

Economic intelligence and development of clusters in Algeria
Case of the textile and clothing sector

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Abstract:

The economic difficulties that Algeria is experiencing since the fall in oil prices in 2014 are an opportunity to think about new approaches to diversifying its economy, and its insertion into the international exchange of high-tech products and services. This paper attempts to address this question through a reflection on the potential of this sector to contribute to such an objective. The paradigm of the competitive advantage of nations by M. Porter (1990), as well as work on economic intelligence (EI) as a public policy were mobilized, and possibilities for action in the medium and long term exist. They relate, in particular, to the creation of dedicated competitiveness clusters, in addition to the establishment of a support system for businesses on international markets.

Keywords: Economic intelligence, Clusters, textile-clothing sector, clusters in Algeria.

JelClassificationCodes: E23, L23, L32, L60

1. INTRODUCTION

Economic intelligence (EI), too often assimilated to economic patriotism, struggles to find its legitimacy. The patient work of defining a training framework in IE, which includes a list of issues to be addressed, had made it possible to show the richness of the concept and made it possible to outline a multidisciplinary research program. This present paper responds to a study on clusters in Algeria in the textile and clothing sector which is an emerging cluster which allows us to appreciate the clustering and to understand the government initiatives taken to encourage and support these sectors with high development potential and cooperation. And for this we can pose the following problem:

What factors helped to develop clusters in Algeria – case of the textile-clothing sector?

Our study will be treated like this :we will give a general view on economic intelligence, after, we will deal with the theme of clusters in general and finally we will be devoted to textile-clothing clusters in Algeria in particular.

2. Economic intelligence

2.1 Definition of Economic Intelligence (EI)

Economic intelligence can be defined as all the coordinated actions of research, processing and distribution with a view to its exploitation, of information useful to economic actors.

Economic intelligence aims to collect, analyze, promote, disseminate and protect strategic economic information.(Larivet, 2006)

Business intelligence is also an organization, which consists above all of implementing methods and tools. Added to these are the skills to collect information, analyze it and transform it into knowledge that will be disseminated to the right actors, without forgetting to secure it.

2.2Combinations of Economic Intelligence

We can consider economic intelligence as a combination of three informational functions: intelligence, information protection and influence.

The intelligence function: serves to anticipate threats and opportunities, that is to say, to reduce uncertainty. A company can practice intelligence in the strict sense of the term (transformation of information into knowledge). Through this process, it will seek to be better informed about the environment than its rivals, and to be informed about them. Intelligence follows a cycle, called the information cycle (definition of needs, collection, processing and dissemination). The intelligence function serves to modify the information asymmetry that may exist between the company and its competitors, to the benefit of the firm finding out about others, and/or better than others. This is not espionage, but “legal” economic intelligence, carried out by a company. This function is the one that is generally studied in management work under the name monitoring.(Larivet, 2006)

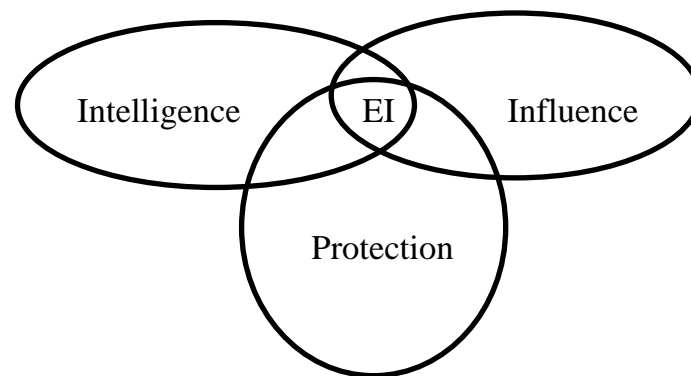
2.2. The protection function (or information risk management) serves to protect the information held or issued by the company, in particular from its appropriation by competitors. The information risk management function thus preserves information asymmetry for the benefit of the firm that manages this risk. It comes down to ensuring the safety and information security of the company. Again, no sensationalism. Patent management is part of a company's defensive arsenal and protects technical knowledge (with some paradoxes linked to the revelation of

technical content during the publication of the patent). Confidentiality clauses, access restrictions to premises and firewalls are examples of tools available to managers to protect information.

2.3. The influence function aims to modify the environment through informational pressure. Lobbying actions are a classic influence practice exercised by companies, but there are others, which can be grouped into two categories: coordination and discouragement. Firms send coordination signals when they want to avoid a head-on collision with rival firms (avoidance), or with partner firms (agreement). Discouraging rival firms consists of confusing their intelligence system, to mislead or paralyze them. These practices are very difficult to study because, obviously, very discreet. (Larivet, 2006)

These three functions can be performed legally. Otherwise, we will talk about espionage or corruption, not IE. They are informational practices of companies, falling within the field of study of management sciences. Figure 1 represents Business Intelligence as a combination (intersection) of these three informational functions.

Fig 1.Functional approach to Economic Intelligence (EI)



Source: Prepared by the researchers according to previous information

3. Area of use of Economic Intelligence

A management tool and performance factor, economic intelligence allows a company to:

- Control and protect strategic information;
- Produce information by mobilizing employees' capacity for analysis and anticipation;
- Sustain its existence and develop in the face of competition, by deciding wisely and responsively;
- Highlight opportunities and exploit them for the development of innovations, partnerships, productivity gains, and the conquest of new market shares;
- Reveal threats and reduce them.

Economic intelligence is therefore multiple in its content and its mechanisms. It induces functions that are informative, anticipatory and proactive. The competitive advantage that an organization can gain is based on its ability to control information flows, in support of its actions, to build its strategy with maximum responsiveness.

4. The main stages of an EI approach

- Establish the strategy and know the development potential of the company.

- Designate a contact person responsible for supervising the entire collection and processing of information.
- Define the information sought.
- Identify and channel incoming and outgoing information flows.
- List human, digital, paper and organizational sources.
- Formalize the information retrieved in such a way as to ensure easy internal dissemination and to guarantee optimal memory of resources.
- Identify the recipients of the information collected and used by the company.
- Broadcast the news.
- Regularly question its customers, its suppliers and public or parapublic organizations and follow the news of the specialized media which are at the center of the activity and which can detect upstream threats or trends, not initially taken into consideration, in a more everyday framework for reflection...(Hania, 2020)
- Raise awareness among all employees of the need to obtain and report strategic information from their direct or indirect environment.
- Carry out a comparative study of current IE practices in competing companies, to ensure feedback.
- Systematically support each decision-making process with research and analysis to validate and support it.(Hania, 2020)

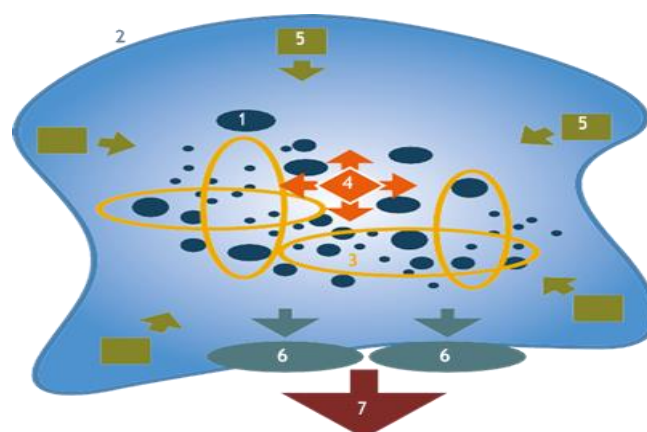
5. General information on Clusters

How has this new approach become in a few decades an essential strategy for driving economic development, both in industrialized countries and in developing and emerging countries?

5.1 What is a Cluster?

The different definitions given to the concepts of industrial district, cluster, cluster, SPL, competitiveness pole, all have certain principles in common which can be summarized by the following synthesis:

Fig 2.Representation of a Cluster



Source: Translated by the researchers according to Pierre Paris, (2013), Diffusion de la démarche cluster dans trois pays du Maghreb (Algérie – Maroc – Tunisie), Organisation des Nations Unies pour le Développement Industriel, Agence Française de Développement, p8.

It is a certain mode of organization within:

1. A conglomerate of companies in the same sector of activity
2. Geographically close
3. Maintaining cooperative relations between them
4. Coordinates by an animation function
5. Relying on partnerships with local institutions
6. Implementing collective projects
7. To address common challenges.

The companies in a cluster are in fact focused on the same market, use the same inputs, share the same territory and its infrastructures and are part of the same social community with the same values, traditions and production culture.

With the development of collective intelligence within the cluster, these economic actors and their institutional partners are led to become aware of their common economic and social interests and to develop actions to fight together against certain obstacles (lack of infrastructure, absence capital, etc.), face certain threats together (fierce competition, standardization, etc.) and seize certain opportunities together (potential markets).(AE, 2022)

Following this definition, we see that a cluster should not be confused with:

- A sector or sub-sector, a productive sector, a value chain, which generally cover an entire country or region, while a cluster concentrates on a specific territory
- A sectoral professional organization, which defends the interests of member companies, while a cluster aims, from an initial core of members and in partnership with local institutions, to set up projects benefiting the entire sector and/or or value chain. (AE, 2022)
- An industrial or artisanal zone, which is an offer of physical installation to companies, while the cluster invests in the social capital between existing companies.

5.2 The benefit of promoting clusters

The impacts sought in the development of a cluster always manifest themselves at the dual level of companies and their territorial environment, as in the following diagram:

COMPETITIVENESS OF THE TERRITORY	COMPETITIVENESS OF COMPANIES
<ul style="list-style-type: none"> • Strengthening public policies in dialogue with the private sector • Improvement of infrastructure, business environment, public support • Improved access to information, private support services, credit 	<ul style="list-style-type: none"> • Savings by pooling initiatives • Upgrading of know-how and skills • Increased productivity through investment and innovation

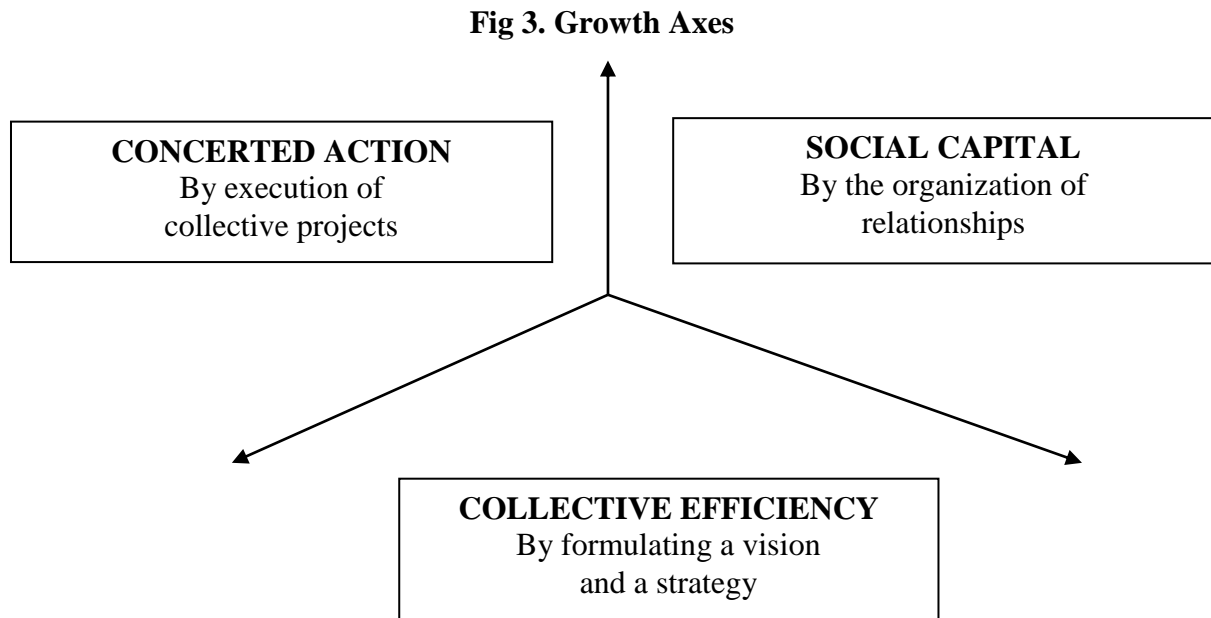
The cluster support approach is also used as a “local coherence framework”, through its capacity to articulate all the support provided to the private sector, within a micro economic policy framework at the territorial scale. . Indeed, the various interventions in favor of professional training, access to financial and non-financial services, business upgrading, quality, research and

development, improvement of the business environment, private/public dialogue are mobilized within a cluster, depending on the strategy developed by the members.

5.3 Promote efficient clusters

- The support method

A cluster is a living “system”, which will grow in size and complexity as it develops and the support provided to it, according to the following three growth axes:



Source: Translated by the researchers according to Pierre Paris, (2013), Diffusion de la démarche cluster dans trois pays du Maghreb (Algérie – Maroc – Tunisie), Organisation des Nations Unies pour le Développement Industriel, Agence Française de Développement, p10.

✓ **ORGANIZE (social capital)**

- Raising awareness and mobilizing cluster stakeholders
- Building trust, structuring internal and external partnerships.
- Strengthening professional business groups and associations.

✓ **FORMULATE (the action strategy)**

- Carrying out a participatory diagnosis.
- Development of the collective strategy.
- Definition of the action plan and formulation of collective projects.

✓ **EXECUTE (collective projects)**

- Support for the implementation of collective projects
- Search for financial and non-financial support for projects.

The sequence of previous methodological steps will therefore be repeated iteratively, as the cluster grows – in number of members, in issues, in performance – with each cycle renewing and strengthening the approach (as in the image of the spiral).

- Success factors

Observing numerous cases of clusters in very different environments allows us to observe the key factors which determine success and which will most often characterize a successful cluster:

- Geographic proximity: a fairly dense conglomeration of companies attracts buyers, suppliers and labor.
- The competence of the cluster facilitator or development agent and its permanence over time.
- A participatory bottom-up approach, which is essential for stakeholders to really mobilize
- The generation of a climate of trust between all actors and partners, who constitute the most intangible, but most valuable wealth of a Cluster.
- Alliances between cluster stakeholders, to create competitive advantages through different forms of collaboration, for example:
 - Between companies for group purchases resulting in lower costs
 - With suppliers to improve the quality of delivery.
 - With the training system to encourage investment in specialized HR.
 - With universities and research centers to stimulate functional innovation.
 - In the form of vertical specialization to improve productivity.
 - With buyers to facilitate compliance with market standards.
 - Between companies for better access to the market through joint marketing.
 - With public authorities for consistency.

6. Clusters in Algeria

Algeria remains the richest country in the Maghreb but has suffered, in recent years, the impact of the fall in the price of oil from which it derives 95% of its export revenue. Despite the presence of major private groups - such as Condor and Cevital - the industry has diversified little and represents a low share of GDP. It remains dominated by state-owned companies.

Aware of the fragility of the Algerian economy, the national authorities have decided to give increased importance to entrepreneurship, especially as the SME network is experiencing rapid development. In their strategy, the automotive sector is particularly targeted. The same is true of the agri-food sector which is seriously in deficit. Following these guidelines, entrepreneurs took the lead in groups organized into clusters. The latter are now integrated into the plans of the authorities in charge of the industry.(MTA, 2024)

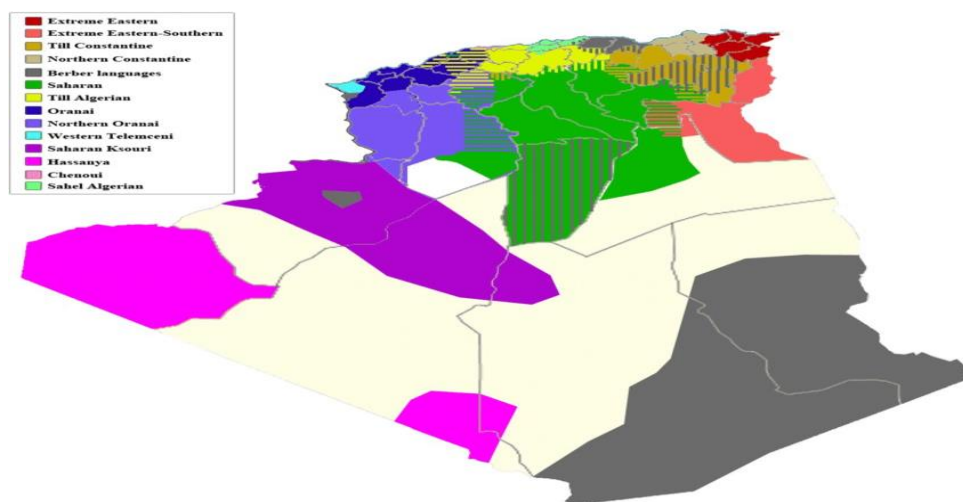
6.1 An Overview of Clusters in Algeria

Until recently, no cluster had reached the formalization stage. In a few years, the situation has changed. The mobilization of entrepreneurs obviously explains this change, but the commitment of public authorities has also contributed to this turnaround:

- The clearly stated desire of the Minister of Industry and Mines in favor of a revival of industrialization in order to reduce the imbalance in the trade balance. This involves improving the rate of national integration and promoting subcontracting. Thus, the intention is, in the automobile industry, to significantly increase the share of parts produced on national territory.
- A policy in favor of sectors deemed priority, which benefit from tax advantages.(MTA, 2024)
- The creation of (50) industrial zones, zones which will meet the standards of viability, accessibility and security for welcoming investors.

- The development of technical centers to strengthen the efficiency of clusters to support the development of high-potential industrial sectors, in particular the agro-food industries, mechanics, electronics, chemistry, textiles, leather, packaging and construction materials.
- Universities which are more open than in the past to partnerships with businesses (among others, those of Bejaïa, Tizi Ouzou and the National Polytechnic School of Algiers).(Abainia, 2020)

Fig 4. Map of Algerian Clusters



Source: https://www.researchgate.net/figure/Clustering-Algerian-dialects-on-the-Algerian-map_fig8_332029742

Table 1.The different Clusters in Algeria

Algerian Clusters	STATE			GEOGRAPHICAL POSITIONING	
	Constituted	Emerging	Expected	Rooted Territory	Built territory
Precision Mechanics Cluster (PMC)	Yes				Algiers
Mechanic Cluster			Yes		
Algeria Digital Cluster (ADC)	Yes				Algiers
Solar Energy Cluster	Yes				Algiers
Cluster				Bordj Bou Arreridj	

Beverages- Logistics Algeria (CBA)	Yes				
Olive Oil Cluster	Yes			Bouira	
Cluster Milk			Yes		Bouira
Cluster Jewelry	Yes			Batna	
Brassware Cluster	Yes			Constan- tine	
LEGEND	SECTOR	DEGREE OF FORMALIZATION	LOCALISATION		
	1 : IAA 2 : Metals, Electronics 3 : TIC 4 : Textile- Clothing 5 : Environment 6 : Others 7 : Creative and cultural	Constituted: endowed with governance; often recognized by public authorities Emerging: in preparation Expected: some actors have mobilized.	Rooted territory: historical territory of production Built territory: reception territory for new activities (industrial park). * Provisional location		

Source: prepared by the authors using multiples sources

6.2 Textile-clothing clusters: Emerging sector in Algeria

The textile, clothing and leather industry is a strategic sector that creates wealth and provides employment. This promising sector is full of significant potential in Algeria, particularly through the geographical positioning of the country, very competitive energy and labor costs, a large reservoir of young graduates (engineers, technicians, etc.).) and above all, a considerable local market of more than 40 million inhabitants combined with the proximity of high-consumption international markets.(Abainia, 2020)

The state has drawn up an ambitious investment program to increase the production capacity of the textile-clothing sector, which is a promising sector. It is thus that, thanks to these powerful economic assets, the public authorities, as part of their industrial renewal policy, have granted significant support measures for the revival and modernization of the public sector of textiles & leather and this particularly through a financial consolidation of 40 billion DA and support for investment including the overall financial envelope of 21 billion DA. “All these measures of encouragement and support have led to the implementation of an ambitious development plan,

now almost completed, whose main objectives are the consolidation of institutional markets, the reconquest of the local market and the conquest in a second phase of international markets.(MiddleEastandAfrica, 2021)

Table 2. Algeria’s Top 10 Textiles Exports

Sr No	Country Name	Export Value (in Million \$)	Exporter Share Percentage (%)
1	Tunisia	0.85	22.36
2	China	0.83	21.88
3	Turkey	0.49	12.82
4	United Kingdom	0.43	11.44
5	Germany	0.3	7.83
6	Lebanon	0.2	5.28
7	France	0.18	4.82
8	Spain	0.14	3.73
9	Egypt, Arab Rep.	0.12	3.11
10	Cote d'Ivoire	0.08	2.22

Source:<https://kohantextilejournal.com/textile-industry-in-algeria/>

Table 3: Algeria’s Top 10 Textiles Imports

Sr No	Country Name	Import Value (in Million \$)	Import Share Percentage (%)
1	China	505.54	44
2	Turkey	209.27	18.21
3	Morocco	70.52	6.14
4	Spain	65.42	5.69
5	India	37.02	3.22
6	Egypt, Arab Rep.	34.89	3.04
7	Italy	32.33	2.81
8	France	25.44	2.21
9	Bangladesh	23.83	2.07
10	United Arab Emirates	14.42	1.26

Source:<https://kohantextilejournal.com/textile-industry-in-algeria/>

2.1. Promotion of industrial and technological partnerships

To achieve its development, the textile and clothing sector has entered into partnerships with industrial operators, particularly foreign ones.

This plan is broken down through several axes, to:

- Improving the quality of products that must meet international standards,
- The diversification of the production range, but also the development of new products, particularly technical,(MiddleEastandAfrica, 2021)
- Upgrading the distribution and marketing network and training staff, particularly in the professions of creation, styling/modeling and marketing.

Thus, and as part of the promotion of the process of industrial and technological partnerships, the Public Authorities have validated a collaborative operation between the GETEX group (EPE C&H and TEXALG) and a Turkish economic operator, this operation led to the realization of a textile industrial center, made up of 8 factories, located in Sidi Khettab in the wilaya of Relizane.

The GETEX Spa Holding also holds, through its subsidiaries C&H and TEXALG, a stake in the share capital of a partnership company called TAYAL Spa. Its share capital is 51% owned by the Algerian party (EPE C&H, TEXALG and MADAR) and 49% by the Turkish party, represented by the INTERTAY company, a subsidiary of the Turkish TAYPA group.

This project was carried out in 2016 as part of a partnership between the Turkish company “Intertay” (a subsidiary of the “Taypa” complex) and the Algerian public companies “S&H” and “Texalg” and the National Company of Tobacco and Matches.

The production capacity of this factory exceeds 30 million meters of yarn per year for weaving, 12,000 tonnes for spinning and 30 million pieces intended for the production of pants and shirts.(MiddleEastandAfrica, 2021)

The quantities of various textile products will allow the complex to increase the capacities of the textile and cotton sector, particularly in fabric, tailoring and clothing, to cover the needs of the national market and to access international markets.

The Tayal complex has already exported weaving and cotton yarns to Turkey, Italy and Portugal and shirts to Belgium and Poland, according to recent statements by officials of the complex.(Bouazid Mounira, 2021)

Table 4. Actors of Algeria Digital Cluster

Level	Category of actors	Actors identified
National Level	Companies	Public companies Private companies
	Training institutions	Houari Boumediene University of Science and Technology (HBUST) /National Institute of Post and Information and Communication Technologies (NIPICT)
		Scientific and Technical Information research Center (STIRCE)
National Level	Ministry	Ministry of post and information and communication technologies (MPICT)/ Ministry of Industry and SME’S (MISME) /Ministry of Commerce
	Organs	The National Agency for the Promotion and Development of Technology Parks (NATP), National Agency for development of SME (NADSME).
Supranational Level	Expertise	GIZ

Source: Bouazid Mounira, Azouaou Lamia: Algeria Digital Cluster: vector of development of the digital economy in Algeria, Al-riyada for Business Economics Journal/ Vol 07– N° 01/ January 2021, p251.

6.2. Project phases

The Tayal Company is responsible for building the textile industrial center of Relizane (western region of the country).

The partnership concerns the creation, in two phases, of a textile industrial center located on a total area of 200 Ha, in the industrial zone of Sidi Khettab – Wilaya of Relizane:

- First phase 2015 – 2018: construction on an area of 100 Ha, within 36 months, of eight (08) integrated production plants, a 35 MW tri-generation energy plant, a station wastewater treatment plant with a capacity of 10,000 m³/day, a training and application center and an accommodation center. (MiddleEastandAfrica, 2021)

- Second phase: construction of 10 production factories (synthetic fibers, household linen, technical fabrics, non-wovens, etc.).

At the end of its completion, the Relizane industrial center will employ 25,000 agents (10,000 agents for the first phase and 15,000 agents for the second).

A unit of the complex specializes in the dyeing of “Denim” fabric (Jeans), Djamilia Tamazirt particularly placed emphasis on “quality and innovation, important factors for the marketing of products both in Algeria and abroad. international ”.

Conclusion

In the countries of the South of the Mediterranean, as in those of the North, interest in the organization of businesses in clusters was born from the awareness of the intensification of competition on an international scale and of the exhaustion of the model based on the relative advantage represented by cheap labor. Spaces for cooperation and sharing, clusters lend themselves to inter-company partnerships both inside and outside their own perimeter. They offer potential for segmented production projects, which can involve multinationals or companies indiscriminately. Trained in exchanges, in the appreciation of complementarities and respective advantages, the entrepreneurs of these groups are natural candidates for co-productions and co-locations. This can result in the networking of territories and productive systems.

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