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## Local development in the city of Sidi Bel Abbès a study of the impact of small and medium enterprises

Développement local dans la ville de Sidi Bel Abbès une étude de l'impact des petites et moyennes entreprises

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### Abstract:

as we know that small and medium enterprises are an effective tool in achieving local development, in view of the employment opportunities they give and which cut the severity of both unemployment and poverty together; and small and medium enterprises have been able during the past two decades to show their effectiveness in promoting economic activity, This is what prompted the Algerian state to increase interest in it. Through this research paper we wanted to highlight the developmental role of small and medium enterprises in Algeria, and the study also included a practical model through a case study of the city of Sidi Bel Abbès, where it was highlighted to highlight the reality of small and financial institutions The status and extent of its activation of the state's development movement.

**Keywords:** local development; small and medium enterprises; development; economic; City of Sidi Bel Abbès.

**Jel Classification Codes:** O10, J13.

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## **Introduction :**

The issue of local development is one of the topics that is receiving increasing attention in many countries at the level of economic policies of different countries, or at the level of scientific research where local development has been presented as an important strategic alternative to discuss the development imbalance experienced by developing countries in general, especially in The nature of the role of the state and the link of local development have changed Mainly with internal factors that are much more controllable than they are related to external factors.

And because small and medium enterprises are the cornerstone of the local development process, the Algerian state, like other countries, has adopted programs and strategies since the beginning of the nineties represented in the program of economic reform and structural adjustment; hence the interest in this vital sector was clear due to the solidity of these small institutions and The medium for economic crises and its ability to offer its resources

## **From this standpoint, the following problem arises to us:**

What is the role of small and medium enterprises in activating local development in the CITY of Sidi Bel Abbès?

### **.1. Objectives of the study:**

This research paper aims to get acquainted with one of the most important current economic topics, by highlighting the role of small and medium enterprises in activating the local development movement while highlighting its importance at all economic, social and development levels, especially in light of what is known as globalization.

## **Study Approach :**

In order to stand on the reality of small and medium enterprises and the extent to which they make local development, we relied on two approaches to detail the study; we used the descriptive approach to survey the various theoretical concepts included in the research; the second approach was represented in the case study method through the field study to clarify the developmental role It is performed by small and medium enterprises at the local level in the city of Sidi Bel Abbès.

The first axis: the conceptual framework for local development, small and medium enterprises.

The second axis: the reality of small and medium enterprises and their role in activating local development in the CITY of Sidi Bel Abbès.

## **2-local development, small and medium enterprises in the city of sidi bel abbes**

### **-The first axis: the theoretical framework for local development :**

#### **What is local development?**

Development: "Improving the personal level in the levels of skill, productivity, freedom of creativity, self-reliance, and limitation of responsibility." (A, 2002, p. 18)

Local development: it can be defined as "the process by which effective cooperation between people's efforts and governmental efforts can be achieved, to raise the levels of local communities and local units economically, socially, culturally and culturally from the perspective of improving the quality of life for the residents of those local communities at any level Local administration in a comprehensive and integrated system." (Luxembourg, 2008, p. 12)

The United Nations also defined it in 1956 AD as "the set of approaches and technical methods that local communities depend upon as work units, which try to combine external aid with local self-efforts of the organization, in a way that is directed locally to try to evoke the principle of leadership in the local community as a tool." The key to bringing about change" (Bernard, 2014, p. 29).

It is the ability to take advantage of the available human and material resources and increase these resources in quantity and quality and activate them for the benefit of all members of society, with the sustainability of these resources (DENIEUIL, 2005).

Through these definitions it can be said that local development is the want to elevate the various levels of living, economic, and even social of a specific society by making use of all its resources and advantages, to create added value in that region; meaning that it is a cumulative process to bring about improvements in all areas of a local group (DENIEL Bazin, 2007, p. 09)

#### **Local development goals (Baadache, 2008, p. 45):**

- Local development seeks to reach a set of goals that can be clarified in the following points:
- Achieving justice through its comprehensiveness of the various regions of the country through different projects, meaning that they are not concentrated in the capital, and this includes reducing the economic gap between the various regions.
- Creating a number of developments in the field of services and economic and even social projects at the local level.

Providing a climate conducive to the creative process of the population and self-reliance without total dependence on the state.

- Linking people's efforts with the efforts of the government and enhancing the spirit of teamwork.
- Granting job opportunities to citizens at the local level.

- Reducing internal migrations from the countryside to urban areas.

**The importance of local development (FANTAN, 1997):**

- Completing the overall national development process at the local level,
- strike a balance between the regions of a single country,
- enhance the spirit of teamwork,
- Decoupling isolation from different regions ...

**Local development areas (JOYAL):**

As for the domains of local development, they are many, such as:

The economic field	The social field	The environmental field
<ul style="list-style-type: none"><li>-Achieve an increase in growth and production.</li><li>- Improving the standard of living for people.</li><li>- Developing the economic place of a local group.</li></ul>	Improving the social aspect of people in the same region through caring for the person.	The development of environmental awareness, that is, the rational exploitation of natural resources while preserving them.

SOURCE: created by the researchers based of the information BELOW.

**Local development impediments :**

- Poverty and the spread of illiteracy.
- Internal migrations.
- Shortage of domestic funding sources.
- Population inflation is not rational.
- The absence of the real embodiment of the principle of decentralization in decision-making.
- Bureaucratic problems hindering development projects, especially medium, small and micro-enterprises.
- Deficiency in the administrative competence that qualifies for the responsibility in the development process.

**3-small and medium enterprises:**

- medium-sized enterprise we mean any enterprise employing 50 to 250 people, and whose annual turnover varies between 400 million and 1 billion dinars (LECOINTRE, 2006, p. 86).
- Small business is defined as a business employing between 10 and 49 people and whose turnover does not exceed 400 million dinars or whose annual balance sheet does not exceed 200 million dinars (Marchesnay, 1991, p. 169).
- And the very small company has changed its definition since it is now the one that employs between 1 and 9 people and whose turnover is less than 40 million dinars. The support measures are multiple and apply

to the creation of this category of businesses, research and development, innovation, development of subtracting, financing and rescue actions for those in difficulty (FERGUENE, 2002).

### **the specific characteristics of SMEs in developing and transition countries?**

SMEs play a particularly important role in developing countries and in transition. They are a major source of employment, income and export earnings. Yes they have to face the same difficulties as SMEs in the rest of the world, SMEs in countries in development suffers even more than others from the poor quality of human capabilities and institutions made available to them and are slow to collect all the benefits they are entitled to expect from globalization. The difficulties they meet include (ARCHER, 1991):

- Their weak ability to make their voices heard during the formulation of the action government and the lack of institutionalized dialogue between the public and private sectors.
- Unfavorable prejudices about the private sector and mutual distrust between public and private sectors (O, 2000).
- Lack of adequate property rights legislation and the means to do so respect, which compromises access to credit, especially for women.
- Lack of information (on markets, standards, barriers to entry and exit and barriers preventing access to markets), relevant statistical data and support institutions (BRENNEMAN R, 2001, pp. 162-168).
- The preponderance of state-owned enterprises and the main role of the public sector in promoting exports and investment.
- The high percentage of micro-enterprises / weight of the informal sector and the complexity of regulations / lack of incentives for informal sector companies to join the formal sector (SADI N. E, 2005)

### **About the city of Sidi Bel Abbes (City of Sidi Bel Abbes):**

The province of Sidi Bel Abbes is the 22nd state of the administrative division of the provinces of Algeria, in the northwest of the country, bordered to the north by the state of Oran, Ain Temouchent and Mascara. As for the south, each of the wilaya of Ostrama and El Bayadh, on the eastern side, the state of Mascara and Saida, and the state of Tlemcen to the west It has an area of 9,150,63 square kilometers and has a population of 681,190 people. Its administrative organization consists of 15 departments and 52 municipalities.

- Natural resources: The state boasts an important forest area covering about 40 percent of the total area, and includes agricultural lands with an area of 915,063 hectares.
- Economic potential: Two industrial areas. Mechanics represented by the CMA and PMA Foundation, etc

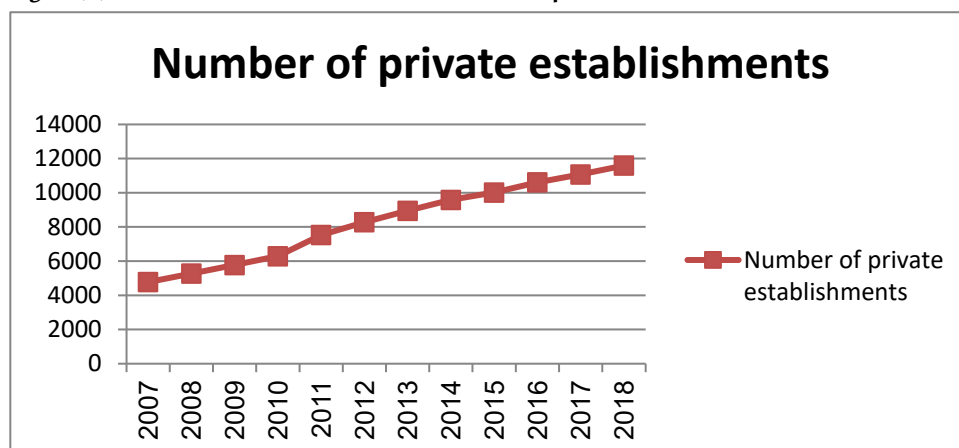
### **4-The development of small and medium enterprises in the governorate of Sidi Bel Abbes:**

The small and medium-sized enterprises in the governorate of Sidi Bel Abbes saw a remarkable development during from 2007 to 2018, as shown in the following table (Abbes D. o., 2014/2018, p. 125):

year	Number of private establishments	Value of change	Percentage of change
2007	4779	/	/
2008	5270	491	10.27
2009	5773	503	9.54
2010	6286	513	8.88
2011	7530	1244	19.79
2012	8276	764	9.90
2013	8946	670	8.90
2014	9586	640	7.15
2015	10014	428	4.46
2016	10610	596	5.95
2017	11076	466	4.95
2018	11600	524	9.1

**Source:** Prepared by researchers by relying on a brochure provided by the Directorate of Industry and CM and the promotion of investment for the city of Sidi Bel Abbess.

**Figure(1): Evolution of the Small and Medium Enterprises Census of Sidi Bel Abbas Province**



**Source:** Prepared by researchers based on Table 2.

Through the previous presentation of the development of the state's small and medium enterprises, it is clear to us the continuous increase in the number of these institutions from one year to another, as it moved from 4779 institutions in 2007 to 11600 institutions in 2018, equal to an increase rate of 122,01% as a result of the support policy for medium enterprises The small adopted by the state, and the promotion of the private sector (privatization policy).

We take, but not limited to, the distribution of these medium and small institutions for the city of Sidi Bel Abbas in several sectors of economic activity for the period from 2014-2016, which are listed in the following table (Abbes T. D., 2014/2016, pp. 63-108):

**Table( 03): Distribution of Private Enterprises Established by Sector of Activity for the period (2014-2016):**

Activity sector	The number of small and medium enterprises			Number of jobs		
	years			years		
	2014	2015	2016	2014	2015	2016
Building and public works	100	140	57	501	624	228
Food industry	20	30	16	20	44	31
Agriculture and fisheries	10	16	6	10	16	08
Building materials	10	09	11	14	16	15
Wood and paper industry	9	12	07	10	11	07
Spinning and weaving industry	01	02	03	02	03	04
Different industries	09	08	10	19	20	15
transportation	35	37	29	30	52	39
Trading	90	118	74	120	146	109
Hotel and catering	15	16	50	40	45	84
Business services	14	25	12	20	41	18
Oil and labor services	00	04	00	00	13	00
Services provided to families	93	135	82	105	215	94
Real estate deals	00	02	01	00	03	01
Various services	55	138	42	235	860	169
Chemistry, plastic	00	01	00	00	01	00
ISMME	03	02	05	07	332	41
Quarries	00	00	11	00	00	194
financial institutions	00	00	01	00	00	06
total		695	417		2442	1063

**Source:** Prepared by researchers by relying on a brochure provided by the Directorate of Industry and CM and investment promotion for Sidi Bel Abbès.

It is clear to us through the table that the services sector, and in particular the services provided to families, is at the forefront, as an estimate of 19.66% of the total number of medium and small enterprises established for the year 2016 was followed, in that the trade sector increased by 17.74%, then the construction sector increased by 13, 66%, then the tourism sector is represented in hotel and catering by 11.99% to other sectors, while the lowest percentage was for the financial institutions and public procurement sectors at 0.23%.

#### **The role of small and medium enterprises in achieving local development in the city of Sidi Bel Abbes:**

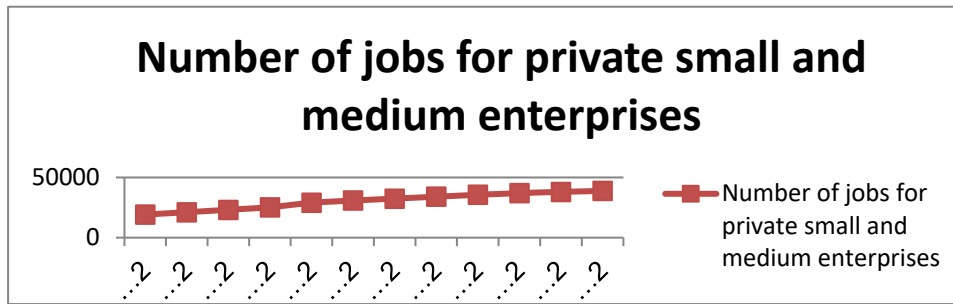
Contribution of private and medium-sized enterprises to employment: The continuous development and increase in the number of private and medium-sized enterprises at the level of Sidi Bel Abbes would have provided a significant amount of jobs and reduced unemployment, including an improvement in the standard of living in the state of Sidi Bel Abbes, which is illustrated in the following table:

**Table( 4): Evolution of the volume of employment for private establishments in the city of Sidi Bel Abbes.**

years	Number of jobs for private small and medium enterprises	Value of change	Percentage of change
2007	19116	-	-
2008	21080	1964	10.27
2009	23092	2012	9.54
2010	25144	2052	8.88
2011	29022	3878	15.42
2012	30820	1798	6.19
2013	32372	1552	5.03
2014	34037	1665	5.14
2015	35637	1600	4.70
2016	36973	1336	3.74
2017	37939	966	9
2018	38837	898	93.41
total			

**Source:** Prepared by researchers by relying on a brochure provided by the Directorate of Industry and CM and the promotion of investment for the city of Sidi Bel Abbes.



**Figure(2): Evolution of the volume of employment for private establishments in Sidi Bel Abbess.**

Source: Prepared by researchers based on data from Table 04

From the above, it is clear to us the direct progressive relationship between the number of private and medium-sized enterprises and employment positions, as the number of workers moved from 19116 workers in 2007 to 38837 in 2018, which is equal to an estimated increase of 17857, representing 93.41%.

#### **The contribution of small and medium enterprises in alleviating poverty:**

Like other states, the governorate of Sidi Bel Abbes suffered from high poverty rates, especially in the nineties. To reduce the problem, the state developed a set of mechanisms represented in the National Agency for Supporting Youth Employment, the National Microcredit Agency and the National Unemployment Insurance Fund where 1373 institutions were created. Miniature during the year 2018 and allowed for the creation of 2207 jobs distributed as follows:

- The National Agency for Youth Employment Support: 1062 jobs.
- National Microcredit Agency: 822 jobs.
- National unemployment insurance fund: 323 jobs

#### **The contribution of medium and small enterprises in the tourism sector:**

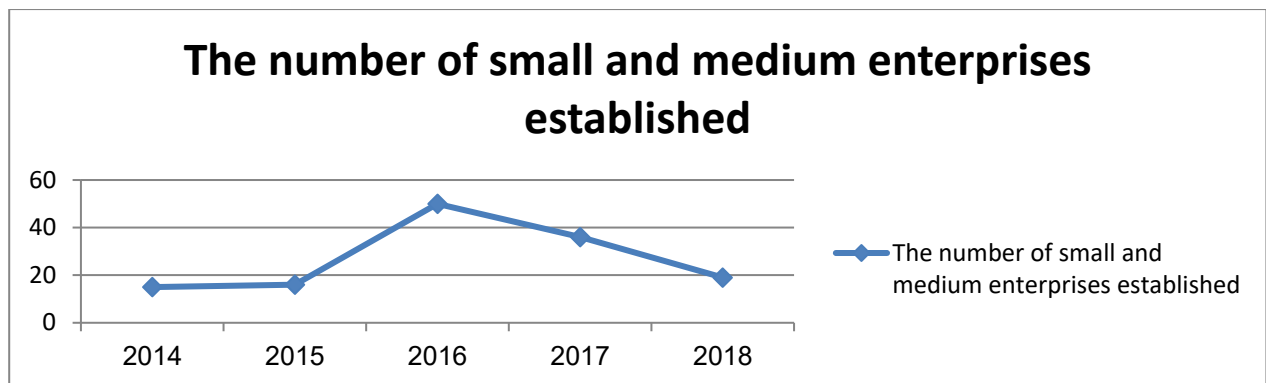
The city of Sidi Bel Abbes is characterized by special and varied tourism advantages, as it has archaeological sites such as the site called Telegraph in the region of Sidi Ali Bousidi and the presence of an ancient Roman fortress with Pesla, as well as natural sites including the artificial lake of Sidi Mohamed Ali, which can become an important tourist pole. Accordingly, we find that the medium and small institutions are trying to pay attention to this aspect somewhat, to generate significant financial returns that give to activating local development in the state. The following table shows that:

**Table(5):Distribution of private small and medium enterprises according to the hotel and catering activity for the period**

years	Hotel and catering	
	The number of small and medium enterprises established	Number of jobs created
2014	15	40
2015	16	45
2016	50	84
2017	36	55
2018	19	36

Source: the Directorate of Industry and CM and investment promotion for Sidi Bel Abbas.

**Figure (4): Distribution of private small and medium enterprises according to the hotel and Catering activity for the period (2014-2018.)**



Source: Prepared by researchers based on Table 5.

Through the previous table, it is clear to us that the contribution of medium and small institutions in activating the tourism sector in the state is weak, but after the year 2015, the state is trying to improve this field by encouraging and supporting the creation of medium and small institutions specialized in hotel and catering, as it acquired 11,99 % Of the total private SMEs established for the year 2018.

#### **The contribution of medium and small enterprises to tax revenues:**

We can say that through the fiscal returns obtained by medium and small institutions, mainly represented in taxes and fees, highlighting their role in achieving local development, as these institutions give tax revenues that give to supporting the municipalities budget in them, which is based on the latter with the possibility of establishing New projects, including activating the local development wheel in the city of Sidi Bel Abbas, and the following table shows the amount of tax revenues for the city (Abbes, 2018, pp. 97-123) :

**Table(6):Tax revenue for the state of Sidi Bel Abbès during the period (2012-2018).**

years	2012	2013	2014	2015	2016	2017	2018
Tax revenue	1097748136	10351354228	11454 67285 8	13261 27203 8	13514 64687 9	13726 45217 8	143113462 65

Source: Bulletin of the Tax Directorate of Sidi Bel Abbès 2018

#### **The contribution of medium and small enterprises in the environmental field:**

Medium and small enterprises at the level of the governorate of Sidi Bel Abbès do not give much to sustainable local development due to the absence of institutions active in the bottom of fuels, while private and medium-sized institutions working in the field of chemistry and plastic are somewhat few, or rather almost non-existent, as they were estimated by one institution. As for the rest of the medium and small enterprises, they are considered environmentally friendly according to the nature of their activities.

#### **- The contribution of medium and small enterprises in other fields:**

The fields of achieving local development are diverse and multiple. As is the contribution of medium and small institutions in employment and poverty alleviation, as well as their attempt to activate the tourism sector, taking into account the environmental aspect, we find other contributions to medium and small institutions in various fields, which we summarize as follows:

- Achieving local development is only complete by improving the quality of the basic structures and infrastructure, as we find that the governorate of Sidi Bel Abbès gives attention to this aspect - and this is evidenced by the support and establishment of medium and small institutions, especially in the field of public works and construction, where it was estimated at 297 Foundation for the period 2014-2018.
- Private medium and small enterprises play an important role in providing local services, as we find 310 private and medium-sized enterprises for the period between 2014-2018 that offer services to families, in addition to improving transportation and transportation services, as they were estimated for the same period as 101 private and medium-sized enterprises. Therefore, the medium and small institutions play an essential role in improving the services provided to the citizen.

**5- Conclusion:** Through what has been presented, it becomes clear to us that small and medium enterprises are in the national economy, as they are the driving force of local development in particular, and of economic growth in general;

-Despite the variation that exists around finding a unified definition for small and medium enterprises, all definitions agree on the development goal of small and medium enterprises

-Local development is a process of integrating popular efforts and government efforts to raise the levels of local communities in various aspects, whether economic or social .....

- Local development is mainly concerned with the dynamics of the activity of small and medium enterprises, as the latter is considered the driving force behind local development.
- The Algerian state adopted incentive policies, which led to an increase in the number of small and medium enterprises over the period (2007-2018).
- The contribution of small and medium enterprises in achieving local development in the city of Sidi Bel Abbes.

#### **Recommendations:**

1. The necessity of spreading the entrepreneurial culture among the youth group, sensitizing them and encouraging them to set up small and medium enterprises of their own.
2. Work to remove administrative obstacles and cut bureaucracy.
3. Bring a spirit of local cooperation to activate community participation in local development.
4. Expand awareness and awareness-raising campaigns in the city of Sidi Bel Abbes to introduce the importance of private projects.

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