

The Role of Small and Medium Enterprises in the - Domestic Product (GDP): A Case Study on Algeria

*PhD Scholar: Zeraibi Ayoub¹ and PhD Scholar: Laeeq Razzak Janjua²

¹School of School of Economics and Finance
Xi'an Jiao tong University, Xian Shaanxi 710061

²Poznan University of Economics, Poland
Email: janjua.ue@gmail.com²

*Corresponding Author's Email: azerabi@yahoo.com¹



Corresponding Author

Zeraibi Ayoub

School of School of Economics
and Finance, Xi'an Jiao tong
University, Xian Shaanxi 710061

*Corresponding Author's Email:
azerabi@yahoo.com

Abstract

Since 2003, Algerian Government has shown an increased interest in the promotion of small and medium enterprises, Thus enterprises in the region are dramatically increased and have revealed a significant change in economic growth and development. In fact, studies are still lacking to assess how SMEs) contribute to the Algerian Growth Domestic Product (GDP). This study aims to assess the commitment of (SMEs) towards the involvement of Growth Domestic Product (GDP) in Algeria. More specifically, this research examines the contribution of firm in term of unemployment rate and export out hydrocarbon of no hydrocarbon product and value-added. The data were collected from the National Office of Statistics (ONS), minister of Industry Small and Medium Enterprise's promotion divertissement from the period of 2003-2016. The results indicate that employment and the exports of no hydrocarbon are the factors which highly contribute to (GDP). However, the other factors such as labour wages, export etc. are not significantly contributing to (GDP). In addition, this study has briefly discussed the challenges faced by Algeria small and medium enterprises and proposes some is proposed some possible solutions. The study has provided implications for policymakers and responsible authorities to improve the performance of enterprises so they will be able to make a significant contribution to the (GDP). Implications for practices have been discussed as well.

Keywords: (SMEs), GDP, economic development, Algeria.

Introduction

Small and medium enterprises (SMEs) are the backbone of industrial development. They are of significant importance for both developed and developing countries. Small and medium enterprises have always represented the model of economic development, through their high contribution to domestic production significant export

earning of the nation with the low import-intensive operation.

The contribution of (SMEs) has been remarkable in the industrial development of the country .it has a share of 40% in the industrial production.35%of the total manufactured exports of the country are directly accounted for by this sector. Gun war Myrdal has rightly described the relationship of industrialization to economic development when he observes –the manufacturing

industry represents, in a sense, a higher stage of production in advanced countries. The development of manufacturing has been concomitant with these countries spectacular economic progress and rise in levels of living.

Enterprises are an effective means for the development of entrepreneurship.

Algeria's small and medium enterprises (SMEs) economy is largely dependent on the hydrocarbons sector, which accounts for about 95% of export earnings 52% of budget revenues, and 25% of (GDP) the second largest nature's gas exporter in the world. Algeria also has the 14th largest reserves of oil in the world the union is the largest market for market for Algerian natural gas.

The industrial sector is the largest contributor to the economy, accounting for 51% of (GDP) and employing 13.6 % of the labour force of 9.1 million workers. The sector is dominated by oil-related industries. Other light industries can also be found, but their contribution to (GDP) is modest. Accounting for 37% of (GDP) and employing 13.5% of the labour force. The agriculture sector contributes with 11-13% of (GDP) annually and employs some 22% of labour force. Hydrocarbon export enabled Algeria to maintain macroeconomic stability and a mass large foreign currency reserves while oil prices were high. In addition, Algeria external debt is extremely low at about 2% of (GDP). However, Algeria has struggled to develop non-hydrocarbon industries of heavily Regulation and an emphasis on state –drive growth. Declining oil prices since 2014 have reduced the government's ability to use state-driven growth to distribute rents and fund generous public subsidies.

The significance of the study is the ideas of expanding the performance of small firm from the perspectives of Algeria. Besides that, this research will also give additional information to and suggested hopefully useful as a resource of information for the future related researches on this topic.

Furthermore, this study will also motivate country searcher to improve their knowledge of the government supportive actions on the performance of (SMEs) The Algeria small and medium enterprise sis constantly growing.

Indeed it has made considerable progress in recent years, as evidenced by its creation and development, as the ready growth of its share in the main economic indicators of the country. This entity has therefore justified its revival and its power, as power, as a tool for the permanent renewal of economic fabric and local industrial development, as well as a core of productive networks built around large companies.

Small and medium enterprises constitute a source of wealth, satisfaction of economic and social needs and absorption of Unemployment It is this context that we have focused on this situation of (SMEs) in Algeria, where this sector in an important and sensitive element in the new economic development strategy.

This research may give additional information from various insights and raise awareness on the economic issues and improve the economic insights.

Literature Review

In 1988 the country decided to shift to the open market model and, therefore recognized private sector as main drive to diversify economic outputs and lessen dependence to hydrocarbons which had shown high vulnerability to different international fluctuations.

In fact, the existences in 2000 were created after the adoption of the new investment code in 1993 and after the structural adjustment program came into effect in 1993. From 2000 onwards, the weight of small and medium enterprises increased significantly, the number more than doubled, and the density almost quadrupled, Available statistics indicate that around 54% of (SMEs) were created between 2001-2008, following the 2001 Enterprises guidance law.

The issue of whether small and medium enterprises can be considered to be beneficial to economic growth must be examined from several different perspectives. For instance, theory of scale economies emphasizes, large-scale firms enjoy advantage derived from their economies of scale in production and also from having crossed the threshold of innovative activities, thereby predicting that the resultant increase in the share of large-scale firms will drive economic progress. Due to the smaller range of activities performed by SMEs, they can better adapt to the needs of the local market (Bhattacharjee et al., 2009).

According to this conventional wisdom- which originated back in the days of the industrial revolution – only large firms can meet the requirements of scale efficiency, thus outperforming small firms: it is therefore hypothesized that there is no room for (SMEs) in those economies which help in pursuing growth, and their future role is expected to diminish. Economic growth represents the quantitative aspect of growth whereas economic development represents qualitative aspect. It is to distinguish it from many beginnings. In addition to the concept of economy as a machine that produces economic output as a function of input such as land labour and equipment, and growth occurs when output increases.

The theoretical point of view of economic development, the 1950 and philosopher saw the process of development as a sequence of the historical stages of the early 1960's, and the views were popularized by Walt Whitman (Gum:1995). According to (Ross Toe: 1960), the development was a linear process with five stages starting in the traditional society, the prerequisite for taking-the country, the drive to maturity and the economic growth of the age depends on the amount of labour and capital as the lower development Often has a rich supply of labour, and it is the lack of physical capital that holds economic growth and development. In addition, we look at the theoretical point of view of the entrepreneurial spirit, more specifically entrepreneur who creates the equilibrium of Marshall's (1949), as a condition in the market, described the equilibrium under the perfect assumption of knowledge and information in the competition the presence of many companies homogeneous commodities , free entry and exit, while looking for an empirical literature on the topic, (Gebremariam and Gebremedhin: Jackson : 2012) to

explore the role of small business in economic growth and poverty.

On the other hand, from a totally different perspective, highlighted the advantage of large or portions in raising capital, predicting that this would replace entrepreneurial functions in the process of economic progress. However, the important contribution made by entrepreneurship to economic progress cannot be neglected. However as compared to (SMEs), large firms may lack the incentive to improve their level of proclivity: thus, it may be expected that their contribution to economic growth would be limited.

Entrepreneurial firms could enrich economy's key competitive advantage through their diversified new ideas and noted that both small and medium enterprises are necessary elements in the literature is carried out by, targeting the important linkage entrepreneurship and economic growth suggested a U-shaped relationship between the level of development and rate of small and medium enterprises. The satisfactory results have led the government in 2001 to adopt major texts to encourage the development of private, national and foreign investment such as the ordinance on the investment development (ordinance No01/03) and law guidance on the promotion of (SMEs) (No01/18).

These texts have:

- 1) defined administrative measures related to administrative measures for creating a business, administrative procedures for creating a business, abolishing the distinction between public and private investment, and reducing taxes charges,
- 2) Provided the guarantee for National Council of investments in April 2010, the government announced a 5year plan (2010/2014)

However, 20, 0000 new small and medium enterprises will be created and aimed to generate 1.5 million New job.20000others small and medium enterprises will be upgraded in the same period while continuing efforts to eliminate obstacles related to the establishment of new enterprises and improving business climates. New measures were adopted in 2011 following the tripartite consultations including debit researched ling for enterprises and investment loan subsidies.

Some attempt to use the capital assets while others use the skill of labour and turnover level. Other researchers SSI in terms of their legal status and method of production as explained by (Storey, 1994)

Table 1: The Characteristics of Algeria small and medium enterprises (SMEs) According to the Size of the Enterprise

Business size	Number of employees	Total turnover	Total balance sheet DZD
micro	1-9	≤20million	≤10million
small	10-49	≤200million	≤100 million
Medium	50-250	≤100-2 million	≤100-500million

Source: Algerian Ministry of Small and Medium Enterprises and Traditional handicrafts <http://www.mdipi.gov.dz/>

Medium-sized Enterprises: For companies with 50 to 250 employees, the European government's plan is to increase the number of these companies, establish

opportunities for foreign markets, and promote and support commercial relationships with larger multinational companies.

Table 2: Unique advantages and challenges for Small and medium business

Unique advantages and challenges for Small and medium business	
Advantages	Challenges
Adaptability	Financial constraint and raising capital
Entrepreneurial drive	Finding reliable suppliers or partners
Facilitating institutions	Government bureaucracy and entry barriers
Flexibility	Inspiring new stakeholders
Founders vision and commitment	Lack of past –test routines
Innovative ideas	Lack of prior international experiences
Less organizational bureaucracy	Liability of newness
Less visible than big rivals	Management capabilities
Low cost production or service	Recruiting and retaining competent employees
Niche market	
Responsiveness to problems	
Speedy move	
Speedy move	

Resource: Nini Yang San Francisco State University, small business and international entrepreneurship in the economic hard time: global strategic perspective, International Journal of Entrepreneurship, Volume 16,2012, P127

The contribution of small and medium enterprises in Algeria economies

The place and role of small and medium firm in economy is still a big debate of local enterprises that have a long been marginalized and relegated to the second place behind large public enterprises, almost all the budgets of development plans and programs, have for two decades occupied an in the economic system. While large companies occupy a crucial place in industrialized systems. Small and medium enterprises play an essential role and their success will have a direct impact on the health of Algerian economics and society.

The role of small and medium enterprise has emerged when the government amended the policy of the rate by a slight increase of 1.5% in 2007.

compulsory recruitment for universities graduates towards the policy sector, which created the existence of (disguised unemployment) in addition to other factors that led to low efficiency in the major economic organization, with the layoff a huge number of workers as an impulsive solution at that time.

Recently the trended in the evolution of unemployment in Algeria continues to enrol overall downward due to the contribution of (SMEs) in creating jobs, particularly by the private sector and artisans. thus, the data rates of unemployment in Algeria have expensed a decline during the two successive years 2005 and 206 to 15.3% to 12.3% respectively against the

Table 3: The Number of Small and Medium-Sized Enterprises in Algeria during the Period 2003-2017

Years	Private sector	Public sector	Artisan S	Total
2001	179893	778	7100	187771
2002	189552	788	71523	261863
2003	207949	788	79850	288587
2004	225449	778	86732	312959
2005	245842	874	96072	342788
2006	269806	739	106222	376767
2007	293946	666	116347	410959
2008	392013	626	126887	519526
2009	455398	591	169080	625069
2010	618515	557	135623	754695
2011	511856	572	146881	659309
2012	532702	561	154123	687386
2013	578586	547	168801	747934
2014	656949	544	194562	852055
2015	690113	532	206166	896811
2016	84214	438	233298	317950
2017	92804	264	243699	336767

Source: Performed by Author based on data from Algeria, minister of small and medium enterprise and traditional handicrafts (2001/2017)

In the stage witness the beginning of the incentive measure implementation brought by the investment law of 2001, and the content law guideline for small and medium enterprises for the benefit of this sector. It can be said that the number of small and medium enterprises including traditional industries in Algeria has more than 500000 enterprises, contributing to the gross domestic product by 53. % and employees more than 800000.

The contribution of small and medium enterprises (SMEs) to in non-energy sectors of the Algerian economy

Small and medium-sized enterprises (SMEs) predominate among Algerian firms, forming the backbone of the private sector. At end-2016 Algeria's 1m (SMEs) employed more than 2.5m people and engaged in some AD75bn (\$622.1m) in bilateral trade. According to the Ministry of Industry, Algeria created an average of 60,000 (SMEs) per years in the 2012-15 periods, and there is evidence that the pace of business creation is accelerating. There was a net increase of 88,100 (SMEs) in 2016 alone – up 9.4% on the 2015 figure – and a 7.2% rise in employment among (SMEs).

The government's goal is to establish another 1m (SMEs) over the 2015-19 periods, of the 1m (SMEs) in

existence at the end of 2016, 56.3% were incorporated, while only a small minority of these – just 390 companies – were state-run. The remaining 43.7% were sole traders. At 97.1%, most of Algeria's (SMEs) are micro-enterprises, with less than 10 employees. There are only

3170 registered firms of medium size – those having between 50 and 249 employees – accounting for 0.31% of all (SMEs). This “missing middle” phenomenon is shared with many other emerging markets, as is the issue of having a large informal economy.

Table 4: (GDP) Contribution by small and medium enterprises (SMEs)

Years	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GPD	7.2 %	4.3%	5.9 %	1.7%	3.4%	3.5%	2.4%	4%	2.6%	3.8%	2.8%	3.8%	3.7%	3.3%

Source: Performed by Author based on data from <https://www.statista.com/outlook/consumer-markets>

We have a tendency of economic growth when there is continuous production in the long run. Trend measurements identify the different stages of the cycle and require a series of macroeconomic data for a long period to extract the average range of growth after a year. The trend of economic growth in the world's most

industrialized countries has become a result of the theoretical and empirical aspect that economic growth under (GDP) is affecting the betterment of the welfare of the citizens of the country. This affected the alleviation of poverty by increasing investment and employment.

Table 5: Evolution of (GDP) by non-Hydrocarbon legal sector (2003/2016)

Years	Public (SMEs)	%	Private (SMEs)	%	TOTAL
2003	550.6	22.90%	1884.2	77.10%	2434.8
2004	598.65	21.80%	2146.15	78.20%	2745.4
2005	651	21.59%	2364.5	78.41%	3015.5
2006	704.05	20.44%	2740.06	79.56%	3903.63
2007	794.86	19.20%	3153.77	80.80%	4231.92
2008	686.59	16.20%	3351.33	83.80%	4978.82
2009	816.8	16.41%	4162.02	83.59%	5509.21
2010	827.53	15.02%	4681.68	84.98%	4162.21
2011	923.34	15.23%	5137.46	84.98%	6606.404
2012	793.38	12.01%	5813.02	87.99%	7634.43
2013	893.24	11.70%	6741.19	88.30%	7634.43
2014	640.39	8.92%	716.01	12.62%	714.73
2015	716.1	12.62%	4932.08	87.33%	5648.9
2016	831.31	14.37%	4950.72	85.63%	5782.04

Source: Performed by author based on data from ministry of (SMEs) information bulletin No 15-16-18-31 <http://www.mdipi.gov.dz/?Bulletin-de-veille-statistique>

Table 6: Contribution of (SMEs) to the promotion of exports Non-hydrocarbon product

years	total export	Hydrocarbon export	Non-hydrocarbon export	Non-hydrocarbon export %
2003	-	-	672	2.73%
2004	-	-	788	2.48%
2005	46001	45094	907	1.97%
2006	54613	53429	1184	2.16%
2007	60163	77361	1937	2.21%
2008	79298	77361	1937	2.44%
2009	45194	44128	1066	2.35%
2010	57053	55527	1526	2.67%
2011	73489	71427	2062	2.08%
2012	71866	69804	2062	2.86%
2013	64974	62960	2014	3.09%
2014	62886	60304	2582	4.01%
2015	37787	35724	2063	5.45%

Source: Performed by Author based on data from Algeria, minister of small and medium enterprise and traditional handicrafts Information bulletins NO (2003/2016) <http://www.mdipi.gov.dz/?Bulletin-de-veille-statistique>

Real (GDP) grew 2.8% in 2013, down from 3.3 % in 2012, affected by 5.5% contraction in hydrocarbon production the eighth consecutive year of decline and lower public spending. non-hydrocarbon sector growth remained stable. At 7.1 %, supported by continued rapid growth in the inflation declined from 8.9% in 2012 to 3.3 %, reflecting the impact of fiscal consolidation, monetary policy tightening, average inflation continued to decline in 2014, reaching 1.5% in August but was somewhat on the rise at 2 % on a yearly basis.

this sector has made considerable progress in recent years, as evidenced by its creation and the steady growth of its share in the main economic indicators in this fact the below reflect the contribution of the (SMEs) and public in the national economy from a photograph of their evolution and shares in terms of gross domestic product and added value.

Exports

In 2016 oil and gas accounted for 95.2% of Algeria's exports, this share has been as high as 97.3% in 2014 before oil prices fell. Currency devaluation has helped stabilize the dinar value of hydrocarbons exports and their contribution to the public coffers to a certain degree; however, the decline in both has still been significant.

The volume of hydrocarbons exports was relatively flat in 2015 and increased by 7.3% in 2016, but this was offset by the impact of declining prices. From \$58.4bn in 2014, hydrocarbons exports fell to \$33.1bn in 2015 and further to \$27.7bn in 2016. The IMF projects a recovery to \$35.7bn for 2017. In terms of volume, exports of liquid petroleum have remained relatively stable at 1.2m barrels per day (bpd) over the 2014-17 period, with a

modest increase to 1.3m bpd projected for the years to 2021. By contrast, exports of natural gas slipped slightly from 44.3bn cu meters in 2014 to 43.1bn cu meters in 2015, before recovering to reach 53.1bn cu meters in 2016. More modest increases are expected over the medium term, ramping up to 59.3bn cu meters by 2022. The dollar value of non-hydrocarbons exports has also been in decline, from \$1.6bn in 2014 to a projected \$1.3bn in 2017, although the IMF has forecast a recovery to the 2014 level of \$1.6bn by 2021.

The impact of (SMEs) in the national income / (GDP)

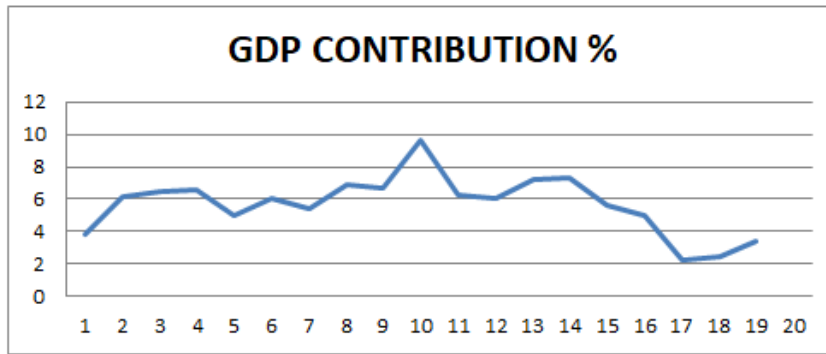
Through the creation of employment, the disposable incomes will rise further, contributing to the increase of the social standards. Consumption will also increase, impacting positively on the national incomes. This is proved by the equation of the national incomes:

$$(Y = C + I + G + X - M)$$

Therefore, the employment growth leads to the development of innovation and increasing the production, the business expands contributing to the reduction of imports and increasing the exports and domestic production. The business expansion leads to increased investment. Employment growth leads to increased social standards. The consumption increases, contributing to the growth of national income.

There are many success stories in the world where the adoption of an appropriate strategy for the establishment and promotion of (SMEs) has given impressive results in the economic growth (Sensma, Mrino dhe weaver 2000).

Graph1: (GDP) contribution by small and medium enterprises



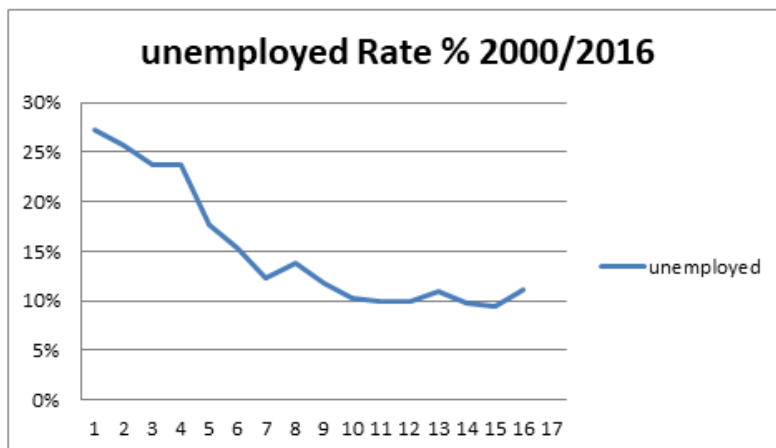
*Unit: In billions of Algeria dinars

Source: Performed by Author based on data from trading economics <https://tradingeconomics.com/algeria/inflation>

Private (SMEs) remain the majority in contributing to the growth of these two aggregates. According to data from the national statistics official, the private sector contributed 48% of (GDP) including (including hydrocarbons) in 2004 and 78.2% excluding hydrocarbons) this 2146.7 million AD in value (ONS

.2006) Thus the number of private operators increased significantly by 66.67% during (1999-2004) explained by the evolution of a large number of private operator notably through the adoption of the law on the promotion of small and medium enterprises in 2001, in fact, it was up to (53.6% 1998).

Graph 2: Algerian Unemployment Rates during the Period 2000/2016

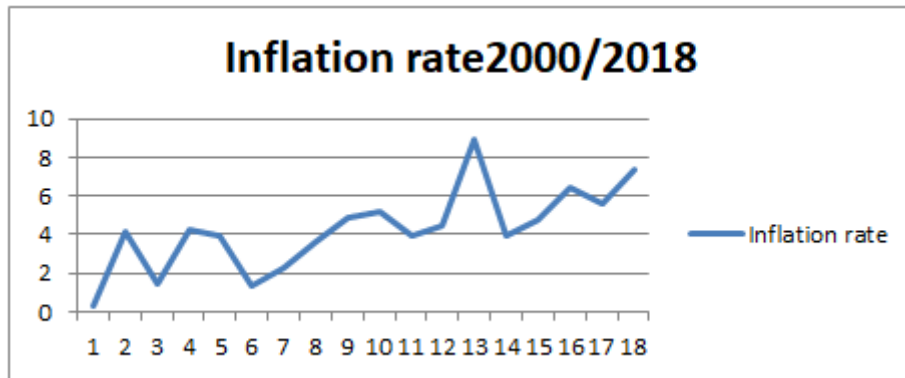


Source: Performed by Author based on data from Algeria National Bureau Of statistics <http://www.ons.dz/-Statistiques-Sociales->

The table above expresses the same logic followed during 2006/2010. Only private companies contribute (GDP) growth by an average of 83.59% recording 4162.02 billion DA and 84.98% 4681.68 billion DA

respectively in 2009 and 2010, on the other hand, the sector Public sector has been steadily declining, from 25.2% in 2000 to 21.8% in 2004

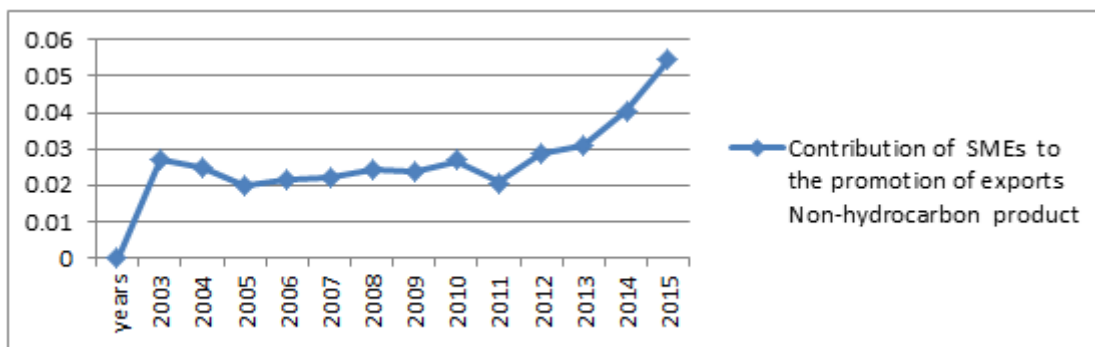
Graph 3: Algeria Inflation rate during (2000 to 2018)



Source: Performed by Author based on data from trading economics <https://tradingeconomics.com/algeria/inflation>

The graph below mentioned the inflation rate in Algeria in 2003/2015. The graph indicates inflation rate of each year. Its show the rate at almost the same level when compared to 2013. however inflation rate in Algeria 2013/2016 downtime closed to 3.5 between 5.2%.

Graph 4: contribution of (SMEs) to the promotion of exports Non-hydrocarbon product



Source: Performed by Author based on data from Algeria, minister of small and medium enterprise and traditional handicrafts Information bulletins NO (2002/2015)

The graph above shows export non-hydrocarbon product in Algeria in 2003/2015 its indicating the percentage of non-hydrocarbon products of each year. it's clearly indicate the rate in (2003/2004) very fast because the government policy of Economic Recovery Support (2001/2004) next down to 2% in (2004/2012) because Repair and support of distressed small and medium-enterprises from the previous (2012/2015) He came back to increase very quickly and see to adopt new policy to support small and medium enterprises Programme for the consolidation of economic growth (2010/2014). The size becomes however an important variable for the export when one considers the fixed costs in relation to

the export (Hall & Tú, 2004). When the company makes to the concerning with the export, certain sunk costs must bear it. To clarify the fixed costs associated with the search for markets, negotiations, certifications, can be outrageous, but the decision to be made to enter the export should be carried out. This is true even in certain industrial sectors such as agriculture and manufacturing, where certification is important in the entry into the export market. They may be suitable for exporting good quality products, but poor small businesses of resources may not be able to afford these costs. Therefore, exorbitant costs may be actively persuaded to respond to export stimulus.

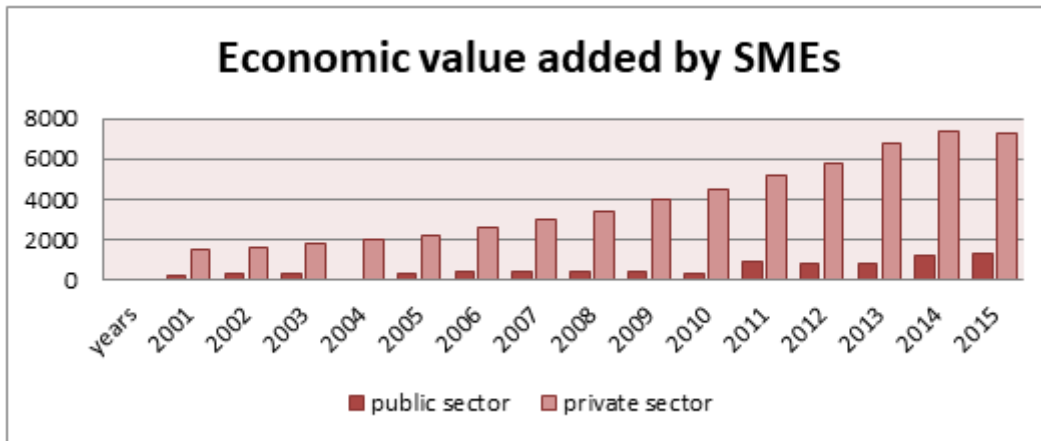


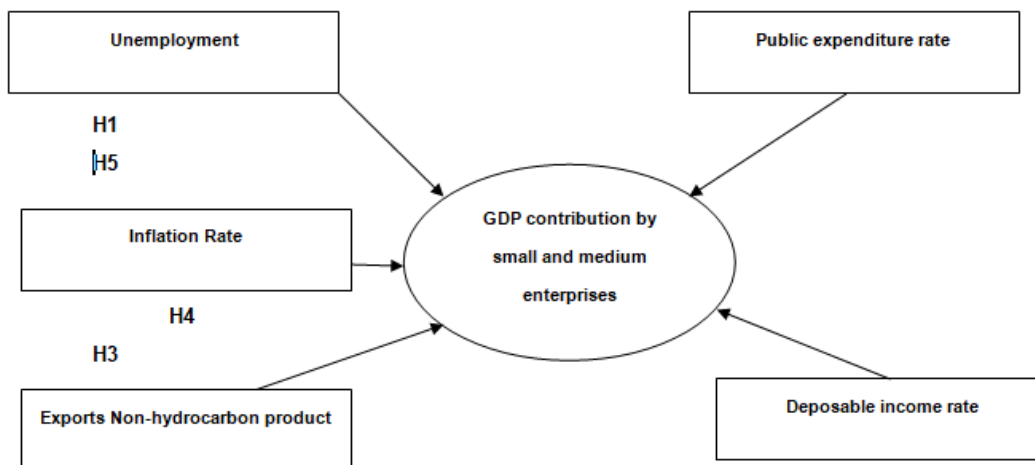
Figure 1: economic value added by small and medium enterprises 2001to 2015

Source: based on data from the ministry of (SMEs) and craftsmanship and Algeria, minister of small and medium enterprise and traditional handicrafts. Information bulletins NO (2001/2015)

The Figure above shows the economic value added by small and medium firm in Algeria in 2003/2015the graph itself indicated the economic value added by the

enterprises of each year. It clearly shows the economic value added by (SMEs) increase slowly.

Methodology



Research Theoretical framework

Regression analysis is widely used for prediction and forecasting, where use is substantial overlap with the field of machine learning. Regression analysis is also using to understand which among the independent variables are related to the dependent variable and to explore the forms of these relationships. In restricted circumstances, regression analysis can be used to infer causal relationships between the independent and dependent variables SPSS (20) will be used to Analyze the Data collected in this study.

A linear regression model attempts to explain the relationship between two or more variable using a straight linear regression line has an equation of the form $Y = \alpha + \beta X$ Where X is Y the explanatory variable and Y is the dependent variable .he slope of line band a is the intercept (the value of Y when X =0) Hence, the simple linear regressions were performed between Enterprises

contribution as a dependent variable, Export non hydrocarbon product unemployment rate Inflation Rate Value Add By (SMEs).

Population and Sample:

Based on the Algerian Ministry of Industry and Mines statistics information bulletin No 30/31 there is 1060289 Total population of (SMEs) 92804, private (SMEs) 264, public (SMEs) number of workers 2601958.

The sampling method used in this study is convenience sampling as all the data are collected by reviewing the data from the official websites and financial data .data are all secondary data's whereby all data's will be extracted from the official small and medium firm sand National Statistics Centre and Ministry of Industry and Mines and National Agency of Investment Development (ANDI).

To know the effect of private small and medium enterprises in the small and medium enterprises Growth in Algeria following econometric equation has been constructed.

SMEG: **(GDP) contribution** by small and medium enterprises

$$SMEG = a + \beta_1 Un + \beta_2 INF + \beta_3 DI + \beta_4 SENH + \beta_5 PE + \varepsilon$$

Un: Unemployment rate
 INF: Inflation Rate
 DI: Deposable income rate
 SENH: (SMEs) Exports Non-hydrocarbon product
 PE: Public expenditure rate

Empirical result and analysis

Unemployment Vs (GDP) contribution by small and medium enterprises (SMEs)

Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.687 ^a	.472	.414	1225.222

a. Predictors: (Constant), Algeria Unemployment rate

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2886.390	498.036		5.796	.000
	Algeria Unemployment rate	3287.633	1158.695	.687	2.837	.019

a. Dependent Variable: GDP contribution by SMEs

$$Y = a + \beta x$$

Based on the table, inflation rate e R² is 0.47 this means that approximately 47% of unemployment rate influence the (SMEs) contribution.

Inflation Rate Vs (GDP) Contribution by small and medium enterprises (SMEs)

Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.545 ^a	.297	.219	1414.246

a. Predictors: (Constant), Algeria inflation rate

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2306.881	892.227		2.586	.029
	Algeria inflation rate	3888.816	1995.624	.545	1.949	.083

a. Dependent Variable: (GDP) contribution by (SMEs)

Based on the coefficient table the inflation rate result shown $\beta = 0.54$ and significant 0.83 ($p \leq 0.05$) level, the β coefficient is 0.297. the R² is 21% is mean at approximately 21% of inflation rate only influence the contribution.

Deposable income rate Vs (GDP) contribution by (SMEs)

Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.971 ^a	.943	.935	292.235

a. Predictors: (Constant), disposable income

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	468.738	278.696		1.682	.136
	disposable income	.002	.000	.971	10.809	.000

a. Dependent Variable: (GDP) contribution by (SMEs)

Based on the coefficient table the Deposable income rate result shown $\beta = 0.97$ and significant 0.97 ($p \leq 0.05$) level, the β coefficient is 0.97. the R^2 is 93% is mean at approximately 93% of Deposable income rate influence the (SMEs)contribution.

(SMEs) Investment projects Vs (GDP) contribution by (SMEs)

Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.471 ^a	.222	.135	1487.88977

a. Predictors: (Constant), (SMEs) Investment projects

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2862.383	754.884		3.792	.004
	SMEs Investment projects	.334	.209	.471	1.601	.144

a. Dependent Variable: (GDP) contribution by (SMEs)

Based on the coefficient table (SMEs) Investment projects the result shown $\beta = -0.47$ and significant at 0.141 the R^2 is 0.135 mean that approximately 13.5% of (SMEs) Investment projects influence the (SMEs) contribute.

Exports Non-hydrocarbon product Vs (GDP) contribution by (SMEs)

Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.757 ^a	.573	.526	1101.77878

a. Predictors: (Constant), Contribution of (SMEs) to the promotion of exports Non-hydrocarbon product

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	639.263	977.214		.654	.529
	Contribution of SMEs to the promotion of exports Non-hydrocarbon product	2.175	.626	.757	3.476	.007

a. Dependent Variable: (GDP) contribution by (SMEs)

Based on the coefficient table of the (SMEs) **Exports Non-hydrocarbon products** result shown $\beta = -0.757$ and significant 0.07 and the R^2 is 0.526 mean approximately 52.6% exports Non-hydrocarbon product the (SMEs) contribution.

Public expenditure Vs (GDP) contribution by (SMEs)

Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.968 ^a	.936	.927	309.809

a. Predictors: (Constant), Public expenditure rate

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	57.279	334.689		.171	.869
	Public expenditure rate	.012	.001	.968	10.158	.000

Dependent Variable: (GDP) contribution by (SMEs)

Based on the coefficient table, the Public expenditure rate result shown $\beta = 0.968$ and significant 0.00 and the R^2 is 0.927 mean approximately 92.7% Public expenditure (SMEs) contribution .

The overall result in hypothesis

Hypothesis	R^2	Relationship status	Result
H0: There is no significant relationship between the unemployment rate, Inflation Rate, Deposable income rate, (SMEs) Investment projects, Exports Non-hydrocarbon, product Public expenditure and the GDP contribution by (SMEs)	-	-	rejected
H1: Unemployment Vs (GDP) contribution by (SMEs)	0.41	moderate	accepted
H2: Inflation Rate Vs (GDP) contribution by (SMEs)	0.21	week	rejected
H3: Deposable income rate Vs GDP contribution by (SMEs)	0.93	strong	accepted
H4: (SMEs) Exports Non-hydrocarbon products Vs (GDP) contribution by (SMEs)	0.52	good	accepted
H5: Public expenditure rate VS (GDP) contribution by (SMEs)	0.92	Strong	accepted

Conclusion

It is strongly believed that the methodologies we executed and the models employed would allow comprehending full picture of small and medium enterprises in Algeria.

The study come up with concluding result of the role of Enterprises in economic growth in terms of employment creation, contribution GDP, Deposable income, Exports Non-hydrocarbon products, Public expenditure, Investment projects in Algeria but regarding institution GDP, but regarding institution linkage of firm, the result shows that the (SMEs) in the fifteen years show the small and medium enterprises in Algeria have low linkage, with various partners

The result showed the GDP contribution by (SMEs) is very low .the reason is that most of Algeria GDP Building by hydrocarbon, product revenue .the study revealed that government is well attentive of the positive contribution

that small and medium enterprises can play and can contribute in the Algeria economy and the Growth of GDP out the hydrocarbon sector and development and encourage s them through providing different support, their dependency level is increasing. This is due to the reason that governments support to (SMEs) declines gradually when they show growth of GDP from the small and medium enterprise.

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