

# The Motivational Factors of Necessity Entrepreneurship in Algeria

This paper centres on the phenomenon of entrepreneurship emerging from necessity. Through the adoption of a dual methodological approach, the objective is to identify the motivating factors that determine the establishment of businesses driven by necessity in Algeria. The quantitative approach utilizes principal component analysis on a sample of 194 entrepreneurs, while the qualitative approach involves conducting semi-directive interviews with seven entrepreneurs from disadvantaged backgrounds. By employing these methods, the study aims to uncover the primary variables that influence the occurrence of necessity entrepreneurship in Algeria. The findings of this research shed light on the crucial internal and external factors that contribute to necessity entrepreneurship. Remarkably, these results challenge the prevailing dichotomous framework often utilized to differentiate between necessity entrepreneurship and opportunity entrepreneurship in research studies.

**Keywords:** necessity entrepreneurship, motivational factors, internal factors, external factors, Algeria.

Šiame straipsnyje nagrinėjamas verslumo, kylančio iš būtinybės, fenomenas. Taikant dvejopą metodologiją, siekiama nustatyti motyvacinius veiksmus, lemiančius verslo, kylančio iš būtinybės, steigimą Alžyre. Taikant kiekybinį metodą, atlikta pagrindinių komponentų analizė apklausus 194 verslininkus. Kokybiniu metodu pusiau struktūruotu interviu apklausti septyni verslininkai, plėtojantys verslą nepalankioje aplinkoje. Taikant šiuos metodus išryškėja tyrimo tikslas – atskleisti pagrindinius veiksmus, dėl kurių Alžyre atsiranda verslumas iš būtinybės. Šio tyrimo rezultatai atskleidžia esminius vidinius ir išorinius veiksmus, prisidedančius prie verslumo būtinybės. Pažymėtina, kad šie rezultatai meta iššūkį vyraujantią dichotominę sistemą, moksliniuose tyrimuose dažnai naudojamai atskirti būtinybės verslumą ir galimybių verslumą.

**Raktiniai žodžiai:** būtinybės verslumas, motyvaciniai veiksniai, vidiniai veiksniai, išoriniai veiksniai, Alžyras.

## Introduction

Given its significance and increasing influence on economic growth, particularly in terms of job creation, business revitalization, and innovation, the concept of entrepreneurship has garnered renewed

attention from researchers across various disciplines such as economics, management, and sociology (Arhab, 2020; Harada, 2022). An important literature has thus developed at the intersection between economics and management sciences, notably concerning the role of

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the entrepreneur in economic growth. These works agree on the fact that without entrepreneurs, there will be little or even no economic growth (Facchini, 2007).

Many studies have also demonstrated the significant role of entrepreneurship in reducing extreme poverty, which has become endemic due to high unemployment, and this, particularly in developing countries (Aziz et al., 2020). Consequently, the promotion of entrepreneurship appears to be a key objective and an essential strategy for the socio-economic development of many developing countries (Abdellah, 2021).

The academic literature distinguishes between two forms of entrepreneurship: opportunity entrepreneurship and necessity entrepreneurship. The former encompasses entrepreneurs who actively seek out business opportunities and embark on ventures driven by their desire to be their own boss and pursue the advantages associated with entrepreneurship. Their decision to start a business is not compelled by external factors or as a last resort for survival but rather stems from genuine aspiration. Conversely, the latter category comprises entrepreneurs who are “pushed” into entrepreneurship due to a lack of viable alternatives. This group demands particular attention, especially considering the significance it holds for marginalized populations seeking pathways out of poverty (Neymotin, 2021; O’Donnell et al., 2021).

The literature that focuses on necessity-based entrepreneurship is characterized by a lack of consensus regarding its impact on economic growth. Indeed, while some works show the absence of a significant impact of this type

of entrepreneurship on economic growth (Thurik & Wennekers, 2004), other studies show, on the contrary, the existence of a negative effect on economic growth (Urbano et al., 2020). This is due to the fact that companies created by entrepreneurs driven by necessity are generally small in size, have a short life expectancy, operate in areas that are relatively non-complex and require little investment (Dencker et al., 2021).

In many developing countries, including Algeria, it is widely acknowledged that necessity entrepreneurship is prevalent across various regions and social groups (Global Entrepreneurship Monitor, 2001; Himrane, 2020). However, despite its increasing prevalence, there is a noticeable scarcity and inadequacy of dedicated research studies on this topic.

**The object of this paper** is to examine the phenomenon of necessity entrepreneurship. Specifically, **its aim** is to contribute to the ongoing debate surrounding the factors conducive to the rise of necessity entrepreneurship in developing countries. As such, the primary inquiry we seek to address is as follows: What are the factors that drive the establishment of businesses born out of necessity in Algeria?

The choice of this research question is driven by the limited number of academic investigations focusing on this matter, especially within the context of Algeria. Additionally, studying necessity entrepreneurship, particularly in developing countries, carries substantial significance due to its potential to alleviate poverty, create job opportunities, foster innovation, diminish social disparities, and encourage economic diversification. Furthermore, our research explicitly

concentrates on necessity entrepreneurs, who frequently receive less acknowledgment in comparison to the more prominent innovation entrepreneurs (opportunity entrepreneurs).

From a **methodological standpoint**, to address the posed question, we employ a dual approach. Firstly, a quantitative approach utilizing Principal Component Analysis (PCA) is employed on a sample of 194 individuals. This initial step aims to identify the primary variables that influence the occurrence of necessity entrepreneurship in Algeria. Secondly, a qualitative approach, through semi-directive interviews with seven entrepreneurs from disadvantaged backgrounds, allows us to complete the quantitative approach by highlighting other variables of a more subjective nature.

The academic literature differentiates between two types of motivating factors: external necessity factors and internal necessity factors (Kimmitt et al., 2020; Dencker et al., 2021). Building upon this existing literature, the main objectives of this article are as follows: (i) to identify the internal factors associated with the entrepreneur's social capital that contribute to the establishment of necessity-driven businesses, and (ii) to determine the external factors linked to the institutional environment that drive the creation of necessity-based businesses.

The subsequent section entails an extensive examination of the existing literature concerning the phenomenon of necessity entrepreneurship. Subsequently, the outcomes of the conducted quantitative and qualitative analyses will be elucidated. Following this, an in-depth discussion of the obtained results will ensue. Ultimately, the article

concludes by offering final remarks and conclusions.

## Literature review

In the literature, a distinction is made between two overarching categories of entrepreneurship, namely opportunity entrepreneurship and necessity entrepreneurship. However, there is no consensus in the literature on operational definitions of "necessity" and "opportunity" entrepreneurship (Fairlie & Fossen, 2020). Furthermore, there is growing recognition that not all entrepreneurs are equal in terms of their economic contributions, with certain types of entrepreneurs having a more substantial impact than others (Baumol, 1990; Urbano et al., 2020).

According to D. B. Audretsch et al. (2021), it is essential to pay attention to the different types of entrepreneurial activities, because the quality of entrepreneurship determines technological change, structural transformation and economic development.

The theory of "push" and "pull" motivators offers a valuable framework for examining the motivation behind entrepreneurial endeavors from various perspectives (Baum & Locke, 2004; Martiarena, 2020; Sedaghat & Lei, 2020). It is argued that individuals engage in entrepreneurship either out of necessity, often driven by factors such as long-term unemployment, or out of a perceived opportunity to achieve profitability. These two circumstances have led to the development of the push theory, associated with necessity entrepreneurship, and the pull theory, associated with

opportunity entrepreneurship. The concept of Push/Pull is addressed in the literature through two distinct approaches: the economic approach and the psychosociological approach (Arhab, 2020).

The economic approach is the first to distinguish between push and pull in entrepreneurship. It is based on Knight Frank's (1921) theories of entrepreneurial and professional choice. Entrepreneurship is perceived as the result of an economic calculation aimed at maximizing the factors available to the potential entrepreneur (Knight Frank, 1921). A. R. Oxenfeldt (1943) concludes that economic cycles of prosperity or full employment do not necessarily generate a dynamic of business creation. Economic depressions can also explain business creation. He continues that at the micro level, the existence and attraction of jobs and the high wage rate during times of economic prosperity would destroy the incentives of potential entrepreneurs.

Regarding the psycho-sociological approach, A. Shapero & L. Sokol (1982) explore entrepreneurial motivations in the light of the push-pull classification: as far as the profile of the entrepreneur is concerned, it may depend, at least in part, on the circumstances that gave rise to the creation of his or her enterprise. These circumstances can be negative or positive elements. According to these authors, the creation of a business is not the act of an individual as in the economic approach. It results from a set of interacting factors: individual, society, family, etc. Via the concept of displacement, the authors employ the notions of push and pull. They view displacement as a social, situational and exogenous factor that is

most often imposed on the individual (Shapero & Sokol, 1982).

### **How can an entrepreneur be defined as operating out of necessity?**

Academic interest in necessity entrepreneurship, which refers to entrepreneurial activities arising from a lack of viable employment alternatives, has witnessed a notable increase over the past four decades. This heightened interest can be attributed to the stark contrast it presents in comparison to the commonly portrayed image of entrepreneurs as ambitious individuals driven by opportunities to create substantial wealth. Entrepreneurs by necessity are compelled to engage in entrepreneurial activities, establishing businesses that often possess limited growth prospects and tend to replicate existing offerings within the marketplace (Dencker et al., 2021). Consequently, person with higher incomes are less likely to be pushed into entrepreneurship as a way to meet their basic needs (Dencker et al., 2021; Sendra-Pons et al., 2021).

In a recent study conducted by A. M. Androniceanu et al. (2022) across 16 countries in Europe, Latin America, Taiwan, and Iran, spanning the period from 2011 to 2019, intriguing findings emerged. It was observed that the fear of failure, often considered a deterrent to entrepreneurial initiation, exhibited positive effects on the Total early-stage Entrepreneurial Activity (TEA) index. This suggests a paradoxical relationship wherein the fear of failure coexists with the inclination to embark on new entrepreneurial ventures.

A. M. Androniceanu et al. (2022) examine recent articles published between 2019 and 2020, shedding light on various factors that exert influence on entrepreneurship. These factors encompass legislative and normative actors, social elements, financial considerations, technological aspects, political influences, and macroeconomic conditions.

C. Tessier-Dargent (2015) provides a summary of the literature’s findings pertaining to the characteristics of necessity

entrepreneurs and the associated categories, as outlined below:

Initially, necessity entrepreneurship described small businesses created, especially by women, in developing countries as a way to escape poverty and survive (Thurik & Wennekers, 2001; 2004), as women face higher barriers to entering the formal labour market and must resort to entrepreneurship to escape unemployment and often poverty (Sultan & Sultan, 2020).

*Table 1. Characteristics of the necessity entrepreneurs*

<b>The traits</b>	<ul style="list-style-type: none"> <li>- Risk aversion compared to opportunity entrepreneurs.</li> <li>- The need for independence and self-actualization is less important than for opportunity entrepreneurs.</li> </ul>
<b>Motivations</b>	<ul style="list-style-type: none"> <li>- Unemployment.</li> <li>- Regardless of whether their perception is justified or not, necessity entrepreneurs often hold a negative outlook regarding their prospects of securing employment in the labor market.</li> <li>- Necessity entrepreneurs may experience feelings of frustration towards their employers.</li> <li>- Lack of stimulation and interest in work.</li> <li>- The motivations for necessity entrepreneurship encompass cultural, situational, and psychological factors.</li> </ul>
<b>Demographic, social and human capital characteristics</b>	<ul style="list-style-type: none"> <li>- A significant proportion (45%) of necessity entrepreneurs are older than 45 years and have lower levels of education.</li> <li>- Women constitute the majority of necessity entrepreneurs, particularly in developing countries.</li> <li>- Necessity entrepreneurs tend to have less work experience.</li> <li>- They may have limited ability to identify and capitalize on entrepreneurial opportunities.</li> <li>- Many necessity entrepreneurs have limited or no access to entrepreneurial networks.</li> <li>- Factors such as poverty, poor health, marginalization, and discrimination drive certain populations to engage in survival entrepreneurship.</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>- A higher level of social protection and a more comprehensive pension system are associated with a lower prevalence of necessity entrepreneurship.</li> <li>- There is a negative correlation between GDP per capita and the incidence of necessity entrepreneurship.</li> <li>- Entrepreneurs driven by necessity place greater importance on institutional support compared to entrepreneurs driven by opportunity.</li> </ul>

Source: C. Tessier-Dargent (2015).

The concept widely adopted by the research community proposed by the Global Entrepreneurship Monitor (GEM), as part of the value creation paradigm, means that the poor in low-income and developing countries are forced into entrepreneurship, while entrepreneurs in developed countries seek profitable and innovative market opportunities.

M. H. Morris et al. (2022) introduces the concept of “poverty responsibility” in enterprise development by people at a disadvantage. The concept focuses on literacy gaps, scarcity mindset, intense non-market pressures, and lack of a safety net. They investigate the implications of this fragility for business dynamics and how particular poor entrepreneurs work through this condition. Such survivalist entrepreneurs spring up in a climate of low levels of welfare and high rates of corruption. A major key to the spread of necessity entrepreneurship is linked to microcredit, the granting of micro-loans to the impoverished to allow them to develop a range of relatively simple income-generating activities. (Bhuiyan & Ivlevs, 2019; Robert et al., 2021).

### **What is the specific entrepreneurial context in Algeria?**

To investigate entrepreneurial activity in Algeria, we initially draw upon the 2011 Global Entrepreneurship Monitor (GEM) study, which focuses on individuals rather than companies. The study encompasses a sample of 3,500 individuals aged between 18 and 64 in Algeria. The sample is stratified by region, with the Algerian territory divided into four

major regions or strata: West, Center, East, and South.

According to the survey results, Algeria falls into the category of factor-driven countries, wherein economic growth primarily relies on the utilization of raw materials, such as energy resources and hydrocarbons. The entrepreneurial activity rate (EAR) is determined by two indicators: the rate of emerging entrepreneurs and the rate of new entrepreneurs.

The study reveals that in Algeria in 2011, 46% of entrepreneurs stated that they established their businesses to seize opportunities, while 37% did so out of necessity. Upon examining the data in detail, it becomes evident that the creation of businesses due to necessity is significant in more than 50% of the surveyed wilayas. For instance, wilayas like Blida, Sétif, Bejaia, Tlemcen, and others demonstrate a relatively higher proportion of businesses established out of necessity compared to those established to exploit business opportunities. Conversely, wilayas such as Tizi Ouzou, Biskra, Ouargla, and Mascara showcase a different trend.

Furthermore, the study highlights the noteworthy observation that entrepreneurship driven by necessity is relatively prevalent among individuals in the age groups of 24-34 and 35-44. In these age brackets, the likelihood of engaging in entrepreneurship due to opportunity is comparatively lower than that of starting a business out of necessity. This particular category primarily consists of young individuals who transition from the educational system to the entrepreneurial path as a means of entering the professional realm.

## Methodology

To investigate the determinants of necessity entrepreneurship in Algeria, we have chosen to use a quantitative approach. Our primary method of data collection involved administering a questionnaire to a carefully selected sample of 308 entrepreneurs who had been previously identified. This sample comprises individuals from diverse categories who have successfully established their own businesses.

Based on the findings from the review of existing literature, a comprehensive questionnaire was developed to gain a holistic understanding of the various internal and external factors that can stimulate the formation of businesses due to necessity in the specific Algerian setting. This questionnaire was inspired by the studies carried out by C. B. Tunali & S. Sener (2019) and P. Arenius & M. Minniti (2005), which provided insights into demographic and economic variables (such as age, gender, education level, and family income), as well as other factors that capture individuals' attitudes and beliefs regarding business establishment in the Algerian context.

Thus, our questionnaire was structured into seven sections, each addressing specific aspects. These sections include: (i) the characteristics of the established enterprise, (ii) the educational background of the entrepreneur, (iii) the prior experience of the entrepreneur, (iv) the strategic considerations of the created enterprise, (v) the entrepreneurial institutional ecosystem, (vi) the contextual factors surrounding the enterprise creation project, and (vii) the influence

of the family and relatives on the entrepreneurial endeavor.

Additionally, we employed a qualitative methodology by conducting semi-structured interviews with seven entrepreneurs driven by necessity. The interview guide comprises five sections, each exploring specific areas. These sections encompass: (i) the characteristics of the established enterprise, (ii) the educational background of the entrepreneur, (iii) the strategic considerations of the created enterprise, (iv) the ambitions of the entrepreneur, and (v) the influence of the family and relatives on the entrepreneurial journey.

## Results

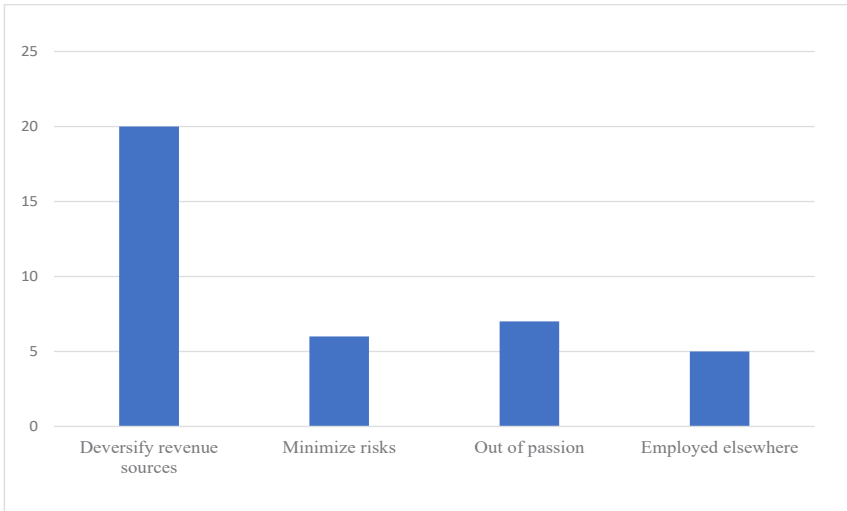
### Sample characteristics

194 people agreed to answer the questionnaire (a response rate of 63%), of whom 111 had the required characteristics.

Our sample is composed of almost 83% men (17% women). This distribution reflects the reality on the ground. Indeed, only 8% of businesses in Algeria were created by women (CNRC, 2021). As for the age distribution of respondents, nearly 75% are under 45 years old. Thus, as the CNRC statistics show, business creation is mainly done by young people.

As for the level of education, the majority of the individuals surveyed hold at least a bachelor's degree when they started their business. It should be noted, moreover, that 38.7% of the entrepreneurs exercise an activity in parallel to their entrepreneurial activity.

Regarding the legal status of the established companies, approximately 50%



*Fig. 1. Reasons why the interviewed entrepreneurs carry out parallel activities*

of them are limited liability companies (Ltd) consisting of at least two partners, while 28% are one-person limited liability companies (EURLs). Additionally, 34% of these companies operate in the service sector, 18% in the trade sector, and 14% in the construction sector. In terms of company size, 76.5% of them are considered Very Small Enterprises (VSEs) with a workforce ranging from one to nine employees. This distribution aligns with the overall economic landscape of Algeria. Notably, available statistics on the Small and Medium Enterprises (SMEs) sector in Algeria indicate their significant presence within the national economic structure, accounting for nearly 95% of the overall business fabric.

#### **What drives the creation of a business: Entrepreneurship of opportunity or entrepreneurship of necessity?**

To distinguish the motivations of entrepreneurs, we utilize the research

conducted by V. Jafari-Sadeghi (2020). The respondents are categorized into two groups: opportunity entrepreneurs and necessity entrepreneurs. Additionally, there is a mixed category that includes respondents with a combination of both motivations. The table below provides a clear representation: those who choose 1 are identified as opportunity entrepreneurs, while those who choose 3 and/or 4 are categorized as necessity entrepreneurs. On the other hand, individuals who choose 2 exhibit mixed motivations.

It is observed that a mere 7.2% of the sample analysed comprises entrepreneurs whose motivations are exclusively driven by the pursuit of innovative ideas, while 36.9% exhibit motivations solely rooted in necessity.

The findings also indicate that a significant proportion of respondents, approximately 40%, embarked on entrepreneurship fuelled by a desire for autonomy and independence. Remarkably, only 2 out of 111 respondents expressed

Table 2. Motivations for starting a business

Type of motivation	Answer choice	Frequency (%)
Opportunity motivations	[1]. It is a project that is new in our country	8 (7.2%)
Mixed motivations	[2]. It is a project that provides solutions to market needs	62 (55.9%)
Necessity motivations	[3]. This is a project that allows me to earn an income	25 (22.5%)
	[4]. It is an idea inspired by what works well in the market	16 (14.4%)
<b>Total</b>		<b>111 (100%)</b>

Source: the authors' processing.

a preference for being employees rather than entrepreneurs. Moreover, it is noteworthy that 20% of the respondents explicitly stated that their companies were established out of a sense of passion.

In terms of the measures taken to establish their companies, it was found that 80% of the respondents did not avail themselves of support organizations. Moreover, 76.6% conducted a market analysis, while 55.8% developed a comprehensive business plan. Interestingly, 86.4% of the respondents seized opportunities as they emerged, without conducting any prior studies prior to initiating their ventures. Additionally, 68.4% formed partnerships with potential customers or suppliers.

Following a concise descriptive analysis of the survey data, we shall proceed to conduct a principal component analysis. This analytical approach will enable us to comprehend the underlying connections between various motivational factors and the decision-making process regarding the type of entrepreneurial activity chosen by individuals.

The categorization of activities is represented by the vector A4. To be more

specific, A4-1 corresponds to commercial activities, A4-2 denotes artisanal activities, A4-3 represents agricultural activities, and A4-4 signifies service activities.

The variable A3 pertains to the entrepreneurial experience of the respondents. Consequently, A3-1 denotes individuals who are undergoing their initial entrepreneurial experience, whereas A3-2 characterizes those who lack prior experience in entrepreneurship.

### Analysis of the role of internal factors

The correlation analysis conducted highlights noteworthy associations between various variables. Specifically, the findings indicate that commercial activity displays a moderate correlation with risk perception. On the other hand, artisanal activity reveals a positive correlation with family support, perception of personal abilities, motivation to start a business, and degree of satisfaction. Furthermore, service activity demonstrates a positive correlation with the time spent on project completion and the degree of motivation. It is also worth noting that individuals involved in their first

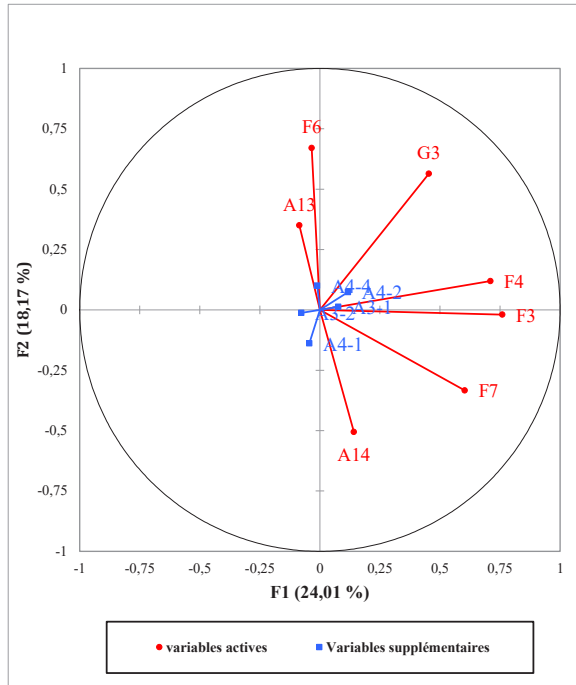


Fig. 2. Internal factors analysis

entrepreneurial experience exhibit positive correlations with family support, perception of personal abilities, motivation to start a business, and degree of satisfaction. However, engaging in multiple entrepreneurial experiences does not display a positive correlation with any of the internal factors under investigation.

**Analysis of the role of external factors**

The findings of the correlation analysis offer significant insights into the interrelationships among diverse factors within the entrepreneurial domain. Specifically, the outcomes reveal that commercial activity displays a moderate correlation with the selection of financing options,

Table 3. Internal variables of the PCA

Variable code	Significance
A13	Level of motivation
A14	Risk perception
F3	Motivations to create a company
F4	The perception of personal abilities
F6	The duration allocated for project realization
F7	Satisfaction level
G3	Family support

Source: the authors' processing.

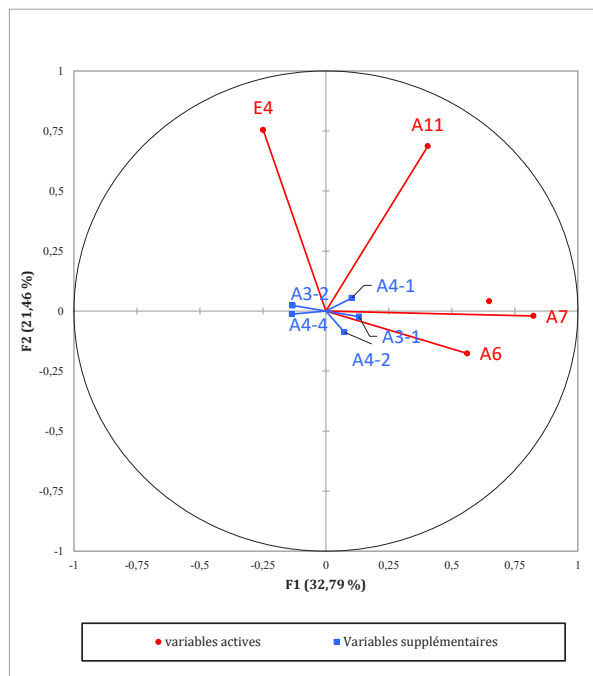


Fig. 3. External factors analysis

the choice of legal status, and the acquisition process for the enterprise's legal status. Similarly, in the case of artisanal activity, a positive correlation is evident with the choice of legal status and the formalization of the activity. Additionally, the service sector demonstrates a moderate correlation with the perception of the institutional environment in Algeria. Individuals embarking on their first entrepreneurial experience exhibit positive correlations with the choice of legal status

and the formalization of the activity. Conversely, engaging in multiple entrepreneurial experiences displays a moderate correlation with the perception of the Algerian institutional environment.

### Qualitative analysis of the motivations for starting a business out of necessity

Subsequently, we will outline the outcomes derived from a qualitative analysis

Table 4. External variables of the PCA

Variable code	Significance
A6	Obtaining a legal status for the business
A7	Selection of the legal category
A11	Funding options
E4	The perception of the Algerian institutional environment

Source: the authors' processing.

Table 5. Reasons for engaging in business creation

Interview n°	Activity	Verbatim
1	Fish sale	«Advanced age, physical limitations, and the involvement of a family member in the same field»
2	Poultry sale	«I am committed to preserving the legacy of my parents' work.»
3	Sale of keys	«Following a training»
4	Fruit sale	«I had no other alternative options»
5	Sale of aromatic herbs	«Given the absence of alternative options, I resorted to a random selection for my current activity.»
6	Fruit sale	«I had no other alternative options»
7	Fish sale	«Due to the closure of the company I was employed at, I found myself without any viable alternative.»

Source: the authors' processing.

comprising semi-structured interviews conducted with a cohort of seven necessity entrepreneurs.

Through the interviews carried out with the group of seven entrepreneurs, key motivations behind their initiation of businesses due to necessity were unveiled. These include advanced age, prior engagement in craft training, upholding a family tradition, and limited alternative options.

### Summary of the motivations expressed

The outcomes of the interviews emphasize the predominant attributes observed among the participants. These entrepreneurs have not undergone training that would equip them with the necessary entrepreneurial and managerial competencies. Consequently, they establish businesses as a result of the absence of viable

Table 6. Summary of the motivations expressed during the interviews

N°	Carrying on a family legacy	Absence of drive or ambition	Insufficiency in entrepreneurial competencies	Absence of alternative options	Resistance towards salaried employment	Insufficient assistance from the pertinent authorities	Family support
1	X	X	X	X	X	X	X
2	X	X	X	X	X	X	X
3		x	X	X	X	X	
4		X	X	X	X	X	
5		X	X	X	X	X	X
6		X	X	X	X	X	
7		X	X	X		X	X

Source: the authors' processing.

employment alternatives and a sense of neglect from the relevant authorities.

### The principal characteristics of the established businesses

The interviewees, predominantly male, have been engaged in necessity entrepreneurship for over 20 years. Their educational attainment is limited to a high school level, and they express a high level of satisfaction. However, the businesses established by these individuals primarily operate in the informal sector. These businesses tend to be small-scale, often employing only a few individuals. The management of these enterprises seldom considers competition or explores opportunities for expansion. This can be attributed to their contentment with the current state of affairs and the uncertainty associated with the risks of business expansion, indicating a tendency towards risk aversion.

### Discussion

Multiple academic studies demonstrate that small-scale artisanal and

commercial ventures are where entrepreneurship born of necessity is most prevalent (Vivarelli, 2013; Dencker et al., 2021). This is consistent with the findings of our survey. Therefore, through an examination of internal factors, we demonstrate a direct connection between the decision to participate in a business venture and a propensity for embracing risk. Conversely, when it comes to engaging in artisanal pursuits, we reveal a positive link between the amount of time dedicated to realizing the project and the level of motivation involved.

Through a thorough examination of external factors, we establish the presence of a positive relationship between opting for a business venture and various decisions such as the selection of financing methods primarily relying on personal funds, the choice of legal structure (e.g., Ltd or EURLs), and the decision to register with the CNRC (trade register). Similarly, in the context of artisanal activities, a similar positive correlation exists across these factors (excluding the choice of financing type).

Within our sample, there is a notable positive association observed among

Table 7. Characteristics of the companies created

Interview n°	Duration of the activity	Status	Education level	Training pertaining to the specific field	Customer and competition strategy
1	< 1 year	Formal	Primary Education	No	No
2	20 years	Formal	Secondary Education	Yes	No
3	20 years	Formal	High school	No	Yes
4	25 years	Informal	High school	No	Yes
5	30 years	Informal	Secondary Education	No	No
6	1 year	Informal	Secondary Education	No	Yes
7	24 years	Informal	High school	No	Yes

Source: the authors' processing.

entrepreneurs who embark on their initial entrepreneurial endeavor and several key variables, including their self-perceived abilities, the level of support received from family, the extent of satisfaction derived, and the motivations driving them to start a business out of necessity. Conversely, the inverse holds true for those who have experienced a second (or subsequent) entrepreneurial venture.

It is difficult to categorize entrepreneurs into a rigorous and clear-cut dichotomy, as 36.9% of the entrepreneurs in our sample express pure necessity motives, 7.2% express pure opportunity motivations, and 55.9% express mixed motivations. We have observed that even entrepreneurs introducing innovative and novel ideas to the market possess elements of necessity, such as the drive to avoid falling into poverty, and conversely, entrepreneurs classified as driven by necessity also encompass aspects of innovation and capitalizing on opportunities. In other words, entrepreneurs categorized as having motivations rooted in necessity also incorporate dimensions of innovation and opportunity exploitation. This finding is in line with that of E. L. Eijdenberg et al. (2015), who advocate the notion that entrepreneurial motivations are not always binary; an individual may start a business for both opportunity and necessity reasons.

The results of the interviews enable us to draw a number of conclusions, which are then reported in the parts that follow:

- **Age:** While there is no clear age range among the entrepreneurs we spoke with, all of them began their businesses when they were quite young, which is in contrast to the research

we mentioned in our literature review (Tessier-Dargent, 2015), which claim that older people tend to pursue this sort of entrepreneurship more frequently. In just 2 of the 7 cases, these claims are verified.

- **Selection of business category:** The literature (Vivarelli, 2013; Dencker et al., 2021) is consistent with the fact that the interviewees are and have only ever been asked about commercial and artisanal activities
- **Entrepreneurial motivations:** The interviews conducted reveal a consistent pattern where individuals with limited education and training face challenges in attaining high-paying employment opportunities. As a result, entrepreneurship emerges as their sole viable option for improving their socioeconomic status. This finding aligns with the existing literature discussed by Y. Robichaud et al. (2010), V. Jafari-Sadeghi (2020), and M. Sedaghat & P.W. Lei (2020).
- **Entrepreneurship as a pathway out of poverty:** Indeed, the interviewees assert that entrepreneurship serves as their sole avenue to support their families and prevent themselves from experiencing poverty. This observation aligns with the findings of the research examined by A. Muhammad Shafiu et al. (2020) and M. H. Morris et al. (2022).
- **The formal dimension of the activity:** Among the interviewees, four out of seven individuals are engaged in the informal sector, while the remaining work within the formal sector. However, they express discontent with their current reality and express

a preference for remaining in the informal sector for various reasons. Firstly, they perceive an unfairness in the competition dynamics, as their counterparts in the informal sector can easily manipulate the prices of their goods due to their lower expenses compared to formal competitors, such as rent, taxes, and health authority inspections. Secondly, they do not feel adequately supported by local authorities. These characteristics are particularly distinctive within the Algerian context, and they align with the findings of U. Uzo et al. (2021).

- **Financing:** Entrepreneurs primarily rely on self-funding or loans obtained from family members to finance their ventures. Interestingly, they express a notable lack of confidence in business support organizations, which corroborates the findings of C. Tessier-Dargent (2015).
- **Factors of ambition and satisfaction:** None of the interviewees exhibited any indications of ambition. For instance, interviewee number 5 has been engaged in the same informal activity for three decades and does not envision pursuing any other path, despite the limited income and absence of social protection. Surprisingly, they express a remarkably high level of satisfaction despite the unfavorable circumstances. These findings align with the “push” motivations of the widely recognized “push/pull” theory extensively discussed in the literature by O. Giacomini et al. (2006), Z. Gyori et al. (2019), A. Martiarena (2020), and S. Alam et al. (2021).

## Conclusions

This article aims to examine the factors that drive necessity-based entrepreneurship in developing countries. Specifically, it seeks to comprehend how various internal and external factors contribute to the inclination of Algerian entrepreneurs to establish businesses out of necessity. To achieve this objective, a combined quantitative and qualitative methodology has been employed.

The companies investigated primarily fall into the small business category, with 76.5% of them employing a workforce ranging from one to nine individuals. These companies are engaged in three distinct types of activities: commercial, craft, and service-oriented.

Based on the quantitative analysis of the questionnaire results, it can be inferred that both internal and external factors exert a certain level of influence on the various types of activities, albeit in distinct ways.

The qualitative analysis allowed us to observe that entrepreneurship out of necessity is not necessarily age-dependent because the interviewees presented the same characteristics, regardless of their age category. These findings align with the assertions made by M. Cowling & W. D. Bygrave (2007), who define necessity entrepreneurs as individuals compelled to pursue entrepreneurship due to the absence of better employment alternatives. This positions our study within the framework of “push” motivations, emphasizing the driving factors behind their entrepreneurial endeavors.

Through our research, we are able to shed light on entrepreneurs who fall

into the category of necessity, often overshadowed by the success and popularity of innovation entrepreneurship, also known as opportunity entrepreneurship. We have gathered valuable information about these entrepreneurs, including their motivations, their perceptions of the surrounding environment, and how it impacts their endeavors.

Despite its limitations, this study provides a comprehensive and general understanding of the factors influencing necessity entrepreneurs in Algeria and their motivations. Future research can enhance the quantitative analysis by narrowing the focus on either the internal or external factors examined, enabling a more in-depth exploration of the concepts related to the subject matter.

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## BŪTINYBĖS VERSLUMO MOTYVACINIAI VEIKSNIAI ALŽYRE

### S a n t r a u k a

oksinėje literatūroje išskiriamos dvi verslumo rūšys: galimybių verslumas ir būtinybės verslumas. Pirmasis tipas apima asmenis, kurie aktyviai ieško verslo perspektyvų, yra motyvuojami nepriklausomybės ir finansinės naudos siekio. Jų sprendimą pradėti verslą lemia tikros ambicijos, o ne išorinis spaudimas ar paprasčiausias išgyvenimo poreikis. Būtinybės verslumas – priešingai – yra verslininkai, priversti užsiimti verslu dėl ribotų perspektyvių galimybių. Šią grupę pirmiausia sudaro marginalizuoti gyventojai, ieškantys būdų skurdui sumažinti. Labai svarbu šiai grupei skirti ypatingą dėmesį, ypač besivystančiose šalyse, kur būtinybės verslumas yra plačiai paplitęs.

Šio straipsnio tikslas – ištirti būtinybės verslumo reiškinį, ypač atsižvelgiant į jo paplitimą besivystančiose šalyse. Siekiama prisidėti prie vykstančių diskusijų apie veiksnius, skatinančius būtinybės verslumą. Tyrime taikoma kombinuota

kiekybinė ir kokybinė metodologija siekiant ištirti, kaip vidiniai ir išoriniai veiksniai prisideda prie verslininkų polinkio kurti verslą iš būtinybės. Dauguma tirtų bendrovių yra mažos įmonės, kuriose dirba daugiausia nuo vieno iki devynių darbuotojų. Šios įmonės užsiima komercine, amatų ir paslaugų veikla. Kiekybinė klausimyno rezultatų analizė atskleidžia, kad šiai veiklai įtaką daro tiek vidaus, tiek išorės veiksniai, nors ir skirtingai. Pastebėtina, kad rezultatai meta iššūkį moksliniuose tyrimuose vyraujančiai dichotominei sistemai, dažnai naudojamai būtinybės ir galimybių verslumui atskirti. Kokybinė analizė rodo, kad amžius neriboja verslumo iš būtinybės, nes įvairių amžiaus kategorijų apklaustieji pasižymi panašiomis savybėmis. Palyginti su inovacijų verslininkais, būtinybės verslininkams dažnai skiriama mažiau dėmesio, tad šis tyrimas suteikia vertingų įžvalgų apie jų motyvaciją ir aplinkos suvokimą.

