

## Governmental Strategies for Enhancing the Competitiveness of Small and Medium Enterprises in Algeria

إستراتيجية الحكومية لتعزيز التنافسية للمؤسسات الصغيرة والمتوسطة في الجزائر

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### Abstract:

This study aims to analyse the governmental strategies for enhancing the competitiveness of SMEs in Algeria, using a survey contained 89 SMEs from six wilaya, and the collected data was processed by SPSS 24 Program.

The study concluded that the construction of a competitive and integrated institutional fabric requires more focus on developing entrepreneurship spirit, the promotion of subcontracting and integration between the support organs and economic sectors, in addition to the strengthen of investment in the quality, knowledge and innovation entrances.

**Key words:** Competitiveness, SMEs, Rehabilitation, Support.

**Classification JEL:** R38, H53.

ملخص:

تهدف هذه الدراسة إلى تحليل الاستراتيجيات الحكومية لدعم القدرة التنافسية للمؤسسات الصغيرة والمتوسطة في الجزائر، حيث تم تصميم استبيان شمل 89 مؤسسة تنشط على مستوى ستة ولايات، وتم معالجة البيانات المجمعة بواسطة برنامج SPSS v.24. وخلصت الدراسة إلى أن بناء نسيج مؤسسي تنافسي ومتكامل يتطلب المزيد من التركيز على تطوير روح المبادرة، وتعزيز التعاقد من الباطن ورفع مستوى التكامل بين أجهزة الدعم والقطاعات الاقتصادية، بالإضافة إلى تعزيز الاستثمار في مداخل الجودة والمعرفة والابتكار.

الكلمات المفتاحية: القدرة التنافسية، المؤسسات الصغيرة والمتوسطة، التأهيل، الدعم.

تصنيف JEL: R38, H53

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## INTRODUCTION

The development of Small and Medium Enterprises (SMEs) in various areas of economic activity has become a subject that attracts an increasing interest of States and organizations. This type of enterprises have characteristics that enable their to respond to market opportunities thanks to the flexibility of the techniques used to manage their activities, and the small size of the infrastructure allows their to be present in various domestic and international markets, in addition to providing more attractive investment opportunities due to the modest capital needed to exploit the projects. In the light of experiences and analytical studies on the role of SMEs in increasing the economic and social growth of developing countries, Algeria has adopted a number of programs to rehabilitate the SMEs, improve their performance and enhance their competitiveness.

### Statement of the Problem:

Algeria has realized that addressing the issue of supporting and developing the competitiveness of SMEs is one of the stakes that may determine the future of the economy in general and the future of SMEs in particular, especially after the efforts made since the beginning of the new millennium and the size of programs and means used to accelerate the pace of this sector, which called for planning a precise methodology to address the challenges of the contemporary economic environment. Facing these variables, the problematic features emerge in the main question:

To what extent have governmental strategies contributed to the support and rehabilitation of SMEs in Algeria?

### Hypotheses of the study:

**The main hypothesis:** There is no statistically significant relationship ( $\alpha=0.05$ ) between the competitiveness of SMEs and governmental strategies of support and rehabilitation.

- **1st partial hypothesis:**

**H<sub>0</sub>:** There is no statistically significant relationship between the competitiveness of SMEs and governmental rehabilitation mechanisms.

- **2nd partial hypothesis:**

**H<sub>0</sub>:** There is no statistically significant relationship between the competitiveness of SMEs and the nature of their problems.

- **3rd Partial Hypothesis:**

**H<sub>0</sub>:** There is no statistically significant relationship between the competitiveness of SMEs and the effectiveness of governmental structures of support.

### Objectives of the study:

- Highlighting the mechanisms and main axes adopted in the rehabilitation of SMEs in Algeria.
- Evaluation of programs and structures supporting the competitiveness of SMEs.
- Analysis of the nature of the problems faced by Algerian SMEs.
- Corrigendum governmental strategies for strengthen the position of SMEs in domestic and foreign markets.

### Approach of the study:

In order to address the problematic of the study, analyze its components and dimensions and discuss the results, we adopted the descriptive and analytical approaches, as well as we used the case study approach in the empirical side, which is an evaluation statistical study that based on a survey.

## **I. LITERATURE REVIEW**

### **1. Study of United Nations Conference on Trade and Development (2005):**

The study agreed on the importance of national policy space needed to promote the SME sector within the new context of globalization. It was emphasized that public policies must be directed to resolving the problems of increasing structural heterogeneity, to reintegrating people from the informal to the formal sector, and to reducing the productivity gap with external economies. The study recommended that public policies must have a strategy of promoting SMEs that takes into account how macro, meso and micro elements interact with each other. It was suggested that public policy could act in three directions: a) Sectorial funds (raised for example by taxing TNCs and other big firms) can be used to bring together universities, big firms and SMEs to work on technology, b) demand-side policy can be used to create domestic demand through adequate macroeconomic policy, without relying only on exports to boost production, and by encouraging big firms to link with SMEs by including this element in public bidding conditions, c) competition policy can be used to protect not only consumers but also producers.

### **2. Study of OECD Conference for Ministers responsible for SMEs and Industry Ministers (2000):**

The study concluded the main policy to encourage and support SMEs are to raise awareness among SMEs of the potential benefits offered by such partnerships; to foster business to business contacts by supporting SME participation in appropriate international fairs and the creation of appropriate databases; to review existing legal frameworks from the point of view of encouraging foreign co-operation with domestic SMEs; to take steps to support the development of international networking capacity; to offer specialist advisory and training support to help firms exploit the Internet for searching for partners; to develop cross-border partnership support programs; and to facilitate linkages between support organizations and diaspora communities, that often represent significant social capital in relation to the development of cross-border partnerships.

### **3. Study of György Kadocsa & László Borbás (2010):**

The new Government is required to popularize the entrepreneurial culture and to strengthen entrepreneurial skills and knowledge. The study considered it necessary to guarantee equal chances for all firms, irrespective of their form of ownership, size, or other features. The support of micro firms and small enterprises should be widened relating to the whole lifecycle. Micro crediting and credit guarantee systems and their stock should be strengthened, and supplemented by education and counseling. The study emphasized that the Government policy should be transparent, stable, and calculable in the long run, as well as the harmonization of the far-reaching and numerous SME development infrastructure.

### **4. Study of Safal Batra et al. (2015):**

The study tried to understand relevant strategic orientations which enable innovation in SMEs. It concluded that unlike the western context where supporting the creation of unique resources is crucial for innovation, creating dynamic resources makes the most difference for Indian SMEs. Hence, Indian SMEs that can reconfigure their resources according to the prevailing opportunities

are more likely to succeed. Further, with adequate customer information and awareness, firms can make the best usage of their dynamic resources towards creating successful innovations.

## II. THEORETICAL FRAMEWORK:

### 1. Definition of competitiveness:

"Porter" (1990) argues that competitiveness is the ability of an institution to attract and support activities that achieve excellence over others (Chosniel, Selorm, & David, 2014).

"Vilev" (2007) argues that competitiveness is the firm's ability to provide continuous improvements that create and support a sustainable competitive advantage based on excellence in economic performance (Sibel, 2015).

"Li" (2011) defines the competitiveness as the ability of the enterprise to achieve the desired objectives (revenues, market share ...) as well as ensure long-term development and sustainability (Ramadhilla & Donald, 2014).

### 2. The SMEs in Algeria:

Although the existence of SMEs in Algeria since independence, their details were not finalized until the emergence of Law No. 01-18 related to the promotion of SMEs, which was amended by Law No. 17-02.

According to article 05 of Law No. 17-02 of 10 January 2017, "A small and Medium-sized Enterprise, whatever its legal nature, is defined as the enterprise for the production of goods or services" and respect the criteria showing in the following table:

*Table n°(01): Criteria for the definition of SMEs in Algeria*

	Number Of Employees	Business Turnover	Balance Sheet
Micro Enterprises	1 - 9	≤ 40 million DA	≤ 20 million DA
Small Enterprises	10 - 49	≤ 400 million DA	≤ 200 million DA
Medium Enterprises	50 - 250	400 million - 4 billion DA	200 million - 1 billion DA

*Source: Law No. 17-02. of 10 January 2017. Algerian Official Journal, No. 02-2017, p. 6.*

The total number of SMEs in the end of 2016 was 993,170 Very Small Enterprises, equivalent to 97.12%, followed by 26,281 Small Enterprises, equivalent to 2.57%, while the Medium Enterprises recorded a very weak number about 3,170 equivalent to 0.31%.

Morale SMEs had a strong presence in the services, construction and public works sectors with 52.52% and 30.34%, respectively. The industrial sector recorded a significant of 15.56%, while the sectors of agriculture, energy, fuel & mining presented just 1.10% and 0.48%, respectively.

According to the spatial distribution of the National Plan for the Maintenance of the Territory (NPMT), most of the SMEs are concentrated in the north with a number of 400,615 SMEs with a rate of 69.56%, and to a lesser extent in the highlands with 125,696 SMEs with a rate of 21.83%, and in the south with 49,595 SMEs with a rate of 8.61% (MIM, May 2017).

## 3. GOVERNMENTAL STRATEGIES FOR ENHANCING THE COMPETITIVENESS OF SMEs IN ALGERIA

**3.1. Rehabilitation of the legal frame:** The interest in SMEs sector started through:

**3.1.1. Guideline Law for the Promotion of SMEs No. 01-18:** This Law aims to define policies and

measures of assistance and support for SMEs, in addition to promoting their performance, competitiveness and harnessing all necessary means to qualify this sector (OJPDRA, Guideline Law for the Promotion of SMEs No.01-18, 2001).

**3.1.2. The SMEs Development Law No. 17-02:** This Law aims to stimulate economic growth by improving the environment of the SMEs, creating the conditions of their establishment, enhancing their performance and competitiveness (OJPDRA, Guideline Law for the Developing of SMEs No.02-17, 2017).

**3.1.3. Investment Laws:** The Order No. 01-03 devoted absolute freedom to investment in accordance According to Article 4 thereof, and made important corrections to stimulate the spirit of domestic investment and improve the administrative and legal environment. The scope of guarantees was also expanded through Order No. 06-08 (OJPDRA, Order No. 06-08, 2006). On the other hand, the Algerian legislator, through the Investment Act 16-09, aimed improving the privileges related to tax exemptions during the completion and exploitation phases, and modifying the additional incentives (OJPDRA, Law No. 16-09, 2016).

**3.2. Rehabilitation the economic environment:** The Ministry of Industry and Restructuring has prepared a special program for the rehabilitation of industrial zones and areas of activity. The project was launched in August 2005, and it allocated for this operation about 27 billion DA. Article 15 of Guideline Law No. 17-02 dealt with the various approaches for assisting and supporting the promotion of SMEs (OJPDRA, Guideline Law for the Developing of SMEs No.02-17, 2017).

**3.3. Financing:** The financial mechanisms in Algeria are waiting for an effective reform of the banking system. Support mechanisms include the establishment of an Investment Loan Guarantee Fund for SMEs, and engaging into a partnership agreement with public and Islamic banks to promote the private sector and facilitate financial intermediation. Two new funds were programed for establishment in January 2004 (Si Lakhel, Décembre 2012):

- **Loan Guarantee Fund:** Established by Decree No. 273/02 of 11 November 2002 for SMEs, with a capital of 30 billion DA.
- **Investment Risk Guarantee Fund:** Established in 2004 with a capital of 3.5 billion DA, as well as to the financing by the rental loan. A leasing company was established in Morocco for the rental loan of Algeria, with a joint Tunisian-European capital, approved by the Monetary and Loan Council in October 2005.

**3.4. Strengthening the Fiscal System:** In addition to the tax and semi-tariff incentives stipulated in Investment Law No. 16-09 of 03 August 2016, the investor can benefit from the following advantages during the completion and exploitation phases (OJPDRA, Law No. 16-09, 2016):

- Exemption from customs rights in respect of imported goods entering directly into the completion of the investment;
- Exemption from VAT on goods and services directly involved in the completion of the investment;
- Exemptions related to the payment of the right of transfer of ownership, the right to register, the fee for advertising and real estate charges;
- Discounts relating to the amount of rental royalties and exemptions for corporate profits and professional activity tax;

- Improve the concessions for the expansion areas and the special zones;

**3.5. Upgrading the administrative environment:** Algeria has focused on simplifying procedures and reducing the constraints that hinder some field applications. The facilitation centers assist the registration procedures, the media, the guidance, the accompaniment and the support of the establishment of SMEs, as well as releasing accompanying investors cells, and the unique wicket. This sector benefited from 40 billion DA under the supplementary program to support economic growth 2005-2009. These efforts will be pursued notably through (Premier-Ministre, Septembre 2017):

- Training of public administration personnel, as well as the modernization and computerization of public services;
- Acceleration of the circulation of modernized administrative documents and documents;
- The development of electronic self-service at the public administrations and the generalization of electronic certification.

According to the Investment Act 16-09, The Benefits Management Center will ensure that the list of goods and services related to advantages will not exceed 48 hours.

**3.6. Human Capital Valuation:** As the human element is the main axis in the process of change, State allocated \$ 10 million for the formation of managers in the SME sector. 72 operations have been completed, 60 of which have been allocated to public enterprises. Through the German-German cooperation program "SME/Conform", the ministry allocated approximately 3 million Deutsche Mark to improve the investors business in SMEs and develop the consultancy branch. The operation, which began in April 1992, involves the formation of 90 German components, who have also tasks to upgrade about 2,500 investors (Mesghoni, 2012).

**3.7. The Information System:** The Agency sets up an information system that is in particular a tool for exploring and assisting decision-making. Article 35 of Law 17-02 also targets the various bodies entrusted with providing the economic information system with the data contained in the cards in their possession. As well as (Premier-Ministre, Septembre 2017):

- Digital coverage of the entire territory;
- The development of very high speed access to support the modernization of governance and meet the needs of all users including economic agents;
- Encouraging the development of local service providers;
- Supporting the increased use of economic and financial agents in the use of information technologies in the context of the modernization of their organizations and their services;
- Improving risk prevention and securing telecommunications infrastructure and networks.

**3.8. Upgrading of Subcontracting and Partnership:** The Ministry is in the process of raising the awareness of the importance of expanding the area of exchanges and it is implementing a decree to establish a national council for subcontracting and partnership. Article 17 of Law 17-02 establishes a special agency to develop the subcontracting and strengthen the integration of national capacities through the tasks assigned in articles 31 and 32 of the same Law.

**3.9. Consultation and Dialogue:** The Ministry has initiated meetings with professional associations and employers' organizations to discuss the problems hindering the development and promotion of

the sector. According to Article 24 of Law 17-02 the National Council for Consultation was established for the Development of SMEs.

**3.10. Rehabilitation and strengthening of infrastructure:** A national plan was adopted for the continuous maintenance of roads, ports and airports, and the renovation of the national park of railway, in addition to opening up space for the private sector to open workshops for spare parts and advertising institutions and increase their efficiency.

**3.11. Environment:** This theme was concerned with the preparation of a project related to the environment and its protection strategies, with a commitment to respect international standards.

**3.12. National Innovation Award for SMEs:** Recognizing the critical importance of supporting innovation in SMEs, the Ministry of Industry and Mines launched its first edition of the National Innovation Award for SMEs in 2009. The National Innovation Award aims to support innovation and the use of research and development in SMEs to improve their competitiveness. It encourages also SMEs active in industry, services and information & communication technologies that have achieved innovation in the product, operational processes or management to lead them towards excellence (OJPDRA, Executive Decree No. 08-323, 2008).

**3.13. Launching of Rehabilitation Programs:** Algeria has adopting suite of Rehabilitation Programs such as (Azouaou, 21-23 Juin 2010):

National Industrial Rehabilitation Program; Program to develop information processing bourses; MEDA Program for the Development of SMEs; German Technical Commission (GTZ); Cooperation with the World Bank; UNIDO & Islamic Bank; SME Support and Control ICT Program.

### **III. CASE STUDY OF A SAMPLE OF SMES**

#### **1. Sample of the study:**

In the field of empirical study, 150 surveys were distributed in six wilaya: Algiers, Oran, Tlemcen, Sidi Bilabas, Relizane and Tiaret. 113 surveys were retrieved at a rate of 75%. However, 24 surveys were excluded for formal and objective reasons, and finally the sample consisted of 89 SMEs.

#### **2. Study Tools:**

##### **2.1. Data collection tool:**

In order to analyze the governmental strategies for enhancing the competitiveness of SMEs in Algeria, a survey was designed according to previous studies, and which adapted to the subject and sample specifics. We will address two sections, the first includes the information and characteristics of the sample, and the second one treats governmental strategies for enhancing the competitiveness of SMEs, in the form of multiple-choice questions.

##### **2.2. Data processing tool:**

The study required the use of Excel version 2013 and SPSS version 24 programs in order to treat data and extract results.

##### **2.3. Measurement of survey stability:**

In order to demonstrate that the survey measures the target variables and verifies their validity, the internal consistency test of their coefficients was performed by calculating the Alpha Cronbach coefficient. The results showed that the instrument has a high stability coefficient of 92% which is very high and acceptable for conducting and implementing the study.

**3. Results of the study:**

**3.1. Descriptive analysis of the study sample:**

For the section of basic informations, the results were obtained after unloading the set of surveys as follows:

**3.1.1. Enterprise size:**

A total of 89 SMEs were categorized as follows; 30 Micro Enterprises (33.7%); 31 Small Enterprises (34.8%) and 28 Medium Enterprises (31.5%).

**3.1.2. Age of the enterprise:**

The results of the study indicated that out of the 89 enterprises interviewed, 12(13.5%) had been in existence for less than 5 years, 29 (32.6%) firms between 5 and 10 years and 48(53.9%) firms over 10 years.

This showed that over 86% firms had been in existence for more than 5 years experiencing the challenges from the globalized market with increased levels of competition in their backyards.

**3.1.3. Ownership:**

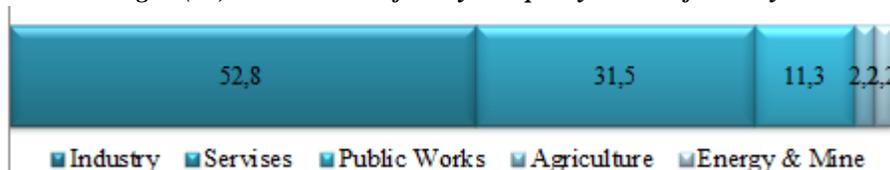
The results of reports published by the Ministry of Industry and Mines show that private SMEs are increasing rapidly and which consistent with the current study data.

The number of private SMEs was 75 (84%), while the number of public SMEs was 14 (16%), similar to traditional crafts, which did not register any participation.

**3.1.4. Activity:**

The sample included 47 industrial SMEs (52.8%), 28 service SMEs (31.5%), 10 SMEs active in the public works sector (11.3%), while SMEs active in the field of agriculture, energy and mining registered a very weak ratios which estimated at 2.2% of each.

*Fig n\*(01): Distribution of Study Sample by Sector of Activity*



*Source: Elaborated by the researcher using Excel*

In terms of the distribution of the industrial SMEs according to their type of activity, the data shows that the SMEs active in the food industry ranked first with 28 SMEs (59.6%), followed by the iron and steel industry with 5 SMEs (10.6%), while the construction materials industry came in third place with 4 SMEs (8.5%), while the chemical & plastic industries, the mechanical & electrical industries as well as the paper & wood industry ranked very late at rates ranging between 4.3% and 2.1%, respectively.

**3.2. Analysis of the results:**

**3.2.1. Evaluation of governmental mechanisms for supporting the competitiveness of the study sample:**

The data of the table (2) shows that the sample of the study expressed an average level of satisfaction (sometimes satisfied) with the governmental mechanisms used to support their

competitiveness, as indicated by the terms of improving the level of knowledge of human resources, the appropriateness of legislations and laws, raising the efficiency of the banking system, the incentives of the fiscal system and the stability of the economic environment, through their means which was limited between 2.65 and 3.21. Such as the fairness and simplicity of administrative procedures and the modernization and strengthening of infrastructure, which recorded a relatively low satisfaction level (often dissatisfied) with a mean of 2.16 and 1.97, respectively.

*Table n\*(02): Satisfaction with the support governmental mechanisms*

Items	Mean	Standard Deviation	Level of satisfaction
Compliance with legislation and laws	3.17	1.09	Sometimes satisfied
Tax system incentives	3.06	1.11	Sometimes satisfied
Raise the efficiency of the banking system	3.12	1.14	Sometimes satisfied
Improve the level of knowledge of human resources	3.21	1.12	Sometimes satisfied
Integrity and simplicity of administrative procedures	1.97	1.25	Not often satisfied
Stability of the economic environment	2.65	1.01	Sometimes satisfied
Upgrading and strengthen infrastructure	2.16	1.26	Not often satisfied

*Source: Elaborated by the researcher using SPSS Program*

### 3.2.2. Problems and constraints facing SMEs:

From the following table, we note that all the items related to the problems and obstacles faced by SMEs were existed but in varying degrees. The factor of complexity of the administrative procedures ranked first with a mean of 4.15, followed by the weakness of the infrastructure in second place with a mean of 3.96, than the problem of lack of funding's sources with a mean of 3.83, in addition to the weakness of government services and the constraint of the real estate with means of 3.53 and 3.42, respectively, while the access to technology ranked last with a mean of 3.02 and a standard deviation of 1.07.

*Table n\*(03): Problems and constraints facing SMEs*

Items	Mean	Standard Deviation	Level of satisfaction
Lack of funding sources	3.83	1.20	Often exist
Weak infrastructure	3.96	1.06	Often exist
Access to technology	3.03	1,07	Sometimes found
Real estate problems	3.42	1.26	Often exist
Weak government services	3.53	1.02	Often exist
Complexity of administrative procedures	4.15	1.13	Often exist

*Source: Elaborated by the researcher using SPSS Program*

### 3.2.3. Evaluation of SMEs' support structures:

The sample of the study found that the support structures which were derided by the government to sustain and accompany SMEs were relatively effective, recording a mean of 3.40, while the government support programs expressed a neutral tendency with a high correlation between the responses (80% of sample), which is shown by the standard deviation of 0.56.

*Table n\*(04): Effectiveness of governmental support programs and structures*

Items	Mean	Standard Deviation	Level of satisfaction
Support Programs: Industrial Rehabilitation Program, MEDA Program, GTZ Program ...	2,87	0,56	Neutral
Support structures: ANSEJ- ANJEM-ANDI-APSI - CALPI -FGAR ...	3,40	1,10	Relatively effective

*Source: Elaborated by the researcher using SPSS Program*

#### **4. Discussion:**

##### **4.1. Evaluation of governmental mechanisms for supporting the competitiveness of the study sample:**

Through previous data, the SMEs managers show that the efforts made by the government to rehabilitate the administrative environment had no effective impact in boosting their competitiveness, despite the modifications made by some structures such as the National Agency for Youth Employment Support by reducing the number of the required documents, as well as committees for studying files and procedures to address them.

These facts are in line with the World Bank's Doing Business report over the last five years, revealing that Algeria is less distinguished for the majority of measures to support and accompany enterprises. The report shows that the administrative procedures to register a new enterprise require 13 procedures, and file processing lasts approximately 25 days, while the cost of business registration for GNP per capita is 12%. As well as the bad exploitation of functions and the corruption in the Algerian administration.

Despite the volume of investments achieved in the infrastructure field, it did not allow the SMEs to benefit from the advantages provided by this portal, and most of the respondents agreed that the shortfalls were in the quality of the projects and the length of their incarnation, such as the east-west road, the tramway project, the new railway line, and the decline in government services..

The sample of the study showed a degree of satisfaction with the appropriateness of legislation and laws in line with the series of periodic updates issued by the authorities such as the Guideline Law for the development of SMEs, investment laws and competition, and agreed that the problem lies in the embodiment of the contents of these latter. As for the fiscal system and according to the tax and semi-tariff incentives stipulated in Investment Law 16-09 of 03 August 2016, the investor can benefit during the completion and exploitation phases from several advantages including exemption from customs duties, Property transfer and others, In contrast, the tax rate under the Finance Act of 2017 was raised from 7% to 9% as well as from 17% to 19%, which respondents considered an increase in the leakage of financial flows to serve the external burdens.

Government interventions have also encouraged industrial subcontracting through the launch of cars manufacturing and installation projects in several industrial areas such as Relizane, Tiaret and Oran. In contrast, other measures have undermined the study sample by issuing a ban on importing 900 products in 2018.

##### **4.2. Problems and constraints facing SMEs:**

It is clear from the previous data that the sample of the study is facing a number of obstacles and constraints that prevented its growth and enhance its ability to compete in the domestic markets.

In order to address this latter, government must take into account the problems that are origin of the SMEs, means those fragile characteristics that accompany the SMEs during their launch on the one hand, as well as the problems and challenges posed by the external environment at certain stages of their activity, and from this perspective can be considered that the mechanisms of upgrading this type of enterprises depends largely to the understanding and diagnosis of the nature of their problems.

In the same context, the sample of the study suffers strongly from the complexity of administrative procedures, weak infrastructure, lack of sources of funding in the first place, in addition to the weakness of governmental services and real estate problems to a lesser degree.

**4.3. Evaluation of SMEs' support structures:**

80% of the study sample expressed a neutral view towards the effectiveness of governmental support programs. These results can be explained by either not being nominated to take advantage of the benefits provided by the industrial rehabilitation program or the GTZ program, or because their files are rejected due to poor diagnosis and weak target dimensions, these data are in line with the weak results recorded by the National Rehabilitation Program based on what was planned in advance. The program was designed to qualify more than 20 thousand enterprises, equivalent to 3% of the national park for SMEs for the period 2010-2014, while received only 4023 files equivalent to 20% of the target number.

The very weak results that were recorded by the rehabilitation programs in Algeria take into account two important reasons, the first is the weakness of the SMEs' confidence in the rehabilitation programs, and the second involves the complexity of the procedures for benefiting from programs. Most previous studies have revealed that the primary purpose of integrating into these programs is to obtain funding while ignoring other objectives such as quality management, production and innovation.

As for the support structures, the National Agency for Youth Employment Support remains the most attractive structure for project holders, in view of the privileges it grants as well as the training, supervision and accompaniment of the project. In essence, most of these structures are highly prioritized with the establishment, and is concerned with the micro enterprises in particular, which means that they are not aimed at enhancing the competitiveness of SMEs. The interview also showed that most of managers did not realize the structures for supporting and developing issues related to this type of firms.

**5. Test of Hypotheses:**

**5.1. Test of the 1<sup>st</sup> Hypothesis:**

In order to test the first partial hypothesis, the analysis of the unilateral variance was used to determine the disparity of the competitiveness of the study sample according to the different governmental rehabilitation mechanisms. The results of this test were as follows:

*Table n\*(05): Analysis of the unilateral variance of competitiveness according to governmental rehabilitation mechanisms*

Items	Governmental Rehabilitation Mechanisms		
	Degree of freedom	F	Sig
<b>Competitiveness</b>	(70---18)	2.199	0.010

*Source: Elaborated by the researcher using SPSS Program*

The results of Table (5) indicate that the level of significance (sig = 0.010) and the calculated F value (2.199) is greater than the F-table value (1.836) at the degree of freedom (70---18), so we reject the null hypothesis and accept the alternative hypothesis which states that there exists a statistically significant relationship between the competitiveness of SMEs and government rehabilitation mechanisms.

**5.2. Test of the 2<sup>nd</sup> Hypothesis:**

As for the second partial hypothesis, the one sample T-test was used to determine the disparity of competitiveness among the problems faced by the sample of the study. The results of this test resulted in the Table (6):

*Table n\*(06): T test for the impact of the problems faced by the sample of the study on the variability of its competitiveness*

Problems and Obstacles	Test value T = 3					
	T calculated	Degree of freedom	Sig	General Mean	Difference between Means	Result
Lack of funding sources	6.492	88	0.000	3,83	0.831	Reject
Weak infrastructure	8.460	88	0.000	3,96	0.955	Reject
Difficulty acquiring technology	0.297	88	0,767	3,03	0.034	Accept
Real estate problems	3.114	88	0,002	3,42	0.416	Reject
Weak government services	4.868	88	0.000	3,53	0.528	Reject
Complexity of administrative procedures	9.537	88	0,000	4,15	1.146	Reject

*Source: Elaborated by the researcher using SPSS Program*

The results of the previous table indicate that most of the obstacles have a significance level of less than 0.05, and that the calculated T value is greater than the T-table value (1.990) and the general mean is greater than the mean of the test except for the difficulty of acquiring technology. We accept the alternative hypothesis which states that there is a statistically significant relationship between the competitiveness of SMEs and the nature of the problems they face.

**5.3. Test of the 3<sup>rd</sup> Hypothesis:**

The one sample T-test was also used to test the validity of the third hypothesis and to determine the effectiveness of support programs and structures in enhancing the competitiveness of the sample. The following table illustrates the results of this test:

*Table n\*(07): T test of the effectiveness of support programs and structures*

Problems and Obstacles	Test value T = 3					
	T calculated	Degree of freedom	Sig	General Mean	Difference between Means	Result

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## Governmental Strategies for Enhancing the Comp ...

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Support Programs	-2.240	88	0.028	2.87	-0.135	Reject
Support Structures	3.454	88	0.001	3.40	0.404	Accept

*Source: Elaborated by the researcher using SPSS Program*

For the effectiveness of support programs for enhancing the competitiveness of SMEs, the results of table (7) indicate that the calculated T value is less than the T-table value at the degree of freedom 88, and the general mean is lower than the mean of the test, thus accepting the null hypothesis which states that there is no statistically significant relationship between government support programs and the competitiveness of SMEs.

As for the effectiveness of the support structures for enhancing the competitiveness of SMEs, the results of the previous table indicate that the calculated T value is greater than the T-table value at the degree of freedom 88 and the general mean is greater than the mean of the test, thus rejecting the null hypothesis and accepting the alternative hypothesis which states that there is, a statistically significant relationship between government support structures and the competitiveness of SMEs.

### **Conclusion:**

The construction of a competitive and integrated institutional fabric in Algeria in light of the international economic environment's challenges, requires more focus on the development of the entrepreneurship spirit, the promotion of subcontracting and integration between the support organs and economic sectors, in addition to the strengthen of investment in the quality and innovation entrances. From this point, the corrigendum of governmental strategies must be based on an accurate knowledge of the sector's circumstances and potentials, as well as understanding and diagnosing the problems that prevent the promotion and development of the competitiveness of Algerian SMEs.

The very weak results recorded by the rehabilitation programs in Algeria take into account two important reasons, the first is the weakness of the SMEs' confidence in the rehabilitation programs, and the second involves the complexity of the procedures for benefiting from programs, and the majority of the support structures have priorities related to the establishment of enterprises, and is concerned with the small enterprises in particular, which means that they are not aimed to enhancing the competitiveness of SMEs, with weak embrace innovative enterprises.

The orientation of government structures to support the establishment of micro and small enterprises in Algeria is primarily aimed at the social dimensions related to job creation and unemployment absorption. This raises clear discrepancies between the declared goals and the actual dimension of the subject. The second negative point that weakens this policy is the lack of clarity of the objectives of the governmental efforts to establish SMEs. The governmental interests concerned do not mention the number of enterprises created by state support, and they do not give a timetable, and do not even show any targeted sectors to strengthen by new enterprises.

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