

The Role of Social Responsibility in Small and Medium Enterprises in Achieving Sustainable Development with Reference to the Case of Algeria

دور المسؤولية الاجتماعية في المؤسسات الصغيرة والمتوسطة في تحقيق التنمية المستدامة مع الإشارة إلى حالة الجزائر

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Abstract:

The philosophy of social responsibility is deeply ingrained in the necessity to integrate social and ethical considerations into the operational frameworks of businesses, paralleling the imperative to balance often-conflicting interests such as profitability, societal welfare, and consumer satisfaction. When small and medium-sized enterprises (SMEs) adopt this philosophy, they not only boost their own competitiveness but also enhance their operational performance, thereby positioning themselves as crucial agents in promoting sustainable development within their respective nations.

Given the unique attributes of SMEs—including their limited resources, inherent flexibility, and intimate connections with customers and employees—these characteristics significantly shape their approaches to social responsibility. This paper endeavors to examine the role of social responsibility in SMEs, specifically focusing on its implications for sustainable development, with a particular emphasis on the context of Algeria.

Keywords: Social responsibility, Small and medium enterprises, Sustainable development.

JEL Classification Codes: Q01, L22, M14

الملخص:

تتجذر فلسفة المسؤولية الاجتماعية في ضرورة دمج الاعتبارات الاجتماعية والأخلاقية في الأطر التشغيلية للشركات، بما يوازي ضرورة تحقيق التوازن بين المصالح المتضاربة في كثير من الأحيان، مثل الربحية، والرفاه الاجتماعي، ورضا المستهلك. عندما تتبنى الشركات الصغيرة والمتوسطة هذه الفلسفة، فإنها لا تعزز قدرتها التنافسية فحسب، بل تحسّن أيضاً أدائها التشغيلي، مما يجعلها جهات فاعلة رئيسية في تعزيز التنمية المستدامة في بلدانها.

ونظراً للخصائص الفريدة للشركات الصغيرة والمتوسطة - بما في ذلك مواردها المحدودة، ومرونتها المتأصلة، وعلاقاتها الوثيقة مع العملاء والموظفين - فإن هذه الخصائص تؤثر بشكل كبير على نهجها في المسؤولية الاجتماعية. تسعى هذه الورقة إلى دراسة دور المسؤولية الاجتماعية في الشركات الصغيرة والمتوسطة، مع التركيز بشكل خاص على آثارها على التنمية المستدامة، مع التركيز بشكل خاص على سياق الجزائر.

الكلمات المفتاحية: المسؤولية الاجتماعية، الشركات الصغيرة والمتوسطة، التنمية المستدامة.

رموز تصنيف: Q01, L22, M14

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INTRODUCTION:

Since the 1980s, the contemporary world has witnessed a succession of rapid and transformative events that have precipitated profound shifts in the global economic, social, and political landscapes. These shifts have brought about notable changes in the global work environment, directly affecting the evolving demands for success and competition.

In response, businesses and organizations are increasingly compelled to enhance their strategic relationships with a broad spectrum of stakeholders, including consumers, employees, business partners, environmental advocates, local communities, and investors. This is essential for navigating the complexities of the modern era effectively.

The assessment of businesses now extends beyond traditional metrics such as profitability and financial performance. New evaluative frameworks have been developed to cultivate work environments that are capable of adapting to the rapidly evolving economic, technological, and managerial advancements occurring across the globe.

Among these frameworks, corporate social responsibility (CSR) has become a fundamental concept, widely regarded as essential to the formulation of successful business strategies across all sectors and organizational forms. By embracing CSR practices, organizations significantly enhance their reputation and brand image, thus strengthening their competitive position and reinforcing their leadership within the marketplace.

Small enterprises, in particular, are instrumental in driving economic and social development. They play a substantial role in escalating investments and generating new employment opportunities. However, these businesses also face significant challenges in contributing to sustainable development, which underscores the necessity for integrating CSR into their long-term strategic planning. In this context, CSR is not merely a strategic necessity but also an indispensable element that complements the sustainable growth and success of small enterprises.

Although Algeria's experience with small and medium enterprises (SMEs) is relatively recent, the country has witnessed significant developments in this sector in recent years, largely as a result of government policies designed to encourage investment. In alignment with the broader goals of sustainable development, it has become increasingly vital for these enterprises to incorporate corporate social responsibility (CSR) principles into their operations. This integration is essential to ensure that they remain competitive and relevant amidst the evolving dynamics of the global economic environment.

As a result, the following research question arises:

To what extent does corporate social responsibility in small and medium enterprises contribute to achieving sustainable development?

Study Hypotheses:

- Small and medium enterprises represent one of the most crucial sectors of economic activity, with their success serving as a key driver of national development.
- Corporate social responsibility is a fundamental factor contributing to the success of small and medium enterprises.
- All small and medium enterprises in Algeria implement corporate social responsibility as a mechanism to achieve sustainable development.

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Study Objectives:

- To define and explore the key concepts associated with social responsibility, small and medium enterprises, and sustainable development, while also highlighting the fundamental elements of each and examining the interrelationships between them.
- To investigate the underlying reasons and motivations behind the increasing interest in CSR among diverse enterprises.
- To assess the role of CSR in small and medium enterprises and examine how it contributes to the realization of sustainable development.

Study Methodology:

To address the research question and test the hypotheses, we employed a descriptive approach. This methodology is particularly well suited to the nature of the topic, allowing for a comprehensive and analytical presentation of the relevant data and key components of the study.

In order to thoroughly examine the posed problem and test the hypotheses, the study has been organized into three primary sections:

First: The Conceptual Framework of Social Responsibility.

Second: Corporate Social Responsibility in Small and Medium Enterprises and Its Role in Sustainable Development.

Third: Corporate Social Responsibility in Small and Medium Enterprises in Algeria and Its Contribution to Sustainable Development.

First: The Conceptual Framework of Social Responsibility

The business world and its surrounding environment have undergone substantial transformation, both in terms of expansion and influence. This evolution has shaped various facets of modern life, making it a defining characteristic of contemporary societies. Businesses are now expected to uphold the values of fair and legitimate competition, exhibit concern for various societal segments, and contribute to advancements in scientific and technological research.

Furthermore, there is an increasing emphasis on responsible resource utilization and the development of innovative solutions to ensure sustainable growth. All these factors, among others, serve as critical entry points for evaluating the social role of businesses in different environments. These environments are, in turn, influenced by the social and cultural characteristics of the communities in which the organizations operate.

1. Historical Development of Social Responsibility:

A thorough examination of the historical development of social responsibility reveals significant shifts and qualitative advancements that have progressively enriched the concept over time. Since the industrial revolution, business organizations have experienced what can be considered their golden age.

However, industrial progress continues to unfold, and the prevailing trend of prioritizing profit maximization has historically justified decisions that disproportionately favored businesses at the expense of various other stakeholders. This often manifested in working weeks stretching up to 100 hours, deplorable working conditions, the prevalence of

occupational diseases, both individual and collective work-related injuries, and intense competition between businesses, both within domestic markets and internationally. At the time, these challenges were regarded as an unavoidable social cost required for economic development. (Mohammed Atef Mohammed Yacine, 2008, p. 17)

Nevertheless, the rule of development asserts that every historical phenomenon undergoes distinct phases. Each dominant trend follows a developmental trajectory: rising to a peak before receding into a more balanced, moderate, and socially acceptable form. This evolutionary progression remains evident in the ongoing relationship between businesses and social responsibility.

A second phase emerged after 1920, prompted by mounting criticisms of the singular goal that business organizations had historically pursued—profit maximization. New movements began to take shape, advocating for workplace safety, reducing working hours, protecting the rights of various stakeholders, and calling for business organizations to pursue objectives that transcended the sole pursuit of profits.

In this context, FLECHER Bayrom, Chairman of the Board at Koppers, articulated a crucial perspective: while a business cannot persist without achieving profit, profit should not be viewed as its exclusive objective. Rather, the business must also meet societal needs, thereby serving as a contributing force to fulfilling broader societal goals with confidence and integrity.

Consequently, calls for social responsibility in business organizations began to intensify, urging that such responsibility extend beyond benefiting owners and investors and focusing solely on financial gains. Academic and scientific communities played a key role in reinforcing and expanding this notion. In 1948, a significant scientific conference was held that focused on the topic of corporate responsibility, further establishing the academic legitimacy of the concept. (Al-Rahahila, 2011, pp. 59-60)

As the discourse on social responsibility evolved, the work of researcher Holmes (1985:435) presented an expanded view, portraying social responsibility as a fundamental obligation for business organizations toward the society in which they operate. This obligation includes active participation in various social initiatives such as addressing poverty, improving healthcare services, combating pollution, creating employment opportunities, and addressing housing and transportation challenges, among other vital social concerns. (Al-Ghali & Idris, 2007, p. 524)

2. Concept of Social Responsibility:

The concept of social responsibility is undeniably one of the most crucial topics in discussions surrounding economic institutions and their role in fostering sustainable development. The definitions of social responsibility vary widely depending on the perspective of different thinkers, researchers, and both local and international organizations. Below, we will explore some of the most prominent definitions of social responsibility:

- The renowned economist Paul Samuelson defined social responsibility as encompassing both the economic and social dimensions simultaneously, emphasizing the interplay between these two critical aspects in shaping business practices.
- Christian Brodhag expanded on this idea, defining social responsibility as a voluntary commitment by businesses to consider social and environmental concerns throughout their

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commercial activities, and in their interactions with stakeholders. Social responsibility, according to Brodhag, is not confined merely to legal compliance; it also involves going beyond the basic requirements to make meaningful investments in human capital, environmental sustainability, and fostering strong relationships with stakeholders. (Meki & Bouteiba, 2014, p. 03)

- Peter Drucker, in his seminal work on management in 1977, defined social responsibility as an obligation of the organization to the society in which it operates. While this definition is more narrow in scope, it laid the foundational framework for subsequent studies, opening the door for further exploration of the topic from diverse perspectives.

Economic researcher Francklin Strier in 1979, in an article published in the Journal of Engineering Management, highlighted that social responsibility represents societal expectations for business organizations to go beyond mere legal compliance and engage in initiatives that do not compromise their fundamental functions while yielding a suitable return on investments.

The World Bank defines corporate social responsibility (CSR) as the commitment of business owners to contribute to sustainable development by working with their employees, their families, the local community, and society at large to enhance people's living standards in a way that serves both commerce and development.

Furthermore, the World Business Council for Sustainable Development (1998) defines social responsibility in business organizations as a continuous commitment by the company to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large. (El-Kadi, 2010, p. 07)

According to the concept of social responsibility, the private sector can help foster innovation, efficiency, and the flexibility of funding sources. This can add value through the adoption of innovative strategies or by addressing social problems that the government may not fully tackle due to financial limitations or political challenges. The concept of social responsibility provides a framework for defining corporate behavior and highlights three essential elements:

Figure No. 01: The Basic Elements of Social Responsibility.



Source: Asbar Reports Series, Social Responsibility and Its Role in Achieving Sustainable Development Goals, Asbar Think Tank (Discussion Club), Report No. 407, May 2024, p. 10.

3. The Importance of Social Responsibility:

The significance of social responsibility is multifaceted: (Al-Rahahila, 2011, pp. 86-87)

- It provides an appropriate arena for the relationship between the organization and the community, enabling it to maintain its market presence.
- It satisfies societal needs and contributes to the social profitability for the community at large, not just those with the greatest purchasing power.
- It represents a moral obligation, necessitating that organizational managements give more attention and care in terms of humanitarian and charitable efforts.
- It helps improve and develop the organization's image within the community.
- Its current performance towards the community represents a form of societal culture and what it demands in terms of implementation.
- It presents an optimal state for investors by potentially increasing the long-term stock value due to the trust the business organization garners from the community and its efforts to mitigate future risks.
- Laws and legislation cannot encompass all details related to community issues, but the presence of responsibility in business acts as a social law.
- If business organizations do not fulfill their roles in achieving social responsibility and assisting the community in addressing and solving its problems, they may lose much of their influential power within society.

4. Areas, Aspects, and Forms of Social Responsibility:

The most significant areas and aspects of social responsibility encompass a broad spectrum, including: (Khodour, 2011, p. 08)

- The foundational principle of social responsibility involves respecting the rule of law and adhering to legal frameworks. This includes managing activities and operations based on ethical principles, an essential component of corporate globalization and business ethics.
- This area covers labor systems, wages, and working conditions, ensuring that the rights and well-being of employees are prioritarily safeguarded.
- Actively contributing to the development and betterment of local communities is a crucial aspect of social responsibility.
- This involves the protection and enhancement of the environment, combating pollution, and integrating sustainable practices into business operations.
- Ensuring the safety and security of production processes and the products themselves, thus safeguarding public health and safety.
- The avoidance of corrupt activities and engagement in any fraudulent acts is fundamental to ethical business practices.
- Employee Contributions: This includes providing social insurance, healthcare, industrial safety, training programs, and support with housing and transportation for employees.
- Consumer Relations: Maintaining transparency and integrity, avoiding deception, ensuring the health safety of products, providing accurate product information and validity, and conducting honest advertising and promotion.

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- **Societal Contributions:** Fulfilling responsibilities toward society involves paying taxes diligently, donating to charitable institutions, providing assistance to the underprivileged, and supporting educational, health, and cultural initiatives, especially during disasters.
- **Environmental Responsibilities:** These include efforts to prevent pollution, mitigate environmental risks associated with production, focus on eco-friendly industries, and invest in waste recycling.

5. The Pyramid of Social Responsibility:

A. Carroll (1989) conceptualized social responsibility as an essential commitment that businesses must uphold towards society. This commitment aims to maximize the positive impacts and minimize the negative effects of organizational activities on society. (El-Kadi, 2010, p. 12)

In 2006, Carroll expanded on this idea, indicating that social responsibility encompasses four pivotal elements: economic, ethical, legal, and philanthropic responsibilities. Within this framework, he constructed a matrix that delineates how each of these elements impacts various beneficiaries within the environment, thus providing a comprehensive guide for organizations striving to fulfill their societal roles effectively. (Mohammed Atef Mohammed Yassin, 2008, p. 31)

Philanthropic Responsibilities:

These encompass voluntary, non-obligatory initiatives that organizations undertake in a humanitarian spirit. Such programs, although not directly tied to the core business objectives, aim to serve the broader public or targeted groups like the elderly and youth. Businesses engage in these activities without the expectation of directly enhancing profits or expanding market share. (Al-Ghali & Idris, 2007, p. 525)

Ethical Responsibilities:

It is a misconception to describe corporate social responsibility (CSR) merely as an alternative to value-based management, often misinterpreted as an ethical crusade devoid of economic objectives. The ethical discourse surrounding CSR has contributed to this confusion.

However, the true purpose of business extends beyond profit generation to include achieving broader, more substantial outcomes. This expanded achievement provides the ethical justification for business operations, positioning profit as a means to a more significant end.

(Hamza, 2015, p. 210)

Legal Responsibilities:

These responsibilities are defined by sets of laws designed to protect society, which businesses are obligated to follow as stipulated by various legislations.

Economic Responsibilities:

These involve the role of business organizations in producing and providing goods and services needed by society at prices that are acceptable to the community, while ensuring the sustainability of the organization itself. (El-Kadi, 2010, p. 12)

6. Social Responsibility in Small and Medium Enterprises (SMEs):

Historically, social responsibility was primarily associated with large enterprises; however, it has now become a focal point for small and medium-sized enterprises (SMEs) as well. Given

the considerable impact SMEs have on society and the environment, addressing social responsibility has emerged as a significant challenge for these businesses. In this context, social responsibility is perceived as an integration of societal and environmental concerns.

(Khababa & Soheib, 2012, p. 05)

Second: Corporate Social Responsibility of Small and Medium Enterprises and Sustainable Development:

A number of studies have explored the relationship between CSR in SMEs and sustainable development, identifying social responsibility as a crucial factor in enhancing and developing organizational capabilities, thereby facilitating sustainable development. Furthermore, CSR is increasingly recognized as vital to fostering social cohesion, alleviating poverty, enhancing operational effectiveness and competitiveness, and pursuing comprehensive, environmentally-friendly solutions.

The intensified focus on social responsibility in recent times can be attributed to several factors:

- Increasing societal pressures alongside the growing size and complexity of business organizations and their interrelationships.
- The notable contributions of large businesses in advancing human and social values.
- The critical importance of gaining societal approval and acceptance for the objectives and practices of business organizations.
- The evolution of human consciousness and self-awareness within communities.
- The heightened emphasis by major universities and research centers on courses that examine the interplay between business and society.
- The enrichment of scientific, theoretical, and applied research in the field of social responsibility.

1. Concept of Sustainable Development:

Sustainable development seeks to establish a growth model that ensures improved living conditions for future generations compared to those of the current generation, by effectively balancing economic, social, and environmental aspects.

1.1 Definition of Sustainable Development:

Sustainable development encompasses several definitions, including:

Sustainable development is characterized as a process that maintains a delicate balance among environmental, economic, and social factors. This balance creates a virtuous circle among these three pillars, making it economically viable, socially equitable, and environmentally sustainable. It aims to respect natural resources and ecosystems, support life on Earth, ensure economic stability, and address social issues such as poverty, unemployment, inequality, and the pursuit of justice. (Bouaziz, 2012, p. 04)

It is also defined as a mode of development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. This definition underscores the importance of preserving resources for future generations in conditions that are as good as, or better than, today. (Ammar, 2008, p. 04)

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The World Bank articulates sustainable development as a process achieved through continuous equity, which involves ensuring that opportunities available to current generations are equally available to future generations. (Al-Nour, 2015, p. 57)

1.2 Dimensions of Sustainable Development:

Sustainable development is structured around three principal dimensions: environmental, social, and economic. These dimensions are often depicted as overlapping circles of equal size, where the intersection at the center represents human well-being. The closer and more complementary these circles are without compromising any dimension, the greater the area of intersection.

Building a sustainable lifestyle necessitates integrating efforts across three key areas: (Al-Heiti & Al-Mahandi, 2008, p. 14)

- A. **Economic Growth and Justice:** The current interconnected global economic systems demand an integrated approach that promotes long-term, responsible economic growth while ensuring inclusivity so that no country or community is left behind.
- B. **Preservation of Natural and Environmental Resources:** To preserve our global environmental heritage and natural resources for future generations, it is crucial to implement sustainable strategies that reduce resource consumption, prevent pollution, and safeguard natural environments.
- C. **Social Development:** Addressing human needs for work, food, education, energy, healthcare, water, and sanitation is essential. Simultaneously, it is vital to respect cultural and social diversity, uphold human rights, and empower all individuals to contribute to shaping their future.

2. Contribution of Social Responsibility to Achieving Sustainable Development:

One of the most important concepts directly linked to sustainable development for an organization is what is known as corporate social responsibility (CSR). The concept of CSR is one of the key concepts discussed when addressing the role of economic institutions in sustainable development, as it is seen by some as the scientific application of sustainable development within the organization.

The concept of sustainable development is closely linked to the concept of corporate social responsibility, through which a break from the traditional concept of the organization is achieved. Traditionally, the goal of an economic institution was solely to maximize profitability for its shareholders.

However, for the economic institution to maintain its survival and growth, it must also work toward achieving other objectives for both internal and external stakeholders in the environment it operates within. Constant and ongoing efforts to achieve these goals result in the assumption of numerous responsibilities by economic institutions. (Bouteiba & Meki, 2016, p. 05)

The concepts of CSR and sustainable development are very closely related. CSR involves integrating social and environmental concerns into business activities, while sustainable development focuses on balancing economic, social, and environmental aspects. If we examine the elements of sustainable development, we find that they are nearly identical to or

overlap with the elements of CSR, and these elements serve as useful tools and standards for organizations adopting CSR. Notable standards include ISO standards and SD 21000.

(Kahwaji & Ben Hassan, 2016, p. 12)

Scientifically, any organization wishing to practice CSR and contribute to achieving sustainable development must achieve the following: (Hamza & Marwa, 2016, p. 14)

- Respect for the environment and the implementation of safety systems in production and products.
- Enriching social dialogue and improving working conditions.
- Respect for human rights.
- Fighting corruption, bribery, and money laundering.
- Commitment and responsibility toward the local community and contribution to local development.
- Engaging in dialogue with stakeholders and consulting them.
- Adopting international standards related to CSR and sustainable development

Table 01: Key Social References and Their Objectives

Reference	Objective
ISO 9001	- Demonstrating the ability to consistently deliver products or services that meet customer requirements. - Increasing customer satisfaction through the effective implementation of the system.
ISO 9004	- Improving overall work performance and capabilities to meet the needs and challenges of customers and other stakeholders.
IS 14001	- Establishing and assessing the effectiveness of measures taken by the organization to define environmental policies and objectives, and ensure compliance.
OHSAS 18001	- Reducing and minimizing risks related to health and safety at work. - Continuous improvement of the management system in place within the organization.
SA 8000	- Demonstrating that the beneficiaries of the organization's policies, processes, and practices align with basic workers' rights.
AA 1000	- Assisting in developing a more effective dialogue with stakeholders. - Helping the organization gather various needs and aspirations to improve management and balance social, economic, and environmental performance.
EFQM	- Striving towards excellence.
SD 21000	- Initiating, organizing, and implementing sustainable development.

Source: Al-Arabi Hamza, Boukdoum Marwa, *Governance as a Mechanism for Activating Corporate Social Responsibility for Small and Medium Enterprises and Achieving Sustainable Development*, Paper presented at

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the 13th International Forum on: The Role of Corporate Social Responsibility in Strengthening Development Strategies for Small and Medium Enterprises, University of Chlef, November 14-15, 2016, p. 14.

Third: Corporate Social Responsibility of Small and Medium Enterprises in Algeria and Sustainable Development

1. Reality of Small and Medium Enterprises in Algeria:

The evolution of Algeria's economic policy during the last decade of the 20th century marked a significant transformation, particularly within the national economy's structure. This period saw a concerted effort by the government to support and promote the growth of small and medium enterprises (SMEs), spurred by past challenges in organizing and managing enterprises.

This push aligned with the structural adjustment program initiated with the International Monetary Fund in 1994. Following these changes, the landscape for SMEs in Algeria saw remarkable growth, evidenced by the increase from 26,212 enterprises in 1994 to approximately 312,959 by 2004. This surge was largely fueled by the Central Bank's expansionary credit policy, which, beginning in 2001, featured reduced interest rates on loans aimed at stimulating this vital sector.

The following data illustrates the development of the SME sector in Algeria from 2005 to 2015:

Table 02: Development of Small and Medium Enterprises in Algeria from 2005 to 2015

Year	Number of SMEs
2005	788,342
2006	376,767
2007	410,959
2008	519,526
2009	570,838
2010	607,297
2011	659,309
2012	711,832
2013	747,934
2014	852,053
2015	1,014,075

Source: Ministry of Industry and Mines, Statistical Information Bulletins of SMEs: No. 18, 19, 20, 21, 23, 26.

Third: Corporate Social Responsibility of Small and Medium Enterprises in Algeria and Sustainable Development

1. Reality of Small and Medium Enterprises in Algeria:

The transformation witnessed in Algeria's economic policy starting from the last decade of the 20th century led to significant changes, particularly in the structures of the national economy. In light of unsuccessful experiences in organizing and managing enterprises, the government provided extensive support to foster the growth and promotion of small and medium enterprises (SMEs).

This support coincided with the implementation of a structural adjustment program agreed upon with the International Monetary Fund in 1994. Subsequently, the number of small and medium enterprises in Algeria began to increase steadily; from 26,212 enterprises in 1994, the number doubled to approximately 312,959 enterprises by 2004. This growth was the result of the Central Bank's expansionary credit policy, which included reducing interest rates on loans provided to this sector starting in 2001 as part of a strategy to encourage this sector.

(Khaled, 2015, pp. 21-22)

The following table illustrates the development of the number of small and medium enterprises in Algeria during the period 2005-2015:

Table No. 02: Development of Small and Medium Enterprises in Algeria from 2005 to 2015

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of SMEs	788,342	376,767	410,959	519,526	570,838	607,297	659,309	711,832	747,934	852,053	1,014,075

Source: Ministry of Industry and Mines, Statistical Information Bulletins of SMEs: No. 18, 19, 20, 21, 23, 26.

From the table above, it is evident that small and medium enterprises in Algeria experienced significant growth during the period from 2005 to 2015. The number of these enterprises rose from 788,342 in 2005 to 1,014,075 in 2015. This growth is attributed to Algeria's adoption of a policy to upgrade small and medium enterprises, as well as implementing various programs and policies supporting such projects and enterprises.

Table 03: Evolution of the Total SME Population (S1/2016 and S1/2017)

Total SME population	S1/2016	S1/2017	Evolution (%)
	1,014,075	1,060,289	4.56
Private SMEs (legal entities)	577,386	596,074	3.24

Source: Bulletin of Statistical Information of SMEs; Ministry of Industry; Data from the first half of 2017; November 2017; N31; p13.

From the table above, it can be observed that the growth of the SME population between the first half of 2016 and the first half of 2017 was 4.56%, across all legal sectors, representing a net total increase of +46,214 SMEs. For private legal entity SMEs, the evolution was 3.24%.

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Table 04: Evolution of the Total SME Population (S1/2017 and S1/2018)

	S1/2017	S1/2018	Evolution (%)
Total SME population	1,060,289	1,093,170	3.10
Private SMEs (legal entities)	596,074	628,219	5.39

Source: Bulletin of Statistical Information of SMEs; Ministry of Industry; Data from the first half of 2018; November 2018; N33; p12.

In the previous table, it is noted that the growth of the SME population between the first half of 2017 and the first half of 2018 was 3.10%, across all legal sectors, representing a net total increase of +32,881 SMEs. For private legal entity SMEs, the growth was 5.39%.

Table 05: Evolution of the Total SME Population (S1/2018 and S1/2019)

	S1/2018	S1/2019	Evolution (%)
Total SME population	1,093,170	1,171,945	7.2
Private SMEs (legal entities)	628,219	659,573	5.0

Source: Bulletin of Statistical Information of SMEs; Ministry of Industry; Data from the first half of 2019; November 2019; N35; p13.

The previous table reveals that the SME population grew by 7.2% between the first half of 2018 and the first half of 2019, reflecting a net increase of +78,775 SMEs. For private legal entity SMEs, this evolution was 5%.

Table 06: Evolution of the Total SME Population (S1/2019 and S1/2020)

	S1/2019	S1/2020	Evolution (%)
Total SME population	1,171,945	1,209,491	3.20
Private SMEs (legal entities)	659,573	678,057	2.80

Source: Bulletin of Statistical Information of SMEs; Ministry of Industry; Data from the first half of 2020; November 2020; N37; p14.

What is noticeable in the previous table is that the evolution of the SME population between the first half of 2019 and the first half of 2020 was 3.2% across all legal sectors, representing a net total increase of +37,546 SMEs. For private legal entity SMEs, this growth was 2.8%.

Table 07: Evolution of the Total SME Population (S1/2020 and S1/2021)

	S1/2020	S1/2021	Evolution (%)
Total SME population	1,209,491	1,267,220	4.8
Private SMEs (legal entities)	678,057	709,571	4.6

Source: Bulletin of Statistical Information of SMEs; Ministry of Industry; 2021 Data; N39; p13.

What stands out in the previous table is that the evolution of the SME population between the first half of 2020 and the first half of 2021 was 4.8% across all legal sectors, representing a net total increase of +57,729 SMEs. For private legal entity SMEs, this growth was 4.6%.

Table 08: Evolution of the Total SME Population (S1/2021 and S1/2022)

	S1/2021	S1/2022	Evolution (%)
Total SME population	1,267,220	1,320,664	4.22
Private SMEs (legal entities)	709,571	742,089	4.58

Source: Bulletin of Statistical Information of SMEs; Ministry of Industry; 2022 Data; October 2022; N41; p13. What can be observed in the previous table is that the evolution of the SME population between the first half of 2021 and the first half of 2022 was 4.22% across all legal sectors, representing a net total increase of +53,444 SMEs. For private legal entity SMEs, this growth was 4.58%.

Overall, the evolution of the SME population between 2021 and 2022 was 5.71% across all legal sectors, representing a net total increase of 73,438 SMEs.

Table 09: Evolution of SMEs (2021-2022)

	S1/2021	S1/2022	Evolution (%)
Total SME population	1,267,220	1,320,664	4.22
Private SMEs (legal entities)	709,571	742,089	4.58

Source: Bulletin of Statistical Information of SMEs; Ministry of Industry; 2022 Data; N42; November 2022; p13.

Evolution of SMEs by Sector

The sectors with the highest creation of enterprises between 2021 and 2022 remain the services sector with 51.74%, representing 703,499 SMEs. The second-highest sector is the craft activities sector with 23.83% and the third highest is the construction sector (BTPH), which represents nearly 15.04% of the total SMEs.

Industrial SMEs are in fourth place, with 115,992 entities at the end of 2021, compared to 109,991 entities at the end of 2021, marking a 3.65% increase.

Table 10: Evolution of SMEs by Sector of Activity (2021-2022)

Sectors of Activity	2021	Share (%)	2022	Share (%)	Growth (%)
I - Agriculture	8,010	0.62	8,404	0.62	4.92
II - Hydrocarbons, Energy, Mines, and Related Services	3,243	0.25	3,371	0.25	3.95
III - BTPH (Building, Public Works, and Hydraulics)	199,331	15.50	204,452	15.04	2.57

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IV - Manufacturing Industries	109,991	8.55	115,992	8.53	5.46
V - Services	662,185	51.48	703,499	51.74	6.24
VI - Handicraft Activities	303,605	23.60	324,085	23.83	6.75
Total	1,286,365	100.00	1,359,803	100.00	5.71

Source: Bulletin of Statistical Information of SMEs; Ministry of Industry; 2022 Data; N42; November 2022; p13.

Among the most significant supporting programs, bodies, and policies for such projects and enterprises, we find the following: (Kamel & Bilal, 2016, pp. 05-06)

- Guarantee Fund for Small and Medium Enterprise Investment Loans (CGCI)
- Leasing finance.
- National Investment Development Agency (ANDI)
- Guarantee Fund for Small and Medium Enterprises (FGAR)
- Loan Guarantee Program (MEDA)
- National Agency for Support and Employment of Youth (ANSEJ)

2. Objectives of Small and Medium Enterprises in Algeria:

The main objectives behind the establishment of small and medium enterprises in Algeria include: (Khababa, 2012, p. 18)

- Promoting individual and collective entrepreneurial spirit through economic activities, either product-based or service-based, that did not exist before, as well as revitalizing activities that were abandoned for various reasons. Small and medium enterprises have contributed to absorbing a portion of unemployment, with around 2,371,020 jobs created in 2015.
- Contributing to national output growth, diversifying the export structure, and reducing unemployment rates.
- Acting as a link in the economic fabric through the relationships, they maintain with surrounding institutions, interacting with them and sharing the use of the same inputs.
- Serving as a means of integrating the informal and family sectors.
- Representing a potential and actual source of competition for larger enterprises, thereby limiting their ability to control prices.
- Creating a comprehensive industrial structure capable of attracting both local and foreign investments.
- Serving as an effective tool for localizing activities in developing regions, thus becoming a crucial means for promoting and enhancing local wealth and a tool for regional integration and cohesion.

Third: Corporate Social Responsibility of Small and Medium Enterprises in Algeria and Sustainable Development:

Corporate social responsibility (CSR) in Algerian enterprises illustrates the intricate connections among the business community, various social groups, and the environment. It involves both the private and public sectors, with the role of the state proving essential for small and medium-sized enterprises (SMEs).

For these businesses, embracing CSR is a strategic opportunity to improve their performance and significantly contribute to sustainable development in Algeria. This contribution is manifested in various ways, including creating job opportunities, reducing poverty, enhancing quality of life, addressing regional development disparities, and promoting efficient resource utilization. Notably, leaders within Algeria's private sector possess a robust understanding of CSR's importance, recognizing its benefits not just for their enterprises but also for society at large. (Dehkal, 2016, p. 1)

Algeria has actively participated in early United Nations conferences on environmental and sustainable development. Like its North African counterparts, the country faces severe environmental challenges such as climate change, biodiversity loss, and desertification, all of which threaten sustainable development. Addressing these challenges necessitates coordinated efforts at both national and regional levels to safeguard the environment, combat poverty, preserve natural heritage, enhance governance, and restructure the economy.

To meet these development goals, Algeria has woven sustainability into its national development strategies using various planning tools. These tools aim to maintain a balance between economic growth, social advancement, and responsible resource management.

The Algerian government's commitment to effective natural resource management is evident in its enhanced legislative and institutional frameworks, which include programs focused on environmental education, soil protection, and biodiversity preservation. These initiatives are integrated into a holistic approach that considers economic, social, and environmental factors.

(Mourad, 2017, p. 14)

1 - Key Characteristics of CSR in Algeria

Corporate Social Responsibility (CSR) in Algeria, when assessed against international norms and benchmarks, remains in its early stages of development. From this fundamental understanding, the following distinctive features of CSR in Algeria can be outlined:

- In Algeria, there is a significant state involvement in social and environmental protection. This involvement often involves delegating responsibilities to public economic enterprises, which are crucial for ensuring job sustainability, the availability of subsidized products, protection of workers' social rights, and provision of financial aid. Therefore, the predominant form of CSR in Algeria is implicit, where CSR activities are embedded in the operations of state-run enterprises rather than being explicitly outlined as CSR initiatives.
- The practice of explicit CSR, adhering to internationally recognized practices and standards, is confined to a handful of large public and private enterprises. These

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entities typically implement management systems that achieve certifications in economic, environmental, and social domains, showcasing a structured approach to CSR.

- Small and Medium Enterprises (SMEs) in Algeria tend to pay limited attention to social and environmental responsibilities. This oversight is largely attributed to the absence of adequate structures to address these challenges effectively. Nevertheless, these enterprises often engage in responsible management practices informally, rather than adopting formal CSR measures.
- The adoption of CSR practices among Algerian companies is often driven more by the need to comply with local laws and regulations set by public authorities than by voluntary, self-motivated efforts. This regulatory compliance shapes the CSR landscape, influencing how companies implement CSR strategies.
- There is a notable deficiency in systematic support from public authorities for companies regarding the implementation of CSR principles.

This lack of support hampers the effective integration of CSR into the core strategies of companies, particularly those outside the sphere of large public enterprises.

2 - Mechanisms for Activating Corporate Social Responsibility for Small Enterprises to Achieve Sustainable Development in Algeria:

Several mechanisms have been proposed to enhance the role of corporate social responsibility (CSR) in fostering sustainable development, particularly among small enterprises. These include:

The recognition that CSR is not merely a policy but a culture nurtured by institutions of social awareness such as educational bodies, the media, and cultural organizations is crucial. The responsibility of embedding CSR deeply within the policies and mechanisms of various sectors, both public and private, is paramount. This enables individuals within these sectors to genuinely engage in their roles toward social responsibility. Moreover, the effectiveness of these institutions hinges not only on their individual efforts but also on their ability to collaborate within the wider societal responsibility system. This collaboration underscores that CSR is a shared responsibility across the public, private, and non-profit sectors, each contributing uniquely and complementarily according to their areas of expertise.

There is also a pressing need to establish a CSR compliance award. Such an award would recognize and incentivize enterprises across diverse fields—including human rights, environmental sustainability, and governance—encouraging them to persist in their commitment to sustainable development.

Furthermore, the development of a more agile administrative framework within the public sector is essential to circumvent prolonged procedures and reduce complexities, thereby facilitating a more efficient implementation of CSR initiatives.

On the educational front, it is imperative to implement training programs for the youth as part of CSR initiatives spearheaded by various sectors. Many such programs are already in place,

initiated by both corporations and governmental bodies. However, it is crucial that these programs are executed according to stringent criteria and high standards set by the relevant authorities.

This approach not only aids in skill development and talent discovery but also ensures that these talents are effectively harnessed. Additionally, it is vital for participants to undergo comprehensive evaluations upon completion of these programs to assess their progress and the skills they have acquired. Such evaluations should be conducted by independent and certified bodies to ensure objectivity and credibility.

Conclusion:

Drawing from the discussion above, several conclusions can be established:

- Corporate social responsibility is a critical step toward devising a successful strategy for organizations. The adoption of CSR practices not only ensures the continuity and sustainability of these organizations but also secures a significant competitive advantage, thereby reinforcing their market leadership.
- Small and medium enterprises (SMEs) exhibit unique characteristics that influence their approach to CSR. These enterprises tend to prioritize simplifying financial, administrative, and accounting procedures and place a high value on strong personal communications among employees.
- Moreover, SMEs necessitate specialized evaluation tools that are tailored to their size and capabilities, enabling them to assess and enhance their social and environmental engagements effectively.
- The concept of CSR is intricately linked to that of sustainable development and is regarded as a pivotal theme in discussions concerning the role of economic institutions in sustainable development. This aspect of CSR is often viewed as the scientific application of sustainable development principles within organizational contexts.
- Despite the relative novelty of Algeria's experience with SMEs, especially when compared to more developed countries, significant strides are being made towards embedding CSR into the national fabric to propel sustainable development forward.

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