

**Workshop in Valence, May 26, 2023**

*The Place and Dynamics of the Middle-Class in the MENA Region*

***Youth entrepreneurship in Algeria:  
determinants and gender inequalities***

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# Plan

1. Motivations, context and purpose of the study
2. Data and methods
3. Results and discussion
4. Conclusion and recommendations

### ***Why focus on youth entrepreneurship?***

Youth unemployment in the MENA region is the highest in the world (26% in 2019)  
29.3% in Algeria (2021)

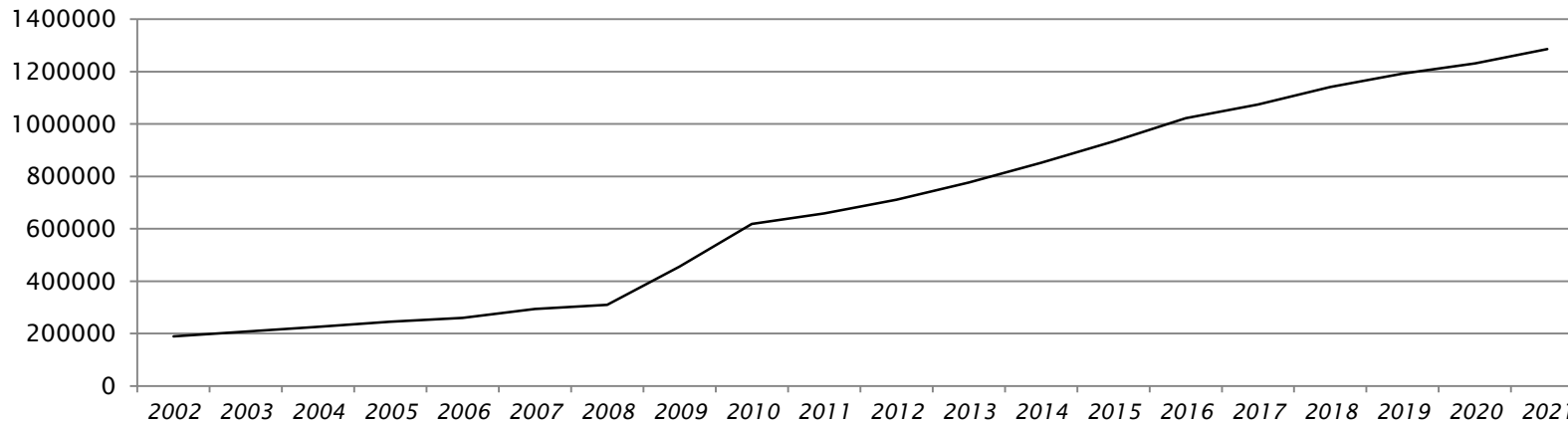
Context of stagnation and decline of public employment in the MENA region

Entrepreneurship as a solution to youth unemployment

However, several studies show the lack of enthusiasm of young people for entrepreneurship

# Entrepreneurship in Algeria: state of play

Figure 1. Evolution of the number of private SMEs in Algeria (2002-2021)

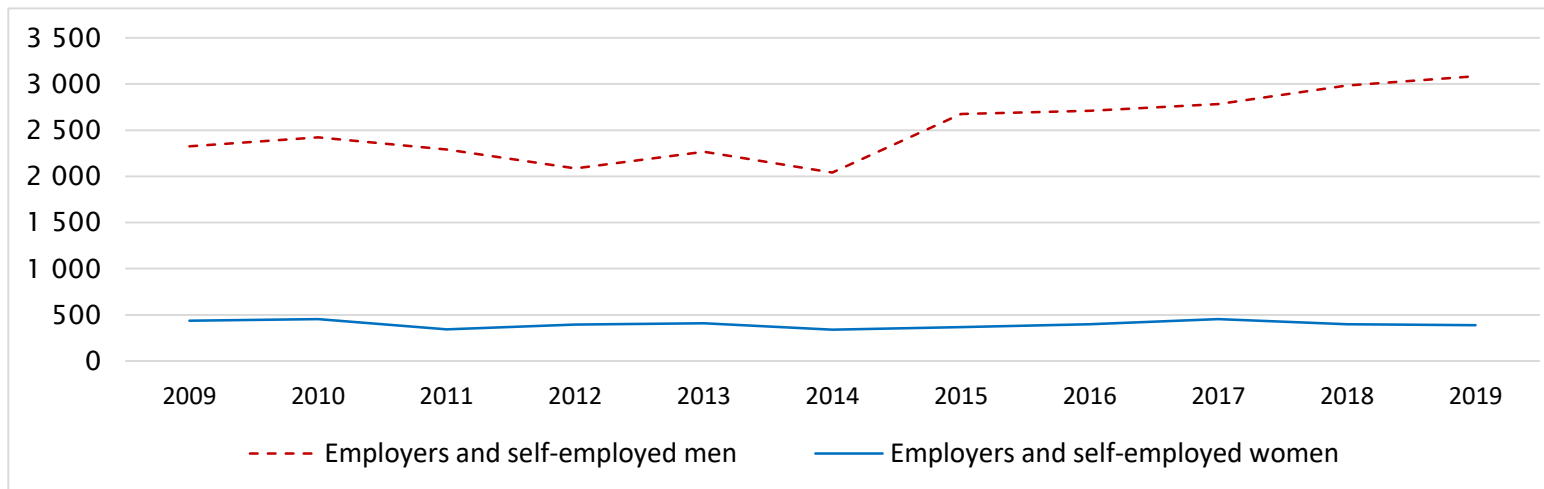


## Private SMEs in Algeria

189 552 in 2002  
1 286 140 in 2021  
Hausse de 678%

Deficit of nearly one million SMEs  
(ratio 45 SMEs per 1000 residents)

Figure 2. Evolution of the number of employers and self-employed in Algeria by gender, in thousands (2009-2019)



## Disparities between men and women

Increase in the number of male entrepreneurs: 2.3 million (2009); 2.04 (2014); 3.08 million (2019)

Decline in the number of female entrepreneurs: 435 000 (2009); 388 000 (2019)

ONS surveys 2009-2019

## ***Disparities between men and women***

### ***1/ Significant differences between men and women in the rate of entrepreneurial activity (TEA)***

TEA (Men) = 6%

TEA (Women) = 3% (GEM 2013)

Decline of women's TEA between 2012 and 2016 and worsening of the gender gap

### ***2/ Female entrepreneurs are concentrated in services***

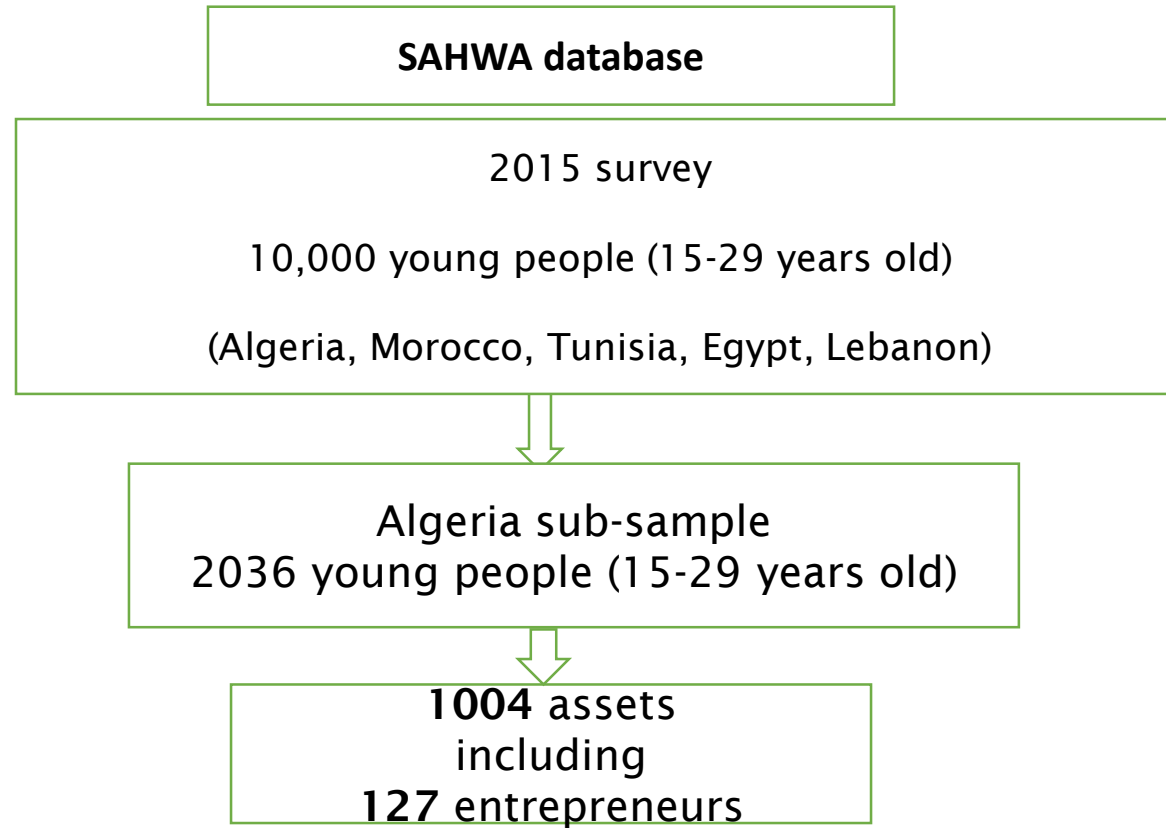
### ***3/ Women entrepreneurs operate mainly in the informal sector***

85% of female entrepreneurs are not affiliated to social security against 65% for men (ONS, 2014)

## ***Purpose of the study***

Identify and analyze the determinants of youth entrepreneurship in Algeria according to gender perspective

## 2. Data and methods



Status	Number	%
Entrepreneurs (employers and self-employed)	127	12,6
Permanent employees	157	15,6
Non-permanent employees	220	21,9
Unemployed	500	49,8
Total	1004	100

## ***Econometric and statistical methods***

### ***1/ Binary probit models: identifying the determinants of the choice of entrepreneur status***

*Model 1: entrepreneur versus permanent employee*

*Model 2: entrepreneur versus unemployed*

### ***2/ Ascending hierarchical classification (AHC): developing a typology of young entrepreneurs***

#### ***Independent variables (binary qualitative and categorical qualitative)***

**Sociodemographic variables** (age, sex, marital status, status in the household)

**Human capital variables** (education level, specialty of studies, professional qualification)

**Variables related to the family environment** (size of the household, autonomy or dependence on parents, parent's education level, socio-professional category of the parents)

**Residence stratum** (urban, rural)

**Other variables** (activity sector, income, affiliation or not to social security, access or not to aid...)

Independent variables	Coefficient
<b>Age</b>	
25-29 years	0.101*
15-24 years (réf)	
<b>Status in the household</b>	
Head of household or spouse of the head of household	0.293*
Other relationship with head of household	0.026
Child of head of household (ref)	
<b>Education level</b>	
Secondary	-0.197***
Tertiary	-1.602
At most average (ref)	
<b>Professional training</b>	
Professional training	-0.172***
No professional training(réf)	
<b>Father's socio-professional category</b>	
Professional and Senior Manager/Middle Manager	-0.129
Employee/skilled worker/unskilled worker	-0.157**
Inactive	-0.302***
Employer/trader/self-employed/farmer (ref)	
Log likelihood = -162.42975	
LR chi2(27) = 65.67 (0.0000)	
Pseudo R <sup>2</sup> = 0.1682	
Number of observations = 284	

\* p<0.1; \*\*p<0.5; \*\*\* p<0.01



**Probability of accessing to entrepreneur status versus unemployed status (model 2)**

Independent variables	Coefficient
<b>Gender</b>	
Man	0.094***
Woman (réf)	
<b>Âge</b>	
20-24 years	0.122***
25-29 years	0.204***
15-19 years (réf)	
<b>Autonomy or dependence on parents</b>	
Lives with both parents	-0.099**
Lives with one parent	0.020
Doesn't live with parents (ref)	
<b>Father's socio-professional category</b>	
Professional and Senior Manager/Middle Manager	-0.058
Employee/skilled worker/unskilled worker	-0.064*
Inactive	-0.213***
Employeur/trader/self-employed/farmer (réf)	
<b>Mother's socio-professional category</b>	
Employee/skilled worker/unskilled worker	-0.269**
Inactive	-0.218**
Employer/trader/self-employed/farmer/professional and senior manager/middle manager (ref)	
Log likelihood = -267.45608	
LR chi2(30) = 97.00 (0.0000)	
Pseudo R <sup>2</sup> = 0.1535	
Number of observations = 627	

\* p&lt;0.1; \*\*p&lt;0.5; \*\*\* p&lt;0.01

***The variables influencing the probability of accessing to entrepreneur status versus employee status***

***Age\****

*Older people (25-29 years old) are more likely to be entrepreneurs*

***Head of household status\****

*Young household heads are more likely to be entrepreneurs*

***The (low) education level \*\*\****

*Less educated are more likely (20 times) to be entrepreneurs/individuals (secondary)*

***Lack of professional qualification\*\*\****

*Young people without professional qualifications are more likely to be entrepreneurs*

***The father's socio-professional category (entrepreneur)\*\*\****

*Individuals whose father is an entrepreneur are more likely to be entrepreneurs*

## ***Variables influencing the probability of accessing to entrepreneur status versus unemployed status***

### ***Gender\*\*\****

*Women are less likely to be entrepreneurs (9 times less likely)*

### ***Age\*\*\****

*The oldest (25-29 years old) are more likely to be entrepreneurs (20 times more likely / young people aged 15-19 years old)*

### ***Autonomy or dependence on parents\*\****

*Young people living alone are more likely (10 times) to be entrepreneurs / young people living with their parents*

### ***Socio-professional category of parents (entrepreneur)\*\*\****

*Having an entrepreneur father increases the probability of being an entrepreneur*

*Having an entrepreneur mother also increases the likelihood of being an entrepreneur*

# Entrepreneurs's typology

## Class 1

**Men**  
Older (25-29 years old)  
Weakly educated  
Relatively old (4-7 years)  
Informal/formal  
Middle/high income  
**Family network**  
Satisfied  
Trade, construction, agriculture  
**Entrepreneur father**  
Very poorly educated parents

## Class 2

**Women**  
Single, younger (< 25 years old)  
Moderately educated  
Beginners (< 4 years old)  
Informal/formal  
**Low income**  
**No family network**  
Quite satisfied  
**Services**  
**Employee/worker father**  
Very poorly educated parents

## Class 3

**Men**  
Weakly educated  
Relatively old (4-7 years)  
**Purely informal**  
**Low or middle income**  
**No family network**  
**Dissatisfied**  
Trade, services  
**Employee/worker father**  
Very poorly educated parents

## Class 4

**Men**  
**Married, older and heads of households**  
Weakly educated  
Seniors (8 years and over)  
Rather informal  
**Average earnings**  
**Family network**  
Satisfied  
Trade  
**Entrepreneur father**  
Very poorly educated parents

## Class 5

**Men**  
Younger  
**Highly educated**  
Beginners (< 4 years old)  
Rather formal  
Middle/high income  
**Family network**  
Satisfied  
Trade  
**Professional /executive/manager father**  
Highly educated parents

### ***Entrepreneurs who have better incomes***

*Entrepreneurs whose father is an entrepreneur (classes 1 and 4) or a professional, senior executive or manager (class 5)*

*Those with support networks (parental help when launching their activity)*

### ***Entrepreneurs with low incomes***

*Young women (class 2) and purely informal entrepreneurs (class 3)*

*Those whose father is an employee or worker and who don't have family networks*

## **4. Conclusion and recommendations**

*A very low rate of entrepreneurial activity, particularly among young people*

*A significant gap between men and women*

***Factors determining access to youth entrepreneurship:***

***1/Socio-demographic characteristics***

*Older, less educated and less trained young people are more likely to be entrepreneurs*

*Women are less likely than men to be entrepreneurs*

***2/ The family network***

*Young people whose father is an entrepreneur or executive, professional or manager are more likely to be entrepreneurs*

***Entrepreneurs 's typology shows:***

*Women are distinguished by lower incomes, the absence of support networks and the nature of their activity (services)*

*Purely informal entrepreneurs are also distinguished by relatively low incomes and the absence of support networks.*

*Entrepreneurs with higher incomes benefit from the support of the family network*

***This shows the importance of the family network in young people's access to entrepreneurship.***

## ***Youth entrepreneurship policies***

***1/ Improvement of the business environment which remains highly restrictive for entrepreneurs***

***2/ Specific measures are needed, including:***

*Implementation of training programs for young people with the involvement of professional chambers, associations and local actors (generalization of GERME and CREE training from the ILO)*

*Encourage the creation of professional and associative networks particularly for women*

*Improving the efficiency and governance of aid schemes for the creation of activities dedicated to young people (ANSEJ)*

***3/ Specific measures to promote female entrepreneurship***

*Facilitate access to funding and networks*

*Conduct information and communication campaigns to promote female entrepreneurship*