

Chapter 5

The Legal Framework Start-Ups in Algeria: Applications and Solutions

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ABSTRACT

The main goal of this academic investigation is to improve theoretical and practical understanding of the startup industry. This includes a thorough analysis of the essential elements and drivers that support the development of a healthy ecosystem. A thorough examination of numerous models' representative of startup ecosystems, including the 3M model, improved from the previous 5M framework, is at the heart of this endeavour. This model is the focus of the analysis because of its extreme importance. The inquiry also looks at how it might be used in Algeria, where the model's components are sharply projected onto the local topography. An extremely thorough examination follows, with a special emphasis on Executive Decree No. 20/254, a piece of legislation outlining the boundaries of startups and their legal requirements. This thorough evaluation helps us understand the complex interactions between conceptual frameworks, legal definitions, and practical implementation.

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INTRODUCTION

The business world today is undergoing rapid change. Its viewpoints are more frequently linked to new scientific understanding, applications, and quick worldwide technological transfers. Transferring the outcomes of research and development into industrial life is made possible by various inventive businesses (Peterková, Czerná et al. 2022). Schumpeter (1912) theorized about entrepreneurs' role in the well-known process of "creative destruction" or innovation more than a century ago (Motoyama and Knowlton 2017).

The concept of startups is based on the embodiment of innovative ideas on the ground and considering innovation as the pillar of entrepreneurship. It is known that entrepreneurship contributes to economic growth and development (Berger & Kuckertz, 2016), which are considered the goal of different countries, and on this basis are adopted and supported centres to activate the field of entrepreneurship and contribute to the formation of an entrepreneurial community by various governments (Hechavarria & Ingram, 2014). In other word startup is a company that is just starting to run its activities (Bhatt, Saurabh et al. 2022). The entrepreneurial community can be defined as the individuals estimated for the entrepreneurial field aware that it is the driving force of growth and economic development. (Audretsch, 2009).

According to research, entrepreneurs spur innovation, accelerate economic structural changes, introduce new competition, and contribute to productivity, job creation, and national competitiveness (Rehman, Arif et al. 2022). As a result, entrepreneurship is essential for socioeconomic development and prosperity since it immediately affects employment by generating new positions and encouraging innovation. It is widely acknowledged that innovation is essential to economic expansion. Start-up businesses, which are human institutions designed to create a new product or service under conditions of extreme uncertainty, have been explicitly linked to it. In this regard, the majority of developed countries institutionally support the growth of start-ups by streamlining the regulatory framework governing their establishment and operation, fostering an environment that is conducive to investment, and fostering direct interaction with the educational community and other segments of the community (Ziakis, Vlachopoulou et al. 2022).

What the world can support inevitably limits the urge to reach ever-higher levels of economic development (Danquah, Mensah et al. 2023). One of the biggest threats to every society on the globe, not just the environment as a whole, is the violation of planetary boundaries, which are the natural limits of so-called earth system processes. However, possibilities often arise from global issues, particularly for businesspeople who can give solutions by generating value that lessens the effects of those issues. The idea that there is more room for entrepreneurial activity the bigger the problem, according to the academic discourse on entrepreneurship. This is due to the fact

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