



## Contribution of Entrepreneurial Innovation to the Moroccan Economy

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### Abstract:

This article emphasizes the significance of entrepreneurial innovation in the Moroccan economic context. It highlights the opportunities it presents for enhancing the country's economic performance while acknowledging the challenges it faces. Morocco must continue to support entrepreneurial innovation by implementing policies and measures that promote entrepreneurship, stimulate research and development, and improve access to financing for entrepreneurs. In this regard, the article provides an overview of the Moroccan economic environment, focusing on the

current state of the country's economy, the importance of entrepreneurial innovation in strengthening its economic performance, as well as the contributions and limitations of this innovation to the Moroccan economy. Despite existing constraints, Morocco must persevere in supporting entrepreneurial innovation through the implementation of policies and measures aimed at fostering entrepreneurship, stimulating research and development, and enhancing access to financing for entrepreneurs.

**Keywords:** *Entrepreneurial innovation, performance, economy, startups, ecosystem, development.*

### Introduction

Entrepreneurial innovation is widely recognized as a driver of economic development, and this applies to the Moroccan context as well. Many contemporary authors have highlighted the importance of entrepreneurial innovation for the Moroccan economy. Engaging in one's professional role consistently over the course of a career, without adjusting or endeavoring to enhance skills and refine practice, is akin to behaving mechanically, much like a robot mindlessly repeating actions without assessing their pertinence to the intended purpose of the intervention (El Atmani, Madrane, & Janati-Idrissi, 2023). In his book "Entrepreneurship

and Economic Development: Theory, Evidence, and Policy" (2019), Audretsch emphasizes the crucial role of entrepreneurial innovation in wealth creation and economic growth. He points out that innovative entrepreneurs are capable of translating knowledge into business opportunities, leading to job creation and business competitiveness. Furthermore, the OECD report titled "Promoting Entrepreneurship and Innovation in Morocco" (2018) sheds light on the significance of entrepreneurial innovation in boosting productivity and competitiveness in Morocco. The report highlights that supporting innovative entrepreneurs, particularly through access to



financing, incubation, and the entrepreneurial ecosystem, is essential for fostering innovation and economic growth. In summary, entrepreneurial innovation plays a central role in the economic development of Morocco. The works of contemporary authors such as Audretsch, as well as the OECD reports and existing government policies, highlight the importance of supporting innovative entrepreneurs to promote economic growth, job creation, and the country's competitiveness.

## Overview of the Moroccan Economic Environment

The Moroccan economic environment is a highly important subject that deserves in-depth analysis to understand the strengths and weaknesses of the country's economy. Assessing the current state of this environment allows us to grasp the economic conditions, public policies, regulations, and trends that influence Morocco's economic development.

On a macroeconomic level, Morocco has experienced sustained economic growth in recent years. According to the International Monetary Fund (IMF) report in 2021, the real GDP growth rate in Morocco was estimated at 4.5% in 2019 before slowing down to 2.7% in 2020 due to the COVID-19 pandemic, and rebounding to 5.9% in 2021 thanks to the post-pandemic economic recovery (IMF, 2021). However, despite this growth, Morocco faces structural challenges such as high unemployment, particularly among the youth, and persistent socioeconomic inequalities (World Bank, 2020).

Additionally, Morocco's Industrial Acceleration Plan 2014-2020 emphasizes the importance of innovation for the structural transformation of the Moroccan economy. It encourages the establishment of innovation ecosystems, the promotion of research and technological development, as well as the valorization of intellectual property. In terms of government policies, Morocco has implemented initiatives such as the Morocco Innovation Plan 2020, mentioned earlier, which aims to strengthen the

country's innovation capabilities in key sectors such as industry, agriculture, and renewable energy. Furthermore, efforts are being made to encourage youth entrepreneurship and foster the emergence of innovative startups through programs like the Moussanada Program for Youth Entrepreneurship.

In terms of the business climate, Morocco is making efforts to implement reforms to improve the business environment and attract foreign investments. The World Bank's Doing Business 2020 report ranks Morocco 53rd globally in terms of ease of doing business, reflecting the country's efforts to simplify administrative procedures and enhance investor protection (World Bank, 2020).

The private sector plays a crucial role in the Moroccan economy. The country encourages entrepreneurship and innovation, notably through policies aimed at supporting startups and small and medium-sized enterprises (SMEs). The Morocco Innovation Plan 2020 aims to promote innovation and research and development in various strategic economic sectors (Morocco SME, 2021).

However, despite these advancements, Morocco still faces structural economic challenges, including dependence on traditional sectors such as agriculture and textiles, which make the economy vulnerable to external shocks. On the other hand, the country must address challenges related to economic governance, corruption, and the efficiency of the public sector (BMCE Bank, 2021).

In terms of foreign trade, Morocco has established trade agreements with numerous countries and regions, including the European Union, Sub-Saharan African countries, and Gulf countries. These agreements aim to facilitate trade and promote Moroccan exports. However, the trade deficit remains a concern, and Morocco seeks to diversify its trading partners and promote the export of value-added products (Chakib, 2020).

In this regard, the overview of the Moroccan economic environment reveals both opportunities and challenges. The country has

achieved sustained economic growth but still faces structural challenges such as unemployment and socioeconomic inequalities. Morocco is also striving to improve the business climate and promote entrepreneurship and innovation. However, challenges remain in terms of economic diversification, governance, and competitiveness. Reforms and strategic policies are necessary to further strengthen the Moroccan economy and foster sustainable development.

In this challenging context, entrepreneurial innovation emerges as a key driver of economic growth, job creation, and competitiveness. The Moroccan government has implemented initiatives and policies to support entrepreneurial innovation, such as the Morocco Innovation Plan 2020, which aims to promote innovation in various strategic sectors.

### **Entrepreneurial Innovation: A Motto for Strengthening Morocco's Economic Performance**

Entrepreneurial innovation has become a crucial motto for strengthening Morocco's economic performance. Indeed, innovation plays a key role in creating value added, enhancing business competitiveness, and diversifying the country's economy.

In Morocco, similar to various other nations, institutions of higher education have acknowledged the significance of fostering an entrepreneurial mindset among students specializing in economics and management. The Plan Maroc Entrepreneurs exemplifies the Moroccan government's dedication to promoting entrepreneurship and innovation within the country.

According to the Global Entrepreneurship Monitor (GEM) 2020-2021 report, Morocco stands out with a high rate of entrepreneurship, with numerous individuals engaged in entrepreneurial activities. However, to maximize the economic impact of entrepreneurship, it is essential to foster innovation and encourage the

transformation of ideas into innovative products, services, and processes (GEM, 2021).

The Moroccan government has identified innovation as a strategic lever for economic development. Several initiatives and policies have been implemented to promote entrepreneurial innovation throughout the country. For instance, the Industrial Acceleration Plan 2014-2020 aims to support the emergence of innovative companies and promote job creation in high-value-added sectors such as aerospace, automotive, and renewable energy (Ministry of Industry, Trade, Green and Digital Economy, 2014).

Morocco has also developed a dynamic innovation ecosystem, including incubators, accelerators, co-working spaces, and research centers. These structures provide support to entrepreneurs by offering resources, guidance, and networking opportunities (Sahli, 2019).

Furthermore, the country has engaged in international partnerships to strengthen innovation and technological cooperation. For example, Morocco is a member of the Africa 4 Tech Initiative, an initiative aimed at stimulating technological innovation in Africa through training, mentoring, and investment programs (Africa 4 Tech, 2021).

Entrepreneurial innovation not only contributes to economic growth but also to job creation and improved competitiveness of Moroccan businesses in international markets. Studies have shown that innovative firms tend to outperform, generate more revenue, and create higher-quality jobs (Schenkel et al., 2019; Wang et al., 2019).

In this perspective, entrepreneurial innovation has become a fundamental pillar for strengthening Morocco's economic performance. The efforts made by the government and the emergence of a dynamic innovation ecosystem demonstrate the importance given to innovation as a driver of economic growth and the country's competitiveness. However, additional actions are needed to further stimulate entrepreneurial innovation and maximize its impact on the Moroccan economy.

## Contributions and Limitations of Entrepreneurial Innovation for the Moroccan Economy

Entrepreneurial innovation plays a crucial role in the economic development of Morocco, bringing significant benefits while presenting certain limitations. This dynamic is studied from various perspectives and recent research.

According to a study conducted by Lahlou et al. (2022), entrepreneurial innovation contributes to economic growth by promoting job creation, stimulating firm productivity, and enhancing competitiveness in domestic and international markets. Innovative entrepreneurs introduce new ideas, technologies, and business models, resulting in tangible economic benefits for Morocco.

However, it is also important to consider the limitations of entrepreneurial innovation in the Moroccan context. According to a study by Amzil et al. (2021), some of the main limitations include limited access to financing, low technological absorptive capacity, regulatory and administrative constraints, as well as a lack of entrepreneurial skills and collaboration among innovation system actors.

To overcome these limitations, the Moroccan government has implemented various initiatives and policies to support entrepreneurial innovation. For example, the Industrial Acceleration Plan 2014-2020 was established to encourage the development of high-value-added sectors and promote innovation in the industry (Ministry of Industry, Trade, Green and Digital Economy, 2014). Additionally, the Morocco Innovation Plan 2020 aims to strengthen the country's innovation capacity through measures such as supporting research and development, promoting innovative entrepreneurship, and establishing innovation hubs (Ministry of Industry, Investment, Trade, and Digital Economy, 2015).

It is also important to highlight the significance of the innovation ecosystem in supporting entrepreneurial innovation. Morocco has incubators, accelerators, and research centers that provide support to entrepreneurs by

offering infrastructure, guidance, and networking opportunities (El Amrani et al., 2021).

In this regard, entrepreneurial innovation brings significant benefits to the Moroccan economy, such as job creation, improved productivity, and business competitiveness. However, limitations such as limited financing and regulatory constraints need to be addressed to fully harness the potential of entrepreneurial innovation. Government initiatives and the innovation ecosystem play a key role in supporting entrepreneurial innovation in Morocco and mitigating the identified limitations.

## Conclusion

To sum up, entrepreneurial innovation plays a vital role in enhancing Morocco's economic performance. The government's proactive measures and the development of a thriving innovation ecosystem underline the significance of innovation in driving economic growth and competitiveness. Entrepreneurial innovation not only fosters job creation but also enhances business productivity and promotes economic diversification in Morocco. However, certain limitations, such as lack of funding and regulatory constraints, need to be addressed in order to fully harness the potential of entrepreneurial innovation. The Moroccan government has implemented various initiatives and policies to support entrepreneurial innovation, including the Industrial Acceleration Plan and the Morocco Innovation Plan. Additionally, the innovation ecosystem provides valuable support to entrepreneurs by offering resources, guidance, and networking opportunities.

It is crucial to continue promoting entrepreneurial innovation in Morocco by enhancing access to financing, improving technological absorption capacity, streamlining regulations, and strengthening entrepreneurial skills. By investing in innovation, Morocco can stimulate economic growth, create more jobs, and enhance its competitiveness in international markets.

In summary, entrepreneurial innovation is the key to ensuring a prosperous future for the Moroccan economy. By fully leveraging its potential, Morocco can solidify its position as a regional innovation hub and pave the way for sustainable and inclusive growth. Innovation is the driving force that will propel Morocco towards a promising economic future.

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