



ANALYZING THE ECONOMIC AND ADMINISTRATIVE DIFFICULTIES OF SMALL AND MEDIUM ENTERPRISES IN ALGERIA

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Abstract: *This paper aims to determine the impact of economic and administrative difficulties on small and medium enterprises activities in Algeria, and what are the main solutions to address. An analytical descriptive approach has been adopted, by using a questionnaire as the main tool for data collection, which has distributed to a random sample of SMEs (376 one).*

The study concluded that small and medium enterprises in Algeria are facing difficulties related to financing and Fiscality, especially banking and customs procedures, and solutions related to fighting corruption are the most important to face the difficulties that limit private investment to achieve local development.

Keywords: *Small and Medium Enterprises (SMEs), Local Investment, Economic and Administrative Difficulties*

JEL Classification: *L26, M13*

1. INTRODUCTION

The SMEs sector is the basis for economic development of countries, because of its positive reflection in creating a regional balance. This has produced a new pattern in the business field which is characterized by a large capacity to adapt quickly to economic activity changes, as it is the appropriate tool to achieve development for what it possesses a significant and inexpensive investment motivations and their ability to change rapidly, as well as the ability to innovate and develop. It is also able to expand the dynamism of the economic activity of countries, especially those that it adopted to achieve its developmental leap. SMEs play a

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marginal role in developing countries in both economic and social growth, and almost enterprises are inefficient and uncompetitive and suffering developing investment constraints, and the most difficulties facing those enterprises are economic and administrative, such as organizational procedures, the lack in administration competencies, and incapability to obtain necessary funds and finance. For this reason, these SMEs are incapable to compete, whether in local or international field.

In order to be able to play their full role, SMEs must be active within economic climate that may keep them continuing, and guarantees the factors stability and success, and enables them to face environment threats and foreign competition.

Despite the lack of field studies on the difficulties and obstacles of SMEs in Algeria, this study came to focus on the most important difficulties faced these Enterprises.

The problem of the study is looking at the administrative and economic difficulties facing small and medium enterprises that limit private investments in Algeria, knowing that the developing and promoting small and medium enterprises is one of the most important way to achieve development.

On this basis, we should respond the following question:

To what extent are small and medium enterprises affected by the administrative and economic difficulties that limit Algeria's investment, and to what extent are solutions available to confront?

To further more clarify our subject, we ask the following sub-questions:

Question one: To what extent are SMEs affected by administrative and economic difficulties that limit private investment in Algeria?

Question two: To what extent are solutions available to face the administrative and economic difficulties that limit the private investments of SMEs in Algeria?

Small and medium enterprises are considered as pillars which contribute to the development of society and promote the local economy, and the importance of this study is providing information about the obstacles that limit the establishment and expansion the SMEs in the city under study in order to reach proposals that will overcome on the problems and constraints.

The study aims by responding the problematic and questions to the following:

- Clarify the various concepts related to SMEs and local investment.
- Highlighting the role of development played by small and medium enterprises in developing local investment.
- Attempting to highlight obstacles and difficulties facing the development of small and medium enterprises.

- Trying to make recommendations that contribute to alleviating the obstacles that limit the development of this type of organizations in Algeria.

The topic of small and medium enterprises is very important, so many previous studies have studied the topic in its various aspects. We have chosen the following studies to intersect with our topic and the most important are:

- A study entitled: Obstacles for small and medium enterprises in Maan from the owners point of view, this study aimed to focus on the obstacles facing SMEs, and to identify the problems facing SMEs in Maan from the viewpoint of workers, the study has reached that small and medium enterprises suffer from a lack of liquidity, which limits the development of these projects, and the reason for this is the lack of sufficient resources to finance these projects (Thompson, wiley series in probability and statistics, 2012).
- A study entitled “Obstacles to Small and Medium Enterprises in Algeria”-a case study of Skikda City-, this study aimed to identify the obstacles facing small and medium enterprises in Skikda City, and the study found that small and medium enterprises face constituent, environmental, financing and marketing constraints in addition to administrative constraints with a degree Medium(Ayoub & Ahcene, 2019).
- A study entitled” the impact of the upgrading on the Algerian SMEs performance, thesis for obtaining a doctorate in economics, University of Oran. This study aimed to identify the situation of Algerian small and medium enterprises that suffer from several internal and external difficulties. The study found that the Manager of a SME assesses the upgrading strategy and that the procedures for engaging in the upgrading program are dominated by bureaucracy and delays in material investments (Kansab, 2016).
- A study entitled “Constraints to small and medium-sized enterprises development in Bangladesh: Results from a cross-sectional study, The European journal of Applied economic. This study aims to identify major constraints faced by the SMEs in Bangladesh, A cross-sectional study was conducted in Narsingdi, The study found that poor infrastructure and electricity supply are the main constraints to the development of SMEs, lack of proper business knowledge and plan, high domestic market competition and lack of skilled manpower and technology, and high cost of raw materials and equipment (Islam & Hossain, 2018).
- Through studies mentioned before, that dealt with the subject of small and medium enterprises, we find that they are diverse and comprehensive to all

aspects of the topic, but they mostly focused on the available sources of funding and exposed to some to some problems and their role in development.

Our study differs from previous ones in terms of its focus on administrative and economic difficulties, as well as the time and spatial domain, which was during the year 2019 in Algeria.

Through study questions and previous studies, we can formulate the following hypotheses:

Hypothesis oneH1: SMEs are affected by administrative and economic difficulties that limit investment in Algeria to a high degree at significance level (0.05).

Sub Hypotheses are set as following

H1.1: SMEs are affected by human resources difficulties that severely limit investment at significance level (0.05).

H1.2: SMEs are affected by finance and fiscality difficulties to a high degree at significance (0.05).

H1.3: SMEs are affected by the difficulties in supply and equipment that limit investments to a high degree at significance level (0.05).

H1.4: SMEs are affected by transportation and distribution difficulties that severely limit private investment to a high degree at significance level (0.05).

H1.5: SMEs are affected by Organizational procedures difficulties that limit investments to a high degree at significance level (0.05).

H1.6: SMEs are affected by the external environment difficulties, which greatly limit investment to a high degree at significance level (0.05).

Hypothesis twoH2: There are available solutions to face the administrative and economic difficulties that limit the investments of small and medium enterprises in Algeria to a weak degree at significance level (0.05).

Sub-Hypotheses are set as following:

H2.1: Financing solutions are available to face the administrative and economic difficulties that limit the investment of small and medium enterprises to a weak degree at significance level (0.05).

H2.2: Supply and Equipment solutions are available to face the administrative and economic difficulties that limit investments of small and medium enterprises with a weak degree at significance level (0.05);

H2.3: Anti-corruption solutions are available to face the administrative and economic difficulties that limit the investment of small and medium enterprises to a weak degree at significance level 0.05).

The analytical descriptive approach was depended on, by introducing the variables of study from the theoretical point of view, both the variable of small and medium enterprises, the development of local investment, and the empirical study, in order to collect data, we have designed and distributed a questionnaire on a sample of enterprises in Algeria. In order to test the hypotheses of study, the SPSS.20 program was used.

2. LITERATURE REVIEW

2.1 Small and Medium Enterprises

SMEs are defined as organizations that are independently owned and managed as they do not dominate the field of work that is active in (Marchesny & Messeghem, 2011 , p. 8), it includes a group of projects that carry out small-scale production and use small capitals, employ a limited number of workers and follow the modern production method (OCDE, 2019, p. 28), so, Its activity dominates the mechanism and applies the principle of division of work. Small and medium enterprises are distinguished by many characteristics that distinguish them from other organizations, as they are characterized by the use of technology and new production techniques that are less complex so that they are able to absorb labor, effectiveness and efficiency so that they are reflected in the ability of these organizations to achieve economic and social goals (José & Francisco, 2008, p. 50), and more satisfying the needs and desires of customers, and this is why small and medium enterprises have a great position in achieving economic independence and stability, because they possess the characteristics and advantages that many economic organizations lack and are flexible to global transformations and economic crises so that they are considered as main pillar for most developed economies (Meghana & et, 2007, p. 8).

Small and medium enterprises face a set of administrative and economic difficulties that limit their activities, among them the difficulties related to financing and fiscality, in spite of the measures taken to achieve tax charges on small and medium enterprises, the investor in this sector still suffers from a high rate of tax on profits and contributions imposed on Employers, and the failure to adapt the current financial system to new economic and financial changes (Scheid & Teston, 1970, p. 160), which are considered to be among the most important constraints suffered by small and medium enterprises, which are reflected in the difficulty of obtaining an appropriate external financing, or a lack of long-term financing due to the complexities imposed on loans and guarantees that Overburden the investor (Abd erhmene & Imed edine, 2018, p. 228), and we also find difficulties related to the

workers, which is one of the constraints facing enterprises as well, and is represented by the lack of trained and qualified workers, which negatively affects the performance of small and medium enterprises, in addition to the deterioration of the professional and technical level of workers and the weak trend towards updating and renewing expertise and skills. We also find a problem of “turnover” of trained workers from small and medium enterprises to large ones in search of better work conditions in terms of higher wages and better benefits, which enforces them to employ a less efficient and unskilled workers (Sasan & al, Financial Constraints and Small and Medium Enterprises, 2020).

In addition, transportation difficulties like transporting raw materials from their sources or final products to markets by an acceptable cost, there is also land problems, the appropriate location and preparing place for an activity, in addition, there are difficulties in air and maritime transport (Beck & Asli, 2006, p. 180). As for the difficulties related to regulatory procedures, the regulatory environment for small and medium enterprises in Algeria is characterized by administrative obstacles represented in organizational procedures such as lack of awareness of the applicable laws, lack of transparency and lack of respect for legal texts. This which makes small and medium enterprises unable to address negative features such as the administrative bureaucracy and the lack of stability in the laws and legislations governing the managing SMEs (salah, 2004, p. 41). As for the difficulties related to supply and equipment, small and medium enterprises suffer from a lack in supply of the productive system due to the economic openness, especially with regard to raw materials, equipment and supplies, their permanent availability and unstable prices, and the inability of these organizations to obtain these materials and equipment at the lowest cost, and this affects the extent of their competitiveness (Pasula & al, 2013, p. 32). And about outside environment difficulties are the most constraints SMEs are facing, because it contains all variables and factors which may affect in way or another its performance and activities, it has being characterized by the complexity in terms of diversity and different components and illegal competition factors and the high costs of distribution services in which the organization controls its goals (Peter & Ostos Mariño, 2013).

In order to address the difficulties related to small and medium enterprises, we find a set of solutions, including financing solutions. In this case, the operations of supporting small and medium enterprises must be funded and a make a portion of the public deals allocated to competition among the enterprises according to conditions and modalities determined by the applicable regulation and encouraging the development of appropriate means for them. And the establishment of loan

guarantee funds, and solutions related to the provision and supply, which lies in facilitating the benefit of providing the enterprise with goods, raw materials and necessary products, but it must be complied to quality, quantity, appropriate time and at the lowest costs (Indrè & Justina, 2014, p. 119), which are important to the various enterprise units and at the appropriate time and all the products necessary for the proper management of its units, and this requires the formation of stocks to ensure the existence of products and purchases, they must be in the best conditions in terms of quality, price, method of payment and guarantee, without forgetting solutions related to fighting corruption. In this case, administrative structures should be simplified and defined so that the focus must be on developing electronic management and giving independence to decentralized communities, reforming public sector and fighting bureaucracy and combating bribery, and this also requires the use of some mechanisms, including transparency and accountability (Lisa & Rachel, 2011).

2.2 Local development

Local development is a movement aims to improve the society living conditions in its entirety based on the participation of this community (Pranab, 1996, p. 2). It is continuous and escalating to satisfy the renewable needs and demands of the local community and includes all economic, social and cultural aspects (Benjamin, 2011, p. 10).

An investment is the sacrifice of the resources used in the present, in the expectation of obtaining some revenues or benefits in the future during a specific time period, whereby the total return is greater than the initial expenses of the investment (Boughaba, 1999, p. 7). The investment has two types: national investment and is funded from internal sources which is all the money invested within the homeland by an individual or organization residing in the homeland, as it includes all opportunities available for investment in the local market (Zin, 2005, p. 142), and foreign investment as it is money transfers received from abroad in the form of cash in order to establish a productive project, management marketing in the long term (Menry bouhet, 2005, p. 99), as it aims to find new markets for products and goods especially to market a large surplus of stagnant commodities that companies cannot market in their home countries.

3. RESEARCH METHODOLOGY

In order to test the hypotheses of the study and reach results on the difficulties facing SMEs and limit the development of local investment, the case of small and medium enterprises was studied through a random sample of these enterprises active in Algeria.

3.1. Population and sample of study

The research population is represented in the small and medium enterprises registered at the industry and trade directorates during the first semester of 2019 in Algeria, where they numbered 1171701 enterprises (Samira, 2019), a random sample was chosen according to the Stephen Thompson equation (Thompson, 2012, pp. 53-56), 376 enterprises estimated, we have distributed the questionnaire and retrieved 255 of them for analysis, so, the response rate was 67.81%.

Through the application of statistical package of the social sciences (SPSS) Program, the statistical treatment was done by analyzing data

3.2. Stability coefficients: (Alpha Cronbach)

The consistency of the questionnaire is intended to give the latter the same result if it was redistributed more than once under the same circumstances and conditions, it means that stability of the questionnaire refers to stability in its results and not change it significantly if it was redistributed to the sample individuals several times and the stability of the research questionnaire was verified by calculating the Alpha Cronbach coefficient as shown in Table 1.

Table 1 Constant Coefficients (Alpha Cronbach)

Axis	Alpha Cronbach Coeff.
Human resources	0,947
Financing & fiscality	0,984
Supply & equipment	0,984
Transportation	0,935
Organizational procedures	0,984
External environment	0,971
Funds	0,883
Provision & equipment	0,853
Fighting corruption	0,910
Total	0,993

Source: Own calculations based on the output of the program spss

This table indicates, based on the results obtained, that the Alpha Cronbach coefficient value for different axes exceeded 60%, and it ranges between 0,853 and 0,984 which is a high value, while the total value of the Alpha Cronbach coefficient is 0,993 which is also a high value and this indicates the stability of the measuring instrument from The area of the statements included in the questionnaire.

3.3. Descriptive Statistics of axes

We can analyze the attitudes of the enterprises in the study sample on evaluating the different axes of the questionnaire using the arithmetic mean and the standard deviation to determine the rank of each axis and its evaluation in the following tables:

Table 2 Descriptive Statistics of economic and administrative difficulties

axes	rate%	Standard deviation	Mean	Class	Evaluation
Human resources	54,44%	0,87135	2,7222	4	Average
Financing & fiscality	74,40%	1,07074	3,7200	1	High
Supply & equipment	74,22%	1,02402	3,7111	2	High
Transportation	40,16%	0,65812	2,0083	6	Weak
Organizational procedures	50,33%	0,96475	2,5167	5	Weak
External environment	54,58%	0,88880	2,7292	3	Average
Dfficulties	54,58%	0,86261	3,0658		Average

Source: Own calculations based on the output of the program spss

The sum mean is estimated to 3,0658 and a standard deviation of 0,86261, and this indicates an average degree of approval by the opinions of the study sample , which indicates that there are difficulties facing the SMEs investments in Algeria, by a rate of 54,58%, which is an average percentage.

The phrases related to the procedures for overcoming difficulties can be showed in the next table:

Table 3 Descriptive Statistics of procedures for over coming difficulties.

axes	rate%	Standard deviation	Mean	Class	Evaluation
Financing	78.88%	0,66715	3,9444	3	High
Supply & equipment	84%	0,50172	4,2000	2	High
anti-corruption	86.44%	0,64614	4,3222	1	High
	82,11%	0,58802	4,1556		High

Source: Own calculations based on the output of the program spss

The sum mean is estimated to 4,1556 and a standard deviation of 0.558802, and this indicates a high degree of approval by the opinions of the study sample, which indicates that there are solutions to face the difficulties that limit SMEs investment in Algeria by 82.11%. This is a high percentage.

3.4. Testing Study Hypotheses

To test the hypothesis of study, the anova T-test was used, the results of which in the following table:

First sub-hypothesis H1.1 test:

Table 4 T-test and significant level of human resources difficulties

Axis	Mean	Standard deviation	T-test	Sig	Rate %
Human resources	2,7222	0,87135	4,54	0,000	54,44%

Source: Own calculations based on the output of the program spss

The previous table shows the difficulties related to the human resources facing small and medium enterprises in Algeria, where the results showed that the presence of difficulties related to the human resources is high according to the opinions of the study sample equal to 54.44%, where the calculated value of T was 4.54 and is greater than the tabular T 2.75 with a significant level of 0,000 which is less than 0.05, therefore we reject the zero hypothesis and we accept the alternative hypothesis which states that: There are human resources related difficulties facing small enterprises and Medium in Algeria.

Second sub-hypothesis H1.2 test:

Table 5 T-test and significant level of Financing & Fiscality difficulties

Axis	Mean	Standard deviation	T-test	Sig	Rate %
Financing & Fiscality	3,7200	1,07074	3,36	0,001	74,4%

Source: Own calculations based on the output of the program spss

The previous table shows the difficulties related to financing and taxation facing small and medium enterprises in Algeria, where the results showed that the percentage of difficulties related to financing and taxation is high according to the opinions of the study sample equal to 74.4% , Where the calculated value of T was 3.36 and it is greater than the tabular T 2.75 with a significant level of 0.001 which is less than 0.05, therefore we reject the zero hypothesis and we accept the alternative hypothesis which states: There are difficulties related to financing and taxation facing SMEs in Algeria.

Third sub-hypothesis H1.3 test:*Table 6* T-test and significant level of Supply & Equipment difficulties

Axis	Mean	Standard deviation	T-test	Sig	Rate %
Supply & Equipment	3,7111	1,02402	3,80	0,001	74,22%

Source: Own calculations based on the output of the program spss

The previous table shows the difficulties related to supply and equipment facing small and medium enterprises in Algeria, where the results showed that the presence of difficulties related to the supply and equipment is high according to the opinions of the study sample equal to 74.22% , Where the calculated value of T was 3,80 and is greater than the tabular T 2.75 with a significant level of 0.001 which is less than 0.05, therefore we reject the zero hypothesis and we accept the alternative hypothesis which states: There are supply and equipment related difficulties facing SMEs in Algeria.

Fourth sub-hypothesis H1.4 test:*Table 7* T-test and significant level of Transportation difficulties

Axis	Mean	Standard deviation	T-test	Sig	Rate %
Transportation	2,0083	0,65812	8,25	0,000	40,16%

Source: Own calculations based on the output of the program spss

The previous table shows the difficulties related to transportation facing small and medium enterprises in Algeria, where the results showed that presence of transportation difficulties is weak according to the opinions of the study sample equal to 40.16%, where The calculated value of T was 8.25 and it is greater than the tabular T 2.75 with a significant level of 0,000 and it is less than 0.05, therefore we reject the zero hypothesis and we accept the alternative hypothesis which states: There are transportation difficulties facing SMEs in Algeria.

Fifth sub-hypothesis H1.5 test:*Table 8* T-test and significant level of Organizational Procedures difficulties

Axis	Mean	Standard deviation	T-test	Sig	Rate %
Organizational procedures	2,5167	0,96475	3,74	0,010	50,33%

Source: Own calculations based on the output of the program spss

The previous table shows the difficulties related to the Organizational procedures facing small and medium enterprises in Algeria, where the results showed that the percentage of difficulties related to organizational procedures is weak according to the opinions of the study sample institutions equal to 50.33%, Where the calculated value of T was 3.74 and it is greater than the tabular T 2.75

with a significant level of 0,010 and is less than 0.05, and therefore we reject the zero hypothesis and accept the alternative hypothesis which states: There are difficulties related to Organizational procedures facing SMEs in Algeria.

Sixth sub-hypothesis H1.6 test:

Table 9 T-test and significant level of External Environment difficulties

Axis	Mean	Standard deviation	T-test	Sig	Rate %
External environment	2,7292	0,88880	3,66	0,001	54,58%

Source: Own calculations based on the output of the program spss

The previous table shows the difficulties related to the external environment facing small and medium enterprises in Algeria, where the results showed that percentage of difficulties related to the external environment is medium according to the opinions of the study sample equal to 54.58% , Where the calculated value of T was 3,66 and it is greater than the tabular T 2.75 with a significant level of 0.001 which is less than 0.05, therefore we reject the zero hypothesis and accept the alternative hypothesis which states that: There are difficulties related to the external environment facing SMEs in Algeria .

Testing First hypothesis H1:

Table 10 T-test and significant level of Economic and Administration difficulties

Axis	Mean	Standard deviation	T-test	Sig	Rate %
Difficulties	3,0658	0,86261	9,52	0,000	61,31%

Source: Own calculations based on the output of the program spss

The previous table shows the difficulties facing small and medium enterprises in Algeria, where the results showed that the percentage of difficulties facing investment is medium according to the opinions of the study sample equal to 61.31%, where The calculated value of T is 9.52 and it is greater than the tabular T 2.75 with a significant level of 0,000 which is less than 0.05, therefore we reject the zero hypothesis and we accept the alternative hypothesis that: There are difficulties facing SMEs in Algeria.

First sub-hypothesis H2.1 test:

Table 11 T-test and significant level of Financing Solutions

Axis	Mean	Standard deviation	T-test	Sig	Rate %
Financing Solutions	3,9444	0,66715	7,75	0,000	78,88%

Source: Own calculations based on the output of the program spss

The previous table shows financing solutions to meet difficulties that limit investment of SMEs in Algeria, where the results showed that the percentage of financing solutions to meet the difficulties that limit investment is high according to

the opinions of the sample study is equal to 78.88%, where the calculated value of T was 7.75 and is greater than the tabular T 2.75 with a significant level of 0,000 which is less than 0.05 and therefore we reject the zero hypothesis and we accept the alternative hypothesis which states that: There are financing solutions to meet the difficulties that limit investment of SMEs in Algeria.

Second sub-hypothesis H2.2 test:

Table 12 T-test and significant level of Supply & Equipment Solutions

Axis	Mean	Standard deviation	T-test	Sig	Rate %
Supply & Equipment Solutions	4,2000	0,50172	13,10	0,000	84%

Source: Own calculations based on the output of the program spss

The previous table shows the solutions related to the supply and equipment to face the difficulties that limit investment of SMEs in Algeria, where the results showed that the percentage of solutions related to the supply and equipment to face the difficulties that limit investment is high according to the opinions of the study sample, it is equal to 84%, where the calculated value of T was 13.10 which is greater than the tabular T 2.75 with a significant level of 0,000 which is less than 0.05 and therefore we reject the zero hypothesis and we accept the alternative hypothesis which states that: There are solutions related to the supply and equipment to face the difficulties that limit the investment of SMEs in Algeria.

Third sub-hypothesis H2.3 test:

Table 13 T-test and significant level of anti-corruption Solutions

Axis	Mean	Standard deviation	T-test	Sig	Rate %
anti-corruption	4,3222	0,64614	11,208	0,000	86,44%

Source: Own calculations based on the output of the program spss

The previous table shows solutions related to anti-corruption to face the difficulties that limit investment of SMEs in Algeria, where the results showed that the percentage of solutions related to fighting corruption to face the difficulties that limit investment is very high according to the opinions the study sample equal 86,44%, where the calculated value of T was 11.20 which is greater than the tabular T 2.75 with a significant level of 0,000 which is less than 0.05 and therefore we reject the zero hypothesis and we accept the alternative hypothesis which states that: There are solutions related to **anti-corruption** to face difficulties that limit the investment of SMEs in Algeria.

Testing second hypothesis H2:

Table 14 T-test and significant level of solutions needed to face administrative and economic difficulties

Axis	Mean	Standard deviation	T-test	Sig	Rate %
Solutions	4,1556	0,58802	10,76	0,000	83,11%

Source: Own calculations based on the output of the program spss

The previous table shows the solutions needed to face difficulties that limit investment of SMEs in Algeria, where the results showed that the percentage of solutions needed to face the difficulties that limit investment is high according to the opinions of the sample study is equal to 83.11%, where the calculated value of T was 10.76 and is greater than the tabular T 2.75 with a significant level of 0,000 which is less than 0.05, and therefore we reject the zero hypothesis and we accept the alternative hypothesis which states that: There are solutions to address the difficulties that limit private investment of SMEs in Algeria.

4. CONCLUSION

Small and medium enterprises face several economic and administrative problems, which constitutes a major obstacle to their survival and contribution to achieving local development, and despite the position development of small and medium enterprises in the Algerian national economy, they are still far from achieving the goals of developing local investment that Algeria seeks to achieve it in a global economic environment characterized by economic and political blocs. Through this study, which was conducted on a random sample of enterprises active in Algeria, and to determine the most important economic and administrative difficulties that limit the ability of small and medium enterprises in achieving local development and private investment development, we reached the following results.

The study found that small and medium enterprises in Algeria are facing administrative and economic difficulties, the most important of which are funding-related difficulties as the results were in line with the previous studies (Aleawd & karkari, 2017) and (Ayoub & Ahcene, 2019), and the results also showed related difficulties In Supply and Equipment, external environment, Organizational procedures and human resources, but it has less impact on other difficulties and this is complied with the study (Ayoub & Ahcene, 2019), in addition, our study reached to deny the validity of the fourth hypothesis as the results showed that there are no difficulties related to transportation, and that the percentage of difficulties existence is very weak according to the opinions of the study sample, and this is what differed

with the study (Ayoub & Ahcene, 2019) and (Aleawd & karkari, 2017), and the study also concluded that there are solutions to face the difficulties that limit the investment of small and medium enterprises in Algeria, and according to the opinions of the study sample, solutions related to anti-corruption and bureaucracy are the most important to confront the administrative and economic difficulties that limit the private investment of small and medium enterprises to achieve economic development in Algeria, and this is in line with the study (Ayoub & Ahcene, 2019) and (Kansab, 2016).

According to the previous results reached by our study, a set of recommendations will be formulated for small and medium enterprises, the most important of which are:

- The State should encourage small and medium enterprises through providing capital and facilitating entrepreneurial skills among youth, and provide consulting and directive assistance.
- Providing administrative facilities for investors to encourage them to invest in Algeria by defining the regulatory procedures through a precise description of tasks and authorities at the appropriate time.
- Developing support centres to provide information and access to financing aid programs.
- Strengthening and monitoring loan funds and not obligating small and medium enterprises to provide guarantees at the beginning of their establishment.
- Investing in economic reform, reforming labor markets, raising education and training levels to get rid of corruption and providing an effective work environment away from bureaucracy and bribery.
- Establishing specialized banks for financing small and medium enterprises, granting soft loans, especially with regard to the interest rate.
- Defining a clear legal and regulatory framework in order to identify how to obtain real estate and fighting administrative corruption and bureaucracy that were the reason for not starting profitable projects.
- Reviewing the withholding rates that represent an obstacle for small and medium enterprises.

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