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**BUSINESS STRATEGY AND PERFORMANCE OF ALGERIAN  
EXPORTING SMEs**

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**BUSINESS STRATEGY AND PERFORMANCE OF ALGERIAN EXPORTING  
SMEs**

**By**



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**Thesis Submitted to  
Othman Yeop Abdullah Graduate School of Business,  
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## ABSTRACT

Despite the importance of business strategy to small and medium-sized enterprises (SMEs), the literature reveals that there are limited studies that have attempted to investigate business strategy and organizational performance among the exporting SMEs in Algeria. This has resulted in little information and knowledge about the relationship between business strategy and the performance SMEs in Algeria. Given this, this study initiates an attempt to examine the linkage between six types of business strategy and organizational performance of exporting SMEs in Algeria. By using structured questionnaire, the data for the study was collected from exporting 72 SMEs located in the northern region of Algeria. The correlation analysis was used to test the hypotheses developed in the study. The results of the study show that the six types of business strategy are significantly associated to the performance of the exporting SMEs as measured in terms of sales, net profit, number of employees and number of products.

**Keywords:** business strategy, organizational performance, exporting, small and medium-sized enterprise and Algeria.

## ABSTRAK

Meskipun didapati strategi perniagaan adalah penting bagi perniagaan kecil dan sederhana (PKS), ulasan karya serta kajian terdahulu menunjukkan bahawa tidak banyak kajian yang mengkaji strategi perniagaan yang mempunyai hubungkait dengan prestasi organisasi di kalangan PKS yang eksport, terutamanya di negara Algeria. Oleh yang demikian, terdapat maklumat yang terhad serta pengetahuan mengenai perhubungan di antara strategi perniagaan dengan prestasi organisasi di kalangan PKS yang eksport di Algeria. Oleh kerana terdapat jurang penyelidikan dan maklumat yang terhad, kajian ini mencuba untuk mengkaji perhubungan di antara enam jenis strategi perniagaan dan prestasi organisasi di kalangan PKS yang eskport di Algeria. Dengan menggunakan soal selidik berstruktur, data untuk kajian ini telah diperolehi daripada 72 PKS yang beroperasi di bahagian utara Algeria. Analisis korelasi telah digunakan untuk menganalisis menguji hipotesis kajian ini. Hasil kajian ini menunjukkan bahawa terdapat berhungan positif di antara keenam-enam strategi perniagaan dengan prestasi PKS yang eskport dari segi pengukuran jualan, untung bersih, jumlah bilangan pekerja dan jumlah bilangan barangan.

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*Mohamed El Amine Besten*

*January 2017*

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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Introduction

Small and medium-sized enterprises (SMEs) are extremely important component of the business ecosystems in developed and developing countries. As an important part of the business ecosystems, SMEs make various economic contributions. In addition, the evidence from the literature suggests that they also play a significant role in helping governments to develop their economies, particularly in the developing countries (Amit et al., 2011; Hashim, 2011a).

Governments in many developing countries give preference to SMEs due to their various economic contributions as well as potentials. For instance, in the context of Algeria, since the liberation of its economy in the 1990s, the government has been promoting the development and growth of SMEs in the country through various national policies, development plans as well as assistance programs (A. Bouazza, Ardjouman, & Abada, 2015; GHARBI, 2011a)

In spite of their important role in the economic development of Algeria, SMEs as an area of study appear to have not been able to attract much research attention. More specifically, the review of literature divulges not only limited studies have investigated SMEs but also research in this area seems to be neglected as well. As a result, there is not much information

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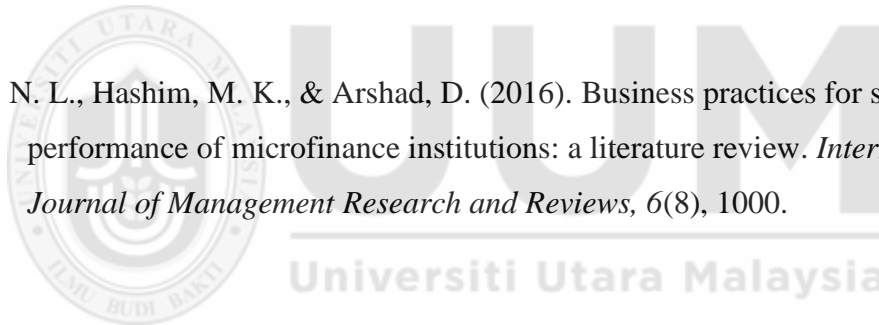


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6. The Correlation between Business Strategies and The average of Net profit before tax across four years.

		Net profit ( before tax ) 4 years average	NS	PDS	MDS	SDS	IS	LCS
Net profit ( before tax ) 4 years average	Pearson Correlation	1	.336**	.298*	.096	-.087	.339**	.284*
	Sig. (2-tailed)		.004	.011	.421	.467	.004	.016
	N	72	72	72	72	72	72	72
NS	Pearson Correlation	.336**	1	.458**	.194	.706**	.996**	.414**
	Sig. (2-tailed)	.004		.000	.103	.000	.000	.000
	N	72	72	72	72	72	72	72
PDS	Pearson Correlation	.298*	.458**	1	.914**	.470**	.451**	.997**
	Sig. (2-tailed)	.011	.000		.000	.000	.000	.000
	N	72	72	72	72	72	72	72
MDS	Pearson Correlation	.096	.194	.914**	1	.212	.176	.911**
	Sig. (2-tailed)	.421	.103	.000		.074	.139	.000
	N	72	72	72	72	72	72	72
SDS	Pearson Correlation	-.087	.706**	.470**	.212	1	.706**	.470**
	Sig. (2-tailed)	.467	.000	.000	.074		.000	.000
	N	72	72	72	72	72	72	72
IS	Pearson Correlation	.339**	.996**	.451**	.176	.706**	1	.409**
	Sig. (2-tailed)	.004	.000	.000	.139	.000		.000
	N	72	72	72	72	72	72	72
LCS	Pearson Correlation	.284*	.414**	.997**	.911**	.470**	.409**	1
	Sig. (2-tailed)	.016	.000	.000	.000	.000	.000	
	N	72	72	72	72	72	72	72

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

\* . Correlation is significant at the 0.05 level (2-tailed).

7. The Correlation between Business Strategies and Average of Number of employees across 4 years.

		Number of employees 4 years average	NS	PDS	MDS	SDS	IS	LCS
Number of employees 4 years average	Pearson Correlation	1	.563**	-.022	-.221	-.073	.573**	-.067
	Sig. (2-tailed)		.000	.853	.063	.541	.000	.578
	N	72	72	72	72	72	72	72
NS	Pearson Correlation	.563**	1	.458**	.194	.706**	.996**	.414**
	Sig. (2-tailed)	.000		.000	.103	.000	.000	.000
	N	72	72	72	72	72	72	72
PDS	Pearson Correlation	-.022	.458**	1	.914**	.470**	.451**	.997**
	Sig. (2-tailed)	.853	.000		.000	.000	.000	.000
	N	72	72	72	72	72	72	72
MDS	Pearson Correlation	-.221	.194	.914**	1	.212	.176	.911**
	Sig. (2-tailed)	.063	.103	.000		.074	.139	.000
	N	72	72	72	72	72	72	72
SDS	Pearson Correlation	-.073	.706**	.470**	.212	1	.706**	.470**
	Sig. (2-tailed)	.541	.000	.000	.074		.000	.000
	N	72	72	72	72	72	72	72
IS	Pearson Correlation	.573**	.996**	.451**	.176	.706**	1	.409**
	Sig. (2-tailed)	.000	.000	.000	.139	.000		.000
	N	72	72	72	72	72	72	72
LCS	Pearson Correlation	-.067	.414**	.997**	.911**	.470**	.409**	1
	Sig. (2-tailed)	.578	.000	.000	.000	.000	.000	
	N	72	72	72	72	72	72	72

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

8. The Correlation between Business Strategies and The average of Number of products across 4 years.

		Number of Products 4 years average	NS	PDS	MDS	SDS	IS	LCS
Number of Products 4 years average	Pearson Correlation	1	.200	.913**	.954**	.112	.185	.910**
	Sig. (2-tailed)		.092	.000	.000	.350	.119	.000
	N	72	72	72	72	72	72	72
NS	Pearson Correlation	.200	1	.458**	.194	.706**	.996**	.414**
	Sig. (2-tailed)	.092		.000	.103	.000	.000	.000
	N	72	72	72	72	72	72	72
PDS	Pearson Correlation	.913**	.458**	1	.914**	.470**	.451**	.997**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	72	72	72	72	72	72	72
MDS	Pearson Correlation	.954**	.194	.914**	1	.212	.176	.911**
	Sig. (2-tailed)	.000	.103	.000		.074	.139	.000
	N	72	72	72	72	72	72	72
SDS	Pearson Correlation	.112	.706**	.470**	.212	1	.706**	.470**
	Sig. (2-tailed)	.350	.000	.000	.074		.000	.000
	N	72	72	72	72	72	72	72
IS	Pearson Correlation	.185	.996**	.451**	.176	.706**	1	.409**
	Sig. (2-tailed)	.119	.000	.000	.139	.000		.000
	N	72	72	72	72	72	72	72
LCS	Pearson Correlation	.910**	.414**	.997**	.911**	.470**	.409**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	72	72	72	72	72	72	72

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