

## Green Entrepreneurship in Theory and practice: Perspectives for Algeria

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### Summary:

The environment is extremely important for human existence, it must be integrated into the heart of business strategies. It is recognized that entrepreneurship is vital for economic development. Thus, it plays an important role in social development, as well as a catalyst for growth. The emergence of sustainable development is considered a parameter that drives the creation of green entrepreneurship. Around the 1990s, the concept has rapidly developed. In recent years, an increasing number of business leaders have integrated environmental issues in their business strategies. Algeria does not escape this global trend; it has displayed key measures to encourage entrepreneurship, and especially green entrepreneurship. In this study, we will present an overview of entrepreneurship in Algeria.

**Keywords:** Environment, Green growth, Green entrepreneurship, Green economy, Sustainable development.

**Jel classification :** M13, O4, Q01, Q57

## **I- Introduction :**

Investment in bio and sustainable technologies is essential to solve environmental problems and facilitate the transition to a low-carbon economy. While the number of green start-ups has steadily increased worldwide in response to environmental problems requiring immediate solutions, there are several unresolved questions about the behavior and performance of these companies.

Today, the focus is on the thematic and reasons why existing companies have become more sustainable and environmentally responsible in the green economy, and considerable attention has been paid to identifying barriers that hinder their development. However, in the face of the environmental dangers faced by economies, economic development must be replaced by sustainable economic development, and entrepreneurs, as agents of change, can be the bearers of sustainable continuity. Climate change is not only affecting the environment, so all resources are also at risk. Therefore, there is an urgent need to take effective measures both in terms of consumption and production in order to try to preserve and balance the economic, environmental and social dimensions.

This is the perfect time when policymakers will simplify and encourage young entrepreneurs to think about creating greener and more sustainable economy.

The term "green entrepreneurship" was first used by Berle. However, there is a great deal of confusion as to the nature of green entrepreneurship, its definition and differentiation from non-green enterprise. Certainly, green entrepreneurship presents a challenge and new opportunities for wealth creation, it directly contributes to job creation and turns innovative ideas into reality and leads to profits. Algeria, like other countries, has rapidly exploited natural resources to rapid industrialization and economic growth. Therefore, Algeria needs green entrepreneurs who can act as agents of change and contribute to sustainable economic growth by combining both innovation and sustainability processes. The aim is to create a suitable environment for the success of these green entrepreneurs and encourage other companies to adopt green practices.

### **The problem of the study:**

In this we will examine the importance of green entrepreneurship and answer the following question: What are the measures taken by the government to develop entrepreneurial and especially green enterprise?

### **Interest of the study:**

The aim of this study is to understand and analyse the development of green entrepreneurship in Algeria. Consequently, the following objectives have been set:

- Define green entrepreneurship.
- Study the catalysts of green entrepreneurship in Algeria.
- Provide suggestions to promote green entrepreneurship in Algeria.<sup>12</sup>

## **II – Literature Review:**

In exploring the realm of green entrepreneurship, it is crucial to begin with a foundational understanding of the concept and its theoretical underpinnings. In their seminal work, "Sustainable entrepreneurship: Definitions, themes, and research gaps," offer a comprehensive overview. They aim to clarify the definition of sustainable entrepreneurship and identify the existing research gaps and thematic trends within this field. Utilizing a literature review methodology, they highlight the fragmented theoretical base and the varying definitions that pervade the literature, concluding that there is a pressing need for a unified theoretical framework. The implications of their findings suggest that future research should focus on developing this framework and understanding the policy supports necessary to foster sustainable entrepreneurship.

Parallel to theoretical explorations, empirical studies provide insight into the practical applications and benefits of green innovation. (Chen, Lai, & Wen, 2006) in their study, examine the impact of green innovation on competitive advantage, with a focus on environmental performance. They employ an empirical analysis methodology, surveying multiple industries to gauge the effectiveness of green innovation strategies. Their findings reveal that green innovation significantly enhances environmental performance, which in turn boosts competitive advantage, underscoring the practical benefits of integrating sustainable practices in business strategies.

Focusing specifically on the Algerian context, (Boudjelida, Bengoua, Benslimane, & Yahi, 2018) discuss the local challenges and opportunities in their study "Challenges and opportunities for green entrepreneurship in Algeria: An exploratory study; Through qualitative interviews with Algerian entrepreneurs and an analysis of existing policies, they identify key obstacles such as limited access to finance, regulatory challenges, and a general lack of consumer awareness about green products. The study concludes with a call for enhanced governmental policies and educational programs to support the burgeoning green entrepreneurship ecosystem in Algeria.

Lastly, the broader implications of renewable energy adoption in North Africa, with a specific lens on Algeria, are elaborately discussed in study , This study projects the future scenarios of electricity generation from renewable sources and their impact on manufacturing and employment across the region. Using econometric models, the report suggests that high adoption of renewable energy could lead to significant economic growth and job creation, offering a fertile ground for green entrepreneurial ventures in Algeria.

### **III-Green Entrepreneurship**

Climate change is increasingly degrading our environments and the consequences are going to impact hard on the planet; thus, Immediate response is needed, otherwise our country will not be able to overcome the triple demographic, climate and energy crisis envisaged in 2030, then the creation of "green" projects becomes a matter of course. At this time, adopted environmental initiatives are considered as an important factor for the competition among the companies. In fact, the creation of "green" projects requires a restructuring of the entire value chain of the company, the adaptation of the management system (tracking waste, simplifying procedures,...) and the change in relations with stakeholders (suppliers, customers, public authorities) (Giovanni & Giuliano, 1998). As a result, environmental movements could provide new profitable markets for business expansion rather than simply being a channel for economic activity (Michael, 2002)

Indeed, there is a difference between developed and developing countries approaching green entrepreneurship. Developed countries and international organizations tend to focus more on the term "green" and on market opportunities, while developing countries tend to concentrate more on "entrepreneurship" and market needs.

Developed countries tend to spend large sums of money on green innovation projects, but are then faced with the missing chain of entrepreneurs who move the product from the prototype to a commercially viable product.

Literature on green entrepreneurship is even less widespread, so there is a lack of empirical basis. This may also be related to the difficulty between green and non-green entrepreneurship.

It was not until the 1990s that studies on green entrepreneurship emerged.

(Richard , 1990) ; (Gustav , 1991) ; are the first to address the themes of "environmental entrepreneur", "green entrepreneurs", "eco-entrepreneurs" and "ecopreneurs" in their studies. Based on the review of this literature, the basic characteristics of green entrepreneurs are as follows:

- Green entrepreneurs embark on new business opportunities and ventures which usually involve a very high risk. The outcome of these enterprises is often unpredictable.
- Green entrepreneurs are essentially motivated. Their business activities have a positive overall impact on the natural environment and economic sustainability, and are consciously aimed at ensuring a more sustainable future (Fulvia , Marino , Sule , & Philipp , 2011)

In accordance with Schumpeter's theory that entrepreneurs are strategic factors in economic development, a new type of entrepreneurs appear in the ranks of companies, merging the environment into corporate strategies, which could lead to a reorganized ecological society, as suggested (Michael B. , 2004). In this regard, ecopreneurs are individual innovators who see their company adopting environmental values as an essential component of their identity and as an aid to their competitive advantage in the market (JOHN & STEPHANIE , 2008). Subsequently, green innovations are new administrative techniques or practices aimed at improving the environmental performance and competitive advantage of an organization. (Yi-Chun , Hung-Bin , & Ming-Rea , 2009). It is accepted by definition that green products and services are products that conserve energy or other natural resources and reduce pollution .

Although many entrepreneurs focus solely on profit, an increasing number of ecopreneurs have adopted a different paradigm, focusing on ecological results and solving the problems of society caused by their activity. Ecopreneurs are entrepreneurs who not only care about the profits of their business but also pay more attention to the underlying ecological values. Ecopreneurs can be seen as an attraction that persuades the other to adopt green values proactively, but government regulation and pressure from stakeholders or pressure groups can not be an incentive. And ecopreneurs are distinguished by their business purpose: entrepreneurs are profit-oriented; ecopreneurs are both profit- and environment-friendly(Arien & Wawan , 2012)

### **III.1. An overview of green entrepreneurship in Algeria**

In Algeria, entrepreneurship is a strategic factor for economic diversification. The State has taken a number of important measures to encourage entrepreneurship. We quote, among other things:

#### **III.1.1. The National Agency for Investment Development(NAID):**

Initially, the IPSA, Investment Promotion, Support and Monitoring Agency from 1993 to 2001, then **NAID, the National Agency for Investment Development**, This government institution has been entrusted with the task of facilitating, promoting and supporting investment.

**NAID** brings a new vision of the state towards major national and international capital. It is intended for investment projects exceeding US\$135,000. These investments will benefit from the exemption from customs duties for equipment, (VAT) exemption, exemption of transfer duties on charges for all real estate acquisitions made as part of the investment concerned, exemptions from

corporate income tax (CIS) and professional activity tax (TAP) for three years. In addition to tax exemptions, these investments benefit from multiple benefits such as the granting of unpaid loans, bonification of bank interest rates on equipment. This mechanism aims to stimulate industry and is in line with the logic of attractiveness of the territory, because it requires domestic and foreign investments.

### **III.1.2. The National Agency for the Management of Micro-Credit (NAMM) :**

The National Agency for the Management of Micro-Credit « **NAMM** » was created by Executive Decree No. 04-14 of January 22, 2004, modified, and resulting from the recommendations made during the international seminar of December 2002 on "The experience of Micro credit in Algeria" which brought together a significant number of microfinance experts (Miloudi & Boumediene , 2021).

### **III.1.3. The National Agency for Support of Youth Employment (NASYE) :**

Becoming operational since 1997, the **NASYE** system has multiple objectives, namely: the creation of SMEs, as well as the creation of jobs. On the other hand, it finances micro-enterprises created by young people in the age group (19-40 years), for investment amounts of up to 10 million dinars. Its mission is to encourage the creation of goods and services activities by young promoters as well as to encourage all forms of actions and measures tending to promote youth employment (ZEMIRLI, HAMMACHE , 2018).

The mission of **NASYE** is to support, advise and accompany young unemployed project holders during all phases of the process of creating their micro-enterprises. **NASYE** grants three unpaid loans to young promoters: A loan of 500,000 DA for graduates of vocational training, for the acquisition of workshop vehicles for the exercise of the activities of plumbing, electricity building, heating, air conditioning, glazing, paint building, automotive mechanics. A loan of 500,000 DA to cover the rental of the premises intended for the creation of sedentary activities. A loan of up to 1,000,000 DA for graduates of higher education. An unpaid loan granted by **NASYE** and modulated according to the level of funding. Bank interest rates will be reimbursed at 50% in normal areas and at 75% in specific areas. These rates increase to 75% in normal areas and 90% in specific areas when the activity is in the agricultural, hydraulic or fisheries sectors.

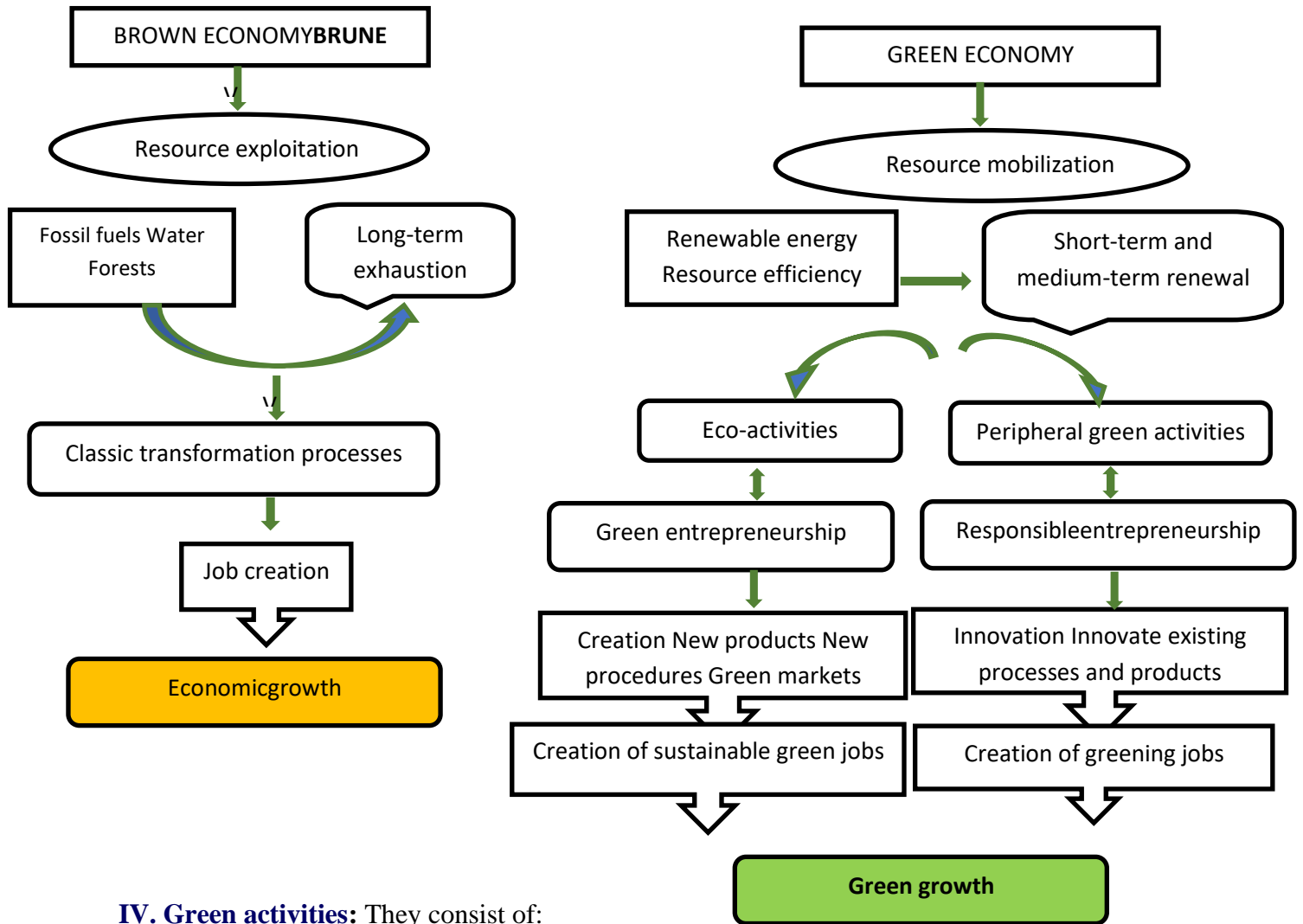
### **III.1.4. National Unemployment Insurance Fund (NUIF) :**

**NUIF** was established in 1994 pursuant to Executive Decree No. 94-188 of 6 July 1994 on the status of the National Unemployment Insurance Fund. The **NUIF** scheme is aimed at unemployed persons between the age group of 35 and 50 who invest in industrial and/or service activities, except for resale in the state for investment amounts up to 5 million dinars. It includes a loan system (initial loans at 0 and bonified interest rates), a mutual collateral fund covering 70% of the credit granted by the ban (Harrar , 2021)

The **NUIF** provides support for promoters. In fact, the care of preserving newly created micro-enterprises from early death, training sessions in business management for the benefit of the unemployed are provided, periodically, by promoter advisors. In addition to this support, it is planned to grant eligible promoters several advantages, which are, the bonification of interest rates for bank loans, the reduction of customs duties, tax and parafiscal exemption, the benefit of an unpaid loan (without interest) from the **NUIF**. According to the ONS, 83.2% of companies employing between 50 and 249 employees have benefited from these schemes. These different implemented financial means, however, were able to create a class of entrepreneurs and stimulate entrepreneurial business.

**III.2. Green Economy**

Figure 1: Green Entrepreneurship as an Element of the Green Economy Produced by Zoï Environment Network (Zoï Environment Network, 2019)



**IV. Green activities:** They consist of:

**IV.1. Eco-activities:**

Activities that produce environmental goods and services, the purpose of which is to protect the environment as well as to manage natural resources. Environmental protection essentially includes activities related to depollution, waste management, sanitation and rehabilitation of soil and water and preservation of nature and biodiversity.

Natural resource management includes sustainable water management, recovery, energy management, and renewable energy. Also considered as eco-activities are cross-cutting activities of general public services and research related to sustainable development

**IV.2. Peripheral Activities**

They are related to the areas of green space management, public transport, water production and distribution, aquaculture, architectural services, construction, including thermal insulation and covering and sealing works, and the manufacture of industrial products such as solar water heater, low-consumption compact fluo lamp, condensation boiler..

“Green trades”: regardless of their field of activity, they are trades whose purpose and skills are implemented to help measure, prevent, control, and correct negative impacts and environmental damage (Promotion des jeunes et des femmes dans l'économie verte en Algérie, 2012).

#### **V.Green economy in Algeria :**

Limited sources of investment in research and development constitute the main obstacle to promoting the green economy, particularly in developing countries (Peter Oksen, Senior Program Officer for Climate Change and Food Security at the World Intellectual Property Organization WIPO). For example, Denmark spends \$2.4 billion annually on clean and renewable energy research and innovation. The green economy is considered a pillar for the creation of businesses and jobs in Algeria, but it is not yet very developed in Algeria.

Algeria considers the green economy as a promising axis to achieve the goals of sustainable development, create jobs, support economic growth (diversification of production and increased value added), strengthen innovation and reduce poverty. The country supports a gradual transition to a green economy that takes into account its priorities and particularly the crucial issue of the energy transition. It encourages investments in key sectors of the green economy (agriculture, water, recycling and waste recovery, industry and tourism) and the development of small and medium-sized businesses. According to the study on the employability and entrepreneurship of young people and women in the green economy, the potential for job creation in this area is significant but little known. Indeed, it is difficult to fully assess the number of existing green jobs in the absence of a nomenclature of green professions. The sector could generate just over 1.4 million jobs by 2025, including in five sectors: renewable energy, energy efficiency, water management, waste treatment and recycling (UNECA).

#### **Conclusion**

This study presented the concept of green entrepreneurship that uses green technologies in production and procurement processes to make them more sustainable and ecological, then green entrepreneurship is seen as a way to create green jobs and increase demand for green products which leads to sustainable development, thus a greener economy.

Indeed, in recent years the environmental aspect is at the heart of any economic strategy. In this respect, green entrepreneurship is an ecological necessity; however, it is seen as a new opportunity to generate new sources of activity and especially jobs. In Algeria, green entrepreneurship is seen as a development pivot likely to contribute to economic diversification and economic growth, two major pillars for the country. The country has implemented a number of reforms and measures including diversifying the economy, improving the business climate, strengthening energy security, protecting the environment, developing green sectors. However, these measures need to be supported and better articulated as part of a national strategy for the development of green entrepreneurship that promotes sustainable production and consumption patterns while contributing to the creation of wealth and jobs.

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