



## SMALL/MEDIUM ENTERPRISES COMPETITIVE-ANALYSIS AND MACRO- INVESTMENT STRATEGY (CASE OF ALGERIA)

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### ABSTRACT:

the objective of this work, is to asses, determine and correct the investment practices in the small/medium enterprises, and to offer an adequate competitive/strategic analysis that assist in the business formation process, and in macro-strategy to organize the small business in efficient way that allow flexible adjustments in case of environmental or market change based on data collection process and benchmarking approach and a suggested efficiency-screening process.

Key words: Market Analysis, Diamond Model, Benchmarking Approach, Competitive Strategy.

JEL Classification : D81, M13, L16

### الملخص :

تهدف من خلال هذه الدراسة الى الوقوف على الاسباب العملية وراء الفشل و الخروج المبكر من السوق للمؤسسات المصغرة الناشئة وتصحيحها بناء على المعلومات التي تم جمعها من طرف مصادر رسمية منها الاحصائيات و المقابلات السابقة مع مسؤولين على القطاعات الاقتصادية المعنية بالمؤسسات الصغيرة و المتوسطة و كذلك اراء المستثمرين الجدد حول الموضوع و بناء على هذا تم اقتراح ادوات تحليلية في كلا الجانبين التسييري و التسويقي (التنافسي) ملائمة لمناخ الاعمال الجزائري و كذا تعديل الاستراتيجية الحكومية للاستثمار المصغر بتنظيم هذا النوع من السوق بطريقة تسمح بمراقبته و تعديله بمرونة.  
الكلمات المفتاحية: التحليل التسويقي, نموذج الماسة, التسيير بالقياس, الاستراتيجيات التنافسية.

تصنيف JEL : D81, M13, L16

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## 1. INTRODUCTION:

In the last, decade, it has been a quite a misinterpretation of investment practices and the enterprises creation mechanisms from a managerial aspect in the Algerian strategy. A macro-investment strategy is a four stages process that began with data-collect/ analysis and end to the application and the monitoring of the plan with flexible adjustments according to the actual progress. Our objective in this study is to clarify the use of such a strategy especially for small enterprises start-ups, by proposing a relative competitive analysis that include pertinent tools and practices based on available economic data and information to make the decision making process more accurate and the probability/ risk rate higher.

The problem that we attempt to address is how to combine between a micro competitive analysis and a macro-investment strategy relative to Micro enterprises, for the benefit of the three related economic agents (new-investor, bank, government).

We approached this matter based on the following Hypothesizes; H1; internal resources have a great influence over competitive advantage of SE (Small enterprises). H2; The development and innovation have a great influence over competitive advantage of SE. And lastly, H3; the internal capabilities have a great influence over competitive advantage of SE, based on the findings, we can categorize, rank and improve the competitive performance key indicators based on classification then scoring method.

We have used for that purpose a strictly mathematical and statistical approach alongside with comparison and analysis of international reports, first we have used the data extracted from responders for our questionnaire with carefully selected business individuals to acquire a balance between the relative parties, after that, we have analyzed the data using multiple regression using the means of the answers in each variable.

## 2. BACKGROUND ON EFFICIENT INVESTMENT PRACTICES ACCORDING TO PAST ECONOMIC STUDIES:

According to the recent annual global competitiveness report, Algerian economy is in the transition stage between the factor condition economy, and the investment driven economy. In the classic economy (Adam Smith 1776), the national economic growth is attributed to two principal factors; the natural resources and the human resources. With the fact that the Algerian economy has no scarceness in the first factor, the problem lays in the human resources in much modern concept that includes management practices, technological advance, cheap/skilled labor and market strategy.

### 2.1. THE FOUR STAGES IN ECONOMIC DEVELOPMENT:

There are four formal stages in economic development, each one describe the structure and the growth level of a national economy:

- a) The factor driven economy; is an economy limited mostly to trading in raw material and Primitive manufactured goods. Generally, this is the initial stage; it is characterized by basic factors of production weather they are natural resources, favorable growing conditions for certain crops, or an abundant and inexpensive semi-skilled labor pool
- b) Investment driven economy: it is an economy were the industries that most likely to be successful are the ones with relatively large home-base demand, consistent with local circumstances (social and cultural needs and evolution), however all process or product technology needed is imported from foreign nations. The direct role of government in the first two stages is more relevant to encourage and stimulate the creation of more advanced factors, improving the quality of domestic demand, rival and new business formation.
- c) Innovation driven economy: is also known by the name efficiency driven economy. This stage is characterized by a sophisticated buyer demand (shorter product life cycle) a buyer that always demanded more and more advanced products. In this level the industries are less vulnerable to stock costs, exchange rates, shifts in buyer needs... because they compete on differentiation base.
- d) Wealth driven economy: the obvious characteristics of this stage are; increases in taxes, mergers and acquisitions, capital preservation, and a decrease in innovation pace, risk taking, startups companies, it is basally the stage of idle growth, and profit reaping.

This segmentation of the world economies is more appropriate to discuss the subject of my study than the traditional division (under developed, developing and developed economies), since it is the foundation of macro investment strategy analysis that indicates the characteristics and the flaws in each strategy.

## 2.2 CASE STUDY (EGYPT TEXTILE):

In the global investment reports, the global investment and the investment strategy are measured by the FDI flows (FDI inward/outward stocks, net sales, net purchases, source/destination of investment), however, that is not the subject of my analysis, in my work, I will limit the investment strategy perspective to a national basis, it means the kind of strategy that aims to develop a long term economic growth based on efficient industrial and managerial performance.

Table.1: Economic Overall Performance Compared to Regional Peers

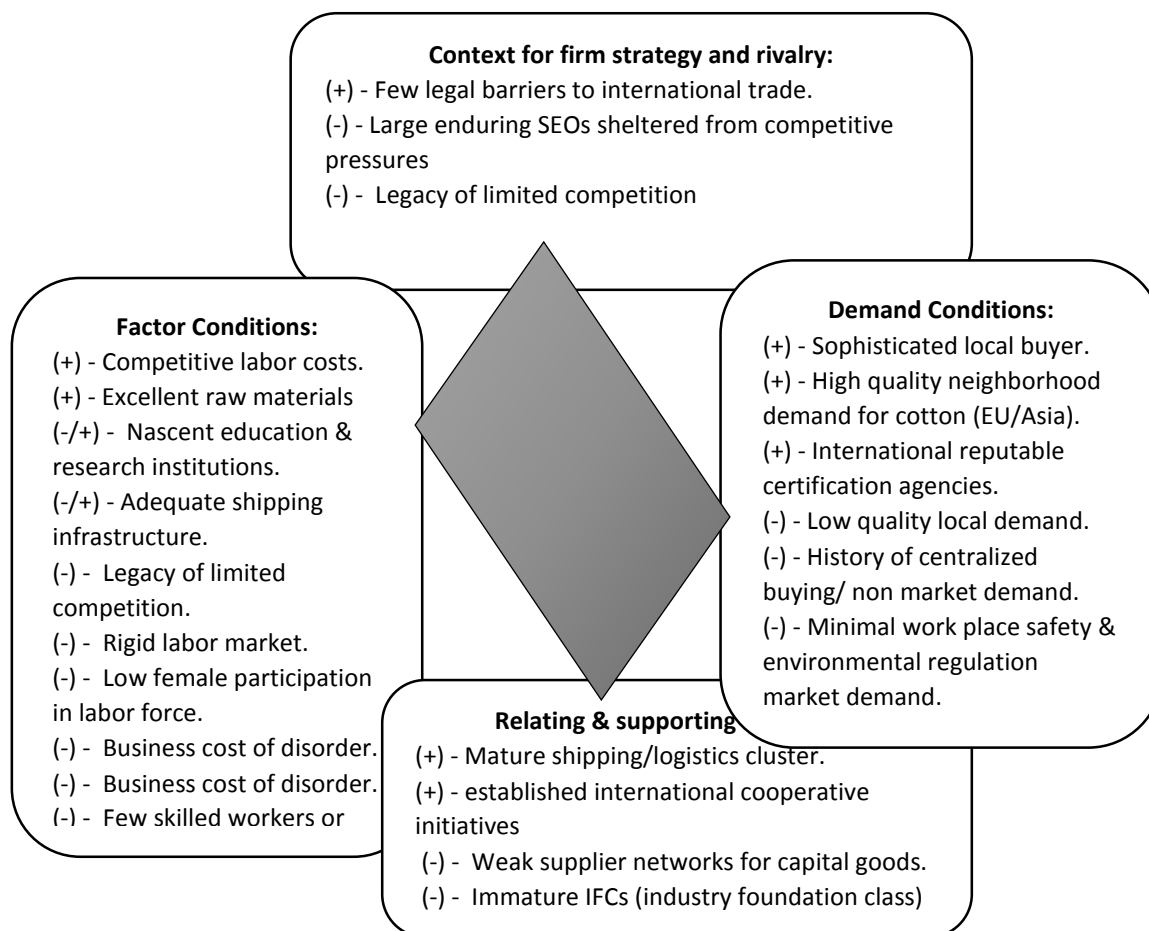
	Algeria	Egypt	Iran	Jordan	Lebanon	Morocco	Tunisia	
GDP	Real GDP (PPP US\$ at 2005 prices)	263.8 \$	449.8 \$	810.3 \$	30.3 \$	51.2 \$	137.3 \$	81.3 \$
	Real GDP (% change pa)	3.3%	5.1%	2.9%	3.1%	7.0%	3.7%	3.7%
	GDP per head (US\$ at PPP)	8,140 \$	5,910 \$	11,980 \$	5,210 \$	13,360 \$	4,708 \$	8,704 \$
	Growth of real GDP per head (% pa)	1.3%	3.3%	1.7%	0.7%	6.0%	2.4%	2.7%
Demographics	Population (M)	36.0	84.5	75.1	6.5	4.3	32.4	10.4
	Unemployment (%)	10%	9%	13%	13%	0%	9%	13%
Fiscal and Monetary Policy	GDP deflator (% change; av)	16.2%	10.5%	9.5%	13.8%	0.1%	0.1%	4.0%
	Total foreign debt (US\$B)	5.28 \$	34.84 \$	12.57 \$	7.64 \$	28.42 \$	26.58 \$	21.58 \$
	Public Debt (% GDP)	9.2%	81.4%	13.2%	57.3%	141.7%	61.1%	42.5%
GDP Composition	Agriculture (% of GDP)	12%	14%	11%	4%	5%	15%	8%
	Industry (% of GDP)	55%	37%	40%	30%	20%	29%	14%
	Services (% of GDP)	33%	48%	49%	65%	76%	47%	61%

Source: (Rawiah Abdallah & al, 2012, P2)

In my choice of case study, I selected a nation in investment driven economy (the next level in Algerian development):

According to porter (1990); the more appropriate factor to measure a successful domestic industry is the exports share of this particular industry, it reflects the ability to compete in international basis, based on that, the Egyptian textile industry is a successful one, as the textile and apparel exports reached approximately 400 million \$ in 2011 for the textile fibers (SITC 26), and over 1400 M\$ in textile yarn and fabric (SITC 65), and approximately 1400 M\$ in apparel, clothing, and accessories (SITC 84). We have to note that Egypt is ranked 94th in the last world competitiveness report falling behind many African and arab countries including Algeria, which is a very strong setback for its national economy which is in my opinion was influenced by many geopolitical events like Arab spring. The elements of the Egyptian textile investment strategy analysis based on diamond model are:

Figure.1: Textile Investment Analysis in Egypt



Source: (Rawiah Abdallah & al, 2012, P20)

Based on that, the investment in textile industry is significantly efficient due to many encouraging factors; however, the government strategy relies on boosting the positive elements and working on accumulated improvement concerning the negative ones.

In a new investment strategic theory, the competition is viewed as a positive factor due to the great stimulating role in improving environmental and legislative conditions; also, it encourages future investments in process/product innovations, in relating and supporting industries, and in skilled labor formation process.

#### 4. USING SCORING METHODS TO ENHANCE THE COMPETITIVE STRATEGY:

The problem in competition is that while some new enterprises survive and prosper in their life cycles, others are doomed to fail in their early stages. The problem in case of company bankruptcy in the Algerian case is that the financial loans are guaranteed by the government itself, and there are no formal procedures to collect the debt from the investor, neither there are a backup plans for the investors, so the non-efficient enterprises will cost the banks valuable financial resources, not to mention the opportunity cost.

In these kind of cases where the risk rate of a new investment is significantly high, the bank appoint an advising committee, to study the investor situation, by comparing the business plan provided by the investor with the business conditions trajectory, which is data collected from the past years concerning each kind of business, and a statistical expectation of any change on those data, also they asses the risk of this new project, and finally, decide whether this business have a high probability of success or not.

To determine if there is any potential threat or opportunity in the business, there a number of methods, and practices, such as SWOT analysis, in market analysis, the BCG matrix in strategic analysis, economic intelligence in case of highly competitive market. But in our case; small and medium business with almost non-sophisticated technological level, non-complex managerial methods, the bank or the approval

committee is advised to apply a scoring method, designed specially to meet the local needs, in that case, the investor have to follow a benchmarking method to improve his managerial and technical practices, especially in the case of rather very low experience in the management of new enterprise.

#### 4.2 SCORING ALGORITHM AS A SCREENING PROCESS IN BANK LENDING:

There are a number of approaches to the appraisal of opportunities and threats, costs and benefits that are difficult to value in financial terms. This includes; descriptive information based on opinions, a geographic analysis in a business term, quality evaluation according to local culture and point of views. For this purpose we can use a scoring algorithm in form of a matrix or a table; that includes specifically a set of selected factors:

##### 4.2.1 FACTORS TO INCLUDE IN A SCREENING PROCESS:

There are various factors that one should consider in a feasibility study, but in respect to the Algerian socio-geographic and economic characteristics we will only focus on three:

- a) Geo-analysis based on profitability: that factor refers to the variation in economic profitability of geographic areas, for instance, in financial term; a diamond cutter specialist, has every interest in localizing his business in a rich neighborhoods, or even districts, however, the segments (roads, neighborhoods, districts, or even industrial clusters) with more population, crowding points, are most likely in the benefit of every small business. There are many models to calculate the exact distance between a segment and another, such as, "nakanishi & Cooper" (1974) or "the Huff model" (1963) or the "law of Reilly & Converse" (1949) converse's Breaking-Point Model.
- b) Business reputation: this factor requires a certain period of time to build an accumulated customer base, and widely known quality. With normal pace of business growth and by avoiding critical marketing mistakes, the reputation factor will rest only on the seniority of the business, e.g.: first year enterprise can hardly manage a customer relation program as does a twenty years' experience competitor.
- c) The Quality/price ratio: this factor is calculated by dividing the subjective quality as seen by the customer concerning the price of the services or the goods; bearing this in mind, a good quality business with a lower prices, should gain more points in this factor.

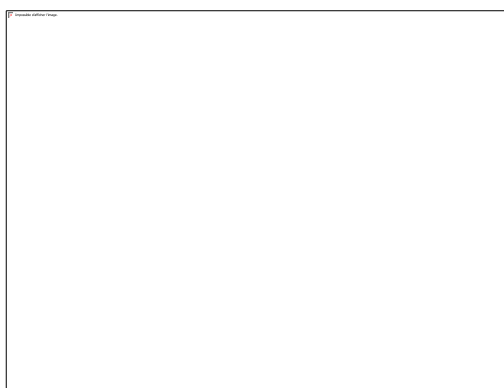
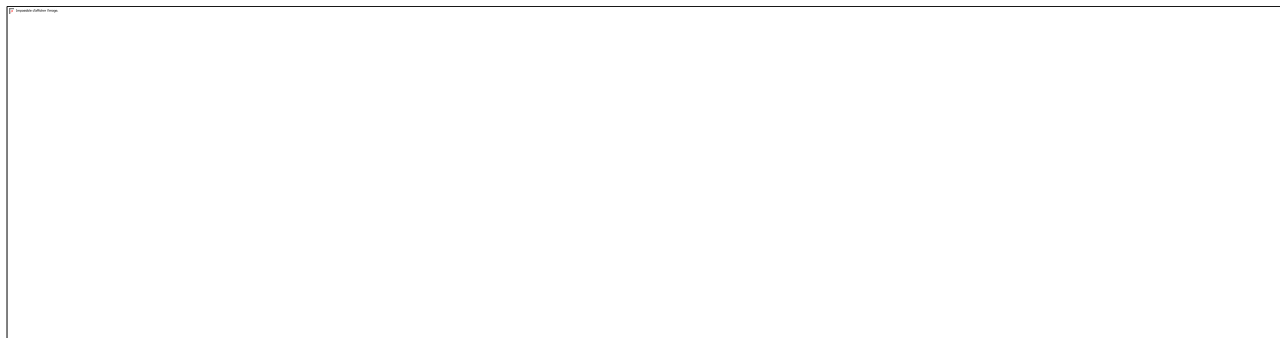
The market analysis also is equally important to distinguish the market with high profitability from a monopolistic market, and to determine a highly competitive business from other with less competitive density, and lastly, to project the estimated demand in this new business.

##### 4.2.2 DESIGNED CASE OF A SCREENING PROCESS:

The table below represents a designed assessment tool based on relevant theories;

**Table 3: New-Investment Analysis**

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- \*Y<sub>i</sub>: year n°: i
- \*Zone H: high profitability area. (M: medium, L: low)
- \*Business type: refers to the change in factors according to the type of business
- \*Low/High demand: according to the buyer needs and potential demand size

Source: my work based on "ANSEJ" Case Study.

With this proposed tool, the approval committee should be able to determine the efficiency of a new investment, decide whether it is high/ low risk investment, and sometimes, direct the new investor toward more profitable business project, for the mutual benefit of the bank to minimize the risk of debts as possible and for the new-investors to select more profitable business.

However, in a long-term this should have a fundamental effect on the national investment strategy, by increasing the number of efficient investments (with the assistance of a benchmarking approach), this will improve the industrial base, and organize the economic activities within clusters.

## 5. STUDY CASE ABOUT ALGERIAN ENTERPRISES:

After we have seen in the previous section the competitive strategy effect over company's performance, we will now examine that impact in a statistical way to illustrate the significance and measurement of that impact over the company competitive performance.

### 5.1 METHODOLOGY OF THE STUDY:

first of all we have used 3 factors to study the competitive advantage in Algerian SME's, in which the first is human resources and related managerial and technical skills, which is represented by the internal resources, human or otherwise such as the financial resources, human resources, organizational resources and the technological resources that a given company can control and manage in any way that the board of directors see appropriate. On the other hand the related skills are the characteristics that differentiate one worker from another, often referred to by the word individual skills.

The second variable is the innovation and the development of internal resources; in our case it is the financial resources and the time cost dedicated to train the workers and to develop their personal skills to offer better services in service industry or a better performance in manufacturing companies. It's generally measured by the education level of the worker, its experience and the training programs that he has acquired during his career.

The third variable is the internal and Strategic analysis from the management style to the way of doing business, for example does they have the requirements, abilities and the right attitude for moving forward in highly competitive market?, those points were represented during our study by One external variable which is skills and resources management.

Note: I would note that the word “competitive advantage” in our research differ from the competitive advantage defined by Michael Porter in his book the competitive advantage of nations as it implies many industrial aspects that we lack in our Algerian investment environment, instead, the word competitive advantage in this paper and especially in the study part hold another meaning and a simpler aspect but important to the significance of the SMEs analysis and its activity in local environment (local market, national market), by which the competitive advantage more related to aspects such as: the ability to satisfy the consumer’s, the position in the market, quality control, innovation in techniques and products and services, costs control, the rapidity in meeting the sudden change and the ability to adopt a highly competitive market, the strategy of market division, the market share which is the most important factor that we have relied on to determine the level of competitiveness that an enterprise have.

In the other hand the internal variable is the competitive advantage which was defined in the above point. To put it in a simple form; the competitive advantage in our study is referred to by the ability to stay and prosper in competitive market. We measured it by many factors that will be presented in the next points.

**a- the Sample of a Study:**

In order to obtain objective results, we've chosen the group of Enterprises located in the same area and to be exact in Constantine region (Algeria) due to their similarities in the advantage nature and the environmental factors. The number of Enterprises was 30 SME.

**b- The Choice of Questions Asked in this Study:**

We have chosen the questions carefully to be pertinent with the study with respect to the literature reviews and theories regarding that matter, also we have corrected the question after preliminary tests and advised by handful of professors,. Also we have tested the questions to make sure of its validity and its application in the fields from many points of views such as its simplicity, understandability and how it's perceived from the responders.

**c- Time and Place Limitation in our Study:**

We have chosen a group of enterprises active in Constantine area because of many considerations; the first one is the proximity of the area which makes our study easier as I am a located in nearer wilaya. the second consideration was that my study subject and my main focus was the micro and the small enterprises, rather than the medium and the big ones, which is one of the investment environment characteristic of the Constantine Enterprises fabric. The last consideration was that all those companies were active in small shared market which makes it a highly competitive environment that improves the accuracy of our results. The timeline of our study was about 6 months. It’s the first half of 2015.

**d- Pool of Persons Concerned by our Questions:**

We chose a number of workers and managers with respect to their ability to respond objectively and accurately. Also we have chosen a pool of Human Resources with experience and field knowledge about the subject of competitive advantage also they have firsthand information about the internal information, technology and performance & capabilities of their Enterprises. From this pool of subjects, we have enterprise managers and also Marketing Manager.

**5. THE RESULTS OF THE STUDY:**

We will present our results in a way that is understandable and in a logical order starting from the overall statistics until we finally reveal the existing relationship between the four variables.

**5.2.1 OVERALL DISTRIBUTION FINDINGS:**

as we have mentioned before our sample was randomly selected to represent a distribution between the different type of enterprises according to many aspects such as; how many private and how many public, how many big enterprises versus how many small enterprises, the experience in the markets based on 5 years level, the experience of the workers and the managerial staff ...

**Table 4: the Distribution of the Sample Based on Many Criteria’s**

characteristics	types	number	percentage
Type of ownership	Public enterprises	12	40%
	Private enterprises	18	60%

SMALL/MEDIUM ENTERPRISES COMPETITIVE-ANALYSIS AND MACRO-INVESTMENT STRATEGY (CASE OF ALGERIA) (PP. 1-17)

Type of enterprises based on workers number	Small and medium enterprises	21	70%
	Large enterprises	9	30%
The experience of the enterprise based on the active years in the market	Less than 5 years existence	3	10%
	From 5 to 10 years	5	16.67%
	From 10 to 15 years	6	30.0%
	More than 15 years	16	53%
The experience of the staff	Less than 5 years	9	30%
	From 5 to 10	8	26.7%
	From 10 to 15	9	30%
	More than 15	4	13.3%

Source: my analysis based on questionnaire results

from the previous table we can conclude that 40% of the sample are public Enterprises where is 60% of the Enterprises were private, on the other hand we can conclude that 70% of the sample consists of small and medium Enterprises, also the experience varies from 5 to 15 years and more between both workers and enterprises, however the larger proportion was found in the category between 10 and 15 years.

### 5.2.2 STATISTICAL RESULTS AND FINDINGS USING SPSS PROGRAM:

In this section we would present the results of our statistical analysis step by step starting with the probable existence or non-existence of a relationship between the previous variables.

1. **Alpha Cronbach Test (the reliability coefficient):** Using the SPSS program to conduct the coefficient of reliability analysis the results were as shown below;

Table 5: Alpha Cronbach Test

the study axes	the value of alpha Cronbach
strategy an strategical analysis section	0.731
the different type of resources and the human skills section	0.785
Innovation and development section	0.732
the competitive Advantage section	0.841
the the questionnaire interdependency between sections	0.907

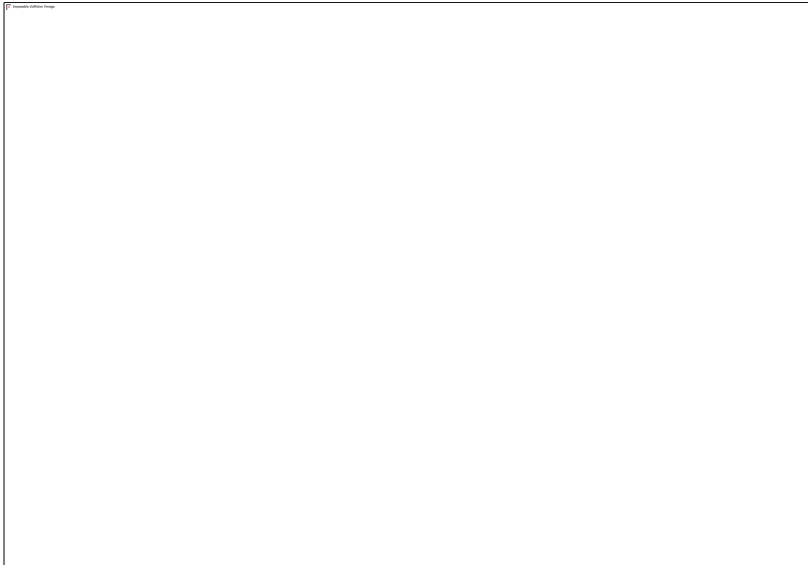
Source: my working paper based on the study findings

The result shows that all the values are more than 60% which make it valuable and acceptable in our study.

#### b. Normality Test (Normal Distribution Test):

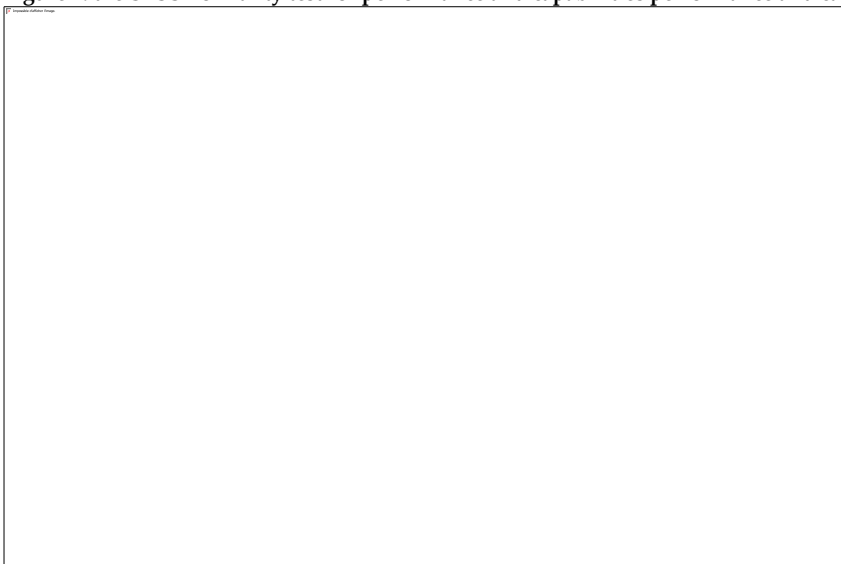
This test is used to determine if the data set considered as a normal distribution and to what degree a random variable under the data set is normally distributed. in most of our analysis we used two models; the simple and the multiple regression analysis to determine the existing relation between multiple variables, the normality test is a required step before regression modeling.

Figure 3: the SPSS normality test for Internal analysis



Source: my working paper based on SPSS findings

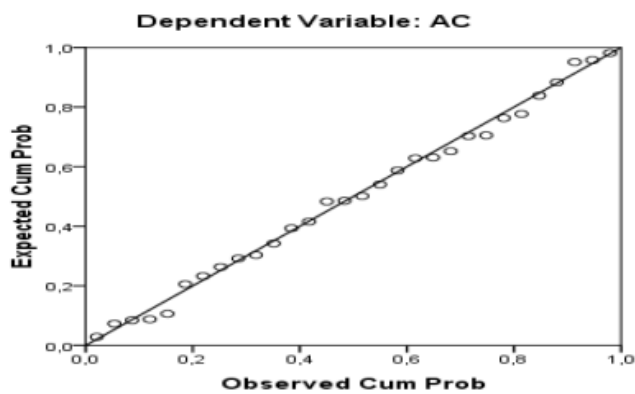
Figure 4: the SPSS normality test for performance and capabilities performance and capabilities



Source: my working paper based on SPSS findings

Figure 5: SPSS normality test for innovation and development

**Normal P-P Plot of Regression Standardized Residual**



Source: my working paper based on SPSS findings

Based on the figure above, we can observe that all the points are approximately near the line which suggests that all the study variables follow the normal distribution.

**c. Presentation of study results:**

To determine the relation between the three variables and the competitive Advantage which is the internal variable, we have started by examining the relation between the internal resources and capabilities in one hand and the affected variable which is the competitive advantage in the other.

**c. 1. the influence of internal resources and capabilities over competitive advantage:**

We have modeled this relation by using the following regression model:

$$Y=b_0+b_1X_1+b_2X_2+e$$

Y: competitive advantage

b<sub>0</sub>: the constant

X<sub>1</sub>= the internal resources

X<sub>2</sub>=the Human Resources capabilities and skills

**Table 6: Results of the Regression Test between Resources and Capabilities and Competitive Advantage**

model	Unstandardized coefficients		t	Sig.	R	R Square	F	Sig.
	B	std error						
constant	1.575	0.826	1.908	0.067	0.535a	0.286	5.409	0.011a
R	0.639	0.208	3.069	0.005				
C	-0.228	0.284	-0.805	0.4 to 8				

Source: my working paper based on SPSS findings

We can conclude from the correlation test “R” which its value is approximately 55%, is an acceptable value considering there are only two variables included in the model, the other missing 45% is due to many reasons, and probably there are other significant variables not included in our model. F-value is 5.409 and the P value is 0.011 (less than 0.05) which suggest that the overall influence of external variables over the internal ones is very significant.

When we observe T Test (Student test), we can see that the T value for internal resources is bigger and more significant than the T value for the variable capabilities. The T value for the internal resources variable is 3.069 with a significance level of 0.005 which makes it acceptable in the model. On the other hand the P value of the variable “capabilities” is 0.428 (over 0.05), which means there is no significant correlation between the variable capabilities and the internal variable “competitive advantage”, the same can be said about the constant in this model with P value; 0.067(over 0.05). That means that only the variable that has an influence over competitive advantage is “capabilities”.

It seems that “the capabilities” is the only influential factor, which suggests that a regression remodeling is needed in our case, shifting our focus only toward one variable.

**Table 7: results of the regression test between capabilities and competitive advantage**

model	Unstandardized coefficients		t	Sig.
	B	std error		
R	0.543	0.169	3.209	0.003

Source: my working paper based on SPSS findings.

From the table above we can conclude that the variable is significant with Sig=0.03 less than 0.05 and T f value of 3.209 which makes the Model; Y=0.543 X (y: the competitive advantage. X: the capabilities variable).

**c. 2. the influence of development and innovation over competitive advantage:**

We will examine in this point the existing relation between the development & the innovation as a variable and the competitive advantage on the other hand as an internal variable. We have modeled this relation using a simple regression model with one variable as shown below:

$$Y=b_0+b_1X+e$$

b<sub>0</sub>: the constant

X: innovation and development variable.

**Table 7: results of the regression test between capabilities and competitive advantage**

model	unstandardized coefficients		t	Sig.	R	R Square
	B	std error				
constant	2.234	0.753	2.965	0.06	0.291a	0.084
D	0.262	0.236	1.111	0.276		

Source: my working paper based on SPSS findings.

From the results we can observe that R is 29%, R square is 8.4%, which is an acceptable value in our Model; whereas, 91.6% of variances are due to other non-included variables.

The P value of the development and innovation variable is 0.276 which is less than 0.05 and the P value of x variable (development and innovation) is 0.06 which is also above the significance level. From that, we can conclude that there is no statistical evidence that backup the hypothesis of influence of “development and innovation” over “competitive advantage” in Algerian small enterprises.

### C.3 the effect of internally and strategic analysis over competitive advantage:

As we have done before, we have analyzed this relation using the SPSS software in a regression model, where we have “strategic analysis” as an external variable and the “competitive advantage” as an internal one. The results were as shown below:

$$Y=b+b_1X$$

Y: the competitive advantage variable.

b: the constant

x: internal variable

**Table 9: the results of the regression test between internal and strategic analysis and competitive advantage:**

model	Unstandardized coefficients		t	Sig.	R	R Square
	B	std error				
constant	1.354	0.889	1.523	0.139	0.343 a	0.118
D	0.492	0.254	1.935	0.063		

Source: my working paper based on SPSS findings.

The results shown in the previous table suggests that the correlation between the internal and external variable (between “internal strategic analysis” and “competitive advantage”) is 34.3 % which is an acceptable value considering that this value is based on the responses of experienced managers, the same can be said about r Square.

The P value in this model is “0.063” which is above the significance level “0.05”, the same observation can be said about the constant which its P value is “0.139” (more than 0.05), that means, there is no statistical significant relation between the “internal and strategic analysis” from one hand and the “competitive advantage” on another

from a causality logic and point of view; the previous three tests can show that the only significant relation between “competitive advantage” and the three variable is the relation measured between the “capabilities” and the “competitive advantage in the previous regression model. That proves the hypothesis

which has been found in many literature reviews on SMEs capabilities, and asserts that the significant factor that affects the competitive advantage in a small enclosed market is “internal capabilities”.

#### CONCLUSION:

Based on the previous analysis, we can conclude that an investment strategy on a macro-level should consider internal, environmental and competitive factors in order to deliver an economic value and achieve the initial short to long term objectives.

By taking convergent economies as an example, we found that a small enterprise creation process should respect the national or regional conditions, from supporting and relating industries, factor conditions, firm strategy and rivalry to the demand conditions. This analysis is more likely to serve and guide the government economic future policies.

On a microeconomic level, we concluded that the bank and the investor should cooperate to build an efficient sustainable business. A simple benchmarking process would serve as guide in the enterprise creation procedure, to estimate more accurately the relevant needed information. In addition to that, this approach will help in both technical and managerial aspect. For the bank or the financing approval committee we provided an analysis tool bases on multi managerial and marketing aspects to help determine the efficiency of an investment with a high probability of accuracy.

Concerning hypothesizes testing, we have refuted the first hypothesis H1; (internal resources have a great influence over competitive advantage of SE (Small enterprises)), and the second hypothesis H2; (The development and innovation have a great influence over competitive advantage of SE), and we have proven the validity of the third hypothesis H3: (the internal capabilities have a great influence over competitive advantage of SE).

As a result of our study the company should consider training and developing its staff and workers in order to achieve a competitive advantage in a small-market with respect to Algerian socio/cultural environment. In the other hand, the innovation and performance level is significantly related to the competitive advantage, this can only be explained by the Algerian consumer behavior which is characterized by powerful local thinking under influenced by cultural accumulation that prevent him from seeking new innovative methods and techniques in sales and service industry, this phenomenon meets the definition of a new cultural averse consumer.

However, due to limited data access and absence of exhaustive statistic database on Algerian small enterprises daily performance, we limited our data analysis to the past interviews of government officials, and ministers knowing that their statements may carry personal or political purposes. In international level, we excluded the most recent statistics of Egyptian economy because of the influence carried by the Arabic spring, but as an example in multi-investment strategy, Egypt stays among the appropriate case studies in the investment field due to many similarities between our nation’s economic, geographic and socio/cultural climate.

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APPENDIXES:

The Questions and the results regarding internal and strategic analysis

Strategy pillar		Response choices					Arithmetic_mean	Standard_deviation	Finally results
		Strongly agree	agree	Neutral	Disagree	Strongly disagree			
strategic goals	1. Enterprise strategy should be written and visible	13	17	/	/	/	4.43	0.50	agree
	2. The strategic goals of the enterprise should be:								
	A. The improvement of the market share	21	7	/	/	2	4.50	1.04	Agree
	B. The improvement of the distribution reach (geographical area)	14	11	/	1	4	4.00	1.36	Agree
	C. Penetrating the international market	3	2	/	4	21	1.73	1.36	disagree
	D. Improve the consumer satisfaction	11	12	/	3	4	3.77	1.40	Agree
Competitive	E. Improve the market position	6	6	/	6	12	2.60	1.65	Disagree
	3. do you think that your enterprise aim to gain a certain competitive advantage	6	22	2	/	/	4.13	0.0	Agree
	4. What's the most important competitive advantage for your enterprise:								
	A. target specific market segment	8	7	/	5	10	2.93	1.70	Disagree
B. target all market segments	15	12	/	3	/	4.30	0.95	Agree	
Competitiv	6. What importance do you attribute to those business factors								
	Quality control	21	9	/	/	/	4.70	0.46	Agree
	Innovation	11	10	/	8	1	3.73	1.31	Agree
	Cost control	14	13	1	2	/	4.30	0.83	Agree

SMALL/MEDIUM ENTERPRISES COMPETITIVE-ANALYSIS AND MACRO-INVESTMENT STRATEGY (CASE OF ALGERIA) (PP. 1-17)

the speed of adaptation to consumer needs	18	10	/	2	/	4.47	0.81	Agree
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Source: my working paper based on SPSS results

**The Questions and the results regarding the competitive advantage**

The competitive advantage pillar	Response choices					Arithmetic_mean	Standard_deviation	Finally results
	Very high	High	Average	low	Very low			
<b>To what extent the following objectives are achieved</b>								
1.penetrating new markets	4	10	9	4	3	3.27	1.17	Average
2.Developing new products	2	8	6	7	7	2.70	1.29	Low
3.developing existing products	7	9	11	3	/	3.67	0.95	Average
4.reducing costs	1	4	8	16	1	2.87	0.81	low
5.attaining to consumer demands	/	4	4	14	8	2.13	0.97	low
6.improving the number of new customers	6	9	10	1	4	3.40	1.24	Average
7.developing new work procedures	/	7	6	6	11	2.30	1.20	low
8.encouraging the innovative thinking	1	6	6	5	12	2.30	1.29	low
9. increase in annual revenue	4	8	14	4	/	3.60	0.89	Average
10.increase in market share	4	8	12	5	1	3.43	1.04	Average
11.increased productivity	2	11	15	2	/	3.57	0.72	Average
12.increasing profits	3	8	14	5	/	3.50	0.90	Average

**The Questions and the results regarding performance and capabilities "First Part: Resources"**

Proponents and performance pillar	Response choices					Arithmetic_mean	Standard_deviation	Finally results
	Strongly agree	agree	Neutral	Disagree	Strongly disagree			
1. Do you have the necessary capabilities and performance to face the existing competitors	2	10	7	7	4	2.97	1.18	Disagree
<b>2.what's evaluation regarding the importance of the following points for competitiveness</b>								
A.the physical resources the most important	12	16	/	2	/	4.27	0.78	Agree
B.the financial resources on the most important	9	14	2	3	2	3.83	1.17	Agree
C.the human resources the most important	14	16	2	3	2	3.83	1.17	Agree
D. the organization practices part of the most important	10	17	/	/	/	4.47	0.50	Agree
E. the technological knowledge on the most important	9	13	2	5	1	3.80	1.15	Agree
<b>2. What type of resources advantage you have over the competition</b>								
A. Physical resources	9	10	2	5	4	3.50	1.43	Agree
B. Financial resources	6	4	2	12	6	2.73	1.46	Disagree
C. Human resources	12	8	3	6	1	3.80	1.15	agree
D. Organizational resources	7	8	1	10	4	3.13	1.45	agree
E. technological resources	5	3	1	12	9	2.43	1.45	Disagree

**The Questions and the results regarding performance and capabilities "Second Part: Capabilities":**

Proponents and capabilities pillar	Response choices					Arithmetic_mean	Standard_deviation	Finally Results
	Strongly agree	agree	Neutral	Disagree	Strongly disagree			
<b>The Human Capabilities Consists of:</b>								
A. Level of Education	6	9	1	7	7	3.00	1.53	AGREE
B. Work Experience	13	13	/	1	3	4.07	1.23	AGREE
C. the efficiency in completing tasks	12	12	/	3	3	3.90	0.75	AGREE

SMALL/MEDIUM ENTERPRISES COMPETITIVE-ANALYSIS AND MACRO-INVESTMENT STRATEGY (CASE OF ALGERIA) (PP. 1-17)

5. Your Enterprise Acquire a different Capabilities than the competition	/	6	16	6	2	2.87	0.81	DISGREE
6. the Human Capabilities are the most contributor in achieving strategic goals	6	16	6	2	/	3.87	0.81	AGREE
7. the staff can adapt fast enough to meet the change in demand	5	19	4	2	/	3.90	0.81	AGREE
8. the staff acquire the necessary skills to use the advanced physical equipment	4	19	7	/	/	3.90	1.32	AGREE
9. The capabilities in your enterprise...								
A. helps to seize opportunities and avoid threats	2	17	7	4	/	3.57	0.81	AGREE
B. are an exclusive advantage of your enterprise	2	5	5	18	/	2.70	0.98	DISGREE
C. can be easy to transfer and move in need	5	18	4	2	1	3.80	0.92	AGREE
D. are easily replaceable	1	5	2	19	3	2.40	1.00	DISGREE

The Questions and the results regarding development and innovation:

Development and innovation pillar	Response choices					Arithmetic_mean	Standard_deviation	Finally Results
	Strongly agree	agree	Neutral	Disagree	Strongly disagree			
<b>1. The hiring the methods and procedures are very important to the enterprise</b>	5	15	8	1	1	3.73	0.90	AGREE
<b>2. The hiring process is based on:</b>								
A. educational level	10	10	/	2	8	3.40	1.65	AGREE
B. work experience	11	11	/	2	6	3.63	1.54	AGREE
C. training programs (number and time)	11	15	1	1	2	4.07	1.08	AGREE
<b>3. the enterprise frequently cooperate with other institutions</b>	6	7	/	/	17	2.50	1.77	DISGREE
<b>4. There has been a merge with other enterprise</b>	/	3	/	4	23	1.43	0.93	DISGREE
<b>5. There has been acquisition process to acquire another enterprise</b>	/	/	/	5	25	1.17	0.37	DISGREE
<b>6. Does the enterprise the pertinent training programs to face competition</b>	3	7	4	12	4	2.77	1.25	DISGREE
<b>7. the training programs exclusive to higher management and stuff</b>	7	23	/	/	/	4.23	0.43	AGREE
<b>8. The daily work and tasks are the crucial Contributor for developing human resources</b>	10	20	/	/	/	4.33	0.47	AGREE
<b>9. The development program consists of:</b>								
A. Internal training	22	8	/	/	/	4.73	0.45	AGREE
B. External training (special institution)	13	5	/	1	11	3.27	1.85	AGREE
C. International training program	4	1	/	3	22	1.73	1.10	DISGREE

SMALL/MEDIUM ENTERPRISES COMPETITIVE-ANALYSIS AND MACRO-INVESTMENT STRATEGY (CASE OF ALGERIA) (PP. 1-17)

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<b>10. the financial incentive system is the best approach to preserve human capabilities</b>	2	2	7	12	7	2.33	1.12	DISGREE
<b>11. Does the worker in your enterprise get paid justly for his educational level and performance</b>	5	5	5	9	6	2.80	1.40	DISGREE
<b>12. the information sharing and distribution system is efficient</b>	3	18	1	7	1	3.50	1.07	AGREE
<b>13. The staff and workers contribute in solution finding</b>	3	18	6	3	/	3.70	0.79	AGREE
<b>14. Enterprise assured the best workplace environment</b>	4	17	1	7	1	3.53	1.10	AGREE