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THE ROLE OF SMALL AND MEDIUM ENTERPRISES IN CONSOLIDATING THE ENVIRONMENTAL DIMENSION OF SUSTAINABLE DEVELOPMENT IN ALGERIA

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ABSTRACT

The article aims to address the legal provisions Imposed by the Algerian legislature on small and medium enterprises to preserve the Environment in order to achieve the requirements of sustainable development occupies a large part of concerns in various aspects ,especially legal and public policies of environment dimension for the benefit of society in order to promote it to what is best in meeting its needs and balancing the present and future generations ,because the environment is an essential element of human life.

In the context, Algerian legislator has enacted legal mechanisms for the protection of the environment, which are complied with by the small and medium enterprises, which have received special attention from the state in recent time

As the main axis for sustainable development in light of the successes achieved in various economies of the countries that have worked to encourage the establishment of these institutions and provide them with various mechanisms of support and assistance

What legal obligation did the Algerian legislator have for SMES to protect the environment in order to meet the requirement of sustainable development given the support it has given him?

KEYWORDS

Environment Protection, Sustainable Development, Small and Medium Enterprises

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Introduction

For the purpose of studying the problematic of the subject through analysis, we have decided to divide the topic into two main axes: The first axis is devoted to the conceptual framework of the study, by defining the concept of small and medium enterprises, the concept of environment within the framework of sustainable development and its relation with the activities of enterprises. As for the second axis, it is devoted to an applied framework in which we deal with the legal provisions that small and medium enterprises must comply with for the protection of the environment within the framework of sustainable development.

Speaking about the environment nowadays has become one of the topics of wide interest, due to the complexities, interrelations, and problems that it faces today. This necessitates conducting studies on this subject and searching for the reasons of degradation and pollution, and the measures that must be followed to find solutions for that. There can be no sustainable development without mechanisms for protecting the environment, because of the strong interconnection between environment and development. This issue has gained large attention at both the international and national levels, especially with the increasing economic activity of enterprises and the rise of production at the expense of the environment under the justification of meeting the population's needs for goods and services. Due to the impacts caused by these situations, the alarm bell has been sounded, as the matter is related to the life of human, animal, and plant on earth, which represents

the essence of human existence. This is what made governments move towards searching for ways and solutions to environmental problems in order to achieve sustainable development.

Within this framework, Algeria was not far from this dynamic, as the legislator took charge of setting legal rules to combat environmental problems and prevent them, within the goal of achieving comprehensive and integrated development. This came as a response to the imbalances caused by pollution resulting from the activities of economic enterprises during their production operations. This protection was consecrated constitutionally, and laws provided the legal mechanisms for environmental protection until the issuance of Law No. 03/10 of 19/07/2003 concerning the Law of Environmental Protection within the Framework of Sustainable Development. In this law, for the first time, the protection of the environment was introduced as a strategic dimension of sustainable development. Amid the economic reforms initiated by the state, the sector of small and medium enterprises emerged as an active axis in achieving development and addressing the economic imbalances suffered by the Algerian economy. This made the public authorities consider small and medium enterprises as the fertile ground for economic diversification and the strengthening of its structure in the economy, by providing them with different mechanisms of support and assistance, due to their size nature and their need for that, in order to achieve their economic efficiency.

In the framework of reconciling the needs of economic development relying on small and medium enterprises — which cannot rise without support and assistance — with the requirements of environmental protection, which does not tolerate the damages and threats surrounding it, the question arises: What are the environmental obligations imposed on these enterprises within the framework of sustainable development?

To answer this problematic, we have decided to divide the research into two axes: in the first axis, we deal with the conceptual framework of the study by addressing the different concepts; and in the second axis, we discuss the legal provisions regulating the activities of small and medium enterprises within the framework of environmental protection and the achievement of sustainable development principles.

Section One: The Conceptual Framework of the Study

Like all studies and scientific researches, the matter requires, at the beginning, the clarification of concepts and terms so that the receiver (whether reader or listener) can understand the objective framework of the study. In this research paper, we will first address the concept of small and medium enterprises, as a modern and new term in legal sciences (First Requirement). Then, we will address the concept of environmental protection within the framework of sustainable development, by clarifying the concepts included in the phrase (Environment – Environmental Protection – Sustainable Development) (Second Requirement).

First Requirement: The Concept of Small and Medium Enterprises

Small and medium enterprises are considered nowadays a fundamental axis and an essential actor in the economies of both developed and developing countries, due to the features and characteristics that distinguish them from large and huge enterprises. These characteristics make them an effective mechanism to treat the imbalances and bad economic situations of countries (Iklouli/Weld Rabah Safia, 2009, p.109) — such as unemployment, poverty, trade balance, and economic growth — within the framework of establishing economic freedom. Algeria, like other countries, since it began abandoning the socialist approach and adopting the principles of market economy, has worked on adopting economic strategies (freedom of investment, freedom of initiative and property, freedom of competition, freedom of prices, etc.) to prepare the environment for this type of enterprises since the beginning of economic reforms.

This foundation was reinforced by the issuance of Law No. 01/18 of 12/12/2001, related to the Guiding Law for the Promotion of Small and Medium Enterprises (now repealed) (Law No. 01/18, 2001), which represents the beginning of legislative recognition of small and medium enterprises in Algeria. Afterwards came Law No. 17/02 of 11/01/2017, related to the Guiding Law for the Development of Small and Medium Enterprises (currently in force) (Law No. 17/02, 2017). This reflects the will of public authorities to adopt this mechanism and rely on it to fix their economic situations.

Although small and medium enterprises have come to play a major role in improving the economies of countries and finding solutions for most economic problems, there is still no unified and comprehensive definition for them. This generates difficulty in determining which enterprises are concerned with the support and assistance mechanisms allocated for them (Moshri, 2011, p.2). This has resulted in the multiplicity of definitions for these enterprises, depending on the political vision of the state, the degree of economic growth, and the criteria adopted in this regard (Iklouli/Weld Rabah Safia, 2009, p.113). This leads us to attempt to

define small and medium enterprises (First Branch), and then to address the characteristics that distinguish them from large enterprises (Second Branch).

First Branch: Definition of Small and Medium Enterprises

There are many definitions of small and medium enterprises, based on several criteria to set limits between these enterprises and the large ones. It has been recorded that more than 55 definitions exist for small and medium enterprises according to a study published by the Georgia State Institute (Maher Hassan Al-Mahrouq & Ihab Muqabaleh, 2006, p.2). Therefore, we will show the criteria adopted in defining these enterprises (1), and then discuss how the Algerian legislator adopted these criteria in his definition of small and medium enterprises (2).

1- The Criteria Adopted in Defining Small and Medium Enterprises:

They are criteria mostly of an economic nature, adopted to define small and medium enterprises. We also notice that all attempts to formulate a definition for them include a set of criteria, the most important of which are: (Issa Bin Nasser, 2010, p.51)

- Criterion of capital size.
- Criterion of number of workers employed.
- Criterion of ownership nature and responsibility.
- Criterion of technical level used.
- Criterion of production volume and added value.
- Criterion of turnover.

However, most of the studies, researches, and legislations that regulate small and medium enterprises rely on three main criteria, which are:

- The criterion of number of workers: Through this criterion, a maximum number of workers is set as a dividing line between small and medium enterprises and large ones. It is also used to set limits between the different categories of these enterprises themselves (micro or very small small medium), such as 250 workers or 100 workers, which is the most common in use, because of its simplicity of application, ease of comparison, and its relative stability (Issa Bin Nasser, 2010, p.51).
- The criterion of capital: Through it, the size of the enterprise is determined by setting a certain amount of invested capital inside the enterprise as a maximum limit that cannot be exceeded; otherwise, it would be considered outside the category, depending on the degree of development within the state (Iklouli/Weld Rabah Safia, 2009, p.114). This criterion is not characterized by precision and is difficult to apply due to the differences in exchange rates from one country to another and even within the same country from one period to another.
- The mixed criterion: In which both criteria (number of workers and capital) are combined, by setting a maximum limit for the number of workers in addition to the amount of invested capital. This is one of the most used criteria (Iklouli/Weld Rabah Safia, 2009, p.115).

2- Definition of Small and Medium Enterprises in Algerian Law:

For the first time, the definition of small and medium enterprises was established in the provisions of Algerian law under Law No. 01/18, related to the Guiding Law for the Promotion of Small and Medium Enterprises. The same definition appeared in Law No. 17/02, related to the Guiding Law for the Development of Small and Medium Enterprises, with slight modifications. Article 05 of Law No. 17/02 states the following:

"A small and medium enterprise, regardless of its legal nature, is defined as a production enterprise of goods and/or services that:

- Employs from 1 to 250 workers.
- Has an annual turnover not exceeding four (04) billion Algerian dinars or a total annual balance sheet not exceeding one (01) billion Algerian dinars.
 - Meets the criteria of independence..."

We find that the Algerian legislator relied in his definition of this type of enterprise on three criteria: (number of workers, turnover, and independence). These are the same criteria that were adopted in the provisions of the repealed Law (01/18), and they are also the same criteria adopted by the European Commission in its definition of small and medium enterprises (Karima Karim, 2014, p.13).

The criterion of number of workers was set with a minimum of one worker and a maximum of 250 workers, so the enterprise that employs within these limits is described as a small or medium enterprise. As for the turnover criterion, it was set with a maximum limit of 4 billion DZD and a total annual balance of 1

billion DZD. The criterion of independence concerns the ownership of capital; a small or medium enterprise cannot be owned by another enterprise or a group of enterprises that holds 25% of its total capital, except for venture capital companies, which are allowed to own up to 49% of the capital of the small and medium enterprise (Law No. 17/02, 2017, Article 7), as a means of encouraging investment in this new type of investment company in Algeria.

Due to the simplicity of administrative organization and accounting management in small and medium enterprises, the legislator allowed them to exceed these thresholds without losing their classification as small and medium enterprises or their specific category within the SME sector, as long as this situation does not persist for two consecutive financial years (Law No. 17/02, 2017, Article 12).

For an enterprise to be described as small or medium, it must practice production and/or service activities. Enterprises that operate in the field of distribution cannot be described as small or medium enterprises, and they cannot benefit from support and assistance mechanisms, based on what is stated in the provisions of the Competition Law (03/03) (Ordinance 03/03, Article 3), regarding its definition of an enterprise as: "Any natural or legal person who permanently practices production, distribution, and service activities..." Within the same framework, the legislator prohibited them from engaging in financial activities — they cannot be a bank, financial institution, insurance company, real estate agency, or engage in export activities (Law No. 17/02, 2017, Article 37).

The law classified small and medium enterprises as follows:

- **Medium enterprise:** Employs between 50 and 250 workers, with an annual turnover not exceeding 4 billion dinars, and a total annual balance up to 1 billion dinars (Law No. 17/02, 2017, Article 8).
- Small enterprise: Employs between 10 and 49 workers, with an annual turnover not exceeding 400 million dinars, and a total annual balance up to 200 million dinars (Law No. 17/02, 2017, Article 9).
- **Micro enterprise:** Employs between 1 and 9 workers, with an annual turnover not exceeding 400 million dinars, and a total annual balance up to 200 million dinars (Law No. 17/02, 2017, Article 10).

The criteria adopted by the Algerian legislator in his definition of small and medium enterprises in Article 05 of Law No. 17/02 (currently in force) are the same as those adopted by many countries in their definitions of small and medium enterprises. In the European Union, they are defined as every project that employs not more than 250 workers, with an annual turnover not exceeding 50 million euros and an annual balance not exceeding 43 million euros, and in which no enterprise or group of enterprises owns or controls 25% or more of the capital or voting rights (Recommandation 2003/361/CE, 2003).

Second Branch: Characteristics of Small and Medium Enterprises

Currently, the interest in small and medium enterprises has increased from the side of governments, which offer them all kinds of economic and legal support and assistance, considering them as the strongest sources of development, due to the advantages they possess. These advantages make them attractive to small investors, businessmen, and project holders — something that is found only in small and medium enterprises — in terms of establishment and organization (1), management (2), and method of work (3).

1- Ease of Establishment and Organization:

The establishment of a small and medium enterprise is a simple matter that does not require complexities in founding or a large capital, because its formation and organization are simple and not costly, especially for the small ones. The owner of the enterprise takes charge of its creation and organization and sets its policy alone or with simple assistance (Recommandation 2003/361/CE, 2003, p.124). This makes it an enterprise that, in most cases, does not need a complicated administrative apparatus. It is enough to register it in the commercial register according to Article 22 of the Algerian Commercial Code, or in the register of traditional industries and crafts if it is a craft enterprise, according to Articles 02 and 26 of Law No. 96/01, which defines the rules governing traditional industry and crafts (Iklouli/Weld Rabah Safia, 2008, p.27), or to obtain accreditation from the professional unions if its activity is a liberal profession.

2- Simplicity of Management:

Management in small and medium enterprises does not require complexities or a large number of bodies, since this type of enterprise is managed by the owner himself who handles its administrative and technical operations. He manages his enterprise and all its affairs alone; he is the one who draws its strategic policies, or is helped in that by a family member or by employees whom he chooses himself, as he often does not need partners. Thus, he makes decisions in his capacity as manager, owner, and operator (Ahmad Jamil, 2010, p.239).

The owner of the enterprise is both the manager and the controller in it, which makes the functions of ownership and management merge in the small and medium enterprise. This is what made it the destination for small investors who do not prefer to invest in enterprises that deprive them of direct supervision over their business (Ahmad Jamil, 2010, p.248). The founder of this type of enterprise must be distinguished by love of independent work and creativity, technical expertise, good knowledge of the project, administrative skills, and the art of dealing with others, since the success of the enterprise requires these qualities (Iklouli/Weld Rabah Safia, 2009, p.120).

3- Flexibility in the Method of Work:

The method of work in small and medium enterprises does not require tools or devices that help it perform its productive function, such as the need for multiple departments, large funds, or advanced technologies. This can be seen through the following (Ahmad Jamil, 2010, pp.246–247):

- The small size of its capital during establishment and operation, which is the feature that attracts most small investors.
 - Dependence on local resources and recycling, which helps reduce production costs.
- Flexibility and the ability to spread and adapt to various conditions and changes in consumption patterns and diversification in production.
- Integration with large enterprises within the framework of subcontracting (Issa Bin Nasser, 2010, p.55).
- No need for skilled or trained labor, as it attracts surplus or new labor in the job market (Ahmad Jamil, 2010, p.247).
 - The personal relationships that connect the owner with the workers of his enterprise.

Second Requirement: The Concept of Environmental Protection within the Framework of Sustainable Development

The term *sustainable development* has nowadays become one of the most widespread terms in various studies (economic, legal, social, etc.), because it is linked to the life of humans on Earth. This has made different international and national legislations seek to adapt the provisions of their laws according to the objectives required by sustainable development within its economic, social, and environmental dimensions. The latter dimension is considered the main axis around which all the others revolve, due to the components it contains for achieving the goals of sustainable development. There is no sustainable development without effective mechanisms for protecting the environment. The concept of sustainable development began to be widely discussed only after the increase of environmental problems such as global warming, the decrease of green areas, desertification, and the loss of biological diversity. This confirms the strong relationship and interaction between them, as neither can exist without the other. Therefore, we will address the concept of environmental protection (First Branch), then the concept of sustainable development (Second Branch).

1- First Branch: The Concept of Environmental Protection

The problem of environmental pollution has occupied the minds of researchers, scientists, and governments both nationally and internationally, because of the harm it causes to living creatures on Earth, especially given the lack of concern of institutions and companies about these problems in their production operations, as they throw their factory waste into various environments (land, air, sea). Therefore, different national and international legislations have sought to combat the phenomenon of environmental pollution, especially the one caused by production institutions of all kinds, since the Stockholm Declaration of 1972, and later the Rio de Janeiro Convention of 1992 on environmental protection, which Algeria ratified by Ordinance No. 95/03 dated 21/01/1995 (Seddik Fatima, 2016, p.9). This reflects the intention and will of the public authorities to pay attention to environmental pollution problems, especially under the liberation of private initiative and the greed that struck productive institutions in increasing production and thus accumulating profits at the expense of the environment, under the justification of economic development (Nouwara Hussein, 2018, p.290). Accordingly, mechanisms for environmental protection were included among the topics of sustainable development through various laws issued in this field (Law No. 83/03, 1983), (Executive Decree No. 98/339, 1998), (Law No. 03/10, 2003), (Executive Decree No. 07/144, 2007), (Executive Decree No. 07/145, 2007). To go deeper into this point, we will discuss the definition of the environment (1), and from there reach the meaning of environmental protection (2).

1- Definition of the Environment:

The environment is the surroundings in which the human lives. Some of it is natural, such as soil, air, water, space, and living organisms, and some of it is artificial, created by humans (Majid Ragheb Lahlou, 1994, p.21). Thus, it represents all the natural and artificial factors established by humans in the environment where they live (Nouwara Hussein, 2018, p.493). The Algerian legislator did not provide a definition of the environment in Law No. 03/10 on environmental protection within the framework of sustainable development; rather, he listed its components (water, air, soil, living and non-living organisms, and human-made structures).

Given the problems that these resources have suffered from because of human activities in general, and production factors (enterprise activities) in particular, this has become a danger threatening the human race with extinction along with other living beings. Therefore, it is necessary to find mechanisms to stop the spread of these dangers by protecting these resources.

2- The Meaning of Environmental Protection:

Environmental protection originally means protecting the surroundings from pollution and from anything that changes natural components in a negative direction. Pollution is mainly connected to industrial activities and institutional investments (Nouwara Hussein, 2018, p.494). Because of this relationship, the Algerian legislator obliged economic institutions to establish investment projects according to environmental principles and foundations (Law No. 16/09, 2016, Article 3). Hence, there must be reconciliation between the goals of institutional activities and the requirements of environmental protection.

Within the framework of sustainable development, environmentalists focus on the necessity of setting limits for each ecological system that cannot be exceeded (Boualdiaf El Eid, 2013, p.8), through the following (Moshri, 2011, pp.56–57):

- **Protection of natural resources:** Protecting natural resources from depletion does not mean not exploiting them, but using them rationally in a way that ensures their durability and continuity and does not deprive future generations of their right to them.
- **Protection of lands:** Especially in the context of combating desertification and the phenomenon of rural migration to cities, which threatens agricultural lands from being exploited, resulting in food security threats, thus requiring the creation of mechanisms to face these risks.
- **Protection of waters:** Given the large percentage of the aquatic environment, it constitutes a main axis in development operations, whether in terms of seas and oceans or freshwater, which requires providing the increasing needs for it and protecting the marine environment from pollution caused by ships and factory outlets.
- **Protection of the climate:** By creating a balance between the benefit and the loss caused by polluters to the planet, such as the increase of sea levels, change in rainfall patterns, and erosion of vegetation cover, ensuring that future generations enjoy a suitable climate for living.
- Protection of biological species shelters: By fighting all forms of negative effects on biological diversity (land, sea, and air), through supervising and organizing hunting operations and combating all forms of extinction of these living species, or at least slowing them down.

Second Branch: The Concept of Sustainable Development

The term *sustainable development* has become one of the most widespread terms in our time, as it concerns the future of humankind on Earth and the fate of life on it, both in the present and in the future (Moshri, 2011, p.47).

The concept of sustainable development is not a recent one; rather, it emerged as a result of the stages of evolution that development itself has gone through. At first, it was linked only to the economic aspect — focusing on increasing economic growth, which was reflected in the rise of GDP and national income, purely economic indicators. Later, the concept expanded to include the social dimension, seeking mechanisms for the fair distribution of GDP and national income, combining economic needs with social requirements. Then, an environmental variable emerged, which stood as a stumbling block before the requirements of complete development (Moshri, 2011, p.48), due to pollution and the serious threats that affected living beings on Earth. This required integrating this environmental variable with the previous two. As a result of this integration, the term *sustainable development* appeared.

To define this concept, we must first examine its definition and principles (1), then address its dimensions (2).

1- Definition and Principles of Sustainable Development:

Several expressions have been used to refer to the term sustainable development — such as *continuous development*, *connected development*, and *enduring development* — which has led to the existence of multiple definitions as well.

It is defined in the Brundtland Report of the United Nations as "ensuring the right of present generations to development without compromising the rights of future generations" (Aida Mostafaoui, 2018, p.363). Thus, future generations cannot be deprived of resources due to their current exploitation, which requires the optimal use of resources without depleting them. It is also defined as "the process of obtaining the benefits of economic development without the exhaustion of resources" (Moshri, 2011, p.52).

Interest in this concept was also evident in the report of the World Conservation Union (IUCN), which was entirely dedicated to sustainable development, and for the first time, provided a specific definition:

"It is the continuous pursuit of improving the quality of human life while taking into account the capacities and possibilities of the natural system that supports life."

This definition emphasizes the environmental dimension as an important element of sustainable development and reflects a concern for the future and fate of coming generations (Noura Jbara, 2018).

In Algerian law, the term *sustainable development* was first adopted in 2001, in Law No. 01/20 of 12/12/2001 on regional planning and sustainable development (Law No. 01/20, 2001), without defining it. Later, with the issuance of Law No. 03/10 of 17/02/2003 on environmental protection within the framework of sustainable development (Law No. 03/10, 2003), the term was defined in Article 4 as follows:

"A concept that means reconciling sustainable social and economic development with environmental protection, by including the environmental variable in any development process, in a way that guarantees the needs of present and future generations."

The same law also addressed the principles on which this concept is based, the most important of which are:

• The Precautionary Principle:

This principle was discussed in international environmental law since the 1970s and developed significantly. It was first applied in emergencies to face disasters, but later became a principle oriented toward the future within the framework of sustainable development. According to it, states must take necessary measures to prevent environmental degradation even in the absence of full scientific certainty about the effects of the activities to be undertaken (Mohamed Safi Youssef, 2007, p.60). The Algerian legislator adopted this principle in Article 3 of the Law on Environmental Protection within the framework of Sustainable Development, as well as in Article 8 of Law No. 04/20 on the prevention of major risks and disaster management within sustainable development (Law No. 04/20, 2004), which states:

"The principle of caution and precaution: according to which the lack of certainty due to the absence of scientific and technical knowledge should not be a reason to delay adopting actual and consistent measures aimed at preventing any danger that threatens property, people, or the environment in general..."

• The Polluter Pays Principle:

This principle means that any person whose activity causes or is likely to cause environmental damage must bear the costs of all measures aimed at preventing, reducing, or remedying pollution, and restoring affected areas and their environment to their original condition. It also includes the imposition of criminal and financial penalties on the polluter. The Algerian legislator adopted this principle in the provisions of the law on environmental protection within the framework of sustainable development (Noura Jbara, 2018).

All definitions of *sustainable development* converge on a common idea: the concern for the economic and social needs of humans while continuously preserving the environment, in a way that achieves justice between generations.

2- The Dimensions of Sustainable Development:

Through the definition of sustainable development, it becomes clear that it overlaps between several dimensions that are connected to each other. The economic dimension aims at quantitative accumulation, while the social dimension aims at qualitative accumulation, and the environmental dimension represents the surroundings and the resources and how to preserve them. So, in addition to the environmental dimension, which is considered a central and main actor upon which every development depends, as mentioned in the first branch, there are two other dimensions:

- √ The Economic Dimension (Noura Jabara, 2018): Through rationalizing economic approaches and exploiting resources in a rational way that achieves human welfare and improves the standard of living of individuals, through the following:
- The fair distribution of individual consumption of resources, as the rate of consumption of the population of developed countries is double that of underdeveloped countries (Moshri, 2011, p. 54).
- Stopping the depletion of natural resources by changing the patterns of consumption and exploitation of these resources.
- Reducing military spending, by seeking to spread peace and coexistence among countries and peoples, and spending that money on the needs of development.
 - Establishing the responsibility of developed countries for environmental pollution and its treatment.
- ✓ **The Social Dimension:** Which is what strengthens social development and the advancement of the individual, through the following:
- Finding solutions to the increasing demographic growth, due to the frightening increase (80 million people each year, 85% of which is contributed by underdeveloped countries).
- Working on the advancement of the role of women, due to the marginalization she suffers from, through education and good management, because she is considered the first manager of resources and the environment by the nature of the work she performs (home agriculture, caring for the home environment, planting that culture in children).
- Paying attention to health and education, as they are two main pillars in every integrated development, especially from the side of raising awareness about the importance of environmental protection.

Section Two: The Rules of Controlling the Activity of Small and Medium Enterprises in Environmental Protection to Achieve the Principles of Sustainable Development

Within the framework of the Algerian legislator's concern with organizing issues related to economic development, especially in light of the consolidation of the principles of the market economy, that was not at the expense of the environmental surroundings. The authorities worked on creating a balance between the requirements of this development and environmental protection, by setting limits capable of achieving this balance and imposing obligations on productive institutions to protect the environment within the framework of development.

In the light of this developmental dynamism, the sector of small and medium enterprises emerged as a main and central actor in achieving development, where public authorities worked to create mechanisms of support and assistance for them, due to their size and characteristics that require this, as in other countries that adopted them as an economic mechanism. However, that was not at the expense of the environment as well, since the legislator did not allocate to them any obligations different from what was decided for other institutions, for the sake of protecting the environment from pollution and consolidating the dimensions and principles of sustainable development. This calls for addressing the legal mechanisms established by the legislator on every institution that produces goods and provides services as a small and medium enterprise according to its definition. These obligations, some have a preventive nature from pollution and negative changes affecting the environment within the framework of consolidating the principle of precaution (First Requirement), and others have a deterrent nature due to violations and non-fulfillment of these obligations within the framework of consolidating the principle of the polluter pays (Second Requirement).

First Requirement: Preventive Rules Consolidating the Principle of Precaution

In consolidation of the principle of precaution, which imposes on states to take the necessary measures to recover the deterioration of the environment, even in the absence of scientific certainty about the effects resulting from the activities to be carried out by any institution, in order to prevent the occurrence of damage that science finds difficult to discover (Noura Jabara, 2018), this made the Algerian legislator create mechanisms that impose on productive institutions legal obligations before starting any activity. He carried out a process of classification of these institutions (**First Branch**), then obligated them to conduct studies on the effects of the intended activity on the environment, as a control and preventive tool to ensure effective protection of the environment (**Second Branch**).

First Branch: Classified Institutions

There are many activities carried out by small and medium enterprises that may constitute a source of danger to the environment and the ecological surroundings, through the protection of natural wealth, and the respect of the environment, protected sites, and the living framework of the population (Ben Hamidou Nouredine, 2016, p. 260).

The term "classified institutions" in the framework of environmental protection in Algerian legislation is linked to Law No. 83/03, dated 05/02/1983, related to the environment (Law No. 83/03, 1983), through defining the objectives of this law:

- Protecting natural resources.
- Fighting all forms of pollution.

The term was mentioned in Article 75 of the same law without being defined, as it was merely referred to regulation, until the issuance of Law No. 03/10 concerning the protection of the environment within the framework of sustainable development, where the legislator defined the concept of classified institutions. These include all factories, workshops, craft shops, stone quarries, mines, and in general, any installations exploited or owned by a natural or legal person, public or private, which may cause dangers to public health, hygiene, agriculture, ecological systems, natural resources, sites, landmarks, tourist areas, or neighborhood comfort (Law No. 83/03, 1983, Article 18). Therefore, small and medium-sized enterprises fall within the framework of classified institutions, due to their economic activities, as they represent a natural or legal person engaged in a productive activity.

The activity of any small or medium-sized enterprise thus falls within the classified institutions, which requires it to conduct a study on the impact of the project's activity on the environment and the environmental surroundings in which the activity is carried out, and it is subject to the same punitive obligations as well.

As for the list of classified institutions, the law was content with referring to regulation for its determination, until two executive decrees were issued: the first Decree No. 06/198 dated 31/05/2006, concerning the regulation applied to classified institutions for the protection of the environment, and the second Decree No. 07/144 dated 19/05/2007, which determines the list of classified installations for environmental protection (Executive Decree No. 06/198, 2006). These decrees divided the classified institutions into four categories, according to the degree of danger that may result from the activity they perform (Executive Decree No. 06/198, 2006, Article 3), as follows:

- The first category: installations subject to a ministerial authorization from the minister in charge of the environment.
 - The second category: installations subject to authorization from the governor competent regionally.
- The third category: installations subject to authorization from the president of the People's Municipal Assembly competent regionally.
- The fourth category: installations not subject to any authorization, but required to submit a declaration to the president of the People's Municipal Assembly competent regionally.

Thus, every installation mentioned in the previous article, before starting its activity, must obtain authorization from the competent authority or submit a declaration regarding the impacts of the activity on the environment.

Second Branch: Study of the extent of the activity's impact on the environment:

This is done through evaluating the effects caused by the activities intended to be practiced by small and medium-sized enterprises, or predicting them directly or indirectly in the present or the future (Moustafawi, 2018, p. 367). This is stated in the provisions of Article 15 of Law No. 03/10 concerning the protection of the environment within framework of sustainable development: the "Development projects, infrastructures, fixed installations, and factories... that have a direct or indirect, immediate or later effect on the environment, are subject beforehand, as the case may be, to an environmental summary of environmental impact..." impact study Therefore, we will address the content of the impact study (1), and then the objectives pursued by the study of the extent of impact on the environment (2).

1- Content of the impact study:

These are procedures that any classified institution is required to undertake before the beginning of its activity, for the protection of the environment and to avoid the dangers that may occur to the environment, surroundings, and health as a result of such activities, while specifying the measures and procedures it intends

to commit to for environmental protection. The study of the impact of the activities of small and medium-sized enterprises, like other institutions (all institutions are classified under the impact study or declaration system), represents a prior preventive tool to ensure effective environmental protection before being exposed to risks or any threats, by determining the extent to which these activities are compatible with the environment.

The legislator has defined the institutions and installations subject to the impact study system in Article 15 of Law No. 03/10 concerning environmental protection within the framework of sustainable development. These include all development projects, factories, infrastructures, and fixed installations, where the legislator obligated them to carry out an impact study that includes the following: (Law No. 03/10, 2003, Articles 5 & 16):

- Identifying the project owner and the legal form of the institution.
- A complete presentation of the activity intended to be carried out.
- A description of the original state of the site and its surrounding environment that may be affected by the activity.
- The study must be prepared by an office of studies, expertise, or consultancy specialized and accredited by the ministry in charge of the environment (Executive Decree No. 07/145, 2007, Article 6).
- Evaluation of the expected impacts, direct or indirect, of the activity in the short, medium, and long term on the environment (soil, water, air, health).
- Estimation of the types and quantities of residues, emissions, and damages that may result during the activity.
 - A description of the measures intended to eliminate the damages during execution and operation.
- An environmental management plan as a program to mitigate some of the impacts on the environment. And when the study is accepted by the Minister in charge of the environment, or by the Wali (Governor), or by the President of the Communal People's Assembly (depending on the nature of the activity and the scale of the risks caused by the concerned establishment), the Wali who is territorially competent declares the opening of a public investigation about the subject of the establishment's activity (its adequacy or inadequacy), and he announces it.

However, the study of the impact of the establishment's activity on the environment has three cases, depending on the nature and the size of the activity and the risks:

- Impact Study: It is mandatory in the case of large development projects such as industrial zones, commercial zones, construction of new cities, highways, etc. Within these projects also fall the activities of small and medium enterprises (SMEs). By this procedure, the small and medium enterprise contributes to the protection of the environment and the fight against the damages that threaten it as a result of the works it performs (The list includes projects subject to environmental impact study) (Executive Decree No. 07/145, 2007, Annex 1).
- Impact Summary: It applies to medium-sized projects in terms of the subject of the activity and its effects on the environment, such as projects for the construction of medium-sized sports, hotel, or tourism facilities. The establishment is obliged to carry it out before the beginning of its activity (Executive Decree No. 07/145, 2007, Annex 2).
- **Declaration:** It is an informative procedure to be respected by the establishment that is not mentioned in the two previous cases (Impact Study and Impact Summary). It is prepared by the establishment holding the activity before the start of its exploitation, through a simplified study and an evaluation of the impacts that could be caused by that activity (Executive Decree No. 06/198, 2006, Articles 24 & 25). It is sent to the President of the Communal People's Assembly who is territorially competent, who in turn forwards it to the territorially competent Wali (Environmental Directorates). Consequently, the examination of all impact studies becomes the competence of the Wali, and thus all establishments become classified.

2- Objectives of the Impact Study:

In general, these procedures aim to protect the environment and the surroundings from the effects, emissions, and discharges caused by the activities of establishments, through the following:

- Evaluating the impacts resulting from the activity during the stages of implementation, exploitation, and development, and identifying the risks threatening the environment.
 - Facing the negative effects of some activities and strengthening the positive ones.
- Considering it as a form of awareness and sensitization of the population regarding the damages caused by the activities of those establishments.
- Evaluating the possible results of the activity on the environment (human, air, water, soil, climate), and thus finding solutions to these problems within a scientific and methodological framework.

• Reinforcing the legal measures stipulated by law to remove or at least reduce the factors of environmental damage.

Therefore, all these objectives emphasize placing the burden of the social cost of pollution and environmental damage on the establishment that causes or contributes to it, in order to make it aware of the necessity to participate in the protection of the environment or at least in its reduction. From this, the role of small and medium enterprises in the preventive protection of the environment appears clearly, especially by virtue of their local nature and their close relations with consumers.

Second Requirement: Environmental Responsibility Establishes the Polluter-Pays Principle

The *polluter-pays principle* holds great importance in the environmental protection policies of states, especially after its adoption by the United Nations Conference on Environment and Development. According to this principle, any person whose activity causes pollution or harm to the environment shall bear the expenses of preventive measures or mechanisms to restore it to its original condition, or even those that might potentially cause such damage. This same principle was adopted by the Algerian authorities in Law No. 03/10 on the Protection of the Environment within the Framework of Sustainable Development, to include the activities of small and medium enterprises (SMEs), as they are productive entities. This takes the form of taxes and fees (Branch One), or through the imposition of penal sanctions (Branch Two).

First Branch: Environmental Taxation

Environmental taxes and duties are considered among the most important tools imposed upon productive enterprises. They fall within the five categories of economic instruments for environmental protection defined by the Organisation for Economic Co-operation and Development (OECD). These taxes, often referred to as *green* or *ecological taxes*, are paid to the public treasury by enterprises whose economic activity either pollutes or is likely to pollute the environment, without receiving any direct compensation and in a mandatory manner.

These taxes are imposed by integrating the cost of repairing environmental damage into the price of the product produced by the enterprise or the service it provides, in order to raise the awareness of producers and consumers towards changing environmentally harmful activities into more eco-friendly products and services, as well as adjusting consumption patterns. Additionally, the revenue collected from these taxes is directed towards improving environmental conditions and combating the threats facing it.

Among the most common environmental taxes and fees are those imposed on fuel and petroleum pollution, oil and grease, gas and liquid emissions, and solid waste management (Nawara, 2018, p. 502). Since this tax is integrated into the price of the product or service, it thus applies to both the producer and the consumer.

The mechanism of imposing taxes on productive enterprises that pollute the environment represents a reinforcement of the *polluter-pays* principle, which was established for the first time in Algerian legislation under the Finance Law of 1992. According to Article 17: "A fee is established on activities that are polluting or hazardous to the environment; the definition of these activities is determined by regulation."

The most important environmental taxes and fees in Algerian legislation consist of the fee on polluting and hazardous activities (1), and the fees on fuel and petroleum (2).

1. The fee on polluting and hazardous activities:

It depends on the degree of pollution and the level of danger to the environment. Public authorities make the owner of the enterprise bear the costs of prevention and combating environmental pollution, obliging him to all the financial burdens necessary for that.

This fee originally ranged between 750 DZD and 30,000 DZD when it was first established in 1992. However, due to the growing environmental risks, it was revised under the Finance Law of 2000 by increasing the fee amounts to ensure the effectiveness of this legal mechanism in compensating for damages caused by production operations of enterprises, according to the degree of risk, nature of the activity, and pollution.

2. The fees on fuel and petroleum:

These are stipulated in Article 38 of the Finance Law of 2002, setting a rate of 1 DZD per liter of gasoline, deducted at the source, represented by the company *Naftal*. These amounts are distributed as follows: 50% to the National Environmental Fund and 50% to the National Highway Fund.

Second Branch: Penal Sanctions

Within the framework of establishing an integrated environmental policy, the Algerian legislator did not suffice with imposing preventive policies or environmental taxes on productive enterprises but also introduced deterrent sanctions in cases of non-compliance with obligations or exposing the environment to risks. These sanctions are of two types: administrative sanctions (1), and criminal sanctions (2).

1. Administrative sanctions:

They are applied in cases where the productive enterprise violates its obligations in the framework of environmental protection. The administration enforces them through an administrative decision issued by the competent authority (the Wali), in the following ways:

- Issuing a warning to the owner of the enterprise if it is not classified among the listed establishments, in order to remedy the dangers and damages caused by its activities (Law No. 03/10, 2003, Art. 25). This serves as a notice to the enterprise, and if it fails to take the necessary measures, strict sanctions are imposed upon it.
- Sending a formal notice to the enterprise for any violation of the provisions related to environmental protection, requiring it to take corrective measures. This is considered one of the preliminary steps of punitive sanctions, to undertake an environmental review according to each case (Nawara, 2018, p. 506).
- **Temporary suspension** of the enterprise's activity due to its engagement in practices harmful to the environment and public health, especially if it fails to comply with the obligations and measures imposed after being warned or notified. The enterprise's activity is thus halted until the environmental damage and threats are removed, and all required measures are taken and conditions fulfilled: "If the operator does not comply within the specified period, the operation of the establishment is suspended until the imposed conditions are fulfilled..." (Law No. 03/10, 2003, Art. 25; Law No. 05/12, 2005, Art. 48).

This procedure is also included in Executive Decree No. 06/198, which regulates the classification of establishments for environmental protection, particularly in cases where an enterprise fails to conduct an environmental review or impact study within two years (as a maximum) from the date of being notified.

• **Permanent cessation** of the enterprise's activity, which occurs through the withdrawal of its operating license. This is a positive measure to reduce environmental pollution and is one of the most severe administrative penalties. It applies when serious threats to the environment and public health arise from such activities, or when the enterprise fails to comply with previous decisions (e.g., continuing activity despite temporary suspension or failing to correct violations), as stated in Article 05/02 of Law No. 03/10 on the Protection of the Environment within the Framework of Sustainable Development, especially regarding the production of toxic substances that pose specific risks and liquid industrial waste (Executive Decree No. 93/160, 1993, Art. 11; Executive Decree No. 97/254, 1997, Art. 5).

2- Criminal Sanctions:

Where the institution is also exposed to judicial proceedings that result in criminal sanctions in case the institution is convicted of the offense through judicial judgments, no matter what kind of activity that institution practices, and the most important of these sanctions are as follows:

✓ **Deprivation of liberty penalties**, which include imprisonment when the environmental crime is described as a felony, and detention when it is described as a misdemeanor. This is in the case when the institution's activity is practiced in the name of a natural person, and the conviction is for an environmental crime, as stated in Article 61 of Law No. 01/19 related to the management, monitoring, and elimination of waste, where the article provides for imprisonment from 06 months to 2 years of effective imprisonment, and it is imposed on anyone who mixed hazardous waste with other waste or treated waste without respecting the special rules related to that waste (such as medical and quasi-medical waste), which is punished by imprisonment from 08 months to 3 years (Art. 63 of the same Law) (Nouara, 2018, p. 507), as well as the provision of Article 81 of Law No. 03/10 related to the protection of the environment within the framework of sustainable development.

√ Financial sanctions, which consist of a monetary fine, and it is one of the most used sanctions for environmental crimes, as provided in Article 84 of the Law on Environmental Protection within the Framework of Sustainable Development, in the field of air protection, by the fine penalty ranging from 5,000 DZD to 50,000 DZD for every person who committed an environmental crime or caused air pollution through his activity, and other penalties mentioned in Law No. 01/19 related to the management, monitoring, and elimination of waste (penalties from 50,000 DZD up to 100,000 DZD) (Law No. 01/19, 2001, Art. 58).

Conclusions

Through what has been discussed, we reach the conclusion that the legal provisions imposed by the Algerian legislator on productive institutions, which he called *classified institutions*, due to the classification process carried out for these institutions according to the nature of their activity and its degree of danger to the environment, are the same provisions that small and medium enterprises are bound by in the field of their activities. This makes them play a significant role by contributing to the protection of the environment and thus reinforcing the environmental dimension of sustainable development within every comprehensive development process.

However, the important point in this process is the proximity of small and medium enterprises to consumers and to their productive surroundings, in addition to their large number in the economic fabric, especially their local feature. This makes their role in consolidating the environmental dimension and contributing to raising awareness among all the actors (suppliers, workers, consumers, etc.) more effective and adaptable compared to large and giant enterprises, which are characterized by their distance from their environment, the complexity of their management, and the multiplicity of their structures. Despite being at the same level of legal obligations in the field of environmental protection, aiming to achieve the requirements of sustainable development, this situation calls for surrounding these institutions with mechanisms suitable to their specificities and their role in reinforcing the environmental dimension of sustainable development, through the following points:

- Adopting incentive methods to consolidate the environmental dimension in every activity, such as grants or aids for every small and medium enterprise that contributes to the invention of measures more protective of the environment, or to the production of goods and the provision of services that contribute to that, or that stop or reduce the production of goods and services polluting the environment, such as (black) plastic bags, replacing them with paper bags, for example, considering that this type of institutions is present in places where large enterprises find it difficult to exist due to their size nature.
- Consolidating the *social responsibility* of the enterprise within a legal framework, as it has become a demand of economists and sociologists in Europe.
- Encouraging small and medium enterprises and assisting them to obtain the *ISO 14001* international standards to align their products with these environmental standards.
- Encouraging small and medium enterprises to carry out awareness sessions in the field of environmental protection to consolidate environmental awareness and the legal requirements for that, among the workers of the institution, and then transferring it to the rest of the local population.

Adopting a national award for every small and medium enterprise that innovates environmental products which replace and substitute more harmful and threatening products to the environment.

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