

**Ecole des Hautes Etudes Commerciales**

# **HEC Alger**

Thesis Submitted in Partial Fulfillment  
Of the Requirements for a Master's Degree in Commercial  
Sciences

Major: international affairs

## **Emergence Of Handcraft Start-Ups In Algeria, Towards The Global Market**

study case : Ministry Of Tourism And Handcraft

**Developed by:**

Assia BENANI

**Supervised by:**

Mme Widad GUECHTOULI  
Senior Lecturer at HEC  
Alger

**7th Promotion  
September 2020**



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***Dedication:***

*This dissertation is dedicated to my parents, whom without their enormous personal sacrifice and unconditional love; I would have never become the individual that I am today.*

*May God bless them.*

*To my sisters: Nihed ,Radja ,Arwa and Amira who have shared with me everything in my life.*

*To Nacira, you are the best aunt anyone can ask for. And to all the members of my family who have showed nothing but support during my whole life.*

*To all the wonderful friends that I've shared this adventure with :Asma, Bochra, Nada, Nahla, Hanen,Sohayb and Mohamed*

*without you it would have never been the same.*

*Thank you.*

**Asia**

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*And to whom i am grateful.*

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*Our thanks and appreciations also go to our colleagues and to all the people who have  
willingly helped out with their abilities.*

## **Abstract**

The handcraft sector in Algeria remains today a driving force for development, with over 1 million jobs and thousands of workshops created in the handicraft sector until the year 2015, today the handicraft sector provides solutions to the social crisis to deal with the energy crisis in Algeria. The actions of rehabilitation of the hundreds of existing crafts, and to reevaluation of the Algerian heritage, lead to jobs.

Speaking of our case study, Algeria is an attractive country on a national and international scale. Many opportunities for the creation of handcraft startups are provided by our environment and not found elsewhere. However, the existing obstacles on both levels, national and international makes it more challenging for the startups emergence.

The purpose of this research is to know the algerian handcraft startups have the potential to penetrate the global market.

**Keywords:** Algerian handcraft sector, global market, start-ups , handcraft start-ups,

## ملخص

ما زال قطاع الصناعات اليدوية في الجزائر اليوم قوة دافعة للتنمية إذ يقدم في الجزائر أكثر من مليون وظيفة وآلاف ورش العمل في قطاع الصناعات اليدوية حتى عام 2015 ، يوفر قطاع الصناعات اليدوية اليوم حلاً للأزمة الاجتماعية التي تواجه أزمة الطاقة في الجزائر. وتؤدي أعمال إعادة تأهيل المئات من الحرف اليدوية القائمة، وإعادة تقييم التراث الجزائري، إلى خلق فرص عمل.

إن الجزائر، بلد جذاب على الصعيدين الوطني والدولي إلا أن البيئة السائدة لا توفر العديد من الفرص لإنشاء شركات الأعمال اليدوية مما يمثل عراقيل على المستويين الوطني والدولي تجعل من ظهور الشركات البادئة تحدياً أكبر.

والغرض من هذا البحث هو معرفة قدرة و امكانية الشركات الجزائرية الناشئة في مجال الصناعات اليدوية على اختراق السوق العالمية.

**كلمات مفتاحية:** قطاع الحرف اليدوية الجزائري، السوق العالمية، الشركات البادئة، الحرف اليدوية،

## **Résumé**

Le secteur de l'artisanat en Algérie reste aujourd'hui un moteur de développement, avec plus d'un million d'emplois et des milliers d'ateliers. créé dans le secteur de l'artisanat jusqu'en 2015, le secteur de l'artisanat apporte aujourd'hui des solutions à la crise sociale pour faire face à la crise énergétique en Algérie. Les actions de réhabilitation des centaines d'artisanats existants, et de revalorisation du patrimoine algérien, conduisent à la création d'emplois.

En parlant de notre étude de cas, l'Algérie est un pays attractif à l'échelle nationale et internationale. De nombreuses opportunités de création de start-up artisanales sont offertes par notre environnement et ne se trouvent pas ailleurs. Cependant, les obstacles existants aux niveaux national et international rendent l'émergence de ces entreprises plus difficile.

L'objectif de cette recherche est de savoir si les jeunes startups artisanales algériennes ont le potentiel nécessaire pour pénétrer le marché mondial.

**Mots-clés** : Secteur de l'artisanat algérien, marché mondial, start-ups, start-ups d'artisanat,

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## **List of Abbreviations:**

**GDP:** Gross Domestic Product

**MENA:** Middle East/North Africa

**NGOs :** Non- Governmental Organizations

**ONS:** National Office of Statistics

**WTO:** World Trade Organization

**IPO :** Initial public offering.

**SMEs\_:** small and medium enterprises

**ANSEJ :** Agence nationale de soutien à l'emploi des jeunes

**ITC :** International Trade Center

## **Summary**

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# General Introduction

Algeria appears to be rich in a centuries-old tradition and is still alive in the arts and crafts. Rooted in practices handed down from generation to generation, under the guidance of masters of art in small workshops, these crafts are at the heart of all cultures past and present.

In recent years, Algeria has fully understood this concept, and efforts the handcraft sector have been made. The development of the handicraft sector is proven by the establishment of a delegated ministry, in charge of crafts and trades. Participation in the sale of craft production and its promotion at both national and international level, has taken shape through the implementation all necessary measures to promote and develop craft activities traditional and artistic arts on the one hand and the socio-professional promotion of craftsmen on the other.

The handicraft sector in Algeria, remains today a driving force for development. with over 1 million jobs and thousands of workshops. created in the handicraft sector until the year 2015, today the handicraft sector provides solutions to the social crisis to deal with the energy crisis in Algeria. The actions of rehabilitation of the hundreds of existing crafts, and to reevaluation of the Algerian heritage, lead to jobs.

Algeria as many Arab countries are facing major challenges in the field of employment and the fight against unemployment, especially among young job-seeker for the first time, In light of the crisis and the economic and social transformations taking place in Algeria now, it was proven that small and medium-sized enterprises aka start-ups are the hub of economic mobility leading to the answer of the challenge mentioned earlier.

In this framework, the handicrafts and trades is one of the economic sectors wish is growing steadily in the creation of new startups and activities in various areas. the study of the Algerian experience has shown a lot of achievements and shortcomings, and may be a useful for many sectoral economic policy makers.

Entrepreneurship has been an undeniable phenomenon over the past two decades. It has multiple perspectives, adopted by economists, sociologists, psychologists, management scientists and craftsman ; hence recently, a surprising phenomenon has begun to take place

The purpose of our study consists of presenting the development of the handcraft sector in Algeria and studying in particular the creation of start ups in this sector. Therefore, the main objective of our thesis is to analyze in a context of entrepreneurship, a major phase of

the upstream entrepreneurial process which is handcraft startups and the potential of a global market penetration .

Since penetrating new international markets is in fact the dream for almost every handcraft business specially small emerging start-ups ,since it allows it not only to reach new global customers but also to spread its culture and heritage worldwide via handcraft products. But doing so is considered as a very challenging step to achieve,specially if we take into consideration all the existing obstacles on a national and international levels such as trade barriers , but lately with the emergence of new trends of handcraft start-ups, that are exercising their business via international ecommerce platforms,which made the idea of exporting handcraft products quite achievable , we took the example of two international start-ups : **Etsy** and **CraftsBazaar** The aim is to study these experiences , and to extract success factors as well as challenges in order to apply them to Algerian start-ups. , which brings us to the subject of our research

In order to elaborate a research work rich in relevant information, and within the methodological framework, we decided that the main objectives of this research is to :

- ✓ Study the emergence of start-ups in the handcraft sector and the role it plays in revitalizing the sector and developing the economy
- ✓ Identifying ways in which the algerian government could support the creation of start-ups in this sector
- ✓ Analysing successful example of international handcraft start-ups and extracting the success factors
- ✓ Examine the global market penetrating potential of algerian handcraft startups as well as the obstacles facing these latter.

The problematic to which this thesis will answer is :

**Do the emerging algerian handcraft startups have the potential to stand on the global market?**

The main hypothesis to this interrogation is :

YES it does ,the everchanging environment in which we are living leaves no interrogation , algeria being a developing country that is relatively still virgin in terms

of start ups creation , represents a great opportunity for start-ups emergence ,towards the the global market .

For a better encircling of this last one, we considered that it would be useful if we break it up into these following sub-questions:

- ✓ What makes the handcraft sector a promising sector for start-ups creation in algeria?
- ✓ What are the divices put in place in order to support these handcraft start-ups creation ?
- ✓ What what characterizes the most , handcraft startup existing on the global market ?

#### Hypotheses

- It has a great potential since it is a Low-using resources sector, it has abundant resources and available labor force, it is considered as a virgin sector in terms of start-up creation,
- The government needs to put a supporting system in order to encourage this emerging startups creation in the handcraft sector by improving the general ecosystem/ atmosphere/conditions as well as removing the legal and administrative obstacles.
- Most of the existing international handcraft start-ups are E-commerce ones (handcraft platforms) they create the link between local artisans and global consumers on the international market.

To verify the affirmation or the cancellation of these assumptions, we will adopt the following methodology:

- ✓ In-depth documentary research, through the consultation of several books, articles, specific websites as well as academic works related to our subject of studies, also internal documents of the ministry
- ✓ As well as empirical study : where we will analyse a succesfull hancraft start-up model in order to extract , success factors to ultimately project it on algerian cases , the qualitative research through semi directive interviews with experts in the field.
- ✓ Semi-directive interviews made with experts in the handcraft sector

To accomplish our research, we will structure our work in three chapters:

- The first chapter will be devoted to the theoretical approach to the handcraft and handcraft sector in general , as well as the algerian handcraft sector and the global market in particular
- The second chapter will deal with the concepts of defining "start-ups"
- The third and last chapter will include the presentation of the our host organization: the ministry of tourism and handcraft , its mission as well as the presentation of our investigation, its results and their interpretations, and finally the audit elements of the our assumptions.



# Chapter One : Overview on the handcraft sector

## Introduction

The craft industry is an essential sector of activity for economic development, It enables the creation of wealth and employment and is an essential vehicle for any spatial planning policy, rural and urban areas and a social partner indispensable for the preservation of young people in society. And for this reason-and others we will discover later- our first chapter will be devoted to handcraft and the handcraft sector,our chapter is going to be presented as follows :

Section 1 : conceptual framework of handcraft , The objective of this section is to present a theoretical and historical framework of the handcraft : definitions as well as characteristics of handcraft , then we will have an overview on the handcraft sector including ,the classification, as well as the its main objectives and finally the business emergence in the sector .

Section 2 : Algerian handcraft sector , we will discuss in this section the main features of the algerian handcraft sector including geographical distribution of algerian handcraft, craft products, The place of the craft industry in the Algerian economy as well as the development of algerian handcraft sector including the Algerian handcraft Export promotion and finally the obstacles.

Section 3 : handicrafts market, global industry In this section we will try to analyse the global handcraft market, including the main points related to it such as : global handcraft crafts market size and trends, Players and channels , global handcraft market strategy

## Section 1: conceptual framework of handcraft

The objective of this section is to present a theoretical and historical framework of the handcraft : definitions as well as characteristics of handcraft , then we will have an overview on the handcraft sector including ,the classification, as well as the its main objectives and finally the business emergence in the sector

### 1.1 handcrafts: history and concepts

#### 1.1.1 History of the craft

Anyone can see that the origins of the craft can be traced back to the remotest periods of history, they are directly linked to the evolution of mankind since its existence. However, it is difficult to identify the deepest roots of craftsmanship, as well as the main stages of its evolution.

From the Middle Ages to the beginning of the 20th century, craftsmanship can be considered as a manual job done with simple tools. The craftsman (contractor and producer) works alone or assisted by an apprentice or family member. Today ,small businesses, run by masters, dominate; the notion of craftsmanship includes farms of different sizes and of varying technicality operating in several fields(crafts for the production of goods, services, and arts and crafts). The products and services of crafts are very diversified: luxury or art products, utilitarian products, and services ensuring the maintenance and repair of industrial items. Industry and Public administrations also include craft trades. <sup>1</sup>

The history of crafts and skilled trades is problematic, since the economy is still in a state of flux.is becoming industrialized. The industrial revolution engenders a new society whose craftsmanship tends to being eclipsed. It gradually relegates craftsmen to the past. "That's the way it is, at least that the great economic theories, also born of the revolution, envisage them whether Marxist or liberal. For one or the other, craftsmanship is doomed to disappear in the course of the industrial process, outdated as it is by the efficiency of the large company and its series production. Economic rationality would therefore require his ouster"

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<sup>1</sup> « Essai d'évaluation de l'apport du secteur de l'artisanat dans le développement local : cas du travail du bois dans la wilaya de Béjaia, de ZIANE (Lakhdar), UAMBéjaia, 2012.

Craftsmanship thus has a complex image. On one hand, this image is positive when it is associated with rather respected traditional knowledge. On the other hand, craftsmanship has an image negative when it is primarily perceived as a declining economic sector and fundamentally outdated. However different these two visions of craftsmanship may be, they are not the same. They are not contradictory. They are consistent with themselves. Neither of these two images is not really satisfactory or sufficient. Above all, they don't seem to be able to render a more complex reality.<sup>2</sup>

## 1.1.2 Concepts related to handicrafts

### 1.1.2.1 Definition of Handcraft :

According to UNESCO :

« **handcraft products** are products made by craftsmen, either entirely by hand, or using hand tools or even means of mechanical, provided that the direct manual contribution of the craftsman remains the most important component of the finished product. These products are manufactured without restriction in terms of quantity and using materials first taken from sustainable resources. The special nature of artisanal products is based on their distinctive characteristics, which can be utilitarian, aesthetic, artistic, creative, cultural, decorative, functional, traditional, symbolic and important from a point of view. from a religious or social point of view »<sup>3</sup>

### 1.1.2.2 Characteristics of Handicraft

UNESCO regards common and unique feature in all of the cultural industries, including handcraft, as human skills and knowledge involved in the process of production.

According to Yavari<sup>4</sup> some characteristics of handicraft include performing some basic production stages by hand, providing the bulk of raw materials from local sources, having cultural meaning, the lack of need to invest a lot, the applicability of its products, having a value added high compared with other industries, the ability to create and develop in different

<sup>2</sup> ziane Op.cit 2012 p12

<sup>3</sup> UNESCO, CCI, *l'artisanat et le marché mondiale : commerce et codification douanière*, Manille, Philippines, 6-8 octobre (1997), P 7.

<sup>4</sup> Fazael Baigi, M., Yavari, Gh., (2009). Rural coop-erative: the beginning of entrepreneurship development; Ta'avon; Issues 204 & 205 (pp.41-62)

areas (urban, rural, and tribal communities), mobility of experiences and production secrets and techniques in oral form or according to teachers and students' procedures.

The handcrafts can also have other advantages such as proper work hours, possibility to work at home, free-dom in managing the business, and proving those with a limited economy and cash with a high level of self-sufficiency .<sup>5</sup>

### 1.1.2.3 Definitions of artisan/craftsperson

Borrowed from the Italian "artigiano", in the 16th century itself derived from the Latin "artis" and the ending "anus", so "Artisanus" means man of art. It should be pointed out that craftsman and artist have the same origin and will even be synonymous until the end of the 17th century, and a difference was subsequently made. If the artist applies his art for pleasure ,while, the craftsman associates his art with utility and everyday life. Today, we talk about craftsman carpenter, craftsman mason...etc., but also painter, musical artist...etc.

Because of the evolution and diversification of craft activities, it is possible to note that the definition of artisan and craft activity, as well as the component of the nomenclature of craft activities, which differs from one country to another.

According to the UNESCO :

« **Craftsperson:** Any person engaged in a craft trade with general knowledge of the entire production process. He can exercise for his own account, as he may work for others. The master craftsman can own his company, just as he can run a craft business on behalf of others. »<sup>6</sup>

Although, The definition of the artisan can be made on two levels: a sociological level and a legal one.

- **On the sociological level**

The craftsman is generally a person who does manual work without. automated help. He practises a traditional technique on his own, often with the help of his family and the apprentices he trains.

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<sup>5</sup> Ted Barber and Marina Krivoslykova". GLOBAL MARKET ASSESSMENT FOR HANDICRAFTS" United States Agency for International Development, JULY 2006

<sup>6</sup> UNESCO op.cit p10

The craftsman can also be defined by his extremely strong human dimension: the craftsman is first and foremost an independent person, who values a specific know-how (unlike the trader), with very strong roots in the territory.

- **On the legal level**

The definition of artisan and craft activity according to the regulations is different from country to country. In general, several countries base their definition of artisan and craftsmanship on the size of the enterprise in terms of turnover and number of employees, irrespective of the nature and manner in which the activity is carried out.

In France; the law of 5 July 1996 on the development and promotion of trade and crafts stipulates that "natural persons and legal entities employing no more than 10 employees and carrying on an independent professional activity as a main or secondary occupation in the production, processing, repair or provision of services relating to crafts and appearing on a list drawn up by decree of the Council of State must be registered in the register of trades".

In Algeria, the development of the nomenclature of crafts and trades is set out in Order No. 96-01 of 10 January 1996<sup>7</sup> laying down the rules governing crafts and trades: It defines a craftsman as any natural person registered in the register of crafts, having a qualification in a trade, for which he is directly responsible for the exercise and management of his work, and may be assisted by a family member, from 1 to 3 apprentices. This order also defined the conditions for drawing up the nomenclature of craft and trade activities through decree N°97-140.<sup>8</sup>

## **1.2 The handcraft sector**

In this segment we will study the handcraft sector, by presenting its classification, the main objectives assigned the sector as well as business emergence

### **1.2.1 Classification of the handcraft sector :**

In fact, the craft industry occupies all the production space corresponding to activities that are neither mechanisable nor standardisable, and therefore cannot be used for correspond neither to the requirements nor to the possibilities of production industrial.

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<sup>7</sup> Ordonnance présidentielle N°01/96 du 10 janvier 1996 sur les métiers et l'artisanat

<sup>8</sup> Décret N°97-140 du 30 avril 1997 fixant la nomenclature des activités artisanales et des métiers.

On the basis of this specificity of the craft sector, we can distinguish between three main sectors of artisanal activities within a classification functional :

- ✓ **Production crafts:** activities which are, by nature, manual and are not yet mechanizable in the current state of technology, and this concerns the arts and crafts sector par excellence.
- ✓ **Service crafts:** activities that can be partly mechanized, but which are essentially justified by a unitary production since they are called upon to satisfy individual needs, the one who custom-made" product and to order.
- ✓ **Intermediate craftsmanship:** particularly strong and resistant, bringing together the two previous characteristics. This is the case, for example, of the professions of the building industry, both manuals and "custom" suppliers.<sup>9</sup>

## 1.2.2 The main objectives assigned to the craft sector

To better appreciate the role that can play the craft in the Algerian economy, it is important to list the main economic, social, historical, cultural aspects, and tourism of crafts in general in the world, giving some examples of countries of the MENA region, and this to measure the importance of crafts in these countries, and the place that should have been his in Algeria.

### 1.2.2.1 Economic objective

Crafts, can play a very important role in achieving several objectives economic: creation and development of employment, coverage of needs and participation in exports, the contribution to development, the contribution to the development of the local economy and land use planning.

#### ➤ Employment creation and development

This is a central element of the countries' development strategy. At this level craftsmanship can play a very important role because:

- the creation of employment for young people, and housewives in a sector which requires a low investment compared to the industry
- That it does not mobilise significant material and financial resources (costs of creating reduced employment).

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<sup>9</sup> GERARD BARTHELEMY, *artisanat et emploi : dans les provinces de Settat et el Jadida*, N°25 Bureau international du Travail, Genève, 2002, P 5

- Because of the great diversity of activities, it can develop over several years. territories according to specificities and traditions. (examples on nomenclatures, countries)
- That there is a solvent demand for craft goods and services that is likely to grow. significantly with population growth, the development of subcontracting, and SMEs, the development of tourism, and growth in demand for specific products and services.
- A greater awareness among young people of the difficulties of employment following the effects of the economic crisis and the emergence of the entrepreneurial spirit.
- Great opportunities for the development of home-based work, as this form of activity, is one of the specificities of the craft sector in several countries.

That is why it has become imperative to rely on the undeniable dynamism of the craft enterprises for the creation of wealth and employment.

### ➤ **Coverage of the basic needs of the population and participation in export**

The craft industry can strengthen the level, structure and diversity of its offer in order to participate more actively in meeting people's needs for products and services essential over the next few years (food, clothing, maintenance and service, after sale of household equipment and services to be provided to households)

It must also contribute to the development of housing and premises. professionals, as well as to the development of small-scale utility production.

### ➤ **Contribution to local economic development and land use planning**

Craft activity is an essential component of a territory. It is a very important asset. important for its contribution to the maintenance of the economic and social fabric, both within and outside of the rural areas, and in urban centres, it is a factor of animation, social and economic cohesion. of economic development. It also participates in the sustainable development of the region, and this because of:

- Diversification of local economic activities as a source of income generation a multiplier effect (development of cultural tourism and local demand)

- Raising the level of qualification, development of professional activities, and technique with a high level of knowledge and amplification of the mind entrepreneurship, especially among young people and housewives.
- Participation in the country's efforts to increase its independence (integration, import substitution, fighting against waste by the recycling and the use of local raw materials, equipment maintenance, etc. and equipment, heritage preservation, exports and tourism-related activities, the coverage of the essential needs of the populations in products and services.
- Land use planning through the creation and multiplication of micro-zones activities capable of fixing populations, especially in rural areas, and make a contribution to reducing the rural exodus.
- The craft enterprise is a means of mobilising savings: by its very nature structure and because of their small size and low capital-intensive nature, the artisanal production units are financed in the majority of cases by their savings. personal. Therefore, it can be said that craft activities allow for an better mobilization of private savings, by directing it towards allocations productive, rather than consuming.

### **1.2.2.2 Social objective**

"One of the characteristics of craft activities is simplicity invest and create jobs, especially for young people, housewives, and the handicapped. This allows these different social strata to integrate and preserve themselves. of various social evils "<sup>10</sup>.

Craftwork can play an active role in achieving social balance and economic through its diversity, flexibility and great capacity for extension through the territories, in contrast to the large company which generally concentrates in the large conurbations. The spread of handicrafts in small towns, rural areas helps to mitigate income imbalances between the different territories of a country. It also allows a broad social stratum with an unstable income to find other additional revenue resources.

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<sup>10</sup> Bulletin d'information du MPME « plan d'action horizon 2010 »

➤ **Handicrafts, a source of territorial balance**

Scattered throughout the country, in both urban and rural areas, Craft enterprises are an essential economic engine for development. The local level and, consequently, participate in the balanced development of the territories.

"Characterised by a presence in rural areas, the craft industry is a sector the future of these rural areas, whose survival depends in particular on the sustainability of the service offer to the population. The economic dynamism of city centres, their attractiveness and user-friendliness are also determined by the existence of these companies. crafts and convenience stores. »<sup>11</sup>

This territorial network is an interesting basis for the development of the complementarities between urban and rural areas.

➤ **Crafts, a factor in quality of life**

By the proximity of the populations and the diversity of products and services offered, craftsmanship is a factor in the quality of daily life. It maintains human relationships that contribute to the development of social ties.

In the most difficult neighbourhoods or in the most isolated villages, it is clear that that the disappearance of craft activities, as well as the closure of the shops of proximity, is a factor of devitalization, which no longer simply concerns craftsmen and women. merchants, but the general population. It is the life of the neighbourhood and the region that is involved with the survival of the craft. The craftsman participates actively in the social life and represents a pole of stability as well as an element of user-friendliness.

➤ **Craftwork, a factor of social cohesion**

The often family-run nature of the company, the proximity of managers and employees in the exercise of production tasks facilitate exchanges between people and make it easier to to be born the feeling of working towards a common goal. Because craftsmanship cultivates the notion of proximity to the consumer, it preserves genuine human contact.

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<sup>11</sup> Ibid p11-12

Apprenticeship is an opportunity for young people to be taken in charge by craftsmen eager to pass on their knowledge and conversely, the presence of an apprentice can allow these craftsmen to connect with the technological evolutions that have taken place in society. This intermingling of generations contributes to the restoration of social ties. The notion of citizen enterprise takes on its full scope in the craft sector where the skills of men are considered an essential asset to the operation of the company.

Craft enterprises, in addition to their economic role (source of income, job creation), maintain, through their proximity, a real social link. Craftwork has become one of the key elements of future spatial planning and local development policy.

### **1.2.2.3 Cultural, historical and tourism objective**

The relationship between the craftsman and culture will be presented, followed by the role of the crafts in the safeguarding the heritage of regions and territories.

#### **➤ Crafts and culture**

Crafts have become, in most of the countries that feel threatened in terms of culture, the symbol of their identity. At this stage, the specificity of the production function disappears in front of the product itself, insofar as it is the tangible outcome of the socio-cultural factors specific to the group. Craftsmanship then becomes synonymous with "product". charged with cultural significance "<sup>12</sup>". In other words, crafts reflect the identity of an group, people or nation.

"The shaping of the material and the work of the material carried out by the craftsman contributes to gradually develop it into a specific way of perceiving and interpreting the world, which takes on the dimension of true cultural behaviour. The material constitutes the fundamental data of this process: it is according to its specificity, its physical characteristics, that a process of transformation for a determined use will be ordered. Shaping, which is essentially a skill-based process, involves a number of mechanisms which, in turn, shape a genuine mental behaviour based on knowledge of the processes and techniques of manufacture and reflecting a specific cultural attachment.

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<sup>12</sup> Ibid p14

Each country is distinguished by different products from local production. This originality of models (sometimes taken up, stylized, multiplied and adapted) becomes the brand image of the country and of national production.

The scale of this phenomenon of cultural craftsmanship is such that, because of the production and marketing needs, this type of production is gradually losing its importance. authenticity. Reproduction of models, simplification of processes, time savings, on labour and on the material, all these factors end up leading to an production of inferior quality in which the country concerned itself has difficulty in recognize his or her culture, to the point where he or she is obliged to intervene to safeguard his or her image brand along with its foreign markets.

#### ➤ **Handicrafts and tourism**

"The promotion and development of handicrafts is the basic condition of the development of tourism, and the same can be said for the promotion of tourism, i.e., the valorisation of products and services offered by the craft industry is dependent on the tourist market. »<sup>13</sup>

The craft sector can provide concrete answers to a multitude of problems. technical and economic issues, from the perspective of the role and place assigned crafts in the tourism development strategy. Development policy of the tourism sector must focus on the consideration of several factors such as :

- The participation of artisans in the construction of tourism infrastructures based on the conservation and protection of local seal ;
- the rehabilitation of villages and sites where craft traditions are still alive; and testify to the authenticity and artisanal identity;
- The integration of visits to workshops, production sites, and exhibition of crafts.

### **1.2.3 Handcraft sector and business emergence**

The economic evolution of the craft industry requires to quality needs, new techniques, training for craftsmen and to promote craft products<sup>14</sup>.

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<sup>13</sup> Revue de la chambre nationale de l'artisanat et des métiers.2010

<sup>14</sup> M. Hassan CHOUIKH, *l'artisanat grand incubateur d'entreprises de demain : stratégie et action*, master spécialise management des services publics, ESSEC, 2004

### 1.2.3.1 Emergence of enterprises :

The economic development of cities requires the existence of a growing number of qualified entrepreneurs.

This can be achieved through the modernization of craft enterprises by strengthening their human resources, which could thus encourage the emergence of new craftsmen.

Small craft enterprises are an effective means for the training of dynamic entrepreneurs and technicians with the ability to manage modern enterprises capable of carrying out promising investment projects, hence the importance of encouraging the creation of an increasing number of small craft enterprises.

The craft sector is characterised by its capacity to create a sufficient number of enterprises and jobs, especially small and micro enterprises.

Each developer in the sector creates an average of 5 (five) new jobs. The strengths of the craft sector are significant in the sense that the sector is not very capital-intensive compared to industry or agriculture, thus offering enormous potential for investment and employment.

#### ➤ How to distinguish handcraft enterprises

The distinction between craft firms and other types of organization (SMEs and large firms) lies essentially in the implementation of a different production process. This process, which can be identified with the concept of "small-scale market production" (") derived from the work of K. Marx (1967) and clarified by C. Jaeger (1982), is characterised in particular by the following features:<sup>15</sup>

- The non-existence or weakness of the separation between capital and labour;
- The adoption of a particular technical division of labour such that each worker is in charge of all production operations and in which there is little or no separation between skilled and unskilled labour;
- The participation of the entrepreneur in production;
- Low capital intensity, and the non-existence or weakness of processes of valorisation and capital accumulation;
- Membership in certain occupational groups.

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<sup>15</sup> UNESCO, op.cit P 7.

### 1.2.3.2 Emergence of the entrepreneur-craftsman :

The term entrepreneur contains the notion of success. It is synonymous with new products and breakthroughs, quality and service. It characterizes a certain type of dynamic individual whose will, creativity, tenacity and success make him or her a leader<sup>16</sup>.

The crafts sector is currently witnessing the emergence of a new generation of crafts entrepreneurs. It is a favourable field for investment and for the development of skills and know-how, both for the craftspeople who work in it and for other people who find it a promising field of activity. The latter are not necessarily craftspeople, but "any person who has the necessary funds and the predisposition to invest in the sector for the promotion of one or more trades"<sup>17</sup> The artisan entrepreneur must be receptive to investment incentive policies and to effective upgrading, extension and product promotion programmes.

The production process itself can be modified. There are manual tasks that would benefit from being mechanized without detracting from the artisanal character of the final product, according to the designers of this strategy. The modernization of handicraft products would be more an adaptation of the product to the needs of the market rather than a transformation of the nature of the product, especially when it is intended for export.

### 1.2.3.3 Development of a new commercial approach

The commercial action was only considered by the companies craftsmanship as an accessory. The most important was before everything to produce and not to sell. The activities of the intermediaries, collectors and bazaarists, were essentially limited to the physical distribution of the products, with little interest in promotion.

Today, a new approach to the market is being established and systematic use of marketing techniques is becoming more and more a component of the commercial approach. It is about learning how to argue and conclude in sales. The activity of the craft business becomes more imbued with the marketing culture.

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<sup>16</sup> JAMES COOK, *devenez l'entrepreneur qui gagne*, 1986

<sup>17</sup> SAID CHIKHAOUI, *essai d'analyse de l'impact des politiques publiques sur l'artisanat au monde*, Politique publiques et société, Maroc, 2003.

## Section 2 : Algerian handcraft sector

The handicraft sector in Algeria, remains today a driving force for development. with over 1 million jobs and thousands of workshops. created in the handicraft sector until the year 2015, today the handicraft sector provides solutions to the social crisis to deal with the energy crisis in Algeria. The actions of rehabilitation of the hundreds of existing crafts, and to revaluation of the Algerian heritage, lead to jobs.

For this reason , we will discuss in this section the main features of the algerian handcraft sector including geographical distribution of algerian handcraft, craft products, The place of the craft industry in the Algerian economy as well as the development of algerian handcraft sector including the Algerian handcraft Export promotion and finally the obstacles

### 2.1 Nature and geographical distribution of algerian handcrafts :

Separate from modern craftsmanship, which considers all the activities indispensable to economic life, traditional craftsmanship is that which has been handed down through the generations. It should be pointed out that it is enough to consider the geographical distribution of crafts in the country to identify the bases on which the effort must be made to give a serious impetus to the progress of this economic task.

The main craft regions are, from the east or west of Algeria, the Aurès for carpet weaving; Kabylia for jewelry, cabinet making, basketry, carpets, ceramics and wrought iron. In the ksour of the Saharan oases, pottery, traditional carpet weaving and other articles intend to perpetuate themselves whatever the alternation of various orders.

The djebel love and Bou-Saada, where the carpet industry does not intend to decline, Tlemcen to this form of production has really industrialized while preserving its originality traditional constitute an example of emulation for all the other artisanal branches in the country.<sup>18</sup>

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<sup>18</sup> MIHOUB MOHAMMED (A), *la création des entreprises Artisanales et leur gestion*, mémoire de magister en science commerciales, Ecole Doctoral d'économie et de Management, Oran, 2014, P16

### 2.1.1 Craft products :

Which includes 2 branches: urban handicrafts and rural handicrafts<sup>19</sup>

#### 2.1.1.1 Urban craftsmanship :

It includes the following activities: carpets, weaving, embroidery, lace, fine basketry, leather and copper work.

Craft product	Description
<b>The carpet</b>	The Algerian carpet which is part of the traditional craftsmanship presents original qualities that the article of industrial production. It is woven in goat hair and wool for the <b>Aurès</b> region and in wool for <b>Kabylia</b> and Mzab carpets. They are characterized by their very old patterns and their different colours.
<b>The embroideries</b>	The embroideries of Algiers which decorate silk medallions in and red, or of delicate mauve silk scrolls, their colours being very slow production is limited to isolated workers and craftsmen from Algiers. This activity has taken a great extension to Cherchell. At last, Ghardaïa, shawls decorated with a predominantly yellow silk embroidery, orange and green which offers a curious geometrical decoration and multicoloured on a black background.
<b>The Lace</b>	Arabic lace is produced in Algiers, Birkhadem, Kolea, Ténès, Cherchell, is particularly distinguished by the strength and durability of his delicacy of its fine laces executed with Irish thread.
<b>Basketry</b>	Greater Kabylia is the only production centre for fine raffia basketry. It is one introduced in Algeria by the Sisters Missionaries. The decoration is taken from the motifs found on the Berber pottery or local weavings.

<sup>19</sup> LGOLVIN, *aspects de l'artisanat en afrique du nord, publication de l'institut des hautes etudes de tunis*, Paris : Puf, 1957, P 144.

<b>Leather work</b>	From this craft activity, let's simply remember the embroidery on leather whose production centres are : Medea, Algiers, Laghouat. The product quality is declining daily. Trimmers on leather or velvet use the same techniques and tools.
<b>Copper workin</b>	<p>Copperware has existed in Algeria since the Middle Ages. The craftsmen use copper foil to make works for utilitarian and decorative purposes. During the Ottoman period, Algerian know-how was enriched with motifs and techniques from the East. The major centres in Algeria are Algiers, Tlemcen and Constantine.</p> <p>In the Sahara, especially in Ghardaïa and Tindouf, there is also a type of copperware whose works are more massive and rounded to have a better stability on the sand.</p>

**Tabale 1 Urban craftsmanship** source :made by us

### 2.1.1.2 Rural crafts :

More important than the previous one and more clearly understood, it groups the following artisanal branches:

<b>Craft Brache</b>	<b>Description</b>
<b>The Weavings</b>	They constitute a very important activity of women at home, in Grande-Kabylie and in the territory of Ghardaïa. These woollen weavings are embellished with geometric patterns adapted to modern needs. These weaves constitute original, rich and colourful pieces of furniture, the most beautiful in North Africa. Nomadic weaving such as flidjs which ranks among the handicraft activities of the centre of Laghouat is abandoned to be resumed and adapted to modern needs.
<b>The Pottery</b>	It is in Grande-Kabylie and Chenoua near Cherchell that pottery is most skilled. The variety of utilitarian forms on which an original and millenary art has expressed itself, makes these potteries an interesting production.

<b>Basketry</b>	This domestic activity uses esparto or dwarf palm fibre to make dishes, lids, cups that nomads use instead of pottery.
<b>Woodworking</b>	Woodworking, which was important in Greater Kabylia in the making of carved chests or doors, turned dishes, powder boxes or carved utensils, has almost disappeared nowadays. Over the last twenty years or so, the processes of inlaying the handles of expensive or weapons have been adapted to the modern objects imitated from the crafts of the metropolis.
<b>Silver Jewelry</b>	Beni-Yenni in Grande-Kabylie and in the Algerian south that the attachment to the tradition is maintained at the jewellers, the ornament of these jewels goes back to a very old art and the composition is geometrical, sober and precise.

**Tabale 2 Rural craftsmanship** source :made by us

## 2.2 The place of the craft industry in the Algerian economy :

In Algeria, craftsmanship represents an important and invaluable component of the national heritage. Its richness and diversity are rooted in the most remote times and eras. The beauty and authenticity of its "signs" and forms are living witnesses of the cultures and civilizations that have marked the history of the country, the Maghreb and the Mediterranean in which it is deeply rooted for several centuries.

Under the double effect of the economic and security crisis that affected Algeria during the 1990s, the sector has, however, experienced a serious and multifaceted crisis, the consequences of which have been to endanger vocations and human and material resources.

This situation is all the more worrying since it was at one point aggravated by the absence of a new policy and strategy taking into account the data imposed by the internal economic reform projects and the reality of the international markets.

As early as the mid-1990s, the state decided to react by taking a series of measures and initiatives to provide the sector with a renewed legal framework and support it with adequate means of organization and action. Thus Ordinance 96-01 of 10 January 1996 was promulgated, this law gives for the first time a detailed approach to craft activity. It identifies

its The report, which is based on the results of a survey of the Group's own human and material capacities, specifies its various fields of activity (modes and forms of exercise) and recommends the establishment of new structures and management tools.

Four years later, in 2002, the government then took the decision to attach the craft industry to the strategic sector of small and medium-sized enterprises. And thus finds itself a beneficiary of the law of orientation of the SME. Confirming the political will to make the upgrading and development of the craft sector a top priority, the modernization of the craft sector, this one devotes a preponderant place to the sector, which is now perceived and considered as a field of economic investment in its own right, eligible for support policies and programmes.

A year later, in 2003, the Ministry of SMEs and Crafts sent out a strong political signal by implementing the Action Plan for the Development of Crafts by 2010. A programme that encourages new behaviours, introduces new values such as those of work well done and the modernisation of support institutions and their instruments.

The period from 2003 to 2008 has known an enrichment and expansion at the level of the sector of trades and crafts and to manual disciplines, following the identification of weaknesses and responses to its contribution. In 2007, from

new framework and accompanying measures, which provide a new framework for special priority to the promotion of crafts and training of artisans. In 2008, a pivotal year in terms of development and growth, and in terms of institutional support. In particular, with regard to decentralization, support for self-organisation at local level, capacity building, etc. operational of the Chambers of Crafts and Trades, and easy access to the services offered to SMEs<sup>20</sup>.

### **2.3 Faced obstacles in the algerian handcraft sector :**

Today most craftspeople continue to practice this profession out of love and passion, despite all the difficulties and obstacles they encounter in :

- Raw material which is expensive and of inferior quality;
- Absence of the notions of forecasting, prevention and planning.
- Lack of information network, publication and other media tools;
- Difficulties of access to financing both in terms of investment and exploitation;

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<sup>20</sup> MINISTER DE LA PETITE ET MOYENNE ENT'EP'ISE ET DE LA'TISANAT, *assise de l'artisan bian et perspective horizon 2020*, Alger, 2009, P13.

- Ineffective support and advisory structures;
- Difficulty in setting up a business;
- The language, complexity and non-coordination of administrative procedures.

## **2.4 development of algerian handcraft sector :**

The proposed program for the development of the handicraft sector and trades by 2020, aims to create the necessary conditions for the development of the sector and the consolidation of the competitiveness of the national economy as a whole, particularly through the support of artisans to improve production and encourage their know-how and skills, as well as strengthening institutional capacity to penetrate foreign markets.

In spite of the successes achieved, the sector still faces many constraints requiring government intervention. These include the following:

### **2.4.1 The revision of the legislative and regulatory framework:**

Among the constraints recorded is the urgent need to revise certain legislative and regulatory provisions, particularly those relating to :

- The definition of craft activity
- The definition of the craftsman, the enterprise and the craft cooperative as a small enterprise
- Other regulatory provisions relating to the reorganisation of the sector, the register of crafts and trades, the nomenclature of crafts and trades activities, as well as those relating to obligations, benefits and sanctions.

### **2.4.2 The development of craft activities:**

During the period from 2003 to 2010, almost all of the technical and financial assistance granted was devoted to the **field of traditional crafts and arts** alone, while the other fields (field of crafts for the production of goods, field of service crafts) account for the largest proportion of entries in the Register of Crafts and Trades.

The procedures for amending the nomenclature of craft and trade activities remain binding (by decree) in relation to developments in the economic and social sphere, to which is added the overlap between the nomenclature of craft activities and commercial activities.

**2.4.3 The lightening of the registration file:**

The requirements for entry in the Register of Crafts and Trades remain relatively cumbersome compared to those of the Commercial Register .

**2.4.4 Encouraging home-based work:**

Home-based work has not yet had the merit due to it despite its important role in the creation of craft activities especially in rural and urban areas of the country, hence the need to supervise this strategic activity to better understand its development.

**2.4.5 The development of local support structures.**

The lack of efficiency of the Chambers of Crafts and Trades, which often lack initiative and very often remain dependent on instructions and guidance from the central administration.

**2.4.6 Support for artisans**

The lack of knowledge by craftsmen of the vocation of the National Fund for Support to Handicraft Activities, which they consider only as a means of acquiring equipment and assistance free of charge.

Difficulties of access to financing both at the level of investment and at the level of exploitation, which is a hindrance to the development of craft activities.

**2.4.7 The organization of informal work in the Crafts sector**

Faced with unfair competition on the parallel market, the legally practising craftsman encounters difficulties in preserving his market share or defending his competitive strength. This situation obliges him to end his activity and change the course of his professional life or even to transfer to the parallel market.

**2.5 Export potential :**

At the level of exports, the handicraft sector has been able to position itself on the international chessboard both quantitatively and qualitatively. It has experienced a considerable development in this area. This is mainly the case, by example of carpeting, leather goods, clothing, weaving, work in the wood, basketry, pottery, wrought iron...etc.

However, in the face of economic changes, the growth in the export of handicrafts remains very timid compared to other industrial sectors. It turns out that several efforts remain to be undertaken to consolidate the place of products in full expansion, to revive certain products in decline.

A global policy is certainly to be designed for the craft industry, based on specific strategies, the specific potential of each product, the evolution of the history, the real and virtual clientele and the changes that characterize the customer and the national and international demand<sup>21</sup>.

### 2.5.1 Algerian handcraft Export promotion

Within the framework of the Technical Assistance programme proposed by the World Bank to support the diversification of exports in Algeria, a study mission on the "removal of barriers to exports" is being conducted by the World Bank on behalf of our department and the Ministries of Finance, Trade and Agriculture, Rural Development and Fisheries.

The "Removal of Export Barriers" project financed by a World Bank grant for a total amount of 2 million USD is divided into four components:

- Public-private dialogues on 2 or 3 sectors with export potential: led by the MIM;
- Customs and port facilitation for foreign trade: led by the Ministry of Finance and involving the Ministry of Transport and Public Works and the Port of Algiers; the MIM is involved in the port logistics sub-component as part of its leadership of the Cross-Border Trade working group.
- Support for the development of agricultural exports: led by the Ministry of Agriculture, Rural Development and Fisheries;
- Technical support for the development of the new export strategy: led by the Ministry of Trade.<sup>22</sup>

The Algerian State has taken measures to facilitate the export of handicraft products, in particular through international agreements and conventions:

- The association agreement with the European Union;
- Bilateral agreements;

<sup>21</sup> M. Hassan CHOUIKH op.cit p25

<sup>22</sup> <http://www.mdipi.gov.dz/?Promotion-des-exportations> (11/08/2020 13 :51)

- The Generalized System of Trade Preferences (GSP) with the United States of America.

This action plan will have other equally important impacts. These include:

- Diversification and improvement of the quality of handicraft products which constitute a segment of satisfaction for consumers and tourists,
- The densification of artisanal activities, which will help to fix the populations in their natural environment,
- The development of the competitiveness of the products of the Craft industry allowing the penetration of the external markets.

### **Section 3 : handicrafts market, global industry**

In this section we will try to analyse the global handcraft market, including the main points related to it such as : global handcraft crafts market size and trends, Players and channels , global handcraft market strategy.

#### **3.1 handicrafts market analysis: growth and trends**

The global handicrafts market was worth us\$ 663.9 billion in 2019. Handicrafts refer to products that are handmade using simple tools and represent the culture and traditions of a country or region. Their production requires considerable hand-eye coordination and intense concentration.

Each handcrafted product is unique as each craftsperson applies their strength differently, owing to which every product has distinct qualities.

Handicraft plays a vital role in the economic development of a country as they are a prominent medium for foreign exchange revenue, require low capital investments and offer employment opportunities. In addition, handicraft items are perceived as a symbol of status owing to their uniqueness, quality, usage of natural materials, and the essence of vibrant art and culture.

In recent years, with the emergence of online retail and the proliferation of various e-commerce channels, the accessibility to handicrafts has become more convenient for consumers.

This has provided a boost to the sales of handcrafted goods across the globe. Another factor driving the market growth is the shift from ethnic to contemporary designs, coupled with the strong demand from offices, hospitals and hotels. Apart from this, the growing travel and tourism industry has provided vast opportunities to local artisans and handicraft manufacturers to produce commoditized products and sell them to tourists who are willing to spend significantly on souvenirs and other craft items.

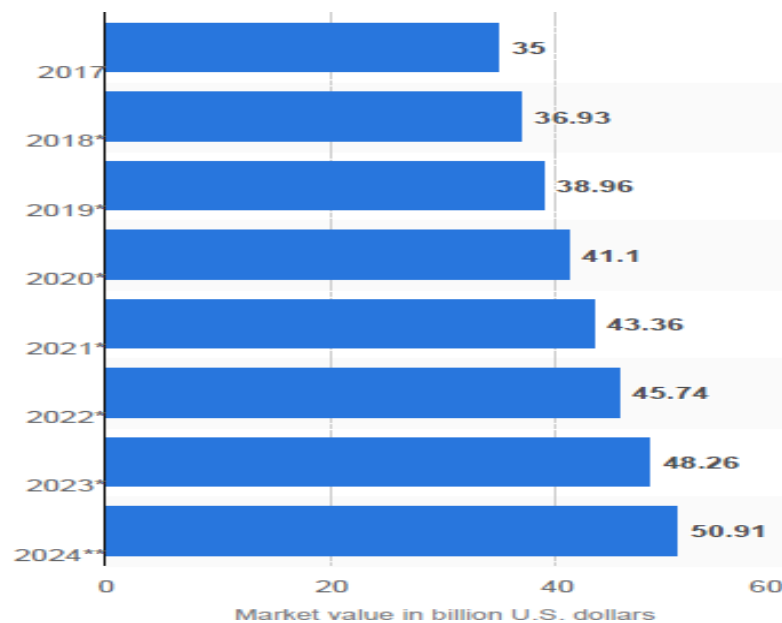
Moreover, handicrafts have lower energy requirements, unlike machine-made products which involve the utilization of electricity and various other fuels. On account of the low

capital investments, the industry is flourishing, particularly in the developing regions such as india, china, and afghanistan.<sup>23</sup>

### 3.1.1 global handcraft crafts market size

Figure1 shows the value of the arts and crafts market worldwide from 2017 to 2024. In 2017, the total global arts and crafts market was valued at approximately 35 billion u.s. dollars and was forecast to reach a value of 50.9 billion u.s. dollars by 2024.

Figure 1 Value of the arts and crafts market worldwide from 2017 to 2024



source: <https://www.statista.com/statistics/1017884/arts-and-crafts-market-value-forecast-worldwide/>

### 3.1.2 global handcraft market trends :

Handicraft production is a major form of employment in many developing countries and often a significant part of the export economy. With increased globalization, however, products are becoming more and more commoditized, with artisan producers facing increased competition from producers all over the world, particularly in china and other asian countries.

So here are the following trends in the marketplace that impact handicraft producers :

- **there is a growing market for home accessory products, particularly in the high-end segment.** It is expected to grow not only in western markets but in all regions as middle-class<sup>24</sup>

<sup>23</sup> <https://www.imarcgroup.com/handicrafts-market>

Populations expand rapidly, particularly in china and india. This trend suggests that there are numerous and expanding opportunities for artisans in developing countries to create products for these markets.

- **china and india—along with several other asian countries—currently dominate handicraft production worldwide, and are likely to continue to do so for the foreseeable future.** Their position is based largely on low-cost, high volume, western-designed goods.

- **many buyers and consumers seek unique products made in countries other than china.** While the market for purely indigenous designs is limited, “global style”—products that combine ethnic elements with contemporary designs—is a growing category and represents an opportunity for handicraft producers.

- **low-end (priority on low prices) and high-end (priority on high quality) markets are expanding, while the middle (moderate quality at moderate prices) is relatively stagnant.** Whereas competition at the low end is strong and requires significant production capacity, the “luxury” market tends to focus more on distinctive designs, higher quality, and smaller quantities with greater flexibility in pricing.

- **distribution channels in end markets are shortening.** Large and, increasingly, mid size retailers are importing directly, while small (and many of the mid-size) retailers continue to purchase merchandise principally, or entirely, from domestic wholesale importers. As this trend continues, many wholesale importers are losing important clients and many independent retailers are struggling to compete in a marketplace dominated by lower-priced “big-box” stores.

However, there is evidence that very small retailers can compete with distinctive, high-end products. It is important to note that the vast majority of importers, both wholesale and retail, rely on the services of foreign exporters and agents, which many market experts see as critical to the success of handicrafts in developing countries.

### 3.2 Players and channels

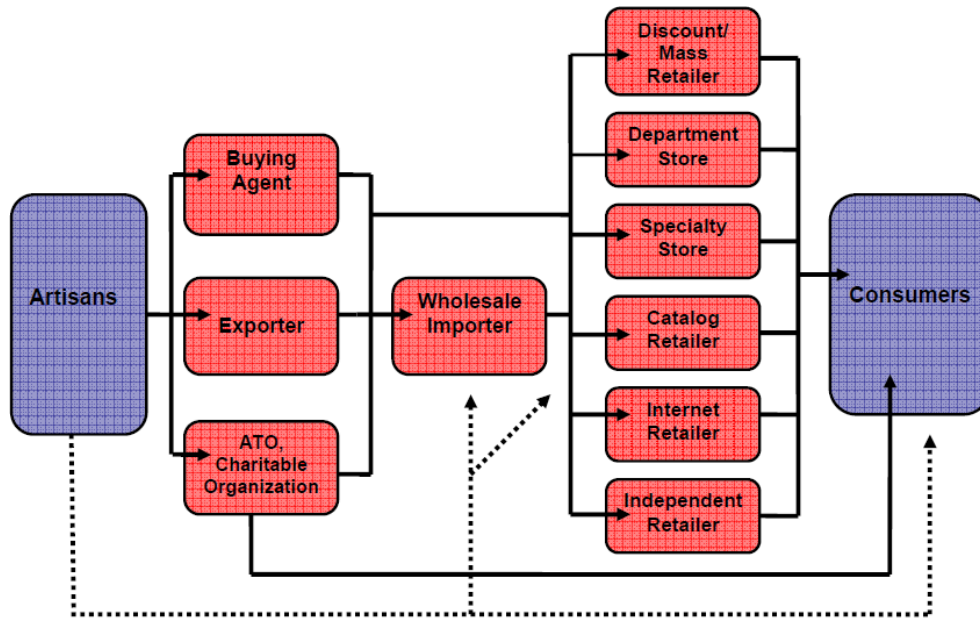
In this section, we review the landscape of players and channels in the global handicrafts market.

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<sup>24</sup> GLOBAL MARKET ASSESSMENT FOR HANDICRAFTS

### 3.2.1 handcraft market channels

Figure 2 illustrates in very general terms how the market is organized and applicable to the majority of handicrafts produced



**Figure 2: handcraft market channels**

Source : <https://www.imarcgroup.com/handicrafts-market>

**Artisans**—craftspeople who are working independently or in groups to sell their products in local markets and to exporters and foreign buyers. They may also be subcontracted by exporters or other artisans, or work directly as employees of export companies.

**A buying agent** is an individual or company, usually based in the producing country or in some cases within a region, that is responsible, on behalf of an importer, for all interaction with the artisans: communication, samples and ordering, production oversight, quality control, labeling, packing, inland freight, payments, and so on. An agent typically works for a commission paid by the buyer or artisan.

**Exporters** are businesses located in the producing country that manufacture and export products in large quantities. In the handcraft sector, they may hire artisans to work in-house, or outsource much of the production to artisans working in their homes, completing the final tasks (such as assembly, finishing, quality control, labeling, and packaging) in-house.

Typically, these companies require significant production financing and are more experienced with export procedures and requirements than individual artisans.

**Charitable organizations** are largely nonprofit groups, in either the artisans' country or the destination market, that perform a few or many of the functions of an exporter, importer, buying agent, and retailer. They may receive private or public funding, and they are often guided by a mission such as poverty alleviation or improved healthcare. Some are faith-based.

**Wholesale importers** range from small “mom and pop” start-ups to very large, well-established companies with their own production and distribution facilities. Some are structured businesses with significant financing, while others have grown out of personal travel and operate on a shoestring budget. They purchase, import, and wholesale products to all types of retailers. Some also function as buying agents working on commission when profit margins are too thin.<sup>25</sup>

### 3.2.2 global handicraft market players

The global handicrafts market is fragmented in nature with the presence of a large number of small and big manufacturers. Some of the leading players operating in the market are:

- Asian handicraft
- Fakih group of companies
- Shandong laizhou arts and crafts
- Ten thousand villages
- Oriental handicrafts pte. Ltd.
- Ngoc dong ha nam
- Minhou minxing weaving co. Ltd.
- Native crafts and arts industries<sup>26</sup>

### 3.3 Global handicraft market strategy

This study concludes that handicraft producers in developing countries should pursue the following strategies in order to compete in the global marketplace:

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<sup>25</sup> Ted Barber and Marina Krivoslykova GLOBAL MARKET ASSESSMENT FOR HANDICRAFTS VOLUME I ,Development Alternatives, Inc. JULY 2006

<sup>26</sup> <https://www.imarcgroup.com/handicrafts-market> (14/08/2020 18:11)

1. Focus on markets and channels in which there is less direct competition with high volume, lowcost producers of “industrial” handicrafts, for example, the independent retailer market by way of wholesale importers. Rather than competing directly with china, identify and sell to market niches such as high-end home accessories and the importers whose smaller orders are declined by large craft factories.
2. Develop more products that embrace the concept of global style in order to both access the large and growing demand for contemporary design and remain distinctive in the marketplace. Opportunities for handicrafts exist in all market segments, but are most abundant for products that fit comfortably into people’s homes and bring an authentic indigenous element into their lives.
3. Look to local and regional markets for opportunities that may have been overlooked and can serve as a springboard to larger and more competitive markets.
4. Constantly upgrade skills and techniques, including detailed handiwork, quality (especially finishes), product development, and customer service to remain competitive, difficult to imitate, and appealing to work with. Investments to reliably deliver modest quantities of unique, highquality goods destined for higher-end retail stores are advised over those intended to improve the ability to compete with low-cost, high-capacity producers.

### **3.4 Factors influencing global handcraft development**

in today's global policy, in order to achieve a sustainable development, the handcraft sector has received a particular attention as an important part of cultural industries.. Handicraft development is influenced by tourism industry development and represents the local traditions and indigenous populations, as well as a symbol of places visited by tourists.

#### **3.4.1 The environmental factors influencing the handicraft development**

Thorough review of environmental factors influencing the development of the handicraft, both internal and external environment, are essential for adopting appropriate policies. Because from one hand, compliance with these conditions is essential for the survival of businesses and on the other hand identification of these factors enable governments to develop this critical industry and to generate wealth inside the country by the adoption of effective laws and regulation.

Among these we find political, economic, social, technological and other factors associated with handcraft development. Which indicates that the development of handicraft depends on quality enhancement and paying special attention to the needs of the market, to compete in domestic and global markets.

in this context, paying attention to the nature of the handcraft, manpower employed in the industry, investment, technology level, the necessary infrastructure and geographical distribution of production sites are of great importance. It seems that by improving the business environment, the development of use of new technologies, create incentives to increase private<sup>27</sup>

### 3.4.2 impact of globalization on the global market

World markets are becoming increasingly integrated as a result of improvements in technology, more competitive transportation and communication costs, and reduced trade barriers. Globalization has accelerated a trend that is not new: the growing commoditization of handcraft production. At various times in history, mass-produced factory items have replaced goods that were formerly made exclusively by artisans. As early as in the 19th century, centers like paisley in scotland grew around the production of machine-made versions of handcrafted textiles such as the highly prized shawls of kashmir in india<sup>28</sup> today, many observers fear that the advance of globalization has intensified the precarious existence of artisan communities through increasing global competition, the mass production of craft goods, and rapidly shifting trends in fashion, cultural taste, and aesthetics.<sup>29</sup> the doomsday scenario involves a continuing downwards spiral in retail prices, shortening of product life cycles, and the squeezing out of most small producers.

From a different perspective, globalization has opened up significant new market opportunities for handcraft producers. A recent study of india's handcraft sector argues that the risk that handcrafted products will be phased out due to competition from mechanized industries is overblown. In fact, demand for handmade global and cultural goods has and will continue to grow with increased international and domestic tourism, growing interest in interior decoration, greater spending on home furnishings, and as a reaction (especially in

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<sup>27</sup> An Analysis of the Environmental Factors Influencing the Handicraft Development

©JK Welfare & Pharmascope Foundation | International Journal of Review in Life Sciences

<sup>28</sup> Herald, Jacqueline. 1992. *World Crafts: A Celebration of Design and Skills*. Oxfam. book

<sup>29</sup> Scrase, Timothy J. 2002. "Globalization and the Future of Asian Artisan Labour." *The International Scope Review* 4, no. 8.

upscale markets) to the homogenization of mass-produced goods.<sup>30</sup> it is true that new opportunities lead to new pressures, however. Handicraft producers are being asked to adapt products to buyer requirements, offer more timely production and delivery to exact specifications, and improve production efficiency and quality. They compete not only with other suppliers in their own countries, but also with producers and whole industries in other countries, which may be receiving a higher level of direct or indirect government support.

### 3.4.3 growth in online sales

Online sales growth is expected to have a significant impact on consumer shopping patterns in most sectors, including home accessories. A distinction should be made, however, between importer-to-consumer and retailer-to-consumer online sales. Because of the artistic nature of handicrafts, consumers often want to see and touch the products. Thus, some market experts believe that online sales of home accessory products will increase significantly for traditional retailers where the consumer can first see and compare the product in a store. But it remains a point of debate whether this trend will equally benefit non-brick and mortar sellers of handcrafted products. The online success of businesses such as sundance catalog and overstock.com (with worldstock, its developing-country handicraft division), among others, argues otherwise. Experts also note that growth is likely to be more pronounced in certain categories. Larger and less disposable items, such as furniture and lamps, exhibit a pattern of lower online sales than smaller, less expensive home accessory items and gifts.<sup>31</sup>

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<sup>30</sup> Liebl, Maureen, and Tirthankar Roy. 2003. "Handmade in India: Preliminary Analysis of Crafts Producers and Crafts Production." *Economic and Political Weekly*, pp 5366-5376

<sup>31</sup> THE GLOBAL MARKET FOR HANDICRAFTS p27


## **Conclusion :**

As a conclusion for this chapter we can assure that The craft industry is an essential sector of activity for economic development, It enables the creation of wealth and employment and is an essential vehicle for any spatial planning policy, rural and urban areas and a social partner indispensable for the preservation of young people in society.

Beyond the heritage approach aimed at ensuring the sustainability of the professions of crafts, their diversification and concern for their development, as well as their influence in the region. international, imply that they should also be able to innovate, by making greater use of the current technologies.

For this, the craft sector is today part of the programs of strategic development of nations, a development that necessarily involves the modernisation of its companies and the strengthening of its support relays.

In addition, the recognition of the businesses and the products they generate must be favored. because their attractiveness and the public's knowledge of them remain insufficient.



# Chapter Two : Overview on start-ups

## Introduction

Over the last few decades, start-ups have been remarkably successful, with strong growth all over the world. This has prompted many young entrepreneurs to study and research this new economic structure.

"Start-up" a term often heard and used by everyone in the world, many conferences, seminars, symposiums are made on this term. What is it all about? How does it emerge? This is what we will see in this chapter along with other points that have a relation with it.

. our chapter is going to be presented as follows :

Section 1 : Background and Conceptual Framework of startups, In this section we will explain and conceptualize startups How does it emerge? What is it all about? This is what we will see in this section along with other points that have a relationship with it.

Section 2 : Emergence of start-ups in algeria,

After taking an overview on startups as well as all the concepts related to it in the first section ,we will get to analyze the emergence of start-ups in algeria as well as the support system put in place by the algerian government in order to assiste start ups creation.

Section 3 : analysis of Succesful models for handcraft startups,

In this section, we wanted to extend our reflection to the study of start-ups in other relatively different economic areas. The aim is to study these experiences , and to extract success factors as well as challenges inorder to apply them to Algerian start-ups. In this matter, we will discuss the experiences of two handcraft startups:

- One from a developed country : **Etsy** (the United States) ,
- One from a developing country : **CraftsBazaar** (India).

## Section 01: Background and Conceptual Framework of startups

In this section we will explain and conceptualize startups How does it emerge? What is it all about? This is what we will see in this section along with other points that have a relationship with it.

### 1.1 The emergence of start-ups

The world of startups, a major economic phenomenon that originated 50 years ago in Silicon Valley near San Francisco. <sup>32</sup>

In 1957, the myth of the eight engineers working near San Francisco, decided to leave their employers. They found an investor in New York interested in financing their project. The story is famous, the (eight traitors) are considered to be the founders of the first start-up in Silicon Valley, Fairchild Semiconductor, which is at the origin of some other success stories <sup>33</sup>, this cradle of high technology has become a world reference for entrepreneurship and innovation. But, in reality, the official birth of start-ups began in the 1930s.

A "start-up" state of mind as early as 1939 <sup>34</sup> Across the Atlantic, Hewlett-Packard is credited with kicking off the Silicon Valley story. This reputation was somewhat usurped, however, as several students of Fred Terman had created, before David Packard and William Hewlett, electronic and electrical companies around Palo Alto and San Jose. If it is not the first company in the valley, Hewlett-Packard is on the other hand the first to concentrate all the ingredients of the myth of Silicon Valley. The penniless founders - the company was created with 580 dollars -, the modest garage in Palo Alto where the first audio oscillators were manufactured and which is today a national monument of the State of California, the dazzling growth (the first million dollars in sales was reached as early as 1943) and above all the "start-up" state of mind, embodied by the famous "HP Way". Set up in 1939, this approach aims to promote open and friendly management, symbolised by the possibility for everyone to speak directly to the founders.

<sup>32</sup> <http://www.startup-book.com/fr/table-des-matieres-et-contenu/> (04/03/2019 11h12)

<sup>33</sup> Y.F.HAREB et A.STITI, *Les incubateurs en Algérie : Acteurs clés dans l'émergence des startups*, mémoire de master en sciences commerciales option : Management et entrepreneuriat, EHEC, Kolea, 2018, P08.

<sup>34</sup> <https://www.lesechos.fr/LesEchos/> (04/03/2019 12 :43)

In the aftermath of World War II, as the Cold War further increased the strategic nature of advanced technology, Fred Terman secured 3,200 hectares of land owned by the university for companies founded by Stanford alumni. Thus, in 1953, the Stanford Industrial Park was created, and since its inception, it has been home to some 100 companies. Two years later, Terman created the Honors Cooperative Program, which offers companies in the region privileged access to the university's research programs. All that remains now is to bring in the venture capital firms. The federal government played a key role in the matter by passing the Small Business Investment Act in 1958, which allowed private equity firms investing in business start-ups to borrow up to three times their capital with a government guarantee. In 1960, the first venture capital firm was established in California: Davis and Rock. In 1962, it made its first big move by investing \$280,000 in Scientific Data Systems, a company founded the previous year that manufactured computers for NASA. Seven years later, the sale of its stake brought in no less than \$990 million! Silicon Valley is now up and running.

Today, Silicon Valley represents the largest innovation ecosystem in the world, it is the stronghold of the largest companies and start-ups in the world, such as: Facebook, Airbnb, Netflix, Google, Twitter, Apple ... etc...

## 1.2 Definition of a start-up

After the emergence of Silicon Valley, the use of the term start-up has seen massive growth in the world of entrepreneurship and innovation. To such an extent that it is sometimes used indiscriminately. Indeed, the term start-up is an English term **meaning a company that is starting up or an innovative young company in a growth phase**. But in order to understand what exactly is meant, a clear economic definition is needed. Some of us think that a start-up is a new company, with a very small size, but according to Patrick Fridenson, being a startup is not a question of age, size or sector of activity. The following four conditions must be met

- 1) Strong potential growth.
- 2) Use of new technology.
- 3) Need massive financing, the famous fund raising.
- 4) Being in a new market whose risk is difficult to assess.<sup>35</sup>

<sup>35</sup> <https://wydden.com/dis-cest-quoi-une-start-up/> (05/03/2020 à 14 :37)

Some authors do not characterize start-ups by technological innovation, as is the case with Letowski, he proposes the idea that an innovative company is not only a high-tech company because the very fact of undertaking is in itself an innovation. Of course, this is based on the idea that the existence of a start-up is indefinitely linked to the notion of innovation, and that, ultimately, any start-up company would be a start-up.<sup>36</sup>

Other authors define a start-up as a temporary organization, as Steve Blank, a serial entrepreneur from Silicon Valley says:

"A start-up is a temporary organization looking for a profitable, scalable and repeatable business model that allows for exponential growth "<sup>37</sup>.

According to this definition, a start-up is characterized, on the one hand, by a business model that is not flexible, it tests economic models, discovers its environment and adapts as it goes along, and on the other hand, it aims at growth and profitability.

### **1.3 The essential characteristics of a start-up:**

It is clear that everyone has their own definition of a start-up, but the majority agree on almost the same characteristics.

1) A perspective of strong growth: a point where everyone agrees, without any difference, that an organization that does not focus on strong growth cannot be considered a start-up.

2) Innovation: a point on which we hear many opinions, but innovation remains a key characteristic whatever its type (product innovation, process innovation, organisational innovation, concept innovation). Because originally a start-up is born from an innovative idea to improve living conditions or a community.

So very briefly, a start-up can be defined as a company based on an innovative idea with a rapid increase in turnover. Knowing that a start-up is much more than a company as an economic entity. It's a way of thinking, a different vision, a whole state of mind imprinted by the founder(s), and this state of mind in which it has just entered a market must be quite different from that of traditional companies.

<sup>36</sup> S.BROSIA, *Management stratégique de Start-up innovante & Création de valeurs*, Edition universitaires européennes, 2017, p16

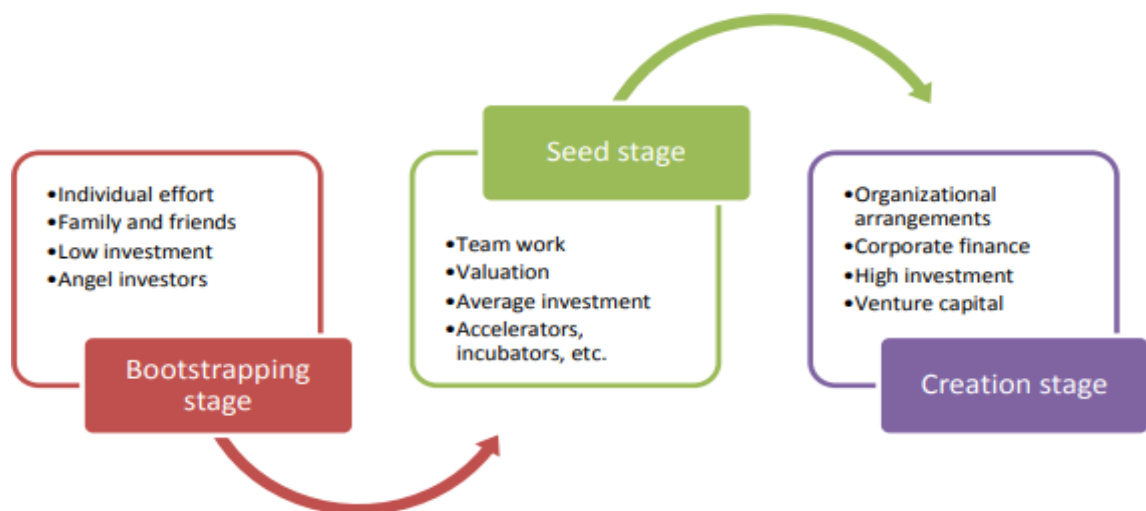
<sup>37</sup> S.BLANK et B.DORF, *le manuel du créateur de startup étape par étape bâtissez une entreprise formidable*, édition Diateino, Paris 2013, P05.

## 1.4 Life cycle of a start-up company

Like every company, a start-up also has its own life cycle, which differs from that of a traditional company.

However, startups are diversified and complex in nature, these entities have their lifecycle. Hopefully, research on startups' lifecycle is well-developed in last few years (see Salamzadeh, 2015a,b). Since the sequence of activities and stages might vary among different startups, a holistic perspective is presented in this paper to offer a better understanding of the lifecycle of startups. The stages are as follows

Figure 3. Lifecycle of startups



**source:** Salamzadeh, Aidin and Kawamorita Kesim, Hiroko, (2015). Startup Companies: Life Cycle and Challenges. Proceedings of the 4th International Conference on Employment, Education and Entrepreneurship (EEE), Belgrade, Serbia.

• **Bootstrapping stage:** In this very early stage, the entrepreneur himself/herself initiates a set of activities to turn his/her idea into a profitable business. However, he/she considers a higher risk or even uncertainty level, continues working on the new venture idea, makes a team, uses personal funds, and asks family members and friends for their investment in the idea. Bootstrapping, which is sometimes defined as highly creative ways of acquiring the use of resources without borrowing<sup>38</sup>, is considered to be one of the areas

<sup>38</sup> Freear, J., Sohl, J. E., & Wetzel, W. (2002). Angles on angels: financing technology-based ventures-a historical perspective. *Venture Capital: An International Journal of Entrepreneurial Finance*, 4(4), 275-287

of entrepreneurship research that most need to be addressed<sup>39</sup>. The purpose of this stage is to position the venture for growth by demonstrating product feasibility, cashmanagement capability, team building and management, and customer acceptance<sup>40</sup>.

- **Seed stage:** This stage is characterized by team work, prototype development, entry into market, valuation of the venture, seeking for support mechanisms such as accelerators and incubators, and average investments to grow the startup. Frankly speaking, for most startups the seed stage is a mess and is construed as highly uncertain<sup>41</sup>. The seed stage is characterized by the initial capital that is used to do product and/or service<sup>42</sup>. Thus, founder seeks for support mechanisms such as accelerators, incubators, small business development centers, and hatcheries to accelerate the process. A great number of startups fail in this stage. Since they could not find support mechanisms and in best case they would turn to a low profit company with a low rate of success. On the other hand, those who succeed in receiving support would have a higher chance of becoming profitable companies. It goes without saying that valuation is normally done at the end of this stage.

- **Creation stage:** Creation stage occurs when the company sells its products, enters into market, and hires first employees . Some scholars believe that entrepreneurship stops when the creation stage is ended<sup>43</sup>. This supports the argument that most of the theories which cover startups are borrowed from entrepreneurship theories and not management and organization theories (see Entrepreneurship theories focusing on startups). At the end of this stage, organization/firm is formed and corporate finance is considered as the main choice for financing the firm. Venture capitals could facilitate the creation stage, by funding the venture.

## 1.5 Importance of start-ups in the world

### 1.5.1 Importance of start-ups for the economy

<sup>39</sup> Ebben, J., & Johnson, A. (2006). Bootstrapping in small firms: An empirical analysis of change over time. *Journal of Business Venturing*, 21(6), 851-865.

<sup>40</sup> Brush, C. G., Carter, N. M., Gatewood, E. J., Greene, P. G., & Hart, M. M. (2006). The use of bootstrapping by women entrepreneurs in positioning for growth. *Venture Capital*, 8(1), 15-31.

<sup>41</sup> Salamzadeh, A. (2015 a). Innovation Accelerators: Emergence of Startup Companies in Iran. In 60th Annual ICSB World Conference June. UAE (pp. 6- 9).

<sup>42</sup> Manchanda, K., & Muralidharan, P. (2014, January). Crowdfunding: a new paradigm in start-up financing. In *Global Conference on Business & Finance Proceedings* (Vol. 9, No. 1, pp. 369-374) Institute for Business & Finance Research. Martinsons, M.

<sup>43</sup> Ogorelc, A. (1999). Higher education in tourism: An entrepreneurial approach. *The Tourist Review*, 54(1), 51-60.

There is widespread consensus that a bad economy is a good financial climate for a startup. Indeed, in light of the startup boom which some are dubbing the ‘startup economy’, this may well prove true. As this trend continues to grow, however, the startup economy is emerging in its own right, now possessing its own market force and instigating a string of positive effects on the economy at large.

A result of the economic downturn has been the increase of the contingent workforce. Big companies are employing fewer people in order to remain flexible, as well as laying off proportionately significant numbers of full time staffers. This means that now, more than ever, finding a job in a large firm is extremely difficult, especially for young university and college graduates.

For a young professional, it’s no longer enough to graduate from a degree. Landing a corporate position often necessitates two degrees, a master’s, and extensive experience to boot (with a foreign language thrown in for good measure). It’s a grim picture for young graduates with hefty education debts entering the job market, especially when the number of students completing tertiary degrees is increasing annually.<sup>44</sup>

#### **1.5.1.1 Providing opportunities in a non-hiring economy**

In the midst of this downtrodden economy, startups provide an opening into a highly competitive and largely impenetrable job market. They employ handfuls of young, qualified individuals in a range of industries, as well as offer a varied, intensive and in-depth experience for interns, who fare better than finding a photocopying and/or filing job in a big company.

#### **1.5.1.2 Developing well-rounded individuals**

Anyone working for a startup would know that they, and their colleagues, are fabulous multitaskers. They juggle numerous roles and fulfill many functions beyond what is written on their business card.

Working for a startup means learning to do a number of things that are necessary for the development of a successful business, in an experimental and creative environment. In addition, by working in a small team, an employee will often have a better idea of what their colleagues are doing, and how they are doing it, seeing all work processes first hand.

<sup>44</sup> [www.deskmag.com/en/why-startups-are-good-for-the-economy-coworking-spaces-374](http://www.deskmag.com/en/why-startups-are-good-for-the-economy-coworking-spaces-374) ( 12/08/2020 16:47)

In essence, the scope of a startup employee's work is far greater than an employee working in a single department for a large company, and so they often gain a richer and more varied professional experience: startups are contributing to the creation of well-rounded, multi-skilled individuals, and not training them to be one-trick wonders.

### **1.5.1.3 A healthier economy, a more varied market**

Thousands of small companies, employing thousands of freelancers and qualified graduates, reduces unemployment levels significantly - with small businesses hiring around 30% of the US workforce.<sup>45</sup>

Thanks to technological advancement and this increased competition between small businesses, startups are required (and are now able) to develop their products quicker, more efficiently, and cheaper, working on and perfecting their product before it hits the market. As a result, we are presented with cheaper, more efficient solutions to problems, which streamlines business and encourages market competition. Because products and ideas are tested, reworked and perfected before hitting the market, their demand is secured and time and resources are saved in the long run.

The fruits of startups, born of ideas sparked by holes in the market (and not thought up by boardrooms of existing companies) are used by individuals and companies alike, and so the vertical economy, tying consumers to big business, is reinforced.

### **1.5.1.4 Socially responsible endeavours**

This influx of new ideas and products presents a myriad investment options for all budgets, jump starting the injection of capital back into the market and helping re-instill economic confidence.

Venture capital in particular is a term synonymous with the startup world. Without it, startups would never move beyond the 4-person payroll or develop the products which expand their business. As a result, online platforms have emerged to allow investors to support startups and their ideas, meaning that now, more than ever, investors can direct with an unprecedented exactness where their money goes. Conscious decisions can be made about which ideas and products are worth pursuing. This places the onus back on the

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<sup>45</sup> [www.deskmag.com/en/why-startups-are-good-for-the-economy-coworking-spaces-374](http://www.deskmag.com/en/why-startups-are-good-for-the-economy-coworking-spaces-374) ( 12/08/2020 16:47)

startup to create something necessary and worthwhile, and the responsibility back on the investor, to invest in something sustainable, increasing each market player's social and environmental responsibility.<sup>46</sup>

### 1.5.1.5 Fuelling local economies

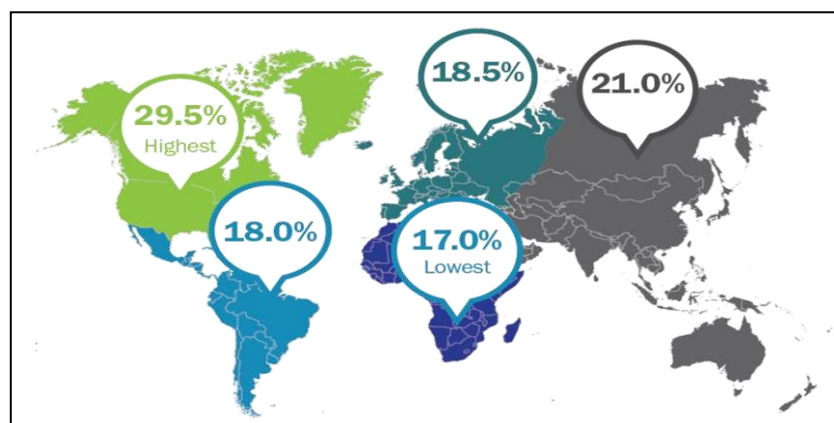
Startups - or rather, the people who found them - are locals. They live locally, shop locally, and use local resources. They employ local freelancers. They might rent a desk or private office in a coworking space or call a local incubator home. Startups become involved in communities and take part in events, because it's necessary for the success of their business. These combined elements inject money, resources, and vibrancy back into local communities. Sure, the dream of most startups is to move to Silicon Valley or Google's Campus, but startup hubs are nonetheless refuelling hundreds of cities worldwide.

### 1.5.1.6 The future of big business

With business giants like Google claiming that "startups fuel economic growth" and "increase innovation" it is hard to ignore the impact of the startup force on the economy. It might in fact be time to shift our thinking, disassociating startups with the 'bad economy' and likening them to the new one<sup>47</sup>

## 1.5.2 Job creation prospects by region

Figure 4 : Job creation prospects by region generated by entrepreneurs



Source : 2017/18 GLOBAL REPORT by the Global Entrepreneurship Research Association (GERA)

<sup>46</sup> ibid

<sup>47</sup> ibid

**Comment :** The region with the highest proportion of entrepreneurs expecting medium to high job creation (6 or more jobs in 5 years) opportunities is North America (29.5%).

The United States, in particular, stands out with 38.6% of entrepreneurs expecting to generate jobs. North America is followed by Asia and Oceania at 21.0%, Europe at 18.5%, and the region of Latin America and the Caribbean at 18.0%. Africa is at 17.0%

### 1.5.3 Global startups Statistics & Facts

Many of the world's most valuable companies had humble beginnings as startups. In the olden days, it was extremely difficult to create a large and successful business without a tremendous amount of capital to open a factory or buy a fleet of trading vessels, for instance. Today groundbreaking innovations can occur in a basement, a garage, or a college dorm. As a result, new startups pop up every day all around the world, each of them hoping to get acquired by a larger company or make it big in their own right. However, for every wildly successful startup, there are thousands which fall into obscurity, which is why startups valued at a billion dollars or more are facetiously referred to as "unicorns", a reference to their elusiveness. As of October 2019, the most valuable startup worldwide was the Chinese content platform Toutiao, which was valued at 75 billion U.S. dollars. Although most of the top valued startups are based in the United States or China, Latin America and the Caribbean is currently the most active world region for startups. Almost 30 percent of the population of Guatemala is involved in a business start up, compared to about 16 percent in the United States. Thailand, South Korea, and Turkey also boast high levels of early entrepreneurial activity.

Investment in startups has become very popular in recent years, with more and more investors recognizing the potential fortune to be made from supporting the right startup. Between 2012 and 2017, startup funding across all industries grew by at least 50 percent, with some industries like advanced manufacturing and robotics reporting nearly 1,400 percent more funding in 2017 than 2012. In 2013, the total funding for artificial intelligence startups amounted to about 1.7 billion U.S. dollars, which grew to over 15 billion dollars by 2017.

Although it takes a team to create a successful startup, it is not uncommon for the media to fixate on the founder or the head of a successful start up, such as Steve Jobs, Elon Musk,

or Mark Zuckerberg to name a few. Stanford University and Harvard University have the highest number of alumni who founded unicorns worldwide.<sup>48</sup>

## 1.6 differences between startups and small business

it is very important to understand the differences between startups and small businesses. They both are small and meet the definition of small and medium-sized business act. This is where their similarity ends. Let us see the differences between Startups and Small Business!

**Table 1 differences between startups and small business**

	<b>Small business</b>	<b>startup</b>
<b>1. Innovations</b> product or service innovation.	Does not make any claims as to uniqueness	Innovations are the most important things for a. Startups are meant to create something new and to improve what already exists
<b>2. Scopes</b> To what scopes your business will come up to?	Makes progress within limits established by a business person oneself.	Does not put any limitations on its growth and focused on winning over as much market share as possible
<b>3. Rate of growth</b> How fast will your business grow?	Should grow fast but a high-priority task is to make a profit	Always grow and within the shortest possible time creating a reproducible business model
<b>4. Profit</b> how much it is possible to earn?	Focused on getting earnings a profit from the very first day.	Takes time to gain profits, but after taking market shares, it starts generating profit
<b>5. Finance</b> How much to invest?	Private savings, investments on the part of one's family, friends, banking credits and/or investor funds will do.	Crowdfunding is becoming more and more popular. Financial borrowings from business angels, venture capitals, and investors
<b>6. Technologies</b> Are there any technologies	There are no special technologies required	Using new technologies to achieve fast growth and

<sup>48</sup> <https://www.statista.com/topics/4733/startups-worldwide> / (14/08/2020 15 : 47)

used running a business?		scale-up.
<b>7. Lifecycle</b> For how long will your business run?	32% of enterprises are shut down in the first three years, which is not bad comparing to startups...	92% of enterprises are shut down during the first three years.
<b>8. Team and management</b> How many workers are to hire?	as many workers are usually hired, as needed	Manager should develop a leader and managing qualities from the very beginning
<b>9. Way of life</b> How your work and private life will be combined?	A balance between work and personal life is out of the question	It is possible to combine work and personal life
<b>10. Exit strategy</b> What your business will end up with?	Two versions here: make it a family business or to sell it.	Usually moves towards next stage via a large deal on sale or IPO –Initial public offering.

Source : <https://apiumhub.com/tech-blog-barcelona/differences-startups-small-business/> (14/08/2020 07 :42 )

### Comment :

Is it possible for a small business to become a startup or vice versa? Yes, probably but everything depends on a chief's decision. Sometimes it depends on a founder's intentions (meaning whether a company is wished to be seen in another role), sometimes – is conditioned by external factors (a product demand changed, market conditions).

## 1.7 Challenges of startups

Prior research on challenges of startups addresses a number of common challenges among different startups .However, there are some common challenges, most of the challenges are unique, and the extent to which they affect startups differs. Some of the main common challenges are as follows: 1 Some scholars consider pre-seed stage between bootstrapping and seed stage. Moreover, to some scholars bootstrapping is the pre-seed stage. Also, some scholars consider bootstrapping as startup stage. Some other scholars believe that the creation stage is identified as the period between the nascence of a business idea until the moment of sustainable profits. Here by startups the author means the early stage of any business, venture, or entrepreneurial activity until it turns into a firm.

### 1.7.1 Financial challenges:

As mentioned earlier, finance is an integral part of the startup process. Any startup would face financial issues and problems for several reasons and in different stages. For instance, while bootstrapping the founder negotiates with family members and friends to convince them to invest in his/her idea. He/she invests in the business, and since the idea is in its early stages, he/she might need more money to expand it. Afterwards, in the seed stage, founder should look for angel investors and convince him/her with reasonable valuation plans. Next, in the creation stage, the founder should prepare a plan along with support documents to take advantage of venture capital.

### **1.7.2 Human resources:**

Startups normally start with one founder and/or some cofounders. As time goes by, founder needs more experts to develop the prototype, etc. Then, he/she has to negotiate with people, make team and finally hire employees. This process is so critical to succeed and if the founder lacks enough knowledge of the field, the startup might fail due to human resource management issues.<sup>49</sup>

### **1.7.3 Support mechanisms:**

There are a number of support mechanisms that play a significant role in the lifecycle of startups. These support mechanisms include, angel investors, hatchingeries, incubators, science and technology parks, accelerators, small business development centers, venture capitals, etc. Lack of access to such support mechanisms increases the risk of failure

### **1.7.4 Environmental elements:**

Last but not least is the effect of environmental elements. Many startups fail due to lack of attention to environmental elements, such as the existing trends, limitations in the markets, legal issues, etc. While a supportive environment facilitates the success of startups, a maleficent one could result in failure.

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<sup>49</sup> Shepherd, D. A., Douglas, E. J., & Shanley, M. (2000). New venture survival: Ignorance, external shocks, and risk reduction strategies. *Journal of Business Venturing*

## Section 2 : Emergence of start-ups in algeria

After taking an overview on startups as well as all the concepts related to it in the first section ,we will get to analyze the emergence of start-ups in algeria as well as the support system put in place by the algerian government in order to assiste start ups creation.

### 2.1 Entrepreneurship In Algeria

Entrepreneurship in Algeria is qualified as "survival entrepreneurship" where the entrepreneur creates his business out of social constraint, he creates out of necessity and not to exploit an opportunity. Thus, Algeria gives more and more importance to the development of SMEs, which were previously marginalized in economic policies. It is only at the end of the 80s, thanks to liberal economic reforms, this phenomenon emerged and developed, namely 91% of existing companies in 2005 were created after 1990 (Hammouda; Lassassi, 2007), and since then, the number of companies has continued to grow; at the end of 2008, the number of private SMEs declared, amounts to 392013 and more than 126887 artisans, indeed, the entrepreneur becomes the cornerstone of economic development.

In spite of this dynamism and the existence of a plurality of support and accompaniment organizations which are mainly focused on financial and fiscal aid, the Algerian entrepreneur still lacks a strategic vision, a spirit of innovation, creativity and entrepreneurship.<sup>50</sup>

### 2.2 Algerian start-ups :

#### 2.2.1 definition of startup according to the algerian legislator :

The word STARTUP is mentioned in 04 legal texts including 02 executive decrees, 01 presidential decree and one law (Presidential Decree No. 16-309 of 28 Safar 1438 corresponding to November 28, 2016 on the composition and functioning of the National Economic and Social Council, Executive Decree No. 17-272 of 16 Moharram 1439 corresponding to October 7, 2017 on the organization of l'administration central office of

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<sup>50</sup> Gharbi S., les petites entreprises : état de lieux cahier du laboratoire de recherche sur l'industrie et l'innovation université du littorale cote d'opale, document de travail n°238, mars 2011, p6

the Ministry of Post, Telecommunications, Technology and Digital, Executive Decree No. 13-81 of 18 Rabie El Aouel 1434 corresponding to January 30, 2013 setting the missions and l'organisation of the Directorate General of Scientific Research and Technological Development and Law No. 17-02 of 11 Rabie Ethani 1438 corresponding to January 10, 2017 on the law d'orientation on the Development of Small and Medium Enterprise and most recently in the Finance Act 2020 No. 19-14 of 14 Rabie Ethani 1441 corresponding to December 11, 2019).

The current definition of the Algerian legislator can be summarized as follows:

"The start-up is a Very Small Enterprise of the Digital Carried by Young Graduates whose products or services have an Innovative character".

This definition is very vague and does not allow the public administration and its branches to set up help actions targeted at start-ups. In addition, the vagueness is greater because the current definition introduces, the concept of innovation which is in itself a geometrically variable notion of which the valuation is long, uncertain and costly.<sup>51</sup>

The current definition of the Algerian legislator ejects several segments of society such as non-graduates or people who have already made a professional career and want to start an entrepreneurial adventure.

That being said, the definition of the status of the start-up remains difficult to implement with simple and measurable criteria of evaluation and analysis for public administrations, which must demonstrate high transparency and total impartiality.

It is therefore obvious that the start up and the holders of start-up projects are no exception to the rule and/or the challenges of any company that starts up or any person who becomes an entrepreneur.

### **2.2.2 Genesis of the Algerian start-ups emergence:**

For a long time, the Algerian economy and society have lived in the myth of the "Algerian myth". large organization perceived as those carrying development, i.e. we are

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<sup>51</sup> ibid

talking about the biggest factory, the biggest company, the biggest university, the biggest farm..... etc.

The small structure was barely tolerated in most areas. In fact, the majority of Algerian start-ups were born at the end of the 1980s.

The orientation in favour of start-ups and appears as an alternative to the revival of investments and innovation and to the exhaustion of the basic industrialization model in Algeria, as evidenced by the collapse of the public economic sector.<sup>52</sup>

### 2.2.3 The Algerian start-up development

"It is undeniable that start-ups occupy a singular place in the economies, they generate a significant volume of investment, production and employment on the one hand and, on the other hand, they are a major source of income for the economy. on the other hand, they have a great capacity for innovation and creation. They form a fabric of enterprise constituting the support of the economic growth The creation of the Start up occupies a position of first plant in the process of development Algeria "<sup>53</sup>

Notably through liberal economic reforms, which explains the development of investment and the important demographic phenomenon of the young private company. In this context, it is important to present the state of the situation of young companies in Algeria.

#### 2.2.3.1 Start-ups incubators in algeria :

The Algerian State has made many efforts in the launching and training of future entrepreneurs throughout the national territory via the creation of incubators with the aim of developing and creating SMEs and start-ups, the latter will contribute to the evolution of national production and the reduction of unemployment.

Incubators offer other opportunities to young future entrepreneurs, as well as some state agencies such as ANSEJ, in the creation of their own businesses by benefiting from a strong

<sup>52</sup> <https://brenco-algerie.com/2020/02/06/start-up-generation-algerienne-une-grande-histoire-de-definition/>  
(07/09/2020 07 :25)

<sup>53</sup> ibid

support and coaching during a training spread over 3 stages, from the first phase (Pre Incubation) to the launch of the project phase (Start Up).

➤ **Definition of incubator:**

The incubator is defined as :

"a structure that welcomes and accompanies companies in creation, until their creation and sometimes during their first months of existence".

In Algeria, start-up incubators (not to be confused with traditional business incubators) are supported by the National Agency for the Development of Technology Parks (ANPT). For the moment there are several incubators. First of all, there was the one located at the Cyberpark of Sidi Abdellah in Algiers, which was launched in early 2010 and which currently takes care of about 50 start-ups (50 projects and 12 start-ups). During the year 2012, a second incubator was launched in Ouargla within the university of this city while waiting for the realization of an independent building, there are about ten start-up projects (16 projects and 1 start-up) which are being supported. Other technology parks are planned in major Algerian cities (in Oran and Annaba) which will have at the same time an incubator for start-ups. Three other projects are also planned in Setif, Constantine and the new city of Boughzoul, as well as another incubator in Ghardaïa.

### **2.2.3.2 Creation of the City of Start-ups**

The Council of Ministers held, under the chairmanship of Abdelmadjid Tebboune announced the creation of the "City of Startups", reports the official agency.

The latter will be a highly attractive multi-service technology centre. It should strengthen Algeria's position as an African pole in terms of creation and innovation.

President Tebboune stated, in this respect, that the Ministry of Micro-Enterprise will be the locomotive of the new economy and will have the support and backing it needs for its digital revolution.

He called, in this sense, to accelerate the organization of a fair dedicated to start-ups and small and medium-sized enterprises (SMEs).

In this regard, President Tebboune said that young people need concrete things ordering the creation of a Fund.

Speaking to the various ministers concerned, the President indicated that "from now on, you will have the power of decision and a Financing Fund, within the Board of Directors of which you will be members. It is up to you to put your projects for the benefit of young people into practice. »

In addition, the Ministry of Microenterprise, Startups and the Knowledge Economy will have to work on "the institution of the legal, regulatory and functional framework of the start-up and the legal definition of the start-up as well as the incubator, and the determination of ways and means to evaluate their performance. It will also work on developing a roadmap for the financing of this type of enterprise by involving the stock market and private equity. »<sup>54</sup>

### **2.2.3.3 Startup: establishment of a legal framework conducive to innovation and technological transition**

The Minister of Micro-Enterprise, Start-ups and Knowledge Economy, Yassine Djeridene said that his sector was working to create a favorable business climate and a legal framework specific to microenterprises and start-ups, in order to strengthen innovation and technological transition.

Referring to the policy of his sector during the forum of the daily El Moudjahid, the minister said that efforts are currently focused on the establishment of a conducive climate and a legal framework specific to start-ups and micro-enterprises, in addition to strengthening the technological transition to provide a real momentum to consolidate the institutional fabric and diversify the resources and income of the national economy. Mr. Djeridene said that the creation of a favorable investment climate was "necessary", before supporting any project to ensure that its bearer (project) has a better knowledge of the business world, to make available to him all the information required, to conduct a

<sup>54</sup> <https://www.algerie-eco.com/2020/02/04/le-conseil-des-ministres-annonce-la-creation-de-la-cite-des-start-ups/> (le 12/08/2020 13 :21)

preliminary study of the project and to be in contact with people with experience and expertise in the field of innovation.

This climate will also make it possible to select projects with added value and able to instill a dynamic in the creation of start-ups, he said.

Responding to a question on the attachment of the National Agency for Support to Youth Employment (ANSEJ) to his ministry, Mr. Djeridene said that the objective was to provide the expected momentum so that young people can realize their projects on the ground, providing them with all the necessary support.

He said in this sense that his department was working to create an institutional fabric and encourage young people to access the world of micro-enterprises and start-ups to boost development.

Regarding incubators, he reported on a project for the realization of 6 incubators at the university level, focusing on strengthening the technological transition to keep pace with current developments at the global level.

It should be recalled that the law of finances 2020 has provided new measures in the form of incentives for start-ups, especially those active in the field of innovation and new technologies.

These are scales exemptions concerning the tax on profits and value added tax (VAT), in order to ensure the sustainability of these companies and achieve, in the medium term, sustainable economic development in Algeria.

Measures also include customs exemptions during the operating phase and facilitated access to land as part of the extension of investment projects.<sup>55</sup>

### **2.3. The place of start-ups in the Algerian economy**

Start-ups plays a leading role in creating added value, which measures the production created and sold by a company. Value added at the national level is referred to as Algerian GDP, which is essentially the sum of the value added of all enterprises in different sectors located on the national territory.

<sup>55</sup> [www.aps.dz/economie/103113-startup-instauraton-d-un-cadre-juridique-propices-a-l-innovation-et-a-la-transition-technologique](http://www.aps.dz/economie/103113-startup-instauraton-d-un-cadre-juridique-propices-a-l-innovation-et-a-la-transition-technologique) (25/08/2020 22 :57)

The continuous deindustrialization of the Algerian economy since the 1990s, supported by the public sector, is a significant economic fact. With the exception of a few years, the national manufacturing industry in the public domain has recorded a decline since the mid-1980s. From 1998 onwards, the public sector started to gradually give way to the private sector, with 11,178 billion Dinars to make up for the 1,019.8 billion for the public sector, or 46.4 per cent of national GDP. At the end of 2001, the private sector already employed nearly 800,000 people <sup>56</sup>

With more than 150,000 companies and a contribution of 75% of non-hydrocarbon GDP , it is therefore the main and key player in economic and social development, which should therefore receive all the material, human and financial assistance it needs to play its full role as an engine of growth and wealth.

The private sector is still unable to compensate for the recurrent deficit that characterises Algerian industry in all these specialities. Considerable efforts remain to be made, in a country where imports of goods reached 40 billion dollars in 2008, and 39.1 billion in 2009 and where more than 90% of growth is generated by hydrocarbons and non-tradable goods sectors (services, construction...).

Like any value added created by a company, the value added of a START UP covers all the remunerations of the services which were rendered during the various tasks of the process of manufacture and/or production and the needs of the operation of the administrative, financial services... In other words, the value added will largely be used to: remunerate the services, the workers (wages), the capital (dividends and/or interests). It also contributes to the functioning of the institutions and administrations by paying taxes to them.

From this, it is clear that the company, whatever its size, small, medium or large, in addition to creating jobs and added value, by redistributing the surplus to economic agents, it plays a driving role in the economic and social life of the whole country through its redistribution of wealth.

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<sup>56</sup> Document interne du ministère de la Petite Entreprise , journées portes ouvertes, banques – entreprises, 2003, Alger.

It is widely accepted that a bad economy is a good financial climate for a startup. Indeed, in the light of the startup boom this may seem to be true. This trend continues to grow, however, the startup economy is making its mark.

One of the results of the economic downturn has been the increase in the size of the contingent. Larger companies are employing fewer people in order to remain flexible, and are resorting to layoffs of a proportionally large number of full-time staff. This means that now, more than ever, finding a job in a large company is extremely difficult, especially for young university graduates.

For a young professional, a bachelor's degree is no longer enough. Finding a job in a company often requires a second, higher degree, a master's degree and a lot of experience to get started (with a foreign language to make a good impression). This is a bleak picture for young graduates with heavy educational debts entering the job market, especially when the number of students completing their master's degree is increasing every year.<sup>57</sup>

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<sup>57</sup> *ibid*

## Section 3 : Analysis of Successful models for handcraft startups

In this section, we wanted to extend our reflection to the study of start-ups in other relatively different economic areas. The aim is to study these experiences , and to extract success factors as well as challenges in order to apply them to Algerian start-ups.

In this matter, we will discuss the experiences of two handcraft startups:

- one from a developed country : **Etsy** (the United States) ,
- One from a developing country : **CraftsBazaar** (India).

we decided to take the example of start-ups where these 3 main characteristics exist:

- An international startup
- Specialized in handcraft
- Present on the global market

### 3.1 ETSY :

In this section, we will describe our research on Etsy, an online community devoted to buying and selling crafts. With over 15 million members and \$63 million in sales each month, the Etsy community is massive and successful in terms of craft items listed, viewed, and sold .While there are many factors that contribute to Etsy's economic success,

#### 3.1.1 Presentation of Etsy :

##### 3.1.1.1 About etsy

In this era where automatism is more and more present, we consider it our duty to maintain the human aspect of commerce. This is why we have created a place where creativity can express itself and thrive through individuals. We help our community of vendors turn their ideas into successful businesses. Through our platform, they are connected to millions of buyers looking for something different and special, with a human touch, for those moments in life when imagination is needed.

Etsy is a community that actively supports the offering of alternatives to mass-produced objects. Etsy stands for

« the true value of handmade goods and their creators and encourages awareness of the social and environmental implications of production and consumption. »

The website was created to “reconnect producer and consumer, and swing the pendulum back to a time when we bought our bread from the baker, food from the farmer, and shoes from the cobbler.” (Etsy, 2010)

- Largest, most recognized online platform exclusively for handmade & vintage goods
- Small business sales on Etsy contribute \$4.7 billion to US economy
- Low barriers to entry: no web design required, low costs, low overhead

### 3.1.1.2 Who's doing the making?

There are roughly 2.1 million sellers on Etsy, the largest single platform for international handmade sellers; it's tougher to track small businesses using non-specific platforms like Facebook, Instagram, or in-person sales, but thanks to their recent census, Etsy provides a snapshot of makers nationwide.

#### ✓ Meet the makers:

- 87% are women
- Average age is 39; in comparison, the average business owner in the US is 50
- 90% own their own handmade business; those that have a partnership often work with family members
- About 50% of makers come from suburban areas, though rural and metropolitan makers are also represented <sup>58</sup>

### 3.1.1.3 About the businesses

- Half of Etsy sellers started their business to earn money (as opposed to a creative outlet)
- 81% of those seeking income expected to earn only supplemental income; 30% of makers list their handmade business as their primary occupation

<sup>58</sup> Etsy Statistics: Weather Reports. <http://www.etsy.com/storque/search/tags/weather-report/>. (20/08/2020 21 :52)

- Most Etsy businesses are microbusinesses with a single owner/employee
- The largest Etsy businesses, with gross merchandise sales topping \$290,000, average around three employees
- Etsy businesses contribute, on average, 12% to a household's income
- On average, 50% of a handmade business's income is reinvested <sup>59</sup>

#### 3.1.1.4 How Etsy works

Etsy is an international platform for the sale of unique and creative items, hand-made creations and vintage treasures.

Our international platform brings together a whole community of real people around original items. It allows sellers to do what they like and buyers to find what they like.

#### 3.1.1.5 How do makers sell their wares?

One of the biggest changes in recent years is that you don't need to own a storefront to sell your handmade goods, though for some crafters, in-person sales are still an important option.<sup>60</sup>

#### 3.1.1.6 How Etsy Became An Online Craft Fair Worth \$195.6m<sup>61</sup>

By now most of us would be familiar with the concept of the flea market; rows of stalls touting artisanal goods, vintage items, and homemade craft. These markets are usually cute and quaint.

Etsy has managed to adapt this concept to build a peer-to-peer eCommerce website worth \$195.6 million since its launch in 2005, with over 54 million registered members.

With big players like Amazon and eBay in the market, what marketing strategy did Etsy use set themselves apart, secure their first customers, and become the largest online craft fair?

**1: Carve out a niche market: focus on specialized products to attract their target audience**

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<sup>59</sup> ibid

<sup>60</sup> <https://wunderlabel.com/blog/p/craft-handmade-industry-stats-and-trends/> (14/08/2020 18 :07)

<sup>61</sup> <https://www.referralcandy.com/blog/etsy-marketing-strategy/> / (14/08/2020 18 :17)

Unlike eBay and Amazon, where buyers can get literally anything they can imagine, Etsy focuses on handmade or vintage items and craft supplies, ranging from art, photography, clothing, jewelry, bath and beauty products, knick-knacks, and toys.

Made up of primarily independent artists as sellers, Etsy has come to be synonymous with artisanal craftsmanship. This proves a large draw with artsy types, or those hoping to find unique items that are not commercially mass-produced.

As a result, buyers associate the site with a certain level of artistic quality, and are likely to tell their friends about “that amazing artist on Etsy who makes really cool sweaters.”

### **2: Create a sense of community: reflects members' values and adding an element of human intimacy to the shopping experience**

Many who make a living or supplement their income by selling goods online say they like the tight-knit community feel of Etsy, which offers online forums and real-life gatherings for members, and also social media features that allow users to browse other members and their favourite shops.

Etsy also embeds social media widgets on the page of each listed item, allowing users to easily share said item on Twitter, Pinterest, Facebook, or Tumblr.

Robert Kalin, co-founder and chief executive of Etsy, said the site caught on because “many people now want their buying habits to reflect their values.”

Shoppers feel good about their purchases because the experience is similar to that of supporting an independent crafter or local artist at a flea market, and are likely to share their experience with like-minded friends.

### **3: Rethinking marketing strategies: grassroots involvement taking advantage of member community and curated promotion predicting trends<sup>62</sup>**

One of the advantages of having a strong online community is the ability to create buzz without spending a single penny.

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<sup>62</sup> *ibid*

Etsy user Susan Schumann was responsible for getting #etsyday as a top trending topic on twitter and roping in 250,000 other members to post a little sign she made – “Did you Etsy today?” – on their cars or in their favourite coffee shops.<sup>63</sup>

Etsy’s 54 million-strong user database also gives it the advantage of a massive audience to market to. The company sends out daily “Etsy Finds” emails that are usually put together by a staff member or a popular merchant.

These display a handful of items arranged around a central theme or color scheme, inadvertently predicting trends of the season that will be talked about by buyers and sellers alike.

#### **4: Change with the times: redefining policies to help sellers keep up with overwhelming demand**

When Etsy was started in 2005, the company unbendingly positioned itself as a disciple of crafting and making.

But in the fall of 2013, Etsy announced a change in policy that allows users to hire outside staff and manufacturers to help produce their goods on a much larger scale to keep up with overwhelming demand.

With this change in policy, Etsy not only hopes to attract a larger swathe of sellers and consumers but also to spark a discussion on changing the way things are manufactured, making it more local, sustainable and human-centered.<sup>64</sup>

### **3.1.2 Analysis of Etsy :**

- ✓ After taking an overview on how etsy works and what makes it the global phenomenon of today, Here’s a quick recap on how Etsy became a wildly successful eCommerce :
  - Making creative entrepreneurship a path to economic security and personal empowerment by ensuring opportunities for sellers.

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<sup>63</sup> ibid

<sup>64</sup> ibid

- It's an e-commerce platform that is very user friendly interface and easy to navigate around, fresh and uncomplicated graphics allow the artwork to speak for itself, the color scheme of the site is calm, non-confrontational and welcoming.
- Enabling equitable access to the opportunities through increasing representation of underrepresented groups and ensuring equity in its workforce,
- Building a sustainable supply chain, and increasing underrepresented populations within their seller community.
- Building long-term resilience by responsible resource use with specific goals and targets in place.
- Opening up the opportunity to craftsmen from around the world to showcase their products to the international consumer.

✓ we can now extract the main success factors of etsy's approach:

the key element of Etsy's business is the ecosystem within which it operates and the foundation that enables its operations, platform, and customers ability to connect, make, buy, sell, and ship globally.

Etsy's ecosystem Includes a set of external factors that support its success and growth :

- **A strong e-commerce foundation.** They rely on strong technological infrastructure This includes access to the internet, network, and mobile infrastructure.
- **Laws that allow creativity and entrepreneurship to thrive.** they proactively engage their community in crafting policy and regulatory solutions that enable Etsy sellers to run successful businesses. That's why they advocate alongside their sellers for change where they believe it's needed, and educate policymakers at all levels of government about the Etsy community.
- **A healthy natural environment.** Our sellers rely on materials like textiles, wood, and metals to create the special and unique items that they list on Etsy. Our policies prohibit our community from selling endangered or threatened animal species on Etsy.

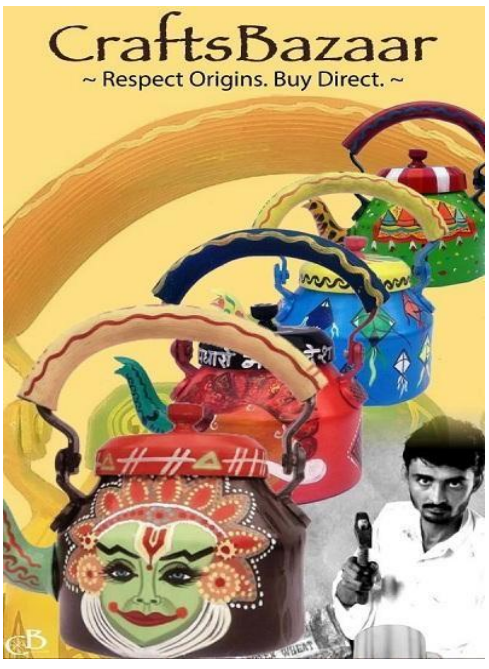
## 3.2 CraftsBazaar

As a social impact venture, this online marketplace supports the rural artisan sector through a strong supply chain and marketing focus, Ecommerce startup CraftsBazaar connects India's rural artisans with global consumers

### 3.2.1 Presentaion of CraftsBazaar

#### 3.2.1.1 About CraftsBazaar

Table 3 Informations about CraftsBazaar

Startup: CraftsBazaar	
Founder: Aparna Challu	
Year of launch: 2016	
Location: Bengaluru	
Sector: Ecommerce	
Problem it solves: Rural artisans get access to global consumers	
Funding: Self-funded	

Source : Ecommerce startup CraftsBazaar connects Indias rural artisans with global consumers <https://yourstory.com/>

#### 3.2.1.2 Creation of CraftsBazaar :

Born to a defence family, Aparna Challu (53) has travelled extensively throughout India, and studied in nine schools.

“Where I studied was never an option. Our duty was to serve, and be Indian. My devotion to India, my passion for its rich civilisation, my intimate knowledge of the arts and crafts, all stem from my upbringing,” she reminisces.

**Aparna** trained in multiple professional IT courses, as well as the Executive Leadership Programme at Henley Business School, UK.

With her experience of setting up and leading IT companies in the Middle East, UK, Europe and North America, Aparna recently started a new venture to empower marginalised communities – mostly rural artisans.

According to Aparna, despite increasing internet penetration and affordability of mobile phones, the rural sector and crafts ecosystem is still far from benefitting from globalisation. She explains, “In villages, large brands use middlemen, to place small orders with multiple artisans and set prices for the products. They will usually provide the raw materials too.

It’s a captive setup. The artisans are limited to the very bottom of the value chain. Only when they can own the entire process - buying raw-materials, to creating products across a wider range and diversifying into different product categories, with the same materials and skill-sets, can they become entrepreneurs themselves and meaningful, active contributors to the economy.”

To enable skilled artisans to sell directly to Indian and global consumers and earn better, she launched an ecommerce platform, CraftsBazaar in 2016.<sup>65</sup>

### **3.2.1.3 Aim and objectives CraftsBazaar:**

Encouraging direct sourcing, CraftsBazaar eliminates middlemen and thus increases income for artisans. As a social impact venture, CraftsBazaar provides not just an online marketplace but also supports rural artisans through a strong supply chain and consumer-centric marketing. It takes care of the entire process for artisans, from the setting up of a store to delivery in India and abroad.

CraftsBazaar aims to be the first choice of consumers for buying handmade, one-of-a-kind products from home and living, apparel, arts and vintage. Currently self-funded, CraftsBazaar plans to raise funding over the next 12 months.<sup>66</sup>

### **3.2.1.4 Three-step approach**

It was no easy task for the CraftsBazaar team to reach out to people from a vast Indian canvas that spoke different languages. Many were hesitant in engaging with new sales

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<sup>65</sup> Ecommerce startup CraftsBazaar connects India's rural artisans with global consumers <https://yourstory.com/>

(26/12/2019 ) p1

<sup>66</sup> Ibid p2

paradigm and online payment. But in a span of two years, Bengaluru-based CraftsBazaar has onboarded 4,000 artisans across the country.

“There are artisans in remote villages with pin codes that do not even exist on the radars of courier companies,” Aparna adds.

CraftsBazaar has hubs in proximity of key crafts-clusters across the country. The CraftsBazaar ecosystem comprises artisans, NGOs, cooperatives, crafts-promoters, small retail shops, heritage collectors, logistics-partners, and micro-finance providers.

CraftsBazaar has a three-step approach towards building its business:

1. The leveraging of collaboration tools and community platforms to ease direct, consumer-seller access.
2. Increasing market visibility through traditional means and countrywide fairs, road shows, and live auctions.
3. Rural hubs train locals to deliver logistics support, skills training, and quality assurance. (The ecosystem is designed to engage training institutes, self-hel groups and so on.)

All communications are done using mobile devices, from creating an artisan's profile, to the setting-up of a shop, and digital marketing, e-payments, etc.

### **3.2.1.5 Indian crafts for a global audience<sup>67</sup>**

CraftsBazaar targets consumers and boutique retail outlets in North America and European markets. Its price range is from Rs 500 to several lakh rupees for a piece. Customers' feedback is studied and incorporated to include the product types they refer or the service inputs.

Aparna claims that Craftsbazaar has helped Indian artisans sell their products to buyers across India, the US, and the Middle East, and most artisans got repeat orders.

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<sup>67</sup> Ibid p3

To reach out to target consumers, CraftsBazaar has used digital marketing, analytics and buyer purchasing behaviour modelling, participation in events, and have more plans for the future.

### **3.2.1.6 The commitment is to return a percentage of profits to skills training for increased scale and better facilities.**

CraftsBazaar focuses on customer and artisan satisfaction, cost of customer acquisition, productivity per unit sold, refund ratio, etc. “Artisans have sold as many as hundred pieces in a single order and have made products from photographs sent by customers,” Aparna says.<sup>68</sup>

CraftsBazaar has 1,128 categories of products and over 100,000 SKUs. Handcrafted woven apparel, artifacts, paintings, carpets and herbal products are the most popular among them. CraftsBazaar plans to open experience stores in key metros and tourist locations in the long term.

“CraftsBazaar is differentiated in business, positioning, product sets, consumer profile, and market segment. On CraftsBazaar, you can buy, you can commission, or you can bid in a live auction.

The experience is personal as you are engaging directly with all the sellers. We make it possible for exporters, retailers, NGOs, self-help groups and of course artisans to sell directly and therefore, the price points are different. Our mode is based on rural hubs as opposed to large stores in Tier I cities,” she says.

“CraftsBazaar is about creating sustainable social impact via technology. For any social impact initiative to have sustained impact, it must have strong business fundamentals and be profitable as a business. We plan to be profitable in the medium term over the coming three to five years,” Aparna signs off.<sup>69</sup>

### **3.2.1 Analysis of CraftsBazaar :**

- ✓ After taking an overview on how etsy works and what makes it the global phenomenon of today, Here's a quick recap on how CraftsBazaar became a wildly successful eCommerce startup :

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<sup>68</sup> Ibid p4

<sup>69</sup> Ibid p5

- CraftsBazaar provides not just an online marketplace but also supports rural artisans through a strong supply chain and consumer-centric marketing.
- To enable skilled artisans to sell directly to Indian and global consumers and earn better
- Allowing the rural sector and crafts ecosystem to benefitting from globalization
- To reach out to target consumers, CraftsBazaar has used digital marketing, analytics and buyer purchasing behaviour modelling, participation in events, and have more plans for the future.
- Making the experience of costumers personal as they can engage directly with the makers, and sellers
- Creating sustainable social impact via technology. For any social impact initiative to have sustained impact, it must have strong business fundamentals and be profitable as a business
- Building a technology platform, integrating it with payment gateways and logistics service providers, to ensure a hassle-free supply chain.

✓ This empirical study allowed us to confirm premitivly our hypothesis : **that e-commerce Adoption among start up is an effective way for Non-Traditional handcraft Exporting** or to be present on the global market and that one of the most important factors of handcraft startups success **is the existence of a favorable ecosystem and a clear vision .**


**Conclusion :**

Without a doubt, the start-up has become the most symbolic structure and entity in the entrepreneurial sphere. Among young graduates, especially those who have not found the comfortable path during their work in a large company, their creation is a prized aspiration with the desire for innovation, freedom and autonomy.

This trend has been further amplified in recent years with the transformation of industries through digital and new technologies, and their success requires certain codes and requirements to be respected by the entrepreneur, the market in which it evolves and other factors.

And it is essential to say that start-ups are really the new candle that can bring benefits in terms of employment, profitability and economic development of countries.

Thus, start-ups today play a key role in the development of countries economies, but to ensure this development, they need an ecosystem and a favorable environment.



# Chapter Three : Pragmatic case of study

## Introduction :

After having set out in the theoretical part the fundamental notions inherent in the handcraft sector as well as the theoretical framework of startups in the world and in Algeria, this chapter is devoted essentially to analyzing the effectiveness of action within the Ministry of Tourism and Handcraft as well as the Algerian handcraft startup experience and potential of going towards the global market..

our chapter is going to be presented as follows :

Section 1: Presentation of the Host Company :In this section, we will give an overview of the company in which we spent our internship and conducted our research. This presentation is based on the internal information provided by the ministry, as well as articles and reports found on the internet.

Section 2 : Research methodology :The purpose of this section is to outline the methodology used in the research process, the research that aims to study the emergence of startups in the handcraft sector as well as ,to determine whether it has the potential to penetrate the global market. In order to arrive to a conclusive result, we have conducted the following study.

Section 3 :Presentation and Analysis of the Study Results In this section we will present the answers provided by our interviewees during the conduction of our interviews, as well as analysis of the results followed by a set of recommendations we concludes from this work,

## Section 1: Presentation of the Host Company

In this section, we will give an overview of the company in which we spent our internship and conducted our research. This presentation is based on the internal information provided by the ministry, as well as articles and reports found on the internet.

### 1.1. Ministry of Tourism and Handcraft Presentation :

The Ministry of Tourism and Handcrafts is a public institution (department ministry) defined by law, its budget allocation is set each year as part of the state budget,

The Ministry of Tourism and Handicrafts is responsible for managing the budget related to the promotion of the handicraft sector .

#### 1.1. 2 The Organization of the Central Administration of the Ministry of Tourism and Handcrafts<sup>70</sup>

The Organization of the Central Administration of the Ministry of Tourism and Handicrafts, includes: (appendix N°1)

- The Secretary General, assisted by two (2) directors of studies to which are attached the general office and the ministerial office of internal security of the Ministry.
  - the Chief of Staff assisted by eight ( 8 ) research analysts and by synthesis.
  - The General Inspectorate which the organization and the missions are fixed by a specific text.
- The General Inspection is responsible, under the authority of the Minister, for carrying out control and inspection visits.
- It proposes all measures and recommendations likely to improve the organization and operation of the structures and services inspected.
- In addition, the General Inspectorate may also carry out any study and analysis, any specific mission of control on specific files, particular situations or requests falling within the remit of the Minister of Tourism and Handicrafts.

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<sup>70</sup> appendix N°1

- The General Inspection of the Ministry of Tourism and Handicraft is headed by an Inspector General assisted by six (6) inspectors.

#### **1.1.2.1 The General Direction of Tourism,** <sup>71</sup>

It includes four (4) directions:

**1) The Sub-Department of the Quality plan Tourism and the Regulation,** includes three ( 3 ) divisions:

- A) The Sub-Department of the Plan Quality Tourism
- b) The Sub-Department of the Regulation and the Control of Hotels businesses and the Restoration
- c) The Sub-Department of the Regulation and the Control of the Agencies of tourism and Journeys
- d) The Sub-Department of the Tourist Promotion

**2) The Direction of the Tourist development,** includes three ( 3 ) divisions:

- a) The Sub-Department of the Tourist development,
- b) The Sub-Department of the Centers of Tourist excellence
- c) The Sub-Department of the Conservation of the Zones of Expansion and Places of interest

**3) The Direction of the Tourist Investment,** includes two ( 2 ) divisions:

- a) The Sub-Department of the Evaluation of the Tourist Projects
- b) The Sub-Department of the Support and the Follow-up of the Tourist Projects

**4) The Direction(Management) of the Balneology and the Thermal Activities,** includes two ( 2 ) divisions:

- a) The Sub-Department for the Valorization of the Use of Thermal Waters
- b) The Sub-Department for the Supervision of Activities, Professions and Crafts of Thermalism

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<sup>71</sup> Appendix n°2

### 1.1.2.2 The General Directorate of Crafts and Trades,<sup>72</sup>

includes three ( 3 ) directions:

**1) The Direction of the Development of the Crafts and the Businesses,** includes three ( 3 ) departments:

- a) The Sub-Directorate of Support to the Activities of Crafts and Trades
- b) The Sub-Directorate of Studies and Economic Integration of Crafts and Trades Activities
- c) The Entrepreneurship and Innovation Development Branch

**2) The Directorate of Organization and Supervision of Professions and Crafts,** includes three (3) sub-directorates:

- a) The Sub-Directorate of the Organization of Professions and Crafts of the Handicrafts
- b) The Sub-Directorate of Qualifications and Monitoring of Elected Bodies
- c) The Sub-Directorate for the Management of Support Establishments for Handicrafts and Trades

**3) The Directorate of Handicrafts and Arts and Crafts,** includes two (2) sub-directorates :

- a) The Sub-Directorate for the Promotion of Handicrafts and Arts and Crafts
- b) The Sub-Directorate of Quality Development<sup>73</sup>

✓ **The Direction du suivi des entreprises du secteur,** includes two (2) sub-directorates

- a) The Sub-Directorate of the Evaluation of the Potential of the Enterprises of the Sector
- b) The Sub-Directorate for the Development of the Potential and Action of Companies in the Sector

✓ **The Directorate of Economic Studies and Planning** is composed of three (3) sub-directorates:

- a) The Sub-Directorate of Economic Studies
- b) The Sub-Directorate for Capital Programs and Investment

<sup>72</sup> Appendix n° 3

<sup>73</sup> [www.mta.gov.dz](http://www.mta.gov.dz) ( 10/04/2020 10 :53).

✓ **The Information Systems and Statistics Department**

a) The Information Systems Sub-Directorate

b) The Sub-Directorate of Statistics

✓ **The Human Resources Training and Development Department** comprises two (2) sub-directorates:

a) The Sub-Directorate of Training and Applied Research

b) The Sub-Directorate of Qualification Development

✓ **The Directorate of Communication and Cooperation** comprises two (2) sub-directorates:

a) The Sub-Directorate of Communication

b) The Sub-Directorate for Cooperation

✓ **The Regulatory, Legal Affairs and Documentation Department** comprises three (3) sub-branches:<sup>74</sup>

a) The Sub-Directorate of Regulations

b) The Legal Affairs and Litigation Sub-Directorate

c) The Documentation and Archives Branch

✓ **The Department of General Administration and Resources** comprises three (3) sub-directorates:

a) The Sub-Directorate of Personnel

b) The Accounting and Finance Sub-Directorate

c) The Sub-Directorate of General Resources

## 1.2 Missions :

### 1.2.1 Handcraft and Social Economy :

The government's crafts authority prepares and implements government policy for the crafts sector.

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<sup>74</sup> *ibid*

It exercises supervision over public establishments and other bodies under its authority in accordance with the laws and regulations in force;

To this end, and subject to the powers vested in other ministerial departments, it is responsible for :

- The execution of the development strategy of the handicraft sector;
- The economic animation of craft enterprises;
- The realization of all studies, surveys and statistics relating to the handicraft sector, at the national and regional levels;
- The establishment and implementation of action programs in the framework of international cooperation likely to contribute to the development of the sector.
- supports the craft chambers and their federation and monitors their activities.
- Exercise supervision over the 'public institutions falling within the scope of allocation of the handicraft sector'<sup>75</sup>

### **1.2.2 Professional Training and Continuing Education of Craftsmen**

The direction of the vocational training and the contained training of the craftsmen; has for mission the implementation of the strategy of development of the training.

To this end, it is responsible for :

- Implementing and monitoring the implementation of vocational training policy and programs at the level of vocational training institutions in the handicraft sector and adapting them to the needs of the latter in coordination with the government authority in charge of vocational training ;
- Contribute, in coordination with the Chambers of Crafts, to the preparation, implementation and evaluation of apprenticeship training programs.
- Monitor and evaluate the activities of training institutions in the handicraft sector;

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<sup>75</sup> *ibid*

- Identify and meet the needs of vocational training institutions in terms of human resources, budget and materials, in coordination with the Directorate of Resources and Information Systems;
- Elaborate and implement programs of continuing education for artisans, in coordination with the Directorate of Heritage Preservation, Innovation and Promotion.
- Elaborate programs and activities in the field of vocational training aimed at preserving endangered crafts.

### **1.3 Instruments and tools for the implementation of the action plan for the development of Crafts - Horizon 2020 <sup>76</sup>**

#### **1.3.1 Strengthening and development of intermediation missions**

The Chambers of Crafts and Trades are the authorities' privileged intermediary space for carrying out public service missions and proposing a programme for the development of crafts and trades and ensuring its implementation.

They are forums for representing the interests of craftspeople and are responsible for providing the public authorities with opinions and recommendations that reflect the interests and wishes of craftspeople.

The results of the evaluation carried out on the Chambers of Crafts and Trades will enable the public authorities to decide on the reforms to be introduced concerning their overall structure, their missions as well as their means and working methods. These reforms are intended to meet the major ambitions of the action plan - Horizon 2020.

The current organization into the National Chamber of Crafts and Trades (grouping together the regional chambers) and the National Crafts Agency should be the subject of debate and analysis between the actors of the sector and the public authorities, particularly with regard to their restructuring, their operation and the reform of any other aspect that could lead to greater efficiency of these entities.

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<sup>76</sup> Action Plan for the development of L'Artisanat-Horizon 2020 p1

This reconfiguration must take into consideration a better clarification of the missions in an organisational framework that is more adapted to reality, more efficient in relation to the intervention of each actor and more harmonious with the needs of society.

The objective of this restructuring is to achieve a central and local organisational scheme that meets the development requirements set out in this action plan.

In this respect, it is particularly important to deepen the reflection on the following axes:

- The animation of the various groups of craftsmen (SPL, associations),
- Representation of the sector within the communal rural animation units and the technical committees of the daïra and wilaya, and all local authorities in relation with the sector to ensure better intersectoral cooperation.
- Services to be offered to artisans <sup>77</sup>

### 1.3.2 The promotion of Local Productive Systems (LPS)

The term SPL is used to describe a group of craftsmen in the same trade or productive sector, belonging to the same territory and who maintain relations of proximity and cooperation between companies. Its implementation is based on a specific know-how in economic animation, which will have to be ensured for a determined and transitional period by the Chambers of Crafts and Trades and which will consist in facilitating, within each LPS:

- Organization within the production chain, by facilitating synergies between actors, building trust and promoting inter-company cooperation networks.
- The formulation of collective strategies through the elaboration of a participatory diagnosis, a development strategy and a concerted action plan.
- The execution of collective structuring projects such as the preparation of business plans, the search for financing, the implementation, monitoring and evaluation of projects.

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<sup>77</sup> Ibid p2

### 1.3.3 The establishment of centres of excellence for crafts and trades

The government has made major investments as part of the 2005-2009 and 2010-2014 five-year plans to build the infrastructure and facilities needed to support and supervise operators and professionals in the sector.

In addition to these infrastructures, consisting of craft houses, local know-how centres, training/production workshops, wool purchasing centres, stamping centres, sales exhibition areas, souikate, there are also centres of excellence whose ambition is to create, in given spaces and territories, dynamics around projects that foster local economic development, by enhancing local craft production and promoting the cultural and tourist wealth of the designated region.

It is within this framework that the following technical centres and centres of excellence have been planned for the 2010-2014 plan:

- The centre of excellence for ceramics in Tipaza (project under the Algerian-Spanish cooperation)
- The technical goldsmith's centre in Batna
- The gem-cutting school workshop in Tamanrasset (project under the Algerian-Brazilian cooperation, consisting of a transfer of knowledge through training in
  - the techniques of precious and semi-precious stones, and inlaid handcrafted jewellery).<sup>78</sup>

In addition, it should be noted that the sector is planning the creation of other centres of excellence specializing in the trades.

### 1.3.4 The development of the information system

Information systems provide data on demand for the design, implementation, monitoring and evaluation of comprehensive, sectoral and decentralized national development policies and programmes. Its objective is to increase the capacity of institutional leaders to drive strategies and action plans and to cope with both internal and external changes.

It is for this reason that the Craft sector has developed, from 2005, an information system, the latter has undergone another remarkable development, this development will allow to

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<sup>78</sup> Ibid p3

establish more reliable diagnoses and to propose actions according to the real needs of artisanal populations.

### 1.3.5 Identification of craft activities: professional signs.

The establishment of specific professional signs is an action of public utility par excellence, and requires the development of a technical regulation of reference for craft activities aimed at standardizing the professional "signs" for each of the 339 activities that are currently included in the nomenclature of craft activities.

This action aims at :

- The removal of anarchic signs,
- Providing craftsmen with a rewarding professional sign,
- A better organization of the indications for users and other tourists,
- The rapid identification by the State services of the craftsmen registered in the Register of Crafts and Trades compared to those working in the informal sector.<sup>79</sup>

## 1.4 Startups in the tourism and handcraft sector :

The Ministry of Tourism and Handcraft organized, on Saturday 7 december, at the Marriot hotel Algiers, a national meeting about emerging enterprises/startups in the sector under the slogan ; **Tourism and handcraft...a promising future for the startups,**

According to the ministry statement, this meeting recorded the participation of owners of emerging startups with promising projects in the same sector.

In addition to the participation of various active partners from the frameworks of the ministerial sectors Similar to the ministries of : “Finance, Interior, Local Communities and Urban Planning, Social, trade, labor, employment ,Postal and telecommunications, technologies, agriculture, rural development and sea fishing »

Associations, schools of tourism, specialized research centers and schools of commerce. In addition to the presence of tourist agents, federations and unions affiliated with the private sector :In the field of hotels, tourism and travel agencies, handicrafts and crafts.

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<sup>79</sup> Ibid p4

The meeting witnessed several interventions by experts in the fields of tourism and handcraft , focusing on :

- The role of emerging enterprises in the development of tourism and handicrafts in Algeria.
- The legal framework for these institutions, and how to establish them, while addressing their importance of Algeria development .
- Introducing the various mechanisms available by the state to encourage the establishment of these institutions, with a focus on the importance of investing in the sector and creating job opportunities of these institutions.
- This meeting comes within the framework of implementing the Important and pivotal measures taken by the government for the benefit of emerging enterprises.
- Focusing on national institutions and Incubators and encouraging their establishment and accompanying their owners due to their strategic importance role in achieving economic growth.
- Creating a space for consultation and an opportunity to show the talents of Algeria youth, Which would embrace their ideas and realize them on the reality ground And take advantage of their creativity and innovation, according to the established strategy before . Concerned Ministry of Horizons 2030
- The meeting is an opportunity to showcase many smart applications related to tourism and handcraft as a whole Ecological., as well as sustainable sector
- In addition to displaying innovations in the field of marketing and smart promotion in particular, through the creation of e-commerce platforms, applications and digital solutions
- As well as the definition of the product of traditional industries and Algerian handicrafts, and other innovations that cannot be achieved in isolation from the owner of the emerging start up.<sup>80</sup>

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<sup>80</sup><https://www.google.fr/amp/s/www.ennaharonline.com> 16/08/2020 22 :51

## Section 2: research methodology

The purpose of this section is to outline the methodology used in the research process, the research that aims to study the emergence of startups in the handcraft sector as well as ,to determine whether it has the potential to penetrate the global market. In order to arrive to a conclusive result, we have conducted the following study.

This section will explain how the study was conducted by putting forward the sample and the research method that we have chosen, and in the second part we will present the results derived from this study and discuss the findings.

### 2.1 Methodology of the Study and Interview Process:

In this part we are going to talk first about the qualitative study that we have chosen for our research then we will detail the process of the interview that we have conducted in order to conclude the research study.

Both Descriptive and explorative Research design are used to get the objective and to answer questions of the thesis. Survey and Interview method are used to collect data.

#### *2.1.1 methodological framework*

Our subject consists in analyzing and trying to evaluate the actions of the Ministry of Tourism towards the emerging startups of this sector.

The concepts defined in the first part guide our analysis of the ministry's action ,the challenge is to identify all the possible sources of information, to define the best way to collect the information, how to target the information sought, and then how to process this information to make it readable and bear interpretable results.

This seemingly simple work involves many questions and as many hypotheses with a significant risk of drowning our objectives in a series of questions that we would not be able to answer.

Our research objective is to evaluate the effectiveness of the ministry's actions towards emerging startups in the handcraft sector, as well as its position towards the intention of these latter to penetrate global market, which requires bringing together ministry officials and private startups to analyze their conceptions and judgments concerning our subject. To build our evaluation method, we proceeded, progressively, in two steps. This section presents the actions developed at each stage.

- The first step aims at making questions by carrying out semi-directive interviews with the concerned executives and business holders , and also, through information gathering from the Ministry of Tourism from the Ministry's library and the statistics department and its website.
- The second step is to analyze the answers of the interviewed executives and the data we were able to collect.

### ***2.1.2 Qualitative Research:***

This method strategy emphasizes more on analysis based on words rather than quantifying data numerically. Its focus is on descriptive, analytics methods. This is the reason why qualitative research is flexible in terms of structure and procedure for the data collection, which provides the flexibility to adapt based on the findings of the observation and interviews.

In the qualitative research strategy, for empirical data collection, there are several methods that can be used, such as, interviews, observation and documentary analysis.

The data collection method that was followed for this research is the interview. The qualitative data analysis process can be followed only after sorting the data into manageable and interpretable way. To do this we should:

- **Categorize data:** it is sorted into significant categories from the data.
- **Unitize data:** where data is reduced, arranged or rearranged and labeled based on the research objective.
- **Recognize relationships and developing categories:** in this process of analysis, the reorganized data is to find a significant relationship.

- **Develop testable propositions:** this is the final step of process where the relationship of categories is identified, which will help to test the hypothesis leading to conclusion.

#### 2.1.2.1 Interview Guide:

The interview guide is reviewed and approved to answer the research questions. The Open questions provide the flexibility to the interviewee in order to provide in depth details. Literature review mentioned that semi-structured and in-depth, or no standardized method of interviews are used for qualitative research, which helps to gather information by answering not just the “what” and the “how” questions, but also the important aspects on “why”.

The information required was in-depth and about the unloading processes thus, the exploratory research is used to have better understanding of the problem in the area where there are few studies available. As in this study, extensive interviews were done to comprehend the process.

#### 2.1.2.2 Interview Status:

According to Nicolas LEFEVRE, we mainly notice three statuses of the interview:<sup>81</sup>

##### - **Exploratory:**

We try to identify themes, and points of approach on the object, we learn to locate in the environment investigated, we take marks and benchmarks.

These interviews are also used to launch test balls; that is to see the most relevant questions, the recurring themes of the respondent and what interests him the most. A number of data related to the reusable land are also collected later.

##### - **Principal:**

The questioning here is more refined, the interview themes used speak more to the respondents because they refer to their experience. This type of interview in general is longer, more dense, because it is more thoughtful and more mature. These interviews are used to test the hypotheses and give proof of what is being said. We try as much as possible to dig the information that is given, and to make the most of what the interlocutor says, it is the main material of analysis. This type of interview also serves to deepen the problem or to reshape it.

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<sup>81</sup> LEFEVRE Nicolas, Méthodes et techniques d'enquête, Master 1 SLEC, 2006

- **Control:**

At the end of the survey, these are “systematic” verification interviews of the hypotheses, and initial analyzes of the field and the various interviewees.

**2.1.2.3 Interview Types:**

According to the same Nicolas LEFEVRE, there are also three types of interviews: <sup>82</sup>

- **Directive:**

Oral questionnaire advantage: very reassuring for the researcher. The interview guide is ready, each question is asked in a pre-established order, and the researcher confines himself to read his questions and tick boxes. An advantage on the questionnaire sent is that the investigator can re-specify his questions or rephrase them according to the individuals.

For the limits: we limit the initiative of speech, the expression for the interviewees, since the respondent will just be content to answer the question, without going further. It can be interesting to test a questionnaire to be sent later (do a pre-test).

- **Semi-directive:**

It is not fully open and not fully closed. In general, the researcher has a certain number of topics or guiding questions, relatively open, on which he wants the interviewee to answer. But he Finally, it allows to make contacts and to enlarge its network of relation for the continuation of the investigation. These interviews are therefore often used in parallel with the first readings to reveal the problem and define more precisely the object under study.

- **Free:**

Often used for life stories; when we want to trace life trajectories to understand a position or a situation. We try not to limit the interview to some dimensions of the life of the individual, but to try to understand how his trajectory, through different aspects of his life (family, school, professional etc.) have led him to this or that position. This type of interview is often longer but also more difficult for the researcher. It requires a greater experience, since it is necessary to know how to make the person speak about his experience, and to know how to constantly bounce on what the individual tells so as not to create too much emptiness and

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<sup>82</sup> Ibid., p 31

break the rhythm of the interview. This kind of maintenance is very rich when properly conducted and operated.

#### **2.1.2.4 Objective of the Qualitative Research:**

The aim of qualitative research is to study as precisely as possible the behaviors, motivations, needs or constraints of a small group of consumers. It will not try to extrapolate the results obtained to the whole population, so there is no notion of representativeness, but to understand attitudes and feelings.

### **2.1.3 Interview Process:**

#### **2.1.3.1 Objective of the Interview:**

To discuss the research proposals, and taken in consideration the qualitative nature of our theme, we are called to conduct several interviews with experts in the field of handcraft as well as an algerian handcraft startup (ecommerce platform) in order to understand the purpose of its creation, the climate in which it was created as well as its desire and potential to penetrate the global market.

For this purpose, a series of open questions will be established and intended for our interviewees, to analyze their answers based on their opinions, judgments as well as their expectations on the subject.

#### **2.1.3.2 The Sample of Choice:**

In order to analyze and evaluate the conductive hypotheses of our research, we are called to carry out a study in the field,

Following the above mentioned national meeting about the emergence of startups in the handcraft sector, we saw interesting to interview some of the participants :

- On one hand, experts in the sector present on behalf of the ministry
- On the other hand, participating startups

, the number of our interviewees was quite limited, we reached for 5 experts in the domain of handcraft and representatives of the ministry, as well as made up of 7 startups in the handcraft sector, unfortunately only one of each responded

Table 4 : List of people interviewed for the study

Last name	First name	Function
B*****	C*****	the director of craft development at the Ministry
LESBAT HANOUCZ	Amina	Manager and co-founder of Etniz

**Source:** Elaborated by us

### 2.1.3.3. Elaboration of the Interview Guide:

Our interview guide<sup>83</sup> has been established in a very structured way, with a set of questions, some of which are related to the emergence and others to the penetration potential as well as the obstacles faced and the potential solutions

The interview guide was adapted to each interlocutor, so we made one destined to the expert mr B\*\*\*\*\* and one to the startups founder mrs HANOUCZ our goal is to make an inventory of all opinions, judgments, opinions, expectations on the subject in question, and the interview guide was redacted in coherence with proposals and questions that were related.

Finally, we used open-ended questions to encourage the initiative of our interviewees and to give them time to reflect. In addition, our interview dealt with two different topics, namely:

- The emergence of startups in the Algerian handcraft sector
- The potential of these startups in penetrating the global market

The totality of the interviews were administered by the face to face chat method on WhatsApp, since the overall COVID related situation, the social distancing as well as the quarantine prevented us from having a normal interview, their duration varies between 60min and 1h30min, to ensure and verify our interviewees' good comprehension of the questions and technical terms ...etc.

It was also necessary to ensure that:

- The interviewees do not deviate from the subject;
- The questions guide the course of the interview;

<sup>83</sup> Appendix n4: The interview guide that was conducted for the study.

- The interviewees analyze in detail and with precision the facts that were approached.

## **2.2 Data Analysis :**

As we have pointed out, the responses are recorded on paper media, which requires, after completing our interviews, a review and analysis of this information.

After the interviews, we had a set of unorganized information; elements of answers to some questions that are integrated into other answers, which requires another essential step, which is the counting and organization of the data.

## **2.3 Difficulties encountered:**

in our study we encountered many challenges:

- We encountered several constraints during our field research, among them:
- We encountered difficulties in scheduling appointments with ministry officials and in finding handcraft startups owners willing to respond to our topic.
- Our subject reveals aspects that are difficult to observe or express by the actors concerned.

## Section 3 :Presentation and Analysis of the Study Results

In this section we will present the answers provided by our interviewees during the conduction of our interviews, as well as analysis of the results followed by a set of recommendations we concludes from this work,

Before heading to the interviews results with the ethniz we are going to give a quick presentation of this start-up in order to understand well the reponses that follow.

### 3.1 case of study :Etniz

Only a few days after the official "launch" of e-payment in Algeria, the sites are active and rush into the sector of e-commerce. Revolving around the works of crafts and ethnic art, **Etniz** is the first to place itself in this field and to reveal its interface.

#### 3.1.1 Presentation of Etniz :

Etniz is the first e-shop of ethnically inspired handicraft products in Algeria. The site offers a selection of objects of ethnic style (clothing, decorative objects, accessories ...).

Created by **Amina Lesbat Hanouz** in 2015,The Etniz e-shop offers an innovative and varied range of ethnic products and crafts. Its range of products extends from fashion to local products, through decoration, accessories and beauty ,it proposes to its customers articles mixing tradition and modernity, always being qualitative and original.

#### 3.1.2 Work ethic of Etniz:

Etniz is part of a human-centered approach to business. The company bases its commercial partnerships on dialogue and respect with passionate and talented artists and craftsmen. It guarantees to its customers sustainable products elaborated essentially from natural materials and according to traditional techniques.

#### 3.1.3 Typology of consumers at Etniz :

Amina Lesbat Hanouz, co-founder and manager of ETNIZ, indicated that her site is "mostly visited by a clientele of young active women who surf via their smartphones with a ratio of 60% connections per mobile for 40% connections per computer".

### 3.1.4 Objectives of Etniz:

Thus, Etniz wishes to perpetuate ancestral working techniques and to support new generations of artists and craftsmen in the promotion of their art. An art that is modernist and future-oriented.

An ethnic console, an eco-friendly tote-bag, or a boubou with flowers, this is what you may find when browsing on Etniz, "the first e-shop craft and ethnicity in Algeria," as Amina Lesbat Hanouz, its founder, says.

the platform is intended to be a space for fans of African trends, and highlights the work of designers, stylists and other Algerian artisans who have also chosen the path of ethnic art. If the possibility of paying online is not yet available, the site opts for the model already adopted by other Algerian e-commerce sites, namely payment on delivery. The latter will be made between 4 to 10 days after order confirmation.

## 3.2 Interview results :

### 3.2.1 Results of the interview with the founder of Etniz :

Since the subject of our study is divided into two parts, **emergence of start-ups** and **potential of global market penetration** we saw suitable to conduct our interviews following these two segments

#### 3.2.1.1 Emergence of start-ups in the algerian handcraft sector :

- **What was the main motives behind the creation of Etniz, handcraft ecommerce startup ?**

« We're an online marketplace that connects local artisan and market their product through our website .Customers can shop for their favourite handcraft item through our platform .

Our selections of handmade art crafts are wide and include , handcrafted jewellery , toys & dolls ,accessories,clothings, home goods, and so on. We believe in promoting the algerian ahndcraft products which represents the algerian culture and heritage to ultimement bring local handmade to global market.

-We create opportunity for local independent artisans to market their products

- Serves as a bridge between art collectors and artisans

- We create a better value for our artisan handmade product
- Let more people know , the hardwork-ship of every artisan (Behind the scene processing video of every handcraft )
- We direct our artisan handmade product to the right audience »

**Why did you choose the form of ecommerce platform while creating your startup ?**

« Nowadays we are living in a world of digital advancement, everybody is now connected via its smartphone, present on social media which is a global phenomenon, so in order to reach as many customers as possible , the ecommerce platform was our best choice

Algerians will also be able to pay for their purchases on the Internet, which will not fail to promote an e-commerce that not only is accessible to an elite holding accounts abroad but also to locals. Which will be a great push-up for the national economy.

With the arrival of 3G/4G on cell phones in 2013/2016 respectively and today that of electronic payment, the time of the "Wild West Web" in the Algerian style may have come. »

➤ **What are the challenges you face as an e-commerce start-up ?**

« I think that many young people, mostly students, have a lot of ideas that respond to the market needs and have big chances to succeed, but the difficult part is execution, sometimes coming from the ecosystems, Lack of e-payment systems, sluggish bureaucracy, and scarce access to financing are some of the issues faced by an aspiring Algerian entrepreneur. »

➤ **What are the main obstacles faced by startups in Algeria ?**

"I think a lot of young people, most of them students, have ideas that meet the needs of the market and have a good chance of succeeding, but the difficult part is implementation, sometimes because of the surrounding ecosystems, The administrative slowness in Algeria to release funds paralyzes many start-ups and hinders their development. This is certainly due to the rigidity and length of the start-up process ,the process of registering a startup in Algeria could take up to three years just a few years ago, without the help of an incubator"

**3.2.1.2 Potential of global market penetration:**

➤ **Do you ever consider joining the global handcraft market ?**

« Actually , Yes, we consider joining the global market, you see our first international experience was a client from our neighbor country Tunisia, they heard about us on social media, it was about a genuine leather product, we were the only shop to have it, we were glad to serve them, but the challenging part was doing the delivery to Sfakes, Tunisia, since it was considered as illegal to do so, which made us consider making our e-shop international , starting by our neighbors and african countries »

➤ **Do you think that the algerian ecosystem will encourage your willingness to join the global market ?**

« Well to be honest , and considering all the administrative procedures we had to go through while creating our start-up, we know that it won't be an easy mission, considering the complexe international legislation , logistics and payment methodes, which puts a big responsability on us , but the idea of expending our work to reach international consumers, and most of all getting to export not only our products but also our reach algerian culture which is more than a motive in addition to the financial gain of course »

➤ **According to you what are the main obstacles faced by an exporting/or willing to penetrate the global market algerian entrepreneur ?**

« As i previously said, Lack of electronic payment systems, slow bureaucracy, and little access to financing are among the many problems faced by an aspiring Algerian entrepreneur.

The market wins every time, what is happening in Algeria is not new. Generally the state, by putting up this kind of barrier to entry, creates a bourgeoisie and then a capitalism called "connivance capitalism". Personally I prefer that the market of the digital economy be open, free and based on a sound basis of equity, instead of giving a monopoly to a public or private organization.

Taxing e-commerce activities is putting obstacles in the way of Algerian entrepreneurs and is counterproductive for the development of our economy »

➤ **Etniz recently participated in the national meeting about emerging enterprises/startups in the tourism and handcraft sector under the slogan : Tourism and handcraft...a promising future for the startups. what are your reflexion about such initiatives ?**

« indeed we were invited by the ministry of tourism and handcraft in order to share our entrepreneurial experience as a handcraft e-commerce startup, we were glad to inspire other emerging startups or new business holders, but also we had the opportunity to meet other participating startups as well as experts in the fields of tourism and handcraft and national institutions and incubators.

These kind of governmental institutions are very promising and encouraging for a lot of young people, most of them students, who have ideas that meet the needs of the market and have a good chance of succeeding, but the difficult part is implementation, sometimes because of the surrounding ecosystems,"

### 3.2.2 Results of the interview with the director of craft development at the Ministry:

- **you participated in the first national meeting for startups in the tourism and handicrafts sector on Saturday, December 7th 2019 at the Marriott Hotel in Algiers organized by The Ministry of Tourism and Handicrafts , how would you describe your participation? .**

« it was very inspiring to witness such participation, more than 200 startups in the tourism and handcraft sector were present that day, as well as experts from all domains, incubators, the ANSEJ, ... all to provide the necessary answers to the concerns of the participating startups »

- **We noticed the emergence of the creation of start-ups in the handcraft sector, according to you , what are the main reasons for this emergence?**

« We are fortunate that Algeria is an important market that hasn't been fully served yet. This gives the chance to local entrepreneurs to find plenty of opportunities for viable business projects, the handcraft sector is a sector where not much of resources are needed, abundance of labor

Now more than ever, it seems like the perfect time to encourage entrepreneurship in the country. Algeria is arguably one of the most stable countries in the region with an exponential growth in the number of university graduates each year playing a key role in increasing the number of startups»

➤ **Do you think , handcraft start-ups have a promising futur in algeria? Why?**

« of course i do , despite all the challenges existing in algeria, i know for a fact that the idea of creatig of a start-up commes from a problem faced in any domain or situation, to find the solution to an existing problem is the starting point of every start-up, and algeria is rich in so many resources, the youth of its population, abondonce of materials and resources »

➤ **What are the divices/efforts/mechanisms put in place by the ministry in order to support /encourage the creation of start ups in the handcraft sector?**

« as i said in the national meeting , i genuingely think that the handcrfat sector has a promissing futur for emerging hancraft start-ups, Etniz,Fixit,Warchaty,...among many others participating handcraft startups, are the proof on that, dispite all the obstacles facing these emerging startups, i think that Algeria is on the right path in terms of support to these creation,

The kind of support we are talking about is not only financial, but also interms of legal administrative facilitations, incubators and support institution also represent an impotent part of the support structure put in place by the algerian government

In terms of support, the ministry of handcraft is collaborating with the ministry of startups in order to provide the necessary support to the young entrepreneurs»

➤ **What are the divices/efforts/mechanisms put in place by the ministry in order to encourage the penetration of Algerian handcraft start ups into the global market ?**

« the algerian government encourages strongly these kinds of initiatives, the ministry of tourism and hancraft has always been supportive of international emergence, we can recall the Algerian-Brazilian cooperation established since 2008 to train trainers in new techniques for cutting precious stones, as well as the Algerian participation in international fairs and expositions, an important space to promote the Algerian handicraft product abroad and an opportunity for an exchange of experiences between artisans.

In terms of support, the ministry of handcraft is collaborating with the ministry of startups in order to provide the necessary support to the young entrepreneurs

the Ministry of Tourism and Handicrafts also , in collaboration with the International Trade Center (ITC) in Geneva, organized a training session, which is part of "the implementation of the government strategy, aimed at diversifying the national economy and encouraging non-hydrocarbon exports. The training which involved 20 artisans and was supervised by three experts from ITC, specializing in international trade, it aimed to develop the capacity of artisans in terms of export, present them with successful experiences in trade exchange and make them aware of ways to promote, export and market their product which will support the economic growth of exports from North Africa, spread over one year, for the benefit of four countries (Algeria, Egypt, Morocco and Tunisia),

this project aimed also to strengthen the competitive capacity of artisans and the development of international markets for the creation of micro-projects in the handicrafts sector in the countries mentioned above, achieving sustainable economic growth and ensuring employment opportunities in this sector, especially for the benefit of young people,

the ministry's collaborations are many, we can mention this last one with our neighbor country Morocco, we created a joint 'international bureau for export services, which represents an important step for the algerian handicraft sector »

### 3.3 results analysis :

#### 3.3.1 Influencing factors handicraft start-ups creation in algeria :

From analysing Etniz's experience we can extract the following factors influencing the handicraft startups emergence :

Table 5 : influencing factors on Etniz (handicraft startup) emergence

Influencing factors indicators	Details
Technological Infrastructure	<ul style="list-style-type: none"> <li>- High costs of development of Internet connectivity and website</li> <li>- High costs of computers and networking technologies for e-commerce</li> <li>- Inadequate transportation and delivery network</li> </ul>

	<ul style="list-style-type: none"> <li>- Inadequate telecommunications infrastructure such as poor Internet connectivity, inadequate fixed telephone lines for end users dial-up access, accessibility and speed</li> <li>- Inadequate Internet Service Providers (ISP)</li> </ul>
<b>Socio-economic</b>	<ul style="list-style-type: none"> <li>- Lack of online payment process in algeria</li> <li>- Pricing structures</li> <li>- Limited availability of online banking services</li> <li>- Financial infrastructure</li> <li>- Power failure</li> </ul>
<b>Cultural</b>	<ul style="list-style-type: none"> <li>- Face-to-face interaction during shopping.</li> <li>- Lack of popularity for online marketing and sales</li> </ul>
<b>Political</b>	<ul style="list-style-type: none"> <li>- Government's role</li> <li>- Uncertain taxation rules</li> </ul>
<b>Legal and Regulatory</b>	<ul style="list-style-type: none"> <li>- Lack of developed legal and regulatory systems</li> <li>- administrative slowness</li> <li>- Internet fraud</li> </ul>

Source : made by us

### 3.3.2 Obstacles faced by the algerian handcraft startups :

As for the obstacles facing these kind of startup emergence we can state the following :

- Lack of electronic payment systems

- The administrative slowness in Algeria to release funds paralyzes many start-ups and hinders their development.
- Slow bureaucracy, length of the process of start-ups creation
- Little access to financing
- Taxing e-commerce activities
- Absence of a legal framework favorable to startups development
- Laws that are unfavorable to encourage Algerian investment in this area.
- The rigidity and length of the start-up process which could take years
- The general lack of public confidence in local startups
- The almost non-existent e-commerce industry, the lack of which causes massive limitations on platforms that require online transactions

### 3.3.3 Obstacles facing emerging startups towards the global market :

Penetrating a global market is most certainly a daring move for any business , many actors and obstacles exist in front of to cross-border start-ups in general and e-commerce start-ups in particular. However, each of these actors has its own knowledge, motivation and sense of urgency, yet it is still possible to face these obstacles and to study them in order to better overcome them.

Most of them can be classified according to the following categories:

- Regulatory issues
- Payment methods and processing
- Logistics and reverse logistics

#### ➤ **Regulatory issues:**

- Inconsistency: Businesses require, at a minimum, regulatory consistency. However, faced with the challenges of e-commerce, regulators are constantly changing their view of things. This is the case in developing countries that are debating the possibility of national taxation on e-commerce transactions. It is easy to imagine the cacophony of legal and fiscal regulations that prevails in less developed markets.
- Domestic location: Some countries favour domestic rather than foreign companies. In such cases, it makes sense to set up your company locally if you plan to sell in a specific country.

- Legal restrictions on selling: Each country has its own obligations and prohibitions on sales and customers. While most countries consider transactions by minors to be unenforceable, the legal age of majority varies from country to country. Similarly, certain categories of products (food, alcohol, weapons, antiques, etc.) are subject to specific restrictions. The status of e-merchant does not exempt you from complying with these legal requirements. For example: with regard to food shipments, certain countries may require that the ingredients used, nutritional value, manufacturing and expiry dates be clearly indicated on the packaging. If you are shipping from a country that does not impose such regulations, you may be in violation of local laws in the country of destination.

- Understanding and limits of legal frameworks: It is not enough to comply with local legislation: you must also be able to take your case to the courts and the competent authorities if necessary. The national legal frameworks offered by some countries are rather thin. Even when they are sufficiently solid, the delays in legal proceedings often remain a major problem. So an e-commerce trader dealing with a foreign country will have to comply with local regulations, while at the same time taking the risk of being unable, in practice, to defend his rights in that same country.

➤ **Payment methods and processing:**

An appropriate payment processing system is essential for e-commerce. Preferred payment methods vary from country to country, so be sure to analyse your potential market before making assumptions about your payment system. In Japan, Konbini, a local payment method, accounts for a sixth of e-commerce payments. While in Spain, 100% of e-commerce payments are made by Visa, MasterCard and American Express, the rate is just under 60% in France and only 30% in Germany. It is interesting to note that Germany is a highly developed market for e-commerce, even though the use of credit cards is not widespread. In India and other Asian countries, payment on delivery is widely favoured and you will need to accept payment by your customers' preferred methods. Apart from the credit card, there is really no other international method of payment.

➤ **Logistics and reverse logistics:**

Unless you sell exclusively downloadable products, you will need to set up an efficient logistics process. It has been proven that implementing strong logistics has a competitive advantage for both online and offline retailers. The cost of cross-border logistics can be the

critical issue for your startup ,but it is not just a question of cost. It is also about the reliability and planning issues associated with logistics. Many of the e-commerce start ups assume that their liability ends as soon as they can certify that the goods have been handed over to the logistics provider. However, this is not the customer's way of thinking. If your delivery process is already complex, imagine the complexity of a reverse logistics process! For many e-merchants, the requirements in terms of costs, customs duties and documentation make reverse logistics for cross-border sales impossible.

### **3.3.4 Actions for the promotion of start-ups emergence :**

The different actions undertaken by the sectors concerned by the promotion of startups, both in terms of their impact on the administrative support as well as on issues related to the problematic of their financing are:

- Creation of an investment fund dedicated to the financing and accompaniment of start-ups
- Creation of a High Council of Innovation which will be the cornerstone of strategic orientation in the valorization of ideas, innovative initiatives and national potentialities of scientific research, for the development of l'économie of knowledge.
- Elaboration of the legal framework to define and label the concepts of Start-up and incubators, as well as the specific vocabulary to the ecosystem of the economy, in order to facilitate the procedures for the creation of these entities. In addition to the related regulatory texts, this action will also lead l'adaptation to those governing mechanisms for financing the needs expressed by start-ups in the pre-seed phase.
- Transfer from l'Agence Nationale des Parcs Technologiques (ANPT) to the Ministry of Microenterprise, Start-ups and l'Economie of Knowledge.
- Provision of dedicated spaces in youth establishments at the national level for innovative project leaders and start-ups.
- Development of spaces dedicated to start-ups, giving priority to regions with a high potential of innovative project leaders, including the wilayas of Béchar, Ouargla, Constantine, Oran, Tlemcen, Sétif and Batna, before extending this approach to l'ensemble of the national territory.

### 3.4 Synthesis

In consideration of the responses obtained above and the research analysis, we conclude that :

- The Ministry is trying to encourage the creation of startups, in terms of providing financial support as well as coaching assistance
- The handcraft startups are satisfied with the initiative made by the Ministry but they do not hide their dissatisfaction with the administrative slowness as well as all the obstacles related to startups creation.
- The information concerning the handcraft activity is available through several supports.
- the ministry is aware of the strategic role that plays the creation of handcraft startups for the development of the sector as well as its general impact on the algerian social and economical realities on a national and an international levels.
- The Ministry's action is made under several internal constraints concerning the rigidity of the regulations and the limited capacities
- concerning the complex environment, its constraints are sometimes difficult to observe
- The algerian environment is encouraging for startups creation in terms of opportunities

### 3.5 Observations during the internships period :

Our findings about the internal functioning of the ministry's handcraft department :

- Respect between the different hierarchical levels.
- The Ministry of handcraft is well organized and well structured according to its organization chart.
- Lack of means and training to handle Information and Communication Technologies.
- Inequalities in the volume of tasks between the different offices of the Ministry.
- No motivational changes (routine).

### 3.6 Recommendations:

### 3.6.1 On the national level :

Our study has showed that the reason behind th lack of handcraft startups  
In order to improve the startups creation in Algeria and to avoid these problems we have constructed a list of recommendations based on the observations we made during our research.

- The administrative bureaucracy is the biggest obstacle to foreign investors inAlgeria, the government needs to reduce the number of administrative procedures in order to facilitate the work of companies;
- Algeria needs to diversify its economy outside of the hydrocarbon sector, by investing in other sectors such as agriculture and tourism; this can reduce the risk of falling into an economic crisis in case oil prices continue to drop;
- Privatizing the economy should also be on top of the government’s agenda, private sector companies should have the same incentives as their public opponents in terms of access to finance as well as land and other services;
- The government should also require all administrations and institutions to use new information and communication technologies in order to facilitate data access for investors so that they stay updated about the market’s evolution.
- The government needs to revisit its taxing regulations as well as the e-commerce related legislations inorder to support the e-commerce start-ups development in algeria

### 3.6.2 On the international level :

The development of external markets inevitably requires the implementation of the following actions:

- Identification and research of exportable potential and target markets as well as new markets
- The provision of commercial information, in particular information on the conditions of access to international markets
- The safeguarding of heritage and the promotion of endangered handicrafts are among the priority objectives of this development plan.

To this end, the following actions should be carried out :


1. To identify endangered tangible and intangible craft heritage,
2. Define targeted actions for the safeguarding and promotion of certain elements of this heritage,
3. To strengthen the qualification of craftsmen within the framework of national and international cooperation programmes specializing in this field.

## **Conclusion**

The results of our case study have showed that there is cohesion between what we found in our research and what we discovered in the field. In one part, Algeria is a very promising country in terms of startups creation; several factors determine this emergence: economic, technological, political...etc.

In another part, there are several important obstacles that block the emergence of start ups on a national and international level, such as the administrative bureaucracy, regulatory issues...etc.

In order to avoid and to fix this situation, a set of recommendations have been taken in consideration by the Algerian government to insure the continuity and the progress of startups creation in Algeria.



# Conclusion

Historically, Algeria has always been reliant on energy as the key economic driver, so creating a favorable ecosystem for entrepreneurship has taken a backseat for years. “The ecosystem is weak at the moment compared to neighboring countries, but I believe that going forward, we will see a strong push for improvement, because the country has no option but to evolve if it is going to sustain a healthy social economic balance.

Algeria is undoubtedly one of the most stable countries in the region with an exponential growth in the number of university graduates each year playing a key role in increasing the number of startups. Now more than ever, it seems like the perfect time to encourage entrepreneurship in the country.

The rising number of educated youth getting involved in startups also allows for more awareness among investors, companies and the government on the startup culture. The need to stimulate innovation is stronger and “right now Algeria is like a blank page

We consider the handicraft sector to be a promising economic sector in its own right for two reasons. The first is that this sector is a creator of jobs, it participates in the national effort to absorb unemployment, especially among young people.

Crafts is a path to success that we must exploit, to give opportunities to the younger generation to find a path that will guarantee them to meet their future needs and it will very soon become a strategic sector for the country. It will be able to contribute to economic diversification and help the Algerian economy move away from dependence on oil.

Since the results of our study were previously presented and synthesized at the end of the third chapter, and since recommendations for possible reforms were then given, we are here to reformulate those results in a trial to answer the sub questions from our general introduction and also verify the veracity of the made hypotheses. Needless to say, the three hypotheses were primary answers for the three sub questions respectively.

So the first hypothesis stipulating that : It has a great potential since it is a Low-using resources sector, abundant resources and available labor force, it is considered as a virgin sector in terms of start-up creation,

- According to the research we did in the first chapter, this hypothesis is **confirmed**

Our second hypothesis states that : The government needs to put a supporting system in order to encourage this emerging startups creation in the handcraft sector by improving the general ecosystem/atmosphere/conditions

- According to our theoretical research and the case study, this hypothesis can be **Partially confirmed** ... since the Algerians support does not cover the e-payment yet, and since this later is judged primordial to exercise such activities


Our Third hypothesis proposed that : Most of the existing international handcraft start-ups are E-commerce ones (handcraft platforms) they create the link between local artisans and global consumers on the international market.

- According to the research we conducted in the second chapter and the answers of our interviewees, this hypothesis is **confirmed**

Whats left to say now is that, this unfortunate situation is depriving the Algerian economy from several opportunities to prosper and grow into a strong and open economy built on solid foundations. However, this can only be fixed if there is a political willingness combined with the support and cooperation of the Algerian society, which would have to be ready to change things and move forward.

Finally, we would like to point out that the subject we have dealt with is in a very large and constantly evolving field, and as such it requires a great deal of time to be able to address and deal with all its aspects and draw relevant conclusions. With regard to the time allotted to us, we have tried in our capacities to identify the maximum of major points related to this topic, despite the difficulty of obtaining clear and precise information from foreign companies, which obliged us to work with a reduced sample.

To conclude, it should be said that our research work remains our first experience, a work that allowed us to deepen our theoretical knowledge in the field of international affairs and its involvement in the Algerian case and to discover the difficulties of scientific research.



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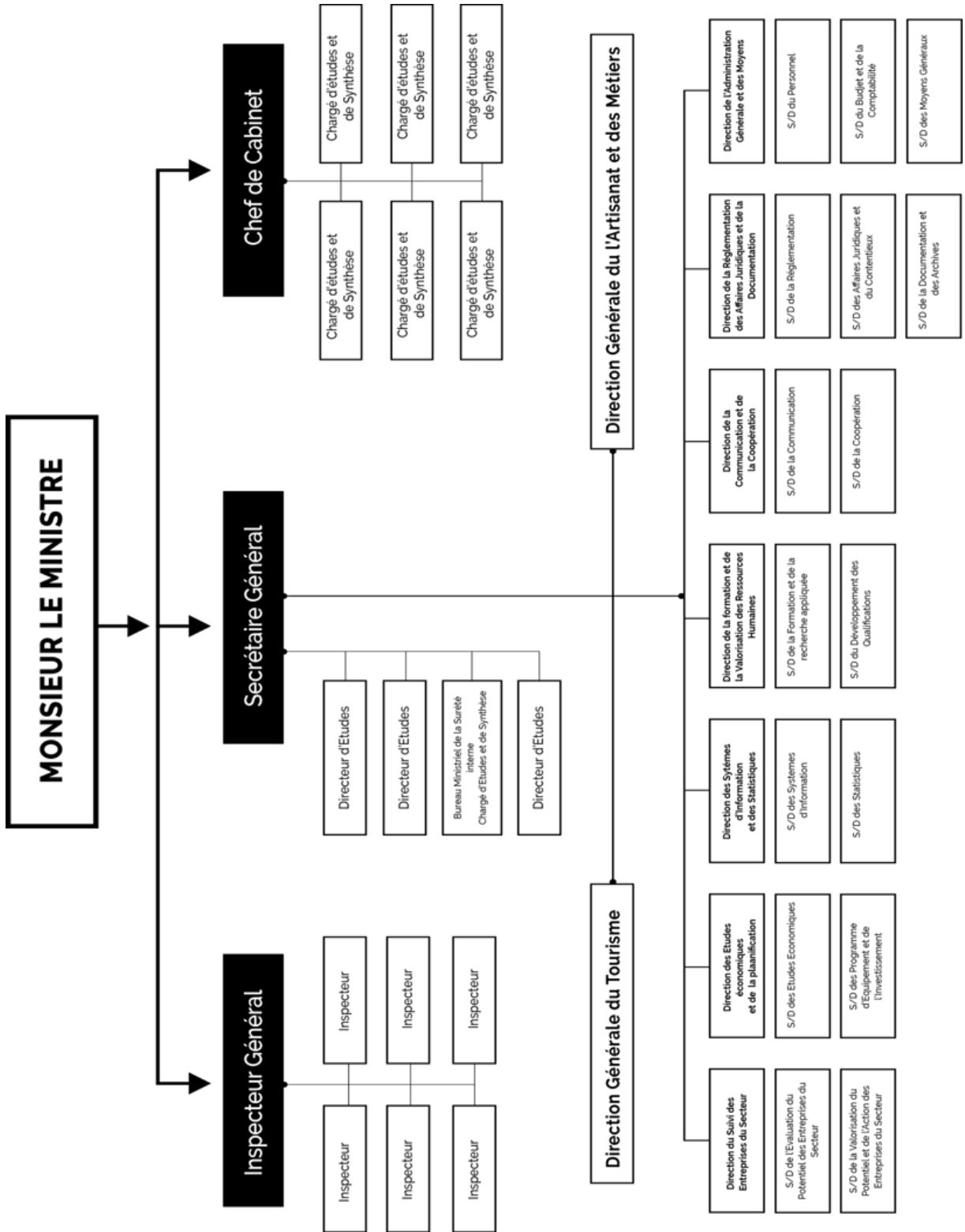
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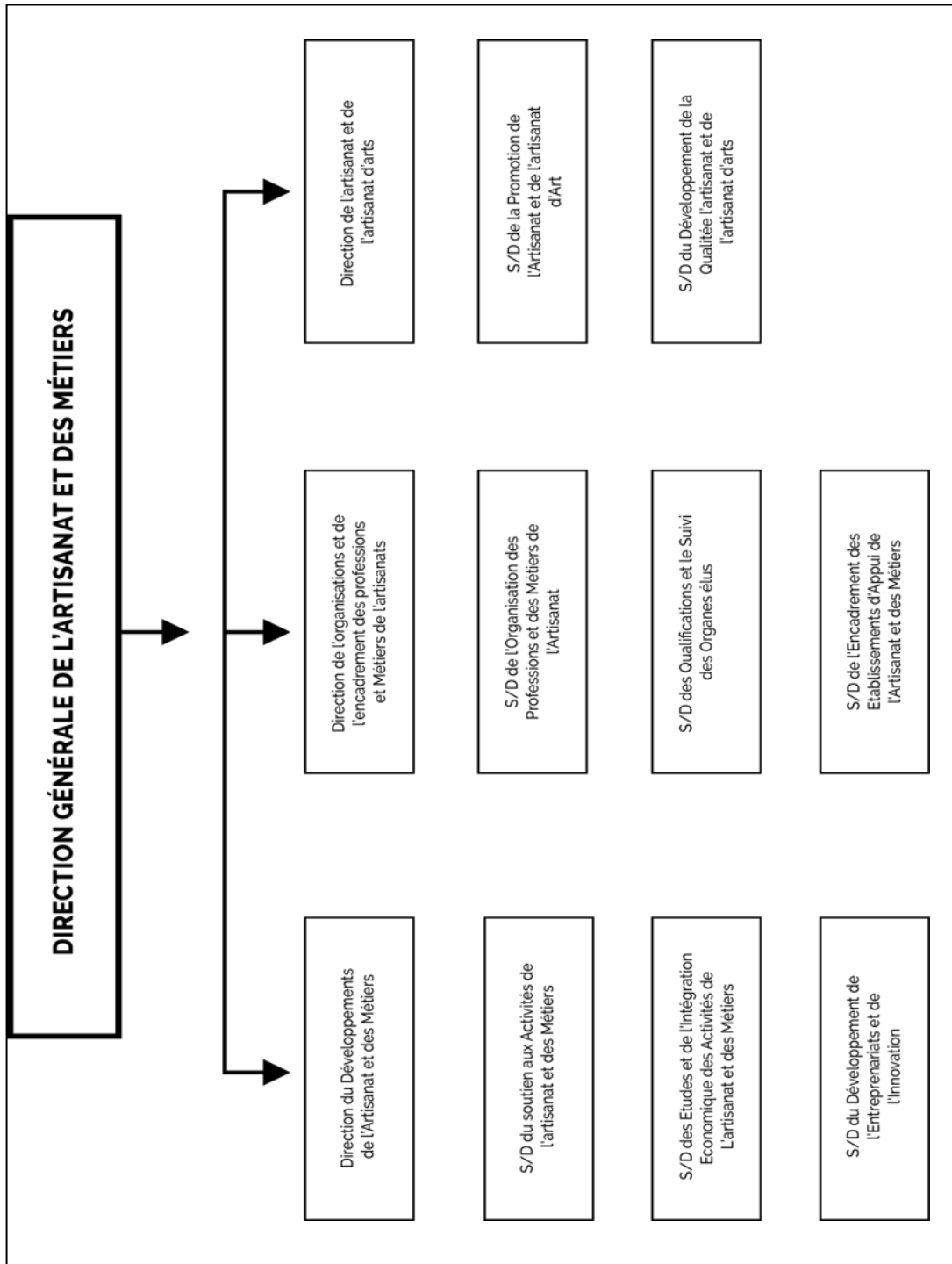
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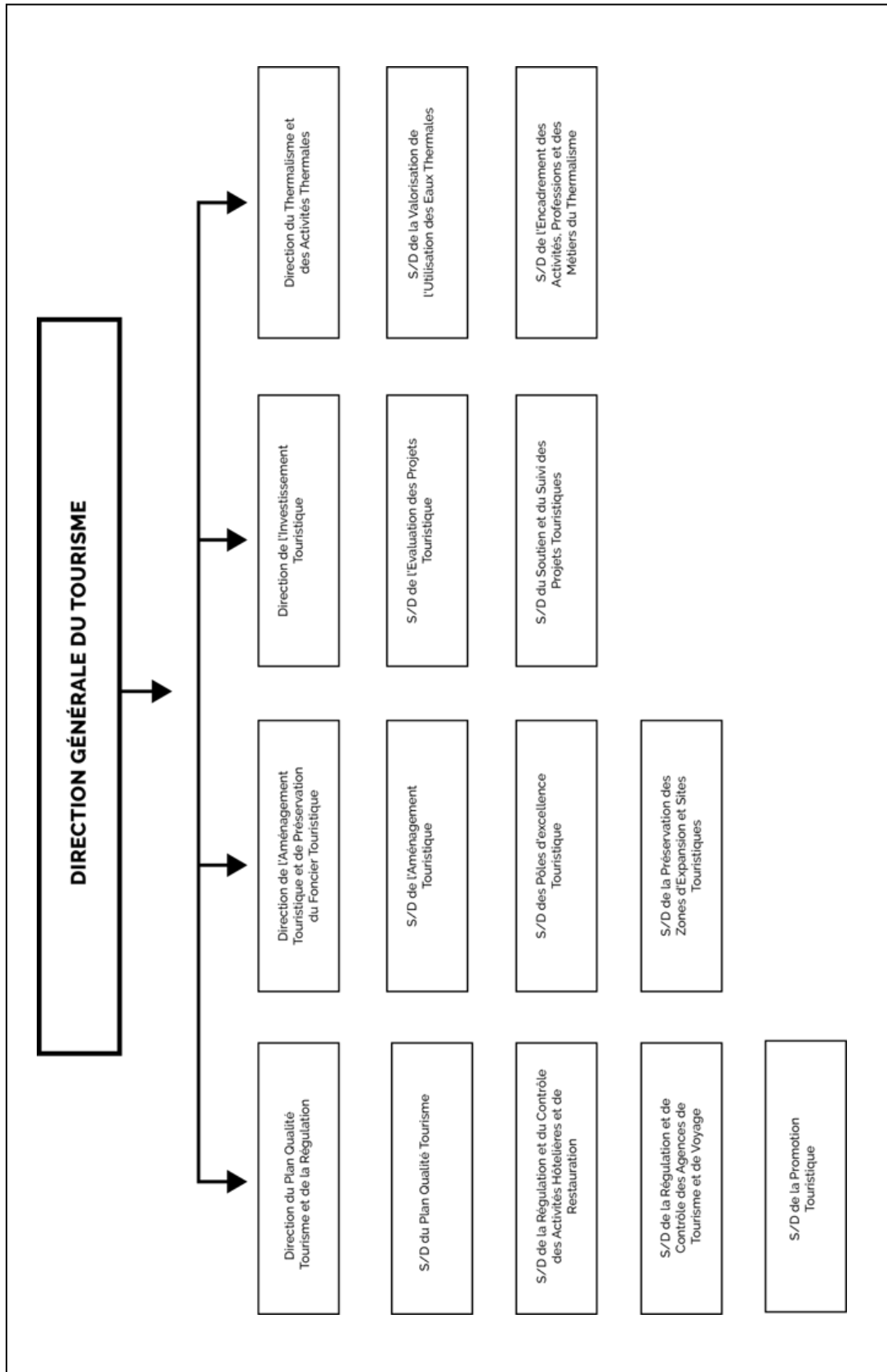
# Appendixes



**Appendix n° 2:**



**Appendix n°3:**



## **Appendix n°:**

### The program

- 7h - 8h and 30h: Welcome and registration of participants.
- 9h - 9h and 20h: Opening speech by the Minister of Tourism and Handicrafts.
- 09 Sao 20th - 10h and 25h: Interventions of experts.
  - ✓ The role of emerging enterprises in the development of tourism and handicrafts in Algeria.
  - ✓ The legal framework for startups and how to establish them in Algeria.
  - ✓ Mechanisms and mechanisms available by the state to encourage institution building emerging issues.
  - ✓ Employment and investment opportunities for startups available in the sector of tourism.
  - ✓ Employment and investment opportunities for startups available in the sector of craftsmanship.
  - ✓ Startup incubators.
- 10 Sau 25d - 11h: Coffee break
- 11h - 12h and 30d: Certificates of promising experiences for some startups
- 12h and 30h - 13h and 30h: general discussion.
- 1:30 p.m. - 1:45 p.m.: Reading of recommendations.
- 13h45h - 14h: Closing speech by the Minister of Tourism and Handicrafts.



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