



Small And Medium Enterprise And Its Role In Reducing Unemployment Rates In Algeria: An Analytical Reading For The Period (2010-2017)

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Abstract :

Through this study, the contribution of the small and medium enterprise to reducing the unemployment problem will be highlighted during the period from 2010 to 2017, as small and medium enterprises are considered one of the most important solutions to advance the wheel of development and reduce the unemployment problem that most countries of the world suffer from, whether developed or developing

Algeria and on the basis that it is one of the countries oriented recently to the market economy, which led to the privatization of public institutions, which resulted in a high rate of unemployment in that period. This measure, in addition to other measures, worked to reduce the unemployment rate to about 11.7% in 2017. This study recommends the necessity of conducting training and awareness sessions for unemployed people, to urge and encourage them on the importance of establishing small and medium enterprises and the available income, which leads to a decrease in demand for Public jobs, which alleviates the burden of providing jobs by the government, which contributes to reducing the severity of the unemployment problem

Key Words: Small and medium enterprises, unemployment, employment, the Algerian economy.

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Introduction:

Economic life is represented as a series of activities that complement each other, and the small and medium enterprise appears as a basic link of it, as it has many advantages such as: simplicity of the technology used, small size of financing required, ability to attract small savings, as well as spreading prosperity throughout society. The impact and contribution of small and medium-sized enterprises is not limited to the economic aspect, but also goes beyond it to include the social and political aspect, because it constitutes a field for teaching administrative and technical skills and expertise, and it also provides job opportunities in various regions alike, which increases the optimal use of resources. Small and medium



enterprises have come as a successful alternative to facing the unemployment problems in which most countries are floundering, as most studies indicated that investing capital in a small project might provide more opportunities for employment than investing in a large project.

These institutions are no less important in Algeria, as they contribute a large percentage to the provision of jobs, but these institutions are still far from their leading and actual role, which led Algeria to draw up a plan in 2014 that aims to provide jobs through the creation of 200 thousand small enterprises and medium.

The problematic: Accordingly, we will try, through this study, to answer the following question: 'Did small and medium enterprises contribute to reducing unemployment rates in Algeria during the period (2010-2017)?'

Study hypotheses: To answer the question, we put forward the following hypothesis: 'Small and medium enterprises contribute to reducing unemployment rates in Algeria, by providing a significant number of jobs.'

Study Objectives : This study aims at the following objectives :

Getting to know the reality of the unemployment phenomenon in Algeria and trying to shed light on the reasons behind its spread;

Attempting to identify the reality of small and medium enterprises in Algeria;

Highlighting the effective role of small and medium enterprises as a mechanism to reduce unemployment rates;

Highlighting the challenges faced by small and medium-sized enterprises in Algeria and looking at ways to develop them.

Study methodology: In order to achieve the objectives of the research and familiarity with the aspects of the subject of the determinants of the success of the small and medium enterprise and its role in reducing unemployment rates in Algeria - an analytical reading for the period (2010-2017), the descriptive analytical approach was adopted, as well as the statistical approach by exploiting the statistical data on the rates of unemployment rates and the number of small enterprises and medium issued by the Algerian official authorities

I. The phenomenon of unemployment in Algeria:

1. The reality of the unemployment problem in Algeria:

1.1. Definition of unemployment:

According to the National Bureau of Statistics in Algeria: "A person is considered unemployed if he fulfills the following specifications: (Sarir , 2011, p. 181)

Be of working age between 15 and 64 years;

He does not own and does not find a job when conducting the statistical investigation. We note that the person who does not have a job is the person who did not practice a job even for one hour during the period of conducting the investigation;

Be in a state of search for work, as he has taken the necessary measures to find a job;

To be fully prepared and qualified to work.



1.2. Causes of the unemployment phenomenon in Algeria: The most prominent of these reasons will be summarized in the following points: (Ben Al-Ayesh, 2018, pp. 130, 131)

- Failure of economic development plans;
- The implications of implementing economic restructuring policies;
- Failure of economic correction programmes;
- Slow pace of economic growth;
- Bad management;
- Dismissal of temporary contract holders;
- Weak stimuli;
- The negative repercussions of international variables on employment.

1.3. Factors contributing to the exacerbation of the unemployment problem in Algeria: The most important factors that exacerbated the problem of unemployment in Algeria can be presented in the following points: (Ben Al-Ayesh, 2018, pp. 131, 132)

More than 80% are under 30 years old, 2/3 of the unemployed are first-time job seekers;

- The increase in the number of young graduates who are required to work;
- The incompatibility of the batches graduating from educational institutions and universities with the requirements of the labor market;
- A shortage of qualified workers and poor development of crafts;
- Weak mediation in the labor market and the presence of imbalances in bringing supply to demand in the field of employment;
- The lack of a national network to collect employment information;
- Weak flexibility in the administrative and financial environment, which constitutes an obstacle to investment;
- The weak ability of institutions to adapt to developments in the environment;
- Weighting the commercial activity over the productive investment that generates jobs;
- Weak entrepreneurial spirit, especially among young people;
- The social and cultural factor that drives a preference for paid work;
- Poor coordination between sectors;
- Weak geographical and occupational mobility of the workforce, which resulted in some job, offers not being met, especially in remote areas.

Accordingly, Algeria made great efforts to reduce or at least mitigate this phenomenon, which accelerated after the oil price collapse crisis of 1986, and the subsequent economic reforms and restructuring, which led to the layoffs of a large number of workers, and the following table shows the evolution of unemployment rates from the year 2000 to end of the year 2017.



Table 1: Evolution of unemployment rates in Algeria during the period 2000-2017.

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Unemploy ment rate %	28.29	27.30	25.7	23.7	17.7	15.3	12.3	13.8	11.3	10.2
Year	2010	2011	2012	2013	2014	2015	2016	2017		
Unemploy ment rate %	10.0	10.0	11.0	9.8	10.6	11.2	10.5	11.71		

Source: Prepared by the researcher based on the publications of the National Bureau of Statistics.

From the above table, it can be noted that the high unemployment rate that characterized Algeria, where it reached 28.89% in 2000, is due to the events accompanying that era, represented by the drop in oil prices in 1986, as well as the adoption of reform programs, including the privatization of public institutions, which resulted in mass layoffs of workers. These rates started declining year after year until 2013 when they reached their lowest level at 9.8%, This is due to the measures and policies adopted by the government to promote employment, including the issuance of the directive law for small and medium enterprises, where the government approved important measures to advance this sector, which will absorb a significant proportion of the workforce, as well as the government's approval of a set of complementary programs outside the general budget, from The most important of these are the Agricultural Development Program in 2003, which provided 455,000 jobs, the Economic Recovery Program, which was allocated 70 billion dollars and created 200,000 jobs, and the government allocated 250 million dollars in 2004 to eliminate unemployment, in addition to raising the value of investments to 10 million dinars, and expanding Supporting the SME sector (Ben dadah, 2017, p. 47), The reason for the drop in unemployment rates is also due to the implementation of the supplementary program to support growth (2005-2009), as well as the results of temporary employment agencies and the creation of activities that fall within the framework of promoting youth employment, which allowed the financing of 2,695,528 jobs in the period between 2000-2007 At a financial cost of 150 billion Algerian dinars (Qumi & Aib , 2016, p. 10), The five-year plan (2010-2014) is also considered one of the most important programs in support of the employment policy and the promotion of the daily life of the citizen. Despite the significant increases in the proportion of the population, the unemployment rates remained constant and did not exceed the threshold of 11%, recorded in 2012. During this five-year period, it was approved to allocate 40 % of the plan's resources to improve human development in the field of employment, as the five-year program is set as a target to create 3 million jobs within the year 2014, of which 1,500,000 are within the framework of public programs to support employment, As a result of the decline in oil prices again in 2015, and the consumption of a large proportion of the exchange reserves, he made the government announce an austerity policy to confront the crisis, and its first decision was to freeze the employment process in most sectors, as well as amending the retirement law, which abolished the relative retirement and unified



the retirement age of 60 years for all levels, This was exemplified by the high unemployment rates in 2015 and 2016, in light of the failure of the economic sectors to employ a large number of the unemployed. (Ben dadah, 2017, p. 48).

II. Small and medium enterprise in Algeria

1. Algeria's definition of a small and medium-sized enterprise:

In Algeria, despite the presence of small and medium-sized enterprises in it is not recent, but the decision on determining their content and content did not find its content except through Law No. 01-18 of 27 Ramadan 1422 hijri corresponding to December 12, 2001, which includes the directive law for the promotion of small and medium enterprises, Where it is defined in Article 4 of this law as an enterprise that produces goods and/or services - whatever its legal nature - that: (Official Gazette of the Algerian Republic, 2001, pp. 4, 5)

Employs from 01 to 250 people;

Its annual turnover is less than 2 billion or its annual revenue is less than 500 million DA;

It meets the criteria for independence.

In view of the economic conditions that prevailed in Algeria in the years 2015 and 2016, and the collapse of oil prices, which led to a sharp decline in the hard currency, the depreciation of the dinar exchange rate, and due to the inflation set by the government on the words of its president at 4%, a new law was issued to upgrade small and medium enterprises Repeals the previous law and defines it in its fifth article as: 'They are establishments that produce goods and services that employ from 01 to 250 people and whose turnover does not exceed 4 billion dinars or their total annual proceeds does not exceed 1 billion Algerian dinars and they respect the standards of independence.' (Official Gazette of the Algerian Republic, 2017).

2. The role of small and medium enterprises in reducing unemployment rates in Algeria:

Among the characteristics and advantages of small and medium-sized enterprises that made them able to advance the pace of economic and social development and contribute to reducing unemployment, we mention the following: (Al-Sabti & Al-Sabti , 2016, pp. 122, 123)

Promoting the spirit of individual and collective initiative by introducing economic goods or services that did not exist before, as well as reviving abandoned economic activities such as traditional industries;

The reintegration of those laid off from their jobs due to the bankruptcy of some public institutions or the reduction of the volume of employment in them as a result of restructuring and privatization, which supports the possibility of compensating some of the lost activities;

Creating new job opportunities either directly, and this is for the creators of institutions or indirectly by using them for other people, and through the creation of job opportunities, a rapid response to social demands in the field of employment can be achieved, and these institutions seek to provide work for workers who do not meet The needs of large enterprises, and usually pay less wages than what large enterprises



pay, as is the case in the United States of America, where the number of workers in small enterprises is constantly increasing. In the period between 1988 and 1992, 70% of the employment growth occurred in these institutions, which attract many individuals who have never worked, and thus contribute to reducing the unemployment volume;

Restoring all unprogrammed production cycles that large corporations disposed of in order to refocus their energies on the original activity;

It can be an effective tool for localizing activities in remote areas, making it an effective and important tool for the promotion and valorization of local wealth and one of the means of integration and integration between regions;

It can be a link in the economic fabric through the totality of the relationships that link it to the rest of the surrounding and interacting institutions that share the same inputs;

It constitutes one of the sources of income for its users, as well as an additional source for the development of the financial return of the state through various deductions and taxes;

It constitutes one of the means of integration for the informal and family sector;

It is in line with the phenomenon of abundance of labor and lack of capital because it uses simple production arts;

The ease of forming these institutions, as they do not require huge capital, and can be in the form of individuals or partnership companies, and the administrative procedures associated with their formation are simplified.

Accordingly, in view of the rampant unemployment phenomenon and its rates reaching very high levels in Algeria, in addition to being an economic and social concern in the field of employment, it required attention to small and medium industries as the most effective pattern in moving the workforce towards industrialization, and this is what was done within the framework of the 2010-2014 five-year plan. Which seeks to achieve the economic and social development of the state, and work to reduce the unemployment rate to its lowest levels, Where the employment policy between 2010 and June 2012 achieved about 78% of its objectives, due to the creation of more than 1,250,000 jobs in the economic and public sectors, while another 1,094,000 jobs were created within the framework of professional integration bodies. In addition to the goals outlined in this plan, the social network created within the framework of national solidarity contributed to the opening of more than one million jobs, i.e. 1,033 535. In this context, 279,000 micro-enterprises were established by young people between 2010 and the first semester of 2012. Within the framework of the National Agency for Supporting Youth Employment and the National Fund for Unemployment Insurance.

Among the objectives of the government's plan is to encourage partnership between the public and private sectors to assist the latter is institutions that have not established their presence in the economic market. The scheme also depends on encouraging employment to move the economic growth machine outside of hydrocarbons, in addition to reconsidering the taxes imposed on institutions in order to stimulate investment inside the country instead of importing, which encourages



the creation of jobs abroad, for example, importing cars. (Boucharf & Boukhbeza , 2014, p. 192)

The incentive measures announced by the Chairman of the National Consultative Council for Small and Medium Enterprises and taken by the state in 2011 allowed the establishment of about 50,000 mini-enterprises, mostly by young people. The main reasons for dissolving these institutions are the human factor and the environment, as the desire of some heads of newly established institutions to make profits during the first year and their inability to face the difficulties of economic and institutional life inevitably leads to the demise of these companies.

The National Rehabilitation Program, which was prepared in 2010 and has been implemented since January 2012, is responsible for bringing about a positive change in the situation of institutions in Algeria, and unlike previous programs, the first program to provide important financial means, i.e. 386 billion dinars, in addition to the measures that prepare all aspects of small and medium enterprises such as management, production chain and training This made the unemployment rate in Algeria about 9% in 2012, which is almost the same as the rate that came in the International Monetary Fund's report on the economic and social prospects in the Maghreb and the Middle East.

3. A reading of the contribution of small and medium enterprises to creating jobs and then reducing unemployment rates in Algeria during the period 2010-2017:

One of the most important social problems in Algeria is unemployment, which the public authorities have been seeking to find appropriate solutions to since its independence. The private enterprise since 1997 has a direct impact on the decrease in unemployment, and accordingly we conclude that small and medium enterprises are considered as the main pillar for achieving social goals by reducing the level of poverty and increasing employment. It can also be considered a training center by virtue of the fact that it receives unqualified and unwanted labor from one side. Large institutions.

Therefore, we conclude that the number of jobs is directly related to the number of small and medium enterprises, and due to its many characteristics, the small and medium enterprise sector is the most job-creating sector, which leads to reducing unemployment rates. 1,014,075 small and medium enterprises in 2016 created no less than 2,487,914 jobs in 2016 in the public and private sectors distributed between employers and wage earners. The following table specifies the contribution of small and medium enterprises to total employment.



Table 2: The percentage of growth in the number of small and medium-sized enterprises workers in relation to the total employment volume.

the years	2010	2011	2012	2013	2014	2015	2016
total employment	9735000	9599000	10170000	10788000	10239000	10594000	10845000
M/s employment	1625686	1724197	1848117	2001892	2157232	2371020	2540698
The ratio%	16.70	17.96	18.17	18.56	21.07	22.38	23.43

Source: Prepared by the researcher based on the publications of small and medium enterprises.

Through the preliminary reading of Table 2, it turns out that the contribution of small and medium-sized enterprises in employment exceeds 20% of the total employment in the last three years, where the highest contribution rate was in 2016 with 25,40698 jobs out of 1,0845000 as the total employment in Algeria, i.e. a percentage 23.43% Accordingly, small and medium enterprises played a major role in reducing the unemployment rate through their large and increasing contribution to employment, and this is due to the measures taken by the authorities to promote employment by creating activities and developing the spirit of entrepreneurship, which raised the number of small and medium enterprises by the end of 2017 to 1074503 AM and PM, and the table on the development of employed labor in relation to the development of the number of small and medium-sized enterprises below shows this.

Table 3: Population and Employment Evolution of Small and Medium Enterprises.

Years	Employment	Development percentage %	The number of small and medium enterprises	Development percentage %
2010	1.625.686	-	619.072	-
2011	1.724.197	6.06	659.903	6.60
2012	1.848.117	7.19	711.832	7.87
2013	2.001.892	8.32	777.832	9.27
2014	2.157.232	7.76	852.053	9.54
2015	2.371.020	9.91	934.569	9.68
2016	2.487.914	4.93	1022621	9.68
2017	2.601.958	4.58	1074503	

Source: prepared by the researcher based on: www.mdipi.gov.dz

From Table 3 it can be seen the direct relationship between the number of small and medium enterprises and employment, where the employment of Algerian small and medium enterprises increased from 1,625,686 in 2010 to 2,601,958 in 2017, i.e. an average of 53.30%. This is of course due to the increase in the number of small and medium enterprises from 619.072 AM and PM to 1074503 AM and PM, The



reason for the rise of this type of institution is due to the measures taken by the authorities to upgrade this sector, thus strengthening the economic fabric and creating jobs, especially during the five-year plan 2010-2014, where the government put the strategy of economic diversification among its priorities, in order to create diversity in jobs, especially In the private sector, which has become more attractive to labor, especially after moving towards a market economy, where this sector alone managed to create 2,452,216 jobs in 1,013,637 private institutions, and the following is the contribution of the private sector to employment in Algeria

Table 4: The contribution of the private sector to employment.

	2010	2011	2012	2013	2014	2015	2016
the hired	958.515	1.017.374	1.089.467	1.176.377	1.259.154	1.393.256	1.438.579
Employer	618.515	658.737	711.275	777.259	851.511	934.073	1.013.673
Total	1.577.030	1.676.111	1.800.742	1.953.636	2.110.665	2.327.293	2.452.216
Evolution %	-	6.28	7.43	8.49	8.03	10.26	5.36
Small and medium private	618.515	658.737	711.275	813.259	851.511	934.037	1.013.637
Evolution %	-	6.50	7.97	14.33	4.70	9.69	8.52
Workers/ number of small and medium enterprises	2	2	2	2	2	2	2

Source: (Ben dadah, 2017, p. 55)

By the end of 2016, the number of workers in private small and medium-sized enterprises reached 2,452,216 workers, with an estimated increase of 875,186 jobs, which varied between employers at a rate of 41.33% and wages of 58.66%, and the rate indicates: workers / number of workers, or the average employment in the establishment M, the low, which in all cases did not exceed (02) employees in the institution, that most of the private small and medium-sized enterprises are individual enterprises (shops, services), in contrast to what was recorded in public small and medium enterprises, where this rate ranged between 81 and 87 workers, shown in the table below.

**Table 5: The contribution of the public sector to employment.**

	employment	Evolution %	Small and medium public enterprise	Evolution %	Workers/number of small and medium enterprises
2010	48.656	--	557	--	87
2011	48.086	(1.1)	572	2.6	84
2012	47.375	(1.47)	557	(2.62)	85
2013	48.256	1.85	557	00	86
2014	46.567	(3.5)	542	(2.69)	85
2015	43.727	(6.09)	532	(1.84)	82
2016	35.698	(18.36)	438	(17.66)	81

Source: (Ben dadah, 2017, p. 56)

The employment of public small and medium enterprises decreased from 48,656 to 35,698 jobs, due to the decrease of public small and medium enterprises from 557 to 438 AD, and therefore the public sector contributes only 1.43% of the volume of employment of small and medium enterprises and by 0.32% of the volume of employment of small and medium enterprises total employment.

3. Challenges of small and medium enterprises in Algeria:

Small and medium enterprises in Algeria face a number of different challenges, forcing a number of them to terminate their activities, and the Algerian state is working to identify these obstacles in order to reduce them and help small and medium enterprises to overcome them, as 34,471 small and medium enterprises completed their activity during the year 2016, including 34% Legal persons, according to the report of the Ministry of Industry and Mines on small and medium enterprises for the year 2016, that is why the General Directorate of Studies at the Ministry of Industry and Mines conducted a questionnaire in order to survey the opinion of those in charge of these enterprises with the aim of knowing the most important challenges faced by small and medium enterprises in an attempt to help them overcome them, and the following is a list of For the results of this survey - note that the scale used is within the range [1-5] scale 5 represents the most influential challenge:-



Table 6: Shows the challenges affecting the activity of small and medium enterprises for the year 2016.

Statement	Private PME	Public PME	Total
Labor: (in terms of availability, cost and quality)	3.39	2.60	3.39
Loans and taxes: (in terms of obtaining a loan, high interest, bank work, high taxes, tax administration work)	2.89	2.47	2.88
Raw materials and equipment: (in terms of availability of raw materials, availability of spare parts, availability of equipment)	2.77	2.78	2.77
Transport: (land, sea, air, rail)	1.67	2.08	1.68
Customs: (high customs duties on imported materials, low customs duties on exports, customs work)	1.92	2.84	1.92
Control and management services: (the work of the quality control department, the work of hygiene services, the services of suppressing counterfeiting, bureaucracy)	2.42	2.66	2.42
Infrastructure: (inadequate workplace, high rental cost)	3.01	1.86	3.00
Outlets: (unequal competition, competition, distribution services)	2.48	3.49	2.48
Access to information: (statistical information, technology, consulting services)	1.85	2.86	1.85

Source: (qatal & azzaizia, 2017, p. 10)

Through the results of the questionnaire, which included nine main axes, it became clear that:

The labor force in terms of availability, cost and quality represents the most important challenge facing small and medium enterprises, followed by the infrastructure axis, then the loans and taxes axis;

The challenges faced by institutions in the public sector are less in terms of infrastructure and labor, while the challenge of outlets, access to information, is one of the most important challenges faced by small and medium enterprises in the public sector;

Small and medium enterprises of the public sector review their own challenges related to the control and management system, as they are affiliated with the public sector. It also appears that customs duties, which are expected to pose no challenge to them, but the results of the survey showed the opposite;



In an analysis of the axes included in the questionnaire, it is clear that the limitation of the cost of labor, followed by its quality, is one of the most negatively affecting factors on small and medium enterprises within the labor axis, followed by the high taxes factor within the axis of loans and taxes and represents the three most important challenges it faces, followed by other challenges such as availability of labor, expenses High rent, bureaucracy, unfair competition, tax administration work, obtaining raw materials, high benefits and finally the inadequacy of the workplace, and the following is a presentation of the most important reasons that produced these challenges for Algerian small and medium enterprises: (qatal & azzaizia, 2017, pp. 11- 13)

3.1. Labor-related challenges: Small and medium enterprises face the challenge of hiring unavailable labor, and this challenge includes the private and public sectors. In private sector enterprises, medium enterprises are the most vulnerable to this challenge, while small and medium enterprises in the public sector are the ones facing this challenge. In addition, plastic are the most difficult areas of employment, in addition to the lack of good and appropriate training and training opportunities to prepare the human resources necessary to establish and manage these institutions. The reason for this is the cost of the configuration process.

3.2. Financing challenges: The absence of a financial market culture in Algeria is what made the system of small and medium-sized enterprises operate according to traditional management models and with meagre resources. The loan, and the banks' reluctance to provide loans to small and medium enterprises because they consider them fragile because granting them loans is considered a great risk as a result of their lack of confidence in the feasibility studies provided by these institutions, and the interest rates of these banks remain high for them, In addition to the problems of bank financing, small and medium-sized enterprises encounter financing problems related to them, through the large withdrawal of cash profits from the institution, in addition to the weakness of self-financing as a result of the limited personal savings and their insufficiency to meet their financing needs.

3.3. Supply challenges: The supply of raw materials and semi-manufactured products, especially those imported, represents one of the real problems that small and medium-sized enterprises suffer from in Algeria, as most of them lack experience in managing import operations, especially the newly established ones. It was concerned with importing fast-access consumer goods in the local market, which affected the formation of small and medium-sized enterprises, which became suffering from the problem of lack of supply and the high prices of available raw materials, spare parts and production equipment, as a result of exchange problems (exchange risk) and fluctuations in markets at the global level. Moreover, the absence of a regulatory policy in this area.

3.4. Trade challenges: The lack of experience of Algerian small and medium enterprises prevents them from positioning themselves in foreign markets, in addition to the high costs of international transportation and the inability of export support services dedicated to this, which results in high marketing costs and thus a low profit margin that can be achieved from export.



3.5. Tax challenges: Despite the fiscal reform policy, one of its most important goals was to alleviate the burdens and major bureaucratic obstacles that affected the tax system in previous years, but it is still characterized by many complications, instability and exceptional measures, which creates a state of lack of transparency and slow work of the tax administration. As a result of the lack of generalization of automated media, and the inability of the tax administration to adopt the idea of the customer in its relations with others, in addition to that, customers complain about the high contributions of employers to the Social Security Fund, which burdens small and medium enterprises.

3.6. The difficulty of finding a permanent and appropriate place to establish the institution: and then the completion and development of investment projects because of:

The length of the period of granting land (real estate) allocated for investment;
Unjustified rejection in many cases of a number of applications;

The high prices of land and buildings, their absence, or their unsuitability.

3.7. Competitive challenges: The incompatibility of national products destined for export with international standards in terms of quality has made the results of competition inevitable for the strong party, which makes small and medium-sized enterprises ineligible to compete and find a place for them in international markets if they go to international markets, in addition to the unstudied economic openness to Global markets and failure to develop methods and mechanisms to protect the national product from competition with foreign products that are characterized by high quality and low prices.

3.8. The difficulty of administrative and executive procedures: If the activity of the institution requires a quick administrative response in terms of organization and implementation, the administration in Algeria is still far from providing services as quickly and efficiently as possible, as it is dominated by routine, which made the processing of files and the approval of projects so slowly that many of them malfunctioned and did not get approval in time, which lost many economic opportunities to its owners and to the national economy, and the reasons behind this are:

The problem of mentalities or mindsets, as they are not yet prepared to absorb and understand the specificity of this type of institution and then deal with it according to its requirements.

The speed of the kinetics of codification and the production of texts was not matched by a similar kinetics at the level of the executive organs.

According to an investigation conducted by the Ministry of Small and Medium Enterprises, the duration of establishing an institution, ranges between 6 months and 3 years, depending on the nature of the activity, which is a very long period compared to other countries.

3.9. Absence of an information system: The absence and weakness of the information system and poor control over management techniques and mechanisms make small and medium-sized enterprises fragile and unable to compete, especially in their infancy, which does not help their development and development.

**In addition to the following reasons: (qatal & azzaizia, 2017, p. 13)**

The weakness of small and medium enterprises in Algeria, despite the efforts made, is due to the fact that talking about the development of this type of enterprise cannot be done in isolation from other economic sectors, meaning that the imbalance in these sectors must be reflected in the sector of small and medium enterprises and that the obstacles to development in their comprehensive sense Its contradictions negatively affect the small and medium enterprises sector.

Most of the problems of small and medium-sized enterprises in Algeria go back to the establishment stage and this is due to the weak spirit of initiative, the lack of experience and the qualification level of the project. Those in charge of studying these projects. (Ait , 2009, p. 288)

The difference in the legislative and economic environment in Algeria from others in many countries, which led to the emergence of many obstacles that reduced the ability of small and medium enterprises to achieve the desired development. (Al-Aib , 2012, p. 14)

4. Ways to develop small and medium enterprises in Algeria:

Achieving a strategy for developing small and medium-sized enterprises and developing them means taking a set of integrated policies in various fields, whether at the level of the institution itself or at the level of the external environment. Among the most important of these measures, we mention: (Ben Omar & Belmoshi , 2013, pp. 14, 15).

4.1. Rehabilitation of the legislative and regulatory system: in terms of setting up a specific legal framework for small projects agreed upon by the authorities working in the field of project development, which facilitates the process of coordination between the efforts made between the various parties concerned, and helps to find a clear and encouraging policy for the development of this sector, and in terms of shortening And facilitating administrative procedures from granting licenses and others to the relevant official departments, to working on creating and organizing industrial and production areas in order to solve the problem of the unorganized sector.

4.2. Facilitating access to finance: through the development and financing institutions of small and medium enterprises, through the necessity of securing the necessary financing for the establishment of small and medium enterprises, according to a set of incentives, such as providing loans on easy terms in terms of grace periods, appropriate repayment and encouraging interest rates, in addition to designing and implementing mechanisms for insurance and guarantee Credit risk in small businesses, as the policy of collateral and mortgage insurance prevents successful micro-borrowers from borrowing.

4.3. Technical support: by supporting small and medium enterprises with the various technical services they need, starting with training and qualification, both administrative and technical, that precedes the project, such as consulting marketing studies, and establishing specialized companies to market the products of these projects, to holding permanent exhibitions for small projects internally and encouraging participation in exhibitions In addition to introducing these projects and



their exportable products through all audio-visual media, in addition to encouraging sub-contracting between small and large projects, up to the importance of activating Internet marketing in light of the tremendous development of the use of technology.

4.4. Rehabilitation of human resources: The human element represents the basis of the production process, and therefore it needs training and training courses to develop its technical and skill capabilities to respond to the diverse and increasing needs of those who deal with it, and considering that the outputs of the educational and training system are the inputs of the productive system, it is necessary to focus on the quality of education and training (program reform) and linking Educational institutions in the economic environment with the benefit of foreign experience in this field.

4.5. Rehabilitation of financial and banking institutions: because banks and financial institutions are considered the active partner of the economic institution in general and small and medium-sized enterprises in particular, because the latter are forced to request financing due to the lack of their financial resources and the nature of their activities. However, banks with their high interest rates, volatile behaviour, slow interventions, and hesitant decisions She stays away from her clients often, Therefore, in this way, it is an obstacle to the launch, development, rehabilitation and development of small and medium enterprises and is not helpful in the process of adapting to the variables of the new environment, which is characterized by speed and initiative. Alternatively, through privatization to support the developing private sector institutions and deepen financial intermediation.

4.6. Rehabilitation of the tax system: In addition to the tax, quasi-tax and customs incentives stipulated in the General Investment Law of 2001, the investor could benefit from the following advantages:

Applying a reduced rate in the field of customs rights with regard to imported equipment, which directly enters into the realization of the investment.

Exemption from value-added tax in respect of goods and services directly involved in the realization of the investment.

The state shall partially or fully guarantee the expenses related to the necessary basic facilities and after their evaluation by the National Agency for Investment Development.

Implementation of a fixed right in the field of registration at a reduced rate of 2% in relation to founding contracts and capital increases.

Establishment of banks specialized in financing small and medium enterprises: this type and financial institutions specialize in financing small and medium enterprises, given that the nature of their financing differs somewhat with other types of economic institutions due to the nature and characteristic of the activity of small and medium enterprises.

4.7. Rehabilitation of the administrative environment with all its components: that is, the rehabilitation of all departments related to small and medium enterprises in order to accept and even develop the idea of developing private investment in the form of small and medium enterprises to achieve the national goals established in this field, and that the administration does not work in its bureaucratic ways to



obstruct the specific national policy goals. Landmarks and we focus here especially on the customs administration, the fiscal administration, the commercial registry center...etc.

4.8. Sponsorship and incubation: Although small and medium-sized enterprises are a key element in the field of national development, they suffer from the disadvantages of a lack of experience in self-employment and in the field of management, the level of use of technology, weak competitiveness, the absence of a spirit of innovation, the lack of a culture of resorting to consulting services, training and recycle, in addition to the weak various resources ..., in addition to the pressures of globalization and agreements, so we see that it needs care and attention from the public authorities to the necessity of creating a comprehensive program to incubate, rehabilitate, develop and prepare this type of institution for the rules of the market economy and to adapt its strategy in the field of production, management, resources, and marketing... etc., according to economic guidance and international standards.

4.9. Establishing a system of priorities: The priority system is one of the most important elements of the SME development program. In light of this, each of the products and economic processes of importance to the economic sector and economic development is clearly identified, as well as the location in which priority activities are preferred to give them a greater chance of success.

4.10. Marketing the products of small and medium enterprises: Small and medium enterprises can successfully compete in the scope of their production in the export market as well as in the local markets if the state seeks to assist them and provide marketing services to them in an appropriate manner through:

At the local market level: Allocating an appropriate portion of government procurement to SMEs. India has taken such a measure that it has instituted government procurement programs aimed at ensuring the availability of regular markets for goods produced by SMEs.

At the level of the external market: through the establishment of specialized export agencies that undertake to improve the export activities of these products abroad, and the best example of this is the experiences of Japan and India, where small and medium enterprises in both countries enjoy great advantages through the establishment of an outlet by major export companies, in addition to providing assistance Cash as support for certain exports and credit facilities on concessional terms for export products and to ensure the establishment of opportunities to participate in local and international exhibitions and markets.

**Conclusion :**

Small and medium enterprises have become the talk of the public and private due to their effective role in various fields of economic activity as the best means for the economic recovery experienced by Algeria, through their ease of adaptation and flexibility that make them able to combine economic development on the one hand and on the other hand being a positive way to open up job prospects through Providing jobs and creating wealth, and thus its contribution and alleviating the problem of unemployment.

The study concluded the following results:

Unemployment is the forced cessation of a part of the labor force in the economy from work with the desire and ability to work.

The causes of unemployment differ from one country to another and from one society to another, and even they vary within the same region. As for the causes of unemployment in Algeria, we can distribute them for several reasons, including economic, social and political ones.

Among the characteristics and advantages of small and medium enterprises that made them able to advance the pace of economic and social development and contribute to reducing unemployment, we mention: Upgrading the spirit of individual and collective initiative by creating commodity or service economic activities that did not exist before, as well as reviving economic activities that were abandoned such as traditional industries, and creating new job opportunities, either directly, and this is for the creators of institutions or indirectly through their use of other people, Through the creation of job opportunities, a rapid response to social demands in the field of employment can be achieved, and these institutions seek to provide work for workers who do not meet the needs of large institutions, and usually pay lower wages than those paid by large institutions, in addition to that they can constitute an effective tool. To localize activities in remote areas, making it an effective and important tool for promoting and valuing local wealth and one of the means of integration and integration between regions...etc.

The number of jobs is directly related to the number of small and medium enterprises, and due to its many characteristics, the sector of small and medium enterprises is the most job-creating sector, which leads to the reduction of unemployment rates. A small and medium enterprise in 2016 created no less than 2,487,914 jobs in 2016 in the public and private sectors, distributed between employers and employees.

In light of the collapse in oil prices, and the Algerian government's announcement of pure austerity measures, the small and medium-sized enterprises sector and the potential it provides, is the strategic option that provides the best alternative to complete the process of economic and social development, even if in partial proportions, by achieving significant numbers in the process of absorbing unemployment, as This sector alone managed to employ 23.32% of the total labor force in Algeria.

Small and medium enterprises play a major role in supporting the national economy, especially with regard to creating jobs and thus reducing unemployment



rates, but they suffer from a number of difficulties that stand as a barrier to their continuation. Therefore, the government has a lot to advance this sector and ensure the sustainability of the jobs created within its framework, especially in terms of:

Rehabilitation of the legislative and regulatory system;

In the face of the financing problems that threaten small and medium-sized enterprises and thus threaten the corresponding job positions, a stock market must be established for these institutions, to enable them to raise their capital;

As a measure to reduce the difficulty of obtaining bank loans as a result of banks imposing conditions that are almost impossible for a small institution looking for its features, especially the mortgage problem imposed by these banks, the government can establish a private public bank to finance this type of institution, through which various laws are reformulated To facilitate the process of developing this type of institution;

The need for effective accompaniment to this type of institution, through the establishment of consultative institutions that work to support this approach adopted by the state as a solution to the advancement of this sector.

Recommendations: Here we present a set of recommendations:

Encouraging the establishment of small and medium enterprises as a basic pillar for the establishment of large enterprises;

Especially since most enterprises in Algeria are of a very small nature;

Working to meet the challenges that hinder the work of small and medium enterprises in Algeria by providing a trained and affordable labor force;

Establishing quality manpower courses and training centers with the aim of attracting them to small and medium enterprises, thus contributing to solving the problem of unemployment;

The need to open specializations for the management and financing of small and medium-sized enterprises at the level of Algerian educational institutions, and to involve the economic and social partner in integrating graduate frameworks from universities and specialized schools;

Conducting training and awareness sessions for unemployed people, to motivate and encourage them on the importance of establishing small and medium enterprises and the income they provide, which leads to a decrease in demand for public jobs, thus relieving the burden of providing jobs by the government;

Work on eliminating bureaucratic aspects in the various Algerian administrations, in addition to strengthening the work of the fiscal administration through the application of electronic administration, which facilitates the relationship of these different administrations with the managers of small and medium enterprises.

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