

Examining the perception of gender on the risks associated with the creation of startups: Evidence from university students in Algeria

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Abstract

This paper aims to measure the effect of the gender on the perceived risks linked to startup foundations in Algeria. The research was administered under an online survey in two stages; the first stage was conducted during December 20th, 2023–January 11th, 2024, collecting 12 answers from Tizi Ouzou university students, and the last stage was determined between May 7th and May 22nd, 2024, among 88 participants from Algiers II University. Using the Chi square test, the results indicate that there are no significant differences between men and women in terms of perceived risks linked with startups creation.

Keywords: Startups; Gender, University students; Algeria; Chi square test; SPSS.

Introduction

Entrepreneurship is considered a vital force in industrialization and economic growth through capital formation, exploitation of local resources, and employment generation (Mahalakshmi, 2023). At present, university students pay a particular attention in launching small business to avoid joblessness that threat graduate students, these projects called startups (Boukhedimi & Yaiche, 2024). This study therefore attempts to examine the impact of gender of university students on the perception of risks linked to launch startups in Algeria.

The present paper discusses the theoretical frameworks that shape the study, reviews relevant literature on startups, outlines the methodology employed in this investigation, presents the findings of the empirical analysis, and provides the implications of the research findings for future studies.

2. Literature review

Indeed, there is no unified definition of startups. However, a startup is a newly established business venture that is in its first stages of operation (Bank & Kakabadse, 2018). Moreover, a startup defines as “a human institution designed to create a new product or service under conditions of extreme uncertainty” (Ries, 2011). Hence, startups can be characterized as transformation catalysts as they create novel concepts or reimagine existing ones generation (Mahalakshmi, 2023). In startups, entrepreneurship is the starting point of a business and the driving force to pass the difficult period in the early years (from three to five years) of the startup, which is called the “death valley” (Hmieleski & Lerner, 2016). According to Blank (2013), startups are temporary companies or organizations oriented and designed to search for repeatable and scalable business models; thereby, they are not parts or smaller versions of large companies. In the modern era, startups are agents of change that provide innovative solutions for complex problems at various scales (Devadiga, 2017).

In this sense, Jain (2016) added that startups do not have an exact definition due to the subjectivity and complexity involved, and it may define as the following:

1- A startup is a young company that is beginning to develop and grow, is in the first stages of operation, and is usually financed by an individual or small group of individuals;

2- A startup is a young company that searches for an unknown business model to disrupt existing markets or create new ones;

3- A startup is a young and dynamic company built on technology and innovation, where founders attempt to capitalize on developing products or services to create a new market.

In addition to that, Maciejewski & Wach (2019) indicated three core assignments of startups that could give an appropriate definition:

1- Startups provide customers with products from other sources unavailable in a given area;

2- Startups provide customers with improved versions of known products;

3- Startups supply customers with new products based on new technology. Thus, Durda & Ključniko (2019) mentioned that technology startups often built on an innovative business model; hence, this type should ensure significant resources, skills, and internal and external partners in the early stages of growth. From university perspective, incubators run programs within one to two years to assist early-stage startups (Tripathi & Oivo, 2020).

Although numerous studies have shown that entrepreneurship education plays a crucial role in producing entrepreneurial individuals, studies examining how entrepreneurial intention leads to startup preparations among business students remain scarce (Mahajar, 2012). Typically, entrepreneurship is understood to be an essential ingredient for enhancing a country's economic competitiveness, growth, and sustainability while confronting the escalating challenges of globalization, such as increasing unemployment (Mamun et al, 2017). The interest of individuals in the entrepreneurial career can be associated to what is theoretically known as the theory of entrepreneurial intentions (Krueger, Reilly, and Carsrud, 2000). In this sense, entrepreneurial education aims to increase both entrepreneurial competencies and intention to self-employment among students.

Hence, Boyer & Blazy (2013) argue that entrepreneur qualifications are a significant determinant of whether startups survive in a competitive market or not. For example, entrepreneurs with weak professional experience influence startup activities negatively and vice versa. Therefore, startups typically fail due to the business development process when they disregard the design of a reliable and measurable business development phase and focus only on product and service improvement. Moreover, startups will fail because of the lack of business development, owning an incorrect business model, running out of cash, ineffective management, competition, and wrong positioning in the market (Cantamessa et al, 2018).

3. Methods

Method of Sampling

Using online questioner as a branch of the quantitative approach, 100 university students were randomly involved. Furthermore, this study was conducted into two stages; the first stage was performed between December 20th 2023 till January 11th, 2024, collecting 12 responses from Tizi Ouzou university students. In addition to that, the last stage was administrated during May 7th - May 22nd, 2024 among 88 participants

from Algiers II University. However, it is important to note that the Chi square test was explored to ensure the examination of study hypotheses.

Given that the final sample size (n) is 100, it is important to generalize the findings across the population (N), because, the central limit theory (CLT) proves that the sample is representative once the number is equal or superior to 30 (Chang et al, 2006; Polya, 1920; Johnson, 2004; Tomothy, 2005; Berenson et al, 2012 ; Naval, 2013; El sherif, 2021; Boukhedimi et al, 2023; Sriram, 2023).

Study objectives

1. Evaluate the relationship between the gender and personal risks linked with startups' foundation
2. Check the perception of gender toward financial risks associated with startups' creation.

Hypotheses

H1. There is a significant difference between men and women in terms of perception of personal risks toward the foundation of startups in Algeria.

H1a. There is a significant difference between men and women regarding lack of professional experience risk.

H1b. There is a significant difference in gender with perceived of failure risk

H1c. Significant difference could be found between men and women in terms of Lack of technology control

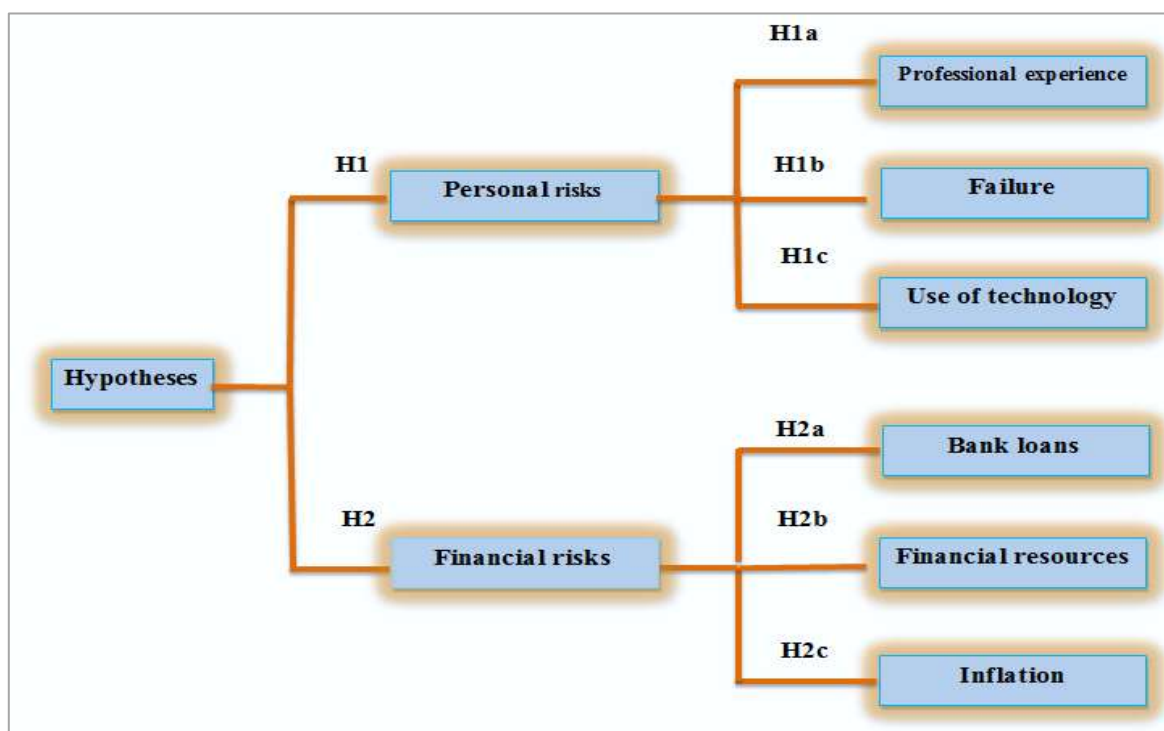
H2. There is a significant difference between men and women regarding the perception of financial risks toward the foundation of startups in Algeria.

H2a. Significant difference could be found in gender with risk of obtaining bank loans

H2b. There is a significant difference between men and women in terms of perception of lack of financial resources

H2c. Significant difference could be found between men and women with perception of inflation risk

Figure 1. Study hypotheses



4. Results & discussion

Descriptive statistic

The study sample is consisted of 100 participants; the sociodemographic features of the survey sample indicate that 64 % of them were from generation Z. While 36 percent is the proportion of participants who are from generation Y. In addition, most of the respondents are women (66 %), compared to men who are presented by 34 percent. However, 92 percent of our sample is graduated; versus 8 percent is post-graduated. From the other side, 13 percent of respondents are aspiring entrepreneurs and have already created small businesses.

Study results

According to the table 1 below, the findings highlighted that there are no significant differences between gender of university students in our sample regarding the perceived risks associated with foundation of startups in Algeria. The asymptotic signification shows that all p -value obtained is superior to the significance level of $\alpha = 0.05$ (5%), which confirm that the variables are independents and the null hypothesis is accepted, Therefore the alternative hypothesis is rejected.

In short, there is no significant deference between men and women regarding the risks associated with the creation of their own startups. Accordingly, all the sub-hypotheses are rejected (p -value > 0.05).

Table 1 Study result

	Hypotheses	Variables/Risks	p -value	Relationship	Result
H1	H1a	Professional experience	0.565	Independency	Rejected
	H1b	Failure	0.139	Independency	Rejected
	H1c	Use of technology	0.223	Independency	Rejected
H2	H2a	Bank loans	0.086	Independency	Rejected
	H2b	Financial resources	0.673	Independency	Rejected
	H2c	Inflation	0.111	Independency	Rejected

Source: Survey data

Beginning with professional experience risk, 50 percent of men and 56.06 percent of women participants stated that the lack of professional experience isn't a real risk. Taking the risk of failure, most of the respondents (88.23 % of men and 75.76 % of women) didn't believe in the failure. To finish with the last risk belonging with personal risks, 82.35 percent of men and 71.21 percent of women considered that lack of technology control could not break the creation of startups.

Analyzing the financial risks, 44.1 percent of men and 62.1 percent of women stated that there is no difficulty in obtaining loans from banks, because this financial process is supported by the Algerian government. In addition to that, an important number of students (i.e., 53% of men and 48.4 % of women) believe that a lack of financial resources isn't a risk. Finally, most men (67.6%) and women (81.8%) thought that inflation didn't pose a significant risk to establishing small businesses.

These results confirm that the study sample is confident with their personal aspiration and on the financial advantages that are facilitating by Algerian ministry of startup, such as fiscal support: by providing tax exemptions (gross income tax / profit tax) for 4 years, in accordance with the articles 88 and 33 of Law “17-01”. In addition to that, a particular tax exemption of value added tax of new equipment’s is determined.

However, the survival rate of the startups is still limited in all fields, because their activities could be affected by other factors, such as the intense competitiveness of powerful enterprises, and the immediate switching of consumer behavior.

5. Conclusion

It could be concluded that this paper investigated the impact of gender on the risks associated with setting up startups among university students in Algeria. Therefore, it has been found that both men and women share the same perceptions regarding the risks proposed through our research.

In line with the study limit, the survey was conducted through online technique using via Google Form and was oriented toward two universities. Therefore, it is recommended that the future research needs to be expanded with the involvement of respondents from other universities, and include face-to-face surveys to increase the rate of reliability. However, it is important to note that the findings of the present paper could be considered useful to scientific research by including the results obtained.

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