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Abstract This article provides an in-depth analysis of the impact of the external environment on the development of entrepreneurial thinking in Algeria. Based on an empirical study conducted with a sample of 128 individuals from different regions, the research explores the influence of social, cultural, economic, and institutional dimensions, with a particular focus on the role of government support. The findings reveal that social and cultural factors are the most decisive in shaping entrepreneurial thinking, followed by institutional support, while economic factors appear to be secondary. The paper develops a comprehensive literature review, a solid theoretical framework, and offers a detailed discussion of the results to provide context-specific recommendations. The main objective of this study is to enhance the understanding of external conditions affecting entrepreneurship and to identify key levers to foster entrepreneurial spirit in Algeria.		
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Introduction

Entrepreneurship has increasingly been acknowledged as a cornerstone for economic development, innovation, and competitiveness in the twenty-first century. In both developed and developing nations, entrepreneurial activity is regarded as a major engine of job creation and economic dynamism (Audretsch, 2009). Countries that succeed in nurturing entrepreneurial culture often experience sustained economic resilience and adaptability in the face of global changes. In this regard, entrepreneurial thinking, as an underlying mindset that precedes entrepreneurial action, becomes a crucial factor.

In Algeria, the stakes are particularly high. Despite its vast natural resources, the Algerian economy remains heavily dependent on hydrocarbons, which exposes the country to vulnerabilities linked to fluctuations in global

energy prices (Belkacem, 2020). Youth unemployment rates remain high, and traditional employment in the public sector is no longer capable of absorbing the growing labor force. These realities call for innovative solutions to diversify the economy, empower youth, and promote sustainable growth. Entrepreneurship is increasingly seen not just as an economic necessity but as a strategic choice for long-term stability and prosperity.

However, entrepreneurial thinking does not emerge in isolation. It is shaped by a combination of personal, social, cultural, economic, and institutional factors. The environment in which individuals operate can either encourage or hinder entrepreneurial initiative. According to Shane and Venkataraman (2000), entrepreneurship is not only about individuals but also about the opportunities embedded in their environment. This perspective emphasizes that external conditions are as important as individual traits in fostering entrepreneurial behavior.

This study focuses on Algeria as a case study, aiming to understand how external environmental factors—government support, cultural and social influences, and economic conditions—affect the development of entrepreneurial thinking. By adopting this approach, the study contributes to filling a gap in the literature on entrepreneurship in North Africa and provides insights that may inform policymakers and practitioners.

The central research question is: **To what extent does the external environment influence entrepreneurial thinking in Algeria?**

Research Objectives

The overarching aim of this study is to examine the extent to which the external environment influences the development of entrepreneurial thinking in Algeria. More specifically, the research pursues the following objectives:

1. **To explore the role of social and cultural factors** in shaping entrepreneurial mindsets. This involves examining how family support, networks, role models, and prevailing cultural values affect attitudes toward risk-taking, innovation, and proactivity.
2. **To assess the effectiveness of government support mechanisms** in fostering entrepreneurship. The objective here is to analyze the contribution of public policies, programs such as ANSEJ and ANGEM, and institutional interventions in stimulating entrepreneurial thinking, while identifying potential shortcomings and areas for improvement.
3. **To evaluate the impact of economic conditions** on entrepreneurial orientation. This includes investigating the role of access to finance, market stability, infrastructure, and broader macroeconomic conditions in enabling or constraining entrepreneurial activity.
4. **To identify the relative weight of these factors** in influencing entrepreneurial thinking. By comparing the strength of social, cultural, institutional, and economic determinants, the study seeks to establish a hierarchy of influences specific to the Algerian context.
5. **To formulate practical recommendations** aimed at strengthening the Algerian entrepreneurial ecosystem. The ultimate objective is to provide insights for policymakers, educational institutions, and practitioners on how to create an enabling environment for entrepreneurship.

Through these objectives, the study contributes to both academic literature—by contextualizing entrepreneurship in North Africa—and to practice, by offering actionable guidance for enhancing entrepreneurial culture and development in Algeria.

1. Theoretical Framework and Literature Review

Entrepreneurial thinking is a complex construct that has been studied from multiple disciplinary perspectives, including economics, sociology, psychology, and management. It refers to the mindset and cognitive processes that enable individuals to identify opportunities, innovate, and take calculated risks (Gibb, 2002). Unlike entrepreneurial behavior, which is observable in concrete actions, entrepreneurial thinking captures the underlying mental orientation that precedes action.

Classical perspectives. Historically, entrepreneurship has been associated with risk-taking and innovation. Cantillon (1755) defined the entrepreneur as someone who assumes risks in conditions of uncertainty, while

Schumpeter (1934) conceptualized the entrepreneur as an innovator who disrupts existing structures through “creative destruction.” These foundational theories underline the interplay between individual agency and environmental conditions.

Contemporary perspectives. More recent research emphasizes entrepreneurial orientation as a multidimensional construct encompassing innovativeness, proactiveness, autonomy, and risk-taking (Lumpkin & Dess, 1996). This perspective links entrepreneurial thinking not only to business creation but also to broader processes of value creation across sectors. Shane (2003) further highlights that entrepreneurship occurs at the nexus between individuals and opportunities, reinforcing the importance of context.

Social and cultural factors. Social capital and cultural norms play a critical role in fostering or constraining entrepreneurial aspirations. Hofstede (2001) demonstrated how cultural values—such as individualism versus collectivism, or uncertainty avoidance—shape entrepreneurial behavior. In societies where risk-taking and innovation are valued, entrepreneurship flourishes. In Algeria, however, cultural norms historically favored stable public-sector employment over entrepreneurial ventures (Khelil, 2016). Nevertheless, new generational dynamics, role models, and increasing exposure to global entrepreneurial narratives are gradually shifting attitudes.

Social networks, family support, and role models provide essential resources for entrepreneurs. Studies have shown that aspiring entrepreneurs rely heavily on their immediate social environment for financial, emotional, and informational support (Granovetter, 1985; Aldrich & Zimmer, 1986). In the Algerian context, family backing is often indispensable for launching a business, compensating for the absence of institutional mechanisms.

Government support and institutional environment. Institutions play a dual role: they provide formal frameworks (laws, policies, programs) and shape informal norms (North, 1990). Effective policies can stimulate entrepreneurship by reducing entry barriers, offering financial incentives, and supporting training and mentoring programs. Aidis et al. (2008) demonstrated that institutional quality is directly correlated with entrepreneurial development. In Algeria, several government initiatives—such as ANSEJ (National Agency for Youth Employment Support) and ANGEM (National Microcredit Management Agency)—were introduced to stimulate entrepreneurship. However, bureaucratic complexity and weak monitoring often undermine their potential (Belkacem, 2020).

Economic factors. The economic environment also shapes entrepreneurial feasibility. According to Minniti (2008), stable macroeconomic conditions, access to credit, and market opportunities are essential for entrepreneurial activity. In many developing countries, however, limited financial infrastructure and market instability reduce the attractiveness of entrepreneurship. In Algeria, restricted access to banking credit and underdeveloped venture capital mechanisms hinder business creation and growth (World Bank, 2021).

Integrative perspectives. Zahra and Wright (2011) argue that entrepreneurship should be studied as part of a broader ecosystem, where individuals, institutions, and economic structures interact. This ecosystem approach highlights that entrepreneurial thinking is not determined by one factor alone but results from the interaction of multiple conditions.

In sum, the literature shows that entrepreneurial thinking is embedded in a broader socio-economic and institutional context. While individual traits are important, external factors—social, cultural, economic, and institutional—play a decisive role in enabling or constraining entrepreneurial initiative.

2. Conceptual Theoretical Model and hypotheses:

Building on the literature review and the hypotheses formulated in this study, a theoretical model was developed to capture the expected relationships between external environmental factors and entrepreneurial thinking. This model is grounded in previous research which suggests that entrepreneurship emerges at the intersection of individual traits and contextual conditions (Shane & Venkataraman, 2000; Zahra & Wright, 2011).

The model incorporates three key external dimensions:

- **Social and Cultural Factors** (family support, cultural values, role models, networks).
- **Government Support** (policies, programs, subsidies, training, mentoring).
- **Economic Conditions** (access to finance, market opportunities, infrastructure).

These dimensions are hypothesized to exert a **positive influence** on the development of **Entrepreneurial Thinking**, conceptualized as a multidimensional construct that includes innovativeness, proactiveness, and risk-taking (Lumpkin & Dess, 1996).

Accordingly, the following hypotheses were embedded into the model:

- **H1:** Social and cultural factors positively influence entrepreneurial thinking.
- **H2:** Government support positively influences entrepreneurial thinking.
- **H3:** Economic conditions positively influence entrepreneurial thinking.

This theoretical model serves as the foundation for the empirical investigation conducted in Algeria.

Theoretical Conceptual Model

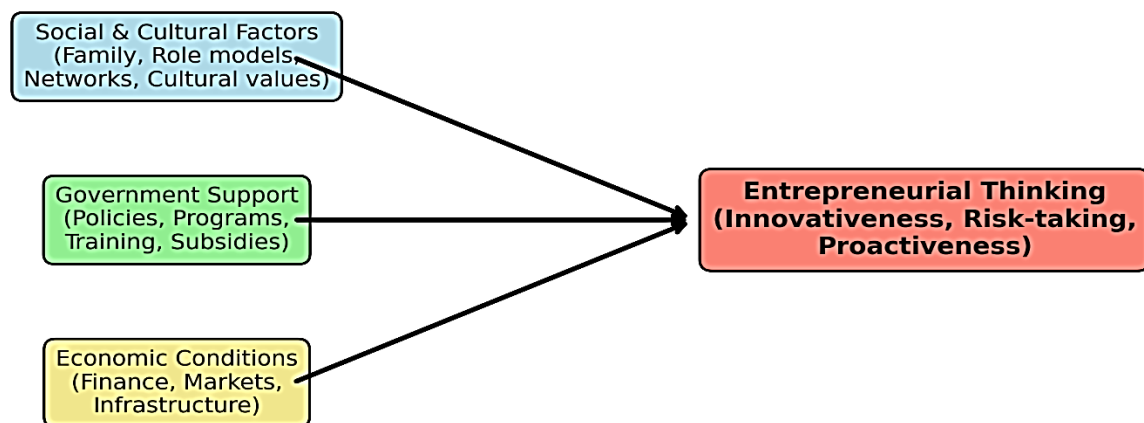


Figure1 : *Theoretical Conceptual Model of the Study.*

Source: Author's own elaboration (2025).

3. Methodology

This study adopts a quantitative approach, complemented by exploratory qualitative insights. The sample includes 128 individuals from various Algerian provinces (Tlemcen, Oran, Algiers, Tizi-Ouzou). Data were collected using a structured questionnaire with Likert-scale items, covering three dimensions: government support, social and cultural factors, and economic environment.

The data collection took place between May and June 2025. Statistical analyses were conducted using SPSS, including:

- Descriptive statistics to characterize the sample.
- Reliability analysis (Cronbach's Alpha) to validate scales.

- Spearman correlations to test associations between variables.
- t-tests and linear regression analysis to evaluate the strength of the hypotheses.

4. Results

Three main findings emerged:

1. **Social and cultural factors.** These exert the strongest influence on entrepreneurial thinking ($r = 0.72$; $p < 0.01$). Family support, social recognition of success, and role models serve as key drivers of entrepreneurial initiative.
2. **Government support.** Institutional support, such as ANSEJ and ANGEM programs, shows a positive but less pronounced effect ($r = 0.58$; $p < 0.05$). While financial support exists, administrative complexity and insufficient follow-up undermine effectiveness.
3. **Economic factors.** These have the weakest influence ($r = 0.31$; $p < 0.1$). Restricted access to financing, market fragility, and macroeconomic instability limit entrepreneurial feasibility.

The findings partially confirm the hypotheses: social and cultural factors are predominant, government support has a secondary role, and economic factors remain marginal.

5. Discussion

The findings are consistent with Hofstede's (2001) cultural framework and Shane's (2003) analysis of entrepreneurial ecosystems, emphasizing the pivotal role of social norms and cultural values. However, the Algerian context demonstrates a unique pattern: entrepreneurial thinking is more strongly shaped by social and cultural dynamics than by economic stability.

Unlike developed economies, where economic stability is a key determinant of entrepreneurship (Aidis et al., 2008), Algeria's economic instability reduces the impact of financial support mechanisms. These results also highlight the limitations of government initiatives, which need structural reforms to become more effective (Belkacem, 2020).

6. Proposed Empirical Model of Entrepreneurial Thinking in Algeria

Based on the results of the study, an empirical model was developed to illustrate how the external environment actually shapes entrepreneurial thinking in the Algerian context. While the theoretical model assumed an equal positive influence of all three dimensions, the findings indicate differences in the strength of these relationships.

The empirical model shows that:

- **Social and Cultural Factors** have the **strongest influence**, acting as the primary driver of entrepreneurial mindsets.
- **Government Support** has a **moderate influence**, highlighting the importance of institutions but also their limitations.
- **Economic Conditions** exert the **weakest influence**, reflecting structural barriers in Algeria's economy.

At the core of the model lies **Entrepreneurial Thinking**, shaped by these three dimensions but in unequal proportions. This model contributes to the literature by emphasizing the dominance of social and cultural mechanisms in contexts where institutional and economic infrastructures are fragile.

Empirical Model (Based on Results)

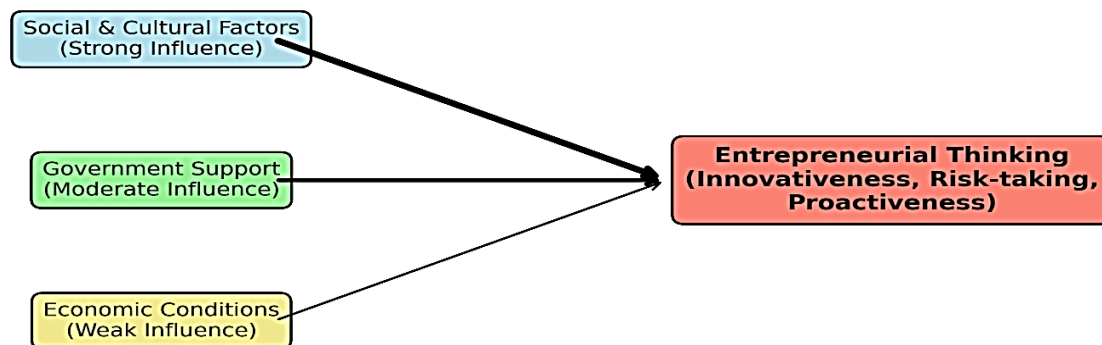


Figure2 : *Empirical Model of Entrepreneurial Thinking in Algeria. Source: Author's own elaboration (2025).*

Conclusion and Recommendations

Conclusion

This study has demonstrated that the external environment plays a decisive role in shaping entrepreneurial thinking in Algeria. The findings confirm that social and cultural factors are the strongest drivers of entrepreneurial mindsets, while government support exerts a moderate influence, and economic conditions remain comparatively weaker. These results highlight the importance of looking beyond traditional economic explanations and recognizing the cultural and institutional specificities that characterize emerging economies.

From a broader perspective, the Algerian case underscores the central role of society in fostering or constraining entrepreneurial aspirations. Family support, the social valorization of entrepreneurial success, and the presence of role models have proven to be more decisive than the availability of financial resources. This suggests that entrepreneurship in Algeria is not merely an economic act but a deeply social phenomenon, embedded in cultural norms and collective values. At the same time, the role of institutions, particularly government programs such as ANSEJ and ANGEM, cannot be overlooked. Despite limitations in implementation, they remain essential frameworks that can be further improved to stimulate entrepreneurship.

The relatively weak impact of economic factors points to structural challenges within the Algerian economy, including limited access to financing, bureaucratic complexity, and market fragility. However, this should not be seen as a permanent barrier. With adequate reforms aimed at strengthening financial infrastructure, creating venture capital systems, and simplifying administrative procedures, the economic environment could evolve into a more supportive driver of entrepreneurial development.

Strategically, Algeria must pursue a dual approach: on the one hand, reinforcing institutional efficiency and financial accessibility; on the other hand, transforming cultural perceptions of entrepreneurship through education, media, and community initiatives. By integrating entrepreneurial education at all levels of the school and university system, the country can cultivate entrepreneurial mindsets from an early age. Similarly, highlighting entrepreneurial success stories in the media and supporting networks of mentors and incubators would contribute to the normalization of entrepreneurship as a viable and respected career path.

In the long term, Algeria must also integrate into global entrepreneurial ecosystems. Building partnerships with international organizations, promoting cross-border entrepreneurial exchanges, and leveraging digital platforms could expand opportunities for Algerian entrepreneurs to innovate and compete globally. By fostering an ecosystem that combines strong institutional frameworks, cultural valorization, and international integration, Algeria can gradually transform entrepreneurship into a central pillar of its socio-economic development.

Ultimately, the study reinforces the idea that entrepreneurship is not solely an economic process but a multidimensional phenomenon shaped by the interplay of culture, society, institutions, and economy. For Algeria, the challenge lies in aligning these dimensions toward a coherent vision that empowers its youth, diversifies its economy, and positions the country as a competitive actor in the global knowledge economy.

Managerial and Policy Implications

The findings of this research carry significant implications for both policymakers and practitioners seeking to foster entrepreneurial thinking in Algeria.

1. For policymakers

- **Reinforce institutional efficiency.** Simplify administrative procedures and reduce bureaucratic barriers that discourage young entrepreneurs.
- **Strengthen financial infrastructure.** Develop alternative funding mechanisms such as venture capital, angel investment, and crowdfunding platforms to complement traditional credit systems.
- **Promote entrepreneurial education.** Introduce mandatory entrepreneurship modules at different levels of the education system, from secondary schools to universities, to instill entrepreneurial values early.
- **Support cultural change.** Launch nationwide campaigns to valorize entrepreneurship as a respected and rewarding career, using media and public figures as role models.
- **Encourage regional ecosystems.** Develop decentralized innovation hubs and incubators in different regions to support local initiatives and reduce dependency on the capital.

2. For managers and practitioners

- **Leverage social networks.** Entrepreneurs should actively build and maintain networks that provide access to resources, information, and mentorship.
- **Adopt innovative business models.** Given the fragility of the economic environment, entrepreneurs should embrace flexibility, digital platforms, and resource-sharing strategies to remain competitive.
- **Collaborate with institutions.** Despite their limitations, government programs can offer valuable support; entrepreneurs should strategically engage with these mechanisms while also exploring private-sector partnerships.
- **Promote role models within organizations.** Established businesses and successful entrepreneurs should highlight internal success stories and encourage knowledge-sharing to inspire the next generation.
- **Invest in continuous learning.** Managers should prioritize training in digital skills, innovation management, and market research to adapt to global entrepreneurial trends.

By addressing both institutional and managerial dimensions, Algeria can create a more balanced entrepreneurial ecosystem where cultural support, institutional reforms, and economic opportunities converge. This dual focus is essential to transform entrepreneurial thinking into tangible entrepreneurial action, capable of driving long-term socio-economic development.

Recommendations:

- Integrate entrepreneurial education into school and university curricula.
- Simplify administrative procedures and strengthen government program follow-up.
- Develop alternative financing mechanisms (venture capital, crowdfunding).
- Promote entrepreneurial success stories through media to inspire young generations.
- Create regional ecosystems fostering innovation and collaboration between institutions.

Limitations and future research. The relatively small sample size limits generalizability. Future research could expand the dataset, adopt a longitudinal approach, and conduct comparative studies with other Maghreb or African countries.

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