

THE NATIONAL UPGRADING PROGRAM AND SME COMPETITIVENESS IN ALGERIA: INSIGHTS FROM BLIDA PROVINCE (2010–2017)

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Abstract

Small and medium enterprises (SMEs) represent the cornerstone of global economic activity due to their vital role in fostering economic growth. They are distinguished from large and multinational corporations by specific characteristics. Like many other countries, Algeria has taken steps to upgrade its SMEs by enacting various laws and regulations to revitalize this sensitive sector, open up to the global economy, and accelerate negotiations to join the World Trade Organization (WTO). This process would result in Algerian markets opening up to highly competitive foreign products, thereby increasing the competitiveness of local products and enhancing non-hydrocarbon exports. Accordingly, this study aims to assess the contribution of the National Upgrading Program (2010–2017) to the development of SMEs in Blida Province, Algeria. A mixed-methods research approach was adopted, utilizing questionnaires and interviews to address the research questions and objectives. This study presents significant findings and implications that may assist policymakers and stakeholders in analysing and revising current policies. It also offers insights into the current state of SMEs in Algeria, their needs, and ways to enhance their capabilities.

Keywords: SMEs; National Upgrading Program; Blida; Algeria.

1. Introduction

The importance of SMEs in national economic development has become increasingly apparent. Algeria has sought to keep pace with global developments by opening up its economy and accelerating its efforts to join the WTO, which would expose Algerian markets to highly competitive foreign goods. This poses a major challenge for Algerian enterprises—particularly SMEs—which already face numerous developmental obstacles.

To address these challenges, Algeria has implemented institutional upgrading programs as part of a broader strategy to boost SME competitiveness and prepare them for global competition. These efforts include enacting stimulating laws and creating specialized bodies and institutions that support the SME environment. Among such efforts was the launch of the National Upgrading Program for SMEs, originally scheduled for 2010–2014 and later extended to 2017 to meet its objectives.

This study seeks to assess the extent to which the National Upgrading Program has contributed to the advancement of SMEs in Blida Province. To answer the main research question, the study presents several sub-questions:

- Does Algeria possess programs and institutional frameworks dedicated to promoting SMEs?
- What is the National Upgrading Program for SMEs? What are its contents? Is it an extension of previous upgrading initiatives?
- How has the adoption of the National Upgrading Program by certain SMEs in Blida contributed to their development?

The first part of the paper reviews the existing literature on SMEs in Algeria, their support structures, and the characteristics of the National Upgrading Program. The second section outlines the research methodology and findings. The final part discusses the results and offers recommendations for future research.

2. Literature review

This section briefly explores the concept of SMEs in Algeria and the National Upgrading Program targeting this sector. It presents the program's technical framework, structure, objectives, and the procedures for SME upgrading. Additionally, it discusses the role of the National Agency for the Development of SMEs and its extended work plan through 2017.

2.1 Definition of SMEs According to Algerian Legislation

The Ministry of Small Enterprises, Startups, and the Knowledge Economy has defined SMEs under the Guiding Law No. 17-02 dated January 10, 2017 (11 Rabi' al-Thani 1438). Article 5 defines SMEs, regardless of their legal form, as enterprises that produce goods or services, employ between 1 and 250 people, and have an annual turnover not exceeding 4 billion Algerian dinars, or total annual assets not exceeding 1 billion dinars. The enterprise must also meet the independence criterion.

An independent enterprise is one in which no more than 25% of its capital is owned by another company or group of companies that do not themselves qualify as SMEs.

The law further clarifies key components of this definition:

- Employed persons: This refers to the number of annual work units (AWUs), or the number of full-time workers employed over one year. Temporary or seasonal work is counted proportionally.
- Turnover and total assets: These are based on the latest 12-month fiscal year.
- Article 8 defines a medium enterprise as one employing between 50 and 250 people, with annual turnover between 400 million and 4 billion dinars, or total annual assets between 200 million and 1 billion dinars.
- Article 9 defines a small enterprise as one employing between 10 and 49 people, with turnover not exceeding 400 million dinars, or total assets not exceeding 200 million dinars.
- Article 10 defines a micro-enterprise as one employing between 1 and 9 people, with turnover below 40 million dinars or total assets not exceeding 20 million dinars.

Table 1. Classification of SMEs in Algeria

Type of enterprise	Number of Workers	Turnover of business	Yearly Revenue	Criterion of independence
Micro enterprise	1-9	40 >	Less than 20	no more than 25% of its capital is owned by another company or group of companies
Small enterprise	10-49	Less than 400	Less than 200	
Medium enterprise	50-250	400-4000	200-1000	

Source: Prepared by researchers based on Articles 5, 8, 9, and 10 of the Orientation Law for the Development of Small and Medium Enterprises, Law No. 17-02, dated January 10, 2017.

2.2 Mechanisms and Support Programs for Small and Medium Enterprises in Algeria

This section presents the concept of upgrading (or "rehabilitation") for small and medium enterprises (SMEs), highlights the main institutions and support structures available to them, and outlines key programs launched by Algeria to promote and develop this sensitive sector.

2.2.1 The Concept of Upgrading Economic Enterprises

The concept of upgrading enterprises first emerged in Portugal following reforms initiated in 1988 aimed at joining the European Union. According to the United Nations Industrial Development Organization (UNIDO), enterprise upgrading refers to a set of programs specifically designed for developing countries in transition to facilitate their integration into the new global economy and enable adaptation to various economic changes (Kourich, 2006). Upgrading mainly focuses on enhancing value, applying better management and governance practices, and improving performance to reach a level comparable to future competitors within specific and limited timeframes. It also emphasizes the improvement of internal and external factors within the enterprise to enable it to compete both locally and internationally.

The majority of Institutional Rehabilitation Programs (IRPs) generally aim to achieve the following objectives: to ensure the viability and sustainability of enterprises; to upgrade and develop the surrounding economic environment; to enhance production systems; to foster enterprise competitiveness; to strengthen the marketing function and encourage the adoption of structured marketing strategies; to explore new markets; and to improve the skills and qualifications of workers and managers in line with modern management practices (Bouatrous, 2006).

2.2.2 Requirements for Successful Institutional Rehabilitation

i. Rehabilitation of the Business Environment for SMEs:

An enterprise does not operate in isolation; therefore, upgrading its external environment is essential for the success and promotion of its activities. This includes rehabilitating and enhancing the institutions and agencies that interact with the enterprise, with the aim of streamlining administrative and financial procedures and facilitating the overall functioning of SMEs.

ii. Human Resource Development:

Human capital is the most critical internal asset of an enterprise. It serves as the main driver of creativity and is vital for achieving institutional goals. The skills and capabilities of human resources can be enhanced through education, professional development, and targeted training programs.

iii. Emphasis on Research, Development, and Technology Adoption:

Research and Development (R&D) functions are central to the operations and market sustainability of any enterprise. R&D is a key enabler for achieving and maintaining a competitive advantage. As such, enterprises must invest in knowledge management and ensure its effective application both internally and externally to meet operational objectives.

iv. Leveraging Strategic Partnerships:

SMEs should actively engage in partnerships—both domestic and international—with firms operating in the same sector. Such collaborations allow for the transfer of expertise and technologies, reduce development time, and enhance competitiveness, thereby facilitating entry into global markets.

v. Adoption of Performance Indicators and Quality Standards:

No enterprise can maintain competitiveness or long-term sustainability in the absence of clearly defined quality standards and performance benchmarks. The implementation of such

measures is essential for ensuring efficiency, reliability, and market credibility (Ben Massoud, 2015).

2.2.3 Support Institutions for Small and Medium Enterprises in Algeria

To facilitate the presentation and organization of information, the main institutions supporting SMEs in Algeria are summarized in the table below.

Table 2. Bodies supporting SMEs and their functions

Bodies	Functions
Ministry of Small and Medium Enterprises: It was established as a delegated ministry in 1991, and is currently under the tutelage of the Ministry of Industry and Mines. It is currently called the Ministry of Small and Emerging Enterprises and the Knowledge Economy according to the new constitution.	- Promoting partnerships and investments within the small and medium enterprises sector of industries. - Encouraging the emergence of an economic, technical, scientific, and legal environment for the development of SMEs.
Business incubators: a public enterprise of an industrial and commercial nature with moral personality and financial independence that ensures the assistance and support of SMEs.	- Receiving and incubating the entrepreneurs and the newly established enterprises and accompanying them for a certain period of time. - Providing special guidance and consultations in several aspects.
Facilitation centers: public enterprise that support, inform, guide, and accompany entrepreneurs to formalize the establishment of their enterprises.	- Providing special guidance and consultations in several aspects. - Studying the files submitted by project holders and supervising their follow-up. - Helping investors to overcome obstacles.
The National Consultative Council: It is an advisory body charged with promoting dialogue and consultation between SMEs and their professional associations on the one hand, and the authorities and public bodies on the other hand.	- Assisting in the dissemination of new technologies. - Ensuring a permanent and orderly dialogue and consultation between the authorities and the social and economic partners to allow the preparation of policies and strategies for the development of the sector.
National Agency for Youth Support and Employment (ANSEJ): Supporting unemployed youth and helping them to establish a small and medium enterprise by granting them financial subsidies and tax concessions.	- Following up on investments made by young persons (entrepreneurs) while ensuring that the terms and conditions of the agency are respected.
The National Agency for Microcredit Management: (ANGEM) is a body intended for every citizen aged 18 years and over, provided that he has no income or has a non-fixed income, and it also includes women staying at home.	- This body aims at the economic and social integration of individuals by creating activities for the production of goods and services.
The National Agency for Investment Development (ANDI): It is a national	- Ensuring the promotion and following-up of investments.

enterprise in a national format, established as an alternative to the Promotion and Investment Support Agency.	- Providing the investor with all the documents necessary for the completion of the investment.
Loan Guarantee Fund for Small and Medium Enterprises (FGAR PME): The first Algerian body specialized in providing guarantees on loans, and it was effectively launched on March 14, 2004.	- Ensuring the follow-up of the risks resulting from granting the fund guarantee and the delivery of guarantee certificates for all financing forms.
Investment Loan Guarantee Fund for Small and Medium Enterprises (CGCI PME): Established in April 2004, it is a shareholding company with a subscription capital of 20 billion dinars, of which 60% is on the public treasury and 40% is spread across 6 public banks	- Ensuring the repayment of bank loans that benefit small and medium enterprises under the title of financing investments that produce goods and services related to the establishment, expansion and renewal of the enterprise's equipment.
The National Agency for the Development of Small and Medium Enterprises (ANDPME): It is a public institution of an administrative nature with a legal personality and financial independence, and is under the guardianship of the Minister of Small and Medium Enterprises, located in Algiers ¹ .	- Implementing the sectoral strategy in the field of promoting small and medium enterprises, in addition, to implementing and following up the national program for the rehabilitation of small and medium enterprises. - Upgrading the expertise and consultations for SMEs, with the need to evaluate the effectiveness and efficiency of implementing sectoral programs and propose necessary corrections. - Following up on the demographics of enterprises in the field of launching, stopping, or changing activities, as well as collecting information on their field of activity, exploitation, and periodic dissemination. - Carrying out studies on branches as well as periodic situational notes on the general trends of small and medium enterprises, with the need for coordination between the various structures supporting the rehabilitation programs for the SME sector. - Promoting technological innovation and the use of modern information and communication technology by the enterprises of this sector, in cooperation with the concerned enterprises and bodies.

Source: adopted from Ben Masoud, (2015).

2.3 Key Upgrading Programs Implemented by Algeria

¹ Executive Decree No. 05-165 dated 24 Rabi' al-Awwal 1426, corresponding to May 3, 2005, concerning the establishment, organization, and functioning of the National Agency for the Development of Small and Medium Enterprises, Official Gazette of the People's Democratic Republic of Algeria, No. 32, issued on May 4, 2005, p. 28.

The Algerian government has launched several programs aimed at upgrading small and medium enterprises (SMEs). The most notable among these are:

2.3.1 Ministry of Industry and Restructuring Program (2000–2006)

The United Nations Industrial Development Organization (UNIDO) began its operations in Algeria in 1999 under the framework of the *Industrial Restructuring and Competitiveness Development Program*. This program targeted 8 public enterprises and 40 SMEs. UNIDO contributed approximately USD 1.2 million, while the Ministry of Industry and Restructuring provided an estimated DZD 120 million from its investment budget.

The SME upgrading initiative was part of a comprehensive strategy to enhance industrial competitiveness by improving enterprise performance and the immediate operating environment.

To be eligible for this program, enterprises had to meet the following criteria:

- Be Algerian-owned and in operation for more than three years.
- Belong to the industrial sector or provide industry-related services, regardless of legal status (SARL, EURL, SNC, etc.).
- Be registered in the commercial registry and have a tax identification number.
- Employ more than 20 permanent workers.
- Submit a formal request for financial assistance along with a comprehensive diagnostic report, an upgrading plan, and bank approval.

2.3.2 Euro-Mediterranean MEDA I Program for SME Development

The MEDA program is a bilateral cooperation initiative between the European Union and Algeria, established under the Euro-Mediterranean Partnership. Algeria signed the agreement on December 1, 2001, ratified it in 2002, and it entered into force in 2005 via Presidential Decree No. 05-159 dated April 27, 2005².

The total budget for this program was €62.9 million, with €57 million contributed by the EU, €3 million by the Algerian Ministry of SMEs and Handicrafts, and €2.9 million by participating enterprises. The program was managed by a team of 25 experts (21 Algerian and 4 European) and ran from 2002 to 2007.

The program primarily targeted SMEs with 20 or more employees operating in the industrial sector or in services closely linked to industry. Its key activities included:

- Direct support to SMEs in conducting strategic diagnostics and related upgrading actions.
- Financial support through banking facilitation mechanisms such as the Credit Guarantee Fund for SMEs (CGCI-PME).
- Strengthening the SME ecosystem through conferences and events organized by the Ministry in cooperation with employers' associations, professional organizations, artisans' unions, and Algerian chambers of commerce and industry.

2.3.3 National Upgrading Program for SMEs (2007–2010)

According to Article 18 of Law No. 01-18 dated December 12, 2004, “Within the framework of SME upgrading, the ministry in charge shall implement appropriate programs to enhance the competitiveness of enterprises in order to promote domestic products to meet global standards.”

The program was approved by the Government Council in 2003 and by the Council of Ministers in 2004. It was funded by the SME Upgrading Fund with a budget of DZD 1 billion for the period from 2006 to 2013 (Kadi & Daden, 2006).

Eligibility criteria for participation included:

² Presidential Decree No. 05-159 dated 18 Rabi' al-Awwal 1426, corresponding to April 27, 2005, concerning the ratification of the agreement between the European Union and its member states and Algeria, Official Gazette of Algeria, No. 31, p. 3.

- Being subject to Algerian law and having operated for more than two years.
- Belonging to the SME sector regardless of legal form, and maintaining a balanced financial structure.
- Having the capacity to export goods or services.
- Possessing developmental capabilities or technological development standards.
- Employing 20 or more workers, a category that represents 97% of Algeria's SMEs.

2.3.4 MEDA II Program for Supporting SMEs and ICT Integration (2009–2012)

This program was agreed upon in March 2008 and came into force in 2009 for a four-year duration, with a total budget of €44 million. It aimed to build on the accomplishments of MEDA I.

Under the agreement, the program sought to upgrade 500 SMEs. The EU contributed €40 million, the Algerian government €3 million, and the beneficiary SMEs collectively covered €1 million.

The main goal was to strengthen the outcomes of MEDA I by:

- Supervising the upgrading of SMEs through the adoption of standards and quality measures.
- Facilitating the integration of modern Information and Communication Technologies (ICT).

This was intended to enhance the global competitiveness of Algerian SMEs, particularly in light of the challenges posed by economic liberalization.

2.3.5 National Upgrading Program for SMEs (2010–2017)

This program falls under the provisions of Law No. 01-18 dated December 2001, which outlines the orientation law for the promotion of small and medium enterprises (SMEs). As stipulated in Article 18, the Ministry in charge of Small Enterprises, Startups, Knowledge Economy, and Industry is tasked with implementing appropriate upgrading programs to enhance the competitiveness of enterprises and promote national products that meet international standards³.

Following the failure of the 2007–2010 National Upgrading Program, which did not meet its expected outcomes, the Ministry of Industry and Investment Promotion, in collaboration with the National Agency for SME Development (ANDPME), launched a new National Upgrading Program for the period 2010–2014, later extended until 2017. This program is the main focus of this study. It was allocated a significant budget of approximately DZD 386 billion, aiming to upgrade 20,000 SMEs and their surrounding ecosystems.

The program is overseen by the National Agency for SME Development (ANDPME), which was tasked with deploying regional offices across various provinces. Five regional delegations were already operational—in Algiers, Annaba, Sétif, Oran, and Ghardaïa—while three others (Blida, Constantine, and Tlemcen) were in the process of being established. These locations were selected based on the high density of industrial activity in their respective regions.

Eligibility Criteria for Participation⁴:

- The enterprise must be legally registered in Algeria and have been operating for more than two years.
- It must demonstrate a sound and balanced financial structure.

³ Law No. 01-18 dated 27 Ramadan 1422, corresponding to December 12, 2001, containing the Framework Law for the Promotion of Small and Medium Enterprises (SMEs), Official Gazette of Algeria, No. 77, issued on 30 Ramadan 1422, corresponding to December 15, 2001, p. 7.

⁴ About PME, The Algerian Enterprise Review, published by the ANDPME, Ministry of Industry and Mines, December 2015, p. 69.

- It must fall under the definition of a small or medium-sized enterprise according to the SME Orientation Law, employing between 5 and 250 workers, who must be registered with the National Social Security Fund (CNAS).
- It must operate within one of the industrial sectors, including but not limited to: agri-food, manufacturing, construction and public works, water resources and fisheries, tourism and hospitality, services and transportation, and information and communication technologies (ICT).

Program Objectives:

The main goal of the program is to support SMEs in enhancing their competitiveness. It also seeks to strengthen both domestic and international market positioning through a set of structured and targeted interventions designed to improve the business environment and management conditions. These include:

- **Upgrading management and organizational capabilities** through training, coaching, and capacity-building to instill a risk-aware, decision-making, and competitive business culture.
- **Enhancing knowledge and innovation capabilities** to improve technological capacity, by providing access to business intelligence services, establishing R&D laboratories, developing information banks, and setting up technology watch units and market monitoring tools—particularly beneficial for larger enterprises.
- **Improving enterprise quality** by supporting production management systems, assisting in obtaining quality certifications, and encouraging the establishment of testing and analysis laboratories.
- **Supporting physical productivity investments** by directing aid toward investments that enhance technological intensity, strengthen the SME industrial fabric, and support ICT adoption, R&D equipment, export capabilities, and industrial integration.
- **Human resources development** through comprehensive development plans aligned with the enterprise's investment strategy. These plans begin with a human resources audit and needs assessment, and include training in management, export techniques, and ICT utilization.

3. Research Methodology

This research paper contributes to the existing literature and studies on small and medium enterprises (SMEs) by shedding light on the role played by the National Upgrading Program (2010–2017) in improving SMEs in the Blida province of Algeria. To the best of the researchers' knowledge, no previous study has addressed this issue in such detail. This research can deepen the understanding of support and upgrading programs for SMEs in Algeria, facilitating the assessment of their performance and effectiveness. Furthermore, it contributes to enhancing the strengths of SMEs and addressing managerial weaknesses, which could result in the upgrading and development of these enterprises to the level of competitive firms.

Accordingly, this paper seeks to address the following research questions:

Research Question 1: What is the National Upgrading Program (2010–2017), and what are its core components?

Research Question 2: Has the adoption of the National Upgrading Program by some SMEs in the Blida province contributed to their advancement?

To explore these questions, semi-structured and in-depth interviews were conducted in the form of questionnaires with 10 owners or managers of Algerian SMEs. Interviewing either the owner or a senior manager of each SME was deemed the most effective method to collect comprehensive and sensitive information about the institutions involved (Frels and Onwuegbuzie, 2013). Participants were asked to describe their enterprises, share their experiences with the National Upgrading Program, and respond to the following questions:

1. Who is responsible for management?
2. What is the legal form of the enterprise?
3. In which sector do you operate?
4. How many employees do you have?
5. What is the educational level of the manager?
6. How did you become aware of the program?
7. What does "upgrading" mean to you?
8. How long did the diagnostic and file study process take?
9. What types of upgrading activities have you implemented so far?
10. Are you interested in benefiting from other activities?
11. What difficulties did you face during the upgrading process?
12. How do you evaluate your enterprise after the upgrading process?
13. What are the main shortcomings of the program?

Additionally, a number of important documents and reports were collected from the National Agency for the Development of SMEs regarding the enterprises that applied for the upgrading program. These data sources were instrumental in selecting the research sample and in analyzing the interviews and collected data. The interviews were conducted between November 2015 and May 2016, with each session lasting approximately 25 minutes.

3.1 Study Sample

In the first phase, a wide range of data and information was collected regarding the National Upgrading Program as well as the enterprises that had joined it. This was done to establish a broad database that would facilitate the identification of the study population and the determination of the sample size. The total number of small and medium enterprises (SMEs) that submitted applications to join the National Upgrading Program in the Blida province alone was 115 enterprises, operating across various sectors. The process of reviewing application files resulted in three possible outcomes: accepted, pending (due to incomplete documentation), or rejected (see Table 3).

Table 3. Applications submitted to the Blida branch of the National Agency for the Development of Small and Medium Enterprises

Applications assessment result	Acceptable	Pending	Rejected	Total
Total applications received by the Blida branch of the national agency for SME development.	54	18	43	115

Source: Prepared by researchers based on documents provided by the agency.

A total of 33 small and medium enterprises were granted approval to benefit from the upgrading program out of 54 applications that had been accepted. However, only 11 enterprises proceeded with the upgrading process by initiating the diagnostic phase and submitting the corresponding report (the upgrading plan) issued by the consulting office affiliated with the National Agency for the Development of Small and Medium Enterprises.

Since this study focuses on the role of the National Upgrading Program in promoting SMEs, only the enterprises that submitted an upgrading plan—a total of 11 enterprises—were selected as the study sample. Ten interviews were conducted, and ten questionnaires were retrieved from the owners and managers of the selected SMEs. One enterprise declined to participate in the study, citing the absence of the manager during the study period.

3.2 Data Analysis

Given that this study utilized quantitative interview methods with SME managers in Algeria to achieve its objectives, the collected interview responses were numerically coded and entered into a simple statistical software program for analysis, allowing for the use of basic statistical tests (Frey, 2013). The interviews were also recorded, as the study included a small number of

open-ended questions (without predetermined answers). Transcribing these interviews assisted the researchers in analyzing the data and deriving the study's findings.

4. Results

This section presents an analysis of the statistical percentages of the responses obtained for each questionnaire item, accompanied by detailed insights derived from interviews with key stakeholders.

Q1: Who is in charge of the administration? (100% response rate)

Table 4. The person responsible for managing the enterprise

Question	Category	Occurrence	Percentage%
Person in charge of managing the enterprise	Enterprise owner	8	80%
	Enterprise Manager	2	20%

Source: Prepared by researchers based on questionnaire results.

Based on the above results, it was observed that in 80% of the cases, the individual responsible for managing the enterprise was also its owner. This suggests that a strong sense of ownership and responsibility significantly influences the enterprise's willingness to engage with the program—far surpassing the participation rate of enterprises managed by non-owners, such as hired managers, which accounted for only 20%. Interview findings further indicate that most of the owner-managed enterprises were family businesses, a dominant category of SMEs in Algeria.

Q2: What is the legal form of the enterprise? (100% response rate)

Table 5. The legal form of a small and medium enterprise

Question	Category	Occurrence	Percentage%
The legal form of enterprise	LLC SARL	9	90%
	SNC Partnership Company	1	10%

Source: Prepared by researchers based on questionnaire results.

It is also noteworthy that the majority of enterprises seeking to undergo the upgrading process are limited liability companies (SARL), accounting for 90% of the sample. In contrast, there is only one enterprise classified as a general partnership (SNC), representing 10% of the total.

Q3: What sector does the enterprise operate in? 100% response rate

Table 6. The small and medium enterprise sector

Question	Category	Occurrence	Percentage%
Activity Sector	Industry	10	100%

Source: Prepared by researchers based on questionnaire results.

All the small and medium enterprises under study operate in the industrial sector. This is largely attributed to the high concentration of industrial zones within the study area, including the Ouled Yaish Industrial Zone, Blida Industrial Zone, Beni Murad Industrial Zone, and Ain El-Remmaneh Industrial Zone.

Q4: How many workers are employed within your enterprise? 100% response rate

Table 7. The number of small and medium enterprise workers

Question	Class	Occurrence	Percentage%
Number of employees	1-9 workers	0	0%
	10-49 workers	8	80%
	50-250 workers	2	20%

Source: Prepared by researchers based on questionnaire results.

According to Algerian legislation, enterprises are classified based on the number of workers as follows: micro-enterprises (1–9 workers), small enterprises (10–49 workers), and medium enterprises (50–250 workers). The results indicate that the majority of enterprises participating in the National Rehabilitation Program are small enterprises, employing between 10 and 49 workers, and representing 80% of the sample. Only two enterprises (20%) qualify as medium enterprises, with 50 to 250 workers. It is worth noting that enterprises managed by their owners are often small and family-run, which is reflected in the limited number of employees. Additionally, many micro-enterprises appear to have refrained from joining the rehabilitation program, likely due to their reliance on traditional industries.

Q5: What is the educational level of the enterprise's manager? 100% response rate

Table 8. The educational level of the SMEs managers

Question	Category	Occurrence	Percentage%
Manager's educational level	High School	2	20%
	Bachelor	7	70%
	Postgraduate	1	10%

Source: Prepared by researchers based on questionnaire results.

Based on the table above and the interview results, it is observed that seven enterprise managers hold a university-level education, with nearly all of them working in fields aligned with their academic specialization. This indicates a strong correlation between the manager's field of study and the enterprise's area of activity. Additionally, two managers possess only a secondary education level; however, this did not hinder their participation in institutional development and rehabilitation. Notably, one manager holds a postgraduate degree obtained from outside Algeria, specifically from Russia.

Q6: How did you find out about the program? 100% response rate

Table 9. SME Managers' Knowledge of the Program

Question	Category	Occurrence	Percentage%
Managers' Knowledge of the Program	Newspapers and magazines	0	0%
	Friends	1	10%
	Personal Interview	9	90%

Source: Prepared by researchers based on questionnaire results.

It is evident from the table above that the majority of managers (90%) became acquainted with the program through direct application to the relevant custodian departments and by conducting personal interviews with officials. Only one manager reported learning about the program through a personal connection—a friend.

Q7: How do you personally define or understand the concept of rehabilitation in the context of your enterprise? 100% response rate

Table 10. SME Managers' Understanding of Rehabilitation

Question	Understanding	Occurrence	Percentage%
Managers' understanding of rehabilitation	Conducting formative activities or training to improve managerial and technical skills within the enterprise.	2	20%
	Upgrading the enterprise through improvements in infrastructure, equipment, or operational procedures.	7	70%
	Continuously developing the enterprise by adapting to market	1	10%

	demands, enhancing competitiveness, and ensuring long-term sustainability.		
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Source: Prepared by researchers based on questionnaire results.

The results clearly indicate that 70% of managers perceive rehabilitation as the process of upgrading the enterprise through improvements in infrastructure, equipment, or operational procedures. Meanwhile, 20% view rehabilitation as the implementation of formative and training activities, and 10% understand it as the continuously developing the enterprise by adapting to market demands, enhancing competitiveness, and ensuring long-term sustainability.

Q8: How long did the review of SME Application/File take? 100% response rate

Table 11. Duration of Reviewing the SME Application/File

Question	Period	Occurrence	Percentage%
Reviewing period	Month	0	0%
	Two months	1	10%
	Three months	5	50%
	More than three months	4	20%

Source: Prepared by researchers based on questionnaire results.

Half of the managers (50%) reported that the review period lasted three months. This duration is commonly associated with small enterprises, for which the diagnostic and review processes typically require around three months. In one case, the review was completed in just two months, attributed to the efficiency of the studies office. On the other hand, some application reviews took more than three months, particularly in the case of medium-sized enterprises, where the evaluation process tends to be more complex. Overall, the duration of the review process appears to be closely related to both the size of the enterprise and the performance of the studies office.

Q9: What types of rehabilitation activities are you doing so far? 100% response rate

Table 12. Type of rehabilitation activity

Question	Category	Occurrence	Percentage%
Type of rehabilitation activity	Marketing	3	30%
	Management	2	20%
	ISO	8	80%
	Production	7	70%

Note: The total percentage exceeds 100% due to the possibility of selecting multiple options in the responses.

Source: Prepared by researchers based on questionnaire results.

Since all the enterprises under consideration operate in the industrial sector, it is evident from the table above that the vast majority (80%) have improved the quality of their products, driven by the belief that products lacking in quality fail to meet the enterprise's strategic objectives. Additionally, 70% of the enterprises reported improvements and an increase in production pace—a reasonable outcome given their limited reliance on advanced technologies and the outdated nature of their equipment. In contrast, only 30% of enterprises engaged in the promotion of marketing activities, and a smaller portion (20%) invested in enhancing their management processes.

Q10: Would you like to benefit from other activities? 100% response rate

Table 13. SMEs willingness to benefit from other activities

Question	Answers	Occurrence	Percentage%
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SMEs willingness to benefit from other activities	Yes	7	70%
	No	3	30%

Source: Prepared by researchers based on questionnaire results.

Based on the results of the questionnaire and interviews, 70% of the managers expressed a desire to benefit from additional rehabilitation activities beyond those currently available—particularly in areas such as investment opportunities and financial support.

Q11: What challenges did you face during the rehabilitation process? 100% response rate

Table 14. Challenges encountered by SMEs in the rehabilitation activities

Question	Challenges	Occurrence	Percentage%
Challenges encountered by the small and medium enterprise in the rehabilitation activities	Contribution cost 20%	4	40%
	Delay in implementing the program	7	70%
	Poor communication and coordination with the experts	3	30%

Note: The total percentage exceeds 100% due to the possibility of selecting multiple options in the responses.

Source: Prepared by researchers based on questionnaire results.

Delays in the implementation of the program emerged as the most significant challenge for the majority of enterprises (70%), with some experiencing delays of up to six months. This is particularly concerning given that the program's utilization period is limited to a maximum of three years, even with extensions. Additionally, the cost of the required financial contribution posed a barrier for 40% of the enterprises, many of which operate with limited or weak financial resources. Furthermore, 30% of enterprises reported difficulties in communication and mutual understanding with the assigned experts, which in some cases contributed to delays in the preparation of the diagnostic phase. Notably, one enterprise also reported encountering dishonest behavior from a studies office, including a request for invoice falsification.

Q12: How would you assess the performance of your enterprise following the rehabilitation process? 40% response rate

The response rate was 40%, as many of the enterprises are still undergoing rehabilitation activities, making it difficult for managers to fully assess the outcomes of the program. As a result, a comprehensive evaluation of the program's impact on enterprise rehabilitation remains limited. The responses received are as follows:

Table 15. SMEs assessment following the rehabilitation program

Question	Category	Occurrence	Percentage%
Assessment of the enterprises after rehabilitation program	Reduction in production costs	3	30%
	Improvement in competitiveness	4	40%
	Increased business volume	0	0%
	Improvement in product quality	0	0%

Note: The total percentage exceeds 100% due to the possibility of selecting multiple options in the responses.

Source: Prepared by researchers based on questionnaire results.

Q 13: what are the primary shortcomings or limitations of the rehabilitation program?

According to the views expressed by the managers, the main shortcomings of the National Program for the Rehabilitation of Small and Medium Enterprises can be summarized as follows:

- Delays in implementation, which undermine the efficiency and impact of the program.
- Lack of legal advisory support, particularly the absence of a legal advisor to clarify frequently changing laws and regulations affecting SMEs.
- Cost-sharing issues, especially concerning the percentage of diagnostic costs borne by enterprises; many believe the state should cover the full amount.
- Difficulties in reimbursement, particularly when enterprises conduct diagnostic studies independently and struggle to recover expended funds.
- Insufficient number of accredited study offices, with only around 500 available nationwide—an inadequate number relative to the large volume of SMEs in Algeria.
- Non-mandatory participation, which is seen as a structural weakness that limits the program's overall effectiveness and reach.
- Existence of dishonest study offices, including cases of legal circumvention and unethical practices, which diminish trust in the program's integrity.

5. Discussion and Findings

This study reached the following conclusions:

- Geographic proximity plays a significant role in the degree of engagement with the program. It was observed that SMEs located near the National Agency for the Development of Small and Medium Enterprises demonstrated a higher level of responsiveness compared to those situated farther away. This is evidenced by the fact that 9 of the surveyed enterprises are located within the same industrial zone in Blida, while none were identified in other municipalities such as *Bouinan* or *Meftah*.
- The academic and professional background of the managers significantly influences their engagement with the program. Most managers come from scientific disciplines and thus lack awareness of the governmental programs or incentives designed to support the development of enterprises.
- One of the main weaknesses of the program lies in its non-compulsory nature, delays in implementation, and the limited understanding among managers, who often equate upgrading solely with physical investments.
- The limited number of consulting firms involved creates a situation of monopolization and potential exploitation, leaving enterprise managers with very few options.
- Most managers of the surveyed SMEs did not seek bank loans, despite their financial needs and the program's contribution to reducing interest rates on loans.
- Field investigations revealed that some of the surveyed enterprises suffer from issues related to industrial land acquisition. Despite the introduction of new legislation intended to resolve these problems, such reforms remain largely ineffective in practice.

6. Conclusion and Recommendations

This study examined the role of the National Upgrading Program (2010–2017) in enhancing the performance of SMEs in the Wilaya of Blida. It began by addressing the concept and characteristics of small and medium enterprises, followed by a discussion of the most prominent support structures and programs available for upgrading this vital sector. A brief overview of the National Upgrading Program and its operational mechanisms was also presented. Finally, a sample of SMEs in Blida that participated in the program was analyzed to assess the program's contribution to their development.

Based on the study, the research hypotheses were evaluated as follows:

- First Hypothesis: Confirmed. Algeria has indeed established a variety of programs and structures aimed at SME development, such as MEDA I, MEDA II, and the National Upgrading Program. Supporting institutions include CGCI PME, FGAR PME, ANDI, ANGEM, among others.
- Second Hypothesis: Confirmed. The National Upgrading Program continues a series of prior upgrading initiatives undertaken by Algeria, including the Ministry of Industry and Restructuring Program (2000–2006), MEDA I (2002–2007), the National Upgrading Program (2007–2010), and MEDA II (2009–2012), which focused on ICT adoption among SMEs.
- Third Hypothesis: The hypothesis that the National Upgrading Program contributed to the enhancement of SMEs in Blida cannot be conclusively confirmed or rejected. The low participation rate in the Wilaya, along with multiple complaints and reservations, suggests that the program has had limited tangible impact, as reflected in the feedback from enterprise managers and in-person interviews regarding the program's effectiveness.

Based on the findings, the study recommends the following:

- Mandate SME participation in the National Upgrading Program.
- Encourage enrolment through financial incentives, such as tax exemptions.
- Eliminate the informal (parallel) market, which hinders formal economic development.
- Foster an entrepreneurial culture among youth, particularly university students, as a strategic guarantee for the sustainability of the upgrading initiative.
- Attract a larger number of enterprises by offering non-interest-based financing options.
- Invest in knowledge management and its core components to ensure optimal enterprise upgrading and integration into the knowledge economy. Emphasis should also be placed on enabling factors such as technology and a learning-oriented organizational culture.
- Develop ministries and supervisory agencies by adopting good governance policies to enhance program effectiveness and management. Moreover, it is essential to establish an enabling technological environment to facilitate communication between enterprises and supervisory bodies.

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