

## **Innovative SMEs in Algeria: Which Practices to Build their Innovation Capacity?**

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### **Abstract**

Many researches attempt to understand the behavior of SMEs in relation to innovation and to develop tools to increase their competitiveness and productivity. However, few researches have directly examined the capacity of these types of companies to innovate. Our study aims to demonstrate the involvement of the Algerian SME in the innovation process and to raise the practices that could affect its ability to innovate. Our survey was developed from a sample of 131 SMEs; the analysis of the results was concretized by the use of the variance-ANOVA method. In light of the main results obtained, four main recommendations can be proposed: -Innovation is a central and very important part of a company's strategy. Precisely, the acquisition of modern machines allows a differentiation in terms of production processes and subsequently a domination by the costs. -The method of financing SME innovation projects has no impact on their capacity for innovation. Although financing is a key issue in the life of any business, it even impacts its development and expansion, and specific financial support is needed to meet the needs of new innovative businesses, including (venture capital, loans boot). -The relationships of SMEs with the outside influence their innovation capacity as they promote the production and recombination of new or existing technical, commercial or organizational knowledge in order to develop new products, processes or services. -The presence of staff with a high level of expertise and experience in the diversity of innovation dimensions (mainly technical.) Is an important determinant of the innovation capacity of SMEs? In order to increase their capacity for innovation, SMEs need to acquire key strategic and technical skills

**Keywords:** capacity -innovation-practice -SME - Algeria