of the field enables leaders to better understand the needs and challenges of the business as well as the difficulties of the sector, and to manage the risks associated with the development of their organization appropriately.

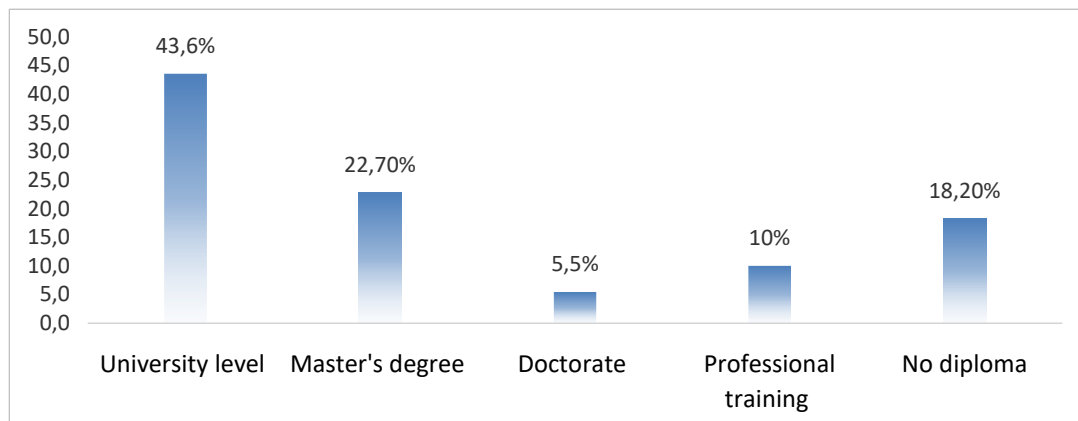


Figure 2. Distribution of SME leaders by level of education

From these results, the majority of entrepreneurs have a university degree. However, it remains to define the type of this education in relation to the activity of these businesses, in order to identify the existence of a possible relationship. This relationship has been demonstrated in several studies, such as those of St-Pierre, Audet, & Mathieu (2003). These authors showed that entrepreneurs with technical training are generally at the helm of a manufacturing company. According to these authors, another characteristic of the leader can play an important role in the management and success of SMEs, namely, additional training in international management and marketing techniques, which can also be a reducing factor of uncertainty through a good managerial understanding of international marketing techniques.

- **Entrepreneurs' Experience in the Agri-Food Industry**

In addition to the field of training of the owner-entrepreneur, their sectoral experience can also be a reducing factor of uncertainty through a good understanding of the market, required technologies, and risk factors that may hinder the development of the business (Woywode and Lessat, 2001). The table (3) above indicates a relatively similar distribution in terms of experience in the agri-food industry among the entrepreneurs in our sample. Indeed, 39.1% of these entrepreneurs have an experience of 11 to 15 years in the agri-food industry, 23.6% have an experience between 6 and 10 years, and nearly 21.8% of them have more than 15 years of experience.

Table 3

*Distribution of Entrepreneurs by Experience in the Agri-Food Industry*

Experience/years	Number of participants	(%)
1-5 years	17	15,5
6-10 years	26	23,6
11-15 years	43	39,1
more than 15 years	24	21,8
Total	110	100,0

Source: Field survey results.

- The factors influencing the innovation approach for SMEs

The results indicated in the figure 3 below clearly show that this approach is primarily focused on improving the quality of products for the local market, accounting for 88.7% of total companies. This confirms our previous result indicating the strong presence of competitiveness within the studied territory. In the second position, we find that the innovation approach is a factor facilitating access to other markets (79.2%), followed by the factor of adaptability of products to standards (68.9%). Finally, even for larger companies seeking to improve the quality of their products for export, this factor accounts for only 20.2%.

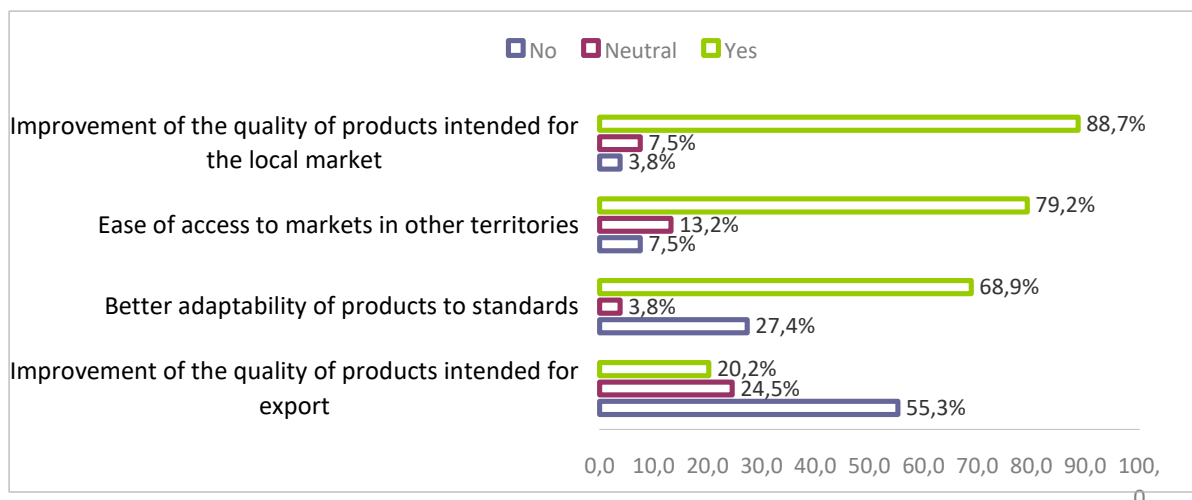


Figure 3. Factors Influencing the Innovation Approach

## DISCUSSION OF RESULTS

The process of entrepreneurship, which has been the subject of direct assistance to public institutions. The results of our survey show that the cooperation of companies with the internal and external communication network would be determining factors for territorial competitiveness as they constitute the foundation of a comparative advantage (Gilly, & Torre, 2000). In conclusion, we can say that geographical proximity perfectly explains the observed industrial dynamics of the studied business fabric. However, this industrial dynamic has not led to development practices benefiting the territory because organizational and institutional proximity at the local level is not significant, as inter-company and local partner links are very weak, negligible, and do not focus on the conception of the territory, which considers it both as a factor and an actor of development actor (Ferdj, & Hamadi, 2022). However, the entrepreneur can play a crucial role in the local

development of a community, as he can stimulate economic growth and improve living conditions by creating jobs, increasing productivity, developing new skills, investing in local infrastructure, and promoting entrepreneurship :

- **Job Creation:** Entrepreneurs often have a significant impact on job creation in their territory. They can also play a key role in reducing unemployment and poverty.

- **Innovation and Economic Development:** Entrepreneurs are often the catalysts for innovation and territorial economic development. They can introduce new ideas, products, and technologies that stimulate economic growth and enhance people's quality of life. Entrepreneurs can also contribute to economic diversification by creating new sectors and strengthening the competitiveness of the local economy.

- **Skill Development:** Entrepreneurs can play a crucial role in skill development. They can provide training and skill development opportunities to local workers, helping to strengthen the local workforce and improve the quality of available services.

- **Investment in Local Infrastructure:** Entrepreneurs can contribute to local infrastructure investment by improving roads, buildings, public facilities, etc. This can help create a more conducive environment for economic growth and enhance the quality of life in the community.

- **Promotion of Entrepreneurship:** Entrepreneurs can play a significant role in promoting entrepreneurship in their community. They can inspire and encourage others to start their own businesses, which can stimulate long-term economic growth and job creation.

- **Innovative entrepreneurs** help foster the development of the local industry by providing outlets for local raw materials.

## CONCLUSION

According to the experiences of certain developed countries, it is evident that territories play a crucial role in entrepreneurship. Leveraging their cultural heritage, local expertise, skills, resources, and generic assets (Campagne. & Pecqueur, 2014), entrepreneurship is generally seen as contributing to job creation and added value for the country (Ahouzi, & Nait Haddou, 2019). However, the territorial approach to entrepreneurship can be conceived as a scenario in which various territorial actors engage together in coordinated strategies towards establishing a new organizational form for wealth production. Consequently, the trajectory of local and/or territorial development is defined at the intersection of business logics and territorial dynamics (Dali, & Nomo, 2017).

This exploratory research will need to be further explored and replicated with other samples to achieve a better understanding of the behavior of innovative SMEs. Nevertheless, it opens interesting avenues because it highlights the importance of analyzing, beyond the resources available in the company, its mode of operation, and work organization within a framework of territorial development (Ferdj, 2021). Indeed, the fundamental characteristic that emerges indicates that the various motivations for the location of businesses in Blida and their choice of sector are mainly linked to factors present in the host territory, such as land availability, infrastructure availability, market availability, and customer factors (Ferdj, & Djeflat, 2024). In general, the economic logic of territorial development aims to promote entrepreneurial spirit (productive projects of national interest) for wealth and job creation, with the broader perspective of generalizing the case of the Blida province in its positive aspects to all provinces of the country. Local territorial projects also align with the logic of territorial justice by allowing shadow areas to find differentiated and tailored development solutions based on their specificities and potential resources. Similarly, adapted strategies should be adopted by systematically involving elected officials of these territories and their administrative authorities.



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## ПІДПРИЄМНИЦТВО ТА ТЕРИТОРІАЛЬНИЙ ЕКОНОМІЧНИЙ РОЗВИТОК В АЛЖИРІ

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Підприємництво та територіальний економічний розвиток є двома взаємозалежними вимірами, які відіграють вирішальну роль у формуванні соціально-економічної динаміки регіону чи країни. Підприємництво, як рушійна сила інновацій, створення робочих місць та економічного зростання, часто тісно пов'язане з територіальним економічним розвитком, де місцеве процвітання досягається через конкретні стратегії та дії. В особливому контексті підприємництво та економічний розвиток в Алжирі мають особливе значення, враховуючи унікальні виклики та можливості, з якими стикається країна. Підприємницька діяльність може не тільки активізувати місцеві ринки, але й відіграти важливу роль у зниженні безробіття, стимулюванні інновацій та створенні міцної економічної основи. Територіальний економічний розвиток передбачає впровадження політики та стратегій для збалансованого зростання в різних регіонах, сприяння ефективності місцевої інфраструктури та підвищення якості життя громадян. Складна взаємодія між підприємництвом та економічним розвитком підкреслює важливість розуміння того, як ці елементи взаємодіють. Це дослідження вивчатиме цю динаміку саме в контексті Алжиру, досліджуючи, як підприємництво може бути вирішальним каталізатором територіального економічного розвитку та як, у свою чергу, економічний розвиток може створити середовище, сприятливе для підприємницького зростання. Проблема, яка розглядається в цій статті, полягає у дослідженні ключових факторів, які відіграли значну роль у динаміці підприємницького процесу. Щоб розглянути питання про парадигму розвитку територій, ми обрали регіон Бліда як тематичне дослідження, оскільки ця провінція розташована в центрі родючої сільськогосподарської рівнини Мітіджа, яка слугувала плацдармом для розвитку агропромислового комплексу. Статистичне дослідження базується на результатах кількісного анкетування, проведеного серед вибірки агропродовольчих компаній, де питання зосереджуються на поведінці підприємців у територіальному розвитку. Ця робота, теоретично, дотримується підходу, згідно з яким наступні теоретичні концепції слугували пояснювальними, аналітичними та інтерпретаційними елементами даних опитування.

**Ключові слова:** підприємництво, територія, компанії, розвиток.