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Entrepreneurship and Business Creation – a Theoretical Approach

Abstract

This study examines key theoretical aspects of entrepreneurship and business creation, starting with its definition and exploration as a research field. It highlights major theoretical contributions, reviews the stages of business creation, and analyzes factors influencing the process. The central question explores how entrepreneurship manifests as a multidimensional concept across different paradigms and its impact on understanding and practical applications. Findings indicate that entrepreneurship is a complex phenomenon with no single definition due to its diverse contexts. This has led to multiple theories attempting to explain its nature. Similarly, perspectives on business creation stages vary, each emphasizing different factors. The study underscores that these factors must interact for effective business creation. A multidimensional perspective, integrating economic, social, and psychological aspects, provides a deeper understanding and facilitates better-adapted policies. An integrative approach combining various theoretical dimensions is essential for developing strategies that support entrepreneurs and enhance business success. Understanding entrepreneurship's complexity aids in designing policies that foster innovation and job creation, contributing to economic and social development. Treating entrepreneurship as a multidimensional phenomenon allows for greater flexibility in decision-making and more effective support systems, maximizing its impact on society and the economy.

Keywords: *Entrepreneurship, Business creation, Multidimensional perspective, Theoretical paradigms, Policy development*

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Sahibkarlıq və biznes yaradılması – nəzəri yanaşma

Xülasə

Bu tədqiqat tədqiqat sahəsi kimi tərifindən və tədqiqindən başlayaraq sahibkarlığın və biznesin yaradılmasının əsas nəzəri aspektlərini araşdırır. O, əsas nəzəri töhfələri vurğulayır, biznesin yaradılması mərhələlərini nəzərdən keçirir və prosesə təsir edən amilləri təhlil edir. Əsas sual sahibkarlığın müxtəlif paradigmalarda çoxölçülü konsepsiya kimi necə təzahür etdiyini və onun anlayışa və praktik tətbiqlərə təsirini araşdırır. Tapıntılar göstərir ki, sahibkarlıq müxtəlif kontekstlərə görə vahid tərif olmayan mürəkkəb bir fenomendir. Bu, onun təbiətini izah etməyə çalışan bir çox nəzəriyyəyə səbəb oldu. Eynilə, biznesin yaradılması mərhələlərinə dair perspektivlər müxtəlifdir və hər biri fərqli amilləri vurğulayır. Tədqiqat vurğulayır ki, bu amillər effektiv biznes yaratmaq üçün qarşılıqlı əlaqədə olmalıdır. İqtisadi, sosial və psixoloji aspektləri birləşdirən çoxölçülü perspektiv daha dərinə anlayışı təmin edir və daha yaxşı uyğunlaşdırılmış siyasətləri asanlaşdırır. Müxtəlif nəzəri ölçüləri birləşdirən inteqrativ yanaşma sahibkarları dəstəkləyən və biznes uğurlarını artıran strategiyaların hazırlanması üçün vacibdir. Sahibkarlığın mürəkkəbliyini başa düşmək, iqtisadi və sosial inkişafa töhfə verən innovasiya və iş yerlərinin yaradılmasını təşviq edən siyasətlərin hazırlanmasına kömək edir. Sahibkarlığa çoxölçülü bir fenomen kimi yanaşmaq, qərarların qəbulunda daha çox çeviklik və daha effektiv dəstək sistemlərinə, onun cəmiyyətə və iqtisadiyyata təsirini maksimum dərəcədə artırmağa imkan verir.

Açar sözlər: sahibkarlıq, biznesin yaradılması, çoxölçülü perspektiv, nəzəri paradigmalər, siyasət inkişafı

Introduction

In scientific disciplines, the concept of entrepreneurship sometimes refers to the environment (or space) for business creation and at other times to the entrepreneur themselves, the entrepreneurial spirit, entrepreneurial action, or the outcomes of this action (such as the organization created, resumed, or transformed). According to Marchesnay, entrepreneurship signifies the direct realization of the entrepreneurial spirit or the desire to engage in business activities.

At its core, entrepreneurship stems from diverse situations, making it challenging for researchers in a single field to pinpoint its precise definition. It would be futile to rely on a single, simplistic definition of the entrepreneur, as entrepreneurship, being a social phenomenon, varies across contexts. Nevertheless, various concepts regarded by researchers as synonymous with entrepreneurship or as determinants can assist in understanding this complex phenomenon.

The research problem lies in identifying and understanding the multidimensional nature of entrepreneurship by analyzing the different paradigms that have addressed this concept. The problem raises the following main question: **How does entrepreneurship manifest as a multidimensional concept through various theoretical paradigms, and what is its impact on understanding the phenomenon and its practical applications?**

First, the understanding of entrepreneurship and its applications varies depending on the theoretical paradigms used in its analysis, as each paradigm focuses on specific dimensions while overlooking others. Second, entrepreneurship can be considered a multidimensional concept that combines economic, social, and psychological aspects, necessitating an integrative approach for a deeper understanding. Third, adopting a multidimensional approach to entrepreneurship leads to the development of more comprehensive and effective policies and strategies to support entrepreneurship and enhance its success in practice.

Entrepreneurship is a topic of great academic and practical interest as it is essential to economic growth, innovation, and job creation. Policymakers, educators, and business professionals must comprehend its multifaceted character in order to create methods that effectively promote entrepreneurial success. This research advances a more thorough comprehension of the idea by looking at entrepreneurship from a variety of theoretical angles, going beyond a one-dimensional viewpoint. Better adaptability to various socioeconomic circumstances is made possible by a nuanced approach, which eventually results in better decision-making and customized support systems that boost entrepreneurial endeavors and their social effect.

Research

The unprecedented fascination with entrepreneurship research has led some scholars to discuss paradigms (e.g., Shane and Venkataraman, 2000; Verstraete and Fayolle, 2004; Paturel, 2005; Messeghem, 2006). The field of entrepreneurship has evolved significantly and alternately, driven by contributions from Anglo-Saxon and Francophone researchers. Thus, it cannot be reduced to a single paradigm to capture its multifaceted nature. Instead, a multi-paradigm approach is necessary, highlighting the complementarity among these paradigms. For this purpose, Verstraete and Fayolle proposed four prominent paradigms (Jaziri, 2009, p. 5):

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At its roots, entrepreneurship stems from diverse situations, making it challenging for researchers in a single field to define it precisely. It is impractical to settle for a single, simple definition of the entrepreneur, as entrepreneurship, being a social phenomenon, varies across contexts. However, it is possible to rely on a set of other concepts, which researchers consider synonymous with entrepreneurship or as key elements that help delineate this complex phenomenon.

On the other hand, the unprecedented interest in entrepreneurship research has led some scholars to discuss paradigms (e.g., Shane and Venkataraman, 2000; Verstraete and Fayolle, 2004; Paturel, 2005; Messeghem, 2006). The field of entrepreneurship has evolved extensively and alternately, driven by contributions from both Anglo-Saxon and Francophone researchers. Consequently, it cannot be confined to a single paradigm to capture its various dimensions. This necessitates a multi-paradigm approach, emphasizing the complementarity among these paradigms. For this purpose, Verstraete and Fayolle proposed four prominent paradigms (Jaziri, 2009, p. 5):

Opportunity Exploitation: This paradigm emerged with the Austrian School but became more prominent in the field of entrepreneurship through the works of Scott Shane and Venkataraman. They define entrepreneurship as "the thorough investigation of how, by whom, and with what outcomes opportunities to create goods and services are identified and exploited." (Jaziri, 2009, p. 8) Casson defines opportunities as goods, services, raw materials, or new organizational methods that can be offered and sold at prices that yield a profit (Casson & Buckley, 2010).

Proponents of this perspective focus on individuals capable of identifying undervalued resources, exploiting them, and reselling them as goods or services of higher value. An opportunity can also take the form of new information that is exploited if the individual utilizing it meets one of two conditions: possessing complementary knowledge that enables them to recognize the opportunity or having the intellectual capacity to enrich it. Possessing such information creates entrepreneurial effectiveness or vision, which serves as an investment project for the opportunity.

1. Organization Creation

This paradigm requires a clear definition of the concept of an organization. For some, an organization is synonymous with identity (e.g., the establishment itself). For others, it encompasses the dynamics that lead to the emergence of that identity. Thus, the dynamics (organizational action) lead us to acknowledge that the organization (identity) is generated by the entrepreneurial phenomenon.

This distinction is particularly significant for researchers, especially empiricists, when it comes to defining concepts. For instance, there is a difference between creating a business and creating an organization. Some prefer using alternative terms, such as "organizational emergence," as proposed by William Gartner (Verstraete & Saporta, 2006). This concept applies to a phenomenon characterized by the interaction of various elements, such as expertise, perceptions, and ideas that hold meaning within a new configuration.

Thierry Verstraete views entrepreneurship as a phenomenon that leads to the creation of an organization by one or several individuals who come together for this purpose. According to Verstraete, the entrepreneur is the originator of the organization, and entrepreneurship represents a dialectic between the entrepreneur and the organization. Therefore, studying entrepreneurship should not be limited to an analytical framework focused solely on the organization; rather, it requires a systemic perspective that encompasses both the action and its resulting outcomes (Midgley & Lindhult, 2021).

However, this perspective is somewhat ambiguous, prompting us to raise the following question: Can the discovery of an opportunity or the achievement of an innovation without creating a new organization (i.e., arising from an existing organization or one that has resumed its activity) still be considered an entrepreneurial phenomenon?

On the other hand, as Bruyat has shown, the outcomes of creating organizations vary significantly, both in terms of the intensity of change for the individual and the importance of the value provided (Fayolle, 2005).

This perspective overly simplifies the role of the entrepreneur by reducing it to the process of launching or creating a new organization. Creation is a process that cannot be confined to specific milestones such as the emergence of the idea, legal establishment, the start of production, or the initial marketing of the first production batches.

Moreover, we cannot determine that we are witnessing an entrepreneurial act merely based on the creation of an organization. Such a judgment requires deeper analysis, considering the challenges the organization will face in the market to ensure its survival and continuity. This is the essence of entrepreneurial activity and action: the sustainability and development of the organization.

1-The Dialectic of Individual/Value Creation:

This paradigm defines entrepreneurship as a phenomenon or process that generates or produces value, whether individual, economic, or social. Therefore, entrepreneurship is always a producer of wealth and job opportunities for the nation, or added value. As such, economic and social stakes have long been relied upon by entrepreneurship. Many studies confirm that there is a strong relationship between entrepreneurship and economic growth (development) in many countries.

Gartner, in his empirical work, revealed that value creation is a core issue in entrepreneurship. In the Francophone literature, Bruyat addressed this topic in his doctoral thesis, which paved the way for subsequent works and studies. He believes that the field of entrepreneurship is rooted in the relationship between a person and the added value they bring (Verstraete & Fayolle, 2005). According to Bruyat, entrepreneurship is a dialogical relationship between the individual and the creation of added value, within a dynamic dual change process for both the individual and the environment involved in generating new value. Bruyat concludes by emphasizing that "the scientific aspect of the field of entrepreneurship is the dialogue of the individual/value creation duality (Omrane et al., 2011)."

2-Innovation (Renewal)

This paradigm is the oldest in the field of entrepreneurship, having emerged early in the thought of Austrian economist Joseph Schumpeter. For Schumpeter, the entrepreneur plays a unique and essential role in the development of the free economic system. Its essence is often based on breaking the status quo, creating businesses, job positions, and renewing and rebuilding the economic fabric.

Friedrich Von Hayek distinguishes between two types of knowledge that drive innovation: scientific knowledge and general (field) knowledge. The Schumpeterian perspective focuses on scientific knowledge, while Norbert Alter emphasizes general innovation resulting from the collective actions of individuals within an organization. These individuals possess specific knowledge or

experience derived from dealing with reality in a particular time and place. Such knowledge, often implicit, can contribute to the emergence of explicit, original, and effective innovation.

In this paradigm, innovation is related to the production of new goods, new methods of production, discovering new markets, or finding new sources of raw materials. At this level, we can observe a connection to the idea of creating new value resulting from this type of applied innovation within a new organization.

3-Personality Traits:

Research in this paradigm has focused on producing knowledge related to the psychological characteristics of entrepreneurs, their traits, origins, and social paths. This paradigm has attempted to establish models for entrepreneurs that can be recognized through a fundamental trait or a set of characteristics. It has also sought to answer a number of key questions: What is the early behavior of an entrepreneur? Is an entrepreneur born with a "sixth sense" or an entrepreneurial instinct?

David Maclelland, in his research, emphasized the existence of a relationship between the desire for achievement expressed in the stories and histories of children and the economic development of countries, taking into account various factors such as geographical conditions, the level of institutional freedom, and the level of technology. According to him, economic development occurs through an entrepreneurial class with a high desire for achievement. The findings also showed that the desire for achievement is strongly present in countries with rapid economic growth, and that this is more focused on available resources and overcoming obstacles rather than on the goal that can be achieved (Mohanty, 2005).

The proponents of this paradigm found that the emergence of an entrepreneurial economy is linked to a range of other variables. According to some, entrepreneurship is more of a psychological and cultural phenomenon than an economic and technological one (Gasse, 2012). Many entrepreneurial values can be transmitted and given by societies and groups. A high level of education can also be one of the key traits of a successful entrepreneur (Gasse, 2012), and it becomes a competitive advantage because this entrepreneur has strong training, enabling them to manage, assess risks and success, exploit and seize opportunities, avoid failure, find solutions to problems, and make decisions.

6. Entrepreneurial Actions

This paradigm is characterized by its emphasis on the descriptive aspect, with its goal being to answer the question "what" in order to identify the entrepreneur through their behavior. It also focuses on assessing the entrepreneurial capabilities of the entrepreneur, which they use in their efforts and completed tasks that reveal their identity as an entrepreneur. Some researchers in this paradigm argue for the necessity of analyzing the entrepreneur's function and entrepreneurial behavior itself, drawing on the context paradigm (creating the organization). This perspective is particularly evident in classical management theories from authors such as Fayol, Liebenstein, and Williamson. According to them, the entrepreneur appears as a figure who responds to the demands of managing organizations, seeking the optimal use of human and financial resources, with the goal of achieving a specific objective. This paradigm poses a significant challenge due to its belief in the universality of successful paths, treating them as a rule or law, while the statistics on failure are not exactly encouraging for those looking to engage in investment projects.

The actions of the entrepreneur can be either supported or constrained by a set of factors, traditions, and laws commonly accepted within a particular economic system, in addition to the social factors that have a significant impact. Therefore, this approach overlooks the formative aspect of the entrepreneur, which is the result of the interactivity that can occur between the entrepreneur's situation and the cultural factors.

7. The Entrepreneurial Context

This involves describing and analyzing the different stages of creating a new or re-established organization, identifying its problems, and finding solutions, i.e., how to frame the tasks related to the most sensitive stages of the context followed by the entrepreneur.

William Gartner published an article in 1988 titled "Who Is the Entrepreneur? A Question Whose Time Has Passed." In this article, Gartner argues for a change in research approaches and methods in

the field of entrepreneurship, proposing a shift to the concept of the entrepreneurial context, which is based on four dimensions: environment, individuals, context, and organization. He emphasized that context is a variable, not a concept, encompassing other dimensions. Based on an economic cycle, Gartner identified five behaviors that describe in detail the set of entrepreneurial functions. These functions can be placed in the following context:

- The entrepreneur's identification of opportunities
- The entrepreneur's gathering of resources
- Manufacturing materials and providing services
- Organization
- Overseeing the management of the organization

Since entrepreneurship is a new field of research, it has been considered by many researchers as a context. The entrepreneurial context proposed by *Bygrav* and *Hoover* shows a strong alignment with Gartner's view: "The entrepreneurial context includes the functions, activities, and actions related to seizing opportunities and creating the organization or institution" (Chell et al., 2008).

Johannisson views entrepreneurship as a context where independent resources are reorganized in a new way to seize an investment opportunity. This means that the entrepreneur not only takes risks and overcomes uncertainty, but also embraces entering into ambiguity, or rather, embarking on an economic adventure with boundaries that remain unclear... We cannot imagine entrepreneurship outside of its social origins; it is a collective phenomenon. The proper conception of a new organization in an uncertain environment requires engaging in a multi-party dialogue (polylogue) (Johannisson & Nilsson, 1989) Similarly, *Schmitt* sees entrepreneurship as a context aimed at transforming the organization and the market in which this transformation occurs, as expressed by *Schumpeter* in 1954 (Schmitt, 2008).

8. The Project Paradigm

According to *Paturel*, entrepreneurship cannot be separated from the idea of the project. The concept of the project is closely aligned with the concept of entrepreneurship, as the project is a proactive image that allows for creating scenarios for the future and building rational actions. For his part, *Boutinier* clarified that the project connects the following four worlds (Schmitt 1 & Bayad 2, 2008):

- **The Engineering World:** Its role is to connect the conception and implementation of the project.
- **The Political World:** It clarifies the social vision of the project.
- **The Philosophical World:** It explains the background from which the project emerged.
- **The Pragmatic World:** It clarifies the mechanisms and practicality of the project.

In the same way, *Paturel* tried to transfer a model used in organizational training to the entrepreneurial field to scientifically prove the relationship between entrepreneurship and the idea of the project. This model is called "The Three M's and the Three F's" (3M and 3F)(*), where:

- **M1** represents the entrepreneur: (the bearer of the project or the entrepreneur manager)
- **M2** represents the organization: This refers to the capabilities and resources the organization possesses or, in general, the organization itself.
- **M3** represents the environment: This refers to the resources provided by the environment, whether general, specific, or internal. This model has been used for over ten years in a theoretical framework rather than in the execution of works, to ensure coherence for any project or organization that aims for longevity and continuity. Through this structure, it is evident that the more projects engage in the "harmonious zone" of the Three M's (A), the higher their chances of success and continuity.
- **F1 Effectiveness:** This relates to the results achieved and their alignment with the goals set by the entrepreneur.
- **F2 Efficiency:** This refers to the amount (quantity) and type (quality) of resources and efforts put forth to achieve the goals.
- **F3 Utility:** This pertains to the degree of benefit and satisfaction of the stakeholders related to the organization, both internal and external.

- From these two models, the investment plan and the investment model emerge, both of which are also crucial for the continuity of the project, which must be centered within the "A" and "A'" zones. While the Three M's (entrepreneur, organization, environment) are essential for the creation and establishment of an organization, they are not sufficient for its continuity, survival, and development. Therefore, the entrepreneur must work to provide the necessary conditions for this, namely effectiveness, efficiency, and utility. Thus, there are two levels for evaluating the entrepreneur's ability to implement their project: creation and continuity.

Acknowledging the importance of the concept of the project in the entrepreneurial process leads us to discuss the challenges and contributions of this concept. The contributions lie in rethinking the field of entrepreneurship through new dimensions: the "problematization" and "revival" of the project. As for the challenges, they are divided into two parts: "the ability to envision" and "translating the project into reality." The ability to envision is the element around which the knowledge forming what we call the entrepreneurial project is organized. On the other hand, the challenge of translation (realization) into reality requires participation and cooperation at all levels and stages of the project. Therefore, the project is not the result of one person's actions, but involves internal and external relationships and connections. The concept of translation (realization) allows the social dimension of the entrepreneurial project to emerge.

- **Integration of Paradigms:** It is not easy to talk about the integration between these paradigms based on the writings of the previously mentioned researchers, as they tend to defend their viewpoints more than seek integration. However, despite this, there have been many attempts to highlight this integration, such as Gartner, who linked entrepreneurship with key dimensions like innovation, organizational creation, value creation, and the entrepreneurial context. Verstraet and Fayol made efforts to clarify this idea through the following model:

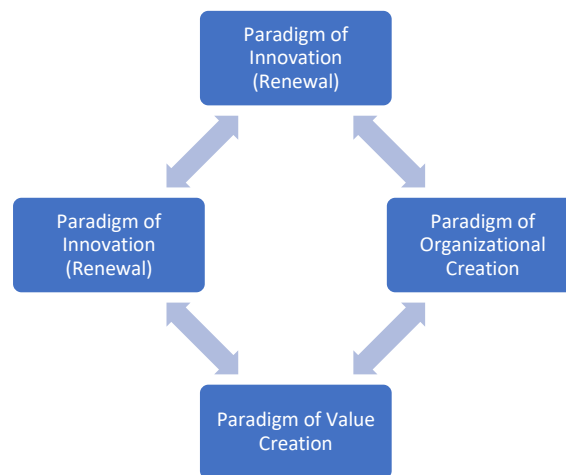


Figure 3: The Four Paradigms of Entrepreneurship and the Links Between Them

Source: Thierry Verstraete, Alain Fayolle, op-cit, p 44.

According to Verstraet and Fayol, six links can be derived (Verstraete & Fayolle, 2005):

- To exploit an investment opportunity, it is necessary to be organized in one way or another, as various resources materialize into an organization (context and/or its result).
- The continuity of the organization depends on this organization's ability to provide the expected value to its supporting parts, from which it fulfills the necessary resources for its function.
- If the expected value is significant, innovation is implicitly part of it, regardless of whether its form is organizational, technical, or commercial.
- Innovation can align with marketing formation, providing a new product or service, or the emergence of a new organizational method.
- Treating every innovation as an opportunity within the organization requires interaction.

- One cannot claim to be exploiting an opportunity except from the perspective that it is necessary and generates value.

These researchers, despite their different perspectives, starting points, and cognitive frameworks in diagnosing entrepreneurship (whether functional, individualistic, contextual, etc.), seem to agree, either explicitly or implicitly, that the entrepreneur is a unique economic figure. This uniqueness is reflected in their bearing of economic, financial, and commercial risks, or as the link between the creation of the organization and the generation of added value. The entrepreneur is also seen as the person who identifies opportunities and utilizes the socio-economic context in a way that serves their project, advancing it toward development and continuity.

Secondly - Phases and Activities of Establishing a Business

Establishing a business is a dynamic process, not a linear one. Therefore, there is no single process of establishment. The procedures and activities occur within a formative context that varies from one business to another, differing in terms of sequence and the duration involved. According to Sammut, "This process is not complicated by the difficulty of analyzing it, but rather by the fact that it contains many elements. We cannot describe the development of a business in isolation without referring to the environment, the individuals involved in the business, the entrepreneur's personality and experiences, and the way these experiences are leveraged and applied (Verstraete & Fayolle, 2005)."

Despite the complexity and uniqueness of each case, researchers have made efforts to develop diagrams and models to facilitate understanding of the phenomenon (business establishment) and to outline its phases and activities. Therefore, we propose some models that we believe clarify this process.

Christian Bruyat's Model (1993)

Bruyat's focus on the entrepreneurial process and business creation culminated in his 1993 doctoral thesis titled: "Business Creation: An Epistemological and Typological Contribution," which served as a foundational platform for proposing a qualitative model of the business creation process. This model can act as a guide for the entrepreneur (the creator of the business). The approach was inductive, based on the analysis of scientific production and the researcher's field expertise (Bruyat, 2001).

According to Bruyat, the process of decisions and strategic actions is an ongoing process through which key moments can be identified, including changes in the pace of activity or the efforts made, the existence of intermediate decisions that are significant and crucial... The following diagram outlines Bruyat's view of the business creation process according to the following stages (Bruyat, 2001):

Stage 0: Unconscious act of creation – At this stage, the individual does not recognize the act of business creation, as they are shaped by their upbringing, personality development, external environment, or available information. The individual does not conceptualize or envision anything about business creation.

- **Stage 1:** The act of creating a private business is recognized. At this stage, the individual has enough information to understand (at least approximately) what business creation means. However, this act is not fully considered, as it was not the result of a reflective process. The development of the entrepreneur's situational strategy can either pave the way for the next stage or lead to the cancellation of the creation process itself.

- **Stage 2:** This is the stage of realizing the act of creation. At this stage, the individual (the entrepreneur) sees this act as a potential alternative to their current situation. They design the project of creating their own business, a project that has always been vague and appears more like a drawing or blueprint rather than a fully formed project. The individual begins to recognize an idea that can be realized and thus starts the process of seeking information (inquiry). As a result, they become very interested in anything related to business creation in the media or through their network of connections, but they don't put much effort into this process. This phase can last for a while and ends when the individual either moves on to the next stage or abandons their idea.

- **Stage 3:** The act of creation occurs in the entrepreneur's mind when they seriously search for an idea (if they don't already have one), which can be refined while engaging in a professional activity.

If they are unemployed, they may find this idea during their job search. During this phase, a market study, preliminary design or model, financial plan, and business plan are usually prepared. The entrepreneur actively seeks information and develops one or several products. What distinguishes this phase from the previous one is the increased time, effort, and resources the entrepreneur invests in their project. During this stage, the future business owner is in a pivotal (dual) situation. They may head toward starting a business to find a salaried job. The risk of failure can be significant, leading to a potential setback. However, this phase can also lead to the creation of the business and the transition to the next stage.

- **Stage 4:** The creation process begins; it is underway when all resources necessary to help the business start its operations are put in place: renting or purchasing structures and machinery needed for production, handling purchases with suppliers and customers, hiring employees, and initiating financial and legal operations. This phase, according to "Ance," is the launch stage. Going back is now very costly both financially and psychologically, and practically impossible. The business starts production and sales, facing the market and competition. Additionally, the dialogue between the entrepreneur and the new business involves corrective actions that may lead to adjustments. During this phase, profits are often reinvested back into the business, as in its early stages, the business always requires more resources (especially human resources). Therefore, it may reach the point of profitability, achieving financial balance and moving to the next stage. However, it remains a high-risk phase where difficulties could lead to failure or withdrawal. This failure or withdrawal can take various forms: voluntary cessation without debt, sale of the business, conducting an assessment followed by restructuring (with or without the founder's involvement), or liquidation of the business. In this case, the founder may embark on a new adventure or be forced to retreat and seek salaried employment or a job.

- **Stage 5:** In this phase, the creation process is realized, and the business gains an economic identity recognized by its external partners (customers, suppliers, bank owners, etc.). This ensures its investment balance (beginning to move away from the risk zone). At this point, it can be said that the founder has proven that their project is capable of surviving.

PR- Refused action: The creation process is recognized but rejected. This rejection can occur synchronously, be final, or be temporary (rejection of the creation process at this moment), depending on the previous observations. Age may play a crucial role in determining whether the rejection is temporary or final. The founder might withdraw from creating a new business due to failure in accomplishing one of their tasks, for psychological and/or financial reasons. Alternatively, the process may be rejected from the outset if the founder is employed in a well-paid job and does not wish to sacrifice their social life (family, entertainment, relaxation, etc.), or for those nearing retirement.

E- Failure: This could lead the entrepreneur to return to the previous stage, extracting negative data and information about their experience, and reconsidering the idea anew. In general, determining the concept of failure remains a very sensitive matter.

Starting a business involves many operations and decision-making, so the founder must refer to guides and manuals that direct the entrepreneur throughout the creation process. Overall, the proposal of this model in this way may seem rough, but it aimed to capture the various individual processes, dividing them into typical moments. Each stage corresponds to a specific issue faced by the founder. In practice, it can sometimes be difficult to determine whether the founder is still in one stage or will move on to the next. Therefore, this task remains one of the main duties of the mentor, especially in terms of assessing the coherence of the project (Bruyat, 2001).

2. Bygrave Model (W.D. Bygrave)

Based on Moore's model, Bygrave presented his own model for business creation (Figure 7). Bygrave's model is envisioned in four stages or successive events, each influenced by a set of factors as follows (Nassif et al., 2010): The first stage is the conceptualization of the business idea, which is influenced by personal and environmental factors. The second stage witnesses the moment of launch, influenced by personal, environmental, and social factors. The third stage is the execution or

implementation phase, influenced by personal, environmental, and social factors. Finally, the growth stage is influenced by personal, environmental, and organizational factors.

On the other hand, Bygrave and his colleague Hoover argue that this process is the result of human will, with the entrepreneur being the main driver of entrepreneurship. They also provided other characteristics of this process, including:

- It occurs at the level of an individual enterprise.
- It involves a change in status, either quantitatively or in the external environment, from a situation without the new business to one where a new industrial entity is born.
- It is characterized by instability (alternation), especially in terms of skill structure.
- It is a comprehensive process that can only be evaluated through the examination of the industrial system.
- It is a dynamic process, where both the business and the industry are constantly evolving.
- It is a unique and distinct process, as each attempt to create a business cannot be identical to another case.
- This process involves the integration of many factors (such as size, power, competitors' position, resources, location and strategy of the new business, its size, population density, and customer demands).
- The final outcome of the entrepreneurial process is highly sensitive to these variables.

3- Sarasvathy's Model

At the dawn of the second millennium, Sarasvathy introduced a new approach to decision-making within a model called the Effectuation model. This approach is based on contributions from organizational theory, which can be traced back to the writings of James March, Henry Mintzberg, Karl Weick, and Herbert Simon. In this highly innovative context, the model does not acknowledge the existence of a market; rather, the entrepreneurial process is required to create the market. This means that the opportunity is not discovered but rather built by the entrepreneur.

Through a case study of 27 successful entrepreneurs, Sarasvathy argues that the entrepreneurial process does not follow a causal logic but instead follows an effectual logic. The principle of effectuation means that the future can be shaped more than predicted because it is unpredictable. This allows individuals to reduce the risk of failure, as they make decisions based on the level of acceptable risk rather than on a cost/profit equation (Sarasvathy, 2001).

According to Sarasvathy, causal processes start with a specific goal as a starting point, and then efforts and resources are concentrated to reach this goal. On the other hand, the effectual process selects goals that can be achieved based on the available resources and means. According to the model, this process relies on three types of resources: identity, knowledge, and networks. The entrepreneur initially asks three questions: Who am I? What do I know? Who do I know? The answers to these questions help define the available resources and shape achievable goals, meaning that future events are controllable and not predictable. The next step is to find individuals who can participate in establishing the project, and these people can influence the project's vision through continuous and repeated discussions.

This process also relies on three principles:

- Actions are directed towards means rather than goals.
- The decision-making criterion is based on an acceptable loss rather than expected profit.
- Extracting benefits from setbacks is better than avoiding them, meaning turning surprises and setbacks into opportunities.

Azzedine Tounés Model:

Tounés believes that the entrepreneurial process can be diagnosed through key stages. Therefore, this process can be understood by studying an important factor within it: desire (L'intention). Tounés acknowledges that there is difficulty in determining the beginning of this process (which has been discussed in previous studies). This process can be seen as a communicative continuum, meaning a set of homogeneous elements where transitions between them are smooth and continuous, as illustrated by the following diagram: Tounés argues that an individual with strong entrepreneurial tendencies is more likely to be influenced by personal and environmental factors that encourage the

establishment of an enterprise. However, these tendencies are not always necessarily followed by the desire to create an enterprise. These tendencies can also be enriched in line with the individual's development within this process. There is a possibility to enhance these tendencies through education or training when an investment opportunity arises. However, the initial presence of these tendencies does not guarantee the existence of individuals capable of founding a company. Generally, this process follows the stages outlined below (Tounes, 2003).

- The process begins with a set of preparations, tendencies, or inclinations, meaning that the individual is influenced by their environment, particularly family, relatives, the quality of education and training, and personal entrepreneurial and investment experiences. At this stage, the individual becomes passionate about entrepreneurship and spares no effort in founding their enterprise.

- This readiness can evolve into entrepreneurial desire. In this context, Tounés distinguishes between these two concepts through two main paths: the first is the presence of an idea or an existing investment project, and the second is the personal initiation of the process of establishing the enterprise, while simultaneously seeking the initial mechanisms that enable the formation of this idea or project.

- At this level, a decision can be made, which requires that the founder be supported and encouraged in their desire. This is inferred from two main aspects: first, a comprehensive understanding of the idea or project from all points, followed by the idea or project turning into an opportunity approved by financial and marketing studies; second, mobilizing all financial and logistical resources.

- The entrepreneurial act corresponding to the physical start of the activity is manifested by the first batches of products and services being launched. At this stage, the behavior of the founder cannot be described as purely entrepreneurial. While some may anticipate the market and constantly seek opportunities to develop their activity, others avoid entering the entrepreneurial world for various reasons and are content with what they have achieved and maintain it.

- In his efforts to provide a comprehensive picture of the research interests in this context, "Candido Borges" divided them into two sections: one section used activities or events to describe the process of establishment, with the aim of clarifying the key activities undertaken by the entrepreneur to create the enterprise. In other models (the second section), stages and activities were combined. Ultimately, Borges derived the most important stages from these works, summarizing them in the following table:

Table 1. Stages of Establishing an Enterprise as Analyzed by Borges.

Stages	Initiative	Conceptualization and Preparation	Launch	Activity (Company Established)
Activities	1. Identifying the investment opportunity	1. Developing an investment plan	1. Legal registration of the company	1. Implementing promotional/marketing activities
	2. Thinking and developing the investment idea	2. Conducting a market study	2. Allocating full time to the project	2. Selling
	3. Decision to establish the company	3. Mobilizing resources	3. Preparing infrastructure and resources	3. Reaching the profitability threshold
		4. Forming the entrepreneurial team (partners)	4. Initial shipments of goods/services	4. Official planning
		5. Acquiring a trademark or patent	5. Starting operations	5. Management
			6. First sales	

Source: (Borges & Jacques Filion, 2013, p. 11)

Thus, the conception of the process of establishing an enterprise in separate stages has become an illusion. Presenting it in a linear sequential manner makes it clearer. It is certain that the desire always precedes the decision to establish the enterprise, but the entrepreneurial paths of individuals are very different, if not unique. Moreover, the creation of the enterprise can occur suddenly due to job dissatisfaction or as a result of an opportunity found while performing a job or work. For these reasons, among others, the stages of opportunity and decision-making can vary and differ over time (Tounes, 2003).

4. Factors that assist in the establishment of an enterprise:

The process of establishing an enterprise can also be understood from another perspective that helps in understanding this process, which is the set of factors and reasons that work together to help the founder overcome the difficulties and obstacles they face. In other words, in this context, the following question can be posed: What are the factors whose presence leads to the establishment of the enterprise, and their absence prevents the establishment of the enterprise by another person?

4.1 Personal (Psychological) Factors

These factors view the decision to establish an enterprise and its process as a result of the entrepreneur themselves. There are a set of characteristics and qualities within the entrepreneur that were behind this decision. Many studies have proven and confirmed the importance of psychological dynamics in the establishment of the enterprise, and the most significant of these factors are:

Desire for Independence: Many studies have shown that the desire and aspiration for independence in life, and the desire to shape one's own future, are traits associated with entrepreneurs. "Shapiro" believes that one of the first signs and characteristics that emerge in entrepreneurs is the desire for independence, to become the leader of their own life, and not to be dependent or led by others. What often drives entrepreneurs is the will to always aim for the distant goal, the desire for freedom in performing work, and, to a lesser extent, the desire for power. The desire to go far enables overcoming barriers and difficulties. This is often the goal of those who wish to establish a business. In this case, work will continue with full confidence, without focusing on difficulties, driven by the desire to reach the set objectives as quickly as possible. Additionally, entrepreneurs prefer to remain free in directing and setting their goals, making decisions on their own, and choosing their work environment and collaborators.

Therefore, the need and desire for independence are fundamental factors in the creation of a new enterprise. The more an entrepreneur feels independent, the more willing they are to make sacrifices for this independence. These individuals accept sacrifices for the sake of independence as long as the sacrifice is not imposed on them by others.

• **Desire for Achievement:** Individuals who are characterized by a desire for achievement are described by McClelland as having a great predisposition for entrepreneurship and creativity. He attributes five main traits to them:

- They have a considerable level of risk-taking and rely on their abilities rather than beliefs or chance.
- They take responsibility for decision-making.
- They seek to know the tangible results of the decisions they make.
- They exhibit energetic and creative activity.
- They possess the ability to plan long-term. The desire for achievement is often associated with the wish to do something new or to apply a set of acquired knowledge, skills, and experience in a professional or academic field. It also represents an expression of one's profession and satisfaction with work. For this reason, these individuals prefer to become entrepreneurs by establishing their own businesses and investments, rather than engaging in routine daily tasks characterized by monotony, professional pressures, and burdensome responsibilities. This desire can be seen as an expression of self-worth, reflecting inner thoughts that demonstrate the individual's capability to accomplish things that others cannot.

• **Desire for Risk:** This refers to an unparalleled willingness that doesn't allow events to pass by without being actively involved in them. According to "Gass" and "Damours," "the expected or adjusted risk is defined by many entrepreneurs as a necessary condition in a given context, where a

person possesses the logical potential for success, which can be directly multiplied through the decisions and measures taken by these individuals." Atkinson defines calculated risk as the choice between benefiting from compensations (personal and financial) in exchange for understanding the potential losses (bankruptcy, loss of family connections, etc.). For Davidson, the entrepreneur's risk is distinctive depending on the field and situation and can evolve and recur over time. Therefore, specialists argue that taking initiative is an important variable that distinguishes entrepreneurs (business founders) from others.

It is true that the entrepreneur is the cornerstone of the entrepreneurial phenomenon, or what is related to starting a business; they are the driving force behind all material and moral potential, the idea generator, the creator, and the innovator. However, the dynamism and movement of this entrepreneur towards establishing the business do not occur in isolation but are the result of a set of supportive and motivating factors leading to the establishment of this business.

4.2 Sociocultural Factors

Studying sociocultural factors helps highlight some structural determinants related to the diverse environments of the individual, which are qualified to stimulate and create a dynamic towards investment and entering the business world through establishing a business.

- **Family:** The family experiences lived from birth until adulthood are fundamental determinants that influence entrepreneurial socialization. Empirical studies have focused on three main aspects of these experiences in relation to entrepreneurship. First, the social status of the family background is related to the impact of the parents' activities on their children's establishment of businesses and projects. Studies in the United States have shown that between 50% and 70% of business owners are children of individuals who work in their own businesses. Global studies also indicate that the creation of a business often represents a reenactment of a previous experience in the field, which is often a family-related experience. Hence, the family environment is considered a primary school for teaching entrepreneurship. Second, family dynamics concern the long-term interaction between the entrepreneur and their family, and how changes in family structures influence business management. The key issue here is how to address the challenges related to the centralization of authority in managing the business within the family structure, such as marriage, children, and succession within the family.

Despite repeated studies on these dynamics, interactions between family structures and business structures still show significant complexity. Third, the family structure pertains to the impact of the children's birth order within the family on the entrepreneur's personality. Studies have shown that a large percentage of entrepreneurs are either children of single parents or firstborns. Some studies have also addressed the challenges women face when starting businesses, including role conflicts between an uneducated father and educated children, the influence of family models (maternal or paternal), or even parental divorce. All these dimensions form an important background for understanding how family experiences shape the entrepreneurial spirit in individuals.

- **Educational Level and Qualifications:** Many recent studies have found that the educational level of entrepreneurs is quite high compared to the general population, which allows business founders to have significant capabilities in managing technology and achieving progress (Fayolle, 2003). The competitive advantage of these businesses is based on the scientific knowledge of the founders. In general, qualifications enable the founder to assess the problems faced by the business, diagnose them, and find appropriate solutions, including innovation, which is essentially the attempt to apply the scientific knowledge acquired to real-world situations.

- **Professional Experience:** Professional activities play a significant role in the establishment, development, and sustainability of a business. Knowledge of the techniques and skills in a specific sector of activity impacts entrepreneurial activity. Additionally, gaining experience in administrative and banking dealings facilitates bureaucratic processes and financial procedures. Familiarity with the laws governing economic activity also protects the founder from making mistakes that could lead to legal consequences and financial penalties. Moreover, in this field, understanding the sources of raw materials allows for obtaining the right quality and cost to serve the business's budget. Knowledge of market intricacies is also essential before starting a business. Engaging in all the previously mentioned

activities indirectly leads to the acquisition of a network of relationships that helps perform tasks smoothly when establishing the business.

4.2 Economic Factors: These are all the informational, human, technological, financial, and material resources that play a crucial role in the process of establishing a business:

- **Human Resources:** The availability of qualified labor at the location of the business establishment shortens the process for the founder in finding the human resources needed for the business, especially if the labor costs are reasonable, which helps save significant funds, particularly at the early stages when the business needs to manage its finances efficiently.

- **Financial Resources:** The availability of capital at the start encourages individuals to pursue establishing a business. Therefore, countries that are leaders in entrepreneurship and the creation of small and medium-sized enterprises often have strong banking and financing systems that support such projects by offering loans and providing flexible repayment options.

- **Market:** The existence of an open market encourages the creation of businesses by facilitating the marketing of their products. As a result, many businesses, even before starting production, devise a marketing strategy—commonly referred to as market research—to assess the market's capacity to absorb the product in terms of both quantity and quality. This also requires insight into consumer behavior trends across different social groups.

5. Availability of Business Support and Accompaniment Devices

These are a set of systems that provide services aimed at assisting new entrepreneurs in the process of establishing their businesses. These systems are often an implementation of government policies and plans designed to promote the economy, and they may have other secondary objectives, such as reducing unemployment. These systems vary based on their roles:

- **Financial Support Devices:** These attempt to provide the necessary capital, especially if the entrepreneur is young and in the early stages of their career, as they may lack sufficient funds to cover the various costs of launching their business. This financing is usually provided by banks, either through granting financial loans or in-kind loans such as machines and equipment.

- **Incubators and Start-up Hubs:** These focus on providing consultations and training courses for entrepreneurs in various fields, including legal matters, market studies, feasibility studies, and management expertise. They are typically overseen by specialists in these areas.

Conclusion

In general, it has become clear that it is impossible to agree on a single definition of entrepreneurship, as it relates to multiple situations. This has led to various research efforts trying to understand its nature and essence, thus giving rise to a range of theories or paradigms as research tools to help understand the phenomenon. On the other hand, we have encountered the same research focus regarding the stages of business creation, with varying perspectives and approaches in dividing these stages. The differences raise the question again regarding the factors that aid in business creation, with each perspective focusing on a particular aspect it considers central to the process. However, these factors cannot function effectively without the interactivity and complementarity among them.

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