

## The role of small and medium-sized enterprises in achieving sustainable development in Algeria

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### ABSTRACT

*This article aims to highlight the role of Algerian SMEs in achieving sustainable development and thus their effective contribution to the economy of the State. The latter play an indisputable role in the economic fabric and occupy a unique place in the growth of the production apparatus, which is a source of wealth, the satisfaction of economic and social needs and the absorption of unemployment.*

*The results of our research indicate that small and medium-sized enterprises in Algeria are fragile and do not contribute effectively to economic development, social and job creation, although Algeria has been able to diversify its economy. However, the principle of maximization of profit prevents compliance with environmental rules, except as a result of administrative pressures.*

### 1. Introduction

Small and Medium Enterprises (SMEs) sector is playing an imperative role in establishing an industrial base which supports small business activities which further accelerate economic growth, and have proved a major source of innovation and inventions through generating new ideas, investment and trade. Hence, SMEs have an ample and untapped potential to contribute to economic growth, though enhancing entrepreneurial skills and indigenous technology.

Indeed, the Algerian SME has made considerable progress in recent years, Where successive the Algerian governments have shown increasing efforts to support SMEs financially and upgrade their competitiveness while creating a conducive environment for their flourishing. Though they have grown locally in terms of number, GDP share and employment, SMEs still face various challenges and issues in both enterprise and environment levels that undermine their business conduct. Furthermore, SMEs' share of export is very low which means that they are far from competing internationally. Therefore, much effort is needed in the future to equip SMEs with necessary managerial, human and financial resources in order to create competitive advantages which are necessary tools for a better competitiveness.

Sustainable development is, in these times, seen as a challenge for company managers given the trend towards the green economy, they are required to take into consideration the interests of actors in society, including the State, basing on this, the reasons which led to the absence of the relationship Between environmental factors and the management of the company, to obtain the role that could be fulfilled by SMEs in sustainable development, like new institutions created whose dimension environmental is not yet included in the culture.

It is in this context that we have focused on the situation of SMEs in Algeria, where this sector is an important and sensitive element in the new sustainable development strategy.

To address this issue, we raise the following problem:

**How do small and medium enterprises contribute to achieving the goals of Sustainable development in Algeria?**

**1.1. Study Hypothesis:**

The general hypothesis of the research is formulated as follows:

**"The contribution of SMEs sector to sustainable development in Algeria, Is through play an important role in spreading the culture of environmental and social responsibility, in addition to its economic responsibility".**

**1.2. Study importance:**

The task of this paper is to SMEs have also improved the regional and sectoral economic balance through industrialization across different sectors and locations. It also promotes effective utilization of economic, social and environmental resources that are fundamental elements of sustainable development.

**1.3. Study objectives:**

The objectives of the policy are as follows:

- SME development can cornerstone of the achievement of economic and socio-economic objectives, including the alleviation of poverty;
- More generally, SMEs is considered as an essential driver leading to the creation of wealth, social cohesion, innovation and growth in both advanced industrialized countries and emerging and developing economies;
- SMEs have played a very important role in Algeria, in several fields, by consolidating the relations between the various industrial, agricultural and service activities, increasing the volume of investment and production on the one hand, and absorbing the rate Unemployment.

**1.4. Methodology:**

In the methodology we choose two approaches the descriptive approach, and analytical approach, and we choose the first models to determine the framework of study, and the second models in order to analyze the situation of SMEs in Algeria.

**1.5. previous studies:**

There are studies that are focused on the reality of small and medium sized enterprises, and other studies that focus on Sustainable Development, but studies that connect these variables are few, so we tried with this research to highlight role of small and medium size enterprises in achieving Sustainable development in Algeria :

- **Amina, M. (June 2020)** Which was titled: "**The reality of small and medium enterprises in Algeria**", The study is intended to track the progress of small and medium enterprise sector in Algeria and the different efforts aiming to its development, as well to highlight this sector's contribution in addressing economic imbalances, then, to identify the 2010 to 2018.  
This study found that the sector of small and medium sized enterprises is still far from satisfying its mandated role despite all efforts put toward its development.
- **Dakhane Hassyna, B. M. (s.d.)** Which was titled: "**The Role of Women's Entrepreneurship Orientation in Achieving Sustainable Development: Case of Algeria**", This study aims to identify the possibility of the contribution of women entrepreneurship in sustainable development, In order to achieve our objective, we used the descriptive and analytical method, through reviewing the related literature to the research variables and also analyzing the content of some studies which tackled this topic.  
The study concludes that the women entrepreneurship contribute remarkably to the achievement of goals, which are directly related to the fundamental dimensions constituting of sustainable development.

### The location of this study from previous studies:

The subject of our study combines the two variables: Sustainable Development and small and medium sized enterprises, thus it is considered more comprehensive and detailed, Also, this study has the advantage of proposing a practical guide for how to combine these two variables.

## 2. Basic concepts about small and medium enterprises( SMEs)

Small and medium enterprises are consider the best strategic choice in achieving sustainable development, with high expectations in this field. In view of the changes that have taken place in the global economic scene, they have taken a leading role in supporting development efforts.

Like other countries, Algeria has adopted a new policy of small and medium sized enterprises as the appropriate model for sustainable development, which is the cornerstone of the process. The process of supporting and developing such institutions is therefore one of the most important pillars of sustainable development.

### 2.1. Definitions of sustainable development:

The concept of sustainable development treats economic, social and environmental needs in a single definition, and the combine these three dimensions into the decision-making process where it becomes the goal of economic revenue is linked and associated to maintain the natural environment, and aware of social justice, where can not apply the sustainable development strategy without assembly these components. The three dimensions of sustainable development are outlined below: (Dakhane Hassyna, p. 05)[1]

- **Economic:** An economically sustainable system must be able to produce goods and services on a continuing basis, to maintain manageable levels of government and external debt, and to avoid extreme sectoral imbalances which damage agricultural or industrial production;
- **Environmental:** An environmentally sustainable system must maintain a stable resource base, avoiding over-exploitation of renewable resource systems or environmental sink functions, and depleting non-renewable resources only to the extent that investment is made in adequate substitutes. This includes maintenance of biodiversity, atmospheric stability, and other ecosystem functions not ordinarily classed as economic resources ;
- **Social:** A socially sustainable system must achieve distributional equity, adequate provision of social services including health and education, gender equity, and political accountability and participation.

### 2.2. Definition of Small and Medium Sized Enterprises:

The definition of small and medium enterprises is important and useful: in the preparation of statistics and the monitoring of the health of the sector over time; in benchmarking against other economies and between regions within an economy, but there is no specific definition of them that may be taken as a reference by all economies, statistical agencies or researchers of economy.

while a The definition of SMEs that came into effect from 1 January 2005 is shown in the following tables :(Gentrit Berisha, 2015, p. 19)[2]

**Table n°1: Definition of Small and Medium Enterprises with European Union standards**

Enterprise category	Headcount: Annual Work Unit (AWU)	Annual turnover	or	Annual balance sheet total
Medium-sized	< 250	≤ €50 million	or	≤ €50 million
Small	< 50	≤ €10 million	or	≤ €10 million
Micro	< 10	≤ €2 million	or	≤ €2 million

Source: (Commission., 2005)[3]

The World Bank uses three quantitative criteria for defining SMEs: number of employees, total assets in U.S. dollars and annual sales in U.S. dollars. A business must meet the quantitative criteria of number of employees and at least one financial criteria to be categorized as micro, small or medium business.

**Table n°2: Definition of Small and Medium Enterprises by World Bank standards.**

Enterprise indicators (2/3)	Number of employees	Total assets	or	Total annual sales
Medium	> 50; ≤ 300	> \$3,000,000; ≤ \$15,000,000	or	> \$3,000,000; ≤ \$15,000,000
Small	> 10; ≤ 50	> \$100,000; ≤ \$3,000,000	or	> \$100,000; ≤ \$3,000,000
Micro	< 10	≤ \$100,000	or	≤ \$100,000

Source: (Group, 2008)[4]

The world Bank raises the upper threshold for medium-sized businesses to 300 workers, As for the financial criteria WB use the criteria of total assets and total annual sales. Moreover the World Bank criteria seize more minimalist thresholds than the European Union. While for the EU has a micro business has a turnover of up to two million Euros, while WB sets it to only fifteen million.

Regarding Algeria, there has been no official definition of SMEs in Algeria before 2001, definition denotes that SMEs are businesses producing goods and services and employing no more than 250 workers, Its total annual revenue does not exceed 500 million dinars, and it meets the independence criteria.(Algeria, 2001)[5]

Algeria has relied on the European definition may be because this definition is considered as good example since the EU has made great efforts to standardize the SME definition accross it member countries, As shown in the following table: (Debil, 2014, p. 39)[6]

**Table n°3: Definition of SMEs in Algeria**

Business Size	Number or Employees	Total Turnover (DZD)	Total Balance Sheet (DZD)
Micro	1 – 9	≤ 20 million	≤ 10 million

<b>Small</b>	10 – 49	≤ 200 million	≤ 100 million
<b>Medium</b>	50 – 250	100 million - 2 billion	100- 500 million

Source: (Industry, 2012)[7]

The above table shows:

Under this definition, the absolute majority of all businesses in Algeria are SMEs.

It is clear from the previous definitions that:(Yusef, 2002, p. 29) [8]

- Small and mid-size enterprises (SMEs) are businesses that maintain revenues, assets or a number of employees below a certain threshold.
- Each country has its own definition of what constitutes a small and medium-sized enterprise (SME).
- Small and mid-size enterprises (SMEs) play an important role in the economy, employing vast numbers of people and helping to shape innovation.
- Governments regularly offer incentives, including favorable tax treatment and better access to loans, to help keep them in business.

Though small in size, small and mid-size enterprises (SMEs) play an important role in the economy. They outnumber large firms considerably, employ vast numbers of people and are generally entrepreneurial in nature, helping to shape innovation.

### 2.2.1. Evolution of SMEs in Algeria:

The small and medium sized enterprises sector was one of the pillars of the national economy; therefore Algeria has made efforts to considering the advancement of this sector and its development, through many of the reforms in order to bring him out of the difficulties and problems facing the financing of special.

he increasing interest in this type of institution is evident role in achieving social and economic development of the real state financing to provide jobs and attract domestic saving and export development.

### 2.2.2 The nature of SMEs operating by size in Algeria

Table n°4: Classification of institutions by size

Type of institution	The number	Percentage
<b>Micro-enterprises (0-9)</b>	<b>1035891</b>	<b>97.7</b>
<b>Small Enterprises (10 - 49)</b>	<b>21202</b>	<b>2.00</b>
<b>Medium enterprises (50 - 249)</b>	<b>3196</b>	<b>0.30</b>

Source: (Mines, Bulletin d'information statistique n° 3, 2017, p. 09) [9]

We note from the above table that most of the small and medium enterprises are miniature enterprises, it employs fewer than 09 workers, equivalent to 97.7%, most of which are concentrated in service activities, while small enterprises represent 2% of the total of these enterprises and the rest belongs to medium-sized enterprises.

Since 2010, small and medium enterprises have witnessed a remarkable development, and this will be explained in the following table:

**Table n°5: Small and medium enterprises development for the period (2010-2018)**

Years	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Number</b>	<b>619072</b>	<b>659309</b>	<b>711832</b>	<b>777816</b>	<b>852053</b>	<b>934569</b>	<b>1022621</b>	<b>1074503</b>	<b>1093170</b>

Source: (statistique)[10]

It is evident from the table that small and medium enterprises are witnessing a continuous increase, where an institution was established during the period (2010-2018), an increase of 76.58%, and this is due to the Algerian government's interest in this sector.

### 2.2.3. Classification of SMEs by sector of activity:

The SME sector is undoubtedly the mainstay of the Algerian economy. As a result, we will present the SME population according to their concentration by sector of activity

**Table n°6: Small and medium enterprises development for according to activity**

Years	2011	2012	2013	2014	2015	2016	2017
Industrial	62860	65859	70840	76000	81348	99408	1060289
Agriculture	2930	4142	4458	4848	5318	7272	6476
Services	180930	195889	217444	242532	266544	298793	316114
Total	659309	687386	747934	820738	896811	1014075	1060289

Source(Mines, Bulletin d'information statistique, (2011 - 2017))[11]

The table shows the imbalance in the distribution of activities and investment projects between the three branches resulting from the misdirection of the state towards investors and young entrepreneurs, SMEs are present in force in industrial, which concentrate almost half SMEs, followed by the Services sector and agriculture

### 3. Small and medium enterprises as an effective sector Sustainable development in Algerian

Year 2001 was the departure point from which the attention to SMEs (Small and Medium sized Enterprises) started by the adaption of a new guiding law aiming to promote and upgrade small and medium sized enterprises. Since then, and until 2020, these enterprises have experienced significant growth proving their effective role in the revitalization of national economy and the contribution in sustainable development, since algeria, like many other countries in the world,,seeks to support and promote small and medium enterprises in order to employ them to achieve sustainable development with its economic, environmental and social dimensions. In view of the characteristics of these institutions that enable them to achieve these dimensions.

### 3.1. The social importance of small and medium enterprises under the sustainable development in Algeria:

Small and medium enterprises are of great importance in raising the rates of social development in Algeria, no less important than the roles they play in achieving economic development, as they contribute to reducing some of the problems that society suffers from, such as unemployment, poverty, marginalization and the consequent social ills. this is through the creation of new job opportunities.

On this basis, it is illustrated the role played by SMEs in supporting social development in Algeria, in light of the difficulties and challenges faced by this group of institutions, which negatively affected their chances of growth and development.

#### 3.1.1. The contribution of SMEs to employment:

One of the most important social problems in Algeria is unemployment, for which the government has sought to find appropriate solutions since its independence, where has made several efforts to do so, just as the Algerian economy has shifted from the model of large enterprises to the model of small and medium enterprises, from the public institution to the private enterprise, a direct impact on the reduction of unemployment, which is shown in the following table:

Table n°7: Job employment in small and medium enterprises for the period (2010-2018)

Years	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Private SME s</b>	<b>48289</b>	<b>511856</b>	<b>550511</b>	<b>601583</b>	<b>656949</b>	<b>716895</b>	<b>1022231</b>	<b>1074436</b>	<b>1092908</b>
<b>Employees</b>	<b>15770</b>	<b>1676111</b>	<b>1800742</b>	<b>1953636</b>	<b>2110665</b>	<b>2327293</b>	<b>2452216</b>	<b>2578279</b>	<b>2668173</b>
<b>public SME</b>	<b>557</b>	<b>572</b>	<b>557</b>	<b>557</b>	<b>542</b>	<b>532</b>	<b>390</b>	<b>267</b>	<b>262</b>
<b>Employees</b>	<b>48656</b>	<b>48086</b>	<b>47375</b>	<b>48256</b>	<b>46567</b>	<b>43727</b>	<b>35698</b>	<b>23679</b>	<b>22073</b>
<b>Total W P</b>	<b>16256</b>	<b>1724197</b>	<b>1848117</b>	<b>2001892</b>	<b>2157232</b>	<b>2371020</b>	<b>2487914</b>	<b>2601958</b>	<b>2690246</b>
<b>Evolution%</b>	<b>/</b>	<b>6.06</b>	<b>7.19</b>	<b>8.32</b>	<b>7.76</b>	<b>9.91</b>	<b>4.93</b>	<b>4.58</b>	<b>3.39</b>

Source: (PME, ( 2010 – 2019))[12]

The above table shows:

Employment positions in small and medium enterprises in general are witnessing a great development in Algeria, from 1625686 in 2010 to 2690246 in 2018.

We also note that the employment rate in the small and medium-sized enterprises sector during the period (2010-2018) witnessed an increase in private small and medium-sized enterprises, in contrast to public enterprises that recorded a decline year after year during the same period.

It is evident that the number of private small and medium enterprises is witnessing a significant increase from year to year, as it reached 482892 enterprises in the year 2010, until it reached about 1092908 in 2018, i.e. a very significant increase.

As for public small and medium enterprises, they are witnessing a continuous decline, starting from the year 2016, and this decline is a result of the change in the structure and the reorganization of the public sector, as the privatization of public sector enterprises is a fundamental factor in their decline.

#### 3.1.2. Development Managerial Skills

Management skills are the critical success factors of all businesses, and small business is no exception. The lack of managerial skills places significant challenges on SME development.

The scarcity of management talent in Algeria has a magnified impact on SMEs and can hamper the progress of their development. Moreover, the lack of support services or the irrelatively higher unit cost can hamper SMEs' efforts to improve their management, because new and inexperienced entrepreneurs may not have the required skills and managerial capacity to fully exploit new opportunities and markets, As for the SMEs marketing skills.

There is extensive evidence to prove that marketing plays a significant role in the success of SMEs. Marketing is also one of the biggest challenges SMEs face in their business operations. SMEs in Algeria are weak in terms of market research and have inadequate marketing skills because most Algerian SMEs are owned and managed by one person. Such entrepreneurs take care of all the managerial functions of the enterprise and lack the time and funds to invest in research to establish their target market or identify customer trends. (Asma Benzazoua Bouazza, 2015, p. 108)[13]

### 3.2. *The economic importance of small and medium enterprises under the sustainable development in Algeria:*

In order, for achieving economic development objectives such as employment creation, poverty reduction, economic growth and investment oppor

tunities, SMEs has become the main source while developing entrepreneurial skills and indigenous technology.

#### 3.2.1. *The contribution of SMEs to Value Added (VA)*

The Algerian SME is constantly growing. This sector has made considerable progress in recent years, as evidenced by its creation and the steady growth of its share in the main economic indicators. In this fact, the table below reflect the contribution of SMEs (private and public combined) in the national economy from a photograph of their evolution and shares in terms of Added Value.(bour)[14]

**Table n°8: Development of added value during the period (2010-2016)**

Years	2010	2011	2012	2013	2014	2015	2016
Value Added (VA) ( milyar.DA)	<b>1279.47</b>	<b>1444.63</b>	<b>1651.55</b>	<b>1870.6</b>	<b>1870.6</b>	<b>2259.33</b>	<b>5529.27</b>
Percentage(%)	<b>5.90</b>	<b>5.93</b>	<b>5.83</b>	<b>5.93</b>	<b>6.08</b>	<b>15.5</b>	<b>19.05</b>

Source: ( statistique)

We note from the above table that small and medium enterprises contribute significantly to creating added value, as it increased from 1279.47 billion DA in 2010 to 8529.27 billion DA in 2016, an increase of 4249.80 billion DA.

#### 3.2.2. *The contribution of SMEs to GDP share*

As a results of reforms carried out by the Algerian government, SMEs have grown significantly in number. Their GDP share increased but not to the expected levels since much of the growth is still driven from oil and gas sector. SMEs have also contributed positively to job creation, this is what we will explain in the following table:

**Table n°9: GDP share by sector and GDP share per worker in Algeria, 2016**

Sector	GDP share by sector,	GDP share by sector trend, p.p., 2008-2016 ***	GDP share per worker per year, US\$
<b>Agriculture</b>	13%	+ 6.0 p.p.	4,484
<b>Mining &amp; quarrying</b>	20%	- 29 p.p.	176,533
<b>Manufacturing</b>	4.8%	+ 0.9 p.p	4,924
<b>Electricity, gas &amp; Water</b>	1.1%	+ 0.2 p.p	43,389
<b>Construction</b>	12%	+ 3.6 p.p	21,197
<b>Wholesale, restaurants &amp; hotels</b>	16%	+ 5.0 p.p.	5,976
<b>Transport, storage &amp; communication</b>	11%	+ 3.0 p.p.	14,451
<b>Finance, real estate &amp; business services</b>	2.9%	+ 1.0 p.p.	5,322
<b>Public administration and defence, security</b>	17%	+ 7.8 p.p.	14,614
<b>Other services *</b>	1.4%	+ 0.4 p.p.	2,356
<b>Total</b>	<b>100%</b>	<b>N/a</b>	<b>9,565 **</b>



Source:(Labour Market Report Algeria – 2020)[15]

The above table shows:

The construction sector experienced a slight upsurge in employment by 1.0 percentage point during the last decade, and the GDP share has increased by 3.6 percentage points. It was mainly related to reshuffling of GDP share value per sector in the aftermath of the plunged mining sector. It points towards the fact that the country is challenged to reach the SDG target of a sustainable industrialisation.

### 3.2.3. Contribution of small and medium enterprises in foreign exchange

Export is one of the important means of controlling the balance of payments of countries and the provision of foreign exchange, and international experiences in this field have proven the success of small and medium enterprises and their great ability to contribute effectively to the development and increase of the volume of exports, as the hydrocarbons control Algerian exports by more than 95%. Algeria to support small and medium enterprises in order to encourage exports outside of hydrocarbons. Which are shown in the following table:(Amina, 2020, pp. 128 - 129)[16]

**Table n°10: Development of the volume of foreign exchange: exports and imports for the period (2010-2018)**

Years	2010	2011	2012	2013	2014	2015	2016	2017	2018
Exports outside of hydrocarbons	1619	2149	2187	2165	2810	2063	1781	1899	1312
Exports US \$ 1 million	57053	73390	73981	35907	62886	37787	61600	54600	66200
Imports US \$ 1 million	40472	46453	46801	28350	58580	51501	46727	49957	22754

Source: data from CNIS

Algeria's long-term economic growth is slowing down, driven by a shrinking hydrocarbon sector, an overblown public-led model of growth. The hydrocarbon industry, which accounts for 19.5% of GDP, 41% of budget revenues, and 94% of product exports is undergoing structural decline.

While the current account deficit remained relatively unchanged at -10% of GDP. Algeria's foreign currency reserves steadily declined, reaching 13.6 months of imports at end-2019.

### 3.2.4. The reality of small and medium enterprises in the Algerian economy:

statistics and national annual reports show that the rate of development of small and medium enterprises in Algeria has been improving continuously, especially in recent years, but it has not reached the required level, which is next:(andpme, 2019)[17]

- ✓ Small and medium-sized enterprises (SMEs) predominate among Algerian firms, forming the backbone of the private sector. At end-2016 Algeria's 1m SMEs employed more than 2.5m people and engaged in some AD75bn (\$622.1m) in bilateral trade ;
- ✓ Algeria created an average of 60,000 SMEs per year in the 2012-15 period, and there is evidence that the pace of business creation is accelerating. There was a net increase of 88,100 SMEs in 2016 alone – up 9.4% on the 2015 figure – and a 7.2% rise in employment among SMEs. The government's goal is to establish another 1m SMEs over the 2016 - 2021 period ;
- ✓ At 97.1%, the vast majority of Algeria's SMEs are micro-enterprises, with less than 10 employees. There are only 3170 registered firms of medium size – those having between 50 and 249 employees – accounting for 0.31% of all SMEs ;
- ✓ The government supports the SME sector by investing in private sector companies through the National Investment Development Agency. While 2016 saw a 9.6% reduction to 7185 in the number of such investments, the amount invested increased by 24.8% to AD1.8trn (\$14.9bn), and the number of jobs supported by these firms grew by 9.1% to 164,000 ;
- ✓ On January 10, 2017 Law No. 17-02 on the development of SMEs was adopted. The new legislation aims to encourage the establishment of new SMEs, and to improve both their competitiveness and export capacity. The law tasks the National Agency for the Development of SMEs with the growth and

modernisation of the SME sector, as well as the execution of the country's accompanying development strategy ;

- ✓ The law also foresees the establishment of two funds to support the development of SMEs, including the Algerian Credit Guarantee bank and a seed capital bank. The latter helps finance costs related to the development of product prototypes, such as business plans, research and development.

### *3.3. The environmental importance of small and medium enterprises under the sustainable development in Algeria:*

The adoption of the principles of sustainable development is considered as a crucial mechanism. It enables governments and peoples to meet the needs and desires of the current generations as well as respecting the right of future generations in natural resources and to live safely, which necessitated the small and medium enterprises adopt responsible behavior by adopting a new philosophy based on the commitment towards the environment and society as well.

#### *3.3.1. Rationalization of energy consumption of SMEs:*

Energy management and energy efficiency are not just for large companies. SMEs can also save a lot of money. the consumption of small buildings accounts for almost half of global energy use and these structures could potentially save some USD 30 billion each year to better cope with future fluctuations in energy prices, and to be part of a more sustainable in the long run. With the enormous energy, environmental and operational gains to be made, the question is no longer whether a company can afford an upgrade, but whether it can afford to do without. (iso)[12]

Faced with the need to stay competitive and reduce costs, SMEs - like most businesses - are looking for ways to manage their energy consumption more rationally and economically. What is more, energy management and energy efficiency is often easier to implement these principles in SMEs than in large organizations, because their hierarchical structures are generally simpler and the administrative burden is less. which facilitates and accelerates the implementation of changes and improvements.

#### *3.3.2. Eco-design of SMEs:*

The research field of SMEs focuses on the study of the various aspects of the product life cycle (costs, quality, environment, etc.) and on the impact of these aspects on product design, in particular the impact of taking taking these aspects into account across the entire supply chain and in information and data management systems. Eco-design is therefore a natural part of SMEs when it comes to the management of environmental aspects throughout the product life cycle. (Pochat, 2005, p. 54)[18]

#### **3.3.3. Integration of eco-design in SMEs:**

Research concerning the integration of eco-design in SMEs therefore naturally lies at the intersection of areas of research on eco-design, as part of integral part of PLM, and on SMEs, as an integral part of industrial organizations.

eco-design still has a negligible role in companies, and particularly in SMEs.

They even specify that in terms of eco-design activity, SMEs are far behind compared to large companies The authors estimate that we can count a hundred SMEs practicing eco-design in each of the following countries having benefited from ambitious government eco-design dissemination programs: Denmark, Sweden, the Netherlands and Austria. According to them, the small group of European SMEs developing an eco-design activity correspond to SMEs that have identified a potential market niche for "green" products, and who have seized the opportunity to differentiate their product range. However, these SMEs remain exceptions.

The authors therefore conclude that, even in the most advanced countries in the field of eco-design, the proportion of SMEs developing an activity of environmental product design is very low. (Pochat, 2005, p. 62)

### 3.4. Some difficulty to establish the SMEs in Algeria

A conducive business environment is an important enabler of an effective SME sector. The Algerian government has undertaken major reforms to improve the business environment by streamlining their regulations, reforming the financial sector, and removing trade and investment barriers. However, despite these efforts, the business environment in Algeria remains inefficient for reinforcing the competitiveness of SMEs, particularly with regards to bureaucracy, corruption, informal sector competition, access to land, and access to financing. (The World Bank in Algeria, 2015)[19]

In addition to the aforementioned, there are other difficulties, including: (Khenfri Khaidher, 2019, p. 100)[20]

- Difficulties related to the acquisition of land which are due to the complication of administrative procedures and the lack of transparency ;
- Most small and medium enterprises are individual and individual institutions where they do not rely on modern management methods but are based on a mixture of tradition and jurisprudence ;
- The difficulty of obtaining information and modern technology in the absence of specialized bodies, which these enterprises seek to support and technical advice ;
- Absence of public register and private offices for information sharing and loans ;
- focus on subsidie only and neglect of the escort process, beside that absence for accompaniment to entrepreneurship when establishing their enterprises.

To eliminate these difficulties, the Algerian government has put in place a set of measures that will advance this sector, including: (Khenfri Khaidher, 2019, p. 101)[21]

- the strengthen leadership of SMEs through the adoption strategies and policies in order to expand and deepen their skills and increase their productivity ;
- Strengthen cooperation between state and regional communities in support SMEs, such as business incubators business development center and other as needed;
- Allocated new private banks to finance SMEs like as local banks to meet various needs in different circumstances;
- Introducing other agencies and funds that offer loans with low interest rates and guarantees for the benefit of those wishing to establish small and medium enterprises;
- Establish consulting offices to guide and provide full support of SMEs.
- Attention to the economic environment and reform in order to ensure the flow of economic information to ensure transparency, and to provide an appropriate environment for competition with the review of measures related to the promotion of exports.

## 4. Conclusion:

The purpose of our research was to study the contribution of Algerian SMEs in sustainable development, so we revealed that this type of enterprises had recognized a progression in some sector like as: service and industry and this sector lagging behind in agriculture, However, SMEs are still facing a lot of challenges that stand on their way to development. Financial issues and tax burden along with bureaucracy and corruption are the most recurrent of these obstacles.

The Banking system is underdeveloped and usually only public banks, which are involved in programs designed for financing SMEs. Such situation erases competition and lead to the failure of many programs. Since an Algeria's new economic recovery program can be a tool that enables small and medium enterprises to generate a lot of activities and make investments after the conditions of domestic finance have improved in their government or banking image.

Based on the above, we try to make some recommendations and suggestions:

- streamline all administrative procedures by adapting the administration to the current and future economic changes and eliminating the negative phenomena that still plagued the Algerian administration such as bribery, nepotism and bureaucracy ;

- It is necessary to look for economic activities in which Algeria has a comparative advantage in comparison to other countries and to encourage, develop and harness the necessary financial ;
- Given the importance of innovation, Algerian SME enterprises should invest and collaborate in the field of research and development ;
- innovative capacity of the SME's depends generally on its intrinsic characteristics and the situation in which it operates. Indeed, on the company is managed by a qualified entrepreneur and possesses a financial capacity as well as human skills ;
- The Algerian government should make a greater effort to create a meaningful and comprehensive policy to improve the country's business climate, which is currently not conducive to the development of SMEs sector.

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