

The Impact of Public Procurement Systems on the Growth of Emerging Businesses - A Study of Companies Operating in M'sila Area

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Abstract: This study aimed to examine the relationship between the Algerian public procurement system and the growth of Emerging Businesses activities in some companies operating in the M'Sila region. To achieve this objective, the descriptive approach was adopted, in addition to using a validated questionnaire to survey the opinions of a sample of 51 founding owners and managers responsible for emerging businesses in these companies under study. Ultimately, the research results showed that there are practical interactions with the public procurement system by the studied companies, particularly within their sales and service contracts. The transactions appeared in obtaining administrative facilitations, benefiting from competitive favouritisation, activating participation mechanisms, and quota margins. These transactions had a proven impact on the growth of turnover, increased added value, expansion of commercial activity, and development of production factors in these companies included in the study in M'Sila.

Keywords: Public Procurement System; Emerging Businesses; Innovative projects; Companies; M'sila.

JEL Classification Codes: K1, K2, K23, L2, L26, M1, M13.

ملخص: لقد جاءت هذه الدراسة بهدف اختبار العلاقة بين نظام الصفقات العمومية الجزائرية ونمو الاعمال الناشئة لدى بعض الشركات الناشطة بمنطقة المسيلة. ولتحقيق هذا الهدف تم الاعتماد على المنهج الوصفي بالإضافة إلى الاستعانة باستبيان محكم من أجل سبر أراء عينة مكونة من 51 مالك مؤسس ومدير مسؤول عن الأعمال الناشئة لهذه الشركات محل الدراسة. في النهاية أظهرت نتائج البحث أن هناك تعاملات فعلية مع نظام الصفقات العمومية من قبل الشركات المدروسة، لاسيما ضمن التعاقدات في مبيعاتها وخدماتها. وظهرت هذه التعاملات في الاستفادة من التسهيلات الإدارية والحصول على امتيازات المنافسة وتفعيل آليات الإشراك وهوامش التحصيص. ولقد كان لهذه التعاملات أثراً مثبتاً في نمو رقم الاعمال وفي زيادة القيمة المضافة وفي توسيع النشاط التجاري وفي تطور عوامل الإنتاج على مستوى هذه الشركات المعنية بالدراسة في المسيلة.

كلمات مفتاحية: نظام الصفقات العمومية؛ أعمال ناشئة؛ مشاريع ابتكارية؛ شركات؛ مسيلة.

تصنيفات JEL: M13, M1, K23, L2, L26, K2, K1.

1. INTRODUCTION

1.1 Background

Similar to countries around the world, Algeria is seeking to develop an administrative climate that helps companies implement innovative projects that may contribute to business growth, enhance productivity, and local development. In this context, Algeria has taken initiatives that focus on developing new policies and mechanisms that allow for the establishment, encouragement, and motivation of investors and young people to engage in emerging businesses, whether as startups, small and medium-sized enterprises, or projects from experienced institutions, in accordance with institutional, legal, and regulatory frameworks. This reflects the state's public policy interest in successful transitioning from a rentier economy to an innovative economy based on creative ideas. From an economic perspective, emerging businesses organised by SMEs or startups can be regarded as a tool for development, given their ability to create employment opportunities, adapt quickly to business changes, and their low financing costs. Algeria has shown an interest in emerging businesses through the incentives and facilities established by the legislator in regulating public procurement contracts concluded with companies that own emerging projects, particularly the legislation found in Decrees No. 15-247 and 23-12.

1.2 Research problem

The Algerian Public Procurement System (PPS), with its laws and regulations, provides numerous mechanisms that can act as a catalyst for the growth of emerging businesses owned by companies with an innovative character. Hence, this applied study will attempt to apply this proposition to the reality of a group of companies operating in M'Sila, through the following statement of the problem:

- *Does the public procurement system (PPS) have an impact on the growth of emerging businesses (EBG) in the companies studied in M'Sila?*

1.3 Research hypothesis

In order to provide potential answers to the field study, several hypotheses were formulated, as follows:

H1: There are practical interactions with the public procurement system (PPS) by the companies studied in M'Sila.

H2: There is a significant growth in the activity of emerging businesses within the companies studied in M'Sila.

H3: There is a (statistically significant) relationship between the public procurement system and the growth of emerging businesses activity in the companies studied.

H4: The public procurement system has a (statistically significant) impact on the growth of emerging businesses activity in the companies studied in M'Sila.

1.4 Research importance

The importance of this study lies in the theme of start-ups, emerging businesses

and innovative projects, which have become a new model for the development and prosperity of national economies. Algeria is one of the countries that have strongly recognised the need to urgently improve its economic model in order to adapt to the modern requirements of wealth creation outside rentier income. Accordingly, successive governments in Algeria have paid great attention to strategies, policies and decisions aimed at empowering emerging businesses and giving them a strong boost to support the country's development path. The importance of this study also stems from the practical aspect of identifying the empowerment that the Algerian state grants to start-ups, small enterprises or other innovative project owners within the framework of the public procurement law, and whether this empowerment actually contributes to stimulating the activity of these companies to undertake new initiatives in line with changing public demand.

1.5 Research objectives

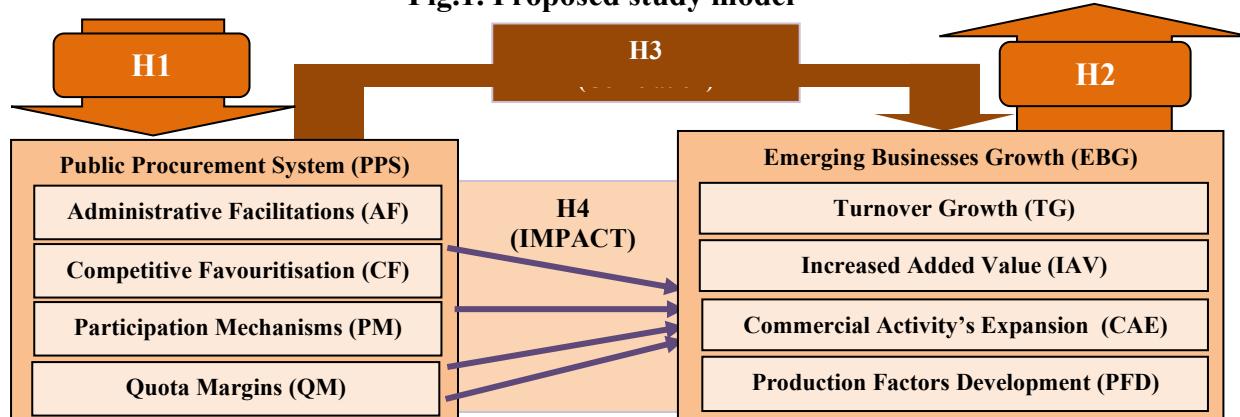
The field study, which was conducted with the participation of a group of companies (industrial, commercial, services, etc.) operating in M'Sila, sought to achieve a number of objectives. These objectives were mainly represented in:

- Identifying the reality of the studied companies' interaction with the public procurement system in M'Sila.
- Revealing the reality of the growth of emerging businesses activity for the sample of companies studied in M'Sila.
- Showing the nature of the relationship between the public procurement system and the growth of emerging businesses activity for the companies studied in M'Sila.
- Studying the impact generated by the public procurement system on the growth of the emerging businesses activity of the companies studied in M'Sila.

1.6 Research model

The model of this field study was designed in order to statistically test the proposed relationship between the public procurement system and the growth of emerging businesses activity of the studied companies in M'sila. The following diagram illustrates this proposed model for the study.

Fig.1. Proposed study model



Source: By the researcher

1.7 Research methodology

1.7.1 Theoretical methodology

In this framework, the descriptive method was applied through the scientific references, laws and regulations, in order to identify some important concepts and applications that are related to the subject of the Public Procurement System (PPS), as well as to clarify the characteristics of Emerging Businesses (EM) in companies, and even in the study models and efforts that tried to explain the relationship between public procurement and the growth of the activity of emerging ventures.

1.7.2 Applied methodology

For the field diagnosis of the study variables [Public Procurement System (PPS) and Emerging Businesses Growth (EBG)], and to test the relationship between them, descriptive statistical techniques and some inferential methods were utilized. This was done by using the main statistical tools to measure and analyse the response data and to reveal their correlation model. That was done after retrieving the distributed questionnaire copies, which were relied upon to collect data from the owners and managers responsible for managing emerging businesses in the group of companies participating in the study in M'Sila.

2. THEORETICAL FRAMEWORK

2.1 The Public Procurement System (PPS) in Algeria

2.1.1 The Nature of Public Procurement

2.1.1.1 Definition and Classifications

Public contracts, as delineated in Presidential Decree 15-247, are defined in its second article as written contracts within the meaning of the applicable legislation, concluded for consideration with economic operators under the conditions stipulated in this decree to meet the needs of the contracting authority in the fields of works, supplies, services, and studies (Decree 15-247, 2015, p. 3). Public contracts are classified according to their subject matter into four main categories, namely: public works contracts for the execution of works by a contractor to build, maintain, rehabilitate, renovate, or demolish a facility or part thereof, including the necessary common equipment for its operation; public procurement contracts for the acquisition of supplies or the lease or lease-purchase with or without an option to purchase equipment or materials; public contracts for the execution of studies that focus on an artistic, technical, or scientific aspect; and public contracts for the provision of services that differ from works, supplies, or studies (Ghane, 2016, pp. 49-51).

2.1.1.2 Principles and Significance

Article 5 of Decree 15-247 affirms that the most important principles governing the procedures for awarding public contracts of all types are as follows: free access to public tenders; equality among candidates; and transparency of procedures (Jaafar,

2020, pp. 143-145). Public procurement contracts hold distinct considerations compared to other administrative contracts, owing to their paramount significance, which lies in: (Zouaoui, 2017, p. 28)

- Serving as a primary channel for the circulation of public funds.
- Representing an instrument for governments to execute their public policy.
- Acting as a vehicle for the realization of investments and projects.
- Functioning as a tool contributing to the advancement and elevation of the national economy.
- Providing a mechanism for the implementation of comprehensive and local development plans, as well as sectoral programs.
- It is considered a means to fulfill public needs and construct vital infrastructure.

2.1.2 Economic functions of Public Procurement System (PPS)

2.1.2.1 Fostering Competition

The adoption of free competition within the economy aims to realise the following objectives: (Zaghni & Tahirichi, 2019, p. 53)

- Empowering competitors to challenge tender awards and hold contracting authorities accountable for breaches of competition principles.
- To mitigate economic dominance in the market, combat monopolies, and safeguard public funds.
- Achieving economic efficiency by ensuring the provision of goods and services at competitive prices and optimal quality, while continuously seeking opportunities for excellence and superiority of competitors, thereby enhancing productivity and improving competitiveness.
- Advocating for competition on a national scale, enabling national small and medium-sized enterprises to access the business of competition to meet the needs of the contracting interest.

2.1.2.2 Promoting National Production and Stimulating Artisanal Activity

This promotion is manifested in the allocation of a portion of public procurement contracts to Algerian productive sectors, thereby enabling: (Boulkour, 2017, pp. 185-187)

- Revitalization and encouragement of the national market by providing opportunities for Algerian enterprises to engage in industrial activity and develop their capabilities and financial profitability.
- Control over capital flows, as national operators conduct transactions with contracting authorities using the national currency, thus preventing the depletion of foreign currency reserves.
- Encouraging subcontracting to contribute to the execution of public procurement contracts, considering it as a sub-agreement between the primary contractor (the contract holder) and the designated operator.

Furthermore, services pertaining to technical artisanal activities are allocated to artisans, by mandating that contracting authorities select national (Algerian) operators

from the artisan sector. The contribution of artisans to the implementation of public projects is a key element in the revival of local industries, their integration into the national economic fabric of Algeria and the promotion of tourism, which is one of the efforts to save them from extinction. (Bouhenika & Driouech, 2021, p. 295).

2.2 Basics of Emerging Businesses (EB)

2.2.1 Emerging Initiatives in Startup Businesses and SMEs

2.2.1.1 Innovative Business Projects

The innovative character of a business is defined by its ability to exploit knowledge, skills, techniques and creative ideas that can reveal new opportunities for future investments, drive change in the range of processes, products and technologies, enable adaptation to changes in markets and competition, and even respond to new business demands (Daft & Lane, 2010, p. 279). Innovative business ventures usually belong to entrepreneurial and creative people who have the will and ability to transform a new idea or invention into a successful innovation, in the presence of entrepreneurial forces in different markets and industries that allow the generation of new products and emerging business models (Kafi, 2016, p. 14). The innovative character is concerned with contributing to the continuity of economic growth, ensuring the survival of business ventures through increased profit acquisition and investment, optimising resource utilisation and substituting alternative energies, reinforcing knowledge gains, and enhancing the welfare of individuals and societies through products that meet their new desires (Coskun, 2011, p. 6).

2.2.1.2 Emerging Businesses in Startups

The term 'start-up' is derived from the English language and literally means 'start-up', consisting of two words: 'start', which means 'launch', and 'up', which means 'growth'. When combined, these words convey the concept of a small project that has recently commenced and is beginning to expand (Mekhancha, 2021, p. 4). Startups are characterized by their pursuit of a business model that aligns with delivering new value to customers, through an original product (Good or Service), its scalability (Replicability) in other locations once successful, and its need for growth or expansion (Ait Akache & Badaoui, 2022, p. 133). A startup is a young, pioneering, high-risk organisation that challenges existing markets, specialises in a specific product, is self-funded, and seeks funding from venture capitalists and business angels to grow and develop in the context of the knowledge economy (Hussein & Siddiki, 2021, pp. 73-74).

2.2.1.3 Businesses in small and medium-sized enterprises (SMEs)

Emerging business models in SMEs reveal exclusive competitive returns, based on their speed in adapting to new production requirements and their flexibility in the market (Agostini & Filippini, 2019, p. 408). as well as their ability to absorb and apply new industrial knowledge and adopt modern technologies (Salehi, 2016, p. 37). Here, SME business models are linked to innovative work in developing new

products (goods, services, or processes), improving existing operations, and adapting modern technology to simplify processes and increase efficiency (Damanpour & Gopalakrishnan, 2001, p. 48). Notably, innovation has a positive impact on the operational and financial scopes of SME performance, in addition to qualifying their ability to produce suitable goods and services of high quality at the right price and at the right time, So new products and processes have a big effect on how much SMEs can produce, how much it costs to produce, and how much money they will make (Hazem, Yunhong, & AIJUAN, 2020, p. 961). There are also strengths attributed to the launch of innovation in SMEs, such as the form of ownership as a sole proprietorship or partnership, management flexibility, ease of establishment, the existence of incentives to work on business initiatives characterised by renewal and the desire to achieve a trade name, reputation, and profit, efficiency in the use of capital, strong relationships with the local community, low energy and infrastructure requirements, self-training centre, bearing technical and financial levels, and detailed knowledge of customers and their circumstances (Rehahlia Bilal, 2017, p. 5).

2.2.2 Supporting Emerging Businesses activity

2.2.2.1 Administrative support for SMEs and start-ups

Algeria has adopted economic reforms that ensure support for the integration of emerging business projects, where the provisions of Law No. 17/02 related to the guiding law for the Development of Small and Medium Enterprises and star-ups refer to a promising sector that must be advanced in order to contribute to the promotion and development of an innovative emerging business environment, and in order to attract competencies, reduce brain drain abroad, and seek quality projects that drive national economic growth (Law No. 17/02, 2017, pp. 7-8). In accordance with Presidential Decree No. 20/01, a specialised ministry was established, designated the Ministry of Small and Medium Enterprises, Startups, and the Knowledge Economy. Algeria's policy in promoting the emerging business environment and startups culminated in the issuance of Executive Decree No. 20/245, which stipulates the establishment of a national committee to grant the "Startup", "Innovative Project", and "Business Incubator" labels, and defines its functions, composition, and operation, as well as the administrative provisions and measures supporting emerging businesses with innovative ideas and projects (Lamine & Hassaine, 2020, p. 5).

2.2.2.2 Tax incentives and Financial assistance for emerging businesses

The 2020 Finance Law granted tax facilities and incentives for emerging businesses operating in the fields of innovation, new technologies, and the digital sector, exempting them from profit tax and value-added tax. This was done in order to support them during the launch phase and ensure their subsequent development. A roadmap has been developed to provide financial support to emerging businesses so that they can effectively contribute to decoupling the Algerian economy from hydrocarbons. An investment fund dedicated to financing and supporting start-ups has been established as a solution to the funding problem. Additionally, the Supreme Council for Innovation was established to valorize innovative ideas, emerging initiatives, and national scientific research potential in service of the knowledge economy. Individuals or small enterprises with innovative projects and startups can benefit from available spaces within institutions affiliated with the youth and

vocational training sectors across the country, in addition to the generalisation of electronic payment in various vital sectors related to innovation (Ait Akache & Badaoui, 2022, pp. 131-132).

2.3 Public Procurement System (PPS) and Emerging Businesses Growth (EBG)

2.3.1 (PPS) Mechanisms to Integrate Innovative Initiatives of Emerging businesses

2.3.1.1 Administrative Facilitations (AF)

The Algerian legislature has taken a series of facilitative measures to incentivise national production and encourage local investments to establish their presence in the economic sphere. These measures include: (Cherif, 2021, pp. 343-344)

- **Margin of Preference:** Article 83 of Decree 15-247 stipulates granting a 25% margin of preference to products of Algerian origin or entities subject to Algerian law, where the majority of their capital is held by Algerian residents in Algeria.
- **Allowing reliance on the qualifications and capabilities of other companies:** Article 57 of Presidential Decree 15-247 states that any candidate contractor (individually or as part of a consortium) may rely on the capabilities of other companies under the specified conditions. To enable a contractor to rely on qualifications not belonging to them, the Algerian legislator requires the existence of a legal relationship with an other company. It is incumbent upon the contracting authority to be cognisant of the legal basis upon which the contractor is relying, which allows it to utilise professional qualifications and references that are not its own, such as subcontracting, joint contracting, or within a statute that links a subsidiary company to a parent company in a consortium.

2.3.1.2 Competitive Favouritisation (CF)

Presidential Decree 15/247 has made it necessary to adjust the conditions of competition in the field of public procurement in such a way as to preserve the opportunities for small and medium-sized enterprises and start-ups to win contracts. Article 85 of this decree stipulates that when national production or its means are capable of meeting the needs of the contracting authority, the latter must issue a call for national competition, taking into account exceptional cases (Decree 15-247, 2015, p. 22). The Algerian legislator has mandated that the contracting authority must consider the capabilities of companies that are subject to Algerian law, with a particular emphasis on SMEs and youth start-ups, when establishing the qualification conditions and the evaluation system for bids. The objective is to facilitate their participation in public procurement procedures under optimal conditions with regard to quality, cost and timeliness, with a preferential portion of public procurement allocated to these types of companies (Zarroug, 2016, p. 62).

2.3.1.3 Participation Mechanisms (PM)

There are mechanisms to allow small enterprises or start-ups with emerging businesses to enter directly into the implementation phase, not as the primary contractor awarded the contract, but as a subcontractor or in partnership with other companies. The Algerian legislator has established the subcontracting procedure in Articles 140 to 144 of Decree No. 15/247, according to which the contractor may execute a part of the contract with the assistance of a subcontractor through a legally established subcontracting agreement, provided that the value of these works does not

exceed 40% of the total amount of the contract awarded to the primary contractor and that they are not ordinary supply contracts (Decree 15-247, 2015, pp. 31-32). Therefore, other methods should be sought to allow these categories (start-up companies) to benefit from public procurement contracts. Thus, a certain percentage is made available in the form of subcontracts resulting from a partnership (Achache & Khadri, 2021, p. 1272). As a result, the contracting public authorities will award the contract to organizations with emerging initiatives via partnership agreements.

2.3.1.4 Quota Margins (QM)

With regard to the legislative provisions of the quota margin, Article 87 of Decree 15/247, concerning the regulation of public procurement, stipulates that where: (Yagoubi, 2022, p. 7)

- Certain needs of contracting authorities can be met by small enterprises and start-ups, as defined in the prevailing legislation and regulations, these contracting authorities must, save for legally justified exceptional cases, exclusively allocate these services to them, in accordance with the provisions of this Decree.
- The contracting authority is obligated to engage with these companies, and the aforementioned exception is justified, as applicable, in the preliminary report of the contract project.
- The legislator has also specified that these needs are limited to a maximum of 20% of public orders and are subject to a dedicated lot within the specifications.
- The contracting authority is only required to accept a document from the bank or relevant financial institution substantiating the financial standing of these enterprises and professional qualifications are not mandated; instead, qualifications evidenced by certifications are taken into account.

2.3.2 Aspects of Emerging businesses growth (EBG)

2.3.2.1 Turnover Growth (TG)

Turnover can be considered a measure that reflects the revenue generated from the core activities of a business company. Turnover ratios make it possible to evaluate the efficiency of the organization's business activities (Mikayelyan & Manukyan, 2024, p. 152). For reference, profitability related to turnover is enhanced by focusing on existing customers because satisfaction leads to lower costs, increased customer retention, and increased revenue (Storbacka, Strandvik, & GrönroosInternational, 1994, p. 23). For innovative startups, the growth of turnover may manifest in several standard patterns, such as increases in the volume of completed commercial transactions, which stem from increases in the values and amounts obtained due to the development of the volume of products (goods, commodities, components, data) manufactured and sold within the framework of core investment operations. It may also indicate an increase in the revenue received from after-sales service delivery activities. Actually, the perception of turnover growth varies among companies based on the nature of the business or the type of capital deployment. Consequently, turnover growth can be tracked through several available standard dimensions, which include the volume of production sold, inventory turnover, employment, market share, and investment assets (Delmar, 1997, p. 203).

2.3.2.2 Increased Added Value (IAV)

Added value results from the integrated processes a company uses to deliver a customer-focused service, which include design, logistics, manufacturing, sales, delivery, and support (www.iedunote.com, 2025). From this standpoint, each process in the firm's systems must add a value in the activities of transforming raw materials into goods and services, so that the value of the good or service must exceed the cost of the inputs to its production (Nguyen & Kira, 2001, p. 1). Ultimately, startups will earn a margin when customers (individuals, companies and public entities) accept and pay for this value. For reference, the increase in economic value added represents the positive difference between operating income after tax and the total cost of capital employed (Maalim & Bouhafs, 2017, p. 405). According to the Economic Value Added (EVA) methodology, the value added in a company's business increases if the EVA calculation results in a positive value, and a negative value indicates a decrease in the value of the business (Loginov & Maltsev, 2020, p. 3).

2.3.2.3 Commercial Activity Expansion (CAE)

Business expansion depends on increasing distribution outlets, i.e., broadening the range of target markets, by exploring new markets to sell the company's current products or identifying markets that will accommodate an increase in the quantity and variety of goods for future sale. This expansion is achieved by acquiring new segments of the existing market, extending the business to other regions, or establishing new distribution channels to expand the customer base (Popov, Lapteva, & Kuzmicheva, 2021, p. 244). The objective of business expansion is to increase the value of all sales operations related to the emerging businesses. This is achieved through the enhancement of logistical and marketing services, the development of products and services offered to existing clients, the introduction of complementary new products, and the improvement of current product quality to address the deeper needs of customers (<https://sohatomman.com>, 2022). In this manner, business expansion leads to the realisation of increased long-term sales revenue, particularly following a substantial enhancement in customer product trials, encompassing both individual and public entity clientele.

2.3.2.4 Production Factors Development (PFD)

The Production Factors Development signifies the organic growth of firms, a process that is characteristically associated with the enhancement of productive capacity. This Development is manifested by positive shifts in the company's organisational resources and means of production, as evidenced by increases in capital, inventory, raw materials, energy inputs, number of employees, size of infrastructure and the amount of technology devoted to operational activities (Durmaz & ilhan, 2015, p. 211). Significantly, the development of production factors, when considered from a total productivity perspective, emerges as a consequence of advancements in technical production methods and enhancements in the efficiency of manufacturing input utilisation. This underscores the critical importance of elevating both the rates and the trajectories of these dimensions within the growth of emerging businesses (Ghaddar, 2012, p. 215).

3. APPLIED FRAMEWORK

3.1 Study sample and instrument

3.1.1 Description of the population and sample of respondents

In terms of the field aspect, the study population consisted of all startups, small and medium-sized enterprises (SMEs), and large enterprises carrying emerging initiatives of various types (industrial, commercial, services, etc.) operating in the geographical region of the Wilaya of M'Sila, and their number was significant. Regarding the source of opinions and data, the study consisted of the people who were supposed to answer the questions and who were necessarily people fully aware of the subject, including owners, managers, and employees involved in the execution of public procurement contracts related to the products and services of the emerging venture that will be provided to the government or other public institutions.

The field study was carried out with the participation of 21 companies, which were selected randomly, and it was verified whether they had programs, branches, or projects for products related to emerging markets. As for the selection of the respondents' sample, a simple targeted sample of executives, managers, owners, and consultants from the commercial departments sections of the companies participating in the study was chosen. Accordingly, the sample of respondents who received the questionnaire consisted of 55 people. 51 valid copies were collected from the 55 distributed. Table (1) shows some figures on the distribution and retrieval of questionnaire copies from the sample of respondents.

Table 1. Copies of the questionnaire distributed and retrieved

N	Company Name	Activity	Distributed copies	Retrieved copies
01	SARL ECO CHAUDIERE	Heating Equipment Industry	04	04
02	EURL KSAF ELECTRIC	Electricity business	03	03
03	Sedira Construction Company	Construction business	03	03
04	kadhifa Major Public Works and Irrigation Company	Public Works Construction	03	03
05	SARL HODNA TRUCKS	Truck maintenance and repair	03	03
06	Plastic Recycling Company	Removing and remanufacturing	03	03
07	LAFARGE Cement	Cement Powder Industry	02	02
08	Public Company for Urban Transport	Transporting people	03	03
09	SARL FLACHE VERT	Metal Conversion	03	03
10	Hodna Dairy Company	Milk production	03	03
11	Wazzani Public Works Company	Public Works Construction	03	03
12	General Nutrition Trading	Business	03	03
13	Tamsa Irrigation Company	Works Construction	04	04
14	Abdo Jamaluddin Works Contractor	Building	03	03
15	GS Construction	Construction Materials	03	03
16	A.Said Irrigation Networks Company	Watering	03	03
17	Boujamaa rabeh	Star-up	01	01
18	Majid Idris	Star-up	01	01
19	Fouzi berrahma	Star-up	01	00
20	Lotfi Arioua	Star-up	01	00
21	Magreb byte industry	Craft industries	02	00

Total	55	51
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Source: By the researcher

3.1.2 Study tool

In order to achieve the research objectives and to collect data from the field of the companies studied, a scientific and validated questionnaire was used. This questionnaire consisted of several questions constructed on the basis of the inferences derived from the concepts and approaches of the theoretical part of this research. The final layout of this questionnaire resulted in with the inclusion of 24 statements. These were arranged as shown in the following table (2):

Table 2. Technical details about the questionnaire's axes

Axis	Dimensions		Ferry number	Number of items	%
Public Procurement System (PPS)	1	Administrative Facilitations (AF)	1-3	3	12.50
	2	Competitive Favouritisation (CF)	4-6	3	12.50
	3	Participation Mechanisms (PM)	7-9	3	12.50
	4	Quota Margins (QM)	10-12	3	12.50
Emerging Businesses Growth (EBG)	5	Turnover Growth (TG)	13-15	3	12.50
	6	Increased Added Value (IAV)	16-18	3	12.50
	7	Commercial Activity Expansion (CAE)	19-21	3	12.50
	8	Production Factors Development (PFD)	22-24	3	12.50
Total				24	100

Source: By the researcher

3.2. Methods of statistical processing and preparatory tests for study data

3.2.1. Statistical methods and tools used

To discuss the subject of the public procurement system and stimulate the activity of emerging businesses from a field perspective at the level of the studied companies' sample in M'Sila, to respond to the problem set out in the introduction, and to test the validity of the hypotheses formulated therein, the following statistical methods and tools were used:

- Measurement of the questionnaire items' reliability and validity using the Cronbach's alpha test;
- Determination of the data distribution nature using the Kolmogorov-Smirnov test, as the respondents' sample is larger than 50 individuals;
- Measures of central tendency, dispersion and confidence: Mean, variance, and level of significance
- Analysis of the study's axes using: Fisher (F) and Student (T) tests.
- Pearson's correlation test, probability measures (α), coefficients of determination (R Square), and correlation (R) in multiple regression.

3.2.2 Preparatory tests on the data

3.2.2.1 Testing the reliability of the study tool (Questionnaire)

Research that relies on a questionnaire (addressed to the respondents) needs to test the reliability and validity of its statements. This is done by using at least a Cronbach-alpha estimation method. The aim of this method is to measure the coefficient of internal variance between the respondents' answers and then ascertain

the extent to which it is possible to obtain results close to the previous one, if the research is repeated under similar conditions using the same questionnaire. The value obtained for this coefficient is considered significant if it reaches a value of: 0.65 i.e. 65% or more. The following table shows the results obtained by testing the two axes: Public Procurement System (PPS) and Emerging Businesses Growth (EBG):

Table 3. Cronbach-alpha test on the reliability of the questionnaire items

Axis			Cronbach's Alpha		
		Coefficient	Items	Result	
Independent Variable	1	Administrative Facilitations (AF)	0.81	3	Proven
	2	Competitive Favouritisation (CF)	0.71	3	Proven
	3	Participation Mechanisms (PM)	0.87	3	Proven
	4	Quota Margins (QM)	0.71	3	Proven
Public Procurement System (PPS)			0.86	12	Proven
Dependent Variable	5	Turnover Growth (TG)	0.93	3	Proven
	6	Increased Added Value (IAV)	0.75	3	Proven
	7	Commercial Activity Expansion (CAE)	0.90	3	Proven
	8	Production Factors Development (PFD)	0.89	3	Proven
Emerging Businesses Growth (EBG)			0.88	12	Proven

Source: By the researcher based on the outputs of (SPSS)

From Table 3, it is clear that the Cronbach-alpha coefficient values for the dimensions of the (PPS) axis ranged from a minimum of 0.71 to a maximum of 0.87, which confirms that the questions formulated in this axis have a high degree of stability. Also, the items of these questions are usable in order to obtain definitive answers, on: 1-Administrative Facilitations, 2-Competitive Favouritisation, 3-Participation Mechanisms, 4-Quota Margins. The same trend is found for the dimensions of the (EBG) axis, which ranged between 0.75 as a minimum and 0.93 as a maximum, showing that all items are characterised by a high degree of reliability and are valid for investigating: 5-Turnover Growth, 6-Increased Added Value, 7-Commercial Activity Expansion, 8-Production Factors Development.

3.2.2.2 Testing the normal distribution of data collected from the sample

Given that the sample size of the respondents (Owners, Managers, Consultants) in the companies participating in the study in M'Sila was larger than 50 persons, the nature of the response data distribution for the two axes of the questionnaire was examined using the Kolmogorov-Smirnov test. By applying this test with the help of the SPSS software, the outputs appeared as presented in Table (4).

Table 4. Testing normal distribution on answer data (Kolmogorov-Smirnov test)

Dimensions of the questionnaire axes			Kolmogorov- Smirnov		
			Coefficient	Sig	Distribution
Axis 1	1	Administrative Facilitations (AF)	0.463	0.095	Normal
	2	Competitive Favouritisation (CF)	0.306	0.056	Normal
	3	Participation Mechanisms (PM)	0.229	0.082	Normal
	4	Quota Margins (QM)	0.234	0.200	Normal
Public Procurement System (PPS)			0.738	0.216*	Normal
Axis 2	5	Turnover Growth (TG)	0.076	0.066	Normal
	6	Increased Added Value (IAV)	0.082	0.065	Normal
	7	Commercial Activity Expansion (CAE)	0.089	0.069	Normal
	8	Production Factors Development (PFD)	0.075	0.068	Normal

Emerging Businesses Growth (EBG)	0.090	0.054*	Normal
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Source: By the researcher based on the outputs of (SPSS)

Through the Kolmogorov-Smirnov test, it is clear that all the dimensions of the Public Procurement System (PPS) axis have a (Sig) value greater than the tabular value of 0.05, including the total value of the axis: 0.216. Therefore, it can be acknowledged that the data of the respondents' opinions on this axis (public procurement system) do indeed follow a normal distribution. The same can be observed for the axis of Emerging Businesses Growth (EBG). This means that the respondents' data on this axis are all normally distributed. The coefficient (Sig) has an overall mean value of : 0.054, which is greater than the significant p-value: 0.05.

4. Analyzing the model's axes and testing hypotheses

4.1 Analysis of answer data: Central tendency, Dispersion and Ranks

4.1.1 Analysis of answer data on the (PPS) axis

Starting from the investigation of the experiences, initiatives, and contracts witnessed by the studied companies during their dealings with the Algerian Public Procurement System (PPS), the trend of respondents' answers regarding their degree of agreement on: Administrative Facilitations, Competitive Favouritisation, Participation Mechanisms and Quota Margins, will be presented. This presentation will be summarised in Table (5). This will be achieved by revealing the descriptive statistics results using the arithmetic means and variances calculated on the respondents' answers.

Table 5. Descriptive statistics of responses on dealings with the (PPS) by studied companies

Dimensions of the independent variable		Statistics metrics				
		Mean	Variance	Degree	Rank	
Axis 1	1	Administrative Facilitations (AF)	3.78	0.50	Agree	1
	2	Competitive Favouritisation (CF)	3.61	0.79	Agree	2
	3	Participation Mechanisms (PM)	3.20	0.56	Neutral	4
	4	Quota Margins (QM)	3.39	0.64	Neutral	3
Public Procurement System (PPS)		3.49	0.90	Agree	-	

Source: By the researcher based on the outputs of (SPSS)

The arithmetic mean of the responses related to dimension 1 (Administrative Facilitations) is 3.78, with a variance of 0.50. This indicates a homogeneity of responses from the study sample members. This mean falls within the category ranging from [3.40-4.19] on the five-point scale, indicating a high level of agreement from the respondents regarding benefiting from a margin of preference (25%) on the products offered, acknowledging the partners' qualifications, and receiving all information about the specifications books prepared by the contracting public authorities. The second Dimension, Competitive Favouritisation, had an overall arithmetic mean estimated at 3.61, with a variance of 0.79. This indicates the respondents' agreement regarding the public authorities' acceptance of their companies' financial and technical status and emerging capabilities compared to large

competitors with experience, expertise, and reputation, as well as benefiting from national competition restriction to maintain the chances of the studied companies to win public procurement contracts locally. The overall arithmetic mean for Dimension 3 (Participation Mechanisms) was 3.20, with an acceptable variance (0.56), which means there is neutrality regarding agreement on the reality of involving the studied companies with other experienced companies, particularly in the context of subcontracting some of the contracted operations with the public authorities in M'Sila. In Dimension 4, related to Quota Margins, the arithmetic mean appeared equal to 3.39, with a variance of 0.64, which indicates the respondents' agreement regarding obtaining some quotas (such as obtaining 20% of public demand) allocated to companies owners venture projects according to public procurement and service delegations legislation in Algeria.

4.1.2 Analysis of answer data on the (EBG) axis

This section presents descriptive statistical measurements of the dimensions of the dependent variable in the study model, i.e. the Emerging Businesses Growth (EBG), which reflect the reality of the following dimensions: Turnover Growth, Increased Added Value, Commercial Activity Expansion and Production Factors Development. This was done by calculating the mean and the variance on the response data of the respondents in the companies studied in M'sila region.

Table 6. Descriptive statistics of responses on (EBG) in studied companies

Dimensions of the independent variable			Statistics metrics			
Axis 2	5	Turnover Growth (TG)	Mean	Variance	Degree	Rank
	6	Increased Added Value (IAV)	3.53	0.68	Agree	4
	7	Commercial Activity Expansion (CAE)	3.59	0.83	Agree	3
	8	Production Factors Development (PFD)	3.67	0.84	Agree	2
	Emerging Businesses Growth (EBG)		3.62	0.60	Agree	-

Source: By the researcher based on the outputs of (SPSS)

The calculated mean of the responses on dimension 4 (TG) is: 3.72, with a variance of: 0.90, which means that there is homogeneity in the answers of the respondents in the study sample. Notably, this mean falls within the range of [3.40-4.19] on the (LIKERT) scale, indicating the high agreement of the respondents on the existence of actual growth in the amounts and revenues of goods (or services or works) provided within the emerging businesses carried out by the studied companies in M'sila. Also, table (6) shows that the arithmetic mean of dimension 5, which reveals the extent of the increase in value added (IAV), was estimated at: 3.53, with a variance of: 0.68, indicating the homogeneous agreement of the respondents about the improvement in the quantity of materials produced, high profit rates, and abundant cash flow in the startups owned by their companies. The overall mean of dimension 6 on commercial activity expansion (CAE) was estimated at: 3.59, with a

variance of: 0.83, which confirms the respondents' agreement that there is an actual expansion of buying and selling activities and distribution outlets related to the operations of the emerging businesses implemented by their companies. Finally, the calculated mean in dimension 7 (PFD) appeared with a value of: 3.67, and variance: 0.84, indicating that there is homogeneity in the agreement expressed by the respondents about the rapid growth of industrial transformation assets and the employment of more talented labour to carry out the operational activities of those emerging businesses owned by their companies.

4.2 Hypothesis testing

4.2.1 Hypothesis testing: H1

In this field study, hypothesis (H1) proposed the possibility of actual dealings with the public procurement system by the studied companies in M'Sila. In order to verify the validity of this hypothesis, the statistical significance value was examined using the T-test. This test was applied to a database containing the responses of owners, managers, and employees involved in concluding contracts within the framework of public procurement, for the purpose of providing emerging products and services to public entities. Following the implementation of the statistical processing using SPSS software, the results were issued as recorded in Table (7).

Table 7. T- test on Public Procurement System (PPS) Axis Data

Statement of axis dimensions	N	Mean	Std. Variance	Partial Default Mean: 3			
				Test Value: 27			
				T	Df	Sig.	Decision
Administrative Facilitations (AF)	51	2.88	0.50	22.65	50	0.004	Significant at: 0.05
Competitive Favouritisation (CF)	51	3.28	0.79	24.52	50	0.0015	Significant at: 0.05
Participation Mechanisms (PM)	51	2.45	0.56	55.73	50	0.000	Significant at: 0.05
Quota Margins (QM)	51	3.06	0.64	28.72	50	0.007	Significant at: 0.05
Public Procurement System (PPS)	51	2.94	0.45	26.89	50	0.002	Significant at: 0.05

Source: By the researcher based on the outputs of (SPSS)

It is evident that the arithmetic mean of the sample members' responses regarding dimension 1 (AF) reached 2.88, in dimension 2 (CF) it was estimated at 3.28, in dimension 3 (PM) it reached 2.45, and dimension 4 (QM) had a value of 3.06. The overall arithmetic mean for the axis as a whole (i.e. the public procurement system) was calculated to be 2.94. It is noteworthy that these values are greater than or very close to the Partial Default Mean: 3. Therefore, it can be said that the studied companies in M'Sila had actual dealings with the public procurement system in their emerging business reality. This is confirmed by the "T" values for the one-sample test, which were respectively [for the 4 Dimensions: 22.65, 24.52, 55.73, 28.72] and [for the (PPS) axis as a whole: 26.89], considering that all these values are positive in this direction and statistically significant at the level ($\alpha = 0.05$). Consequently, hypothesis H1 was accepted, indicating that there are actual dealings (interactions) with the (PPS) by the studied companies in M'Sila. The result confirmation rate is 95% with a 5%

probability of error.

4.2.2 Hypothesis testing: H2

Concerning hypothesis (H2), it was stated in this study that there is a possibility of a noticeable growth in the operations of emerging businesses owned by the studied companies in M'Sila. To verify the validity of this hypothesis, the same methodology was applied, by examining the statistical significance of the T-test. This test was applied to the collected opinions data from the responses of owners, managers, and employees concerned with managing innovative projects in these companies. After conducting the statistical processing using SPSS software, the results were as follows:

Table 8. T- test on Emerging Businesses Growth (EBG) Axis Data

Statement of axis dimensions	N	Mean	Std. Variance	Partial Default Mean: 3			
				Test Value: 27			
				T	Df	Sig.	Decision
Turnover Growth (TG)	51	2.72	0.90	08.15	50	0.00	Significant at: 0.05
Increased Added Value (IAV)	51	3.09	0.68	27.95	50	0.00	Significant at: 0.05
Commercial Activity Expansion (CAE)	51	3.29	0.83	12.51	50	0.00	Significant at: 0.05
Production Factors Development (PFD)	51	3.50	0.84	04.27	50	0.00	Significant at: 0.05
Emerging Businesses Growth (EBG)	51	3.15	0.60	08.82	50	0.00	Significant at: 0.05

Source: By the researcher based on the outputs of (SPSS)

As illustrated in Table (8), the mean of the sample members' responses regarding dimension 1 (TG) is 2.72, and was estimated at 3.09 in dimension 2 (IAV), and reached 3.29 in dimension 3 (CAE), while dimension 4 (PFD) reached 3.50. In the axis as a whole (i.e. the Emerging businesses Growth), the overall mean is 3.15. It is evident that all these values are greater than or very close to the Partial Default Mean: 3. This finding indicates that the studied companies in M'Sila have demonstrated actual growth in their emerging business reality in fulfilling public demands. This is proven by the "T" values for the one-sample test, which were recorded respectively [for the 4 Dimensions: 08.15, 27.95, 12.51, 04.27] and [for the (EBG) axis as a whole: 82.08], considering that all these values are positive in this direction and statistically significant at the level ($\alpha = 0.05$). Accordingly, hypothesis H2 was accepted, indicating that there is actual growth in the startup projects owned by the studied companies in M'Sila. The confirmation rate of this result is 95% with a 5% probability of error.

4.2.3 Hypothesis testing: H3

As shown in Table 9 on the next page, the values of the overall bivariate correlation coefficient, the level of significance, and the sample size will be revealed. The calculation of these statistical parameters will be conducted through the application of the Pearson test for the potential bivariate relationship between the independent variable [Public Procurement System (PPS)] and the dependent variable [Emerging Businesses' Growth (EBG)], in the proposed research model on the

studied companies in M'Sila.

Table 9. Relationship between (PPS) and (EBG)

		Dependent variable	EBG (Stimulated)	
Independent variable	PPS (Dealing)	(Pearson) Correlation coefficient		0.79**
		Sig. (2-tailed)		0.01
		N		51
Decision		Correlation is significant at: $\alpha = 0.01$		

**. Correlation is significant at the 0.01 level (2-tailed).

Source: By the researcher based on the outputs of (SPSS)

As demonstrated in Table (9), the Pearson correlation coefficient between [Public Procurement System] and [Emerging Businesses Growth] has reached a value of 0.79, which is a positive and high value. This result indicates that there is a positive relationship between these two variables. Additionally, the result of this correlation is statistically significant at the significance level ($\alpha = 0.01$). Therefore, hypothesis (H3), which assumed a statistically significant relationship between dealing with the public procurement system and stimulating the growth of Emerging Businesses' activity in the studied companies in M'Sila, has been accepted. The confirmation rate of this hypothesis has reached 99%, with a 1% probability of error.

4.2.4 Hypothesis testing: H4

This paragraph will provide a synopsis of the findings from the testing procedures employed in order to investigate Hypothesis H4. The focal point of this investigation is to ascertain the statistical significance of the potential impact of the public procurement system (PPS) on the stimulation of the emerging businesses' growth (EBG) in the companies that were the subject of the study in M'sila. This will be through activating the (T) test and the (F) test. At a significance level of : 0.01.

h_0 : The model is not valid for the study: $F_c > F_t$, when: $Sig > 0.01$

h_1 : Validity of the model for the study: $F_c > F_t$, at: $Sig < 0.01$

The results of the statistical processing of multiple regression tests will be presented in Table (10) and the following charts:

Table 10. Regression analyses between the (PPS) and the (EBG)

Hypothesis testing	Independent variables	Dependent variable	Overall significance of the simple regression model		Explanatory capacity		Regression coefficient significance			Result
			F	F-Sig	R	R ²	β	T	t-Sig.	
H4	(PPS)	(EBG)	15.523	0.000	0.79	0.63	0.651	3.940	0.000	Accepting the hypothesis
	(AF)		47.235	0.000	0.701	0.491	0.465	6.873	0.000	
	(CF)		86.586	0.000	0.799	0.639	0.701	9.305	0.000	
	(PM)		79.589	0.000	0.787	0.619	0.568	8.921	0.000	
	(QM)		41.220	0.000	0.676	0.457	0.484	6.420	0.000	

Source: By the researcher based on the outputs of (SPSS)

- Significance of the Regression Model F: The data presented in the table indicates that the F-value reached 15.523 and the associated (SIG = 0.000) is less than the significance level (0.05). This finding suggests the presence of a statistically significant correlation between the elements of the public procurement system and the growth of emerging business activity.
- Interpretation of the Pearson Correlation Coefficient (R): This coefficient, which reached a value (R = 0.79), exhibited a positive and statistically significant value. This is evidenced by the probability value (Sig = 0.000) associated with the F-test, which is less than (0.05). This finding suggests a direct and positive relationship between the elements of the public procurement system and the growth of emerging business activity. In other words, an increase in the implementation of the elements of the public procurement system leads to an increase in the growth of emerging business activity.
- Value of the Coefficient of Determination (R^2): As demonstrated in the table, the coefficient of determination is estimated at 0.63, which indicates the explanatory power of the regression model. This indicates that 63% of the variations in the emerging business' growth variable can be attributed to the impact of the alterations in the values of the public procurement system variables as perceived by the respondents.
- Regression Coefficient: The value of this coefficient for the independent variable is ($B = 0.651$), which is a positive value (i.e., the effect is positive). This coefficient is considered statistically significant, given the calculated probability value ($sig = 0.000$), and because it is less than the significance level ($\alpha = 0.05$). Therefore, it can be said that there is a significant effect of the overall independent variable (PPS) on the overall dependent variable (EBG). With this result, the null hypothesis h_0 is rejected and the alternative hypothesis h_1 is accepted. Accordingly, the Algerian public procurement system affects the growth of emerging businesses owned by the studied companies in M'Sila.

5. CONCLUSION

This research discussed the potential relationship model between the Public Procurement System and the growth of emerging businesses for a group of companies studied in the M'Sila region. This was done by investigating the degree of actual dealings with contracting systems for government purchases, and thus identifying the reality of receiving Administrative Facilitations, Competitive Favouritisation, the extent to which Participation Mechanisms are activated, and taking into account Quota Margins in favour of these companies. The growth trends in the activities of the emerging businesses of these companies were also investigated, in terms of Turnover Growth, Increased Added Value, Commercial Activity Expansion, and the Production Factors Development. Based on the field study of 21 companies, the following results and suggestions were reached:

5.1. Results

Through the measurements, tests and analyses carried out on the answers given by the respondents in the companies studied in M'sila, the results of the field study were as follows:

- Hypothesis (H1) was confirmed: There are actual dealings with the public procurement system by the studied companies in M'Sila.
- Hypothesis (H2) was confirmed: There is a noticeable growth in the activities and operations associated with the emerging businesses implemented by these studied companies in M'Sila.
- Hypothesis (H3) was confirmed: There is a statistically significant relationship between the dealings of the studied companies with the Algerian public procurement system and the growth of their emerging businesses in M'Sila.
- Hypothesis (H4) was confirmed: It is indeed proven that the public procurement system has a positive impact on the growth of emerging businesses in the companies studied in M'sila. This quantitative confirmation is demonstrated by reliable statistical significance.

5.2. Proposals

Below are some suggestions addressed to the owners and managers of emerging businesses in the companies studied in M'sila:

- Seeking subcontracting agreements within the framework of procurement, expertise, and design clauses in those public tenders obtained by more experienced entities at the national and international levels.
- Paying attention to the incentive measures put in place by the Algerian government to encourage economic operators to invest in the emerging businesses sector and startups.
- Continuing ongoing engagement with legislative and legal committees and bodies that work on the strict structuring of financial, market, and service support mechanisms for emerging businesses on the ground.
- Attempting to integrate with e-government platforms dedicated to supervising service offer competitions for contracts with government departments and public companies inside and outside Algeria.
- Implementing e-marketing programs to enhance the expertise and efficiency of operations related to emerging businesses and startups in Algeria.

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