

Small and Medium-sized Private Enterprises and Entrepreneurship in Algeria

By

Hassaine Zahia

Department of Sociology and Anthropology Research Unit, Human Sciences, Philosophical Studies

Social and Human Sciences, Faculty of Sciences, University of Oran 2, Mohammed Ben Ahmed, Algeria

Corresponding Author Email: Zahia.hassaine@hotmail.fr

Received: 22/02/2023; **Accepted:** 23/09/2023 **Published:** 18/10/2023

Abstract

The article addresses the origin and circumstances of the establishment of small and medium-sized enterprises in Algeria. It examines the factors that created and contributed to their growth, defines their nature, and highlights their characteristics throughout their evolutionary trajectory. This is done by examining previous stages before and after the French occupation, during the directed economy phase, and the initial stages of the transitional period towards a market economy. The article is structured around three key points: firstly, the historical origin of the enterprise sector; secondly, the impact of the directed economy experience on the sector of small and medium-sized private enterprises; and thirdly, the transitional stage to a market economy.

Keywords: small and medium-sized private enterprises, entrepreneurship, historical origin, directed economy, market economy.

I- Introduction

Small and medium-sized private enterprises are considered essential factors that enable progress and foster social and economic development, especially when they emerge from scratch and are based on creativity, innovation, risk-taking, and the creation of something new "ex-nihilo." Even when they are associated with other traditional enterprises, they, as a whole, remain the most advantageous and competitive organizational form, characterized by flexibility and adaptability to changing conditions and the realities of a renewable environment. They are also highly capable of generating wealth and absorbing unemployment. These factors led the Algerian government in the early 1990s to politically adopt small and medium-sized private enterprises as a development model capable of achieving the desired breakthrough and qualitative leap in achieving the country's economic and social growth. This decision came after the failure of all mechanisms encapsulated in the policies and reforms pursued within the framework of the socialist and directed economy phase.

To fully comprehend the historical origin of small and medium-sized private enterprises, as well as the circumstances surrounding their establishment, it is imperative to gain at least partial insight into the intricacies of entrepreneurship. Additionally, understanding the nature of the surrounding environment is crucial, both after gaining independence and during the directed economy phase. Furthermore, it is essential to explore the transitional stage towards a market economy. What is the nature of these factors? Do they

Published/ publié in *Res Militaris* (resmilitaris.net), vol.13, n°3, March Spring (2023)

encourage the birth, growth, and competitiveness of these enterprises, particularly in the industrial sector? Or are they associated with conditions of "discomfort," "vulnerability," and "violence," thereby impeding their natural growth and expansion?

Problematic

This study investigates the origins of small and medium-sized private enterprises and entrepreneurship in Algeria, as well as the nature of the circumstances and factors that have led to their existence. Hence, the necessity arises to address the problem of origins that has shaped the emergence of entrepreneurs and leaders of these enterprises and entrepreneurship in Algeria. Of course, we are not concerned at all with distinguishing between entrepreneurship and other small and medium-sized private enterprises based on innovation, as expressed by "Schumpeter or belonging to traditional production units." What concerns us is analyzing the entire sector to which these enterprises and entrepreneurship belong. Assuming that "discomfort," "vulnerability," and "hostility" have been constant companions to the trajectory of the private enterprise sector, hindering its natural growth, we also assume that the productive, supportive, and sustainable factor lies in a dual inevitability. Firstly, it resides in the components of the family factor, and secondly, in the state sector and its policies pursued within the context of both the directed economy and market economy. To verify this, logic dictates that we delve into the historical roots that have contributed to its emergence and enabled the establishment of its institutions.

II- The Historical Origins of Private Enterprises: Between Past Violence and Livelihood Suffering:

To identify the various historical factors contributing to their emergence, and to understand their nature and characteristics, we relied on several academic sources. Among these works, "El-Jilali Yabes" stands out for his focus on the origins of the bourgeoisie and the birth and development of the private industrial sector. His studies excel in dissecting the entrepreneur and the leaders of these institutions, making himself a fundamental theoretical reference for researchers engaged in the subject.

In particular, scholars such as "Mohamed Ben Kerma" (Benguerma, 2006), "Mohamed Medoui," and "Ahmed Bouyacub" (Bouyacub Ahmed, 2004) have delved into the phase of opening up to the market economy. Additionally, the contributions of "Pierre Bourdieu," "Jean-Pierre Bénavel," "Abdellatif Benachenhou," "Abdelkader Djeghloul," and "Rabiah Khalafi" (R. Khalfi et B. Derkaoui, 1989, p. 7) have been significant. We also acknowledge the research conducted by the "AARDES" and "CENEAP" associations, which have aided us in the analysis and extraction of the following structured theoretical results.

2-1. The Reality of Private Ownership and Bourgeoisie in Algeria Before and After the Occupation:

The theoretical assessment of the pre-occupation period indicates a complex structure consisting of three elements. Firstly, there was a dominant collective mode characterized by agricultural and pastoral activities and communal relationships. Secondly, there was a simple commercial mode that regulated traditional craft activities in cities. Thirdly, there were trade relations with the outside world.

There was a correspondence between the social and economic composition of Algeria and its property structure at that time. The prevailing relationship was collective, represented by the tribal system. However, there was also another type of relationship, which was marginal private ownership present on the outskirts of cities. This indicates the presence of capitalist relations that were originally present in the Mediterranean basin and entered

Algeria. The property structure at that time consisted of 4.5 million hectares of beylik lands, accounting for 36%, 3 million hectares of private ownership, accounting for 24%, and 5 million hectares of collective ownership (the tribal system), accounting for 40% of the total land area (Djaghloul, 1975).

During the French colonization, 98% of firms were administered by French settlers and the French administration in Algeria. The environment at that time was characterized by violence, and the colonial authorities adopted a dual approach. On one hand, they focused on consolidating capital and supporting industrial infrastructure. On the other hand, they pursued a systematic policy to dismantle small traditional family craft units that existed at the time. This policy aimed to break the entrepreneurial mindset and exploit and deprive independent producers, leading to the bankruptcy of small Algerian traders and their transformation into a laboring or "proletarian" class.

The development of the industrial sector in Algeria and the importation of alternative products to traditional crafts led to the dismantling and destruction of Algerian workshops, eradicating the nucleus of entrepreneurs and entrepreneurship, particularly since Algerian industrial entrepreneurs represented only a very small minority during that period, if not virtually non-existent. According to estimates from 1959 (AARDES, 1975, p. 16), small craft-based enterprises were predominantly owned by Algerians, numbering about 100 establishments employing between 20 and 50 workers, primarily in the textile and food industries. As for enterprises employing more than 100 workers, they did not exceed ten (10). Meanwhile, the total number of commercial, craft, and industrial enterprises was estimated at around 90,300 establishments, indicating that Algerians' ownership accounted for less than 0.12% of the total.

"Achenhou" explains the uniqueness of this capitalism, which was an economic and social structure that catered to the needs of the French. French industrial products dominated the market, as they sought to introduce manufactured goods in exchange for raw materials such as wines, acids, and even oil, encouraging their contribution to investment and support of the capitalist structure through market development. However, this structure remained fragmented and plagued by contradictions, characterized by a dominant capitalist system and the forms of domination it entails. It is believed that French capital financed industrial investments in Algeria starting from 1945 (Achenhou, 1982). However, a study conducted by the "AARDES" association in 1975 confirms that manufacturing, in general, was superficially dominated by branches of multinational companies. They represented the most important origin of investment, followed by investments from French financial institutions, and then investments resulting from Algerian commercial capital.

According to Ben Achenhou, the expansion of capitalist relations in the agricultural sector was dominant and oriented towards external markets, particularly France. There was a near-complete absence of an industrial production system, and significant development occurred for the dominant colonial bourgeoisie in terms of financial, economic, and political control. This bourgeoisie was originally subjected to French capital. On the other hand, there was limited expansion of the Algerian agricultural and commercial bourgeoisie due to the constraints imposed by the colonial bourgeoisie. The Algerian economy was characterized as a controlled colonial economy, marked by an "extraversion" orientation towards external markets, based on meeting the logic of capitalist development and the needs of the French market. The nature of this capitalism was primarily agricultural, which, according to Achenhou and other researchers, delayed the country's industrialization. Industrial activity at that time was considered highly marginalized.

The number of jobs did not exceed 12,587 positions in 1922 (Liabes, 1984). Industrial establishments before 1945 were characterized by a lack of concentration, with most of them employing only 5 workers or fewer. The textile factories, which employed between 20 to 30 workers per unit, were an exception. The majority of these establishments were craft-based (50%). In addition, there was a dominance of consumer goods production over other types of production, and a near-complete absence of basic industries. The industrial activities established between 1900 and 1945 were limited to specific sectors such as food products, textiles, and even mechanical assembly establishments that were mainly focused on producing farm implements and necessary agricultural techniques. These industries were subsidiary to France, meeting its needs and requirements. Domestic production was geared towards the external market and satisfying the demands of the settlers.

2-2 Private Capital Origins in Algeria:

The origins of private capital in Algeria are determined by the following elements: the temporary transformation of private capital derived from agriculture into private commercial capital, particularly with the advent of the agricultural revolution between 1972 and 1978. This revolution sparked numerous processes of capital conversion from the productive agricultural sector towards commercial capital.

The commercial sector in Algeria originally emerged as a result of the transformation of European trade to Algerians after their departure. Between the period of 1962-1966, a significant portion of wholesale, semi-wholesale, and retail trade was formed. It constituted a crucial part of the Mixed Economy Sector (MSE) according to Djillali (1982). Investigations by AARDES (1975) confirm that 59.6% of entrepreneurs were originally wholesale traders, especially after the nationalization of foreign trade in 1971. This directed a significant portion of commercial capital towards the industrial sector, benefiting from market protection measures and selectively accessing industrial outlets that rapidly influenced the realm of final consumption and ensured quick profits. This explains its concentration in two main branches: food manufacturing and textiles, which guaranteed high profit margins.

Therefore, discussing industrial capital cannot be done without addressing the wholesale commercial capital, which provided the necessary funds and expenses. Wholesale trade served as the financier of the private industrial sector and played the role of a bank in facilitating its financial transactions. It was the preferred customer, as 38% of business transactions were conducted through wholesale trade. Furthermore, wholesale trade had the largest contribution in establishing industrial enterprises, accounting for 54% compared to other types of trade such as semi-wholesale (8%) and retail (38%) (ABDELHAK, 1985).

Therefore, this transformation from commercial capital to industrial capital represents the first phase of capital accumulation (Liabes, 1984, p. 97):

"(...) The transition from commercial capital to industrial capital would constitute the first phase of accumulation."

It was the only form of capital during the period between 1962 and 1970 that possessed organizational capabilities, as reflected in the following quote (Liabes, 1984, p. 96):

"The wholesale commercial capital was the only form of capital with organizational capabilities..."

Moreover, investigations conducted by "CENEAP" (Planification, 1983) revealed another source. In 1983, it was found that 38% of small-scale entrepreneurs had a previous background as senior executives in the public sector. They utilized their connections and influence to attract public funds and invest them in the establishment of Mixed Economy Sector (MSE) enterprises. This was particularly associated with managers who possessed strong capital through valuable relationships and influence, which greatly benefited their new position as business owners.

Furthermore, another method that contributed to the formation of industrial capital was the commissions obtained from providing services to multinational companies by influential individuals. These commissions served as another means of generating cash capital that was invested in industrial activities (M.L., 1986).

Thus, it becomes evident that the majority of investments came from non-productive elements that benefited from the protective conditions created by the adopted economic development policy, particularly speculation, which served as a significant source in accelerating the formation and growth of private capital. This primarily originated from the field of exchange, trade, and service activities. In reality, these mechanisms represent the distorted means through which the private sector circumvented and redistributed national income, transforming a significant portion of public capital into private industrial capital without possessing a genuine productive base.

III- The impact of the planned economy experience (1962-1989) on entrepreneurs and small and medium-sized enterprises:

The state focused on public investments at the expense of the private sector and monopolized the basic industries, which were strongly concentrated in on-site locations. This did not support the development of downstream MSEs (Micro and Small Enterprises) that grew on the margins of the public sector and were interconnected with it. Consequently, this undermined their growth prospects and hindered their development.

3-1- Academically, it is widely acknowledged that the planned economy phase was characterized by the implementation of inefficient economic policies, which demonstrated their limitations and failures in practice. These policies created constraints that had a negative impact on the growth of MSEs (Micro and Small Enterprises) and were identified as one of the main reasons explaining their fragile state up to the present. For instance, after independence, a political decision was made to dismantle the inherited liberal economic system from the French colonization era and transition to a socialist regime. This led to a series of nationalizations, the establishment of the state sector, and the promotion of a psychological and ideological bias against the private sector. The authorities hesitated to recognize its existence during the 1960s, as it was barely tolerated. All the legislative provisions enacted between 1962 and 1965 condemned it and condemned the liberal development.

According to the Algerian Charter (1964, p. 42), anyone who relies on ownership of the means of production, regardless of the degree of ownership, is considered an enemy of the revolutionary authority. Restrictions and boundaries were imposed that private institutions, especially industrial ones, should not exceed. Their growth was determined by what is deemed "ideologically acceptable" and according to the logic that allows them to invest in branches with quick and neglected profitability by the basic industries monopolized by the state. The role of private institutions was reduced to filling gaps and producing direct consumer goods. The state granted itself all the rights through legislation, such as the right to

participation and the right to resort to nationalization whenever it deemed necessary. Private institutions were prevented from contributing to the establishment of an industrial base for the benefit of the local bourgeoisie and from becoming self-producing entities. Furthermore, the existence of the private sector was valued based on the "necessary pain" or "essential suffering" (Mal nécessaire) as expressed by Rabia Khalafi and Derragui Boumediene. This reflects the aggression it was treated with (RABEA, 1985) and implies the suffering and "annoyance" inherent in it (Benguerma, 2006), which led to serious deviations and setbacks that the elites resorted to, causing damage to the national economy.

However, the atmosphere softened with the issuance of Law 284-66, which served as the official birth date of the private sector as it recognized its right to protected existence when defining its activities in the so-called "non-vital" sectors. This was followed by several laws, notably Law 82 and Law 88, which, according to analysts, brought some positive additions compared to Law 66. However, these laws remained superficial and did not touch the ideological content nor penetrate it. They were implemented with full respect for political choices.

We refer to the analyses of Peneff (1981), which highlight the particularity of the context in which private institutions were created and developed. It was characterized by a discouraging and constrained socialist ideological logic, especially in the industrial sector. The private sector was limited and not allowed to exceed certain boundaries, as any attempt to do so posed a threat of nationalization. It was only granted a marginal and very modest space in the industrial landscape, linked to some branches that were abandoned by the state. Any development within the private sector was closely monitored by the administration.

Peneff also points out several attempts by industrial entrepreneurs to monitor and unify their ranks, as well as efforts towards integration and merging into a desired unity. At that time, the question arose as to whether this posed a threat to the public sector. However, the expected and logical answer for the planned economy phase was that the political party would never allow such thinking. State control over this sector was strict, occurring through the mechanism of supplying machines and raw materials upstream for private production, and through the nationalization of commercial circles downstream. The supervision exercised by national companies limited the possibility of any group of institution heads or industrial entrepreneurs gaining control over the transformed economic power and turning it into political authority. This trend can also be explained by the oscillation and weakness displayed by the opposition, which was quickly nullified. This was especially evident after the announcement of the nationalization decision for an important factory in the capital, which served as a serious warning. The owner of the nationalized factory had participated in an opposition protest movement with former activists during the period of the agricultural revolution. This harsh measure taken by the state was a strong shock and deterrent for anyone who dared to stand against the will of the state on the other side.

The role of government in fostering the private sector cannot be overlooked. The political authorities did not hesitate to encourage and incentivize private sector engagement in promoting development through what they termed as "integration" between the public and private sectors. However, this participation needed to be regulated through a set of texts to define its boundaries and prevent any hindrance to the socialist orientation. This regulation was legitimized by deriving principles from the Holy Quran and Islamic law, which recognize the legitimacy of private ownership and constitutional legality reflected in various religious texts that retained a significant position in the process of economic development. They provided different guarantees under specific conditions. This can be found in various

charters such as the Tripoli Charter of 1961, the Algiers Charter of 1964, and the National Charter of 1976, which was enriched in 1986. All these texts established private ownership and justified its existence, despite its contradiction with the socialist orientation. Officially, they called for private ownership to play a dynamic role in the transitional phase towards socialism. Theoretically, this did not conflict with the construction of the socialist system but rather complemented the public sector, which retained strategic vital activities. However, the practical reality revealed a lack of integration and inefficiency of the adopted development philosophy, which prioritized ideology over addressing the objective economic conditions required to revive and develop the economy.

3.2. *The Unknown, Uncertainty, and the State of Doubt Surrounding the Private Sector:*

The state of "unease" and perplexity mixed with doubt that the private sector elites have long felt after independence has led to behaviors and actions aimed at self-validation and gaining social recognition. They adopted various means to enhance their self-worth, using "religion" as a tool to prove themselves, confer legitimacy, and attempt to convince society "that the wealth they possess is halal (lawful) and not haram (forbidden)." They heavily engaged in supporting and sponsoring various religious, and even sports, festivities and activities. They constantly sought to establish a recognized and legitimate presence, demanding acknowledgement of their doubtful social status and seeking affirmation of a role that no one believed in (Benguerma, 2006, p. 148):

"He claims his place because it is doubted, and he affirms his role because no one seems to believe in it."

On the other hand, this situation prevented the private sector from having a clear vision and bold political expression, hindering its transformation into a "political and economic force at the time, even establishing itself as a social actor" (Benguerma, 2006, p. 198). Unfortunately, resorting to adopting behaviors of another kind to circumvent the legal system and evade taxes became prevalent, and the private sector excelled in creating such practices. Most research confirms the ability of elites to overcome difficulties and find "patchwork" solutions that, although temporary, are highly beneficial for managing the situation and patching things up. This is what is commonly referred to as "emergency repair bricolage" (Benguerma, 2006, p. 197), which is strongly present in the practices of entrepreneurs, especially in "circumventing" the rigidity of the state's legal and bureaucratic apparatus. It is also described as a "multi-functional entrepreneur" (polyfonctionnel) (Benguerma, 2006, p. 197), who has no difficulty in shifting and transitioning from one activity to another and from one sector to another. They have businesses in real estate, trade, industry, and more, characterized by high flexibility and unique ingenuity in these types of innovations. However, this does not rise to the level of a self-standing and independent system capable of imposing its own laws on competitors and achieving qualitative leaps and advances in terms of productivity (Benguerma, 2006, p. 148):

"(...) as far as we are concerned, innovative entrepreneurs are extremely rare (...) innovation - emergency repair bricolage - is not absent, but it does not function as a system capable, as elsewhere, of imposing its rules on competitors (...)"

Indeed, we can refer to Peneff (1981) who describes the "private sector" as vibrant and highlights its ability to overcome constraints. It has shown how to develop itself and create defensive strategies often characterized by circumvention, allowing it to escape administrative control and showcase its strength. It managed to multiply its industrial establishments, reaching its peak in 1970 when it transitioned from 40 establishments to 800

establishments within a decade. It also achieved rapid growth in business volume and workforce. It was known for its tendency to utilize old buildings, abandoned barns, and opening inexpensive shops and workshops that required minimal investment.

3.3. *The reality of the bourgeoisie in Algeria after independence:*

There is a theoretical perspective that completely denies the existence of a "bourgeoisie" in the pure sense of the term capitalism in Algeria. It goes far in its analyses and does not hesitate to criticize it, especially the "industrial" bourgeoisie, strongly doubting its presence. In this context, "Al-Yabas" (the author) tries to draw attention to a very important issue when he speaks of an obstacle that imposes a forced perception of the Algerian social reality, creating the illusion of a significant industrial bourgeoisie capable of imposing its values and classification methods on society as a whole. This is found to be completely disconnected from the lived reality when expressed literally (Liabes D., 2006, p. 148):

"(...) representation obstacle, elle va imposer une vision forcée de la réalité sociale Algérienne, faisant croire à l'existence d'une bourgeoisie industrielle d'envergure capable d'imposer à la société dans son ensemble, ses valeurs et ses modes de classement".

We find that he implicitly warns against researching the bourgeoisies of the institution, considering it a "challenge" or a "gamble" (Liabes D., 1984, p. 98). He imposes on those who delve into these issues to pose the necessary theoretical problems correctly in order to clarify matters. It primarily concerns the pattern of private construction, the structuring of the productive and economic space, and the various components that emerge from it. It also focuses on the industrial concentration of the state (the public sector) and its relation to this private construction. Therefore, he insists on the necessity of defining the meaning and connotations that the particular bourgeoisie carries in the context of the Algerian society's reality and unique conditions. This explains the direction of the theoretical proposals formulated by the researcher, which largely aim to specify the uniqueness of the national productive and economic space. It includes private industrial capital and the private sector in general as a significant element and component of this construction, which should in no way be seen as competing with or conflicting with it but rather complementing it. The process of manufacturing and the accumulation process, whether related to the public or private sector, can only be understood within the context of this construction and the adopted socialist ideological framework.

He does not consider the productive spaces belonging to the private sector as a real foundation or an objective tool for explaining the emergence and formation of relatively distinct social classes. According to his opinion, this is not sufficient to talk about the existence of an industrial bourgeoisie in the pure sense of the word, which raises doubts about its existence in the first place. Thus, he believes that this contributes to dispelling the illusion of the existence of a pure Algerian industrial bourgeoisie. Therefore, he advises caution when discussing or addressing such topics. It is worth noting that when he resorts to using the term "private," he does not provide a foundational theoretical explanation but simply relies on accepting its commonly used legal concept: "The term (private) is taken (...) in its current legal sense" (Liabes D., 1984, p. 100). This legal concept represents nothing more than a classification criterion for determining private ownership and does not provide a clear definition of what this "private" represents in its content.

In another context, "El-Yabas" strongly rejects granting the private industrial institution the characteristic of being a productive space that generates material wealth, a

characteristic that is granted to other public institutions. He strongly refutes and rejects anyone who attributes this characteristic to the private industrial institution (Benguerma, 2006, p. 197). He sees it as "non-economic" and believes that its existence and survival depend entirely on what is produced outside of it, referred to as "Son extérieure" (Liabes D., 2006, p. 140). According to his perspective, this external factor includes central or local administration, the party, the army, and the protective and supportive conditions provided by the state, as well as a network of relationships, and so on. In his book "Le Capital Privé et les Patrons de l'Industrie en Algérie 1962-1982" (Liabes D., 1984), several texts confirm that it was the state sector that allowed the existence and reproduction of private capital at all levels. The "private capitalists" strongly benefited from the social policies adopted by the state: "A tous les niveaux, le secteur d'Etat fait vivre et se reproduire le capital privé" ("At all levels, the state sector makes private capital live and reproduce") (Liabes D., 1984, p. 13). "(...), les capitalistes industriels tirent profit de la politique sociale de l'Etat (...)" ("(...), industrial capitalists benefit from the state's social policies") (Liabes D., 1984, p. 45).

And it benefits from a network of clients relationships, which are nourished by a framework of a protective system that has provided it with several privileges resulting from the conditions of the dirigiste economy phase and the principles of adopted socialist policies. We also include the inquiries of "Benaïf" about the origins of this bourgeoisie, whether it is inherited from real estate owners. He speaks about a social class shrouded in much mystery that was once refugees in Morocco, Tunisia, and France, and became owners either individually or in partnership with some citizens of these countries.

3 - 4 - Who Creates Private Capital in Algeria?

The field results derived from prominent research confirm that the inevitability of private sector creation is linked to the state sector and the family team. Firstly, it is the state that created it from the beginning, allowing its protected existence and enabling it to reap the benefits and take advantage of the social policies embraced within the framework of the dirigiste economy. Moreover, with even greater determination and stronger political will, the state continued its course when it adopted a policy of opening up to a market economy and made it a developmental model to rely upon. Secondly, the family team and its components, along with the financial, material, and moral support it provides, contribute to the success of various investment projects. The majority of institutions established during the dirigiste economy phase derived their capital from family sources, whether in the case of individual enterprises representing 21.5% or limited liability companies (Sarl) representing the majority at 65% of the total legal forms, which were mostly disguised partnerships of family capital under the legal form of "Sarl" (Liabes D., 1984).

The prominent role of the family in the formation of institutional capital and the dominance of self-financing in building productive capacity is evident. This has made it imperative for the Algerian entrepreneur to have the presence and support of the family as emphasized by "Liabes." He points out that all the entrepreneurs he encountered during a complete decade from 1970 to 1980 owed their transformation into economic actors to the strong support provided by their families. The monetary capital possessed by these individuals can be traced back to the family team, and it would not have existed without their "strong presence" and effective contribution towards this outcome. For them, the family represents an "accumulation space, material base, and ideological support," as well as a necessary political horizon for venturing into the business world and concentrating and accumulating wealth based on "diverse strategies." The entrepreneur in their economic project is never alone, "L'entrepreneur n'est jamais seul" (Benguerma, 2006, p. 149). They may exhibit individualistic and creative behaviors or demonstrate exceptional managerial

brilliance, but they never exist independently. Their existence is only through the family team they belong to and the network of relationships and clients associated with it.

Furthermore, it is emphasized that there is no institution established between 1966, 1971, 1976, 1981, and 1988 that did not owe its existence to the family or the family team. Partnership of capital primarily takes the form of a family partnership, with the dominant legal structure being the "SARL" (limited liability company) for the researched cases. These SARLs are always and invariably based on a family foundation and expand through strategies that rely on available channels provided by the family. They evolve through alliances, often manifested through intermarriage between families. This leads to a series of understandings regarding the division of labor, activities, prices, market areas, and more. The crucial decisions lie in the hands of these family teams, and the institution itself rarely, if ever, holds the licensed authority to negotiate or make specific decisions. It merely represents the material manifestation of the family team.

It is possible to refer back to the particular practices that evolved after independence, which reflected a kind of traditional strategies aimed at achieving wealth, alliance, cohesion, and an attempt to build and enhance power through intermarriage and affinity between prominent families belonging to the established class. They also resorted, after 1962, to marrying their daughters to officers of the National Liberation Army, who gained revolutionary legitimacy and authority, and later with the sons of these officers, in a trend that formed a new political class that remains unknown until now (to the best of my knowledge). It has not been subjected to any diagnosis or analysis of its identity, depth, or current presence, and the extent of its influence on the Algerian reality.

Thus, the family has become another avenue for pursuing other goals with material and symbolic content, following the trend of merging power and political influence with financial influence. This trend has emerged through participation in municipal elections or representation in chambers of commerce. The entrepreneur now organizes themselves, along with their family team, within what is referred to as a "client network" (Benguerma, 2006, p. 141). It is a network of clients united by specific interests that work to integrate wealth and politics, combining wealth, influence, and power. They are driven by competition to pursue and defend these interests through strategies they develop.

In addition, "Mustafa Al-Ashraf" also supports this line of thought and highlights the prominent position it has historically occupied in the collective memory of society, both before and after independence. He refers to several years that embody this meaning, such as 1980, 1988, and 1990, and this influence continues to the present day. Family factors continue to dominate the generation and support of entrepreneurial projects. The entrepreneur is never alone in the process of establishing the institution; rather, the family team and its components are present with full weight in accomplishing that.

IV- The Transition to a Market Economy

This stage was characterized by the implementation of a series of economic and political reforms starting from the 1990s, within the framework of what is known as opening up to the market economy to support and promote the private sector. This bestowed upon it an unprecedented legitimacy, portraying it as the savior, the deliverer, and the sole solution to rejuvenate the national economy, achieve development, and overcome the crisis. This led to the consolidation of social recognition of its existence and strong signals were given to express itself, raise awareness about its issues, and defend them. As a result, several professional alliances advocating for the common interests of employers and private

enterprise leaders emerged as active economic and social actors, embodied in federations and associations such as the "FCE" (Forum of Business Leaders). Entrepreneurs began proudly and confidently declaring themselves and aspired to become role models within Algerian society.

Previously, doubt, hesitation, and shyness were among the prominent traits associated with entrepreneurs, but these characteristics have completely dissipated and ceased to exist. They have been replaced by contrasting emotions that express a sense of pride, self-confidence, and a determination to achieve what they deem as success. There is an excessive display of achievements, a feeling of pride, and an unprecedented boldness in self-expression without any sense of embarrassment. As "Ben Gouramah" puts it, they "seize the word" and no longer wait for anyone to grant them the opportunity to speak. They invest in various media spaces to showcase their successes, utilizing forums, media outlets, and continue supporting religious, charitable, and sports activities to further enhance their social standing and legitimacy.

Unfortunately, there are no operational studies that diagnose the situation and evaluate the existing conditions and the results achieved during the past three decades. Even if they claim to have real successes based on innovation and actual contribution to value creation, they may be merely superficial and cumulative efficiency for private capital. Do these institutions adhere to the standards of creativity and innovation in the products and services they offer? Generally, according to some studies, most institutions do not resort to innovation but rather rely on importing technology from abroad. If any attempts at product improvement or development exist, they are limited to meeting customer preferences to a certain extent. Thus, the creation of value-added in goods and services through innovation in the Schumpeterian sense is almost non-existent.

We refer to the concept in which the actor is capable of transforming society (Benguerma, 2006, p. 148) through their ability to create the new, i.e., through innovation, as economic development is built on innovations (Naffakhi, 2008). The economic system represents "balance" and "stability," and the entrepreneur attempts to disrupt and disturb such balance. This disruption is achieved through their innovations that materialize in reality. Therefore, innovation is the fundamental element that allows the entrepreneur to acquire a significant position in the markets and achieve dominance by eliminating competition. This reflects their distinct understanding of the concept of profit in entrepreneurship. The entrepreneur is considered the "value creator," and profit is merely the reward they receive or demand in exchange for their creative initiative and as compensation for the risks they undertake.

Indeed, we question whether Algerian entrepreneurs truly embody this type of innovation, risk-taking, and establishment of institutions from scratch. Do they belong to this category of individuals responsible for creating "creative destruction" or "creative chaos" in markets, where the new replaces the old? This is the origin of industrial dynamics, long-term growth, and development. The entrepreneur represents the inevitability of this dynamic and its evolution at the national level. Without entrepreneurs, progress and development cannot occur.

Where do we stand in relation to these meanings and implications expressed by this theoretical perspective? The reality in Algeria differs significantly, as this particular type of innovators is very rare. Field observations, for example, indicate a weak response from private institutions to the Global Innovation Index. Global reports issued by the World

Intellectual Property Organization (WIPO) indicate that Algeria has consistently ranked among the lowest positions in terms of responsiveness to this index. In 2018, Algeria ranked 110th out of 126 countries (Dutta, 2018, p. 23), 113th out of 129 countries in 2019 (Soumitra Dutta, WIPO, 2019, p. 36), and 121st out of 131 countries in 2020 (Soumitra Dutta, 2020, p. 34). Even Tunisia and Morocco have achieved higher rankings (Tunisia ranked 66th in 2018, 70th in 2019, and 65th in 2020, while Morocco ranked 76th in 2018, 74th in 2019, and 75th in 2020). Unfortunately, Algeria consistently finds itself among the poorest and weakest countries, such as Bangladesh, Togo, Burkina Faso, Mozambique, and Yemen, which consistently ranks at the bottom of the list in all years. It is not comparable to Arab countries such as Saudi Arabia, Bahrain, the United Arab Emirates, and Qatar, which occupy very high positions in the global rankings.

These data relatively inform us about the reality of the situation regarding its responsiveness to the Global Innovation Index. It is worth noting that the government and political will have never been negligent in their policy of opening up to the market economy. They have established numerous mechanisms and institutions specifically designed to promote, support, and accompany it, allocating substantial budgets for its financing. They have also enacted a legal and legislative framework filled with incentives and benefits aimed at strengthening and promoting the private sector and free initiative. The latest development in this context is the Law 12/75, dedicated to startup enterprises and targeting young individuals with innovative ideas. This law provides various advantages and reflects a strong and continuous political willingness to support and accompany entrepreneurs, especially the innovators among them.

Furthermore, the private sector is still far from achieving the desired development indicators. Despite numerical growth, its contribution to employment remains weak, ranging from 10% to 11% of the national workforce (Kouguell, 2016, p. 134). The majority of newly created positions are not high-quality ones but rather more associated with casual and temporary work, among others. Private sector's contribution to non-hydrocarbon exports remains extremely low, not exceeding 3.91% (Kouguell, 2016, p. 152), while it is actively engaged in the trade of imported products, with negligible export activities.

Conclusion

Interpretation of the data provided suggests three facts: Firstly, the inherent factors driving private enterprises lie in two main elements: the components of the family team and their inevitability in the birth, financing, and development of businesses and startups. Secondly, the role of the state sector and the policies it has adopted has been instrumental in its prosperity, capital formation, and its very existence. Secondly, the aggressiveness it has experienced during previous stages hindered its progress. It was initially associated with the colonial period, which systematically dismantled small traditional family craft units that existed at that time. The focus was on breaking the entrepreneurial mentality, usurping and robbing independent producers, bankrupting small traders, and transforming them into toilers or "proletarians." This also involved relying on the importation of alternative products to replace traditional crafts, which greatly contributed to their elimination. The same violence was witnessed after independence when the authorities decided to dismantle the inherited liberal economic system of colonization and opted for a transition to a socialist system. They adopted a directed economy policy, nationalized various sectors, heavily regulated the private sector, and hesitated for a long time to acknowledge its existence. Its growth was often defined as "ideologically acceptable." Thirdly, the situation changed with the implementation of the policy of openness and market economy in the early 1990s, which was adopted as a

developmental model and received extensive support, encouragement, and political will, including financial, material, and tax privileges. However, despite the enormous budgets and mechanisms established to promote it, the actual results remain very meager compared to the expectations and the required level of achievement, even after more than three decades.

Referebces

- Benachenhou, A., 1982. "Al-Tajribah Al-Jazairiyah fi Al-Tanmiyah wa Al-Takhtit 1962-1980" [The Algerian Experience in Development and Planning 1962-1980]. Diwan Al-Matba'at Al-Jami'iyah, Algeria.
- Belhassine, M. L., & Lakoun, W., 1986. "Tabi'at Al-'Alaqah Bayn Al-Munsha'at Al-Mutawassitah wa Al-Sughra wa Al-Qita' Al-'Am fi Al-Jazair: Bayn Al-Takamul wa Al-Istibdal" [The Nature of the Relationship between Medium, Small Enterprises, and the Public Sector in Algeria: Between Integration and Replacement]. Majallat Al-Iqtisad wa Al-Mujtama', No. 2, Issue 22, Morocco, pp. 21-42.
- Jghoul, A. Q., 1975. "Al-Tashkilah Al-Ijtimaiyyah Al-Jazairiyah Qabl Al-Ihtilal" [The Algerian Social Formation Before the Occupation]. Majallat Al-Fikr, February.
- Kouguell, M., 2016. "Dirasah wa Tahleel Siyasaat Daem Al-Muqawalatiyah fi Al-Jazair" [Study and Analysis of Entrepreneurship Support Policies in Algeria]. Doctoral Thesis, University of Kasdi Merbah Ouargla, Faculty of Economic, Commercial and Management Sciences.
- Charter of Algeria, 1964, p. 42.

Books:

- Benachenhou, A., 2007. "Algerian Entrepreneurs," Year.
- Liabes, D., 1984. "Private Capital and Industrialists in Algeria 1962-1982: Proposals for the Analysis of Forming Social Strata," C.R.E.A, Algiers.
- Ben Guerma, M., 2006. "Algerian Entrepreneurs: From Malaise to Emergence," in D. Daho and M. Ben Guerma, The Quest for Rigor, CASBAH, Algiers, pp. 195-200.
- Peneff, J., 1981. "Algerian Industrialists."
- Collective Work, 2006. "The Quest for Rigor: Homage to Djillali Liabes," edited by Mohamed Benguerma and Daho Djerbal, CASBAH Editions, Algiers, pp. 280.
- Bourdieu, P., 1964. "Algerian Workers.

Theses:

- Liabes, Djillali, 1982. "Birth and Development of a Private Sector in Algeria 62-80: Proposal for the Analysis of Forming Bourgeois Layers," doctoral thesis in sociology under the supervision of Mr. Jean-Paul de GAUDEMAR, Ecole des Hautes Etudes en Sciences Sociales, Aix-Marseille University.
- Abdelhak, F., 1985. "Dynamics and Structure of the Industrial Private Sector in Algeria," undergraduate thesis under the supervision of Jerzy Skuratowiz, Institute of Economic Sciences, University of Oran.

Articles :

- Liabes, Djillali, 1984. "Entreprises, entrepreneurs et bourgeoisies d'industrie en Algérie: Quelques éléments pour une sociologie de l'entreprendre," Les Cahiers de CREAD, No. 1, pp. 97-113.
- Liabes, Djillali, 1984. "Entreprises, entrepreneurs et bourgeoisies d'industrie en Algérie: Quelques éléments pour une sociologie de l'entreprendre," Les Cahiers de CREAD, No. 1, 1st quarter, 1984, pp. 97-113.

- Liabes, Djillali, 1984. "La PME entre théorie et pratique," Les Cahiers du CREAD, No. 1, pp. 15-27.
- Peneff, Jean, 1983. "Les chefs d'entreprise en Algérie," Revue Algérienne des sciences juridiques, économiques et politiques, Volume XX, No. 3, pp. 129-142.
- Khalfi, R., and Derkaoui, B., 1989. "Le secteur privé industriel en Algérie: doctrine économique et logique de fonctionnement," Revue Mondes en développement, No. 67, pp. 101-108.

Research Organization Documents :

- AARDES, 1975. (Association Algérienne Démographique et Sociale) "Étude industrie privée: démarche théorique et repères historiques" [Study on Private Industry: Theoretical Approach and Historical Landmarks], January 1975.
- INEAP, 1980. (Institut national d'études et d'analyses pour la planification) "Étude sur l'industrie privée, actualité du secteur privé industriel, essai d'actualité 69-79" [Study on Private Industry, Current State of the Private Industrial Sector, Essay on Current Affairs 69-79].
- CINEAP, 1985. (Institut national d'études et d'analyses pour la planification) "Étude sur l'industrie privée, actualité du secteur privé industriel, essai d'actualité enquêtes" [Study on Private Industry, Current State of the Private Industrial Sector, Essay on Current Affairs and Surveys].
- Soumitra Dutta, Bruno Lanvin, and Sacha Wunsch-Vincent, 2018/2019/2020. "Global Innovation Index: Energizing the World with Innovation," WIPO, World Intellectual Property Organization, pp. 23/36/34.