



Entrepreneurship in Institutional Gaps: Evidence from the Libyan Startup Ecosystems

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ABSTRACT

This paper investigates the major challenges facing startups in Libya, a country characterized by political instability, economic fluctuations, and a weak institutional environment. We aim to identify the obstacles that hinder the establishment, growth, and sustainability of entrepreneurial ventures, and to provide evidence-based insights that can support policymakers, incubators, and entrepreneurs in strengthening the national startup ecosystem. A descriptive-analytical methodology was adopted, and primary data were collected through a structured questionnaire distributed to a random sample of 53 startup founders and entrepreneurs across various regions in Libya. The questionnaire measured seven key dimensions: Human Capital, Finance, Support System, Marketing, Internal Processes, Culture, and Demographic Factors. Statistical analysis was conducted using SPSS, employing descriptive statistics, reliability and validity tests, normality tests, and One-Way ANOVA to examine differences across demographic groups. The findings indicate that the most significant challenges facing startups are the scarcity of skilled human capital, limited access to finance, weak governmental and institutional support, and cultural barriers such as risk aversion and bureaucratic obstacles. Marketing and demographic factors were found to have a moderate impact, while internal processes were relatively more stable but still insufficient. Open-ended responses revealed additional obstacles, including inflation, unstable regulations, lack of training programs, poor infrastructure, and a fragmented entrepreneurial ecosystem. ANOVA results showed no statistically significant differences among respondents based on role, region, or sector, suggesting that challenges in Libya are structural and pervasive. The study recommends enhancing financial accessibility, simplifying administrative procedures, strengthening training and capacity-building programs, expanding incubators and accelerators, and promoting a more supportive entrepreneurial culture. These actions are essential to improving the business environment and supporting the growth of startups in Libya.

1. Introduction

A new business that is just getting started is referred to as a startup company. Startups are often modest in size and are first financed and run by a small group of founders or by just one person. These businesses provide a good or service that is

not already available on the market or that their creators feel is being provided in an inadequate way. As they struggle to create, test, and promote their ideas, startup companies' expenses sometimes exceed their income in

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the initial stages. As a result, they frequently need financing. Startups may be funded by grants from nonprofit organizations and state governments, conventional small business loans from banks or credit unions, government-sponsored Small Business Administration loans from local banks, or any combination of these. Startups today are a thriving force in the business world (Banudevi, P. B., & Shiva, G., 2019). They are young, innovative companies that are built around innovative ideas, products, or services. Startups often aim to disrupt traditional industries by introducing disruptive technologies or business models. While startups offer enormous potential for growth and innovation, they also face significant challenges that they need to overcome to survive.

Entrepreneurship plays a pivotal role in economic development, yet startups operate within complex environments that can either foster their growth or hinder their survival. In Libya, the entrepreneurial landscape is shaped by a unique set of political, economic, and social factors.

This paper focuses on the reality of the Libyan ecosystem, examining existing events, phenomena, and practices as they are, without intervention. The research adopts a descriptive-analytical approach to understand the status of startups. Through the collection of primary data from founders, co-founders, and managers across various industries, this study seeks to diagnose the structural and operational difficulties faced by these entities. Where the primary purpose is to examine the existing events and practices of the Libyan entrepreneurial ecosystem to measure and analyze the challenges facing startups. It aims to provide an accurate diagnosis of the obstacles limiting startup success, focusing on the "Challenges Facing Startups in Libya" model.

The paper is grounded in a model that identifies seven specific dimensions of challenges: Human Capital, Finance, Support Systems, Marketing, Processes, Culture, and Demography. By analyzing these dimensions, the study provides a comprehensive picture of the obstacles preventing Libyan startups from achieving sustainability and growth.

1.1 Problem statement

The core problem of this study lies in the significant gap between the aspirations of Libyan entrepreneurs and the reality of the business

environment. Startups in Libya face multifaceted challenges that threaten their stability and continuity.

Specifically, the problem manifests through a lack of skilled human capital due to migration and poor education quality, extreme difficulty in accessing finance and loans, and a weak institutional support system characterized by a lack of incubators and government programs. Furthermore, startups struggle with marketing due to high costs and limited channels, alongside bureaucratic hurdles and a risk-averse culture.

The Main Question:

- What are the challenges facing startups in Libya?

Sub-Questions:

Based on the study dimensions and demographic variables, the sub-questions are:

1. What is the status of **Human Capital** availability and quality for startups in Libya?
2. How accessible is **Finance** (loans, capital, credit) for Libyan startups?
3. How effective is the current **Support System** (incubators, government programs) in assisting startups?
4. What are the major **Marketing** difficulties faced by startups in the local market?
5. How efficient are the internal **Processes** (operations, supply chain) within these startups?
6. To what extent does the business **Culture** in Libya support or hinder entrepreneurship?
7. How does the **Demographic** landscape (purchasing power, population distribution) impact startups?
8. Are there statistically significant differences in the perception of these challenges based on the entrepreneur's **Role** in the startup?
9. Are there statistically significant differences in these challenges based on the **industry**?
10. Are there statistically significant differences in these challenges based on the **Location** of the startup?

1.2 Objectives

To achieve the general purpose, this study seeks to accomplish the following specific objectives:

1. **Evaluate Human Capital:** To assess the availability of skilled talent and identify challenges related to training and employee turnover.
2. **Assess Financial Access:** To measure the ease of accessing finance and identify barriers such as high interest rates and lack of initial capital.
3. **Analyze the Support Ecosystem:** To determine the effectiveness of incubators, accelerators, and legal assistance available to entrepreneurs.
4. **Investigate Marketing Barriers:** To understand the difficulties in market research, costs, and access to channels in Libya.
5. **Examine Operational Efficiency:** To evaluate the internal processes, supply chain management, and operational costs of startups.
6. **Explore Cultural Influences:** To analyze the impact of societal culture, including risk aversion and bureaucracy, on business operations.
7. **Determine Demographic Impacts:** To study how factors like purchasing power and location impact business viability.
8. **Test for Differences:** To determine if the perception of these challenges varies significantly based on the participant's role, the industry sector, or the geographic location of the startup.

1.3 Hypotheses of the Study

Based on the study methodology and the statistical tests employed (One-Way ANOVA), the study tests the following null hypotheses H0:

H01: There are no statistically significant differences at the level ($\alpha \leq 0.05$) in the responses of the sample individuals regarding the challenges facing startups in Libya based on their Role in the Startup (Founder, Co-founder, Manager, Others).

H02: There are no statistically significant differences at the level ($\alpha \leq 0.05$) in the responses of the sample individuals regarding the challenges facing startups in Libya based on the industry (Technology, Health, Education, Manufacturing, Services).

H03: There are no statistically significant differences at the level ($\alpha \leq 0.05$) in the responses of the sample individuals regarding the challenges facing startups in Libya based on the Startup Location (Tripoli, Benghazi, Misrata, Sabha, Other).

2. LITERATURE REVIEW

2.1 Theoretical Foundations

To comprehensively understand the challenges facing startups in Libya, it is essential to ground the analysis in established organizational and economic theories. This research utilizes a multi-layered theoretical framework combining Institutional Theory at the macro level and the Resource-Based View (RBV) at the micro level. Furthermore, the concept of Institutional Voids is employed to bridge the gap between these two perspectives, specifically addressing the unique complexities of an emerging and fragile economy.

2.1.1 Institutional Theory: The "Rules of the Game"

Institutional Theory provides the primary lens for examining the external environment in which Libyan startups operate. According to North (1990), institutions are the "rules of the game" in a society—the humanly devised constraints that shape human interaction. These include formal rules (constitutions, laws, property rights) and informal constraints (sanctions, customs, traditions, and codes of conduct).

In the context of this study, Scott's (2008) "Three Pillars of Institutions" offers a structured way to categorize the challenges identified in the Libyan ecosystem; The Regulative Pillar that relates to the explicit regulatory processes, such as government policies, bureaucratic procedures, and the legal framework for business. The Normative Pillar that refers to values and social norms, such as the social acceptance of entrepreneurship as a career path compared to traditional public-sector employment. The Cultural-Cognitive Pillar involves the shared conceptions and taken-for-granted beliefs within the society, such as the collective attitude toward risk and failure.

2.1.2 The Resource-Based View (RBV): The Internal Advantage

While Institutional Theory examines external pressures, the Resource-Based View (RBV) focuses on the internal capabilities of the firm. Barney (1991) posits that a firm's success and

sustained competitive advantage depend on its control over resources that are Valuable, Rare, Inimitable, and Non-substitutable (VRIN).

For Libyan startups, this theory is critical in analyzing the Human Capital and Internal Processes dimensions. In an environment where external support is scarce, the survival of a startup often depends on the unique skills, knowledge, and resilience of its founders and employees. This study examines how these internal "bundles of resources" (Penrose, 2009) are leveraged to overcome environmental hurdles.

2.1.3 Institutional Voids in Fragile Markets

A key theoretical contribution to this research is the concept of Institutional Voids, introduced by Khanna and Palepu (2000). Institutional voids refer to the absence or weakness of specialized intermediaries, such as regulatory bodies, reliable judicial systems, and financial credit agencies, which are necessary for markets to function efficiently.

Libya, characterized by political transition and economic instability, presents a classic case of an environment with deep institutional voids. These voids directly manifest as challenges in Finance (lack of venture capital), Support Systems (weak incubators), and Marketing (lack of market data). By utilizing this concept, the study analyzes how Libyan entrepreneurs "fill" these voids or navigate around them to ensure business continuity.

2.1.4 Theoretical Synthesis and the 7-Dimension Model

The integration of these theories provides a holistic framework for the study's seven dimensions. Institutional Theory explains the hurdles in Finance, Support Systems, Culture, and Demography. Meanwhile, the Resource-Based View explains the role of Human Capital and Processes. Finally, the Marketing dimension is viewed through the lens of institutional voids, where the lack of market information systems forces startups to innovate their outreach strategies.

2.2 The Entrepreneurial Landscape in Fragile and Conflict-Prone States

It is a common mistake in academic literature to apply Western-centric business models to environments where the very foundation of the market is fractured. In Libya, "fragility" is not merely a political backdrop; it is a fundamental

force that rewires how a business functions. As Brück et al. (2013) argue, entrepreneurship in conflict-affected situations (FCS) shifts from a pursuit of pure innovation toward a sophisticated logic of survival.

The breakdown of formal institutional scaffolding—such as reliable courts and transparent banking—does not result in a total vacuum, however. Instead, as Aldairany et al. (2018) suggest, the "rules of the game" simply become informal. In Libya, this manifests as a "dual economy" where the lack of formal legal protections forces founders to rely on tribal ties and social reputation to facilitate trade. This "fractured" enterprise culture, as described by Esaudi et al. (2022), means that systemic issues like deep-seated corruption and economic inequality are not just hurdles, but are the defining characteristics of the ecosystem. Consequently, a founder's most vital skill becomes "environmental scanning"—the ability to navigate a landscape where informal power often dictates daily operations more than any official policy (Brück et al., 2013; Esaudi et al., 2022).

2.3 Deconstructing the Seven Dimensions of Startup Hurdles

2.3.1 Human Capital: The Talent Mismatch and the Brain Drain

While Becker (1975) famously framed human capital as a deliberate investment in productivity, the Libyan reality presents a far more complex crisis. There is a glaring misalignment between a university system that remains largely theoretical and a private sector that demands specialized, agile technical skills (Esaudi et al., 2022). This gap is further widened by a persistent "Brain Drain." As Docquier and Rapoport (2012) highlight, when political instability becomes chronic, the "creative class" is the first to leave. In Libya, this means that local startups are constantly bleeding their best developers and managers to regional hubs like Dubai or to remote international roles, leaving the domestic ecosystem in a state of perpetual talent scarcity.

2.3.2 Financial Barriers: The Gap Between Ambition and Liquidity

Financing remains, perhaps, the most imposing wall within the Libyan ecosystem. Because local banks operate on traditional models that demand high-value collateral, most young founders are

effectively locked out of formal credit markets, creating what Khanna and Palepu (2010) term an "Institutional Void." This forced reliance on "bootstrapping" or informal family loans severely limits a startup's ability to scale quickly (Nanda & Rhodes-Kropf, 2013). Furthermore, while the shift toward Islamic Banking in Libya reflects a deep-seated cultural preference, the lack of sophisticated instruments like *Musharakah* (partnership-based financing) means that founders are still caught in a liquidity trap between modern growth needs and an underdeveloped financial framework (Baej, 2013; Esaudi et al., 2022).

2.3.3 Support Systems: The Reach and Limits of Institutional Scaffolding

A functional startup ecosystem requires more than just founders; it needs the "scaffolding" of incubators and accelerators. While hubs like *TEC* have made strides, their influence remains frustratingly siloed in urban centers like Tripoli (Nassr, 2022). At a deeper level, Aidis (2005) notes that in many transition economies, the state acts as a "predatory" force rather than a supportive one. In Libya, this is seen in a support system that is often too bogged down by its own bureaucratic survival to effectively advocate for the rights or the regulatory needs of the entrepreneurs it is meant to serve (Esaudi et al., 2022).

2.3.4 Marketing and the Fragility of Consumer Trust

In a volatile market, marketing is less about brand awareness and more about bridging what scholars call "Trust Voids." Consumers in unstable regions like Libya are naturally risk-averse, often favoring established, tangible legacy brands over the perceived "vulnerability" of a digital startup (Morgan, 1994). This challenge is compounded by a total lack of reliable market data. Without these metrics, Libyan entrepreneurs are forced to abandon data-driven segmentation in favor of intuitive, high-risk "gut feelings"—a practice that **Rawlins (2008)** suggests is far more prone to failure in the long term.

2.3.5 Operational Resilience: Supply Chains Under Pressure

For a Libyan startup, the concept of "operational efficiency" is a luxury they often cannot afford. In an environment defined by frequent power

outages, internet blackouts, and transport bottlenecks, the goal is "operational resilience" (Esaudi et al., 2022). This requires founders to build costly redundancies into their supply chains. While this ensures survival in a conflict zone, it also accelerates the "burn rate" of capital, making Libyan startups significantly more expensive to run than their counterparts in more stable regional markets.

2.3.6 Socio-Cultural Hurdles: Breaking the Public Sector Spell

The Libyan business psyche is still heavily shadowed by what many call a "public sector mindset." For decades, a government job was the only recognized yardstick for a "secure" life. As Scott (2008) points out, this "normative pillar" of society creates a cultural friction where families often discourage entrepreneurship, viewing it as a reckless gamble. When you combine this social risk aversion with a paper-based, slow-moving administrative bureaucracy, the result is a significant psychological and procedural drag on new venture creation (Esaudi et al., 2022).

2.3.7 Demographic Impacts: The Small Market Paradox

On the surface, Libya possesses a "demographic dividend"—a young, connected population eager for digital solutions. However, the absolute market size of roughly 7 million people is small, and when you factor in the eroding purchasing power caused by inflation, the "addressable market" shrinks even further (Beck et al., 2005). This creates a paradox where startups are tech-savvy and ready to grow, but are trapped in a market where achieving "economies of scale" is nearly impossible without expanding across borders—a task that is itself hampered by Libya's current economic isolation (Esaudi et al., 2022).

2.4 The Vitality of Startups in the Modern Economy

2.4.1 Conceptual Evolution: Defining the Modern Startup

The evolution of the definition of startups over the past 20 years reflects shifts in entrepreneurial practices, technological advancements, and changes in the business landscape. Here are some ways in which the definition has changed:

- **Focus on Scalability and Innovation:** Startups are now commonly associated with innovation and rapid scalability. This emphasis on growth

potential has become more pronounced over the years. For instance, in his book "The Lean Startup," Eric Ries highlights the importance of startups being scalable and capable of achieving significant growth. (Ries, E., 2011).

- **Adoption of Lean Startup Principles:** The advent of lean startup methodology has influenced the definition of startups. Lean startups prioritize experimentation, customer feedback, and iterative development. This approach has become integral to understanding modern startups. (Blank, S. G., & Dorf, B., 2012).
- **Expansion Across Industries:** The definition of startups has expanded beyond the technology sector to include ventures in various industries. This shift acknowledges that startups can emerge in diverse sectors, not just technology. (Hoffman, R., & Yeh, R., 2013).
- **Recognition of Lifestyle Businesses:** There's increasing recognition of lifestyle businesses within the startup ecosystem. These ventures prioritize sustainable growth and work-life balance over rapid scaling. This acknowledgment reflects a more inclusive understanding of startups. (Case, B., 2017).
- **Global Perspective:** The globalization of markets has led to a more international perspective on startups. Entrepreneurship is recognized as a global phenomenon, with startups emerging in various countries and regions. This perspective acknowledges the diverse cultural, economic, and regulatory contexts in which startups operate. (McKinsey Global Institute., 2010).

Steve Blank's definition of startups emphasizes their dynamic nature and primary objective. He defines a startup as "a temporary organization designed to search for a repeatable and scalable business model." This definition underscores the experimental and iterative process inherent in startups, as they aim to discover a viable and scalable business model that can lead to long-term success and growth. It acknowledges that startups operate in an environment of uncertainty, where they must continuously test assumptions, gather feedback, and adapt their strategies until they find product-market fit. Blank's definition is widely recognized and has become a foundational concept in entrepreneurship, guiding aspiring founders and established companies seeking innovation and growth.

A startup, according to various perspectives, is an institution or company focused on creating a new product, service, or business model under conditions of extreme uncertainty. It is designed to grow rapidly and is often characterized by its pursuit of innovation and scalability. Startups typically operate in the early stages of development and may be funded by their founders, friends, family, or external investors. They aim to search for and establish a repeatable and scalable business model, with the potential to serve a large market. Additionally, startups may prioritize agility, experimentation, and continuous innovation as they navigate the challenges of the entrepreneurial journey (Graham, P., 2012; European Commission, 2020).

2.4.2 The Engine of Employment: Startups as Primary Drivers of Net Job Creation

Startups play a crucial role in driving economic development by fostering innovation, job creation, and productivity growth. They serve as engines of economic dynamism, injecting fresh ideas, products, and services into the market. Startups are often at the forefront of technological advancements and disruptive innovations, leading to increased efficiency and competitiveness across industries. Research indicates that startups contribute significantly to job creation, particularly in the early stages of their development, and have a disproportionate impact on employment growth compared to larger, established firms (Haltiwanger, J., Jarmin, R.S., & Miranda, J. 2013). Moreover, startups are known for their ability to attract and retain talent, offering opportunities for individuals to pursue entrepreneurial endeavors and contribute to economic prosperity. Additionally, startups often act as catalysts for regional development, attracting investment, talent, and infrastructure to emerging entrepreneurial ecosystems (Acs, Z.J., Stam, E., Audretsch, D.B., & O'Connor, A., 2017). By promoting innovation, job creation, and regional development, startups play a vital role in driving economic growth, enhancing competitiveness, and fostering a dynamic and resilient economy. Therefore, fostering an enabling environment for startups, including access to finance, supportive regulatory frameworks, and entrepreneurial education, is essential for promoting sustainable economic development and prosperity.

What business owners have long suspected that startups are the primary source of new jobs is supported by recent research. According to Harvard Labor and Worklife Program distinguished scholar Vivek Wadhwa, "there would be no net job growth in the U.S. economy without startups." "From 1977 to 2005, the enterprises that were already in place caused the loss of one million net jobs annually. However, in their first year of operation, new companies created 3 million jobs on average each year. Although that number fell during the Great Recession, in recent years, indications of fresh economic vitality, especially startups, have surfaced. Early in 2016, the Bureau of Labor Statistics reported that the number of new private establishments—including startups and expansions—rose by 2.5 percent, almost as quickly as during the 1990s economic boom. Naturally, not every startup makes it, and many of them tend not to focus on rapid growth. While they make up only 15% of all businesses, those that do—known as scaleups, high-potential, or high-growth firms—account for over half of all newly created jobs. A study by the U.S. Small Business Administration found that small businesses, including startups, accounted for 65% of net new job creation from 2000 to 2019. Moreover, startups tend to hire younger workers and offer opportunities for skill development and career growth, contributing to a vibrant labor market.

2.4.3 Productivity Reallocation: Technological Advancement and Economic Dynamism

economists have long understood that technological advancements are a key driver of productivity. Startups with high potential are notably more technologically advanced, which further boosts productivity. As highlighted in a report from the Center for Economic Studies, productivity, typically gauged as output per employee, is significantly higher among startups. The report suggests that a substantial portion of overall productivity Growth in the economy can be attributed to the shift of employment from less productive to more productive firms, with young firms playing a disproportionately large role in this reallocation process. Additionally, a study published by the Small Business Administration in 2011 revealed that young, high-growth firms generate more revenue per unit of human capital

input compared to older companies across various industries. This is attributed to their advanced technological capabilities, highlighting their significant contribution to productivity enhancement (Ritchie, B., & Swisher, N., 2018).

Startups are the backbone of innovation and economic growth in modern societies. These dynamic enterprises not only drive technological advancements but also create jobs, stimulate competition, and foster entrepreneurial ecosystems. Moreover, Startups are hotbeds of innovation, driving disruptive technologies and business models that challenge incumbents and propel industries forward. Research by the National Bureau of Economic Research (NBER) indicates that startups play a crucial role in technological progress, accounting for a disproportionate share of patents and breakthrough inventions. Additionally, startups often collaborate with research institutions and universities, leveraging academic expertise to fuel their innovation engines.

In terms of economic growth and productivity, Startups inject dynamism into economies, stimulating competition, driving productivity gains, and fostering economic growth. A study by the Organization for Economic Co-operation and Development (OECD) found that the entry and exit of firms, primarily driven by startups, contributes significantly to aggregate productivity growth. Moreover, startups often disrupt stagnant industries, reallocating resources to more efficient uses and promoting allocative efficiency (Crisciolo, C., Gal, P. N., & Menon, C., 2014). In addition, startups represent invaluable wellsprings of innovation, fostering both societal and cultural advancement. Their establishment and progression signify the flourishing of grassroots entrepreneurship, while concurrently enhancing the visibility and reputation of their respective regions. Moreover, they serve as catalysts for dynamic local growth by attracting fresh investment in various sectors and generating employment opportunities. Over time, effectively operating start-ups play a pivotal role in elevating income levels within the community and enhancing the overall quality of life in the region. Furthermore, the advancement of urban centers, along with the diverse array of entrepreneurial ventures and innovative

endeavors within them, holds particular significance in emerging economies as it fosters heightened levels of economic dynamism. This not only benefits companies by facilitating access to enhanced financial conditions within these economies, enabling them to acquire new knowledge and thus enhance their profitability and efficiency, but also amplifies economic growth and technological innovation, thereby substantially bolstering the productivity of businesses and the well-being of residents. Concurrently, local and governmental policies aimed at supporting business capital and strengthening human resource capacities play a crucial role in fostering the development of small- and medium-sized enterprises, including startups (Jonek-Kowalska, I., & Wolniak, R., 2021).

2.5 Context of startup ecosystem

2.5.1 Entrepreneurship

Entrepreneurship refers to the process of identifying, creating, and pursuing opportunities to develop innovative solutions, products, or services in the marketplace. It involves the willingness to take risks, make decisions, and mobilize resources to transform ideas into viable businesses or ventures. Entrepreneurs play a crucial role in driving economic growth, fostering innovation, and creating value by introducing new products, services, and business models. They exhibit traits such as creativity, resilience, adaptability, and a proactive mindset, navigating challenges and seizing opportunities in dynamic and competitive environments. Entrepreneurship encompasses various forms, including starting a new business, leading organizational change within existing enterprises, or pursuing social and sustainable ventures to address societal needs. Overall, entrepreneurship embodies the spirit of innovation, initiative, and resourcefulness in pursuit of creating value and driving progress (Hisrich, R. D., Peters, M. P., & Shepherd, D. A., 2017).

Startups and entrepreneurship are deeply intertwined, each influencing and supporting the other in the ecosystem of innovation and business creation. Entrepreneurship represents the broader concept of identifying, pursuing, and exploiting opportunities to create value in the market. It encompasses the mindset, skills, and actions of individuals who initiate and manage

new ventures, whether they are startups or innovative initiatives within existing organizations. Startups, on the other hand, are specific manifestations of entrepreneurial activity, typically characterized by new, rapidly growing businesses that leverage innovation to disrupt traditional industries or create entirely new markets.

Startups are often founded by entrepreneurs who seek to address unmet needs, capitalize on emerging trends, or introduce disruptive technologies or business models. These ventures thrive on innovation, agility, and the ability to take calculated risks in pursuit of growth and market success. In turn, startups play a vital role in driving entrepreneurship by providing fertile ground for experimentation, learning, and the commercialization of new ideas. They serve as laboratories for innovation, attracting entrepreneurial talent, investment capital, and resources that fuel economic growth and job creation.

In essence, startups and entrepreneurship are mutually reinforcing elements of the innovation landscape, with startups serving as tangible manifestations of entrepreneurial activity while entrepreneurship provides the mindset, skills, and driving force behind the creation and growth of startups (Shane, S., & Venkataraman, S., 2000).

2.5.2 Intellectual property rights

Intellectual property rights (IPRs) play a pivotal role in safeguarding innovation and creativity, providing creators with the necessary incentives to invest their time, effort, and resources into developing new ideas and inventions. These rights encompass various forms of intangible assets, including patents, trademarks, copyrights, and trade secrets. Patents protect novel inventions, granting their creators exclusive rights to use, sell, and license their innovations for a set period. Trademarks safeguard brands and distinguish goods or services from competitors in the market, ensuring consumers can make informed choices. Copyrights shield original artistic and literary works, fostering a thriving cultural landscape while allowing creators to control the distribution and reproduction of their creations. Additionally, trade secrets safeguard confidential information, critical to maintaining a competitive edge in the market. Effective IPR frameworks not only incentivize innovation but also foster economic

growth and encourage investment in research and development. By striking a balance between incentivizing creators and promoting access to knowledge, intellectual property rights contribute to a dynamic and innovative global economy (Landes, W. M., & Posner, R. A., 2003).

Intellectual property rights (IPRs) are particularly crucial for startups, serving as invaluable assets that can drive innovation, secure funding, and establish competitive advantages in the market. Startups often rely on their unique ideas, technologies, and branding to differentiate themselves and attract investors, customers, and strategic partners. Patents provide startups with exclusive rights to their inventions, enabling them to monetize their innovations and prevent competitors from replicating their breakthroughs. Trademarks safeguard startup brands, building trust and recognition among consumers in crowded markets. Copyrights protect startup content, software, and designs, ensuring that their creative works remain protected from unauthorized use or reproduction. Moreover, IPRs can enhance the valuation of startups, making them more attractive to investors and potential acquirers. However, navigating the complex landscape of intellectual property can be daunting for startups, requiring strategic planning, legal expertise, and financial resources to effectively protect and leverage their intangible assets (De Leon, I., Donoso, J. F., & de León, I., 2017).

2.5.3 Pre-seed funding

Pre-seed funding refers to the initial capital raised by entrepreneurs to validate their business idea, develop a minimum viable product (MVP), and conduct preliminary market research before seeking larger investments from seed or venture capital investors. This early-stage financing is typically used to cover expenses such as product development, market validation, and initial operations. Pre-seed funding is critical for startups in their earliest stages, as it provides the necessary resources to prove the viability of their concept and attract further investment.

Pre-seed funding rounds are often smaller than subsequent funding rounds, with investments typically ranging from a few thousand to a few hundred thousand dollars. These investments may come from various sources, including founders' personal savings, friends and family, angel

investors, and early-stage venture capital firms. While pre-seed funding rounds are less formalized than later-stage funding rounds, they still require entrepreneurs to articulate their business idea, demonstrate market potential, and convince investors of the opportunity.

The primary goal of pre-seed funding is to enable entrepreneurs to reach key milestones that increase the attractiveness of their venture to potential investors. This may include validating the market need for their product or service, building a prototype or MVP, acquiring early customers or users, and establishing initial traction or revenue. By achieving these milestones, startups can de-risk their venture and position themselves for further investment at higher valuations. Overall, pre-seed funding plays a vital role in enabling entrepreneurship and innovation by providing entrepreneurs with the initial resources they need to validate their ideas, build their teams, and pursue their vision of creating scalable and impactful businesses (Clarysse, B., Wright, M., Bruneel, J., & Mahajan, A., 2014; Hochberg, Y. V., Ljungqvist, A., & Lu, Y., 2007).

2.5.4 Seed funding

Seed funding is known as the initial investment made in a startup or early-stage company to support its growth and development beyond the pre-seed stage. This funding is typically used to build upon the progress achieved during the pre-seed phase, further develop the product or service, scale operations, and expand market reach. Seed funding rounds are critical milestones for startups as they provide the capital needed to execute their business plan, validate market demand, and achieve key milestones required to attract additional investment.

Seed funding rounds are characterized by relatively larger investments compared to pre-seed funding, with typical funding amounts ranging from several hundred thousand dollars to a few million dollars. These investments may come from a variety of sources, including angel investors, early-stage venture capital firms, accelerators, and sometimes strategic corporate investors. Seed investors are often willing to take on higher risk in exchange for potential returns and are typically looking for startups with promising ideas, strong founding teams, and significant market potential.

The primary objectives of seed funding are to fuel the growth and expansion of the startup, validate its business model, and demonstrate traction to potential investors. Startups may use seed funding to hire key team members, invest in marketing and sales efforts, further develop their product or technology, and expand into new markets or customer segments. By achieving these milestones, startups aim to increase their valuation and position themselves for subsequent funding rounds, such as Series A financing. Overall, seed funding plays a crucial role in enabling entrepreneurship and innovation by providing startups with the capital and support needed to accelerate their growth and realize their vision of building scalable and successful businesses (Mason, C., & Brown, R, 2014; Da Rin, M., Nicodano, G., & Sembenelli, A, 2006).

2.5.6 Crowdfunding

Crowdfunding is a financing method that involves raising small amounts of money from many people, typically via online platforms or social media channels. It has emerged as a popular alternative to traditional forms of financing, such as bank loans, venture capital, or angel investment, allowing entrepreneurs, artists, nonprofits, and other individuals or organizations to access capital directly from their supporters, fans, or the public.

There are several types of crowdfunding, including donation-based crowdfunding, reward-based crowdfunding, equity crowdfunding, and debt crowdfunding; as Donation-based crowdfunding where in this model, individuals or organizations raise funds for a project or cause without offering anything tangible in return. Supporters contribute money out of goodwill, often motivated by a desire to support a cause they believe in, such as disaster relief, medical expenses, or community projects. Reward-based crowdfunding where in reward-based crowdfunding, backers receive non-financial rewards or incentives in exchange for their contributions. These rewards can vary widely and may include early access to products, exclusive experiences, or personalized merchandise. Platforms like Kickstarter and Indiegogo are popular examples of reward-based crowdfunding.

Equity crowdfunding allows investors to buy shares or equity stakes in a company in exchange for their investment. This model enables startups

and small businesses to raise capital from a large pool of investors, often bypassing traditional venture capital firms or angel investors. Equity crowdfunding platforms like Seedrs and Crowdcube facilitate this type of crowdfunding. Debt crowdfunding, also known as peer-to-peer lending or crowdlending, involves individuals or businesses borrowing money from multiple investors, who receive regular interest payments until the loan is repaid. Debt crowdfunding platforms like LendingClub and Funding Circle connect borrowers with investors willing to lend money at competitive interest rates.

Crowdfunding offers several advantages for both creators and backers. For creators, it provides access to capital without giving up equity or taking on debt, as well as an opportunity to validate their ideas, build a community around their projects, and gain valuable feedback from backers. For backers, crowdfunding allows them to support causes or projects they care about, engage directly with creators, and receive unique rewards or investment opportunities. However, crowdfunding also presents certain challenges, including intense competition for attention and funding, the risk of project failure or non-delivery of rewards, and the potential for fraud or misuse of funds. Additionally, successful crowdfunding campaigns require careful planning, compelling storytelling, and effective marketing and promotion to stand out in a crowded marketplace (Belleflamme, P., Lambert, T., & Schwienbacher, A, 2014; Mollick, E, 2014).

2.5.7 Angel investors

Angel investors are individuals who provide financial backing to startups or early-stage companies in exchange for ownership equity or convertible debt. They typically invest their own funds, leveraging their personal wealth and expertise to support promising ventures. Unlike venture capitalists, who manage pooled funds from institutional investors, angel investors operate independently and often play a more hands-on role in mentoring and advising the startups they invest in. Angel investors are crucial contributors to the entrepreneurial ecosystem, filling the gap between the initial seed funding provided by founders, friends, and family, and the larger investments typically made by venture capital firms. Their investments can range from

tens of thousands to several million dollars, depending on the stage and potential of the startup. In addition to capital, angel investors bring valuable experience, industry knowledge, and networks that can help startups navigate challenges, access resources, and accelerate growth.

The relationship between angel investors and startups is often characterized by more than just financial support. Angels frequently take on advisory roles, offering strategic guidance, introductions to potential partners or customers, and mentorship to the founding team. Their involvement can significantly increase the likelihood of startup success by providing critical support during the early stages of development.

Angel investing has become increasingly popular in recent years, facilitated by online platforms and angel investor networks that connect investors with promising startups. These platforms streamline the investment process, facilitate due diligence, and enable angels to diversify their investment portfolios across a range of industries and geographies. Overall, angel investors play a vital role in fostering entrepreneurship, fueling innovation, and driving economic growth by providing early-stage capital and support to startups with high growth potential (Hochberg, Y. V., Ljungqvist, A., & Lu, Y., 2007; Wiltbank, R., & Boeker, W., 2007).

2.5.8 Venture capital

Venture capital (VC) refers to a form of private equity financing provided to early-stage, high-potential startups and small businesses with the aim of supporting their growth and development. Venture capitalists typically invest in companies that demonstrate innovative business ideas, strong growth prospects, and the potential to generate significant returns on investment. VC funding is often crucial for startups to scale their operations, expand into new markets, develop products or services, and attract additional capital from other investors. This form of financing typically involves a high degree of risk, as many startups fail to achieve profitability or sustainable growth. However, successful investments can yield substantial rewards for both venture capitalists and entrepreneurs (Kaplan, S. N., & Lerner, J., 2016).

2.5.9 Incubators

Business incubators are programs designed to support the growth and development of early-stage startups and entrepreneurs by providing a range of resources, services, and support mechanisms. These programs aim to help startups overcome common challenges, such as access to funding, mentorship, networking, and expertise, to increase their chances of success. Incubators typically offer physical workspace, access to mentors and advisors, educational workshops, networking events, and sometimes seed funding or investment opportunities. One of the primary benefits of incubators is the provision of physical workspace, which allows startups to work in a collaborative environment alongside other entrepreneurs and mentors. This fosters a sense of community and enables startups to share ideas, resources, and experiences, leading to increased innovation and creativity. Additionally, incubators often provide access to amenities such as office infrastructure, meeting rooms, and administrative support, which can help startups reduce overhead costs and focus on building their businesses.

Moreover, incubators offer educational workshops, training sessions, and networking events to help startups develop key skills, knowledge, and connections. These programs cover a wide range of topics relevant to startups, including business planning, market research, customer acquisition, financial management, and pitching to investors. By participating in these activities, startups can enhance their capabilities, expand their networks, and gain valuable insights into the startup ecosystem.

Incubators may also provide access to seed funding or investment opportunities through partnerships with investors, venture capital firms, or angel networks. While not all incubators offer funding, those that do can help startups secure early-stage capital to fuel their growth and development. Additionally, incubators may facilitate introductions and connections to potential investors, increasing startups' visibility and access to funding opportunities. In general, business incubators play a crucial role in supporting the growth and success of startups by providing resources, mentorship, and networking opportunities. By fostering a supportive environment and offering access to valuable resources and expertise, incubators help startups navigate the challenges of entrepreneurship and

increase their chances of building scalable and successful businesses (Hackett, S. M., & Dilts, D. M., 2004; Mian, S. A. 1996).

2.2.10 Accelerators

Accelerators are programs designed to rapidly accelerate the growth and development of early-stage startups by providing a structured curriculum, mentorship, resources, and access to networks and investors over a fixed period, typically ranging from three to six months. Unlike incubators, which focus on supporting startups over a more extended period, accelerators are intensive, time-limited programs aimed at helping startups achieve specific milestones and scale their businesses quickly.

One of the key features of accelerators is their structured curriculum, which is designed to help startups develop key skills, validate their business models, refine their products or services, and prepare for growth and investment. Accelerator programs typically consist of workshops, training sessions, one-on-one mentoring, and networking events focused on topics such as business strategy, product development, market validation, customer acquisition, fundraising, and pitching to investors. By participating in these activities, startups can gain valuable insights, feedback, and guidance from experienced entrepreneurs, industry experts, and mentors, helping them navigate the challenges of building and scaling a business. It also provides startups with access to a network of mentors, advisors, investors, and corporate partners who can provide valuable support, introductions, and opportunities. Mentors and advisors offer guidance, expertise, and connections to help startups overcome obstacles, make strategic decisions, and seize opportunities for growth. Investors and corporate partners may offer funding, partnerships, or pilot opportunities, providing startups with access to capital and resources to fuel their growth and expansion.

Accelerators come in various forms and focus areas, catering to startups across different industries, sectors, and stages of development. Some accelerators are sector-specific, focusing on industries such as technology, healthcare, or cleantech, while others are industry-agnostic and support startups from diverse backgrounds. Additionally, accelerators may offer specialized programs for specific types of startups, such as

women-led or minority-owned businesses, social enterprises, or impact-driven ventures (Cohen, S., & Hochberg, Y. V., 2014; Hochberg, Y. V., Ljungqvist, A & Lu, Y., 2007).

2.6 Beyond Innovation: Startups as a Vehicle for Economic Diversification in Rentier States

In the context of the Libyan economy, the importance of startups transcends the typical Western narrative of "disruptive innovation" or "technological advancement." Instead, entrepreneurship must be viewed as a critical structural necessity for moving away from the "Rentier State" model. A Rentier State, as defined by the foundational work of Mahdavy (1970) and later Beblawi and Luciani (2015), is an economy where the government receives substantial "rent" from foreign individuals, concerns, or governments—in Libya's case, through the export of crude oil.

2.6.1 The Rentier Trap and the "Dutch Disease"

For decades, Libya has been the quintessential example of a rentier economy. This structure creates a psychological and economic environment that is inherently hostile to startups. **Karl (1997)** argues that oil-dependent states often suffer from "Dutch Disease," where the dominance of the resource sector leads to an overvalued currency and the neglect of non-oil sectors. In Libya, this has historically meant that the most talented individuals sought "rent-seeking" positions within the government—viewed as stable and low-risk—rather than taking the creative risks necessary to launch a private venture. Consequently, the private sector was not just small; it was structurally sidelined.

2.6.2 Shifting from "Extractive" to "Productive" Wealth

The urgent need for startups in Libya today is driven by the volatility of global oil markets and the internal instability that has made oil revenue an unreliable foundation for the state. Ross (2012) highlights that oil-dependent states are uniquely vulnerable to political shocks. For Libya, startups represent the primary tool for transitioning from an "extractive" economy (taking wealth out of the ground) to a "productive" economy (creating wealth through human capital and services).

As Yousif (2012) points out in his analysis of Arab economies, diversification is not merely about having different sources of income; it is about

changing the relationship between the citizen and the state. Startups provide a path toward a "knowledge-based economy" where job creation is driven by market demand rather than government patronage. In a country where over 80% of the workforce is traditionally employed by the public sector, the growth of the startup ecosystem is the only viable way to absorb the youth population into the productive labor market.

2.6.3 Startups as the Engine of Post-Conflict Resilience

Furthermore, the importance of startups in a post-conflict, rentier environment like Libya is tied to **socio-economic resilience**. While large-scale infrastructure projects often stall due to political instability, startups are inherently agile. They can pivot, adapt to digital environments, and operate with minimal overhead. By fostering a culture of entrepreneurship, Libya can build a decentralized economic base that is less susceptible to the "resource curse" and more aligned with global digital trends (Esaudi et al., 2022; Shleifer & Vishny, 1993).

2.7 The Libyan Startup Ecosystem: Dynamics, Barriers, and Resilience

The startup ecosystem in Libya operates within a complex web of historical, political, and economic contexts, which both shape and constrain its development. Despite its rich human capital and untapped potential, Libya faces significant challenges stemming from the aftermath of the 2011 revolution and the subsequent civil conflict. The country's economy heavily relies on oil exports, which leaves it vulnerable to fluctuations in global oil prices, hindering diversification efforts and impacting funding availability for startups. Moreover, the lack of a stable regulatory framework and bureaucratic hurdles present barriers to entrepreneurship, stifling innovation and hindering the growth of startups. Additionally, the absence of a well-established venture capital network limits access to funding, forcing many startups to rely on personal savings or informal investments. However, amidst these challenges, there are glimpses of hope. Initiatives such as Libya's startup accelerators, TATWEER Research and BINA, as well as the emergence of co-working spaces like COLAB provide platforms for budding entrepreneurs to connect, collaborate, and access mentorship and resources. Furthermore, the

increasing penetration of mobile and internet technologies presents opportunities for tech startups to leverage Libya's young and tech-savvy population. Despite the obstacles, the resilience and creativity of Libyan entrepreneurs continue to drive the growth of the startup ecosystem, albeit at a slower pace compared to other countries in the region. As Libya navigates its path towards stability and economic diversification, nurturing a supportive environment for startups will be crucial in unlocking the country's entrepreneurial potential and driving sustainable growth (Senusi I., 2023).

2.7.1 Strategic Post-Conflict Reconstruction: Digital and Sustainable Diversification

Reconstructing Libya's economy on fresh and sustainable foundations involves addressing numerous layers of risks and challenges. Initially, there are uncertainties regarding Libya's ability to transition from a decade of conflict and unify its institutions. Subsequently, there are risks associated with the post-conflict economic reconstruction process itself, compounded by the multifaceted challenges it presents. Finally, there are specific risks related to implementing green and digital agendas. These risks are heightened by the country's deep fragility stemming from years of conflict and institutional disintegration. Additionally, both post-conflict economic reconstruction and green and digital transitions carry the risk of exacerbating inequalities. However, if managed effectively, there are tangible benefits for Libya in prioritizing green and digital agendas in its economic reconstruction post-conflict. One major advantage is that these agendas will be seamlessly integrated into economic and development policies from the outset, rather than being secondary considerations. Despite the difficulties in the short term, the strategic decision to diversify, transition to renewable energy, and leverage digital solutions for a knowledge-based economy can establish a more sustainable economic model. Nonetheless, the digital and green agendas are primarily political endeavors, necessitating policies that prioritize people's rights, welfare, social justice, equity, and inclusivity. It's also crucial to acknowledge the importance of locally driven plans, as top-down

approaches are unlikely to succeed (Bourhrous, A, 2022).

2.7.2 Structural Impediments to the Advancement of Financial Technology (FinTech)

In general, the challenges hindering the establishment of FinTech companies can be summarized across six domains. Firstly, universities play a crucial role in supplying talent with both financial and digital skills, yet Libya's universities lag far behind global leaders in FinTech advancement, which poses a significant hurdle. Secondly, regulations and policies in Libya, or their absence, create barriers to entrepreneurial and innovative activities, as evidenced by the country's low ranking in the ease of doing business report. Thirdly, support and investment mechanisms such as incubators and accelerators dedicated to FinTech are limited in Libya, despite initiatives seen in other countries. Fourthly, the lack of venture capital and private equity in developing countries like Libya impedes the growth of FinTech. Fifthly, security and privacy concerns loom large, with Libya ranking low in cybersecurity measures compared to developed nations. Lastly, the challenge of technology cooperation and integration arises as FinTech startups disrupt traditional banking processes, yet collaboration between banks and FinTech firms presents opportunities for innovation and increased profitability, as demonstrated by examples such as Deutsche Bank's investments in digital technology and partnerships with FinTech companies. These challenges collectively hinder the potential of FinTech in Libya and underscore the need for concerted efforts to address them (Alswad, M., & Saleh, R, 2020).

2.8 The main Challenges and Obstacles faced by startups

Startups are known for their significant engagement in innovation endeavors (Henderson, 1993; Tushman and Anderson, 1986). However, despite their ongoing pursuit of innovation prospects, these companies encounter significant challenges in their innovation processes due to limited financial resources and a frequent lack of prior experience. Earlier studies have outlined a series of structural shortcomings that innovative startups encounter (Chaminade and Edquist, 2006; Chaminade et al., 2009). In recent years, the

exploration of pioneering startups has garnered attention from scholars, professionals, and policymakers due to their role in fostering job creation and economic advancement (Hessels and van der Zwan, 2011; Lafuente et al., 2016; Valliere and Peterson, 2009; Wong et al., 2005). Despite their significance, these enterprises frequently encounter failure, with only a minority achieving growth. Innovative startups confront substantial hurdles in their innovation endeavors, stemming from limited financial resources and a dearth of managerial and commercial expertise. Previous research delineates a range of challenges arising during the innovation process, including financial constraints, inadequate knowledge of technological and market prospects, an insufficiently skilled workforce, and challenges in securing collaborative partnerships (Andersen, 2010; Audretsch et al., 2014; Costa-Campi et al., 2014).

Noelia, F. L., & Rosalia, D. C. (2020) in their study, aimed to examine the changing dynamics of various barriers to innovation faced by startups over time and to assess the impact of entrepreneurial ecosystems in mitigating these barriers. Regarding the first objective, the findings reveal that the obstacles to innovation exhibit varying trends over time. Challenges related to expenses, attracting human capital, and acquiring technological knowledge have shown an upward trend, whereas obstacles concerning market understanding and collaborative efforts have shown a decline during the study period. Regarding the second objective, different components of the entrepreneurial ecosystem exert distinct influences on the reduction of innovation barriers over time. Market-related elements of the entrepreneurial ecosystems contribute significantly to mitigating barriers such as costs, knowledge gaps, and human capital acquisition. Customers and suppliers play pivotal roles in providing information pertaining to financial resources.

Financial challenges are among the most significant hurdles for startups, impacting their ability to launch, grow, and sustain operations. Several key financial challenges commonly faced by startups include access to funding, where the securing initial capital is often the foremost challenge for startups. Traditional sources of

funding, such as bank loans, may be difficult to obtain due to the lack of a proven track record or collateral. Additionally, venture capital and angel investors may be hesitant to invest in early-stage ventures due to the high risk involved.

Cash Flow Management, as startups frequently struggle with managing cash flow effectively, as they often face irregular revenue streams and unpredictable expenses. Maintaining a positive cash flow is essential for meeting day-to-day operational expenses, paying suppliers, and investing in growth opportunities. Cost of Operations also where Startups must contend with the costs associated with product development, marketing, hiring, and infrastructure. These expenses can quickly add up and strain limited financial resources, especially in the early stages when revenue may be minimal.

Market Volatility and Economic Uncertainty make startups particularly vulnerable to economic downturns and market fluctuations, which can affect consumer demand, investor confidence, and access to funding. Economic uncertainty can make it challenging for startups to plan and allocate resources effectively. And also, debt repayment obligations that startups have taken on debt, such as loans or lines of credit, face the challenge of meeting repayment obligations while also funding ongoing operations and growth initiatives. High levels of debt can create financial strain and limit flexibility. To address these financial challenges, startups can explore alternative funding options such as crowdfunding, bootstrapping, and government grants. Additionally, implementing sound financial management practices, seeking mentorship from industry experts, and continuously monitoring and adapting to changing financial conditions can improve a startup's chances of success (Nanda, R., & Rhodes-Kropf, M, 2013; Beck, T., Demircuc-Kunt, A., & Levine, R, 2005).

2.9 The Research Gap

While the existing literature provides a robust framework for understanding institutions (North, 1990; Scott, 2008) and the structural failures of rentier economies (Yousif, 2012; Beblawi & Luciani, 1987), there remains a significant "empirical silence" regarding the modern Libyan startup ecosystem.

Most studies on Arab entrepreneurship focus on stable environments like the UAE or Egypt.

However, Libya presents a unique, "extreme case" characterized by post-conflict fragility and deep institutional voids. Current research has explored individual issues—such as Islamic finance or general SME policy (Nassr, 2022)—but there is a lack of integrated research that examines the **simultaneous interplay** of all seven dimensions: Human Capital, Finance, Support Systems, Marketing, Processes, Culture, and Demography.

This thesis fills that gap by providing the first multi-dimensional, descriptive-analytical study of the Libyan startup landscape after 2011. By testing these seven dimensions specifically against the backdrop of a transitioning rentier state, this research moves beyond generalities to provide evidence-based insights into how entrepreneurs survive when the "rules of the game" are constantly changing.

3. Study Methodology

3.1 Study Approach

The researcher employed the descriptive-analytical approach in this study due to its suitability for the study's subject and objectives, which examines existing events, phenomena, and practices as they are, allowing them to be studied and measured without the researcher intervening in their processes, and enabling the researcher to interact with them directly.

3.2 Study Population

The study population includes all entrepreneurs in startups in Libya.

3.3 Study Sample

A simple random sample was selected from the study population, comprising 53 participants.

3.4 Data Sources

The data collection relied on two sources as follows:

- **Secondary Sources:** These include resources utilized by the researcher in writing the theoretical part of the study, such as previous studies and research, relying on Arabic and foreign periodicals and journals, as well as electronic libraries to gather data
- **Primary Sources:** These consist of the primary data collected through the study tool (questionnaire) from the study sample, which were analyzed using

appropriate statistical software, specifically SPSS

These consisted of five questions, which will be answered later

3.5 Data Collection Tool

After reviewing previous studies and in accordance with the adopted methodology and the nature of the study, a questionnaire was used as the tool to collect data from the selected sample, and the questionnaire consisted of General Information like Name of the startup, Year of establishment, Role in the startup, Industry, Location of the startup. Questionnaire Dimensions Challenges Facing Startups in Libya, consisting of seven dimensions: Human Capital, Finance, Support System, Marketing, Processes, Culture, Demography. A five-point Likert scale was used to assign scores to the statements, which were then processed statistically. And open-Ended Questions

3.6 Validity and Reliability of the Study Tool:

1. Questionnaire Validity:

o Face Validity:

The initial version of the questionnaire was presented to several reviewers to ensure the appropriateness of the items in achieving the study objectives and their relevance to their dimensions, and modifications were made to some items based on their feedback

o Construct Validity:

Construct validity was verified by calculating the correlation between each dimension of the questionnaire and the total score using Pearson's correlation coefficient.

Table (1): Correlation Coefficient between Each Dimension of the Questionnaire (Challenges Facing Startups in Libya) and the Total Questionnaire Score

Challenges Facing Startups in Libya		Pearson's correlation coefficient	Sig
1.	Human Capital	0.647**	0.000
2.	Finance	0.549**	0.000
3.	Support System	0.736**	0.000
4.	Marketing	0.483**	0.000
5.	Processes	0.521**	0.000
6.	Culture	0.781**	0.000
7.	Demography	0.642**	0.000

Based on the correlation results, all correlation coefficients between the dimensions and the total questionnaire score were statistically significant at the 0.01 level.

2. Questionnaire Reliability:

The reliability of the questionnaire refers to its ability to produce the same results if it is redistributed under the same conditions and circumstances. In other words, reliability indicates the stability of the questionnaire results without significant changes.

The researcher verified the reliability of the study questionnaire using Cronbach's Alpha Coefficient to measure its consistency. The results are shown in the following table:

Table (2): Cronbach's Alpha Coefficient for Measuring Questionnaire Reliability

	Split-Half Coefficient	Cronbach's Alpha
Total score of the questionnaire	0.689	0.736

The results in the table above indicate that the reliability coefficients, calculated using both the split-half method and Cronbach's Alpha, were high for all dimensions of the questionnaire. This confirms that the reliability of the questionnaire is strong, validating its final form.

Thus, the validity and reliability of the study questionnaire have been ensured, providing full confidence in its accuracy and suitability for result analysis.

Normality Distribution Test:

The Kolmogorov-Smirnov (K-S) test was used to determine whether the data follows a normal distribution. The results are presented in the following table:

Table (3): Results of the Normality Distribution Test

	Kolmogorov-Smirnov (K-S)	Sig.
Entire Questionnaire	1.082	0.192

The results in the table above show that the significance value (Sig) for the study tool was greater than the significance level (0.05). Thus, the data distribution for this tool follows a normal distribution, allowing for the use of parametric tests.

3.7 Statistical Methods Used in the Study

A set of statistical methods were employed, aligning with the nature of the data and the study's questions. These methods include **Percentages and Frequencies:** To describe the study sample. **Mean:** To assess the level of responses from the study sample for each statement of the study variables. **Cronbach's Alpha Test:** To ensure the reliability of the study tool. **Pearson Correlation Coefficient and Guttman Split-Half Method:** To calculate reliability using the split-half method. **Pearson Correlation Coefficient:** To measure the degree of correlation and assess the construct validity of the questionnaire. And **One-Way ANOVA Test:** To identify differences between the mean scores of the study sample groups based on variables such

as the role in the startup, the industry, and the location of the startup.

4. Results and Recommendations

4.1 Characteristics of the Study Sample

This study focuses on several variables related to the personal data of the study sample, represented by (startup name, year of establishment, role in the startup, industry, and startup location). The sample characteristics are as follows:

Startup Names:

Diala, Zahra Fashion, Najaa Food Industries, Print It, Afaq Advertising, Quality Center for Car Hall Maintenance, Moon Medical Services Company, Libyan Al-Nasr General Contracting Company, Agadir Date Derivatives Company, Bride of Banquets Company, Juniors Academy, Qadiya, Amal Al-Ghad, Al-Majd Real Estate Marketing, Al-Basma, Lazward for Sanitary Materials, Bulbul Stream, Art of Cooking, International Architecture, Ehed 24 Pharmacy, Aramos, Delta, Fuse, Liza, Mizo, Farwana, Peros, Emperor of Computer and IT, Aswady.

Year of Establishment:

The founding years of the startups ranged from 2003 to 2024.

Table (4): Distribution of the Study Sample Based on the Role in the Startup

Role in the Startup	Frequency	Percent%
Founder	28	52.8
Co-founder	14	26.4
Manager	9	17.0
Others (Advisor, Board Member)	2	3.8
Total	53	100.0%

The results in the table above show that the largest proportion of the sample comprises founders (52.8%), followed by co-founders (26.4%), managers (17.0%), and other roles such as advisors or board members (3.8%). This indicates a diversity of roles held by the study sample in startups in Libya.

Table (5): Distribution of the Study Sample Based on Industry

Industry	Frequency	Percent%
Technology	12	22.6
Health	5	9.4
Education	6	11.3
Manufacturing	16	30.2
Services	14	26.4
Total	53	100.0%

The results in the table above show the diversity of sectors to which Libyan startups belong. The largest proportion of companies operates in manufacturing (30.2%), followed by the services sector (26.4%). Companies in the technology sector account for 22.6%, while 11.3% are in education and 9.4% in health. This diversity reflects the wide range of opportunities and trends across different industries in the Libyan market.

Table (6): Distribution of the Study Sample Based on Startup Location

Startup Location	Frequency	Percent%
Tripoli	18	34.0
Benghazi	9	17.0
Misrata	9	17.0
Sabha	10	18.9
Other	7	13.2
Total	53	100.0%

The results in the table above show a clear concentration of startups in certain cities. The largest proportion is located in Tripoli (34.0%), followed by Sabha (18.9%), and then Benghazi and Misrata, each with 17.0%. The lowest percentage was for startups located in other areas (13.2%). This distribution reflects geographic diversity in the locations of startups in Libya, with a noticeable concentration in major cities such as Tripoli.

Section Analysis: "Challenges Facing Startups"

Analysis of the First Axis: Human Capital

Question 1: How would you rate the availability of skilled talent in Libya for your business needs?

To answer the previous question, the researcher calculated the frequencies, percentages, mean, standard deviation, and relative weight. The following table illustrates this:

Table (7) Frequencies, Percentages, Mean, Standard Deviation, and Relative Weight for the Availability of Skilled Talent in Libya to Meet Business Needs

Human Capital		Frequency	Percent%	Mean	Std. Deviation	Relative Weight
the Availability of Skilled Talent in Libya to Meet Business Needs	Very Low	7	13.2	2.584	0.928	51.68
	Low	15	28.3			
	Moderate	26	49.1			
	High	3	5.7			
	Very High	2	3.8			
	Total	53	100.0%			

The results indicated that the distribution of evaluations regarding the availability of skilled talent in Libya to meet business needs shows that the largest proportion of respondents considered the availability of talent to be "moderate" at 49.1%. This was followed by 28.3% who considered it "low," while 13.2% of individuals believed the availability of talent was "very low." The results also showed that only 5.7% of respondents considered the availability of talent to be "high," and 3.8% considered it "very high." The mean was 2.584 with a standard deviation of 0.928, indicating that the level of skilled talent availability in Libya is lower than expected according to the relative weight, which was 51.68%. This means that the majority of the sample views the availability of skilled talent as generally low. The researcher attributes this to the continuous migration of skilled professionals abroad, as these professionals seek more stable and motivating work environments, leading to a

noticeable shortage of qualified human resources within the country. Additionally, the researcher attributes these results to the poor quality of education and vocational training in Libya, which often does not align with labor market demands, leaving a large gap between the skills individuals possess and the needs of startup companies. Furthermore, the researcher points to a lack of investments directed towards the development of human capital, both from the government and the private sector, leading to the absence of a supportive environment to enhance the skills and competencies required by startups.

Question 2: What are the main challenges related to human capital that your startup faces?

To answer the previous question, the researcher calculated the frequencies, percentages, and the table below illustrates this:

Table (8): Frequencies and percentages of the main human capital challenges faced by the startup

human capital challenges	Frequency	Percent%
Lack of skilled professionals	15	21.1
High employee turnover	18	25.4
Inadequate training and development	22	31.0
Lack of experience	16	22.5
Total	71	100.0%

The results from the previous table show that the most common challenge related to human capital faced by startups is "inadequate training and development", with a percentage of 31.0%. This is followed by "high employee turnover" at 25.4%, "lack of skilled professionals" at 21.1%, and finally "lack of experience" at 22.5%. The researcher attributes these challenges to several interrelated factors. A lack of effective training and development programs is one of the main reasons employees lack the basic skills required by the labor market. This training gap leads to an exacerbation of the problem of inadequate practical experience, particularly due to the absence of coordination between academic institutions and actual market needs. Additionally, the researcher highlights that high employee

turnover is a significant challenge for startups, as it is linked to a lack of proper incentives and a stable environment that encourages employees to stay with the company for longer periods. Finally, the lack of skilled professionals reflects the weak interest in trades and practical disciplines, which play a vital role in supporting the success of startups, pointing to the urgent need to enhance investment in this area.

Analysis of the Second Axis: Finance

Question 3: How do you rate the ease of accessing finance for your startup?

To answer this question, the researcher calculated the frequencies, percentages, mean, standard deviation, and relative weight, as shown in the following table:

Table (9): Frequencies, Percentages, Mean, Standard Deviation, and Relative Weight for Rating the Ease of Accessing Finance for the Startup

Finance		Frequency	Percent%	Mean	Std. Deviation	Relative Weight
Rating the ease of accessing finance for the startup	Very Difficult	10	18.9	2.207	0.884	44.14
	Difficult	26	49.1			
	Neutral	15	28.3			
	Easy	0	0.0			
	Very Easy	2	3.8			
	Total	53	100.0%			

The results show that most participants in the study perceive accessing finance for their startups as very difficult or difficult. 49.1% rated it as "Difficult," and 18.9% considered it "Very Difficult," while 28.3% were neutral. Only 3.8% found it "Very Easy," and none of the participants rated it as "Easy." The mean was 2.207 with a standard deviation of 0.884, reflecting that most startups find it difficult to access financing. Based on these results, the ease of access to finance is low, with a relative weight of 44.14%. The researcher attributes this difficulty to several interconnected factors. One primary reason is the lack of a supportive banking environment for entrepreneurs, with banks and financial institutions lacking clear policies to support

startups. The researcher also notes that procedural and bureaucratic constraints when applying for financing further complicate access to loans or credit necessary for establishing or expanding these businesses. Additionally, the absence of integrated government programs to financially support startups exacerbates this challenge, leading many startups to rely on self-financing or face significant difficulties in continuing operations.

Question 4: What are the key financial challenges your startup faces?

To answer this question, the researcher calculated the frequencies and percentages, as shown in the following table:

Table (10): Frequencies and Percentages of the Key Financial Challenges Faced by Startups

Key Financial Challenges Faced by Startups	Frequency	Percent%
Lack of initial capital	17	24.3
Difficulties in accessing loans or credit	19	27.1
High-interest rates	16	22.9
Inadequate financial management skills	18	25.7
Total	70	100.0%

The results from the table show that the primary financial challenge faced by startups is "**Difficulties in accessing loans or credit**," with a percentage of 27.1%. This is followed by "**Inadequate financial management skills**" at 25.7%, "**Lack of initial capital**" at 24.3%, and "**High-interest rates**" at 22.9%. The researcher attributes these challenges to several factors. The lack of initial capital is due to the absence of angel investors or investment funds dedicated to supporting startups. The difficulties in accessing loans or credit are related to banks' reluctance to take on the risks of financing these companies, which often lack sufficient collateral. Additionally, high-interest rates present a major barrier for startups already facing limited financial resources, raising borrowing costs and making it difficult to

achieve financial sustainability. Finally, inadequate financial management skills among some entrepreneurs reflect a lack of training and qualifications necessary to manage financial resources effectively, which leads to poorly informed decisions that negatively impact the sustainability of startups.

Analysis of the Third Axis: Support System

Question 5: How would you rate the support system available for startups in Libya (e.g., incubators, accelerators, government programs)?

To answer this question, the researcher calculated the frequencies, percentages, mean, standard deviation, and relative weight, as shown in the following table:

Table (11): Frequencies, Percentages, Mean, Standard Deviation, and Relative Weight for Rating the Support System Available for Startups in Libya

Support System		Frequency	Percent%	Mean	Std. Deviation	Relative Weight
Rating the support system for startups in Libya	Very Poor	16	30.2	2.358	1.161	47.16
	Poor	13	24.5			
	Average	15	28.3			
	Good	7	13.2			
	Excellent	2	3.8			
	Total	53	100.0%			

The results indicate that the majority of participants rated the support system for startups in Libya as weak. 30.2% considered the system to be "Very Poor," 24.5% rated it as "Poor," and 28.3% considered it "Average." Only 13.2% rated it as "Good," and just 3.8% rated it as "Excellent." The mean score was 2.358 with a standard deviation of 1.161, reflecting a generally negative perception of the available support system. The relative weight was 47.16%, suggesting that nearly half of the sample believes the support system is weak. Based on these results, it can be concluded that the support system for startups in Libya needs significant improvements to be more effective in supporting new businesses. The researcher attributes this weakness to the lack of sufficient institutional infrastructure to provide effective support services, which is evident in the limited number of active incubators and accelerators. Additionally, the researcher points to the absence of comprehensive government programs focused on entrepreneurship development and the lack of clear and integrated policies to support entrepreneurs, leading to a non-conducive environment for new ventures. Furthermore, the lack of coordination between government and private sector entities results in inadequate resource allocation, negatively impacting the chances of success for startups.

Question 6: Which areas of support do you find lacking for startups in Libya?

To answer this question, the researcher calculated the frequencies and percentages, as shown in the following table:

Table (12): Frequencies and Percentages for Areas of Support Found Lacking for Startups in Libya

Areas of support found lacking for startups in Libya	Frequency	Percent%
Mentorship	19	22.6
Networking opportunities	20	23.8
Legal assistance	21	25
Business advisory services	24	28.6
Total	84	100.0%

The results from the table show that the most lacking area of support for startups in Libya is **"Business advisory services,"** with a percentage of 28.6%. This is followed by **"Legal assistance"** at 25%, **"Networking opportunities"** at 23.8%, and **"Mentorship"** at 22.6%. The researcher attributes these gaps in support to several factors. The lack of business advisory services reflects the absence of specialized entities that can offer relevant professional advice to entrepreneurs, particularly in areas such as finance, administration, and marketing. The deficiency in legal assistance highlights the low awareness of the importance of protecting the legal rights of startups and the lack of effective mechanisms for resolving business disputes. The researcher also points out the scarcity of networking opportunities, which results from the absence of

platforms or events where entrepreneurs can meet investors and potential partners, leading to the isolation of startups and difficulties in expanding their operations. Finally, the lack of mentorship is attributed to the unavailability of qualified mentors or training programs focused on transferring practical knowledge to entrepreneurs, limiting their ability to overcome challenges and successfully grow their businesses.

Analysis of the Fourth Axis: Marketing

Question 7: How challenging does you find it to market your products/services in Libya?

To answer this question, the researcher calculated the frequencies, percentages, mean, standard deviation, and relative weight, as shown in the following table:

Table (13): Frequencies, Percentages, Mean, Standard Deviation, and Relative Weight for the Difficulty of Marketing Products/Services in Libya

Marketing	Frequency	Percent%	Mean	Std. Deviation	Relative Weight	
the Difficulty of Marketing Products/Services in Libya	Very Challenging	1	1.9	2.830	1.032	56.60
	Challenging	14	26.4			
	Neutral	20	37.7			
	Not Very Challenging	11	20.8			
	Not Challenging at All	7	13.2			
	Total	53	100.0%			

The results indicate that the most significant challenge in marketing products and services in Libya is the difficulty of marketing. Only 1.9% of the sample classified marketing as "Very

Challenging," while 26.4% considered it "Challenging." Additionally, 37.7% of participants were neutral about the difficulty, 20.8% felt that marketing was "Not Very Challenging," and 13.2%

found it "Not Challenging at All." The mean score was 2.830 with a standard deviation of 1.032, showing that the majority of the sample views marketing as a difficult task. The relative weight reached 56.60%, indicating that marketing is one of the biggest challenges faced by startups in Libya.

The researcher attributes these difficulties to several key reasons, the most notable being the limited marketing environment in the country and the lack of effective infrastructure to support marketing activities. The Libyan market struggles with a shortage of appropriate marketing channels that allow startups to promote their products or services widely and effectively.

Furthermore, the researcher points to the low purchasing power in the local market, which complicates customer acquisition and retention. The absence of government policies supporting marketing activities for startups also exacerbates these challenges, especially given the lack of initiatives aimed at improving the marketing environment and providing innovative solutions to support these businesses.

Question 8: What is the main marketing challenging your startup faces?

To answer this question, the researcher calculated the frequencies and percentages, as shown in the following table:

Table (14): Frequencies and Percentages for the Main Marketing Challenges Faced by Startups

Main Marketing Challenges Faced by Startups	Frequency	Percent%
Lack of market research	13	16.7
Limited access to marketing channels	17	21.8
High costs of marketing	23	29.5
Lack of marketing expertise	25	32.0
Total	78	100.0%

The results show that the most prominent marketing challenge faced by startups in Libya is the "Lack of marketing expertise," with 32.0% of the sample citing it as the biggest challenge. This is followed by "High costs of marketing" at 29.5%, "Limited access to marketing channels" at 21.8%, and "Lack of market research" at 16.7%.

The researcher attributes the lack of marketing expertise to the absence of adequate training and educational programs focused on developing marketing skills for entrepreneurs and professionals in the field. High marketing costs reflect the limited options available to startups, as impactful marketing campaigns require significant financial resources that most of these businesses lack. Moreover, limited access to marketing channels is due to the scarcity of digital platforms

or commercial events that facilitate reaching customers. Lastly, the lack of market research is related to the absence of specialized centers or institutions providing entrepreneurs with accurate and comprehensive data about market needs and customer behavior, which hampers the ability to design effective marketing strategies that meet the demands of the local market.

Analysis of the Fifth Axis: Processes

Question 9: How efficient are your startup's internal processes (e.g., operations, supply chain, product development)?

To answer this question, the researcher calculated the frequencies, percentages, mean, standard deviation, and relative weight, as shown in the following table:

Table (15): Frequencies, Percentages, Mean, Standard Deviation, and Relative Weight for the Efficiency of Internal Processes in Startups

Processes		Frequency	Percent%	Mean	Std. Deviation	Relative Weight
the Efficiency of Internal Processes in Startups	Very Inefficient	2	3.8	3.245	0.896	64.90
	Inefficient	6	11.3			
	Neutral	26	49.1			
	Efficient	15	28.3			
	Very Efficient	4	7.5			
	Total	53	100.0%			

The results indicate that most startups consider their internal processes to be reasonably efficient. The mean score was 3.245, which suggests that 49.1% of the participants rated their processes as "Neutral." Meanwhile, 28.3% considered their processes "Efficient," and only 7.5% rated their processes as "Very Efficient." Only 3.8% considered their processes "Very Inefficient." The relative weight was 64.90%, indicating that while the majority of startups perceive their internal processes as somewhat effective or neutral, there is still a significant need for improvement.

The researcher attributes these results to several intertwined factors. The "neutral" performance observed by the majority suggests that current processes often lack the optimal development

required to enhance efficiency. Additionally, the researcher links these findings to weak investments in improving internal systems such as supply chain management and product development. This leaves processes in a relatively stable state but without achieving their maximum efficiency. Furthermore, the lack of advanced strategies to organize processes contributes to leaving many administrative and operational aspects unoptimized, thus diminishing the competitiveness of these startups.

Question 10: What is the primary process-related challenges your startup faces?

To answer this question, the researcher calculated the frequencies and percentages, as shown in the following table:

Table (16): Frequencies and Percentages for the Primary Process-Related Challenges Faced by Startups

Primary Process-Related Challenges	Frequency	Percent%
Lack of clear processes	11	19.0
Inefficient workflows	12	20.7
Poor supply chain management	13	22.4
High operational costs	22	37.9
Total	58	100.0%

The results show that the biggest challenge faced by startups is "High operational costs," which was cited by 37.9% of the sample. This is followed by "Poor supply chain management" at 22.4%, "Inefficient workflows" at 20.7%, and "Lack of clear processes" at 19.0%.

The researcher attributes high operational costs to several reasons, including the heavy reliance on

imported resources, which are typically expensive, as well as the lack of clear plans to reduce costs or optimize the use of available resources. Poor supply chain management is attributed to a lack of specialized expertise in managing and coordinating supplies efficiently, leading to delays in processes and increased costs. Regarding inefficient workflows, the researcher points to the

absence of flexible organizational structures or clear management policies to ensure proper task distribution and improve productivity. Finally, the lack of clear processes reflects the absence of documentation and prior planning for operational processes, which leads to confusion in executing tasks and delays in achieving set goals.

Analysis of the Sixth Axis: Culture

Question 11: How would you describe the business culture in Libya in terms of supporting startups?

To answer this question, the researcher calculated the frequencies, percentages, mean, standard deviation, and relative weight, as shown in the following table:

Table (17): Frequencies, Percentages, Mean, Standard Deviation, and Relative Weight for Describing Business Culture in Libya in Terms of Supporting Startups

Culture		Frequency	Percent%	Mean	Std. Deviation	Relative Weight
Describing Business Culture in Libya in Terms of Supporting Startups	Very Unsupportive	9	17.0	2.396	0.947	47.92
	Unsupportive	21	39.6			
	Neutral	17	32.1			
	Supportive	5	9.4			
	Very Supportive	1	1.9			
	Total	53	100.0%			

The results indicate that the business culture in Libya, in terms of supporting startups, is perceived as ranging from "Unsupportive" to "Neutral." The majority, 39.6%, rated the business culture as "Unsupportive," while 32.1% considered it "Neutral." Only 9.4% thought it was "Supportive," and just 1.9% described it as "Very Supportive." The relative weight of this response was 47.92%, reflecting that the general evaluation of the business culture is considered "Unsupportive."

The researcher attributes this outcome to several factors reflecting the structural and social nature of the local cultural environment. The lack of sufficient support for startups is linked to weak awareness of the importance of entrepreneurship

in achieving economic and social development. Additionally, the absence of institutional initiatives focused on promoting innovation and entrepreneurship contributes to the decline of a culture that supports new ventures. Furthermore, the traditional nature of Libya's work culture heavily focuses on government jobs and stable employment, leaving entrepreneurs to face cultural and social challenges that hinder the growth of their businesses.

Question 12: What cultural challenges does your startup face?

To answer this question, the researcher calculated the frequencies and percentages, as shown in the following table:

Table (18): Frequencies and Percentages for the Cultural Challenges Faced by Startups

Cultural Challenges	Frequency	Percent%
Resistance to new ideas	20	25.3
Risk aversion	23	29.1
Bureaucratic hurdles	27	34.2
Gender biases	9	11.4
Total	79	100.0%

The results show that the largest cultural challenge faced by startups in Libya is

"Bureaucratic hurdles," with 34.2% of the sample reporting this as the primary issue. This is

followed by "Risk aversion" at 29.1%, "Resistance to new ideas" at 25.3%, and "Gender biases" at 11.4%.

The researcher attributes bureaucratic hurdles to complex administrative systems and lengthy formal procedures, which demotivate entrepreneurs and make it more difficult to start or expand their businesses. Risk aversion is linked to a societal culture that prefers stability and avoids investing in risky ventures, limiting access to funding and support for startups. Regarding resistance to new ideas, this challenge reflects a general reluctance to adopt innovation or entrepreneurial ideas, which is attributed to a lack of awareness and understanding of the importance of these ideas in driving economic

progress. Finally, gender biases highlight social and cultural challenges related to unequal opportunities between men and women in entrepreneurship, restricting half of the population from contributing to the development of startups.

Analysis of the Seventh Axis: Demography

Question 13: How does the demographic landscape of Libya (e.g., age distribution, urban vs. rural population) impact your startup?

To answer this question, the researcher calculated the frequencies, percentages, mean, standard deviation, and relative weight, as shown in the following table:

Table (19): Frequencies, Percentages, Mean, Standard Deviation, and Relative Weight for the Impact of Libya's Demographic Landscape on Startups

Demography		Frequency	Percent%	Mean	Std. Deviation	Relative Weight
the Impact of Libya's Demographic Landscape on Startups	Very Negatively	2	3.8	2.924	0.851	58.48
	Negatively	13	24.5			
	Neutral	27	50.9			
	Positively	9	17.0			
	Very Positively	2	3.8			
	Total	53	100.0%			

The results indicate that the impact of Libya's demographic landscape on startups is generally perceived as "Neutral" by 50.9% of the sample. A notable 24.5% considered the impact "Negative," while 17% viewed it as "Positive" or "Very Positive" (3.8%). The relative weight of this impact was 58.48%, suggesting that, on average, the demographic landscape has a neutral impact on startups in Libya.

The researcher attributes this neutral evaluation to the diverse geographic and demographic characteristics that present both challenges and opportunities. The "Neutral" assessment by the majority suggests that factors such as age distribution and geographic location may not have

a significant impact in some cases, but they still influence market size and purchasing power. The researcher also points to the lack of comprehensive strategies within startups to leverage demographic distribution, such as designing products or services targeting specific age groups or geographic regions. As a result, the impact of demographics remains limited, without transforming into a decisive positive or negative factor.

Question 14: What demographic challenges affect your startup the most?

To answer this question, the researcher calculated the frequencies and percentages, as shown in the following table:

Table (20): Frequencies and Percentages for the Demographic Challenges Most Affecting Startups

Demographic Challenges	Frequency	Percent%
Limited customer base	10	13.0
Population concentration in specific areas	21	27.3
Low purchasing power	32	41.5
Lack of access to specific segments	14	18.2
Total	77	100.0%

The results show that the biggest demographic challenge affecting startups in Libya is "Low purchasing power," with 41.5% of the sample identifying this as the primary issue. This is followed by "Population concentration in specific areas" at 27.3%, "Lack of access to specific segments" at 18.2%, and "Limited customer base" at 13.0%.

The researcher attributes low purchasing power to the challenging economic conditions in Libya and the low-income levels of individuals, which directly impact the ability of the local market to absorb the products and services offered by startups. Population concentration in specific areas reflects the significant disparity between urban and rural areas, with economic activities being concentrated in major cities, limiting the reach of startups in rural markets. Regarding lack of access to specific segments, this challenge is linked to inadequate infrastructure for reaching these areas, as well as the absence of effective marketing and distribution channels. Finally, limited customer base reflects the challenges in expanding businesses, as it heavily depends on the size of the target market and the ability of startups to attract new customers in a highly competitive environment, coupled with weak consumer culture.

Answering the open-ended questions:

Question 1: What are the top three challenges facing startups in Libya, and why?

The challenges facing startups in Libya are varied, and the survey responses revealed that these challenges span financial, marketing, administrative issues, as well as those related to the economic and social environment. Based on the responses from participants, the challenges mentioned can be categorized into several main areas:

1. Finance

- **Lack of sufficient funding and capital:** Finance is one of the main challenges facing startups in Libya. Participants indicated the difficulty in securing the necessary funding to develop businesses, either through loans or investments. It was emphasized that financial capital is a crucial factor in improving quality and increasing productivity. In some cases, banking issues and difficulties accessing the industrial loans required for business expansion were also mentioned.
- **Exchange rate fluctuations and inflation:** There is a clear impact from the issue of rising currency exchange rates on market stability, leading to price fluctuations and making it difficult to determine production costs. This negatively affects the working capital of startups.

2. Economic and Administrative Environment

- **Administrative systems and procedures:** Many participants mentioned the difficulty of registering companies and the complications of government procedures, which hinder the progress of startups. For example, it was noted that obtaining licenses requires the founder not to be employed by the state, which creates additional challenges for establishing businesses.
- **Lack of transparency in administration:** Companies face difficulties dealing with contracts and financial allocations due to a lack of transparency and bureaucratic practices. In addition, favoritism may

influence the awarding of tenders, further complicating the business environment.

3. Marketing and Competitiveness

- **Difficulty in marketing and reaching the market:** Startups in Libya face significant challenges in marketing their products due to the lack of market research and high marketing costs. Additionally, the low purchasing power of consumers in the local market was mentioned, making it difficult for startups to expand under these conditions.

- **Resistance to new ideas:** Participants pointed out that Libyan society exhibits some resistance to new ideas and projects, requiring significant time and effort to change this culture and foster acceptance of innovation in the market.

4. Human Resources and Expertise

- **Lack of specialized expertise and skills:** The issue of a shortage of expertise in various fields, including marketing, management, and digital systems, is prominent. Effective recruitment and building the right teams also present a challenge, as many startups struggle to attract qualified employees.

- **Cultural and social challenges:** Cultural barriers related to gender biases and resistance to freelancing were mentioned, which hinder the growth of startups. It was also noted that some challenges are related to societal attitudes towards risk and innovation.

5. Legal and Regulatory Environment

- **Lack of awareness about the importance of entrepreneurship:** Some participants pointed out that there is a lack of awareness about the significance of entrepreneurship and how to establish businesses, which hinders startups from entering the market effectively.

- **Challenges regarding legal protection for products:** A lack of protection for local products from imported competition was mentioned, which negatively impacts the sustainability of startups.

The researcher attributes the absence of adequate financial support and banking restrictions that

hinder access to funding, along with administrative and bureaucratic complexities that make company registration and obtaining licenses difficult, to the challenges facing startups. Additionally, the weak societal culture supporting entrepreneurship and the resistance to new ideas lead to significant difficulties in marketing and expanding within the local market.

Question 2: What solutions or support do you believe would help overcome these challenges?

The solutions suggested by participants in the survey to overcome the challenges facing startups in Libya were varied. Based on their responses, these solutions can be categorized into several main areas as follows:

1. Financial Support

- **Increase financial support for startups:** Many participants emphasized the importance of providing adequate financial support, including affordable loans and financial facilities that would contribute to securing the necessary capital for business expansion. The need for opening up loan opportunities for startups and offering larger loans if the repayment is done within a specified period was mentioned.

- **Support for companies with guaranteed future returns:** There was a suggestion to provide financial support to companies offering projects with clear and sustainable future prospects.

- **Stable monetary policy:** One proposed solution was to enhance monetary stability by regulating exchange rates and supporting the Libyan dinar, which would help stabilize the market and reduce fluctuations that impact startups.

2. Mentorship and Guidance

- **Experienced mentors:** It was emphasized that having experienced mentors or advisors to help startups overcome challenges is crucial. This includes providing free support centers that offer guidance and advice for new businesses.

- **Strengthening the role of incubators and accelerators:** Participants highlighted the need to intensify support for incubators and accelerators, particularly

those operating in universities and educational centers. The development of programs in these incubators was deemed necessary to make them more effective in providing training and essential resources.

- **Focused training programs:** Another proposed solution was to increase training and initiatives focused on critical areas for working in startups, such as marketing, management, and financial problem-solving. It was suggested that practical, field-based training is necessary, as opposed to academic training that lacks real-world application.

3. Institutional Organization and Legal Environment

- **Simplifying administrative procedures:** Participants noted the need to simplify obtaining business licenses and streamline government procedures for establishing startups. This would help entrepreneurs enter the market more quickly.

- **Regulating the labor market and economic activities:** Some participants pointed out the importance of organizing the labor market and economic activities with more clarity and transparency. This could include establishing regulatory policies for small and medium enterprises and setting investment priorities in various sectors.

- **Regulating imports:** There was a suggestion to regulate imports to protect local products and encourage startups to focus on local production, which would help enhance local competition and reduce dependency on imported goods.

4. Awareness and Community Education

- **Teaching entrepreneurship in schools:** The idea of incorporating entrepreneurship as a subject in school curricula from the preparatory stages was proposed to enhance the knowledge and administrative awareness of future generations. This would contribute to building a society that understands the importance of small and startup businesses.

- **Raising awareness of business culture:** Participants highlighted the need to

increase awareness within the community about the culture of entrepreneurship and how to establish businesses. They suggested intensifying awareness programs run by government bodies and relevant organizations in this field.

5. Institutional and Community Support

- **Providing platforms for showcasing projects:** One of the proposed solutions was to create regular exhibitions to showcase the products of startups. This would provide an opportunity to raise awareness of local products and facilitate their marketing to both the private and public sectors.

- **Legal and administrative support:** It was emphasized that there is a need for legal support to guide startups in dealing with contracts and licenses, along with administrative support in simplifying legal procedures and providing appropriate legal advice.

The researcher attributes the need for adequate financial support, including affordable loans and stable monetary policies, as well as the importance of mentorship through experienced advisors, and strengthening the role of incubators and accelerators. The researcher also stresses the need for simplifying administrative procedures, increasing transparency in the market, and raising community awareness about entrepreneurship through education and awareness programs. Additionally, institutional and community support through creating platforms for showcasing projects and providing necessary legal and administrative assistance is crucial for overcoming these challenges.

Question 3: How has the political and economic environment in Libya affected your startup?

Based on the responses from participants in the survey, it is clear that the political and economic environment in Libya has had significant effects on startups. These effects ranged from negative to positive, reflecting the challenges faced by entrepreneurs in an unstable environment.

Negative Effects: Most responses confirmed that the political and economic environment in Libya has had a negative impact on many startups, both

in terms of political stability and economic conditions:

1. **Political instability:** Many participants noted that ongoing political conflicts severely affect the economic situation, making it difficult to make sound strategic decisions. Political fluctuations lead to delays in project execution and complicate legal procedures.
2. **Currency exchange rate increases:** The rise in exchange rates directly impacted the price of raw materials and overall product costs. This increase in production costs affected purchasing behavior and made it more challenging to achieve good profits.
3. **Economic recession and inflation:** Some participants stated that the economic recession, price fluctuations, and inflation have made the market unstable, contributing to weak returns and slow growth. Others mentioned that liquidity fluctuations and weak purchasing power negatively impacted demand for products.
4. **Corruption and favoritism:** Several participants discussed the issue of favoritism in awarding contracts, where political influence dominates state contracts, disrupting fairness in opportunity distribution and encouraging corruption.
5. **Debt and financial collapse:** Some participants mentioned that the economic difficulties and financial challenges stemming from the unstable political situation had led to accumulating debts and the collapse of businesses. They noted that this environment could be the "final blow" for some startups.

Positive Effects: Although most responses pointed to negative impacts, some participants identified a few benefits in this environment:

1. **Increase in the number of businesses:** Some participants believed that the challenging political and economic environment had created new opportunities, with an increase in the number of startups as individuals sought solutions and alternatives in the face of difficult economic conditions.

2. **Flexibility and adaptability:** Others mentioned that some startups managed to adapt to the current situation by restructuring their operations to overcome challenges related to price fluctuations and rising costs.

The researcher attributes political instability, which creates uncertainty and complicates legal procedures, along with rising exchange rates that increase production costs and negatively affect purchasing power, to the challenges faced by startups. Additionally, the economic recession and inflation weaken returns and slow growth, while corruption and favoritism disrupt fairness in opportunity distribution and complicate the economic landscape. However, the researcher also believes that these challenges have driven some startups to adapt and innovate, leading to new opportunities and a rise in the number of emerging businesses despite the difficult circumstances.

Question 4: Are there any additional challenges your startup faces that were not covered in this questionnaire?

Based on the responses from participants to this question, several additional challenges were identified that were not directly addressed in the questionnaire. These challenges span various aspects related to security, employment, cultural and social issues, and legal concerns.

1. **Security Challenges:** One participant mentioned security as an important but unpredictable challenge. This reflects concerns about the security conditions that may affect business stability in certain areas. Security situations can change abruptly, disrupting the business operations.
2. **Lack of Specialized Training Institutes:** One participant pointed out the lack of intermediate and higher-level training institutes offering skills training for basic professions and trades. This indicates a gap in the required skills in the local market, leading to a shortage of qualified personnel who can work in startups. This challenge affects recruitment and professional development.
3. **Tribal Bias and Social Issues:** Tribal bias was mentioned as a challenge, where

social affiliations may affect employment opportunities and investment. This challenge highlights the social conflicts that may hinder growth and expansion in an environment dominated by tribal or regional loyalties.

4. **Employment Issues and Lack of Trained Employees:** Some participants noted the immaturity of employees in terms of professional behavior in the labor market. This challenge is related to a lack of professional skills and the inability to adapt to the work culture in startups, making it difficult to build an efficient team.
5. **Complex Financial System:** One participant highlighted the complex financial system in Libya, which obstructs startups, especially in terms of sending funds to suppliers. This is a significant challenge as it complicates trade operations and affects the financial sustainability of startups.
6. **Non-Supportive Legislative Environment:** The legislative environment was also mentioned, where one participant explained that laws and regulations that do not support investment pose a major barrier to attracting foreign investments. This negatively affects the ability of startups to grow and attract capital.
7. **Tribalism and Ignorance:** Tribalism and ignorance were cited as factors that negatively impact business progress. Tribalism can hinder investment and expansion, while ignorance affects training, qualification, and human resource development within companies.
8. **Training New Graduates:** One participant emphasized the importance of training new graduates before they enter the job market, noting that universities do not provide sufficient training programs to prepare students for the practical challenges they may face in startups.

The researcher attributes these challenges to unstable security conditions and their varying impact on business operations, along with the lack of specialized training institutes that contribute to

the qualification of the required professional workforce. The researcher also associates these challenges with tribal bias and social conflicts that impede growth and investment, the lack of professional skills among employees, and a poor understanding of the work culture in startups. Furthermore, the complexity of the financial system and the non-supportive legislative environment are seen as key obstacles to the sustainability of startups. Finally, tribalism, ignorance, and weak university training programs contribute to the challenges startups face in preparing graduates for the demands of the labor market.

Question 5: What advice would you give to new entrepreneurs starting in Libya?

The responses from participants provide valuable advice that can guide new entrepreneurs toward success in the Libyan business environment. These suggestions cover practical, psychological, and managerial aspects and reflect the experiences and challenges faced by founders in Libya.

1. **Focus and Persistence:** Many participants emphasized the importance of focus and perseverance, stating that success requires determination and consistency. Phrases such as "focus and keep going" and "continuing no matter the cost" highlight the belief that persistent effort will ultimately lead to positive outcomes.
2. **Utilize Business Incubators and Accelerators:** One participant recommended joining business incubators, as they can simplify project management and provide ideal environments offering technical, financial, and mentoring support. These resources contribute significantly to accelerating the growth of startups.
3. **Proper Planning and Consulting Experts:** Conducting a thorough feasibility study and seeking advice from experts were crucial pieces of advice. Participants suggested phrases like "study your project carefully and consult experts" and "analyze the market well before starting," stressing the importance of preemptive analysis and sound planning to minimize risks and maximize success.

4. **Personal Development and Continuous Learning:** Many participants highlighted the importance of personal development and continuous knowledge acquisition. Suggestions like "develop yourself and acquire new knowledge" and "confidence is the key to success" demonstrate the value of lifelong learning and self-assurance in achieving entrepreneurial success.
5. **Persistence and Ambition in Overcoming Challenges:** Advice such as "persistence, ambition, and facing difficulties are characteristics of a successful entrepreneur" reflects the entrepreneurial mindset needed to confront and overcome obstacles. Facing initial failures is not seen as the end, but rather as a stepping stone toward future success.
6. **Focus on Marketing and Financial Management:** Emphasis was placed on crucial aspects such as marketing and financial management. Advice like "there should be a considerable budget for marketing" and "focus on electronic marketing" highlights the importance of effective marketing strategies, especially in a volatile market. Additionally, sound financial management and reliance on self-financing were key recommendations to avoid financial difficulties.
7. **Choosing the Right Location:** Another piece of advice was to carefully select the appropriate location for the business or project. One participant mentioned that the location should be well-planned, considering the target market.
8. **Persistence and holding on to the Dream:** "Failure and setbacks in the beginning do not mean that success is impossible" was a motivating piece of advice encouraging perseverance and not giving up. Continuing despite difficulties is seen as the path to success in the end.
9. **Learn from Experience and Seek Guidance:** One important piece of advice was to seek advice from experienced mentors to avoid early mistakes. This helps speed up the learning process and provides strategies for overcoming challenges.

The researcher attributes the importance of adapting to the local business environment through perseverance, proper planning, and continuous learning. The advice emphasizes the significance of joining business incubators to benefit from technical and mentorship support, as well as the necessity of developing personal skills and consulting experts to avoid early mistakes. Moreover, the researcher underscores the focus on marketing and financial management to overcome challenges associated with the volatile market, and stresses the need for persistence and ambition to overcome difficulties and achieve success despite the unstable environment.

Tests for Differences

First: Finding Differences Based on Role in the Startup

One-Way ANOVA was used to determine if there were significant differences in the responses of the sample individuals regarding the challenges facing startups in Libya based on their role in the startup. The results are as follows:

Table (21): Test of Differences Based on Role in the Startup

Statement	Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Human Capital	Between Groups	0.832	3	0.277	0.309	0.819
	Within Groups	44.036	49	0.899		
	Total	44.868	52			
Finance	Between Groups	1.376	3	0.459	0.571	0.637
	Within Groups	39.341	49	0.803		
	Total	40.717	52			
Support System	Between Groups	1.395	3	0.465	0.331	0.803
	Within Groups	68.794	49	1.404		
	Total	70.189	52			
Marketing	Between Groups	1.011	3	0.337	0.303	0.823
	Within Groups	54.460	49	1.111		
	Total	55.472	52			
Processes	Between Groups	0.240	3	0.080	0.094	0.963
	Within Groups	41.571	49	0.848		
	Total	41.811	52			
Culture	Between Groups	0.894	3	0.298	0.319	0.812
	Within Groups	45.786	49	0.934		
	Total	46.679	52			
Demography	Between Groups	2.047	3	0.682	0.938	0.430
	Within Groups	35.651	49	0.728		
	Total	37.698	52			
Challenges Facing Startups in Libya	Between Groups	0.029	3	0.010	0.025	0.995
	Within Groups	18.648	49	0.381		
	Total	18.676	52			

From the table above, it is clear that the calculated F-values corresponding to the Sig values are greater than 0.05, which indicates that there are no statistically significant differences at the ($\alpha \leq 0.05$) level in the responses of the sample individuals regarding the challenges facing startups in Libya based on their role in the startup. The researcher attributes this to the significant similarity in the nature of challenges faced by all roles within the startup, regardless of the individual's organizational position. Founders,

managers, and consultants all face similar issues related to the economic environment, financing, and administrative procedures, reflecting the impact of external factors on the company as a whole, rather than individual roles within it.

Second: Finding Differences Based on Industry

One-Way ANOVA was used to determine if there were significant differences in the responses of the sample individuals regarding the challenges facing startups in Libya based on their industry. The results are as follows:

Table (22): Test of Differences Based on Industry

Statement	Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Human Capital	Between Groups	2.535	4	0.634	0.719	0.583
	Within Groups	42.333	48	0.882		
	Total	44.868	52			
Finance	Between Groups	2.849	4	0.712	0.903	0.470
	Within Groups	37.868	48	0.789		
	Total	40.717	52			
Support System	Between Groups	10.394	4	2.599	2.086	0.097
	Within Groups	59.795	48	1.246		
	Total	70.189	52			
Marketing	Between Groups	1.927	4	0.482	0.432	0.785
	Within Groups	53.545	48	1.116		
	Total	55.472	52			
Processes	Between Groups	3.154	4	0.789	0.979	0.428
	Within Groups	38.657	48	0.805		
	Total	41.811	52			
Culture	Between Groups	5.513	4	1.378	1.607	0.188
	Within Groups	41.166	48	0.858		
	Total	46.679	52			
Demography	Between Groups	2.641	4	0.660	0.904	0.469
	Within Groups	35.057	48	0.730		
	Total	37.698	52			
Challenges Facing Startups in Libya	Between Groups	2.117	4	0.529	1.534	0.207
	Within Groups	16.559	48	0.345		
	Total	18.676	52			

From the table above, it is clear that the calculated F-values corresponding to the Sig values are greater than 0.05, which indicates that there are no statistically significant differences at the ($\alpha \leq 0.05$) level in the responses of the sample individuals regarding the challenges facing startups in Libya based on their industry.

The researcher attributes this to the overarching nature of the challenges faced by startups across all industries. Startups in different industries suffer from similar problems related to financing, bureaucracy, weak infrastructure, and difficulty

accessing markets, suggesting that these challenges are not limited to a specific industry but are structural issues affecting the entrepreneurial environment in general.

Third: Finding Differences Based on the Location of the Startup

One-Way ANOVA was used to determine if there were significant differences in the responses of the sample individuals regarding the challenges facing startups in Libya based on the location of the startup. The results are as follows:

Table (23): Test of Differences Based on Startup Location

Statement	Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Human Capital	Between Groups	2.666	4	0.667	0.758	0.558
	Within Groups	42.202	48	0.879		
	Total	44.868	52			
Finance	Between Groups	5.760	4	1.440	1.977	0.113
	Within Groups	34.957	48	0.728		
	Total	40.717	52			
Support System	Between Groups	9.676	4	2.419	1.919	0.123
	Within Groups	60.513	48	1.261		
	Total	70.189	52			
Marketing	Between Groups	4.654	4	1.164	1.099	0.368
	Within Groups	50.817	48	1.059		
	Total	55.472	52			
Processes	Between Groups	4.253	4	1.063	1.359	0.262
	Within Groups	37.559	48	0.782		
	Total	41.811	52			
Culture	Between Groups	6.032	4	1.508	1.781	0.148
	Within Groups	40.648	48	0.847		
	Total	46.679	52			
Demography	Between Groups	1.908	4	0.477	0.640	0.637
	Within Groups	35.790	48	0.746		
	Total	37.698	52			
Challenges Facing Startups in Libya	Between Groups	0.670	4	0.167	0.446	0.775
	Within Groups	18.006	48	0.375		
	Total	18.676	52			

From the table above, it is clear that the calculated F-values corresponding to the Sig values are greater than 0.05, which indicates that there are no statistically significant differences at the ($\alpha \leq 0.05$) level in the responses of the sample individuals regarding the challenges facing startups in Libya based on the location of the startup.

The researcher attributes this to the significant similarity in the nature of the challenges faced by startups across all geographic locations. Startups in different regions face the same obstacles related to financing, bureaucracy, weak infrastructure, and lack of institutional support. This reflects the overall impact of Libya's economic, political, and social environment on startups, regardless of their geographical location.

5. Summary of Results

Based on the findings of this study, the researcher can summarize the results as follows:

1. The availability of skilled talent in Libya to meet the workforce needs was rated as low.
2. The ease of access to funding for startups was rated as low.
3. The assessment of the available support system for startups in Libya was rated as low.
4. The difficulty of marketing products/services in Libya was rated as medium.
5. The efficiency of internal processes in startups was rated as medium.
6. The description of the business culture in Libya in terms of supporting startups was rated as low.
7. The impact of demographic factors in Libya on startups was rated as medium.
8. No statistically significant differences were found at the ($\alpha \leq 0.05$) level in responses regarding the challenges facing startups in Libya based on the role within the startup.
9. No statistically significant differences were found at the ($\alpha \leq 0.05$) level in responses regarding the challenges facing startups in Libya based on the industry type.
10. No statistically significant differences were found at the ($\alpha \leq 0.05$) level in responses regarding the challenges facing startups in Libya based on the startup's location.

6. Recommendations

Based on the conclusions, a set of recommendations can be formulated for benefiting both the sample group and the broader community:

1. Improving the entrepreneurial environment in Libya: Simplifying government procedures and reducing bureaucratic obstacles for startups.
2. Providing necessary financial support for startups: Offering subsidized loans and funding programs to stimulate innovation and growth.
3. Enhancing training and professional development programs: Focusing on managerial, marketing, and technical skills to meet market demands.
4. Establishing and supporting business incubators and accelerators: To offer guidance and mentorship to entrepreneurs and startups.
5. Improving the available support system for startups: This includes offering business consultations, legal assistance, and networking opportunities.
6. Organizing awareness programs to change the business culture in Libya: Increasing the acceptance of new ideas and fostering innovation.
7. Supporting marketing research and providing effective marketing channels: Helping startups reach both local and international markets.
8. Encouraging investment in human capital: Enhancing vocational and technical education to supply qualified personnel for startups.
9. Promoting collaboration between the public and private sectors: To create a supportive regulatory and legislative environment for startups.

10. Focusing on improving political and economic stability: Ensuring a conducive working environment for startups in Libya.

7. Implications

7.1 theoretical implications

- This study contributes to the academic literature regarding entrepreneurship in North Africa, specifically Libya. It utilizes local primary data to fill gaps found in secondary sources.
- It provides a structured model ("Challenges Facing Startups in Libya") with seven distinct dimensions, offering a framework for future researchers to measure entrepreneurial hurdles.

7.2 Practical implications

- For Entrepreneurs: The results provide new founders with insights into potential pitfalls, such as the need for financial management skills and marketing expertise.
- For Policymakers: The study highlights specific areas for intervention, such as the need to simplify bureaucratic procedures, regulate imports, and integrate entrepreneurship into school curricula.
- For Financial Institutions: It reveals the gap in banking support and the need for specialized loan programs for startups.

Conclusion

This paper aimed to discuss the organizational and operational issues of startups in Libya in the context of a weak, post-conflict, and rentier economy. The study, using a descriptive-analytical approach and a multi-dimensional model that includes human capital, finance, support systems, marketing, internal processes, culture, and demographic factors, offers a combined perspective of the limiting factors that influence entrepreneurial activity in Libya.

The results show that the problems facing Libyan startups are not unique or industry-specific, but are systemic and embedded in the institutional fabric of the country. Particularly, access to finance, availability of skilled human capital, institutional support, and risk-averse cultural norms became the most important obstacles. The fact that no statistically significant differences

were found between demographic variables also supports the conclusion that these issues are structural and pervasive and that startups are facing these problems, irrespective of their field, location, or organizational role.

Theoretically, the research makes a contribution to the literature by providing empirical support to the applicability of Institutional Theory and the idea of Institutional Voids on the limitations to entrepreneurship in weak economies. The findings indicate the interplay of the weak regulatory frameworks, underdeveloped financial systems and disjointed support infrastructures in creating an environment, in which startups must work on the conditions of uncertainty and resource insufficiency. The implications of the findings on the firm level are also significant since the internal capabilities are critical due to the Resource-Based View, especially in situations where the external support mechanisms are weak or unreliable.

In addition to its theoretical input, the research has significant practical implications. It highlights how necessary it is to have joint policy interventions that will bolster the entrepreneurial ecosystem in Libya. Making financial accessibility easier, streamlining bureaucracy, investing in human capital building, and strengthening institutional infrastructure like incubators and accelerators are important measures to create a more supportive environment to startups. Moreover, cultural barriers should be addressed to, and a more entrepreneurship-friendly attitude should be encouraged as a way of ensuring the sustainability of the ecosystem in the long term.

Nevertheless, there are limitations to the study. Since the sample is relatively small and the data is based on self-reporting, the findings might not be generalized. This study is recommended to be continued in future studies with larger sample sizes, longitudinal studies, and more sophisticated methods to further prove and elaborate on the findings. Use of comparative studies between similar fragile or post-conflict economies would as well be a good source of information on the generalizability of the proposed framework.

To sum up, this paper has pointed out that the success of startups in Libya cannot be reduced to the individual entrepreneurial activity per se, but is largely influenced by the overall institutional context. The structural barriers that are deeply

rooted in the Libyan startup ecosystem that have been highlighted in this study must be addressed to change the current state of the Libyan startup ecosystem based on survival to one that can grow and be innovative in the long-term.

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