

Essay to analyze SMEs strategies facing globalization: a neo-institutional approach

مقال لتحليل استراتيجيات الشركات الصغيرة والمتوسطة التي تواجه العولمة: نهج مؤسسي جديد

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Abstract:

SMEs are at the heart of the new industrial project in Algeria. They are appreciated for their dynamism, their structural flexibility and their ability to adapt their behaviour to an environment now opened to competition.

However, their size can be a handicap due to the absence of economies of scale and financial barriers to entry for vital activities such as research and development.

This makes them vulnerable if they do not develop a greater capacity for innovation and adaptation in an economy fronting an international competition.

Keywords: SMEs, institutions, SMEs and HRM, organizational flexibility, organizational change.

Jel Classification Codes: D29, L25, L32, L33, G38

ملخص

تعدّ الشركات الصغيرة والمتوسطة قلب المشروع الصناعي الجديد في الجزائر. يتم الإشادة بهم على ديناميكيّتهم ومرونتهم الهيكلية وقدّرتهم على التكيف مع بيئة مفتوحة الآن للمنافسة.

ومع ذلك، يمكن أن يكون حجمها عائقا بسبب عدم وجود وفورات الحجم والحوافز المالية لدخول الأنشطة الحيوية مثل البحث والتطوير.

وهذا يجعلهم عرضة للخطر إذا لم يعوضوا عن هذا الوضع بقدرة أكبر على الابتكار والتكيف في اقتصاد مفتوح للمنافسة.

الكلمات المفتاحية: الشركات الصغيرة والمتوسطة، المؤسسات، الشركات الصغيرة والمتوسطة وإدارة الموارد البشرية، المرونة التنظيمية، التغيير التنظيمي.

تصنيف JEL: D29, L25, L32, L33, G38

Résumé

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Le dispositif cognitif de la théorie néo-institutionnelle sociologique et économique est perçu comme susceptible de restituer la complexité de la relation entre les PME en tant qu'organisations et le nouvel ordre institutionnel décliné sous le vocable de mondialisation ou globalisation. L'auteur constate une certaine convergence dans le traitement des ressources humaines (isomorphisme) mais aussi une hybridation dans le comportement et la structuration de ces organisations. La démonstration s'appuie sur des études de cas représentant des unités moyennes : deux publiques et une privée ancienne unité publique cédée à une grande entreprise familiale de dimension internationale.

Mots clés : PME, institutions, PME et GRH, flexibilité organisationnelle, changement organisationnel

Jel Classification Codes: D29, L25, L32, L33, G38

INTRODUCTION

The questioning of the position of SMEs facing globalization leads to contradictory and even antagonistic conclusions. Some authors note their weakness and their vulnerability leading to jeopardize their survival. Other authors, on the other hand, arguing their dynamism and their ability insist on their structural and strategic flexibility. They rely on their capacity to integrate into globalization, in a dynamic manner, developing and promoting export activities.

The cognitive device of the sociological and economic neo-institutional theory to which we resort is able, we believe, to restore the complexity of the relationship between globalization (institutional order) and SMEs as productive organizations. They argue that the process of economic regulation is built on game rules linking institutions and organizations; their conjunction ensures the resilience of organizations.

It uses three essential concepts: institutions, organization (firm) and market, which in their articulation concretize this relationship. The analysis will be conducted in terms of institutional change (globalization) asking for organizational change in companies in their direct contact with globalization. It is a question of identifying the threats and the opportunities (external factors) but also the strength and the vulnerability (internal factor) of SMEs facing this new context of open economy. This new situation is due to institutional change in Algeria declined by the term of "L'économies de marché" and which supersedes the administered economy in a situation of failure. The process consists of observing the progress in terms of behavior but also of organizational change to meet new requirements.

In this text, we try to understand the SMEs behavior in the new context of opened economy.

In regard of the public SMEs, we can postulate the vulnerability of those enterprises.

Algeria lost on the period 1990-2006 a volume of 500,000 jobs corresponding to half of public industrial employment at the beginning of the period.

The new situation sees the emergency of private SMEs as dominant actors. The question is about the strategy they develop facing the situation of an opened economy.

To back up our argument, we will also present some case studies we have conducted in a few SMEs / SMIs in the Oran Wilaya.

1. SMEs facing globalization: going through the question

The multiplicity of meanings and sometimes their imprecision in the specialized literature imposes on us a semantic detour necessary following our demonstration using three principal concepts in our demonstration: institution, organization and market.

1.1. Institutions

If we ignore the polysemous nature of the concept of institution, it remains the idea of more or less set of community rules as “social rules of games” ranging from ways and customs to law and constitution of the nation as the higher law (Corei, 1995, p.9).

Therefore, the institutions include formal rules, that is to say rules codified at the legal level (constitution, laws and decrees) and informal rules resulting from regular and continuous social relationships and behavior as persistent routines and habits, customs, traditions, sanctions, taboos, myths beliefs) (North, 1990, 1991, 1994, 2005). This is a large definition of institutions on which many authors agreeing with the institutionalist current.

The distinction between formal institutions and informal institutions (or constraints) should not hide their interdependence.

Many formal rules are just an ex post validation of informal rules from tradition or custom. Conversely, a formal institution can be extended or even modified by informal rules. "Formal rules can complement and increase the effectiveness of informal constraints" such as "Formal rules can also be promulgated to modify, revise or replace informal constraints" (North, 1990, p. 46-47).

Therefore, formal and informal rules, institutions, can be mutually reinforcing, opposing or complementary.

1.2. Organization their articulation: the dynamic of changing

Up to here, we can observe while institutions are, by definition, necessarily rules, not all rules are institutions. The articulation with the concept of organization supposes the fact that the rule is in mediating with an organization or an organizational behavior. The action makes the rule become an institution; it seems that repetition is the key.

This action let emerging, a priori, two modalities:

In the first case, the rules (formal and informal) are the result of action and interaction between actors - organizations, individuals and groups - these actions can be conflicting, competitive or collaborative. Collaborative relations, just like relations of exchange and hierarchy, participate in the restructuring of the institutional field through the rules they help to create. In this process their recognition and legitimating by other organizations is essential. In fact, “practices, technologies and rules” which are little diffused and weakly anchored in the social field are proto-institutions, the first phase of an institutionalization process, which calls precisely for their adaptation and diffusion within other organizations, which are active in the Social field (Lawrence, Hardy & Philips, 2002).

In the second case, we can observe that the «top» ie by the State and organizations essentially prescribes the rules; they impose themselves to companies that develop strategies of accommodation (DiMaggio & Powell, 1983), adaptation (Lawrence & Lorsch, 1994) or even workaround and resilience.

The issue of the vulnerability of SMEs to globalization articulates institutional change, in the last sense we give it here, followed by imposing an organizational change in SMEs as a response to the new constraints of the context.

Institutions are the rules of the game that structure political, economic and social interactions, change sets in motion institutions (framework of the game with its rules) and organizations

(players). The work of Douglas C North by the analytical separation that he makes between the rules of the game (the institutions) and the players (the organizations) is able to restore the reality of the change in the relationship between SMEs, the organizational and the institutional field in which they are embedded.

1.3. The action in the firm

The action of the company, as an organization, which organizes the production process (Quere & Ravix, 1998), has to modify its behavior and its structures according to the opportunities offered by the institutional environment. It operates, in particular, in / through the organizational field in which it is embedded which includes specially, the industrial group of which it is a production unit, the SGP (société de gestion de portefeuille), the supervisory ministry, which manages the branch or the sector in the case of public SMEs. This intervention framework offers him the opportunity to influence the political field, which sets the rules of the institutional game.

The sociological and economic neo-institutional analysis offers the possibility of reading vulnerability through the prism of the diffusion of rules (North, 1990, 1991, 1994) and the normative models within companies "consumers" of those rules and models (DiMaggio and Powell, 1983).

A first approach that can be qualified as holistic emphasizes the factors that structure institutions as a social order - globalization corresponds to the new order faced by SMEs and VSEs - which frames the action of organizations. The hypothesis of a mimetic diffusion of the provisions of globalization means that this order appears as an exogenous variable.

The company adopts the position of standard theory, mainstream in economics. Moreover, there is no use in studying the organizational forms, which bear and materialize these institutions. They are content to convey and transmit institutional rules and standards. Institutions are the solution of strategic interactions between perfectly rational actors that leaves little interest in the study of the organizational forms that they may develop.

We are in a Darwinian logic where the institutional order - here globalization - will "naturally" eliminate companies that are unable to adapt their actions to its requirements.

The second type of approach emerging from North's work considers that institutions serve competing interests and bring into play negotiation processes leading to rules.

In this context, "non-optimal" solutions in the sense of standard economics will be possible since the process of institutionalization carries asymmetries in the distribution and access to resources. This complexity of situations, the asymmetry of relations, the generality and multiplicity of institutional rules - which are not necessarily guides for specific actions-, the existence of contradictory interests opens up possibilities for strategic behaviour and original combinations of different elements of the institutional framework.

1.4. Business choices: ahybrid response

Firms choose options from the panel of alternatives choices (Scott, 2001) given by the institutional framework. They can opt for very original or even deviant combinations, solutions which reflect strategies of accommodation, adaptation or even refusal and resilience. Organizations sometimes develop similar operational arrangements and behavioral patterns because of their embeddedness in an institutional field that pushes them to mimetic, normative or a coercive isomorphism, in regard of the situation. (DiMaggio & Powell, 1983).

Postulating for an isomorphism means that there is a "constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions" (A. Hawley cited by DiMaggio & Powell, p. 149). The option for this type of solution is seen as reducing the uncertainties of a change diverging from the dominant options. However, while developing similar operational arrangements and modes of behavior (institutional isomorphism - DiMaggio & Powell, 1983), companies are able (and often try) to redefine the rules to adapt them (by diversifying them or by rewarding) or even cheat in order to achieve strategic objectives. The institutional theory expresses the process of adaptation when changing, bypassing, or even resisting by the concept of resilience.

Resilience reflects the ability to adapt their structure and behavior to the demands of the new institutional environment. It can be proactive, ie "the capacity to change before the case for change becomes desperately obvious" (Hamel & Valikangas, 2003); it can also be reactive, in the case it is a response to an institutional requirement. This superposition of the two logics, of diffusion on the one hand and of resistance or bypass allowing to keep the old practices and organization in the other hand, call for the concept of organizational hybridization. It precisely signifies how SMEs build organizational forms that bring together the old and the new, resulting in hybrid forms in terms of organization and practices (Williamson, 1985).

This concept makes it possible to reverse the perspective and restore the strategy of SMEs to adapt their old organization and practices to the pressures of globalization.

This dual position bringing into play two opposing positions of systematic dissemination and rejection as the extreme position of globalization emerges in a certain number of works on public enterprises confronted with the demands of institutional change declined under the term of "L'économie de marché".

The analysis certainly relates to all public enterprises of all sizes, when almost of the all-industrial tissue of the country was essentially composed of this category of enterprises. The weight of private enterprises was relatively low with regard to two essential criteria: the volume of employment and the contribution to the gross domestic production.

The work on HRM has the same methodological configuration since the change opposes a political HRM in a failed situation to a proactive HRM under construction in a context of globalization (Tahari, 2005).

The main works on the question, which show the actors in the diffusion of globalization, identify strategies, which go from the conformation - which results in the diffusion and the adoption of the process with its norms and its mode of organization - to pure resistance. This last action consists in opposing this diffusion by strategies of blocking and refusal. The choice of the latter position generally leads to the ousting of the system of these companies, at the origin of their dissolution in Algeria for example. Intermediate positions are those, which anticipate the requirements through a strategy of shock avoidance or adaptive resistance, therefore absorbing the shock of globalization by adapting the requirements to the contingency of the company and its environment (Pilot, 2006; Barabel, Huault & Meyer, 2002).

In reality, these intermediate behaviors participate in the organizational hybridization situation as defined above; it superimposes both diffusion and adaptive resistance to global and local conditions.

The strength of SMEs lies in the proximity character they can develop as a principal character.

This situation returns to the concept of proximity mix used by certain studies to relate the organizational reality and the behavior of these companies.

Table 1.The SMEs as proximity mix

<i>SMEs characteristics</i>	<i>Proximity types</i>
Leading role of the manager	Hierarchic proximity
Low tasks specialization and high professional polyvalence.	functional proximity
Decisions based on manager's experience and intuition, low appeal to expertise, therefore strong informal strategy, preference for short term.	Temporal proximity
Simple and direct information system with preponderance for oral relations.	Proximity of information system
Direct contacts with customers	Marketing proximity
High concentration of capital in the hands of the owner-manager – confusion of the company assets with that of the owner.	Proximity of finance
High territorial insertion.	Spatial proximity

Source:Torres, O., (1997), *Pour une approche critique de la spécificité de gestion des PME : Une application au cas de la globalisation*, Thèse de doctorat de l'Université de Montpellier, p.

We propose to illustrate our point by studying the reality of public MEs in Algeria as case studies.

2. Institutions and new industrial policy with SMEs

First, we will draw up a brief picture of the situation of SMEs and their place in the new industrialization strategy; the second point will consist of the presentation of cases.

2.1. Some essential data on SMEs in Algeria

The choice for a market economy operates by redefining the institutional mechanism regulating the activity of companies; it implements a contradictory process on SMEs.

It is first fatal for the weak tissue of public SMEs that existed before the reforms; at the same time, it frees private capital, which takes the role of locomotive in the new industrial development project based on private action or claimed as such. We can notice that the public SMEs that existed before the reforms of the early 1990s were not even proto-enterprises in the sense of Hadj Moury.

These small enterprises had to contribute in regional planning policy by fixing the local population giving those jobs and alleviating the shortage in the consumer goods market.

The field of activity of these companies was building and distribution of consumer goods (Souks el fellah). Almost all of these local and regional companies go bankrupt with the disappearance of their reasons for existence, the end of the shortages and the financial withdrawal of the state.

From now on, private SMEs look like essential actors in the diversification of the industrial tissue and economic integration, just as they must become the main source of wealth and the

main provider of industrial jobs. The clearly proclaimed objective is to decrease the dependence of the economy on the hydrocarbon resources exports, by participating in the supply of goods and services in a more substantial way. In terms of management, the project highlights the dominant ideas on the specificities of SMEs around flexibility and the low cost of reversibility of the decision.

The action of SMEs in growth becomes virtuous because their production structures can be easily adapted. They have little recourse to layoffs and are more resistant to exogenous pressures through their ability to mobilize their resources and the local skills available and / or accessible (CNES Algeria report, 2006). They make that the institutional mechanism operates “right side up” first by freeing existing private SMEs from the barriers to an extended accumulation of capital; it also opens the field without limit to new capital wishing to invest.

The law that marks the beginning of institutional change is “la loi sur la monnaie et le crédit”, which recognizes private enterprise as a main player in the new economic policy.

Since then, we have witnessed a change in the investment code and its successive adjustments in the direction of removing obstacles to indigenous and foreign investment, at least formally.

However, on the real level, the ineffectiveness of economic institutions and the bureaucratic barriers that stand up strongly inhibit any propensity for the development of SMEs / SMIs, which do not have the means to cope. This hybrid situation in terms of macro and meso-economic regulation is reflected in the fact that Algeria continues to navigate two contradictory realities: an outcome of the official discourse and made of major decisions unambiguously encouraging investment, including in the sectors previously closed, and the other, reflecting the practices of a terrain riddled with obstacles that discourage the best wishes. In other words, the state finds itself blocked by its own structures responsible for implementing its policy. This state of affairs, manifestation of the bureaucratic phenomenon, has become intolerable and has unfortunately reached alarming levels; it is the expression of the strong persistence of a dysfunction strongly denounced by social actors and whose cost to society is high. (Doing business)

In this regard, a representative of the employers declared: "we do not want more advantages, we just want less obstacles".

Embryonic in 1970, the tissue of private SMEs was as it looks in following data.

Table 2. Situation of SMEs in Algeria

Years	2001	2006	2007	2008	2009	2010	2016	2017	2018	2019
Private SMEs	179893	269806	293946	392013	408155	434641	787118	816326	879033	903332
Public SMEs	778	739	666	626	598	560	438	264	262	244
Artisans	64677	106222	116346	126887	162085	172096	235113	243699	262569	268369
Total	245348	376767	410959	519526	570838	607297	1060289	1060289	1141864	1171945

Source: Ministry of Small and Medium Business and Handicrafts.

Private SMEs have experienced very strong growth since the 1990s, even though events linked to terrorism slowed this growth during the bloodiest years. The number of private SMEs of all sizes is 179 893(in 2001), it is multiplied by 5.021 in 2019 as indicated in the table above. However, the majority of these companies remain very small businesses, which employ 1 to 9 employees. It represent 97% of the total. The number of private SMEs with more than 10 jobs increased to 35159 unities in 2019.

The contribution of the private sector to the global added value was 18 426 millions DA in 1974; it represents less than 1% of the same value in 2018 (10 017 698 DA).

We can also notice the drop of the public SMEs during the period 2001-2019.

The number of public SMEs is divided by 3.20.

The different branches that constitutes the sectors in following tables are:

1. **Services** composed by transport and communication, trade and distribution, hotels and restaurants, enterprises' services, households' services, financial institutions, real-estate business, community services.
2. **Building and public works**
3. **Industries** which bring together Mines and carriers, S.M.M.& E industries, building materials, chemical and plastics, Agrifoods industries, textile industries, leather industries, wood and paper industries, various industries.
4. **Agriculture and Fishing**
5. **Industries-related services** with petroleum services and works, water and Energy, Hydrocarbons.

The evolution of private SMEs as well as the sectorial orientation of investments emerges in the following table which summarizes the investments which pass through the CALPI institution which contributes to the promotion of investments and which since disappeared in favour of another institution the ANDI under the authority of the head of government.

Table 3.Investment projects by business sector (Millions DA)

Years	2001	2002	2003	2004	2005	2006	2007
B&PW	320.5	369.93	401	458.67	505.42	610.07	617.2
Trade	476.2	509.28	552.17	607.05	668.13	717.96	726.13
Transport	337.22	364.33	412.43	503.874	597.78	765.23	771.35
Services	36.88	40.60	44.15	50.69	57.23	62.36	66.98
Industry	107.55	112.79	115.38	119.24	129.11	137.55	143.44
Tourism	50.01	55.36	59.35	62.64	69.62	74.85	79.32
Agriculture	412.11	417.22	510.03	578.88	579.72	639.63	641.55
Total	1742.73	1872.10	2096.97	2383.72	2607.01	3007.65	3045.97

Table 3. Investment projects by business sector (Millions DA)-Continuation-

Years	2016	2017	2018	2019
Transport	55 117	42 398	-	-
B&PW	41 895	39 467	53 566	41 254
Industries	600 167	794 139	481 294	329 110
Services	92 625	126 099	203 686	27 985
Tourism	90 733	232 442	51 224	89 291
Health	25 592	28 863	38 441	21 087
Agriculture	25 592	28 863	38 441	21 087
Total	930 427	1283 487	848 114	530 291

Source: National Agency for Investment Development.

These data contradict the prevailing view of an orientation of investment towards services, transport and trade due to economic openness and the lifting of barriers to importing goods during the first period reported in the first table3. These three sectors together receive more than 51% in 2007 of investments and contribute for 36% of the private GDP. The industry sector receives less than 5% of investment in 2007. We can notice a change in the table3 continuation with a change in the denomination of the sectors and the emergency of the private health activities in medical care, radiology, biological investigations in private institutions.

In 2018 and 2019, there is no projects in transport because of the saturation of the sector.

We can see an attempt to orient the investments to industries that represent more than 50% of the total of the projects.

At the same time, SMEs through individual and very small enterprises have the main mission of contributing to the resolution of the issue of employment and unemployment. They have difficulties to be a source of primitive accumulation.

. In this regard, the state has created institutions (ANSEDJ and CNAC) which must support young first-time job seekers in accessing funding but also in finalizing their project, at least formally.

The study of the reality of public SMIs, from the observation of their reality in change as case studies opens the prospect of a better illustration of the effects of globalization on this category of business. Our observation will focus on the HRM of these companies, more specifically on the evolution of the salary ratio.

2.2. Case studies

We were interested in our fieldwork in three production units chosen according to the relationships we had in each of them facilitating access.

Our sample of companies is interesting in that we have units in different branches of activity, it includes two public units and one privatized unit under the new industrial policy.

From a methodological point of view, we base our arguments on the data collected in these units, our observations in the field and the interviews that we conducted with resource persons. We conducted several interviews of over an hour and a half each with the directors of these units and the HRDs. Members of our research team who work on the HR function in these SMEs carried out these field surveys.

Our sample of companies includes:

- A plaster unit that we will decline under the name of "PlâtreOran"
- A wire-drawing factory that we call "Trefile- Oran"
- A building unit, Bâti-Oran.

2.2.1. The case of Bâti- Oran

Bâti-oran is a small public enterprise in building facing a sudden globalization in terms of surviving due to the sudden disengagement of the owner state. The difficulties are of several types: financial but also technical, economic and human. As soon as the economy opening, arises a problem of competitiveness because of the difficulty to realise a load plan with the prospect of making profits. We can explain the failure of numerous attempts to make the company's construction activity profitable, even when the current economic situation in the building industry seems favourable to the development of this activity by:

- Equipment obsolescence.
- Cash flow breaks due to new difficulties in accessing advances from the company's primary bank
- The under qualification of personnel.
- The difficulty in making the payroll more flexible.

Faced with these difficulties, the company was trying to diversify its activities by first intervening in the marketing of construction materials and the rental of production equipment available to the company. This action has not ensure financial efficiency despite a strategy in the construction of administrative and industrial buildings and public works for which there was a strong demand. Moreover, the Directorate of Public Works deemed her "unqualified,

because inexperienced». Sale of materials was stopped because of the difficulties of restocking due to the recurring shortages of these products on the market; the rental of equipment, even if it generated resources, was quickly hampered by the state of obsolescence of this equipment.

The new strategic orientations went in the direction of reducing the weight of the wage bill by gradually reducing its workforce. The following table traces the evolution of the average workforce from 2001 to 2006.

Table 4. Evolution of employ during the period 2001-2006

Years	2001	2002	2003	2004	2005	2006
Average jobs	372	469	547	492	378	172

Source: Enterprise internal document.

This situation will lead to a new strategic reorientation around the real estate promotion sector in full development this because of the strong deficit in the housing stock and public policies in the field. The change of management in 2000 will have a significant impact on the company. The new CEO hires new employees, enlists the help of a number of consultants and quickly sets up a structure responsible for real estate development. In this way, the company is entering a new area of strategic activity. This allows her to become also a project initiator instead of simply remaining a company carrying out the projects that were proposed to her.

This new strategy will consist of sliding from the activity of realization that the company leaves in favour of that of real estate developer ordering in the field of realization.

This strategy of bypassing the new demands of an economy open to competition will allow the company to overcome the problems that hampered its operations. A plethora of staff, which has been pruned with the financial assistance of the State as part of the operations of social restructuring of public enterprises.

- Access cash resources thanks to the advances that the promoters receive from their clients before the works are carried out;

- Overcome the technical difficulties of production management, the organization of work being based on subcontracting.

The succinct presentation of the case of this company confirms the relevance in terms of actor strategy that we have stated in the theoretical corpus of this work.

Indeed, the will and the strategic action of the management of this company allowed its survival while similar companies have all been dissolved and have been vulnerable to globalization.

2.2.2. The case of Trefile Oran

The company is a subsidiary of a large public group active in wire drawing, it produces welded wire mesh and steel joists products used in the building industry. This company meets the definition requirements of SMEs by the size of its activity and its workforce but also by the proximity of its market, which is local and secondarily regional.

The volume of employment of this unit is:

Table 5. Workforce registered on 12/31/2007

	Managers	Supervisors	Executing agents	Total
Permanents	45	48	113	206
Contractuels	4	2	4	10
total	49	50	117	216

The company is facing a situation of uncertainty that it did not know before due to the liberalization of the activities of the branch. It faces a double challenge, that of removing barriers to entry into its field of activity. The simplicity of the production process and the low skill requirements facilitate the arrival of new investors. The market is more and more competitive on price, which imposes greater efficiency on the business in terms of costs and management. In addition, it completely loses control of the distribution channels in favor of private actors who engage in speculative behaviour in the informal economy that poses problems for the company. The demands of its resellers are bordering on legality and the company is obliged to consider them.

Economic openness has not been the source of major demands; they focused mainly on the rationalization of the workforce by the gradual reduction of redundant jobs and the control of the wage bill. The unemployment situation on the labour market makes it possible to counter any thoughtless inclination to increase wages; unions highlighting the concern of maintaining jobs and the survival of the company. The company has not experienced any serious labor disputes for over 10 years.

2.2.3. The case of “Plâtre-Oran”

This unit is a former unit of a large public industrial group privatized for the benefit of a large German family business. This company has a workforce of 123 employees including 7 fixed-term contracts which is as follows:

Table 6. Company workforce (on 31 of July 2008)

Managers	Supervisors	Executing agents
34	75	20

It should be noted the high rate of supervision and the importance of mastery. Barely 20 employees are executants. Before its privatization for the benefit of the German buyer, this unit experienced a restructuring of its workforce - early retirement and voluntary departures - eliminating the main redundant jobs, an operation financially supported by the public treasury. This adjustment through work will be continued by the new owners who found themselves faced with a political HRM ensuring the sustainability of employment and a level of remuneration linked to the position unrelated to labour productivity like what was done in other public sector units. The company will gradually adopt an incentive compensation

system similar to what to do in the group. It is also making new investments to modernize equipment ensuring total continuity of the production process.

This action put an end to the frequent production stoppages linked to breakdowns in production equipment. At the same time, there is a contribution of foreign technical and managerial staff by the buyer.

The supervisory staff are placed in strategic positions (direction, finance, production, maintenance) allowing to guide the management of the company in the sense of the only requirements of the financial result with a normative device which is that of the group and not of the unit. . The latter having units all over the world, it puts in competition the different units that compose it. Privatization has given this unit a strategic depth it did not have before, with the company benefiting from the large investment underway in the sector; she launched into the production of plasterboard and other products derived from this material, opening up the prospect of exporting her production. The approach consists in exploiting the geographical proximity of the market initially in Maghreb.

CONCLUSION

This exploratory study on the vulnerability of SMEs in developing countries confirms the need to put the conclusions in perspective. The institutional approach offers a framework of analysis that seems appropriate. It opens up new ways focused on actor strategies. It shows the need to go beyond the conformity resistance duality by emphasizing the strategies of actors. It makes possible to energize the approach going beyond simple adaptation and making globalization a vast movement in which the action of institutional actors inside the company but also outside is essential.

In this study, we have a dual situation.

The first case is the reality of public enterprise, which are structurally vulnerable because of the political management and HRM they obey. The institutional change with the option for an opened economy with obligation of financial result make those enterprises vulnerable with two responses: refuse-resistance or adapting.

The "soft" companies, which because of organizational and ideological routines refuse any idea of change involving the questioning of certain «achievements», linked to their political management. This refusal ultimately led to their exclusion, that is to say their dissolution. The change in economic regulation by emphasizing market requirements and economic openness imposed to the main stakeholders, in particular labor collectives and their union representatives, see those new requirements in management and results as an injustice.

The position of these companies has become untenable because of withdrawal of public banks, which no longer provided the monetary advances necessary for their operation when they were automatic before. This situation was fatal for public SMEs, made up mainly of municipal and regional companies active in construction and distribution, dissolved following liberalization.

The second category of companies is composed of "hard companies" who see in the option for the market economy a challenge and an opportunity to make changes questioning their social arrangement in their political management. The strategies of these companies are both conforming and adapting strategies to the demands of globalization, particularly the obligation to comply with budget constraints and capital appreciation; the state no longer providing monetary found as when the banking system was submit to the production system.

The second case is the emergency of private SMEs as principal economic actors⁰. Their strategy facing globalisation is principally of avoiding activating in sectors of proximity demand not exposed to international competition as transport, services, A.A.industries etc.

Inside the companies, the cases studied show that SMEs are not necessarily vulnerable; they can be important players in the construction of this globalization as they can mitigate the impact when they develop a defensive adaptation strategy. The three units visited are implementing convergent strategies at the level of their HRM in the face of new demands linked to the liberalization of the economy. They all benefit from new rules in labour legislation and opt instead for a discontinuous employment relationship with a preferential option for fixed-term contracts. They have all carried out an operation to restructure their workforce to eliminate redundant jobs even if in many cases voluntary departures have been the result of qualified personnel. In this case, the departures turned out to be a loss of skills that the companies had difficulty in reconstituting. They also tried to put an end to a political remuneration system that defines the level of remuneration outside the company, by the

central administration. This remuneration system did not effectively establish any link with the level of production and productivity. He wanted above all to standardize the level of remuneration to fight against the movement of skills; it was at the origin of the disappearance of a real labour market in Algeria. The three units are concerned with building an incentive compensation system eliminating the positions of free riders.

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