



# جامعة الشهيد حمزة لخضر الوادي

## كلية العلوم الاقتصادية والتجارية وعلوم التسيير



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الأستاذ الدكتور عمر فرحاتي

# الملتقى الوطني حول

# إشكالية إستدامة المؤسسات الصغيرة و المتوسطة في الجزائر



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كلية العلوم الاقتصادية التجارية وعلوم التسيير



### الملتقى وطني حول إشكالية استدامة المؤسسات الصغيرة والمتوسطة

د. عوادي مصطفى	رئيس الملتقى
د. يونس الزين	رئيس اللجنة العلمية
د. رضا زهواني	مقرر اللجنة العلمية
د. موسى جديدي	رئيس اللجنة التنظيمية
د. لعبيدي مهاوات	نائب رئيس اللجنة التنظيمية
يومي 06 و 07 ديسمبر 2017	تاريخ إنعقاد الملتقى
Durabilite39@gmail.com	البريد الإلكتروني للملتقى

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طالبة دكتوراه	المؤهل العلمي
أستاذة	الوظيفة
/	التخصص
University of Achahid Hamma Lakhdher – Eloued	المؤسسة
/	ملاحظات

## Small and medium enterprises in Algeria between obstacles and difficulties

### الملخص:

لقد ركزنا في دراستنا هذه على أهم قطاع في اقتصاديات دول العالم ألا وهو المؤسسات الصغيرة والمتوسطة، كونها تعتبر ركيزة لتنشيط الاقتصاد الوطني خارج المحروقات، وكقاعدة لتنويع الإنتاجية الصناعية، ورغم الإجراءات والإصلاحات والتشريعات الصادرة من صناع القرار بالجزائر، إلا أن ثقافة الاستثمار خارج القطاع العام، لم تتجسد وفق ما يتماشى واقتصاديات الدول المتقدمة، وعليه في هذه الدراسة حاولنا جاهدين الوقوف عند العراقيل والصعوبات التي تثبط إنشاء وترقية المؤسسات الصغيرة والمتوسطة، حيث استنتجنا تناقض بين القرارات وسرعتها، وبين الإجراءات التنفيذية، أيضا فوضى وفساد إداريين أدى إلى عزوف المستثمرين الجدد، إضافة تخلف القوانين وابتعادها عن الواقع الاقتصادي الجديد، التناقض بين الوزارات في تنفيذ القرارات، غياب سوق مالي ديناميكي يتماشى والتغيرات المالية الجديدة.. الخ، كل هذه الصعوبات تثبط من نمو أو إنشاء أو استمرارية المؤسسات الصغيرة والمتوسطة بالجزائر.

الكلمات المفتاحية: المؤسسات الصغيرة والمتوسطة، برامج التأهيل، عراقيل م ص م

### Abstract :

In this study, we focused on the most important sector in the economies of the world, namely, small and medium enterprises, as it is the basis for the revitalization of the national economy outside of hydrocarbons and as a basis for diversification of industrial productivity. Despite the measures, reforms and legislations issued by decision makers in Algeria, Did not materialize in accordance with the economies of developed countries, and in this study we tried hard to stand up to obstacles and difficulties that inhibit the establishment and promotion of small and medium enterprises, where we concluded a contradiction between the decisions and their speed, Among the executive procedures were administrative chaos and corruption that led to the reluctance of new investors, in addition to the failure of the laws and their departure from the new economic reality, the contradiction between the ministries in implementing the decisions, the absence of a dynamic financial market in line with the new financial changes, etc., all these difficulties inhibited the growth or establishment Or the sustainability of small and medium enterprises in Algeria

**Keywords:** small and medium enterprises, rehabilitation programs, SME blockages

## Introduction

Small and medium enterprises (SMEs) are the mainstay of the economies of countries in the world because they play an important role in achieving economic development. This is due to its large number compared to major institutions, and it is the most important and efficient in directing some of the economic and social policies that other institutions can not achieve because they are characterized by their small capital compared to the capital of large institutions in addition to the new jobs they provide. The size of investments, whether local or foreign, and the latter's achievement of maximizing value added, in addition to the effective development role in achieving economic development as a whole, This is in line with the effective institutions of the economy to achieve the various activities. However, in recent years Algeria's small and medium-sized enterprises have been aware of the Algerian economy, which has undergone a quantum leap towards a market economy in the 1980s, as a result of changes in the world economic map. And the trend towards a new international order based on unipolar, and the impact of the collapse of oil prices, and after that most of the oil countries have known a decline in their growth and deficit in their balance, including Algeria, so they resorted to the search for other alternatives to achieve growth Development outside of hydrocarbons, SMEs are one of the most important sectors in the growth of the economies of countries in the world, The Algerian government has adopted new strategies and mechanisms aimed at encouraging young people of all categories to move towards new investments by establishing such small enterprises, Of a set of laws and legislation following the adoption of financial policies and the establishment of governmental bodies interested in supporting these institutions and rehabilitating them in various sectors of economic activity.

However, these institutions despite the importance of the economy, but they are subject to obstacles that hinder their development, and the problem of financing is one of the biggest obstacles facing owners of small and medium enterprises, especially in the start-up, and in light of the above can raise the following problem:

### **What are the obstacles and difficulties faced by small and medium enterprises in Algeria?**

In order to address the problem of research we can present the following hypotheses as follows:

- Small and medium enterprises in Algeria are fertile ground for the development of the national economy, but suffer from problems and obstacles.
- The various trends and strategies adopted by the national economy led to the absence of strong economic sectors outside the hydrocarbons.

In the light of the nature of the study and to answer the problem presented, and test the validity of the hypotheses, this study will be divided into three axes, the first axis deals with the nature of small and medium enterprises, and the second axis: includes the reality of the development of small and medium enterprises, the last axis addresses the obstacles and obstacles facing small enterprises And the medium in Algeria.

## The first axis: What are the small and medium enterprises

Small and medium enterprises (SMEs) are effective economic activities in the world, as they are a major focus in achieving growth and development. Many studies indicate that small and medium enterprises have succeeded in making many economies of the world (such as the UK economy) successful. The rest of the institutions to spread the interest at the macro level as a whole, so this type of institutions the focus of the attention of many economists and decision-makers, which plays a great importance in achieving comprehensive development on the one hand, and on the other was able to demonstrate its effectiveness in the expansion and diversification of Industrial production, and achievement of development goals.

Despite the importance of small and medium enterprises in the economies of countries in the world, they differed in giving a unified concept and definition of these institutions, where many of them worked hard to define the definition of it due to the following reasons and factors:

- **Political factors:** It is the extent to which policy makers see the extent of the state's interest in these institutions and in light of which the concept is defined and distinguished(1).
- **Economic factors:** This is due to the difference in the degrees of growth, as well as the disparity to the difference in technology used in these institutions, the weight of the economic structures (2), the difference in the type of economic activity, Commercial activity, etc., in addition to the difference in the size of labor, capital, etc., etc. (3) In addition to the multiple branches of economic activity to which the micro-enterprise belongs.
- **Technical factors:** The technical factor is the level of integration between enterprises, the more the integration, the more the production process is towards concentration and expansion (4).
- **Multiple classification criteria and their differences:** The definition of a comprehensive definition of small and medium enterprises depends on several indicators and criteria that vary according to their type, such as quantitative criteria based on size and measurement (eg number of workers, capital size ...) ... etc (5).

In the face of these factors, there is a great difficulty faced by many economists in defining the concept of accurate for small and medium enterprises, but can be put the most important definition reached as follows:

### First: definitions of international bodies

- **The definition of the World Bank:** defined by the International Finance Corporation Branch between three types of institutions: mini, small and medium according to the following table:

**Table 1:** Classification of SMEs by IFC

Medium Enterprise			Asmall Enterprise			Mini enterprise		
Budget size	Business Number	Number of Workers	Budget size	Business Number	Number of Workers	Budget size	Business Number	Number of Workers
less than 15 Million \$	less than 15 Million \$	more than 50	less than 3 Million \$	less than 3 Million \$	less than 30	less than 100000 \$	less than 100000 \$	less than 10

source:

محمد براق، عمر فمان، واقع وآفاق النظام المحاسبي المالي في المؤسسات الصغيرة والمتوسطة في الجزائر، ملتقى وطني بجامعة الوادي، كلية العلوم الاقتصادية وعلوم التسيير، 2013، ص3.

- **Definition of the European Union:** The definition of the European Union for small and medium enterprises is based on three criteria: the number of employees, the annual turnover, the independence of the institution, in accordance with the Bologna Charter, which was a recommendation for all Member States in 1996. This can be summarized in the following table:

**Table (02):** Classification of SMEs by the International Federation

Medium Enterprise			Asmall Enterprise			Mini enterprise		
Budget size	Business Number	Number of Workers	Budget size	Business Number	Number of Workers	Budget size	Business Number	Number of Workers
less than 5 Million\$	less than 40 Million\$	Between 250 - 50	less than 5 Million\$	less than 7 Million\$	less than 50	/	/	less than 10

Source: 21. بلعوز بن علي، ورقة عمل مقدمة للملتقى دولي حول متطلبات تأهيل المؤسسات المتوسطة والصغيرة، كلية العلوم الاقتصادية، الشلف أبريل 2006، ص 21.

**Second: Definition of the Algerian legislator for small and medium enterprises:** Algeria generally defines small and medium enterprises as follows:

1. Foundation employs more than 10 and less 250 people
2. Business Number does not exceed \$ 2 billion.
3. The total annual turnover does not exceed 500 million dinars.
4. Respect the standards of independence (6).

According to Law 01/18 of 12/12/2001, which is in the Guiding Law for the Promotion of Enterprises and in the text of Article 4, "Small and medium enterprises, whatever their legal nature, are the institutions of production of goods and services, and incite from 1 to 250 persons, Annual total of 2 billion dinars, and does not exceed the total annual turnover of 500 million dinars.

**Third: Characteristics of SMEs:** Small and medium enterprises have several characteristics, including the following: (8):

- **Centralization of the decision and flexibility:** Small and medium enterprises rely on a simple pyramid hierarchy, and the owner of the institution at the top of the pyramid, where the decision is due to the latter, and can consult his workers who are competent without giving them power. Also characterized by this type of institutions the property Flexibility Flexibility is the ability to change or modify in the event of a boom or bust.
- **Capitalization:** The establishment of small and medium-sized enterprises does not require large capital, as is the case with large enterprises, a capital that facilitates the process of its establishment and management and the speed of its integration into national economic activity.
- **Low level of technology:** Small and medium enterprises do not use a high level of technology because some industries belong to this sector, and we find the ease of information and the ease of dissemination of information in such types of institutions, which makes it easier to cope with the economic and social conditions.

- **Subcontracting:** It is a means of supporting institutions, a kind of structural interconnection between a large and a small institution. It is also a kind of partnership between a national partner and a local partner.

#### **Fourth: The role of small and medium enterprises in achieving economic and social development:**

If there are different opinions and definitions about the existence of SMEs, as well as different classification criteria, everyone agrees on a leading role in achieving economic and social development through the opening of positions for champions, wealth creation, etc. The following points (9) are:

- **Contribution to the provision of jobs and the alleviation of unemployment:** For example, the experience of the French government in 1976 under the slogan "The unemployed established your enterprises ". This program has achieved significant results, where the small enterprises then 183,000 enterprises in 1994 and the government continued to support and simplify procedures until In 2000 alone, 177,000 new enterprises contributed to the contribution of this type of enterprises by 73% in employment and 60% in value added. Small and medium enterprises can also accelerate the geographic spread in industrial and rural areas, thus reducing social pressure on cities with Density High-Canet, which works to achieve human balance.
- **Contributing to the increase of exports:** The most important problem in the balance of trade for many of the economies of countries, especially developing ones, is the deficit in their balance or dependence on one type of exported goods such as Algeria, for example an export line consisting of hydrocarbons and derivatives. Import or export of competing goods, many experiences show the importance of the goods produced by these institutions and their contribution to the formation of a diversified export structure. For example, exports of these enterprises in India amounted to 55%, and these institutions are characterized by the production of labor-intensive goods, the production unit, the flexibility and capital adequacy gives it the ability to meet the needs of the export market.
- **Contribution to the development of the regions State:** The development of state regions has become a necessity imposed by the reality of the state to achieve balance between the countryside and other regions through the strategy of the establishment of small and medium enterprises, that is, the distribution of development geographically, and thus remove the differences between the regions of the state and then the achievement of social goals.

## The second axis: the reality of the development of small and medium enterprises in Algeria

The birth of small and medium-sized enterprises in Algeria was a slow development after independence until the beginning of the economic transformation in 1986, where Algeria experienced a suffocating economic crisis that led to the inability of many public institutions and the layoffs caused by the collapse of oil prices. All this forced Algeria to shift from socialism to market economy. On mechanisms and strategies to achieve the development of non-hydrocarbons, and then the State started to support the establishment of small and medium enterprises and the stages of development of small and medium enterprises in Algeria can be presented as follows:

**The first phase (1962-1985):** The slow growth of small and medium-sized enterprises was characterized by the absence of a clear strategy on how to support the youth at the time, and Algeria adopting a social policy based entirely on public institutions.

**The second phase (1986-2000):** During this period, Algeria became a structural change in the economy due to the collapse of socialism and the decline in oil prices, which led to the inability of many public institutions and the layoffs of workers. 29.30%, causing a lot of economic and social problems.

**Third Phase (2001-2016):** During this phase, the government worked on a strategy to achieve economic and social development through the enactment of legislation and laws, including the Guideline Law 01/18 of 12/12/2001, which promotes and rehabilitates these Institutions that create jobs, wealth creation, etc., where the unemployment rate dropped by 9.8% in 2013, in addition to the high rate of economic growth ... which led to the achievement of social welfare among the people.

### First: Development of Small and Medium Enterprises in Algeria (2000-2016)

**Table (03):** The Census of Small and Medium Enterprises in Algeria (2000-2016)

the years	2000	2001	2002	2003	2004	2005	2006	2007	
N PME	159507	179893	261863	288587	312956	342788	376767	410959	
he years	2008	2009	2010	2011	2012	2013	2014	2015	2016
N PME	519526	570838	607297	659660	700000	747934	820738	934569	1022621

source: <http://www.ons.dz>

The above table shows the development of the number of small and medium enterprises in Algeria, which has been steadily increasing. This is due to the increase in oil prices, which led to an increase in the sources of funding for public expenditures, in addition to the rehabilitation programs adopted by the State to support such institutions, which led to the increase of employment in Algeria in 2015, reaching 37.1%. This increase can be linked to the increasing number of SMEs.

**Table (04):** Classification of SMEs by 2016

Type of enterprises	Number of enterprises	percentage
Mini enterprise	993170	97.12%
Small enterprise	26281	2.57%
Medium enterprise	3170	0.31%
<b>Total</b>	<b>1022621</b>	<b>100%</b>

source: <http://www.ons.dz>. Number 30 May 2017.



Of the above controversy, according to the 2016 statistics, the total number of micro-enterprises exceeded 97%, which has less than 90 workers in economic activity, while the small enterprises accounted for 2.57% of the total projects, which have between 10 and 49 workers, while medium enterprises It represents a very small percentage of the economic fabric, where it reached 0.31% with a labor force of between 50 and 249 workers.

**Table (05):** Distribution of Small and Medium Enterprises by Region in Algeria

Private Small and Medium Enterprises for legal persons				
Region	Numberof enterprises	population	Density	Percentage
The North	400615	21075874	19	69.56%
Highlands	125696	6975202	13	21.83%
The South	49595	3238954	15	8.61%
<b>Total</b>	<b>575906</b>	<b>34080030</b>	<b>17</b>	<b>100</b>

source: <http://www.ons.dz>. Number 30 May 2017.

The above table shows that according to the spatial distribution of the land, the northern region occupies the first place in the absorption of small and medium enterprises. This is due to the population density, which represents 19 or 69.56%. This represents more than half for Algeria as a whole, followed by the high plateau with a concentration of 21.83 (125696 small and medium enterprises), and in the south (8.61%), representing 49595 small enterprises.

### The Second: Small and Medium Enterprises Qualification Programs by the State

In light of the new economic transition resulting from the collapse of oil prices, which is the only source of public expenditure financing in Algeria, it is necessary to take rehabilitation measures for these institutions in line with what is happening in the world, In line with the new situation.

In this paper we can present the most important sources of funding for the programs of rehabilitation of small and medium enterprises accredited in Algeria, and before addressing these programs, it is necessary to determine the concept of rehabilitation of these programs in the State, according to the following points:

**The concept of rehabilitation:** The rehabilitation of institutions can be described as a continuous course aimed at preparing and adapting institutions and their surroundings to the requirements of free exchange. Moreover, the procedures established in the rehabilitation programs aim at lifting restrictions that hinder the business environment (institutions, laws ...). Making institutions more competitive in terms of cost-quality-innovation, and also to make institutions able to keep abreast of market changes and technological developments "(10).

In order to enable Algerian small and medium enterprises to keep abreast of developments in the economic field and to compete with their counterparts in the world. In view of the above challenges, the Ministry of Small and Medium Enterprises and Crafts (11):

1. **National program for the rehabilitation of small and medium enterprises with a value of 10 billion dinars annually, until 2013:** supervised by the National Agency for the Development of Small and Medium Enterprises, which was established by Executive Decree No. 05-165 of 3 May 2005: Small and medium enterprises define Algerian law. This national program for the rehabilitation of small and medium enterprises mainly aims to achieve the following points:

- Making these enterprises able to control technical progress and markets.
- Making these enterprises competitive in price / quality.
- Create new benefits.
- Create new and permanent jobs.
- Developing exports outside hydrocarbons.
- Reducing the organizational weakness of small and medium enterprises.
- Reducing the informal economy.
- Setting up an operational management system in the service of small and medium enterprises.

Providing an accredited information system to track the world of small and medium enterprises in the service of the state and the national economy. This program has the following characteristics:

- ✓ Extends to include the rehabilitation of small and medium enterprises.

Extends to include sectors and institutions that are not affected by other programs, especially institutions smaller than 20 workers. Priority is given to non-investment investments.

- ✓ Analyzes the branches of activity and adjusts the rehabilitation procedures of the states according to priority by preparing public studies that will be able to identify closely the specificities of each state and each branch of activity and ways of supporting small and medium enterprises by evaluating the available local capacities and capabilities according to branches and achieving regional promotion and development of the sector.

In addition to this ambitious program developed by the Algerian Ministry of Small and Medium Enterprises, there are other programs developed by the Algerian public authorities to rehabilitate and support the Algerian economic enterprises.

2. **The national program for the development of industrial competitiveness led by the Ministry of Industry:** which aims mainly at upgrading the competitiveness of industrial enterprises with 20 workers and more, and this program is not forcing institutions to enter it, but leaves them free to join or not, Provided by the public authorities through the so-called Industrial Development Fund.
3. **Program (EDPme (MEDA) conducted by the Ministry of Small and Medium Enterprises and Crafts:** Which aims to strengthen the competitiveness of private industrial enterprises, a program funded by the European Union and the Ministry of Sources and Mechanisms to finance the rehabilitation of small and medium enterprises over a period of 5 years, and has been allocated a financial envelope estimated at 62.9 million euros.

### **Third: Sources of funding for the rehabilitation programs of small and medium enterprises**

There are many sources of financing, and can be divided according to the following factors

1. **External sources:** In particular, the Euro-Mediterranean Partnership Agreement is the most important source of funding for the rehabilitation of SME promotion programs. The World Bank, the United Nations Industrial Development Organization (UNIDO), the Convention on Bilateral Cooperation between Governments and States.
2. **Local sources:** These sources are the financial and material subsidies provided by the State for the promotion of these institutions, in addition to bank loans.

3. **Self-sources:** It is the part that the institution itself undertakes, i.e. through its various sources of self-financing, such as undistributed profits, or through individual contributions to the owners of the project in the capital of the institution ... etc.

In spite of the appropriate conditions and conditions that qualify Algeria to establish small and medium enterprises. However, there are many problems facing the actual implementation of the reforms and the legal legislations that contain this. This was the idea of this problem to determine the size of the problems and obstacles faced by small enterprises in Algeria. In order to study the challenges ahead, according to the Algerian economic fabric, generally this can be seen through the third axis.

**The Third axis :** The obstacles faced by small and medium enterprises in Algeria

Despite the importance of small and medium enterprises in Algeria, and the increasing number of programs and strategies launched by the government for promotion and rehabilitation, especially from 2001 to 2016 within the programs of economic recovery and support, and despite this development, but it suffers from several problems must be taken into account from For the sake of their development and promotion for the benefit of economic and social development. These problems can be presented in our paper as follows:

1. **Financing problems:** Financing is the first obstacle to the establishment of small enterprises. The most difficult obstacle to projects is in its infancy. These difficulties can be limited to the following reasons(12):
  - ✓ **The weakness of domestic financial adaptation to the requirements of the new economic environment:** In fact, there is a clash between decision makers' discourse, financial support measures, investment and partnership, due to centralized lending, bureaucracy, long-term funding shortfalls and lack of financial information.
  - ✓ **The Bank's limited powers to grant loans:** and this is because of its lack of independence.
  - ✓ **Fragility of the relationship between the institution and the bank:** Of course, small and medium enterprises resort to mobilize their resources from banks, but the latter is moving away from this type of customers because of the fragility of the economic base of these institutions, forcing these institutions to reduce production levels and operating level, Obstacles to it.

**Absence of the Stock Exchange:** The (ASE) is an effective financial instrument for the development and promotion of the work of small and medium enterprises, as it is a space for consultation and exchange of financial and technical information. The benefits of the stock exchange can be presented in the following:

- Counting the technical capabilities of enterprises to improve the use of production capacity.
  - The conclusion of relations and better separation of the productive apparatus. Algeria is absent in the stock market, because the nature of the national economy is living in a one-sector crisis
2. **Administrative problems:** The following are (13):
    - ✓ **Procedures of construction:** The new investor, for many procedures and complexities, after which the small entrepreneur withdraws from the beginning as a result of laws and regulations complex and disrupting the operation of these enterprises

- ✓ **Multiple entities:** which deals with the owner of small and medium enterprises such as social security, electricity supply, health and the environment ... etc.
  - ✓ **Taxation:** most notably the bias of investment laws in many countries to large institutions, especially in terms of tax exemptions and privileges, which places small and medium enterprises in an unequal competitive position, in addition to the absence of tax legislation that takes these institutions into account.
  - ✓ **Lack of coordination:** The marginalization of small business owners by the operators of this device.
  - ✓ **Accounting problems:** due to lack of knowledge of the owner of the small enterprise procedures for construction, causing him problems with official bodies such as taxes.
  - ✓ **Not knowing the methods of dealing with official bodies:** how to open and hold commercial and industrial records, causing the length of transactions.
  - ✓ **Weak information and statistics of these institutions:** especially the competitive institutions and the standards of the competing producing goods.
3. **The problem of industrial real estate:** The difficulty of obtaining industrial property, whether in terms of availability or administrative procedures for obtaining it, the price and methods of payment and legal settlement. The absence of a free and dynamic real estate market encouraged speculation even in the public property. A private real estate market and a public real estate market with a significant difference in prices, which promotes speculation and the sale of opaque land, and in a study of the World Bank proved the impact of this barrier on private investment, including small and medium enterprises, and the waiting period for industrial property is between 3 and 5 years (14). In general, the problem of industrial property in Algeria is as follows:
- ✓ **Land:** mainly related to: the bureaucratic procedures imposed at the community level, the length of land grants, the rejection of requests for land grants for investment, much of the industrial land is legal ambiguity, and most of the occupants do not have title.
  - ✓ **Industrial Zones:** Algeria's industrial zones suffer from a lack of a clear policy, which has deteriorated and turned into population areas because of its negative effects on the environment. Some industrial zones are located on the outskirts of the villages.
  - ✓ **Building Materials Market:** Due to the bureaucracy and the lack of building materials in public institutions, the investor is forced into a parallel market characterized by high prices, which costs the investor losses.
4. **The problem of marketing:** Small and medium enterprises face significant problems in marketing and promoting their products It is in (15):
- ✓ **The low financial potential of these institutions:** This leads to weak marketing efficiency due to their ability to provide information on the local and external market, and tastes of consumers, in addition to the inability to use the appropriate means of transportation for the disposal of the product and thus the high costs of transportation, Occasion.

✓ **Local consumer preference for foreign goods:** avoiding imitation or simulation, or as a result of lower prices compared to local product.

✓ **Lack of financial and administrative incentives,** sufficient to enable domestic goods to compete with foreign goods in the foreign or domestic market.

5. **Technological and technical problem:** These difficulties are as follows:

✓ **Difficulty in obtaining information, technology and difficulty of development and technological modernization:** Small and medium enterprises face the problem of keeping pace with technological developments due to lack of information, due to the lack of specialized agencies in providing technical and technical support.

✓ **Difficulty in obtaining material production interventions:** whether primary or intermediate, parts or components

✓ **Productive equipment:** Small enterprises face difficulty in acquiring productive equipment because of poor funding.

✓ **Insufficient training for small business owners:** Here we mean the employment and employment elements, where they lack the experience and training to manage and manage the production and marketing of these enterprises, they are unable to attract highly skilled workers.

Therefore, the obstacles to the promotion and rehabilitation of small and medium enterprises in Algeria can be summarized as follows:

**Table (06):** The main obstacles and obstacles faced by small and medium enterprises in Algeria

The obstacles	interpretation	The reasons
<b>The rigidity of the Algerian administrative environment</b>	Legal systems and legislation that represent a space for the meeting between the government and the new investor are suffering from a kind of failure and official routine. Many projects have died in their infancy due to administrative and bureaucratic complications.	<ul style="list-style-type: none"> <li>- Algerian administrative thought has not yet grasped the idea of establishing small and medium enterprises.</li> <li>- The speed in issuing laws and decisions to encourage investment in Algeria.</li> <li>- Similar procrastination in the implementation of those procedures.</li> <li>- Lack of information.</li> <li>- The large number of documents required to from the enterprises.</li> <li>- Length of construction compared to developed countries.</li> </ul>
<b>The problem of the ownership contract or lease contract</b>	As a result of the multiplicity of bodies involved in determining the ownership of the property, and the editing of many legal texts.	<ul style="list-style-type: none"> <li>- Absence of decision authority to determine and allocate land and industrial areas.</li> <li>- Speculation in real estate. Which led to the exploitation of these spaces for non-</li> </ul>

		<p>investment purposes.</p> <ul style="list-style-type: none"> <li>- Ministerial order 28 dated 15 march 1994 failed to protect industrial property.</li> <li>- Length of time allocated for investment land.</li> <li>- Unjustified rejection of investor requests.</li> </ul>
<b>The problem of industrial zones</b>	<p>There are 72 industrial zones in Algeria, characterized by a lack of a strong infrastructure (lack of electricity, water, telephone, and internet.)</p>	<ul style="list-style-type: none"> <li>- The existence of a legal vacuum for the operation of industrial zones, decree N.55/84 of March 1984 is no longer adapted to modern economic condition.</li> <li>- The inability of the authority charged with managing it financially and materially.</li> <li>- The industrial zones were not owned by the industrial zones and according to the purification of the real estate containers. According to the economic report for 1999. The industrial zones were more than 4079 pieces. After the cleansing of real estate vessels, 2002 included only 1716 pieces.</li> </ul>
<b>Problem areas of activity</b>	<p>There are 449 activity zones in Algeria, most of which were established by local decision, without a management system. Most dealers still do not have title deeds and poor preparation.</p>	<p>As a result of the apparent deterioration of configuration and imbalances in governance, the government froze the establishment of new areas until the settlement of the old areas.</p>
<b>Financing problem</b>	<p>It is the process of mobilizing small and medium enterprises and providing them with financial and material resources, but the Algerian banks remain concerned about the identity of these enterprises.</p>	<ul style="list-style-type: none"> <li>- Absence of a dynamic financial market( lack of stock exchange), causing the bank's fear of refinancing investment loans.</li> <li>- The bank's commitment to the rules of caution demanded by the central bank.</li> <li>- Lack of specialized staff in financial engineering in Algeria.</li> <li>- Lack of information bank to give economic statistics.</li> <li>- Limited banking finance.</li> <li>- Limited powers of banks grant loans.</li> </ul>

Source: Prepared by researchers based on previous information.

## Conclusions and Recommendations:

The small enterprises in Algeria have experienced remarkable development over the last ten years, according to the statistics of the Ministry of Industry and Mines. This is due to the size and location of these institutions to raise the rate of economic growth on the one hand and to interact with other institutions to achieve the overall development of the economy as a whole. A kind of delay in the further expansion of the base and continuity of these institutions, in general we were able to reach the following results as follows:

1. Small and medium enterprises in Algeria play an important role in raising the rate of economic growth and achieving economic development, but they suffer from great obstacles to their growth and sustainability, and this is the validity of the first hypothesis.
2. Absence of a new legal basis in line with the new economic reality.
3. Conflicts between decisions and actions and the resulting administrative corruption hinder the establishment of these institutions.
4. Deterioration of the infrastructure of the economy.
5. Absence of an administrative culture that encourages investment in the state.
6. The chaos of management resulting in a fragmentation of achievements, which led to the weak preparation of these institutions, which is the basis of the validity of the second hypothesis.

Through our study, we have made the following recommendations:

In spite of the appropriate conditions and conditions that qualify Algeria to be a leader in the promotion and rehabilitation of small and medium enterprises, there are many problems facing the actual implementation of the reforms and legal legislations involved. Therefore, we propose the following recommendations:

1. Making important government decisions, such as reviewing the investment law.
2. Train and train employees in a market-based investment culture.
3. Reviewing the legislative system concerning the problem of real estate and financing methods ... etc
4. Establishing a financial market that will finance banks and institutions.
5. To unite the various ministries in order to build a legal framework in line with international economic standards
6. Minimizing the obstacles that hinder the investor and reduce bureaucracy and administrative corruption
7. Establishing an information bank that provides statistics and economic information to provide transparency to the new investor.

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