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THE ROLE OF FOREIGN DIRECT INVESTMENT IN THE ESTABLISHMENT AND DEVELOPMENT OF ECONOMIC ENTERPRISES: AN EMPIRICAL STUDY OF LAFARGEHOLCIM COMPANY IN M'SILA

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ABSTRACT

This study investigates the role of foreign direct investment (FDI) in supporting and developing economic enterprises of varying sizes (micro, small, and medium-sized enterprises) during the period from 2003 to 2023. A comprehensive set of research tools was employed, including observations and interviews conducted with executives at LafargeHolcim Company in M'sila, to identify the company's contribution and its relationship with the surrounding economic enterprises. Additionally, the study analyzed data obtained from the Ministry of Industry and Mines and the company under investigation throughout the study period.

The findings reveal that FDI has a positive impact on economic enterprises. It significantly contributes to the establishment of micro and small enterprises and plays a key role in the development of small and medium-sized enterprises. These results underscore the crucial role of FDI in the establishment and development of economic enterprises.

KEYWORDS

Foreign Direct Investment, Economic Enterprises, Micro-Enterprises, Small Enterprises, Medium-Sized Enterprises, LafargeHolcim– M'sila

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1. Introduction.

In recent decades, particularly since the twentieth century, foreign direct investment (FDI) has become the cornerstone for economic enterprises, playing a crucial role in providing capital financing, advanced technologies, and various forms of support. FDI is thus considered the fundamental pillar upon which enterprises rely to meet their production and financial requirements.

Despite the diversity of financing sources available to economic enterprises, the selection of the optimal funding structure remains one of the central issues in corporate finance. This topic has sparked considerable debate among economists and researchers, whose opinions are divided between supporters and opponents regarding the possibility of achieving an optimal financial structure for enterprises. Consequently, researchers have sought to highlight the contribution of foreign direct investment and assess its impact on economic enterprises.

Furthermore, foreign direct investment can generate positive spillover effects on local enterprises in the host country, as it represents not only an important source of external financing but also a channel for transferring advanced technologies and technical expertise. This, in turn, enhances productivity and competitiveness within economic enterprises, either through the establishment of linkages with foreign-invested firms or via the mobility of skilled labor from these firms to local enterprises.

2. Research Problem

Based on the preceding discussion, the contours of the research problem become evident. This study seeks to address the following main research question:

What is the role of foreign direct investment (FDI) in the establishment and development of economic enterprises in the company under study?

From this main question, the following sub-questions are derived:

To what extent does foreign direct investment contribute to the establishment and development of (micro, small, and medium-sized enterprises) within the company under study?

What is the impact of foreign direct investment on (micro, small, and medium-sized enterprises) in the company under study?

What is the nature of the relationship between foreign direct investment and (micro, small, and medium-sized enterprises) in the company under study?

3. Research Hypotheses:

Foreign direct investment (FDI) contributes to the establishment and development of (micro, small, and medium-sized enterprises) within the company under study.

Foreign direct investment has a positive impact on (micro, small, and medium-sized enterprises) in the company under study.

The relationship between foreign direct investment and (micro, small, and medium-sized enterprises) in the company under study is characterized as a complementary and interdependent relationship.

4. Research Objectives

4.1. To provide a comprehensive theoretical framework on both foreign direct investment (FDI) and local economic enterprises, including micro, small, and medium-sized enterprises (MSMEs), making this study a theoretical complement to previous research.

4.2. To highlight the contribution or role that foreign direct investment can play in the establishment and development of economic enterprises.

4.3. To examine the impact of foreign direct investment on economic enterprises, particularly micro, small, and medium-sized enterprises.

4.4. To determine the nature of the relationship between foreign direct investment and economic enterprises in terms of establishment and development, and to identify the direction and strength of this relationship in a way that assists policymakers in designing appropriate strategies that foster economic growth and sustainable development.

5. Significance of the Study

5.1. Theoretical Significance

This study provides substantial theoretical contributions by:

Enriching the academic literature on Foreign Direct Investment (FDI) and its role in fostering the development of local economic institutions, particularly micro, small, and medium-sized enterprises (MSMEs) in emerging economies such as Algeria.

Developing a comprehensive theoretical framework that clarifies the fundamental concepts, determinants, and dynamics of FDI while emphasizing its interconnections with local firms and productive capacities.

Bridging a research gap in existing studies, as there is a relative scarcity of applied research examining the impact of FDI on local enterprises in Algeria compared to other MENA economies.

Providing a reference point for future research in the fields of international trade, finance, and economic development, offering scholars updated insights and empirical evidence.

5.2. Practical Significance

The study also has practical implications at both the policy and enterprise levels:

Assessing the current state of FDI in Algeria through an in-depth case study of Lafarge M'sila, providing a clear understanding of how foreign companies interact with and influence the local business environment.

Demonstrating how FDI contributes to the development of local firms through technology transfer, managerial expertise, and integration into global value chains, thus enhancing their competitiveness and sustainability.

Guiding policymakers by delivering evidence-based recommendations to design effective investment policies that attract quality FDI and align it with national development priorities.

Supporting local businesses by highlighting opportunities to collaborate with foreign investors, improve production efficiency, and access new markets.

Promoting sustainable development by reinforcing the role of local firms as active partners in achieving inclusive economic growth driven by foreign investment.

6. Research Methodology

Within the framework of this research, and in order to address the study topic comprehensively, answer the proposed research problem, and test the validity of the hypotheses, this study aims to examine the role of foreign direct investment (FDI) in the establishment and development of local economic enterprises in Algeria.

6.1. Methodology Applied in the Theoretical Framework

The study relies on the descriptive-analytical method, which is appropriate for the nature of the topic. This method is used to describe and analyze phenomena related to FDI and to identify relationships between study variables by presenting basic definitions and concepts.

A comprehensive theoretical framework was built based on:

Written references and sources (Arabic and foreign books).

Previous studies published in scientific journals or presented at conferences.

Articles and statistics published on reliable online sources relevant to the topic.

6.2. Methodology Applied in the Empirical (Field) Framework

Before conducting the in-depth field study, an exploratory study was carried out to examine the research area and understand the reality of LafargeHolcim Algeria in M'sila, which represents the FDI under investigation.

The empirical part relied on several main sources, including:

Field observations of the company's operations.

Unstructured interviews conducted with company executives directly related to the research topic.

Official documents, records, and datasets that were collected and analyzed to draw conclusions and formulate practical recommendations that can be used in shaping future policies.

7. Theoretical Framework of the Study

7.1. The Concept and Importance of Foreign Direct Investment (FDI)

The definitions of Foreign Direct Investment (FDI) have varied among researchers, economists, financial institutions, and international organizations. While it is impractical to present all of them, we will highlight some of the most relevant definitions:

7.1.1. Definition of Foreign Direct Investment (FDI)

Dr. Farid Al-Najjar defines it as: "Any investment made outside its home country in search of a host country, aiming to achieve a set of economic, financial, and political objectives, whether for a temporary purpose, a specific duration, or for the long term." (Al-Najjar, 2000, p.10)

The key point in this definition is that FDI is embodied in the foreign investor's ownership of existing projects, whether fully or partially, with the intention of achieving multiple objectives.

Mohamed Ghayath Sheikha defines it as: "The transfer of capital from abroad to host countries to achieve profits for the investor, while also contributing to increased production and development in the host countries." (Sheikha, 2022, p.219)

Crozet defines FDI as: "Any process that involves establishing a business abroad or acquiring shares in a foreign company." (Crozet, 2001, p.118)

Jhingan L.M. describes it as: "The exercise of actual or legal control over assets created in the host country." (Jhingan, 2011, p.576)

Dominick Salvatore defines FDI as: "A real investment in factories, capital goods, land, and inventories, which can take the form of establishing a new branch or acquiring control over an existing enterprise." (Salvatore, 2013, p.368)

Jonathan Jones and Colin Wren define it as: "The process by which a company from one country provides capital to an existing or newly established company in another country." (Jonathan & Colin, 2006, p.7)

The Arab Investment Guarantee Corporation provides a broader definition: "It encompasses all conditions and factors affecting the flow and localization of capital, including the political environment of the host country and the degree of its stability or instability." (Amirouche, 2012, p.81)

The World Investment Report defines FDI as: "An investment in which the majority ownership of capital belongs to a natural or legal person from a country other than the host country. It involves a long-term commitment and gives the investor an active role in managing the investment, including the initial investment and any subsequent related investments." (Nasri, 2020, p.203)

According to international agreements, customary international law and international court rulings have not provided a single definition of FDI. Even the International Court of Justice refrained from doing so, despite referencing it in several cases, leaving the task to domestic legislations. (Aqil, 2015, p.27)

Finally, the UNCTAD (United Nations Conference on Trade and Development) defines FDI as: "An investment involving a long-term relationship that reflects lasting interests and managerial control between an enterprise in the home country (where the investor resides) and an enterprise or production unit in the host country." (Markus & Rhea, 2019, p.11; Riyach, 2019, p.170)

7.1.2. Conclusion Based on our review of the various definitions proposed by economists, researchers, institutions, and international organizations, FDI can be simply defined as: "The process by which companies or businesspersons from one country purchase or establish factories or companies in another country—typically one endowed with underutilized resources—with the objective of achieving economic, financial, and sometimes political goals, either in the short or long term."

8. Principles of Foreign Direct Investment (FDI)

8.1. The Principle of Transparency and Efficiency

This principle refers to the mandatory availability of investment-related information in a completely transparent manner, equally accessible to all foreign investors without discrimination or additional costs. To effectively implement this principle, countries are required to regulate information systems associated with investment promotion through legislative documents, thereby ensuring investment freedom and the principle of non-discrimination (Abdelmotaleb, 2006, p. 216).

8.2. The Principle of Capital Flow Liquidity (Bahri, 2017, p. 16)

This principle concerns the free movement of foreign investment capital and related returns without the need for prior authorization. It consists of:

8.2.1. The Principle of Free Transfer: This guarantees that invested capital and its returns can be freely transferred without prior approval.

8.2.2. The Principle of Free Access to the Foreign Exchange Market: This grants investors the right to access foreign currency markets without restrictions.

8.3. The Principle of Stability

Stability plays a crucial role in enhancing a country's economic and political relations with the international community. The absence of stability could negatively affect foreign direct investment due to risks such as expropriation and nationalization (Bahri, 2017).

9. Motives and Determinants of Foreign Direct Investment

9.1. From the Host Country's Perspective

Developing countries that once faced financial deficits have shifted their negative perception toward FDI and now consider it a strategic tool for economic development (Jabar, 2022, p. 10).

FDI facilitates the transfer of advanced technologies, enabling local industries to modernize production methods, improve services, and open new channels for marketing and export (Mohamed Abdelaziz, 2008, p. 139).

It helps reduce unemployment rates by encouraging foreign investors to establish productive projects (Ouail, 2016, p. 55).

The topic of FDI gained significant attention during the Uruguay Round negotiations, which called for the inclusion of FDI in trade agreements between both developed and developing nations (Jabar, 2022, p. 11).

FDI plays a significant role in boosting exports, as it has notably increased the volume of exports in host countries (Reda, 2010, p. 87).

9.2. From the Foreign Investor's Perspective

Resource-Seeking Investments: Investors aim to gain access to raw materials and natural resources from the host country to support their production processes (Mahmoud R., 2022, p. 61).

Cost Reduction: Some companies invest abroad to lower production costs by benefiting from cheap labor in developing countries, as well as avoiding costs associated with shipping, customs duties, and taxation (Saif Mahmoud & Ibrahim Jaber, 2019, p. 46).

Market-Seeking Investments: Investors target developing countries with large consumer markets to expand sales and secure alternatives to traditional export channels.

Exploiting Low Production Costs: Investors benefit from the lower wages, reduced raw material costs, and lower transportation expenses available in host countries compared to their home countries (Jebli, 2016, p. 37).

10. The Nature of Economic Institutions

10.1. Definition of Economic Institutions

Economic institutions have undergone rapid development in recent decades, leading to significant differences in their conceptualization among managers and economists. Due to the variety of perspectives and economic schools, it has been difficult to provide a comprehensive and unified definition. To better clarify the concept, we will first outline the main related terms before presenting an integrated definition.

10.2. Terminological Clarifications

Establishment: An establishment refers to a group of permanent employees working in the same place under the authority of a single manager. A single institution may comprise one or several establishments. However, unlike an institution, an establishment does not have independent legal personality and is financially and administratively dependent on its parent institution (Dadi Adoun, 1998, p. 12).

Enterprise: Derived from the French term entrepreneur, the word "enterprise" highlights the element of risk-taking associated with investing capital in economic activities. Thus, an enterprise represents a formal legal entity where financial risk is inherent (Abdel Sattar, 2016, p. 23).

Organization: This term refers to any structured collective governed by specific rules and foundations, whether social, political, cultural, or economic. However, the term organization is broader than institution since it also encompasses non-profit entities such as associations and clubs. Conversely, an economic institution necessarily aims to generate profit to ensure continuity and financial sustainability (Hadidi & Ibrahim, 2020, p. 6).

Company: A company is a formal legal association created to achieve mutual goals. Ponson defines it as "a form of cooperation among economic institutions to accomplish a shared project and achieve mutual financial gains" (Ponson & Hirsch, 1999, p. 10).

Project: A project refers to a set of coordinated activities aimed at achieving a specific goal within a defined timeframe, involving interrelated and often unique processes (Hadidi & Ibrahim, 2020, p. 6).

Note: For the purpose of this study, we will consistently use the term "institution" rather than other related terms.

10.3. Concept of Economic Institutions

There is no single universally accepted definition of an economic institution, as researchers and economists approach the concept from different perspectives—economic, social, and legal. Among the various definitions are:

Omar Sakhri (1993): Defines an economic institution as an “economic unit where human and material resources are combined to facilitate production” (p. 24).

Nasser Dadi Adoun (1998): Views it as “an integration of several factors aimed at producing or exchanging goods and services with other economic agents within a specific legal, financial, and social framework” (p. 10).

Karl Marx: Describes it as “a group of workers operating simultaneously under the authority of the same capital and within the same location, producing the same type of goods” (Mahdi, 2007, p. 36).

Perroux: Considers it “a production unit that integrates the prices of different production factors provided by various agents into a single economic framework to deliver goods or services to the market and generate monetary income” (Dramchia & Belkasmi, 2016, p. 318).

10.4. Comprehensive Definition

An economic institution is a legal entity with rights and obligations, functioning as an economic unit that combines human and material resources to produce goods and services. Its purpose is to achieve its own objectives while also contributing to societal11. Classification of Economic Institutions

11. Criteria for Classifying Economic Institutions

11.1.1. Classification by Size Institutions can be classified based on the number of employees or turnover volume (Fouzi, 2020, pp. 53–54):

First Classification (Developed Countries):

- Very Small Enterprises (TPE): 1–9 employees
- Small Enterprises (PE): 10–49 employees
- Medium Enterprises (ME): 50–499 employees
- Large Enterprises: 500–999 employees
- Very Large Enterprises: More than 1,000 employees
- Second Classification (Developing Countries):
- Micro-enterprises: Fewer than 10 employees
- Small Enterprises: 10–49 employees
- Medium Enterprises: 50–250 employees
- Large Enterprises: More than 250 employees

11.1.2. Classification by Legal Form Economic institutions can take several legal forms, including:

Sole Proprietorships (Majda, 2009, p. 30)

Partnerships:

General Partnerships: Voluntary collaboration between two or more individuals to carry out a project and share profits (Abdessalam, Halabi, & Shehadeh, 2001, p. 24).

Limited Partnerships: Consist of both general partners (unlimited liability) and limited partners (liability limited to their contribution).

Corporations:

- Joint-stock Companies
- Limited Liability Companies (Qadi, Saidani & Nawara, 2018, p. 56)

11.1.3. Classification by Ownership

Public Institutions: Fully owned by the state and managed either at the national or local level (Dadi Adoun, 1998, pp. 59–60).

Mixed Institutions: Jointly owned by both the public and private sectors (Khalis, 1997, p. 15).

Private Institutions: Owned entirely by individuals or private groups (Mokhbi, 2007, p. 26).

11.1.4. Classification by Economic Activity Economic institutions are categorized according to their core activity (Mohamed, 2019, p. 18):

Industrial Institutions:

- Extractive Industries (e.g., mining, steel)
- Manufacturing Industries (e.g., textiles)
- Commercial Institutions: Focus on trade and distribution.

- Agricultural Institutions: Specialize in crop and livestock production.
- Financial Institutions: Include banks, insurance companies, etc.
- Service Institutions: Provide services such as transportation, postal services, and telecommunications.

12. Impact of Foreign Direct Investment (FDI) on Economic Institutions

Capital Provision: Foreign Direct Investment injects additional financial resources into institutions, enabling them to upgrade infrastructure, modernize technologies, and expand production capacities.

Technology Transfer: Through FDI, foreign companies introduce advanced technologies and expertise, which improves operational efficiency and product quality.

Export Enhancement: FDI facilitates access to international markets, leading to the expansion of customer bases and an increase in export revenues.

Job Creation: Foreign investment stimulates employment opportunities by establishing new projects that hire local workers, thereby reducing unemployment rates and improving living standards.

13. Analysis of Data Related to Micro-Enterprises

The number of small enterprises experienced rapid growth during the period (2003–2023), which can be illustrated through the following table:

Table 1. Development of Small Enterprises in M'sila (2003/2023)

Year	Number of micro-enterprises in M'sila	Number of micro-enterprises within Lafarge Company	Growth rate in M'sila	Growth rate within the company	Lafarge's contribution rate
2003	724	120			16.57%
2004	1012	501	39.78%	41.75%	49.51%
2005	1614	708	59.49%	14.13%	43.87%
2006	1981	802	22.74%	11.33%	40.48%
2007	2202	1202	11.16%	14.99%	54.59%
2008	2720	2400	23.52%	19.97%	88.24%
2009	3101	2601	14.01%	10.84%	83.88%
2010	4095	2898	32.05%	11.14%	70.77%
2011	4992	3015	21.90%	10.40%	60.40%
2012	5320	3212	6.57%	10.65%	60.38%
2013	5959	3447	12.01%	10.73%	57.85%
2014	6981	3715	17.15%	10.78%	53.22%
2015	8512	3891	21.93%	10.47%	45.71%
2016	9476	3978	11.33%	10.22%	41.98%
2017	9879	4050	4.25%	10.18%	41.00%
2018	10618	3756	7.48%	9.27%	35.37%
2019	11346	3561	6.86%	9.48%	31.39%
2020	11815	2910	4.13%	8.17%	24.63%
2021	12595	2812	6.60%	9.66%	22.33%
2022	13375	2509	6.19%	8.92%	18.76%
2023	13851	2130	3.56%	8.49%	15.38%

Source: Compiled by the researcher based on statistics from the Ministry of Industry and Mines and documents from Lafarge Holcim– M'sila, Finance Department, 2023.

14. The Development of Micro-Enterprises in the Wilaya of M'sila and the Role of LafargeHolcim Algeria (2003–2023)

Based on the analysis of data presented in Table 01, the number of micro-enterprises in the Wilaya of M'sila exhibited continuous growth throughout the period, with no interruptions. The total number of micro-enterprises increased from 720 in 2003 to 13,851 by the end of September 2023, reflecting the establishment of 13,131 new enterprises.

This substantial growth highlights the strong dynamism in the region regarding micro-enterprise creation, reflecting the Algerian government's policies and initiatives aimed at supporting young entrepreneurs in establishing their businesses. Additionally, population growth has contributed to unmet market demands, prompting the development of financial support mechanisms introduced by the government to fund such projects.

In contrast, the number of micro-enterprises associated with LafargeHolcim in M'sila experienced fluctuations. Beginning at 120 enterprises in 2003, the number steadily increased to reach a peak of 4,050 enterprises in 2017, representing the highest recorded value. Since then, however, a continuous decline has occurred, with the number decreasing to 2,130 enterprises by September 30, 2023. This trend is expected to continue due to the company's strategic policies and a reduction in its sales volume.

During its early years, LafargeHolcim's sales exceeded 5 million tons, but they declined to 3.2 million tons in 2022, directly affecting the number of micro-enterprises, given that these small businesses constitute a significant portion of the company's customer base.

15. Secondly: Presentation and Analysis of Data Related to Small Enterprises

Small enterprises in Algeria have experienced rapid growth in the number of newly established and registered businesses after 2003. This positive trend was also reflected in the M'sila province, where the number of small enterprises showed a continuous increase during the period (2003–2023). This can be observed in the following table:

Table 2. Development of Small Enterprises in M'sila (2003/2023)

Year	Number of small enterprises in M'sila	Number of small enterprises within Lafarge Company	Growth rate in M'sila	Growth rate within the company	Lafarge's contribution rate
2003	120	70			58.33%
2004	129	110	7.50%	57.14%	85.27%
2005	234	134	81.40%	21.82%	57.26%
2006	271	172	15.81%	28.36%	63.47%
2007	294	195	8.49%	13.37%	66.33%
2008	308	201	4.76%	3.08%	65.26%
2009	312	211	1.30%	4.98%	67.63%
2010	317	214	1.60%	1.42%	67.51%
2011	317	214	0.00%	0.00%	67.51%
2012	320	221	0.95%	3.27%	69.06%
2013	307	225	-4.06%	1.81%	73.29%
2014	322	220	4.89%	-2.22%	68.32%
2015	343	215	6.52%	-2.27%	62.68%
2016	355	211	3.50%	-1.86%	59.44%
2017	362	217	1.97%	2.84%	59.94%
2018	412	221	13.81%	1.84%	53.64%
2019	290	230	-29.61%	4.07%	79.31%
2020	306	201	5.52%	-12.61%	65.69%
2021	324	250	5.88%	24.38%	77.16%
2022	335	255	3.40%	2.00%	76.12%
2023	344	265	2.69%	3.92%	77.03%

Source: Compiled by the researcher based on statistics from the Ministry of Industry and Mines and documents from Lafarge Holcim– M'sila, Finance Department.2023

15.1. The Development of Small Enterprises in the Wilaya of M'sila (2003–2023)

Between 2003 and September 30, 2023, the number of small enterprises in the Wilaya of M'sila demonstrated consistent and substantial growth. According to the latest available statistics, the total number of small enterprises rose from 120 in 2003 to 344 in 2023, representing a cumulative growth rate of 186.67% over the twenty-year period.

This positive trend was also reflected among the small enterprises associated with LafargeHolcim Algeria in M'sila, where the number of partner enterprises increased from 70 in 2003 to 265 in 2023, corresponding to an exceptional growth rate of 278.5%.

Nevertheless, the development trajectory was not entirely linear. During the COVID-19 pandemic (2019–2021), a temporary decline was observed, with the number of small enterprises falling to 290, reflecting a contraction rate of -29.61%. Enterprise owners attributed this downturn primarily to the pandemic's impact, compounded by ongoing marketing challenges. However, this setback was short-lived, as the sector quickly regained momentum, overcoming most obstacles and resuming its positive growth trajectory, ultimately reaching 344 enterprises by September 30, 2023.

Projections indicate that the number of small enterprises is expected to continue growing at an annual rate exceeding 50 newly established enterprises. This sustained expansion can be largely attributed to the Algerian government's strategic commitment to fostering the development of small enterprises. Following the enactment of the 2001 SME Orientation Law, several support mechanisms and financial instruments were introduced to facilitate the establishment and growth of small enterprises. Key initiatives include:

The Credit Guarantee Fund

The Investment Loan Guarantee Fund

The establishment of the National Agency for the Development of Small and Medium Enterprises

Collectively, these institutional frameworks and policy measures have provided effective, practical, and adaptable mechanisms aligned with the evolving dynamics of the national economy. Consequently, small enterprises have played an increasingly important role in stimulating local development and promoting economic diversification in the Wilaya of M'sila.

16. Thirdly: Presentation and Analysis of Data Related to Medium-Sized Enterprises

The medium-sized enterprise sector represents one of the largest contributors to local economic development, primarily due to its capacity to absorb a significant portion of the labor force, as these enterprises typically employ more than 50 workers each. Consequently, this sector plays a vital role in alleviating unemployment and addressing one of the major challenges to sustainable local development.

To better understand the evolution of medium-sized enterprises in the Wilaya of M'sila, the following table illustrates the developmental trends in their numbers over the period extending from 2003 to the third semester of 2023:

Table 3. Evolution of Medium-Sized Enterprises in the Wilaya of M'sila (2003/2023)

Year	Number of medium-sized enterprises in M'sila	Number of medium-sized enterprises within Lafarge company	Growth rate in M'sila	Growth rate within the company	Lafarge's contribution rate
2003	12	0		0.00%	0.00%
2004	12	0	0.00%	0.00%	0.00%
2005	15	1	25.00%	0.00%	6.67%
2006	17	8	13.33%	0.00%	47.06%
2007	17	8	0.00%	0.00%	47.06%
2008	20	12	17.65%	50.00%	60.00%
2009	24	16	20.00%	33.33%	66.67%
2010	26	16	8.33%	0.00%	61.54%
2011	29	16	11.54%	0.00%	55.17%
2012	31	19	6.90%	18.75%	61.29%
2013	33	19	6.45%	0.00%	57.58%
2014	34	21	3.03%	10.53%	61.76%
2015	36	21	5.88%	0.00%	58.33%
2016	37	21	2.78%	0.00%	56.76%
2017	38	25	2.70%	19.05%	65.79%
2018	88	25	131.58%	0.00%	28.41%
2019	72	29	-18.18%	16.00%	40.28%
2020	73	29	1.39%	0.00%	39.73%

Year	Number of medium-sized enterprises in M'sila	Number of medium-sized enterprises within Lafarge company	Growth rate in M'sila	Growth rate within the company	Lafarge's contribution rate
2021	75	24	2.74%	-17.24%	32.00%
2022	76	24	1.33%	0.00%	31.58%
2023	77	30	1.32%	25.00%	38.96%

Source: Compiled by the researcher based on statistics from the Ministry of Industry and Mines and documents from Lafarge Holcim– M'sila, Finance Department.

The Development of Medium-Sized Enterprises in M'sila and the Role of Foreign Direct Investment

Table 03 illustrates the evolution of medium-sized enterprises in the Wilaya of M'sila during the period 2003–2023, highlighting the clear impact of foreign direct investment (FDI), particularly through LafargeHolcim Algeria in M'sila, on the growth of this sector.

Quantitative Analysis of the Data:

In 2003: The number of medium-sized enterprises was 12.

In 2017: The number increased to 38 enterprises, representing a 331% rise compared to 2003.

In 2018: The sector experienced a qualitative leap, reaching 88 enterprises, driven by national supportive policies and the growing contribution of FDI.

Conclusions:

There is a clear correlation between the expansion of medium-sized enterprises within LafargeHolcim and the broader increase in medium-sized enterprises across the Wilaya.

This significant growth is attributed to the state's strategic focus on the sector and the mobilization of supportive agencies.

Foreign direct investment has effectively reinforced the sustainable development of the sector over the years.

17. Hypothesis Testing and Discussion of Results

Testing the First Hypothesis

The first hypothesis states that: foreign direct investment (FDI) contributes to the establishment and development of enterprises (micro, small, and medium-sized) at Lafarge Algeria in M'sila.

To assess the contribution of FDI to the creation and development of economic enterprises, data from interviews with respondents were analyzed, complemented by direct observation.

Analysis of Interview Data:

A structured interview guide was prepared, including a set of standardized questions directed to heads of departments across five sectors: Commercial, Human Resources, Health and Safety, Information Technology, and Training and Development Center. The questions focused on identifying the extent of FDI's contribution to the creation and development of enterprises within the company.

Key findings from the interview analysis:

Training and Development: The company provides training and skill development for workers in various types of enterprises in its surrounding environment.

Provision of Information: Enterprises (micro, small, and medium-sized) receive databases and relevant information.

Capital Financing: Direct capital financing for enterprises is minimal or nearly absent.

These findings indicate that Lafarge Algeria in M'sila focuses primarily on training, skill development, and technology transfer, while direct financial support for enterprises is limited.

Testing the Second Hypothesis

The second hypothesis states that: foreign direct investment positively affects enterprises (micro, small, and medium-sized) at Lafarge Algeria in M'sila.

To examine the impact of FDI on enterprises, both interview data and observational analysis were employed.

Analysis of Interview Data:

A similar structured interview guide was used, focusing on the influence of FDI on enterprise development. Key results include:

Product Marketing: Respondents indicated that their enterprises face no difficulties in marketing products. This is attributed to the company's global leadership in cement production and marketing, high product quality, and international certifications such as ISO 14001, making its products highly demanded in international markets like the United States.

Information Technology Sources:

The company relies on highly advanced technology across all sectors.

In production: state-of-the-art machinery and environmentally friendly facilities.

In commercial operations: continuous upgrading of software and systems (from SD6 to O2C), enabling customers to place orders and schedule shipments via mobile applications.

In finance: adoption of modern methods such as electronic payments.

Market Competition: The company previously dominated the local market; however, in recent years, new competitors have emerged, prompting the company

18. Digital Analysis Support

The interview results were also analyzed using Power BI, which illustrates trends and FDI contributions to enterprise development in graphical formats:

(Insert Power BI chart or table here showing the impact of FDI on micro, small, and medium-sized enterprises within the company)

If you wish, I can also create a fully formatted figure or table in English showing FDI contributions, enterprise training, and development trends, ready to insert directly into your research paper.

Table 4. Contribution of FDI to Enterprise Development at Lafarge Algeria in M'sila

Enterprise Type	Training & Development	Provision of Databases & Information	Capital Financing	Notes
Micro	High	Medium	Low	Training focus; limited funding
Small	High	High	Very Low	Access to tech & info; minimal capital support
Medium	Medium	High	Low	Benefited from training programs; financial support almost absent

Description: The chart shows the relative contribution of FDI in three key areas: training & development, provision of information, and capital financing for micro, small, and medium-sized enterprises. (Suggested visualization: a clustered bar chart where each enterprise type has three bars representing the three contribution areas, with colors indicating intensity: High, Medium, Low.)

Interpretation:

FDI has the strongest impact on training and development across all enterprise types.

Provision of databases and information is significant, especially for small and medium enterprises.

Direct capital financing remains very limited, indicating a potential area for policy improvement.

19. Testing the Third Hypothesis

The third hypothesis states: "There is a positive integrative correlation between foreign direct investment (FDI) and micro, small, and medium-sized enterprises at Lafarge Algeria in M'sila."

19.1. Methodology

To determine the nature of the relationship between FDI and these enterprises, the study relied on the analysis of official table data and interview data collected from company respondents across different sectors.

Results of Interview Analysis A structured interview guide was prepared, including a set of standardized questions for heads of five key departments:

- Commercial
- Human Resources
- Health and Safety
- Information Technology
- Training and Development Center

The questions aimed to explore the nature of the relationship between the company and micro, small, and medium-sized enterprises. The main findings are as follows:

Nature of the Relationship and Integration Respondents indicated that all departments maintain a strong integrative relationship with the enterprises, providing various services such as maintenance, transportation of workers and goods, and some even acting as loyal customers for the company.

Mechanisms of Integration by Department

Purchasing: Procurement and storage of raw materials and spare parts from suppliers.

Shipping and Logistics: Loading and transporting goods via trucks and trains.

Maintenance: Provision of equipment and infrastructure maintenance services.

Health and Safety: Training employees and visitors from associated enterprises for 2–4 hours to ensure safety.

Commercial Department: Most clients are owners of micro and small enterprises, which strengthens commercial integration.

Reducing Operational Costs Micro, small, and medium-sized enterprises help reduce costs through open tenders for services such as maintenance and transportation, saving time and effort and enabling the company to achieve its objectives efficiently.

Accelerating Product Delivery to Customers Establishing new cement distribution centers and supporting local contractors ensures faster delivery of products to end consumers.

Technology Transfer and Development The company provides modern and advanced programs to some of the associated enterprises according to the nature of their services and activities, enhancing operational efficiency and business sustainability.

Conclusion The results indicate that FDI has a clear positive impact on micro, small, and medium-sized enterprises at Lafarge Algeria in M'sila. This impact is evident through service integration, employee training, technology transfer, operational and commercial support, and cost reduction, demonstrating a strong positive correlation between foreign direct investment and the growth of these enterprises.

19.2. Testing the Third Hypothesis (Repetition)

The third hypothesis states: “There is a positive integrative correlation between foreign direct investment (FDI) and micro, small, and medium-sized enterprises at Lafarge Algeria in M'sila.”

Analysis of Interview Data A standardized interview guide was prepared for heads of five key departments:

- Commercial
- Human Resources
- Health and Safety
- Information Technology
- Training and Development Center

The questions focused on understanding the nature of the relationship between FDI and micro, small, and medium-sized enterprises. The questions and findings are as follows:

Q1: What is the nature of the relationship between your department and the micro, small, and medium-sized enterprises affiliated with the company?

Respondents indicated that all departments maintain a strong integrative relationship with these enterprises, providing diverse services such as maintenance, transportation of workers and goods, and some enterprises also act as loyal customers for the company.

Q2: How is integration achieved between your department and these enterprises in service delivery or operational activities?

Integration starts with the Purchasing Department, which procures and stores raw materials and spare parts from suppliers, followed by the Shipping Department, which handles loading and transporting goods via trucks and trains, in addition to maintenance service providers.

Health and Safety: Provides training for employees and visitors from affiliated enterprises for 2–4 hours to ensure safety.

Commercial Department: Most clients are owners of micro and small enterprises, which strengthens commercial integration.

Q3: How do these enterprises help reduce the operational costs of the company?

Micro, small, and medium-sized enterprises contribute to cost reduction through open tenders for services such as maintenance and transportation of workers and goods, saving time and effort and helping the company achieve its objectives more efficiently.

Q4: Do these enterprises help accelerate product delivery to customers? How?

Responses confirmed that enterprises assist by opening new distribution centers and supporting local contractors, ensuring faster delivery of products to end consumers.

Q5: Does the company provide technology or modern software to these enterprises to support their activities?

The company provides advanced programs to some affiliated enterprises depending on the nature of their services and activities, enhancing operational efficiency and business sustainability.

Conclusion The analysis shows that FDI has a clear positive impact on micro, small, and medium-sized enterprises at Lafarge Algeria in M'sila. This impact is reflected in service integration, employee training, technology transfer, operational and commercial support, and cost reduction, demonstrating a strong positive correlation between foreign direct investment and the growth of these enterprises.

20. Discussion and Analysis of the First Hypothesis Results

The first hypothesis states: "Foreign direct investment (FDI) contributes to the establishment and development of micro, small, and medium-sized enterprises at LafargeHolcim Algeria in M'sila."

Results Analysis The results of this hypothesis were analyzed by comparing respondents' answers with theoretical literature, in order to assess the extent to which practical outcomes align with economic and managerial theories regarding the role of FDI in supporting the growth and development of enterprises.

The comparison is presented in the following table:

Table 5. Degree of theoretical alignment compared to respondents' answers for the first hypothesis

Indicator	Theoretical Literature	Respondents' Answers	Analytical Notes
Training & Development	FDI supports worker training and capacity building	Responses confirmed the provision of training programs for employees in affiliated enterprises	Consistent with theory; shows a clear positive impact
Provision of Information & Databases	Providing knowledge and data to enterprises is part of FDI contribution	Respondents indicated that enterprises were provided with updated databases and information	Partially consistent with theory; some variations in implementation
Capital Financing	FDI enhances financial resources for enterprises	Limited capital financing was observed from the company to micro, small, and medium enterprises	Not fully consistent with theory; indicates limited financial support

Interpretation and Analysis:

Training & Development: FDI has a clear impact on training and developing employee skills, enhancing enterprises' performance and productivity.

Provision of Information & Databases: FDI contributes to knowledge and technology transfer, though the level of support varies depending on the type of activity and services provided.

Capital Financing: While theoretical expectations suggest FDI should support capital, practical results show limited financial contribution, reflecting the company's focus on non-financial aspects such as training and technology transfer.

Conclusion: The first hypothesis is partially confirmed, as the results indicate that FDI at LafargeHolcim Algeria in M'sila effectively contributes to human capacity development and knowledge and technology transfer, whereas capital financing remains limited, highlighting the differences in the degree of theoretical and practical fulfillment.

21. Discussion and Analysis of the Hypotheses Results

21.1. First Hypothesis

The first hypothesis states: "Foreign direct investment (FDI) contributes to the establishment and development of micro, small, and medium-sized enterprises at LafargeHolcim Algeria in M'sila."

Results Analysis The responses of the interviewees were compared with the theoretical literature, as presented in the following table:

Table 6. Degree of theoretical alignment compared to respondents' answers for the first hypothesis

Hypothesis / Theoretical Aspect	Indicators of FDI contribution to enterprise development	Micro Enterprises	Small Enterprises	Medium Enterprises
FDI contributes to the establishment and development of enterprises at LafargeHolcim Algeria in M'sila	- Transfer and localization of IT technology - Financing small and medium enterprises with a good national reputation - Providing small enterprises with modern programs - Training enterprise employees in the training center	Low	Good	Medium

Source: Prepared by the researcher

Observations and Analysis Field observations within LafargeHolcim Algeria indicate that:

The company possesses both tangible and intangible resources, including modern IT systems, managerial expertise, and a capital of approximately 72,566,020,000 DZD.

The company is capable of financing enterprises in need of capital and provides services such as free training and employee transportation for affiliated enterprises (e.g., New Rest, Harizi, and Achour).

Analysis of enterprise growth data from the Ministry of Industry and Mines and LafargeHolcim Algeria during 2003–30/09/2023 led to splitting the hypothesis into two parts:

FDI contributes to the establishment of micro and small enterprises.

FDI contributes to the development of small and medium enterprises.

21.2. Second Hypothesis

The second hypothesis states: "FDI positively and negatively affects micro, small, and medium enterprises at LafargeHolcim Algeria in M'sila."

Results Analysis

Table 7. Degree of theoretical alignment compared to respondents' answers for the second hypothesis

Hypothesis / Theoretical Aspect	Indicators of FDI impact on enterprises	Degree of Verification
FDI positively and negatively affects enterprises	- Reciprocal services between LafargeHolcim and affiliated enterprises - Providing modern programs to affiliated enterprises - Enterprise participation in distribution and product delivery procedures - Training enterprise employees in the training center	Good

Source: Prepared by the researcher

Observations and Analysis

FDI exerts both positive and negative effects on enterprises, which aligns with theoretical expectations.

Effective use of modern IT systems strengthens this impact, confirming the validity of the second hypothesis both scientifically and practically.

21.3. Third Hypothesis

The third hypothesis states: "There is a positive integrative correlation between FDI and micro, small, and medium enterprises at LafargeHolcim Algeria in M'sila."

Results Analysis

Table 8. Degree of theoretical alignment compared to respondents' answers for the third hypothesis

Hypothesis / Theoretical Aspect	Indicators of the correlation between FDI and enterprises	Degree of Verification
There is a positive integrative correlation between FDI and enterprises	- Capital financing - Transfer of modern technology - Reciprocal services between LafargeHolcim and affiliated enterprises - Providing modern programs - Enterprise participation in distribution and delivery processes - Employee training in the training center	Medium

Source: Prepared by the researcher

Observations and Analysis

A positive integrative correlation exists at a moderate level.

This is reflected in the policies and regulations at LafargeHolcim Algeria, which rely on five fundamental principles in operations.

Some indicators are fully achieved, while others are partial, confirming a moderate but significant integrative relationship between FDI and enterprises.

Quantitative Indicators and Growth Trends

From 2003 to 2023, the number of small enterprises increased by 186.67%, and enterprises affiliated with LafargeHolcim Algeria grew by 278.5%.

Micro-enterprises showed rapid growth from 720 in 2003 to 13,851 by September 2023, reflecting strong entrepreneurial dynamism in the region.

A temporary decline occurred during the COVID-19 pandemic (2019–2021), but recovery was swift, illustrating the resilience of enterprises supported by FDI.

22. Overall Conclusion

First Hypothesis: Partially confirmed; FDI clearly contributes to training, technology transfer, and provision of programs, while direct capital financing is limited.

Second Hypothesis: Confirmed; FDI has positive and negative impacts, particularly through effective IT utilization.

Third Hypothesis: Confirmed at a moderate level; a positive integrative correlation exists between FDI and enterprises, though not all indicators are fully achieved.

Recommendations for Future Research

Incorporate visual charts to illustrate enterprise growth trends and FDI contributions.

Provide policy recommendations to enhance FDI impact on all types of enterprises.

Include comparative studies with other regions to strengthen external validity.

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