



Perception Divergence and Institutional Dissonance: A Qualitative Assessment of Support Mechanisms for SMEs in the Algerian Entrepreneurial Ecosystem

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Abstract

This article analyses the perceived performance of public support mechanisms for small and medium-sized enterprises (SMEs) in Algeria. Despite a significant institutional arsenal, the literature lacks qualitative assessments focused on the alignment between supply policies and needs on the ground. The study adopts a qualitative exploratory approach conducted with fifteen beneficiary entrepreneurs and ten institutional managers. The results highlight an institutional dissonance marked by a significant gap in perception between the two groups. Entrepreneurs point to administrative rigidity, lack of post-financing follow-up and opacity in inter-institutional coordination. On a theoretical level, this research enriches the literature on institutional entrepreneurship by identifying weaknesses in institutional quality that hinder the sustainability of SMEs in the Algerian ecosystem. It concludes that systemic effectiveness requires a shift from a logic of bureaucratic compliance to an adaptive and participatory governance approach, which is essential for transforming these mechanisms into sustainable levers for development.

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1. INTRODUCTION

Small and medium-sized enterprises (SMEs) are universally recognised as key drivers of economic development, job creation and productive diversification, particularly in emerging economies. In Algeria, they form the backbone of the economy, representing more than 97% of the productive fabric, contributing to around 60% of non-hydrocarbon value added and employing more than 2.5 million people (ONS, 2023). Given this socio-economic weight, support for SMEs has become a strategic priority for national public policies.

Since the early 2000s, Algeria has deployed a significant institutional arsenal to stimulate entrepreneurship, with organizations and various support centres. These mechanisms aim to facilitate access to finance, simplify business creation and promote professional integration.

However, despite the scale of investment and the multitude of programmes, their overall effectiveness and impact on business sustainability remain a subject of academic and public debate. Studies (Boutaleb, 2017, p.17; Bourdin et al, 2023, p.217) highlight systemic weaknesses: bureaucratic red tape, opaque procedures and, above all, a persistent mismatch between the support offered and the real challenges faced by entrepreneurs (OCDE, 2021).

Our research is part of this critical evaluation perspective. While the literature on Algerian SMEs tends to focus on macroeconomic assessments or quantitative analysis of survival rates, it sorely lacks an in-depth qualitative analysis of institutional mechanisms and their perceived performance (Urbano et al., 2016, p.16). Our central hypothesis is that the success of support policies lies not only in their existence, but also in the alignment between the logic of institutional design and the experience of beneficiaries. The divergence in perception between managers (vision of ‘policy applied’) and entrepreneurs (vision of ‘policy experienced’) is a sign of institutional dissonance within the entrepreneurial ecosystem. It is precisely this perceptual gap that this qualitative study aims to explore.

Research question: How does the gap in perception between beneficiary entrepreneurs and institutional managers regarding the performance and relevance of public support mechanisms reveal the structural weaknesses of the Algerian entrepreneurial ecosystem?

To answer this question, this qualitative research aims to understand and analyse the perceptions of both groups of actors in a cross-sectional manner. It draws on the theoretical framework of public policy evaluation (Patton, 2014; Howlett & Ramesh, 2020) and the institutional entrepreneurship approach (North, 1990; Stam & Van de Ven, 2021), which considers that formal rules and cultural constraints of bureaucracy shape entrepreneurial action.

Thus, two research hypotheses guide this work:

H1: The perceived effectiveness of SME support mechanisms differs significantly between beneficiary entrepreneurs and institutional managers, reflecting institutional dissonance.

H2: The perception gap is mainly explained by the institutional obstacles perceived by entrepreneurs – notably administrative burdens, lack of post-creation follow-up and opaque financing – which limit the impact of the schemes on the sustainability and innovation of their businesses.

By offering a critical analysis of support mechanisms through the lens of perceived performance, this study contributes to the literature on entrepreneurial ecosystems in the MENA region. It also provides targeted operational recommendations aimed at transforming support mechanisms into more agile instruments that are better aligned with market needs.

2. Theoretical Framework and Literature Review

This section aims to establish the theoretical and conceptual foundations that frame the analysis of the perceived performance of support mechanisms. We will begin by justifying the strategic role of SMEs in Algeria's economic diversification. We will then analyse the institutional architecture of public support mechanisms and their recurring limitations. Finally, we will methodologically anchor our research in the frameworks of public policy evaluation and institutional theory in order to rigorously define the concept of institutional dissonance, which is at the heart of our problem.

2.1 SMEs: a strategic pillar for economic development

SMEs play a vital role in contemporary economies, both in terms of job creation and their contribution to innovation and inclusive growth. According to the OECD (2021), SMEs account for an average of 99% of businesses in emerging countries and contribute to more than 60% of formal employment. SMEs are particularly important in economies dependent on natural resources, where they form the basis for post-oil economic diversification (Djidjik, 2024, p.6)

In Algeria, this dynamic is fundamental, particularly in promising sectors (agri-food, services, crafts). However, their development remains hampered by several structural constraints typical of emerging environments: limited access to finance, regulatory instability, weak innovation capacity and gaps in managerial culture (Djidjik, 2024, p.28). These challenges justify the establishment of a supportive institutional architecture aimed at securing development of SMEs and, ultimately, reducing dependence on rent. The effectiveness of this architecture is the premise of our analysis.

2.2 Public support mechanisms: rationale, actors and limitations

Since the 2000s, the Algerian government has implemented a range of public support mechanisms (NESDA, CNAC, ANGEM, FGAR, facilitation centres, etc.), which operate to respond specific rationales (financing, bank guarantees, microcredit, support).

Despite their multiplicity, the results remain mixed. Academic literature (Bouderbala et al., 2025; Salaouatchi et al., 2021) and reports from international organisations (OECD, 2021) highlight recurring structural weaknesses: bureaucratic red tape, lack of coordination and, critically, a perceived mismatch between the services offered and the real needs of entrepreneurs.

Recent reforms aimed at improving transparency and efficiency (such as the reorganisation of ANSEJ into NESDA) demonstrate recognition of these shortcomings. Nevertheless, the real impact of these adjustments on the sustainability of the businesses created remains largely uncertain. This is why a qualitative assessment, focused on the dichotomy of perceptions between institutional actors and entrepreneurs, is essential to diagnose systemic failures.

2.3. Conceptual frameworks for performance evaluation and institutional dissonance

The evaluation of public policies must be based on two major theoretical approaches: Public Policy Evaluation Theory and the Institutional Approach to Entrepreneurship.

a. Public Policy Evaluation: Relevance and Perceived Performance

According to Patton (2014) and Howlett and Ramesh (2020), evaluation is a process of judging the relevance, effectiveness and sustainability of a public intervention. For support policies, it is crucial to go beyond simple quantitative measures (creation rates, amounts invested) to incorporate perceived performance. This qualitative approach seeks to understand the unintended effects and underlying mechanisms that explain success or failure (Patton, 2014).

From this perspective, beneficiary satisfaction and perceptions of relevance are key indicators that are often overlooked in official evaluations. The gap between the government's ex ante objectives (the 'institutional logic') and the entrepreneur's ex post experience (the 'entrepreneurial logic') reveals implementation frictions.

b. Institutional Entrepreneurship and Dissonance

Urbano et al. (2016), Webb et al. (2020), and Rakib et al. (2021) emphasize that entrepreneurial performance is directly linked to the quality of institutions (stability, transparency, low bureaucracy). Thus, when support institutions are perceived as ineffective or overly complex, they create institutional dissonance (Stam, 2017): a misalignment between the objectives prescribed by institutions and their actual functioning. In the Algerian context, this dissonance manifests as a perception gap between managers (who apply the formal rules) and entrepreneurs (who experience the rules in practice), thereby justifying our first hypothesis (H1).

c. Analysis through the Entrepreneurial Ecosystem

The concept of the entrepreneurial ecosystem (Isenberg, 2011, p.07) ; Stam, 2017) is the ideal tool for analysing this dissonance. It considers public policies to be the political/institutional pillar) that must interact harmoniously with other pillars (culture, finance, human capital).

The assessment of the ecosystem focuses not only on the existence of policies, but also on their consistency and coordination with the needs of SMEs. Mazzucato (2013) emphasises that effective support systems are those that succeed in reducing transaction costs for entrepreneurs. The qualitative study of the perception gap thus becomes a means of diagnosing the friction points in the Algerian ecosystem, with a view to proposing systemic improvements, justifying the scientific objective of this research.

2.4. Summary of the Theoretical Framework

The analysis of institutional dissonance through the divergence of perceptions between key actors (institutional leaders and entrepreneurs) is at the heart of our contribution. It aims to go beyond descriptive observations to offer a critical and conceptually grounded interpretation of the performance crisis of SME support mechanisms in Algeria.

3. Methods and Materials

This section details the methodological approach adopted to address the research question. We begin by justifying the choice of a qualitative exploratory approach, which is essential for understanding institutional dissonance. We then describe the sample, the sampling strategy, the data collection tools (semi-structured interviews), and the thematic analysis method used, while addressing the scientific rigour measures and limitations of the study.

3.1 Methodological approach and choice of methodology

This research adopts a qualitative, exploratory and comprehensive approach. This methodological choice is dictated by the objective of gaining an in-depth understanding of the divergence of perception (or ‘institutional dissonance’) between key players (entrepreneurs and institutional leaders) regarding the performance of public support mechanisms for SMEs.

The qualitative approach is preferred because it allows us to go beyond quantitative performance indicators (creation rates, turnover) to focus on the underlying mechanisms, rationales for action and dysfunctions that characterise a complex institutional ecosystem such as that of Algeria (Miles et al., 2014). The complexity of inter-institutional relations and the subjective nature of entrepreneurial satisfaction require an interpretative approach (Paillé & Mucchielli, 2021).

The study aims to understand how actors define, perceive and explain the performance or non-performance of the support system, thereby allowing themes of dissonance to emerge rather than simply verifying predefined criteria.

3.2 Sample, sampling strategy and field of study

The field of study was limited to the wilayas of Algiers, Blida, Boumerdès and Tipaza. This choice is justified by their status as major economic and university hubs, ensuring the presence of a significant density of SMEs and all state support structures (NESDA, CNAC, FGAR, etc.).

The sampling is reasoned (non-probabilistic) in nature, aiming to maximise variation and richness of information, in accordance with the requirements of qualitative research (Paillé & Mucchielli, 2021). It was designed to structure the comparative analysis (the core of the research):

Table N°1. Sample and Selection Criteria for Qualitative Analysis

Category	Number (N)	Selection Criteria	Objective in the Analysis
Beneficiary Entrepreneurs	15	Sector diversity (industry, services, crafts); maturity (2 to 10 years in business); origin of experience and the scheme (NESDA, ANGEM, CNAC, etc.)	Understand the entrepreneurial logic.
Institutional Managers	10	Decision-making/management positions within the target schemes; Experience in support or evaluation.	To understand the institutional logic and official perception.

Source: compiled by us from data from the qualitative study on public support mechanisms for SMEs in Algeria.

The total sample size (N=25) is considered adequate for a qualitative study aiming to achieve thematic saturation (or data saturation), i.e. the point at which new interviews no longer yield substantial new themes or information (Fusch & Ness, 2015).

All interviews were conducted over a six-month period, from January 2025 to June 2025. This duration was deemed necessary and sufficient to ensure the logistics of cross-interviews and, above all, to guarantee the achievement of thematic saturation, thus validating the richness and comprehensiveness of the data collected on institutional dissonance.

3.2.1 Description of the Sample and Data Collected

In the context of this study, it is essential to present the characteristics of the sample in order to better understand the context and diversity of the participants. The sample consists of fifteen entrepreneurs and ten institutional managers, selected for their experience and involvement in public support mechanisms for SMEs.

Table 2. Descriptive Characteristics of the Sample

Caractéristique	Entrepreneurs (N=15)	Managers (N=10)
Sector of Activity (E)	Services (40%), Light Industry (33%), ICT (27%)	--
Average Duration (E)	Project 3.8 years (confirms maturity)	post-start-up --
Average Experience (M)	--	12 years (confirms institutional expertise)
Wilayas Represented	4 Wilayas (Algiers, Blida, Boumerdès, Tipaza)	4 Wilayas (confirming the regional approach)

Source: compiled by us

The table above summarises the key characteristics of the sample, providing the transparency necessary to validate the qualitative method. The data collected reflects not only the variety of sectors represented, but also the age of the projects and the experience of those in charge, which contributes to the richness of the analyses that follow.

a. Relevance and Maturity of the Sample

The sample is relevant for analysing perceived post-funding performance. The average age of entrepreneurial projects (3.8 years) is significant, as it exceeds the initial start-up period when the ‘boost’ effect of the scheme is at its maximum. This maturity makes it possible to assess the impact of the schemes on sustainability and medium-term growth (Theme 4), reinforcing the external validity of our findings on the support deficit.

b. Sectoral and geographical representativeness

The distribution of entrepreneurs across the services (40%) and light industry (33%) sectors is consistent with the national economic diversification strategy. The presence of ICT (27%) ensures that the sample includes innovative activities that are often impacted by the lack of flexibility of the mechanisms (Theme 3). In addition, the coverage of four wilayas (Algiers, Blida, Boumerdès, Tipaza) in the centre of the country ensures that the dissonance observed is not a phenomenon purely localised to the capital.

c. Credibility of Institutional Managers

The managers interviewed have an average of 12 years' experience in institutions, with a majority of senior executives (60%). Their expertise lends high institutional credibility to their testimonies (Themes 1 and 2), transforming their verbatim comments on the lack of coordination or staff into a structural diagnosis rather than a simple individual opinion. The cross-referencing of these experienced profiles (officials) with beneficiaries (entrepreneurs) forms the very basis of the analysis of the divergence in perception that leads to institutional dissonance.

In conclusion, the characteristics of the sample support the qualitative approach and justify the generalisation of dissonance mechanisms beyond individual cases.

3.3. Data collection tools and techniques

Primary data were collected through semi-structured interviews, which were chosen for their ability to balance a thematic framework defined by the literature review with the freedom to allow unexpected themes related to dissonance to emerge (Kvale & Brinkmann, 2009). The average duration of the interviews was 45 to 60 minutes, conducted in person or by videoconference.

The rigorously structured interview guide was designed to directly explore potential sources of perception divergence:

- Access and Relationship to the Scheme (factor of administrative burden/bureaucracy).
- Post-Creation Support and Follow-up (factor of relevance and quality of support).
- Perceived results (subjective measurement of performance, sustainability and employment).
- Constraints and recommendations (identification of specific institutional obstacles and unmet expectations).

All interviews were recorded with the informed consent of the participants and transcribed in full to enable in-depth textual analysis.

3.4. Data analysis method

The transcribed data were subjected to inductive and deductive thematic analysis based on the six phases described by Braun and Clarke (2006).

The use of software Nvivo 14 was essential in facilitating cross-coding and systematic comparison of the themes identified among entrepreneurs (entrepreneurial logic) and institutional managers

(public logic), with the aim of highlighting the divergent cores of meaning that characterise institutional dissonance.

3.5. Scientific rigour and limitations

In order to ensure scientific rigour and the credibility of the results (Lincoln & Guba, 1985), the following procedures were implemented:

- **Data triangulation:** Combining interviews with an examination of official documentation (institutional reports, legal texts) and public statistics to contextualise the discourse.
- **Member Checking:** Interview summaries and key interpretations were submitted to a selection of participants to ensure that the themes identified accurately reflected their perceptions.
- **Audit Trail/Traceability:** A research log was kept to document methodological decisions and ensure transparency in the coding process.

The main limitation of the approach lies in the fact that the results cannot be generalised to the whole of Algeria. Nevertheless, the analytical depth and rigour of the qualitative methodology are sufficient to provide a detailed understanding of the institutional mechanisms and the perceptions that underpin them, which is the main expected contribution.

3.6. Results and discussion :

This section presents the results of the qualitative analysis of interviews conducted with entrepreneurs and institutional managers. The thematic analysis identified four major themes that structure perceptions of public support mechanisms and confirm the significant divergence between supply and demand. These results provide empirical evidence of institutional dissonance and serve as the basis for validating our research hypotheses (H1 and H2).

Analysis of the cross-interviews revealed four main themes that structure perceptions of the effectiveness of the mechanisms. Each theme reveals institutional dissonance marked by the gap between the logic of supply (institutions) and the logic of need (entrepreneurs).

3.6.1. Illustrative case studies: The consequences of dissonance

The use of illustrative case studies helps to embody the mechanisms of institutional dissonance and show its consequences on the actors' trajectories. These three emblematic cases crystallise the main fractures in the ecosystem.

a. The Case of the Entrepreneur, E-09: The Trap of Normative Isomorphism

This entrepreneur is a young man based in Blida who obtained public funding to start a light manufacturing workshop. His project was innovative, but the rigidity of the support system forced him to direct his investment towards the acquisition of industrial machinery that was costly and oversized for his actual needs.

The institutional requirement to secure the loan with physical assets (capital goods) prevented him from releasing funds for intangible capital (software, targeted marketing campaigns), which was

essential to his competitiveness. His testimony illustrates how the strict application of rules (bureaucratic compliance) led to Normative Dissonance (Theme 3), prioritising the security of the bank loan over the economic efficiency of the project. Although financed, his project is facing cash flow problems and its sustainability is threatened due to a lack of strategic adaptation.

b. The Case of the Entrepreneur, E-14: Resilience through Institutions Cultural constraints of bureaucracy

This entrepreneur heads a digital services SME in Algiers. He encountered repeated obstacles at the final administrative stage of his application, despite the technical compliance of his business plan. He speaks of his exhaustion: 'I lost three months because of a document that was not the right one. The civil servant would only accept the paper format, and I had the digital format'.

The entrepreneur finally got his application unblocked, not through formal channels, but by activating his personal network (a former classmate working in another administration). His case is direct proof that the performance of the Algerian ecosystem still too often relies on institutions with high administrative rigidity (North, 1990) – influence and networks – rather than on the transparency and efficiency of regulatory procedures (Theme 1). His success is therefore a matter of individual resilience rather than systemic success.

c. The Case of the Manager, R-07: The Dilemma of Competence Dissonance

Mr R-07, a manager in a support system, embodies Competence Dissonance within the institution itself. He is aware of the lack of post-funding follow-up (Theme 2) but finds himself trapped by resource constraints:

V. Manager (R-07): "We have 500 cases in progress for two advisers. It is mathematically impossible to provide effective mentoring. The pressure of the numbers forces us to prioritise the processing of new applications".

His testimony reveals that the failure of support is not linked to a lack of goodwill, but to a problem of structural capacity and resource allocation. The institutional system, constrained by its own budgetary and human limitations, is unable to transform its role from that of a financier to that of a facilitator of growth, illustrating the divergence between its strategic role (its mission) and its operational capacity (the means.)

Analysis of the three emblematic cases confirms that the perceived low effectiveness of Algerian public mechanisms is the result of deeply rooted institutional dissonance, acting as a bottleneck.

Their combined testimonies reveal a triple divide:

1. Normative Divide (Case E-09): The rigidity of formal institutions (e.g., the obligation to purchase physical assets) forces entrepreneurs to conform to a logic of bureaucratic security, to the detriment of innovation and real economic efficiency. Procedure takes precedence over the project.
2. Functional Divide (Case E-14): The dysfunction and opacity of institutions with high administrative rigidity (slow bureaucracy, lack of transparency) force entrepreneurs to circumvent the system by mobilising their personal networks, proving that transaction costs are reduced by influence, not institutional efficiency.
3. Competence Divide (Case R-07): The institutional system suffers from a structural capacity deficit (lack of qualified personnel for monitoring), creating a dissonance between the strategic

mission of supporting sustainability and the operational reality of simply managing the allocation of funds.

In conclusion to this section on results, the illustrative cases provide empirical evidence that institutional dissonance is the main cause of the perception gap between entrepreneurs and officials. It is a manifestation of the weaknesses of Algeria's highly rigid administrative institutions, which limit the impact of support policies to the start-up phase alone.

3.6.2. Presentation of Key Themes of Perceived Dissonance

Cross-thematic analysis of the interviews revealed four main themes, all of which point to a significant gap between institutional supply logic and entrepreneurial demand logic, thus confirming our hypothesis H1 of a divergence in perception.

Table 3. Results of the thematic analysis of the interviews

Emerging Theme	Entrepreneurial Logic (Lived Perception)	Institutional Logic (Official Explanation)	Key Institutional Dissonance	Nature of Analyzed Dissonance
1. Accessibility	"Administrative Complexity and Opacity" (difficulty identifying the right channel)	"Inter-institutional Coordination Issues" (lack of communication between agencies)	Opacity of Formal Rules	Functional Dissonance: Access acts as an obstacle rather than a facilitator.
2. Support & Guidance	"Post-Funding Abandonment" (lack of qualified follow-up)	"Human Resource Constraints" (too many cases for too few advisors)	Resource Allocation Deficit	Competence Dissonance: The system funds creation but cannot ensure sustainability.
3. Mismatch of Services	"Standardization of Aid" (standardized services not adapted to specific sectors)	"Necessity of Regulatory Uniformity" (managing risks of unequal treatment)	Rigidity vs. Adaptation	Normative Dissonance: Bureaucratic compliance takes precedence over economic efficiency.
4. Impact on Sustainability	"Inception without Security" (does not guarantee long-term survival)	"Ongoing Digitalization Efforts" (structural issue requiring time)	Temporal Gap (Short vs. Long Term)	Temporal Dissonance: Incompatibility between evaluation horizons and survival horizons.

Source: compiled by us based on thematic analysis of interviews.

Analysis of the table reveals significant institutional dissonances that impact the entrepreneurial logic perceived by stakeholders and the institutional logic as officially explained. These discrepancies are evident in several emerging themes, highlighting the challenges faced by entrepreneurs, particularly in terms of accessibility, support, suitability of services and sustainability, and by institutions in implementing their objectives. We can explain this as follows:

3.6.3. *Thematic Summary of Cross-Perceptions*

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Theme 1: Limited Accessibility and Transaction Costs

This theme demonstrates that the complexity of institutional procedures generates high transaction costs (North, 1990) for entrepreneurs. Opacity and fragmentation are the main perceived obstacles, making access a real struggle.

The majority of entrepreneurs surveyed highlight difficulties in accessing schemes, mainly due to administrative complexity and a lack of clear information. The absence of a one-stop shop forces entrepreneurs to navigate between agencies, wasting time and resources.

V. Entrepreneur (E-05, Blida): "We don't really know where to go or who to talk to. Each organisation gives a different version. Word of mouth replaces the official website."

V. Entrepreneur (E-15, Algiers): 'The real challenge is not finding the idea or the market, it's surviving the administration. The process discourages the best, those who don't have a network.' " Officials acknowledge the existence of these frictions, but attribute them to inter-institutional coordination problems:

V. Official (R-02, ANDI, Algiers): "We have several overlapping programmes, and sometimes entrepreneurs don't know the right channel. We need to simplify the clarity of the public offer for the end user. "

V. Manager (R-06, Tipaza): 'Our guidelines are clear on paper, but their implementation depends on the local bureaucracy of each structure. The lack of interoperability is a hindrance.'

Theme 2: Lack of Support and Post-Funding Abandonment

The analysis reveals a feeling of post-funding abandonment. Technical and strategic monitoring is considered insufficient, calling into question the role of resource facilitator that the schemes should play in the ecosystem (Stam, 2017).

There is marked dissatisfaction with technical and strategic monitoring. Entrepreneurs feel that the scheme withdraws as soon as the funds are disbursed, leaving them alone to face the challenges of the market:

V. Entrepreneur (E-11, Tipaza): 'Once the funding is obtained, we are left alone. No one comes to see if the project is working or not. I haven't received a single follow-up call in two years.'

V. Entrepreneur (E-03, Boumerdès): 'Financing is easy. The hardest part is getting advice on human resources management or access to export markets. That's where the public sector is lacking.'

On the part of those in charge, the explanation points directly to a structural constraint in terms of resources:

V. Manager (R-07, ANSEJ, Boumerdès): 'We have too many cases and too few advisers to support each project leader. Priority is given to processing new applications.'

V. Manager (R-10, Algiers): 'We are sorely lacking in qualified staff with experience in the private market. Our advisers are trained in procedures, not in strategic business support.'

Theme 3: The Inadequacy of the Offer and Normative Isomorphism

The schemes are standardised, creating a gap with the specific needs of the beneficiaries. This standardisation is an example of normative isomorphism (DiMaggio & Powell, 1983), where bureaucratic compliance takes precedence over economic efficiency.

There is a widespread feeling of irrelevance. Entrepreneurs feel that the support measures are too uniform to be adapted to the reality of the sector or the stage of maturity:

V. Entrepreneur (E-08, Algiers): 'Aid is often standardised and not adapted to the nature of our business. There are no solutions for high value-added service companies.'

V. Entrepreneur (E-09, Blida): "The selection criteria are too focused on physical assets (machinery) and not enough on intangible capital (innovation, software). We don't fit into the boxes. "

Officials justify this rigidity by citing regulatory requirements that guarantee fair treatment and sound management of public funds:

V. Official (R-04, CNAC, Blida): "We have to apply uniform criteria, otherwise there is a risk of unequal treatment or suspicion of favouritism. We are bound by law. "

V. Manager (R-03, Boumerdès): 'Sectoral adaptation requires expertise that we do not have in-house. It is simpler and safer to stick to general criteria.'

Theme 4: Mixed Perceptions of the Impact on Sustainability

The impact is considered to be low in the medium term. The schemes are successful in their role as catalysts but fail in their role as safeguards (sustainability), creating a gap between the political objective and economic survival (Bouderbala et al., 2025).

Entrepreneurs recognise the role of the schemes in kick-starting businesses, but question their long-term effectiveness:

V. Entrepreneur (E-13, Boumerdès): "Yes, I was able to get started, that's a fact, but without strategic support to face the competition, it's difficult to last more than three years."

V. Entrepreneur (E-02, Tipaza): "The success of a project is not about funding, it's about sustainability. The schemes don't measure sustainability, they measure business creation. "

Officials highlight the long time frame for structural reforms and the introduction of digitalisation:

V. Official (R-01, ANADE, Algiers): 'We have launched digital platforms to simplify access, but it takes time for these efforts to have an impact on business survival rates. It's a slow process.' The divergence ends with the time frame: the institution focuses on start-up statistics (short term), while entrepreneurs struggle for survival and growth (long term).

3.6.4 Overall Summary of Results

Ultimately, the thematic analysis reveals that the perceived low effectiveness of public support mechanisms in Algeria is not the result of a lack of political will, but of a deep and multidimensional institutional dissonance. The four themes demonstrate that the Algerian entrepreneurial ecosystem is structured by a constant tension between the Logic of Compliance (advocated by institutional officials concerned with legality, fairness and control of public funds) and the Logic of Performance (expressed by entrepreneurs who demand flexibility, speed and strategic monitoring). This divide manifests itself in excessive transaction costs and a tendency towards normative isomorphism, which limits the impact of the mechanisms to the start-up phase alone. The results thus confirm the critical role of institutions with high administrative rigidity (bureaucracy, opacity) in hindering performance.

3.6.5. Discussion

This section aims to discuss the results obtained in our research, highlighting the theoretical and practical implications of the institutional dissonance identified. By analysing the divergent perceptions of entrepreneurs and institutional managers, we seek to understand how these differences influence the effectiveness of public support mechanisms for SMEs in Algeria. This analysis will not only validate our hypotheses, but also propose concrete recommendations for improving the quality and relevance of public policies supporting entrepreneurship.

a. Validation of Empirical Hypotheses

The qualitative methodology adopted, based on thematic analysis of 25 semi-structured interviews, confirmed the relevance of the initial hypotheses (H1 and H2).

The results, structured around the four themes of institutional dissonance, provide the empirical evidence necessary for their validation.

Table 4. Synthesis of Hypothesis Validation

Hypotheses Statements	Validation Themes (Findings)	Validation
H1 The perceived effectiveness of public and support mechanisms for SMEs in Algeria is significantly impacted by administrative rigidity and high transaction costs.	Theme 1 (Accessibility): "Administrative Complexity Opacity" (difficulty identifying the right channel).	Validated
	Theme 3 (Service Mismatch): "Standardization of Aid" (one-size-fits-all services).	

Hypotheses Statements	Validation Themes (Findings)	Validation
H2	The low perceived effectiveness is explained by the lack of post-funding support and the lack of coordination between ecosystem actors. Theme 2 (Support): Feeling of post-funding abandonment. Theme 4 (Impact): Failure to ensure sustainability due to a lack of strategic follow-up.	Validated

Source: Prepared by the authors.

The study confirms that the perceived poor performance of the schemes stems less from a problem of available funds than from institutional quality deficiencies. The validation of H1 is directly supported by the observation of Functional Dissonance (Table 4), where procedural rigidity imposes a burden (transaction costs) that neutralises the positive effect of the initial funding.

Similarly, the confirmation of H2 refers to the issue of the Entrepreneurial Ecosystem (Stam, 2017). The lack of coordination (Theme 1) and the lack of capacity for monitoring (Theme 2) prevent the system from acting as a true resource facilitator. These shortcomings create Competence Dissonance and highlight that Algerian institutions are still more focused on managing the granting of funds than on managing long-term entrepreneurial risk.

The results robustly confirm hypothesis H1 (Perception Divergence) and hypothesis H2 (Specific Institutional Barriers). Cross-analysis demonstrates a profound institutional gap between top-down policy design (officials) and bottom-up reception (entrepreneurs).

This misalignment is the central point of our contribution: it illustrates the Institutional Dissonance within the Algerian entrepreneurial ecosystem (Stam, 2017).

- Administrative Burden and Opacity (Themes 1 & 2): These obstacles are typical of the institutional weaknesses described by North (1990). The opacity of formal rules increases transaction costs for entrepreneurs, weakening the ability of mechanisms to create a stable and predictable environment (Urbano et al., 2016).

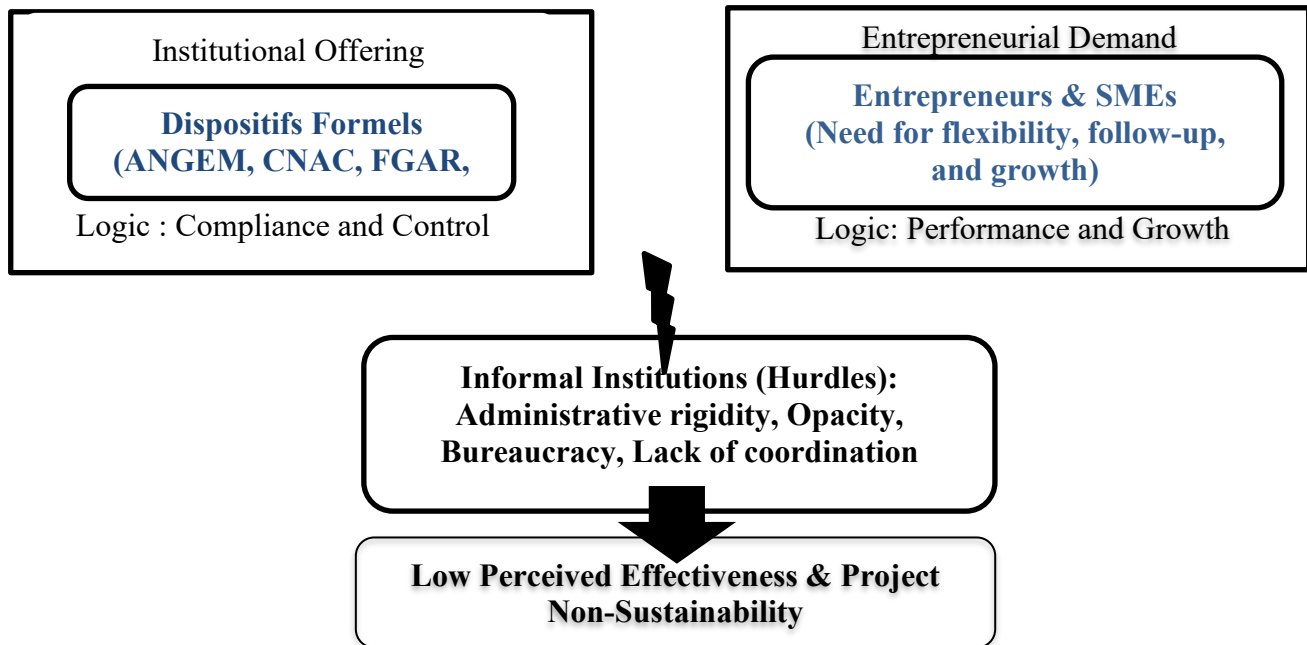
- Uniformity and lack of support (Themes 3 & 4): This rigidity and lack of monitoring are not simply a problem of resources, but rather a manifestation of normative isomorphism (DiMaggio & Powell, 1983). Algerian mechanisms reproduce standardised support models without adapting their practices to the specific needs of different sectors (services vs. industry), favouring bureaucratic compliance at the expense of economic efficiency.

- Perceived Performance Evaluation: The research highlights the failure of schemes to ensure relevance and sustainability (Patton, 2014). The lack of post-funding monitoring shows that ‘public policy’ stops at the disbursement of funds, ignoring the crucial life cycle of SMEs.

To summarise the mechanisms discovered, we propose the Institutional Dissonance Model (Figure 1). This model illustrates the disconnect between formal supply mechanisms and demand needs, a divide mainly perpetuated by institutions with high administrative rigidity (North, 1990) such as bureaucracy and opacity. Dissonance arises when the system's logic of compliance takes

precedence over the entrepreneur's logic of performance, thus limiting the impact of policies to the start-up phase alone.

Fig.1. Conceptual Model of Institutional Dissonance in the Algerian Entrepreneurial Ecosystem



Source: Prepared by the authors.

The Institutional Dissonance Model formalizes the systemic gap between formal rules and bureaucratic rigidities. It illustrates how the **Logic of Compliance** hinders the **Logic of Performance**, explaining why public mechanisms succeed in business creation but fail to ensure long-term sustainability. "This modeling now allows us to interpret the findings in light of international literature, specifically by comparing them with the dynamics observed in other countries across the MENA region."

b. Contribution to the Literature on MENA Ecosystems

"Drawing on research by Idalfahim & Elouardirhi (2024), this section compares the Algerian ecosystem with other MENA countries. By analyzing regional institutional dynamics, we aim to derive tailored recommendations and policy improvements for the local context."

- Regional Implications and Contextual Comparison

The findings of this study, which highlight the **institutional dissonance** induced by the rigidity of Algerian support mechanisms (Themes 1 and 3), are essential for contextualizing the performance of the Algerian entrepreneurial ecosystem at a regional level. The issue of SME support policy effectiveness is frequently linked to **systemic institutional weaknesses** shared by several neighboring countries.

Anchoring these results within the **MENA region** allows for the positioning of Algerian institutional dissonance as a specific manifestation of broader regional challenges. Simultaneously, it identifies learning opportunities based on the experiences of **Tunisia** and **Egypt**.

- **Convergence with Tunisian Challenges**

Algeria shares a strong convergence of institutional challenges with **Tunisia**. Despite similar ambitions for modernization, both countries face resistance to reform due to **inherited administrative rigidities**.

- **Policy vs. Practice:** Tunisia was a pioneer with the adoption of the "**Startup Act**" (2018), an innovative legislative framework aimed at simplifying the business environment. However, as OECD reports (2021) point out, the implementation of this formal framework clashes with the characteristics of a social state, where a **slow bureaucratic culture** and low levels of administrative digitalization persist (Smart Capital, 2020).

- **The Persistence of Dissonance:** This Tunisian situation confirms that **Institutional Dissonance** (the gap between political intent and operational reality) is not unique to Algeria. Legislative reform is insufficient if it is not accompanied by a transformation of **bureaucratic practice norms** and a reduction in transaction costs for the entrepreneur.

This diagnostic similarity confirms that the weakness of **institutional quality** (North, 1990; Urbano et al., 2016) is a systemic factor hindering the entrepreneurial ecosystem across the region. The challenge, in both Algeria and Tunisia, is less about a lack of laws and more about the difficulty of translating these laws into **adaptive administrative practices** that reduce transaction costs for entrepreneurs.

- **Contrast with the Egyptian Model**

By contrast, **Egypt** represents a more aggressive model of institutional reform, focused on attracting **Foreign Direct Investment (FDI)** and the **radical simplification** of procedures for SMEs.

- **Centralization and Streamlining:** Egypt has often emphasized centralization through the **General Authority for Investment and Free Zones (GAFI)** to act as a true **one-stop shop**, directly addressing the fragmentation issue identified in our study. As noted in the **GEM Egypt report** (Ismail et al., 2020), these reforms aim to reduce entrepreneurial uncertainty.

- **Prioritizing Performance:** Although the **Doing Business report** was suspended by the World Bank (2021), the Egyptian dynamics show a clear attempt to prioritize the **Logic of Performance** for investors, contrasting with the procedural burden often observed in our Algerian case study.

- **Strategic Lessons:** The lesson for Algeria lies in the necessity of transforming the role of support mechanisms—moving from simple funding agencies to genuine **investment catalysts** and **market access facilitators**—by adopting one-stop-shop structures similar to those advocated by the Egyptian approach.

- **Algerian Specificities and Institutional Challenges**

The results confirm and enrich the existing literature on the challenges of public entrepreneurship policies in the MENA region (Khalfaoui & Derbali, 2021).

- **Algerian Specificity (Institutional Fragmentation):** Our study highlights institutional fragmentation (several agencies with redundant missions) as the main cause of opacity (Theme 1). In Algeria, it is the lack of coordination between the pillars of the ecosystem that creates a barrier to entry and sustainability for SMEs.
- **Role of Institutions:** The article emphasises that the performance of public support policies is undermined by a lack of an evaluative and adaptive culture within institutions. The Algerian entrepreneurial ecosystem is poorly coordinated, which justifies Stam's (2017) call for greater policy coherence.

c. Managerial Implications and Recommendations

The conclusions call for a thorough reform, moving from an approach based on the granting of funds to one based on integrated and participatory support.

1. **Institutional Reform and Coordination:** It is imperative to simplify and coordinate support structures to avoid overlap (Theme 1). The creation of a one-stop shop or a single guidance platform would significantly reduce transaction costs for entrepreneurs.
2. **Qualitative Strengthening of Support:** Sustainability requires continuous monitoring (Theme 2). Managers must be trained to move from a control-based approach to a personalised advisory approach, strengthening the training of sectoral entrepreneurship advisers.
3. **Co-construction of Policies:** The mismatch between supply and demand (Theme 3) will be resolved by adopting a participatory approach, integrating the voices of beneficiaries and professional associations from the planning stage onwards (Howlett & Ramesh, 2020).

d. Limitations and Research Prospects

Due to its exploratory approach and targeted sample (four wilayas), this study does not allow for the generalisation of results to the whole of Algeria. Thus, there are two research perspectives:

1. **Methodological Deepening:** Conduct a mixed methodology (quantitative-qualitative) study to statistically validate the correlation between perceived dissonance themes and the survival/financial performance rates of beneficiary SMEs.
2. **Comparative analysis:** Conduct a regional analysis of ecosystems (e.g., northern wilayas vs. southern wilayas) or a longitudinal study to track the real impact of recent reforms (NESDA).

This study aimed to assess the perceived effectiveness of public support mechanisms for SMEs in Algeria. The qualitative approach, based on the cross-perceptions of fifteen beneficiary entrepreneurs and ten institutional managers, revealed a profound structural and perceptual gap between institutional provision and the reality on the ground.

The results confirm the hypothesis of institutional dissonance within the Algerian entrepreneurial ecosystem. While institutional officials highlight efforts to simplify administration and digitise processes, entrepreneurs suffer from rigid procedures, a lack of post-financing follow-up and opaque inter-institutional coordination. Ultimately, the schemes are perceived as catalysts for creation, but as limiting factors for sustainability and innovation.

- **Theoretical Contribution and Implications**

On a theoretical level, these findings enrich the literature on the performance of public policies in the MENA region. Our research demonstrates that inefficiency is not only due to a lack of resources, but also to weak institutional quality (North, 1990). This sheds light on how the priority given to bureaucratic compliance creates a normative isomorphism that hinders the adaptability required in a dynamic economic environment (DiMaggio & Powell, 1983).

From a managerial perspective, the study calls for a transformation of public support mechanisms towards adaptive governance and a logic of co-construction. This implies moving to an approach focused on user experience and business sustainability. There is an urgent need to strengthen the skills of advisers and establish strong inter-institutional coordination.

4. Conclusion:

Ultimately, this study highlights the essential importance of a qualitative assessment of public support mechanisms for small and medium-sized enterprises (SMEs) in Algeria. The results highlight a marked institutional dissonance between entrepreneurs' perceptions and political ambitions. These differences in perception are not mere misunderstandings, but indicators revealing deep structural weaknesses within the Algerian ecosystem.

Indeed, despite institutional efforts, entrepreneurs highlight significant concerns related to administrative complexity, the lack of post-financing follow-up and the inadequacy of services in relation to their real needs .

These findings underscore the urgent need to adopt a more adaptive, participatory, and responsive form of governance. This involves simplifying administrative procedures, strengthening post-financing support, tailoring services to the specific needs of SMEs, aligning short-term objectives with a long-term vision of entrepreneurial sustainability, and improving coordination between the various support agencies.

Thus, for public support mechanisms to become real levers of economic development at the service of entrepreneurs, it is imperative to adopt a more flexible and responsive approach, capable of adjusting to the realities on the ground and the specific challenges faced by SMEs.

This research enriches the literature on entrepreneurial ecosystems in the MENA region and opens up prospects for future studies, particularly in terms of comparative analysis and longitudinal assessment of the impact of reforms on business sustainability.

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