School of higher commercial studies Alger

HEC

Dissertation in order to obtain a master degree in commercial studies

Major: Management and Entrepreneurship.

Theme:

The impact of business environment on company's performance
Case of HAMOUD BOUALEM SPA ALGERIA

Elaborated by:

MISS. REDJALA Nesrine

Supervised by:

CHABANI Widad

Lecturer at HEC ALGIERS

11th promotion

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Dedication

I dedicate this thesis to my beloved family and cherished friends. Your unwavering love, support, and encouragement have been my source of strength and inspiration throughout this academic journey. Thank you for standing by me, cheering me on, and believing in my dreams. This accomplishment is as much yours as it is mine. Here's to the countless memories we've shared and to many more to come. This thesis is dedicated to you with heartfelt gratitude and love. And to my dedicated teachers, whose guidance and wisdom have shaped my academic journey. Your belief in me has been a driving force. This accomplishment is a tribute to our collective journey together.

Acknowledgments

*I would like to express my sincere gratitude to my thesis advisors, **CHABANI Widad, CHABANI Smain** and **LABADI Redha** for their invaluable guidance, encouragement, and support throughout the research process. Their expertise and dedication have been instrumental in shaping this thesis.*

I am also deeply thankful to my family for their unwavering love, understanding, and patience during this journey. Their constant support has been my source of strength and motivation.

I extend my appreciation to my friends for their encouragement and for being a source of inspiration. Their friendship has made this experience more enjoyable and memorable.

Lastly, I am grateful to all the participants who generously shared their time and insights for this study.

This thesis would not have been possible without the contributions and support of these individuals, and for that, I am truly thankful.

Abstract

This study examines the impact of the business environment on corporate performance, with a specific focus on Hamoud Boualem, a leading company in Algeria. The research explores how external factors such as regulatory changes, economic conditions, technological advancements, and evolving consumer preferences influence business operations and strategic decisions. Guided by the primary question, "What is the impact of the business environment on corporate performance?" and secondary questions about the strategic tools used to analyze the environment and describe Hamoud Boualem's business environment, the study tests two hypotheses: that a favorable business environment positively impacts corporate performance, and that strategic analysis tools help clarify the company's environment and vision.

Using a qualitative research methodology, including interviews and case studies, the findings confirm both hypotheses. A stable, supportive, and growth-oriented business environment enhances operational efficiency, profitability, and growth. Additionally, strategic analysis tools, such as SWOT, PESTEL analyses and Porter 5 forces model, effectively describe the business environment.

The study highlights the importance of continuous environmental scanning, innovation, regulatory compliance, cost management, and technological advancement for companies operating in dynamic environments. Despite facing challenges such as limited data access, time constraints, and methodological limitations, the research provides valuable insights into the relationship between the business environment and corporate performance. Future research should expand the scope to include multiple companies and adopt quantitative methods to further validate and generalize the findings.

Key words: Business environment, Corporate Performance, Strategic Analysis Tools, SWOT Analysis, PESTEL Analysis, Porter 5 forces model.

Résumé

Cette étude examine l'impact de l'environnement des affaires sur la performance des entreprises, en se concentrant spécifiquement sur Hamoud Boualem, une entreprise leader en Algérie. La recherche explore comment des facteurs externes tels que les changements réglementaires, les conditions économiques, les avancées technologiques et l'évolution des préférences des consommateurs influencent les opérations commerciales et les décisions stratégiques. Guidée par la question principale, "Quel est l'impact de l'environnement des affaires sur la performance des entreprises?" et des questions secondaires sur les outils stratégiques utilisés pour analyser l'environnement et décrire l'environnement de Hamoud Boualem, l'étude teste deux hypothèses: qu'un environnement des affaires favorable a un impact positif sur la performance des entreprises, et que les outils d'analyse stratégique aident à clarifier l'environnement de l'entreprise et sa vision.

En utilisant une méthodologie de recherche qualitative, incluant des entretiens et des études de cas, les résultats confirment les deux hypothèses. Un environnement des affaires stable, favorable et orienté vers la croissance améliore l'efficacité opérationnelle, la rentabilité et la croissance. De plus, les outils d'analyse stratégique, tels que les analyses SWOT, PESTEL et le modèle des cinq forces de Porter, décrivent efficacement l'environnement des affaires.

L'étude souligne l'importance d'une veille environnementale continue, de l'innovation, de la conformité réglementaire, de la gestion des coûts et des avancées technologiques pour les entreprises opérant dans des environnements dynamiques. Malgré les défis tels que l'accès limité aux données, les contraintes de temps et les limitations méthodologiques, la recherche fournit des informations précieuses sur la relation entre l'environnement des affaires et la performance des entreprises. Les recherches futures devraient élargir le champ pour inclure plusieurs entreprises et adopter des méthodes quantitatives pour valider et généraliser davantage les résultats.

Mots-clés : Environnement des affaires, Performance des entreprises, Outils d'analyse stratégique, Analyse SWOT, Analyse PESTEL, Modèle des cinq forces de Porter

الملخص

تدرس هذه الدراسة تأثير بيئة الأعمال على أداء الشركات، مع التركيز بشكل خاص على شركة حمود بوعلام، وهي شركة رائدة في الجزائر. تستكشف البحث كيفية تأثير العوامل الخارجية مثل التغيرات التنظيمية، والظروف الاقتصادية، والتقدم التكنولوجي، وتطور تفضيلات المستهلكين على العمليات التجارية والقرارات الاستراتيجية. موجهة بالسؤال الرئيسي: "ما هو تأثير بيئة الأعمال على أداء الشركات؟" والأسئلة الثانوية حول الأدوات الاستراتيجية المستخدمة لتحليل البيئة ووصف بيئة أعمال حمود بوعلام، تختبر الدراسة فرضيتين: أن بيئة الأعمال المواتية لها تأثير إيجابي على أداء الشركات، وأن الأدوات التحليلية الاستراتيجية تساعد في توضيح بيئة الشركة ورؤيتها

باستخدام منهجية بحث نوعية، تشمل المقابلات ودراسات الحالة، تؤكد النتائج كلا الفرضيتين. بيئة الأعمال المستقرة، والداعمة، والموجهة نحو النمو تعزز الكفاءة التشغيلية، والربحية، والنمو. بالإضافة إلى ذلك، تصف الأدوات التحليلية نموذج القوى الخمس لبورتSWOT ، وتحليلPESTEL بيئة الأعمال بشكل فعال مثل

تؤكد الدراسة على أهمية المراقبة البيئية المستمرة، والابتكار، والامتثال التنظيمي، وإدارة التكاليف، والتقدم التكنولوجي للشركات العاملة في بيئات ديناميكية. على الرغم من التحديات مثل الوصول المحدود إلى البيانات، والقيود الزمنية، والقيود المنهجية، توفر الدراسة رؤى قيمة حول العلاقة بين بيئة الأعمال وأداء الشركات. ينبغي على الأبحاث المستقبلية توسيع النطاق لتشمل عدة شركات واعتماد طرق كمية لمزيد من التحقق من النتائج وتعميمها

الكلمات المفتاحية , بيئة الاعمال, اداء الشركات, ادوات التحليل الاستراتيجية , نموذج القوى الخمس لبورت SWOT نموذج PESTEL نموذج

List of abbreviations

BE: Business Environment

SWOT: Strengths, Weaknesses, Opportunities, Threats

PESTEL: Political, Economic, Social, Technological, Environmental, Legal

HR: Human Resources

R&D: Research and Development

ROI: Return on Investment

ROE: Return on Equity

ROA: Return on Assets

ERP: Enterprise Resource Planning

BI: Business intelligence

SPA: Societe par actions

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Summary

GENERAL INTRODUCTION

GENERAL INTRODUCTION

The business environment plays a pivotal role in influencing the trajectory and performance of companies across diverse industries. In today's interconnected and fast-paced global economy, characterized by rapid technological advancements, evolving consumer preferences, and unpredictable economic conditions, understanding the complexities of the business environment is essential for achieving sustainable corporate success. This thesis aims to delve into the profound impact of the business environment on corporate performance, elucidating how external factors shape strategic decisions, operational efficiencies, and overall business outcomes.

The business environment encompasses a spectrum of external forces that exert significant influence on a company's operations and performance. These forces encompass economic conditions, political stability, technological advancements, socio-cultural trends, legal regulations, and environmental concerns. Each of these elements carries the potential to profoundly impact a company's competitive positioning, innovation capabilities, and growth prospects. For instance, economic variables such as inflation rates, interest rates, and currency exchange fluctuations can directly affect a company's profitability and investment decisions. Similarly, political factors including government policies, trade agreements, and geopolitical stability can determine market access and operational continuity, presenting both opportunities and challenges for businesses navigating global markets.

To effectively navigate the intricate terrain of the business environment, companies employ a variety of strategic tools and frameworks. These tools facilitate the identification of emerging opportunities, assessment of potential threats, evaluation of competitive dynamics, and formulation of robust strategic responses. Among the most widely utilized tools are PESTEL analysis, SWOT analysis, and Porter's Five Forces framework. PESTEL analysis provides a comprehensive evaluation of the macro-environmental factors impacting a company, encompassing political, economic, social, technological, environmental, and legal dimensions. SWOT analysis, on the other hand, serves as a strategic planning tool that aids in the identification of internal strengths and weaknesses, as well as external opportunities and threats, thereby guiding strategic priorities and resource allocation. Meanwhile, Porter's Five Forces framework offers a structured approach to analyzing industry competitiveness.

GENERAL INTRODUCTION

The main objective of this work is to address the following issue:

- **Main question: What is the impact of the business environment on company's global performance?**

This leads us to frame our work around a number of secondary questions:

1. **How can we describe Hamoud Boualem's business environment?**
2. **What strategic tools are used to analyze its business environment?**

In order to provide some answers to these questions, the following hypotheses were formulated:

H1: A favorable business environment has a positive impact on HAMOUD BOUALEM's performance.

H2: Strategic analysis tools help describe HAMOUD BOUALEM's environment and clarify its vision.

Reasons for the Choice (Subjective and Objective)

This topic was chosen for several reasons. Subjectively, there is a personal interest in understanding how external factors shape the success and challenges of well-established companies like Hamoud Boualem. The personal connection to the region and a desire to contribute to the understanding of local business dynamics also played a role in the selection of this topic. Objectively, the impact of the business environment on corporate performance is a critical area of study for strategic management. Understanding these dynamics provides valuable data that can guide business leaders in making informed decisions, formulating effective strategies, and crafting policies that enhance resilience and competitiveness.

Research aim

The aim of this research is to provide a nuanced understanding of how external business factors influence performance outcomes. By doing so, it aims to equip business leaders with the knowledge needed to navigate complex environments and make informed strategic decisions. This understanding can lead to the development of more robust business strategies that align with the external environment, thereby enhancing overall performance.

GENERAL INTRODUCTION

Importance of the study

Understanding how the business environment impacts how well companies perform is crucial for organizations. By studying economic conditions, regulations, technology, and social trends, businesses can make smarter decisions, manage risks, and seize opportunities. This knowledge helps them stay competitive, plan for growth, and innovate. Moreover, findings from this study contribute to academic research by deepening our understanding of business dynamics, while also providing practical implications for policymakers and industry leaders seeking to create conducive environments for business success.

Thus, the study's significance lies in its ability to empower organizations with the foresight needed to thrive in an evolving market conditions and to foster resilience in the face of external challenges.

Historical and Geographical context

The study is shaped by my internship experience at Hamoud Boualem, spanning from 4th February to 30th May. Located at 201 Rue Hassiba BEN BOUALI in the RUISSEAU (EL ANNASSER) district in Algeria, this thesis will examine the business environment of Hamoud Boualem, a renowned Algerian beverage company. Founded in 1878, Hamoud Boualem has established itself as a market leader in Algeria, known for its high-quality products and strong brand heritage.

Methodology (work plan):

To achieve the research objectives, we will adopt a descriptive research methodology. This approach involves conducting interviews with different manager from HAMOUD BOUALEM to gather in-depth insights and perspectives. Qualitative research is particularly suited for this study as it allows for a detailed exploration of complex issues that cannot be easily quantified. The qualitative data will be analyzed to draw conclusions about the impact of the business environment on company performance.

Regarding this a work plan was developed and structured into three chapters. The first two chapters will be devoted respectively to “Business environment diagnostic” and “Performance, definition and measurement”.

GENERAL INTRODUCTION

In the first chapter, we will attempt to identify the business environment, divided into two sections:

- The first section will delve into generalities on business environment.
- The second section we will explore different strategic analysis tools.

In the second chapter, we'll look at company's performance and measurement, divided into two sections:

- The first section will define the concept of performance
- The second section we will discover how to measure a company performance.

In the third chapter, we seek to explore in details HAMOUD BOUALEM business environment using 3 of the famous strategic analysis tools which are SWOT analysis, PESTEL analysis and PORTER 5 forces model, we will adopt a qualitative research methodology based on interviews with key managers of the company.

CHAPTER01: Business environment Diagnostic

Introduction of chapter 01

Business, in its essence, involves the creation, exchange, and management of goods, services, or both to meet the needs and desires of consumers while generating profit. It encompasses a broad range of activities, from production and marketing to sales and finance, all aimed at achieving the organization's objectives..

This chapter provides a comprehensive examination of two fundamental pillars that shape the strategic landscape of businesses: the intricate dynamics of the business environment and the analytical frameworks essential for navigating its complexities.

Section 1 examines the multifaceted dimensions of the business environment, drawing insights from a range of perspectives offered by various authors. We analyses the definitions proposed by scholars, revealing the intricate interplay between internal and external forces. By categorizing these influences into macro and micro environments, we lay the groundwork for understanding the complex web of factors that shape organizational strategies.

Section 2 provides a strategic toolbox, introducing three indispensable analytical frameworks: The following tools are available for your use: SWOT analysis, PESTEL analysis, and Porter's Five Forces model. By employing structured methodologies, these tools enable businesses to analyze and interpret the strategic landscape with clarity and precision.

As we progress through this chapter, we will examine the significance of each framework, exploring their applications, methodologies, and implications for strategic decision-making. By mastering the art of environmental analysis and strategic assessment, businesses can chart a course towards resilience, agility, and sustainable growth in today's ever-evolving marketplace.

Section 01: business environment

Business environment refers to all the internal and external factors that affect an organization's existence and operations. It is inevitably dynamic. Not adapting to it is detrimental, and a firm cannot survive for long.

In the following section we will find in more detail what business environment means? And what are its types, to explore this aspect of management discipline, it is essential to know the characteristics. Understanding its dynamic nature and various types is crucial for effective management and long-term success.

1.Definition:

The word 'Business Environment' is defined by many authors in different ways. Few of the definitions are as follows:

According to Francis Cherunilam: "*Business Environment consists of all those factors that have a bearing on the business, such as the strengths, weaknesses, internal power relationships and orientations of the organization; government policies and regulations; nature of the economy and economic conditions; sociocultural factors; demographic trends; natural factors; and, global trends and cross-border developments*."[1]

According to Fred R. David: «*The business environment is the set of external factors that can affect a business's decisions and outcomes. These factors can be classified into two broad categories: the general environment and the industry environment*." [2]

Norman E. Bowie and Robert E. Freeman "*The business environment is the set of external factors that can influence a business's ethical decisions and behavior. These factors can be classified into two broad categories: the macro-environment and the micro-environment.*" [3]

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[1]F.CHERUNILAM, Business Environment Text And Cases,Himalaya Publishing House ,New Delhi.2008,P04.
[2] F.DAVID, Strategic Management and Business Environment, Pearson edition, South Carolina,2011, P78.
[3] N.BOWIE , R.FREEMAN, Business Ethics: A Stakeholder Approach, ,Oxford University Press, England,2020, P122.

CHAPTER 01: Business environment Diagnostic

According to Arthur M. Weimer: "*Business Environment encompasses the climate or set of conditions, economic, social, political or institutional in which business operations are Conducted.*"[1]

According to William Gluck and Jauch: "*Environment contains the external factors that create opportunities and threats to the business. This includes socio-economic conditions, technology and political conditions.*" [2]

According to Keith Davis: ''*Business environment is the aggregate of all conditions, events and influences that surround and affect it*."[3]

According to Reinecke and Schoell: "*The environment of business consists of all those external things to which it is exposed and by which it may be influenced directly or indirectly*".[4]

All of these definitions contribute to a greater understanding of the business landscape. It is possible to deduce that a business's environmental factors are a combination of complex, dynamic, and unpredictable external components that comprise the business's operating environment. It's important to examine all of these aspects. As a result, it's essential to have a comprehensive understanding of the fundamental concept of the business environment.

2.Characteristics of business environment:

Business environment (or simply environment) exhibits many characteristics. Some of the important, and obvious, characteristics are briefly described here. [5]

2.1 Environment is complex.

The environment is composed of multiple components, including events, conditions, and factors that originate from different sources. All of these do not exist as isolated entities, but instead interact with each other to create entirely new combinations of influence.

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[1] https://www.yourarticlelibrary.com/business/business-environment-nature-and-significances-of-business-environment/23367 Consulted on the 10/03/2024 at 11:30.
[2] ibid
[3] ibid
[4] ibid
[5] K. KUMAR AGARWAL, Business Policy and Strategic Management, Restricted Circulation, India,2020. P91.

2.2 Environment is dynamic.

The environment is evolving constantly in the natural world. Due to the numerous and diverse origins that operate, the environment is complex and contains dynamism, which causes it to alter its shape and nature every bit.

2.3 Environment is multi-faceted

The shape and nature of an environment are subjective and vary depending on the observer's perspective. A specific change or new development in the environment can be interpreted differently by different observers.

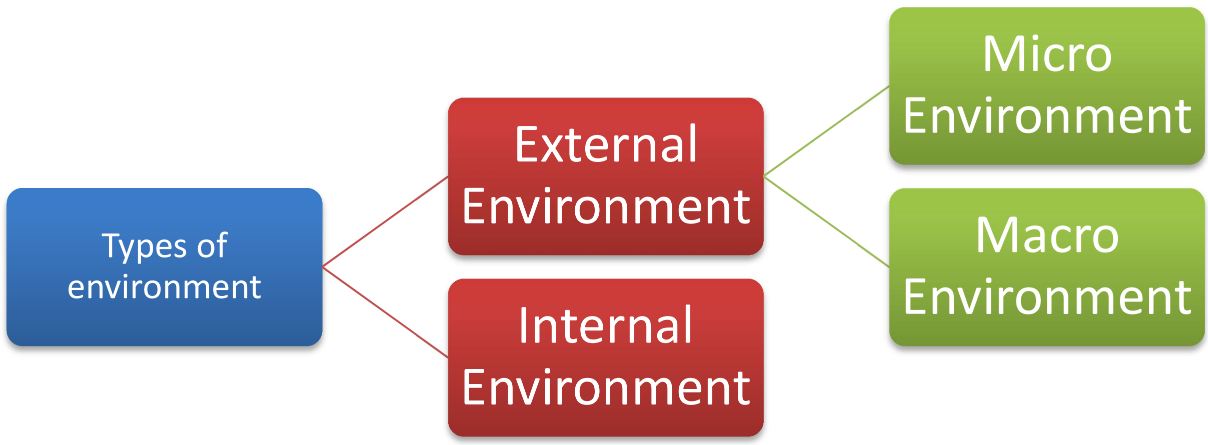
2.4 Environment has a far-reaching impact.

Organizations are profoundly influenced by their environment. The success and profitability of an organization are heavily reliant on the environment in which it operates. Any change in the environment affects the organization in various ways.[1]

3.Types of business environment :

Understanding the diverse business environments is crucial for organizations aiming to thrive in today's dynamic and interconnected world. Let's delve into each of these types to grasp their significance and impact on business operations.

Figure 1: Types of environment 1



Source: https://fr.slideshare.net/slideshow/buisness-environment/ consulted on the 13/03/2024 At 20:30.

[1]Ibid,P 91.

3.1 Internal environment:

The internal business environment encompasses the various conditions, factors, and resources within an organization that shape its operations and decision-making processes. This includes elements such as organizational culture, structure, leadership, resources, and employee dynamics. Understanding this internal landscape is vital for effective strategic planning and performance assessment. Factors like top management support, work autonomy, rewards, time availability, and organizational boundaries are pivotal in nurturing internal entrepreneurship within an organization. In agriculture, analyzing the internal environment is crucial for maintaining a solid foundation, a positive reputation, and appealing products. Ultimately, the internal business environment significantly influences decision-making, strategy development, and organizational performance.[1]

Figure 2: Internal Business Environment

Source: Consulted on the 15/03/2024 at 14:20
https://fr.slideshare.net/AkshatChauhan13/business-environment

Here's a breakdown of the different elements illustrated:

- **Organizational Resources:** These are the tools, assets, and capabilities that a company possesses. They include physical resources like machinery, technology, and

[1] https://typeset.io/questions/how-to-define-internal-business-environment-z6j0r0xq5w Consulted on the 21/03/2024 at 11:00

facilities, as well as human resources like skilled employees. Efficient utilization of these resources enhances productivity and competitiveness.

- **Value Systems**: A company's core values and beliefs guide its actions and decisions. These principles shape the company's identity and culture, influencing how employees interact and make choices aligned with the organization's ethos.
- **Mission-Goal-Objectives:** The mission defines the purpose of the company, while goals and objectives outline specific targets. These provide direction, helping employees understand their roles and motivating them to work collectively towards shared achievements.
- **Management Structure**: This refers to the hierarchy and organization of leadership within a company. A well-defined structure clarifies roles, responsibilities, and communication channels, ensuring efficient coordination and decision-making.
- **Company Culture**: Culture encompasses shared attitudes, behaviors, and norms among employees. A positive culture fosters collaboration, innovation, and job satisfaction, contributing to a harmonious and productive work environment.[1]

In essence, the diagram portrays a company's value system as a foundational element that shapes the internal business environment and guides management's decisions. This, in turn, influences how employees contribute to achieving the company's goals and objectives set by the owners.

3.2 External environment:

The external environment encompasses all external factors and forces that impact a business's operations, shaping its opportunities and challenges. It is divided into two key categories: the macro-environment, and the micro-environment.

3.1.1 The Company's micro-environment:

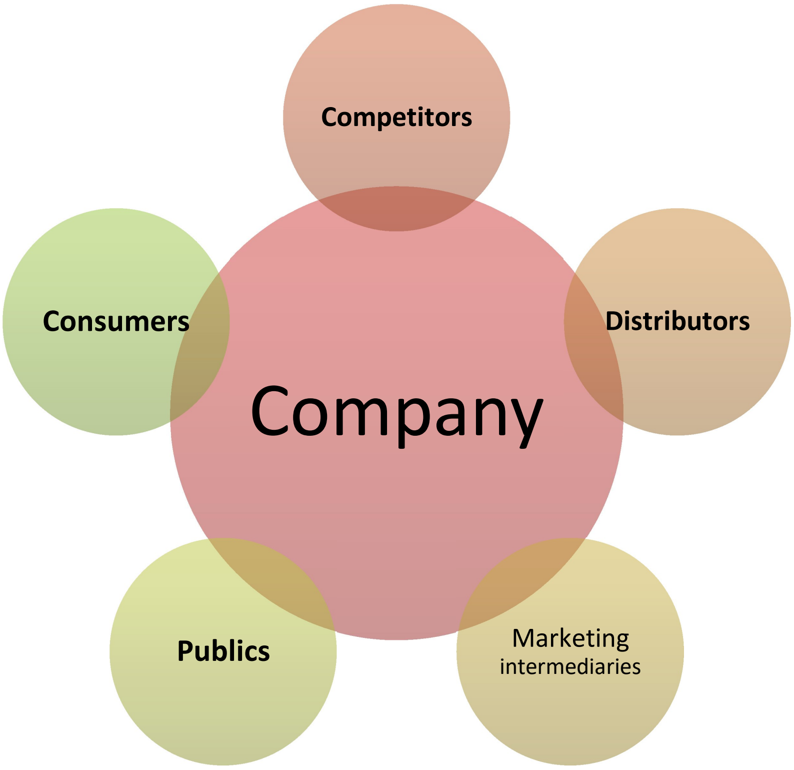
The microenvironment consists of the actors in close proximity to the company that impact its capacity to serve customers, engage with suppliers, interact with marketing intermediaries, address customer markets, compete with rivals, and manage public relations.

[1] https://mbanote.org/internal-and-external-environment/#What_is_Internal_Environment Consulted on 24/03/2024 at 13:00

These actors can have either a positive or negative influence on the company's ability to create value for customers and foster relationships with them.[1]

The micro-environment comprises external elements that directly influence the company's operations, such as the market and the public. Conducting a systematic analysis of this immediate environment is crucial for the company to gain insights into its surroundings.[2]

Figure 3: Actors in the Microenvironment 1



Source: prepared by me based on: https://www.slideshare.net/AkshatChauhan13/business-environment-86673698?from_search=48 consulted on 24/03/2024 at 10:00.

3.1.1.1 Consumers and buyers:

In some scenarios, consumers and buyers are distinct entities; a buyer may not necessarily be the end-user of the product. Each category requires specific information, unless

[1] PH.KOTLER, G. ARMSTRONG, M. OPRESNIK, Principles of Marketing, Pearson Edition, London,2018, P92.
[2] M.VANDERCAMMEN et autre: Marketing l'essentiel pour comprendre décider agir, 2eme édition, Bruxelles, De Boeck Université, 2002, p.42.

one party merely acts as an executor of the other's instructions (such as when a housewife makes purchases on behalf of her husband). There are two types of consumers and buyers:[1]

a. Current consumers and buyers: Those who currently use or have recently used the product.
b. Potential consumers and buyers: Those who could potentially use the product either due to a genuine need or because they consume a related product.

3.1.1.2 Competitors:

Another significant group of economic agents that can influence consumers are competitors within a particular market. Understanding competitors involves two main aspects:

Firstly, it's important to ascertain the market share held by each major competitor and identify any specific characteristics of their customer base.

Secondly, it's essential to analyze the marketing strategies of key competitors across various dimensions, including product offerings, pricing strategies, distribution channels, sales tactics, advertising, and promotional activities.[2]

3.1.1.3 **Distributors:**

The distribution system acts as an intermediary between producers and consumers, comprising various agents such as brokers, wholesalers, central purchasing agencies, and retailers. These distribution agents typically play an active role rather than being passive intermediaries.[3]

To gain a comprehensive understanding of the market, it's crucial to gather information about the distribution agents. This includes knowing their quantity, characteristics (such as location, area covered, size, legal structure, product range, sales system, and policies), as well as their behaviors and attitudes towards both producers and consumers.

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[1] J ,LENDREVIE et autre, Mercator théorie et pratique du marketing, Dalloz, Paris,1985, PP 22, 23
[2] J ,LENDREVIE et autre,op cit, P 22
[3] Ibid P22

3.1.1.4 Publics:

The company's environment encompasses various publics, defined as groups with actual or potential interests in or impacts on the organization's objectives. Seven types of publics can be identified:[1]

a. **Financial publics:** Influences the company's ability to secure funds. Major members include banks, investment analysts, and stockholders.
b. **Media publics:** Carries news, features, and editorial opinions. Includes television stations, newspapers, magazines, blogs, and social media.
c. **Government publics:** Companies must consider government developments, often consulting lawyers on issues like product safety and advertising truthfulness.
d. **Citizen-action publics:** Consumer organizations, environmental groups, and minority groups may question marketing decisions. Public relations departments help maintain communication with these groups.
e. **Internal publics**: Comprising workers, managers, volunteers, and the board of directors. Companies use newsletters and other tools to inform and motivate this group, as positive employee attitudes can affect external perceptions.
f. **General public:** Concerned with the public's overall attitude toward the company's products and activities, which influences buying behavior.
g. **Local publics:** Includes local community residents and organizations. Large companies typically strive to be responsible community members where they operate.

3.1.1.5 Marketing Intermediaries :

Marketing intermediaries play a crucial role in assisting the company with promoting, selling, and distributing its products to final buyers. They encompass various entities, including resellers, physical distribution firms, marketing services agencies, and financial intermediaries.

Resellers, such as wholesalers and retailers, operate within distribution channels to facilitate sales to customers. They play a key role in connecting the company with its target market.

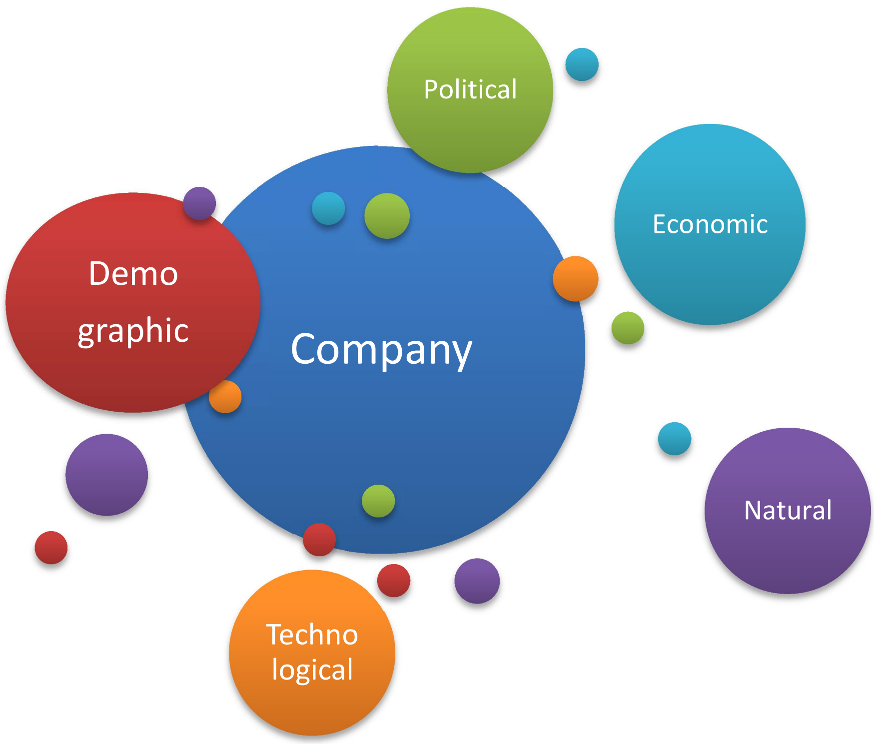
[1] Ibid. P23

Physical distribution firms aid the company in stocking and transporting goods from their origin points to their intended destinations. Similar to suppliers, marketing intermediaries are integral to the company's overall value delivery network, ensuring products reach consumers efficiently.[1]

3.1.2 The Company's macro-environment:

The company operates within a broader macroenvironment influenced by forces that present both opportunities and threats. Figure 4 illustrates the six major forces shaping the company's macroenvironment. Even dominant companies are susceptible to the often turbulent and evolving nature of these forces. While some are unforeseeable and beyond control, others can be anticipated and managed effectively through skillful management.[2]

Figure 4: Major Forces in the company's Microenvironment 1



Source: P. KOTLER, G. ARMSTRONG, M. OPRESNIK, op cit, P96.

3.1.2.1 The demographic environment

The population serves as the foundation of a company's markets, making it a key component of its environment. Marketing managers are particularly concerned with various

[1] PH. KOTLER, G. ARMSTRONG, M. OPRESNIK, Op Cit, P94.
[2] Ibid, P96.

demographic characteristics of the population, including size, age distribution, family structure, geographic spread, educational attainment, ethnic and religious composition, and more. Demographic trends often provide highly dependable short- and medium-term forecasts, offering relatively few surprises in this regard.[1]

3.1.2.2 The global demographic explosion

As of 2018, the global population had reached 7.5 billion and is projected to surpass 9.8 billion by 2050. However, the rate of population growth has become a cause for concern due to the associated risks of food shortages and the depletion of raw materials and energy. [2]

According to the United Nations, least developed countries account for 14% of the world's population, totaling around 1 billion people, and typically experience low standards of living. Despite improvements in medical advancements leading to a decline in mortality rates, these countries continue to grapple with high birth rates.

a. Age structure

With life expectancy on the rise, attributed to advancements in medicine, demographic trends not only influence the commercial potential of specific product categories but also impact marketing practices. These trends dictate the selection of advertising mediums and the themes addressed in communication campaigns.[3]

b. The new household structure

This concept underscores the changing dynamics of societal living arrangements, encompassing trends such as:[4]

- Growth of single-parent households
- Rise in blended families (stepfamilies)
- Increasing number of multigenerational households with adult children residing with parents
- More couples opting to remain childless
- Expansion of cohabitation arrangements

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[1] PH. KOTLER ET autre, Marketing Management, Pearson, Paris, 2019, P68.
[2] PH. KOTLER et autre, op cit ,P68.
[3] Ibid P68
[4] Ibid.P68

c. A diverse ethnic composition:

This term underscores the growing diversity of ethnic backgrounds within a population, influenced by factors such as: - Immigration - Interethnic marriage. [1]

3.1.2.3 The economic environment

Refers to the conditions and factors that affect the performance and operation of businesses, industries, or economies.

a. New consumer behaviour

The economic environment significantly shapes business activity, as evidenced by the profound impact of the 2008 financial and economic crisis on consumption volumes and patterns. Following the crisis, there has been a shift away from ostentatious consumption towards more responsible consumer behavior. [2]

b. Changes in purchasing power

Purchasing power, determined by both income and inflation, has seen significant growth over several decades. However, in recent years, it has become a major concern for households, leading to heightened sensitivity towards the prices of certain products.[3]

c. Savings and credit

Consumer spending is influenced not only by income but also by savings and credit availability. While credit is commonly utilized by French households, its volumes have been restricted since the financial crisis. Banks, facing reduced liquidity, have tightened their lending criteria, impacting consumer access to credit. This trend affects markets heavily reliant on lending institutions, such as property and durable goods.[4]

d. The structure of household spending

Household spending composition reflects income distribution, distinguishing between essential expenditures and discretionary spending. Factors such as income level, family size, and location shape this structure, providing insights for businesses and policymakers.

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[1] Ibid ,PP 69-72 .
[2] PH.KOTLER et autre, op cit,PP 69-70
[3] Ibid PP 70-71
[4] Ibid P72

3.1.2.4 The socio-cultural environment

The socio-cultural environment represents the final component of the macro-environment, shaping individuals' beliefs, values, and standards from birth. These factors significantly influence consumer tastes and preferences, as well as behavior and attitudes toward oneself, others, organizations, companies, society, nature, and the world. [1]

In today's society, sociological changes have led to consumers characterized by individualism, occasional fickleness, and a preference for personalized experiences. They prioritize hedonism and view purchasing and consumption as opportunities for pleasure and leisure. This shift has led to the rise of experiential marketing, catering to consumers who actively engage in their consumption experiences, being both well-informed and autonomous in their interactions with brands and distributors. Moreover, they are increasingly involved in the co-creation of new products and services.

Given these dynamics, marketing managers must remain vigilant to environmental changes, leveraging them to their advantage when possible.

3.1.2.5 The technological environment

Technology serves as both an input and an output for business organizations, while also exerting an environmental influence on them. Investments in technology and innovation are often considered essential for the success of enterprises and are frequently cited to explain variations in the relative competitiveness of different countries. Additionally, technology has led to significant advancements in the internal organization of businesses, particularly in markets for economic resources. [2]

3.1.2.6 The legal environment

Businesses function within a legal framework that profoundly influences various aspects of their operations. Laws typically regulate the organizational status of the company, its interactions with customers and suppliers, as well as specific internal procedures and activities. Additionally, laws can impact market structures and behaviors.

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[1] Ibid,PP74-76

[2] I.WORTHINGTON , C. BRITTON, Op cit, P9.

Given that laws stem from governmental bodies, including supranational entities, and court judgments, it's advantageous for businesses to have some understanding of the relevant institutions and processes involved in the legal system.[1]

4.Difference between Internal and External Environment:

The difference between the internal and external environment lies in their scope: the internal environment includes factors within the organization, while the external environment encompasses external factors that affect the organization.

Table 1: Difference between Internal and External Environment.

Bases	Internal	External
Nature of Control	The internal environment factors are within the control of the manager and can be managed	External environmental factors are beyond the manager's control and are uncontrollable in nature.
Influence	Forces within the internal environment directly influence organizational performance	External forces have an indirect impact on an organization’s operations.
Existence	exists within the organization	Exists outside the organization.
Offering	Analysis of the internal environment provides managers with insights into organizational strengths and weaknesses	Analysis of the external environment offers management insight into probable opportunities and threats.
Effet on Changes	Forces within the internal environment have a specific effect on the organization	External forces impact industry-wide changes.
Elements	Components of the internal environment include organizational	Components of the external environment include micro

[1] Ibid,P10.

	resources, culture, value systems, structure, and objectives.	(customers, suppliers, competitors, etc.) and macro (PESTLE) factors.

Source : prepared by me. Based on: https://www.shiksha.com/online-courses/articles/difference-between-internal-and-external-business-environmentConsulted on 01/04/2024 at 20:00

5. Importance of Studying the Business Environment:

An organisation needs to take advantage of the business environment for the following reasons.

5.1 Interaction with the environment

Changes in the environment can lead to alterations in inputs, the transformation process, and outputs, which in turn may prompt further changes in the organization's environment. It's essential to view the internal and external environments as interconnected and interdependent, rather than separate entities. [1]

5.2 The complexity of the environment

The external factors affecting organizations are numerous and varied. It's impossible to consider all potential variables comprehensively. Therefore, students of business and managers must recognize the complexity of the external environment and focus on the most relevant and pressing influences for their organization, rather than attempting to address all possible contingencies .[2]

5.3 Environmental volatility and change

This volatility may be particularly pronounced in certain areas such as technology, specific markets, or industries. Highly volatile environments introduce uncertainty for the organization, making decision-making more challenging.[3]

5.4 Environmental uniqueness

Each organization operates within a unique environment that affects it in distinct ways. While generalizations about the impact of the external environment on firms are possible, it's

[1] I.WORTHINGTON , C. BRITTON, Op cit, P13.
[2] Ibid.P13
[3] Ibid P14.
[3] Ibid.P14

crucial to acknowledge and account for this uniqueness, considering exceptions to the general rule when necessary.[1]

5.5 Different spatial levels of analysis

External influences operate at various spatial levels, including local, regional, national, supranational, and international. Few, if any, businesses today remain unaffected by influences outside their immediate markets.[2]

In conclusion, the examination of different definitions of the business environment has provided valuable insights into the multidimensional nature of this concept. Authors have offered different perspectives, highlighting the dynamic interplay between internal and external factors. By categorizing these influences into macro and micro environments, a clearer understanding emerges of the intricate forces that shape business operations. Recognizing the complexity inherent in these environments is essential for effective strategic planning and adapting to ever-changing conditions. By comprehensively analyzing both internal and external dimensions, companies can overcome challenges and capitalize on opportunities in their quest for success.

[1] Ibid.P14
[2] Ibid.P14

Section 2: Environmental analysis tools.

In this section, we delve into three essential analytical frameworks that are instrumental in assessing the strategic landscape of businesses: SWOT analysis, PESTEL analysis, and Porter's Five Forces model. These methodologies provide structured approaches for understanding the internal and external factors influencing an organization's competitive position and strategic decisions.

we'll delve deeper into each framework, exploring their applications and implications for strategic decision-making. Mastering these tools empowers businesses to navigate complexities and achieve sustainable growth in today's dynamic marketplace.

1.The SWOT analysis

SWOT Analysis is a strategic planning tool used by organizations to identify and analyze their internal strengths and weaknesses, as well as external opportunities and threats.

1.1 History:

The SWOT analysis, originating from the publication "Business Policy: Text and Cases" in 1965, was created by four professors at Harvard University: Edmund Philip Learned (1900-1991), Roland Chris Christensen (1919-1999), Kenneth Richmond Andrews (1916-2005), and William D. Guth. This method stands as one of the earliest models to consider the external environment of an organization. Prior to its development, strategy models primarily focused on strategic planning, neglecting the crucial aspect of environmental analysis.

Today, the SWOT analysis is primarily used within the marketing departments of large businesses, while many small and medium-sized businesses (SMBs) also employ it as a decision-making tool. Additionally, numerous consultancy firms leverage the SWOT analysis due to its ability to provide a quick and schematic analysis of the situation, making it easier to present to clients. However, it's worth noting that some companies, like McKinsey and BCG, have developed their own proprietary analysis models.[1]

[1]C.SPETH, l’analyse SWOT, traduit par C.PROBERT ,Edition 50 Minutes, Belgique,2015, P2 .

1.2 Key information:

Name: The SWOT analysis, acronym for Strengths, Weaknesses, Opportunities, and Threats.

Uses: This model enables organizations (businesses, public administrations, or associations) to swiftly identify both internal factors related to their operations and external factors dependent on their environment. The SWOT analysis serves as a decision-making tool and aids in the development of strategic plans.

Why is it successful?

a. The SWOT analysis's effectiveness stems from its simplicity.
b. It is easy to use and yields results that can be easily communicated to stakeholders.[1]

1.3 Definition:

We will discover a variety of definitions to understand better the concept;

According to BERNARDO TIRADO" *SWOT analysis is a powerful technique for analyzing an organization's strengths, weaknesses, opportunities, and threats, or "SWOT." It's a tool more commonly used for assessing business opportunities than for assessing teams, but I've been using it for that purpose for many years. I've created a two-step process to get an in-depth look at individuals' skillsets and use that information to reorganize a team for optimum results*."[2]

According to Cristopher SEPTH " *The SWOT analysis is a multidimensional tool for strategic analysis: it identifies an organization's internal factors (strengths and weaknesses) and its external factors linked to its environment (weaknesses and threats);*

It also allows organizations to priorities factors in terms of expected impact, whether they are positive (strengths and opportunities) or negative (weaknesses and threats)."[3]

According to M.KROGUES, R.TSCHAPPELER, «*It was in response to this study that scientists developed the SWOT analysis. They hoped to improve the understanding that the various players in a project had of their objectives*."[1]

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[1]Ibid, P1.
[2] B. TIRADO ,MaximizingProject SuccessThroughHuman Performance. Edition Berrett-Koehler Publishers, USA ,2013, ,P86.
[3] C.SPETH, op cit,PP2,3.

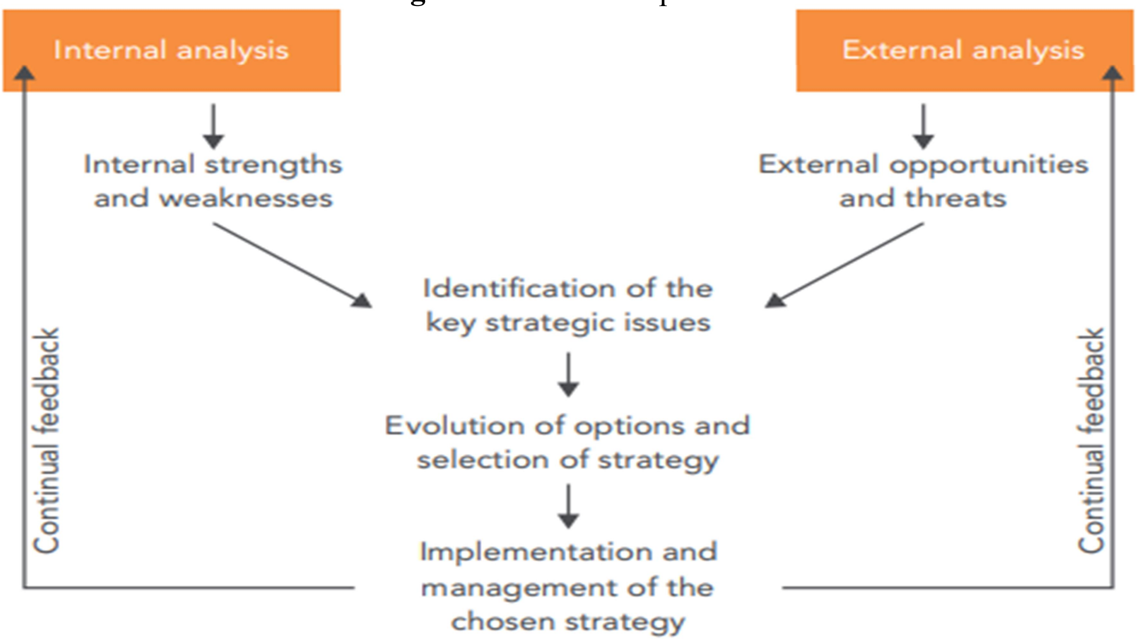
According to Gerry Johnson, Kevan Scholes, Richard Whittington: "*SWOT Analysis is a tool used for strategic planning and strategic management in organizations. It can be used effectively to build organizational strategy and competitive strategy. In accordance with the System Approach, organizations are wholes that are in interaction with their environments and consist of various sub-systems. In this sense, an organization exists in two environments, one being in itself and the other being outside*". [2]

SWOT is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project, organization, or in a business venture.

1.4 Theory:

The SWOT matrix offers a concise representation of an organization's position at a specific point in time, adopting a forward-looking perspective rather than a retrospective one. The objective is to analyze the current situation of an organization, with a view to identifying potential future prospects.[3]

Figure 5: the SWOT process. 1



Source: N.RITSON, Business Strategy and Strategic Planing,edition Neil Ritson & bookboon,London, 2019, P70.

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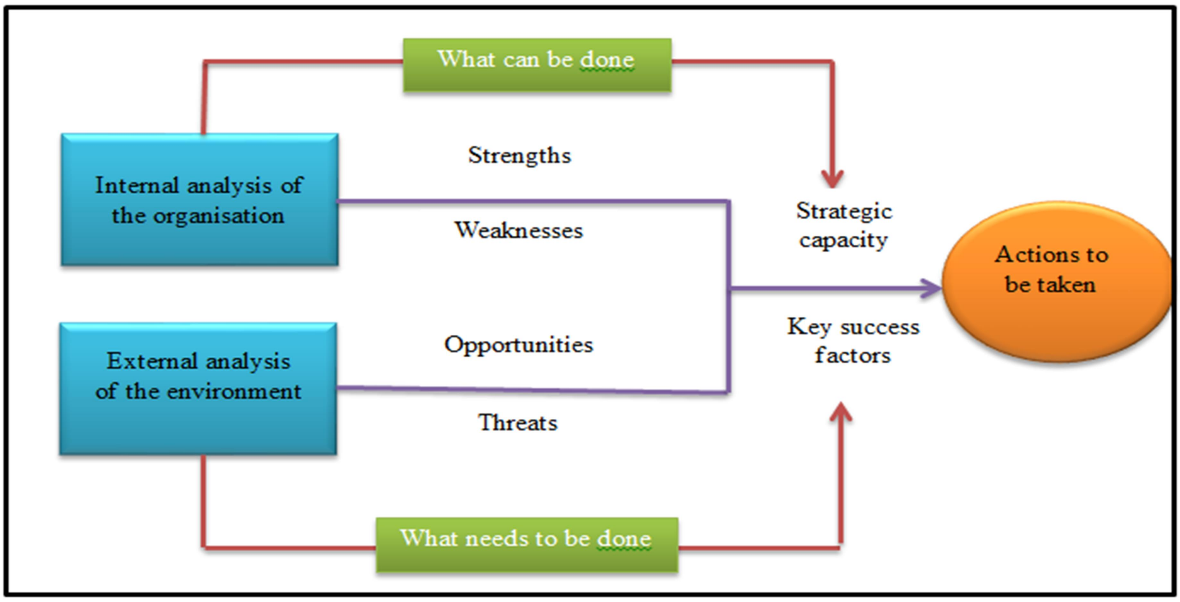
[1] M.KROGUES, R.TSCHAPPELER, Le livre des décisions, traduit par A.MAUPEOU,Edition ALISIO, Berlin,2018,P14.
[2] G.JOHNSON, K.SCHOLES, R.WHITTINGTON, Fundamentals of Strategy, Pearson Education Limited, England,2009, P81.
[3] C.SPETH, l'analyse SWOT, traduit par C.PROBERT ,Edition 50 Minutes, Belgique,2015, PP8,9 .

Table 2: SWOT analysis components. 1

Strengths	**Weaknesses**
○ Core competencies in key areas ○ Adequate financial resources ○ Well-thought-of by buyers ○ An acknowledged market leader ○ Well-conceived functional area strategies ○ Access to economies of scale ○ Insulated (at least somewhat) from strong competitive pressures ○ Proprietary technology ○ Cost advantages ○ Better advertising campaigns ○ Proven management ○ Better manufacturing capability ○ Superior technological skills	○ No clear strategic direction ○ Obsolete facilities ○ Profitability issues because... ○ Lack of management depth and talent ○ Missing some key skills or competencies ○ Falling behind in R&D ○ Too narrow product line ○ Weak market image ○ Weak distribution network ○ Below-average marketing skills ○ Unable to finance needed changes in strategy ○ Higher overall unit costs relative to key competitors
Opportunities	Threats
○ Ability to serve additional customer ○ Ways to expand product line to meet broader range of customer needs ○ Ability to transfer skills or technological know-how to new products or businesses ○ Integrating forward or backward ○ Falling trade barriers in attractive foreign markets ○ Complacency among rival firms ○ Ability to grow rapidly because of strong increases in market demand ○ Emerging new technologies.	○ Entry of lower-cost foreign competitors ○ Rising sales of substitute products ○ Slower market growth ○ Adverse shifts in foreign exchange rates and trade policies of foreign governments ○ Costly regulatory requirements ○ Vulnerability to recession and business cycle ○ Growing bargaining power of customers or suppliers ○ Changing buyer needs and tastes ○ Adverse demographic changes.

Source: Prepared by me based on: N.RITSON,op cit, PP 69,70.

Figure 6: SWOT analysis. 1



Source: G.JOHNSON, K.SCHOLES, R.WHITTINGTON,op cit P125.

1.5 Advantages:

SWOT analysis is an essential tool for strategy formulation and selection. It is a powerful tool, and helps strategic planning in the following ways:[1]

a. It is a source of information for strategic planning.
b. Build on the organization's strengths.
c. Reverse its weaknesses.
d. Maximize its response to opportunities.
e. Overcome organization's threats.
f. It helps in identifying the core competencies of the organization.
g. It helps in setting goals for strategic planning.
h. It helps in knowing the past, present and future so that by using past and present data, future plans can be chalked out.

SWOT analysis provides information that helps in synchronizing the company's resources and capabilities with the competitive environment in which the company operates.

[1] https://www.managementstudyguide.com/swot-analysis.htm Consulted on 02/04/2024 at 20:00

1.6 Limitations:

There are certain limitations of SWOT analysis that are beyond the control of management. These include: [1]

a. Price increase;
b. Inputs/raw materials;
c. Government legislation;
d. Economic environment;
e. Finding a new market for the product where there is no overseas market due to import restrictions; etc.
f. Internal constraints may include
g. Inadequate research and development facilities;
h. Faulty products due to poor quality control;

2.PESTEL analysis

PESTEL Analysis is a strategic tool used to identify and analyze the key external factors that can impact an organization.

2.1 Key informations:

Names: PESTLE analysis, PESTEL analysis, and PESTLE framework.

Uses: the PESTLE analysis enables a manager to identify the key macroeconomic factors that may have an influence on the future development of the business.

Why is it successful? The identification of future macroeconomic variables that might be of interest and the construction of different scenarios allow the manager to better anticipate the strategic decisions needed to ensure the proper development and sustainability of the business.[2]

2.2 Definitions:

According to Chaput, Luc: " *This type of office is mostly exclusive to well-financed enterprises that can afford this "largesse" of information systems. The basic process involved is the environment scanning and the decoding of data in order to feed the strategic process.*

[1] Ibid.
[2] T. DEL MARMOL , B.FEYS ,PESTLE ANALYSIS ,Translated by C. Probert,Edition, 50minutes, Belgium, 2016 ,P1.

The primary process is often described by the letters STEP, denoting forces of a social, technological, economic, or political nature which can impact on the organization's subsystems.Another acronym for this decoding process is PESTEL (political, economical, social, technological, environmental, and legal forces)."[1]

According to MITONNEAU HENRI "*a combination of internal and external issues that can affect an organization's approach to setting and achieving its objectives. The organization's objectives may relate to its products and services, its investments and its behavior towards its stakeholders*."[2]

According to Peter LANORE: «*PESTEL analysis is a method used in strategic management to assess the environment in which a company operates. It examines and analyses six key macro-environmental factors that can affect a company's performance and strategies: the political environment, the economic environment, the socio-cultural environment; the technological environment, the ecological environment, the legal environment*." [3]

According Thompson & Strickland: "*PESTEL analysis is a useful tool for understanding the 'big picture' of the environmental forces of change that can impact upon a business.*"[4]

PESTEL analysis, as defined by various authors, is a strategic business tool used to assess the external factors influencing a business environment. These factors include Political, Economic, Social, Technological, Environmental, and Legal aspects. PESTEL analysis helps businesses understand the broader market dynamics, customer behaviors, and competitive landscape. It enables organizations to identify potential opportunities and threats, facilitating informed decision-making and strategic planning. Ultimately, PESTEL analysis provides a comprehensive understanding of the environmental forces impacting a business, allowing for proactive responses to changes in the business environment.

[1] L.CHAPUT, Project Design Strategic Information, Presse de l'Université du Québec, Canada,2011,P 8.
[2]H.MITONNEAU, Réussir l'audit des processus, Éditon AFNOR, France,2023,P65
[3]P.LANORE, Guide indispensable des décisions efficaces, édition MARDAGA, Belgique,2023 Pp32,33
[4] TH, ARTHUR, J. STRICKLAND. Strategic Management: Concepts and Cases.13th Edition. McGraw-Hill Education, USA,2003. P102.

2.3 The PESTEL framework:

The PESTEL framework provides a comprehensive list of influences on the possible success or failure of particular strategies. PESTEL stands for political, economic, social, technological, environmental and legal.

Politics highlights the role of governments; **economics** refers to macroeconomic factors such as such as exchange rates, business cycles and varying economic growth rates around the world; **Social** around the world; Social influences include changing cultures and demographics, changing cultures and demographics, such as ageing populations in many Western societies; **Technological** relate to innovations such as the internet, nanotechnology or the emergence of new composite of new composite materials; **the environment,** specifically 'green' issues such as pollution and waste, issues such as pollution and waste; and finally, **Legal** covers legislative constraints or changes such as or changes, such as health and safety legislation or restrictions on mergers and acquisitions.[1]

2.4 THEORY:

This analysis helps organizations understand the external context in which they operate, enabling them to anticipate and adapt to changes in the environment.

2.4.1 Context and concept:

"*The origin of the PESTLE analysis remains relatively unclear. However, some authors agree that the first traces of its appearance can be found in the book by Francis J. Aguilar, Scanning the Business Environment (1967). At that time, the model was called the PEST analysis, which corresponds to the initial categories of macroeconomic variables: political, economic, socio-cultural and technological.*"

It was used and perfected during the 1970s and 1980s by several notable authors: "*Liam Fahey (director of the consultancy organization Leadership Forum Inc. and professor of management at Boston College), Vadake K. Narayanan (professor of management at Drexel University) and Arnold Brown (consulting project manager) to name but a few. From these different works, various extensions of the initial model appeared under the names of the PEST,*

[1] G. JOHNSON, K. SCHOLES, R. WHITTINGTON ,EXPLORING CORPORATE STRATEGY,Pearson Education Limited,England, 2008, P55.

SLEPT or STEEPLE analysis. In the end, the additional variables of 'legal' and 'environmental' were retained, resulting in the PESTLE model."[1]

Figure 7: Layers of the business environment. 1

Source: G. JOHNSON, K. SCHOLES, R. WHITTINGTON, Op Cit, P54.

The figure "Layers of the Business Environment" illustrates the different levels of external factors that influence an organization.

Table 3: PESTEL analysis components.

Political	**Technological**
Conflict, political instability, war, corruption, the level of state intervention, etc.	Innovations, investments in R&D, technical cycle, new scientific discoveries and patents. energy costs, etc.
Socio-cultural	**Legal**
Demographic, history, religion, distribution of income, age distribution, education, health, emigration.	Country legislation, jurisdiction, tax, social security, legal security, regulations, etc.
Economic	**Environmental**

[1] TH .DEL MARMOL , B.FEYS ,PESTLE ANALYSIS ,Translated by Carly Probert,Edition 50minutes, Belgium.
2016 ,P5.

Business cycle, growth rate, interest rate, country GDP, inflation, taxation, unemployment, purchasing power, etc.	Environmental standards, renewable energy, climate change, awareness, security training, recycling incentives, transport impact, etc.

Source: TH.DEL MARMOL, B.FEYS, op cit, P11.

2.5 Advantages:

PESTEL analysis isn't about predicting the future, but giving your business a roadmap to navigate it. Here's how: [1]

a. **Proactive Planning:** Analyze external factors to plan for future opportunities and threats.

b. **Advantage through Awareness:** Identify potential threats and turn them into opportunities by understanding the changing landscape.

c. **Holistic View:** Consider all major external forces (political, economic, social, technological, environmental, and legal) to make informed decisions.

d. **Adaptability:** Regularly assess the external environment to adjust strategies and remain flexible.

e. **Scenario Planning:** Identify key variables and plan ideal responses for multiple potential futures.

f. **Informed Decisions:** By considering various scenarios, opportunities, and threats, businesses can make strategic choices for long-term success.

2.6 Limitations and Criticisms:

The PESTEL analysis is a strategic tool used to understand the macro-environmental factors that could impact an organization. While it is widely used, it has several limitations and criticisms: [2]

a. Relative global vision: While PESTLE analysis aims to cover a broad spectrum of macroeconomic variables, managers may feel overwhelmed by the sheer amount of information. Sorting through relevant variables can be challenging, and it's not always easy to identify pivot variables. Even with competence, intuition, a multidisciplinary team, and luck, drawing relevant conclusions can be difficult. .

[1] ibid ,P13.
[2] ibid, PP 23, 24.

b. Unreliable scenarios: The situations predicted by PESTLE analysis may not always align with reality. While the tool seems useful in theory, it lacks concrete reliability in practice.

c. Lack of objectivity: Some managers opt to implement three separate scenarios for a pivot variable - an optimistic, pessimistic, and middle scenario. However, this approach may lead to a lack of objectivity, as managers often prioritize the middle scenario and ignore the other two. Constructing multiple scenarios becomes meaningless if only one is considered.

d. Impact that is impossible to quantify: While PESTLE analysis helps determine major macroeconomic changes that could affect the market, quantifying the specific impact of these variables on the sector remains difficult. Assessing and quantifying the impact accurately is challenging

These limitations highlight the challenges associated with PESTLE analysis and underscore the importance of critical thinking and careful consideration when using this strategic tool.

3.Porter's Five Forces Model:

Porter's Five Forces is a framework for analyzing the competitive forces that shape an industry and influence its profitability. Developed by Michael E. Porter in 1979, this model helps organizations understand the dynamics of their industry and formulate strategies to enhance their competitive position.

3.1 Key information:

Uses: analysis of the competitive environment of an industry

Names: Porter's five forces

Why is it successful? This model enables you to: [1]

a. understand the industry and the nature of relations between the various participants in the market in which the company operates;

[1] S. MICHAUX, A. CADIAT, PORTER'S FIVE FORCES,Translated by C. Probert,Edition 50minutes, Belgium.2015,PP1,2.

b. Identify the performance and influence factors of the sector; valuate how changes within an industry can affect its profitability.

3.2 Definition:

According to M. E. Porter (1982) *"the attractiveness of a market or segment can be assessed on the basis of five forces: rivalry between existing competitors, the threat of entry by new competitors, the threat of substitutes, the strength of suppliers and the strength of customers. The company can plan to take up a defensive position in the face of a possible shift in competitive forces, to influence the balance of these forces, but also to anticipate their evolution."*[1]

According to Setephany Michaux: "*The five forces model is an essential tool for understanding the competitive structure of an industry. This simple analytical tool is effective for identifying the competitors - in the broad sense - of a company, but also for understanding how they can reduce its ability to generate profit.* "[2]

The complete analysis examines five forces: customer bargaining power, supplier bargaining power, the threat of substitute products, the threat of new entrants, and intra-industry competition. The first four elements operate independently from one another whilst intensifying the rivalry within the industry.

3.3 THEORY:

Throughout the 1970s, Michael E. Porter wrote and published a series of articles dedicated to the strategy that led to the publication of the book Competitive Strategy: Techniques for Analyzing Industries and Competitors, a strategy bible that has since been translated into 19 different languages. In the book, he developed a powerful model that revolutionized the theory, practice, and also the teaching of the strategy throughout the world: the five forces model.

It is necessary to clearly identify the company's relationship with the other industry players, including:[3]

a. customers
b. supplier's

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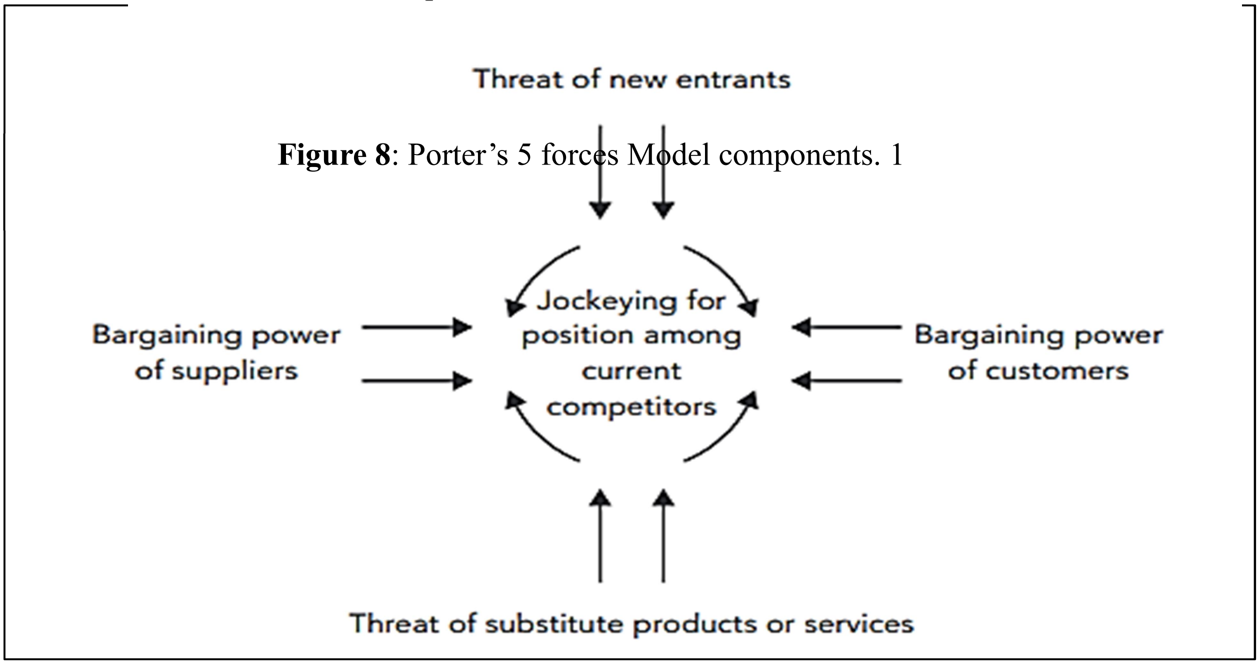
[1] U.MAYRHOFER, Management stratégique, édition Bréal,Lyon,2017,P54.
[2] S.MICHAUX, A.CADIAT, Op C,PP 2,3.
[3] Ibid P4.

c. producers of substitute products
d. potential new entrants
e. competitors
f. and, thereby, the five forces:
g. bargaining power of customers
h. bargaining power of suppliers
i. threat of substitute products

Figure 8: Porter’s 5 forces Model components. 1



j. threat of new entrants
k. intra-industry rivaly.

Source: N.RISTON, op cit, P3

3.4 The model explained:

Porter's Five Forces Model is a strategic framework developed by Michael Porter in 1979 to analyze the competitive dynamics within an industry. It helps businesses assess the attractiveness of an industry and understand the competitive forces at play. Here's a breakdown of each force:

3.4.1 Barriers to entry:

The concept of barriers to entry encompasses a range of factors, including capital requirements, economies of scale, product differentiation, switching costs, brand identity, access to distribution channels, and the threat of retaliation. The higher the barriers to entry, the higher the potential profitability of firms within the industry.[1]

a. Economies of scale
b. The capital requirement of entry
c. Access to distribution channels
d. Cost advantages independent of size
e. Expected retaliation
f. Legislation or government action
g. Differentiation.

3.4.2 Competitive rivalry:

The intensity of competition in a given industry is contingent upon a number of factors. These include the presence of a dominant industry leader, the number of competitors (degree of concentration), and the existence of exit barriers, the importance of fixed costs in determining capacity, the degree of product differentiation and the growth rate of the industry.[2]

In general, rivalry is more pronounced and intense when the following conditions prevail:

a. no industry leader
b. a large number of competitors
c. high fixed costs
d. high exit barriers
e. little opportunity to practice product differentiation and
f. slow rates of growth
g. Extra capacity.

3.4.3 Supplier power:

The degree of supplier power is contingent upon a number of factors, including the perceived importance of the product to the buyer, the costs associated with switching suppliers, the concentration of suppliers within an industry, and the supplier's ability to enter an industry.[3]

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[1] N.RISTON, op cit ,P39.
[2] ibid,PP 39,40.
[3]Ibid P40.

Supplier power is likely to be high in the following circumstances:

a. there are few suppliers
b. The cost of switching to another supplier is high
c. The brand of the supplier is powerful
d. There is a possibility of forward integration by the supplier
e. The supplier's customers are highly fragmented so their bargaining power is low.

3.4.4 Buyer power:

The bargaining power of buyers is influenced by a number of factors, including their level of knowledge, the size of their purchases, the function of the product, the degree of buyer concentration in an industry, the extent of product differentiation and their ability to enter the industry.[1]

In general, buyer power is likely to be high when:

a. There is a high concentration of buyers
b. There is a large number of small operators in the industry
c. There are alternative sources of supply
d. Material costs are high
e. The cost of switching to another supplier is low
f. There is a threat of backward integration by the buyer.

3.4.5The threat of substitutes:

The threat of substitutes is significant as it can destabilize the current industry structure by offering customers better-valued or more useful products. There are various forms of substitution, including:[2]

a. Product for product substitution e.g. email substitutes for fax - does the same job better
b. Substitution of need e.g. better toothpaste leads to fewer dentists
c. Generic substitution -the currency in your pocket- petrol for haircut
d. Product not a necessity- cigarette, alcohol, luxuries.

[1]Ibid,P40.
[2] Ibid. P40.

It is crucial to recognize that each industry will have a distinctive interplay between the five forces. The combined relative bargaining power of each of the five forces determines the overall attractiveness or profitability of an industry.

3.5 Advantages:

Porter's Five Forces is an essential resource for companies seeking sustainable growth and competitive advantage. Here are some of its key benefits:[1]

a. **Holistic analysis:** Porter's Five Forces provides a comprehensive view of the competitive landscape. As a result, organizations can allocate resources and make decisions based on multiple factors in the environment.
b. **Strategic insight**: The model enables companies to think critically about their position in their industry and their existing competitors. This enables them to make informed decisions.
c. **Risk mitigation:** By identifying potential threats, companies can address challenges in advance. For example, by offering a unique value proposition to remain relevant to consumers.
d. **Identifying opportunities:** Identifying industry gaps and unmet needs can help companies differentiate themselves or develop innovative solutions.
e. **Long-term sustainability:** Strategies that consider Porter's Five Forces are more likely to withstand market fluctuations.

3.6 Limitations and Criticisms:

Porter's Five Forces Model is a widely used framework for analyzing the competitive forces within an industry, helping to understand the intensity of competition and profitability. However, it has several limitations and criticisms: [2]

a. **Underestimates Opportunities:** Focuses on threats and market share defense, neglecting growth opportunities and collaborations.
b. **Overlooks Value Creation:** Emphasizes barriers to entry and profitability over creating customer value and innovation.

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[1] https://www.forbes.com/advisor/business/porters-five-forces Consulted on 04/04/2024 at 11:30.

[2] S. MICHAUX, A. CADIAT, OP Cit, PP11,12.

c. **Industry Focus:** Ignores unique company strengths and competitive advantages within an industry.
d. **Demand Variation Omission:** Doesn't consider factors influencing demand like income changes or consumer preferences.
e. **Qualitative Analysis:** Lacks tools for precise measurement of competitive forces' intensity.

To sum up, the strategic landscape of businesses is illuminated through the lens of three powerful analytical frameworks: The three key analytical frameworks are SWOT analysis, PESTEL analysis, and Porter's Five Forces model. SWOT provides a concise overview of strengths, weaknesses, opportunities, and threats, offering insights for strategic planning and decision-making.

Porter's Five Forces model looks at competition in industries. It helps businesses understand factors like buyer and supplier power, new entrants and rivalry. This helps them make strategies to improve their position.

The utilization of these analytical tools provides businesses with the insight and foresight necessary to flourish in today's dynamic and competitive marketplace. enabling them to navigate complexities, capitalise on opportunities, and mitigate risks effectively

Conclusion of chapter 01

In conclusion, this chapter has explored the foundational elements that are crucial for understanding and navigating the complexities of the business environment. We began by examining the definitions provided by scholars, which shed light on the intricate interplay between internal and external factors, categorized into macro and micro environments.

Subsequently, we introduced three key analytical frameworks: The following analytical frameworks were introduced: SWOT analysis, PESTEL analysis, and Porter's Five Forces model. These tools provide a structured approach to assessing an organization’s strategic landscape, enabling businesses to identify their strengths, weaknesses, opportunities, threats, and external influences such as political, economic, social, technological, environmental, and legal factors. Furthermore, the Porter's Five Forces model assists in understanding industry competitiveness and in formulating strategies to gain a competitive advantage.

By mastering these analytical frameworks, businesses can make informed strategic decisions, capitalize on opportunities, mitigate risks, and navigate challenges effectively. With a more comprehensive grasp of their external environment and competitive positioning, organizations can chart a course towards sustainable growth and success in today's dynamic business landscape.

CHAPTER02: Performance, definition and measurement

CHAPTER02: Performance, definition and measurement

Introduction of chapter 02

The business world is a dynamic and competitive place where companies must constantly improve their performance in order to prosper. Business performance is a key concept that encompasses a multitude of dimensions, ranging from financial satisfaction and operational efficiency. Understanding and measuring a company's performance is essential to making informed decisions, identify strengths and weaknesses, and chart a course to sustainable success.

We will examine the different dimensions of performance, including financial Performance, organizational performance, social performance, Strategic performance.

This chapter is divided into two sections. In the first section, we explore in the concept of corporate performance. In the second section we look at indicators used to measure performance.

CHAPTER02: Performance, definition and measurement

Section 01: Performance.

Performance, the cornerstone of organizational success, reflects how effectively and efficiently an organization achieves its goals. It encompasses both effectiveness (achieving desired outcomes) and efficiency (utilizing resources wisely). Measuring performance provides valuable data for strategic decision-making, fosters accountability, and motivates improvement. A holistic view considers not just numbers, but customer satisfaction, employee engagement, and innovation. As the environment constantly evolves, effective performance management requires continuous monitoring and adaptation to ensure long-term organizational success.

1.Definition:

To gain a better understanding of the concept of performance, it is useful to look at the range of definitions proposed by a number of authors:

According to the Dico du manager dictionary, "*A company's performance is the result it achieves in its competitive environment, enabling it to increase its competitiveness and profitability, as well as its ability to influence other firms in the sector (strengthening its negotiating power)*".[1]

According to Maitre-assistant B. SOGOBOSSI, in his article taken from the revue des sciences de management he presents the concept of performance as follows: "*Performance is a concept commonly used in the field of business. In fact, this concept covers a wide range of definitions and practices in different fields of socioeconomic activity. However, it remains difficult to give a simple definition due to its multiple dimensions*."[2]

According to A. Bourguignon: *"Performance is the achievement of organizational objectives, whatever the nature and variety of these objectives. This achievement can be understood in the strict sense (result, outcome) or in the broad sense of the process that leads to the result (action).....* "[3]

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[1] O.MEIER,Dico du manager, 500 clés pour comprendre et agir, Edition DUNOD, Paris, 2009, p.166.

[2] B. SOGBOSSI BOCCO, «Perception de la notion de performance par les dirigeants des petites entreprises en Afrique , La Revue des sciences de gestion, 2010/1, n°241, p.05.

[3] A. BOURGUIGNON, Performance et contrôle de gestion , Encyclopédie de comptabilité, contrôle de gestion et audit, Ed, Economica, Paris, 2000, p.934.

CHAPTER02: Performance, definition and measurement

Based on the above definitions, we can say that a company is performing well when it is able to manage its available resources (financial, human, technological, etc.) well in order to achieve its predefined objectives, while minimizing costs and resources used. It will therefore be more competitive and will be able to strengthen its position in the market.

2.Criteria:

Mastering a company's performance is a complex task because it combines several dimensions. As a result, we will discuss below a number of concepts linked to the concept of performance, such as effectiveness, efficiency, pertinence and economy.

2.1 Effectiveness:

In a company, efficiency is defined as "the results produced in relation to the objectives and needs of the customer". A company is therefore said to be efficient when it achieves the objectives it has set itself in accordance with the needs and requirements of its customers.

The following formula represents **the general efficiency ratio** which helps the company to measure the level of confirmation of results in relation to the objectives set. [1]

Effectiveness = outputs obtained (objectives attained) / outputs targeted (objectives established)

In a company, the objective must be:[2]

The objective is not necessarily quantified, but the result must be measurable.

a. Consistent with the company's purpose ;
b. Defined and measurable in advance
c. Accompanied by the expected result.

2.2 Efficiency :

According to B. DORIATH: "Efficiency is maximizing the amount you get from a given quantity of resources or minimizing the quantity of resources expended for a given quantity of performance." [1]

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[1]P. VOYER, Tableaux de bord de gestion et indicateur de performance, presse de l'université du Québec, 2ème édition, 2006, p.113.
[2] https://www.indeed.com/career-advice/career-development/difference-between-goals-and-objectives Consulted on 02/05/2024 at 10h00.

For H. BOUQUIN: "Efficiency is the ability to minimize the resources used to achieve a particular result." [2]

The concepts below express efficiency:[3]

- Productivity: is the ratio between an output and a volume of factors consumed.
- Profitability: is the ratio of a result to the associated revenue.
- Profitability: is the ratio of the result to the capital invested to obtain it.

An action is considered efficient if it achieves the expected result at the lowest cost. It is summarized in the following formula:

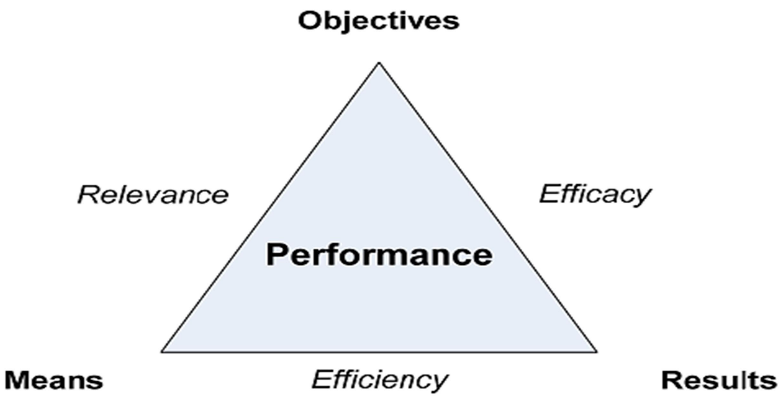
Efficiency = Results achieved / resources deployed.

2.3 Pertinence:

The concept of pertinence is still very subjective and difficult to measure. However, it is accepted that pertinence is the coherence of the means and actions implemented to achieve a particular objective. Being pertinent therefore means achieving the objectives set effectively and efficiently.[4]

Gilbert's model (1980) summarizes these criteria in the performance triangle.

Figure 9: Performance triangle (Gilbert, 1980)1



Source:file:///C:/Users/pc/Downloads/Proposal_of_a_system_of_indicators_to_measure_perf.pdf consulted on 6/05/2024 at 13h00.

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[1] B.DORIATH, Contrôle de gestion , 4ème Edition, DUNOD, Paris, 2005, p.126.

[2] H.BOUQUIN, Comptabilité de gestion , Edition, Economica, 2000, cité par B. DORIATH & C. GOUJET, CGO, gestion prévisionnelle et mesure de la performance , 3ème Edition, DUNOD, Paris, 2007, p.173.

[3] Ibid,P.173.

[4] M.SALGADO, La performance : une dimension fondamentale pour l'évaluation des entreprises et des organisations , édition d'organisation, paris, 2013, P.4

2.4The economy :

According to VOYER, economy is: "The acquisition of adequate financial, human and material resources, both quantitatively and qualitatively, while minimizing time, space and costs."[1]

3.Types:

There are several types of performance: financial, organizational, social, strategic, economic, managerial, competitive, commercial and production performance.

3.1 Financial performance:

Financial performance is the relationship between effectiveness and efficiency for a business to achieve results within defined objectives, with effectiveness corresponding to the optimal use of resources and capacities in terms of results.[2]

Financial performance is a subjective measure of a company's capacity to generate income by using assets in its primary mode of functioning. The term is also used as a general measure of a company's overall financial health over a given period.

3.2 Organizational performance:

The company's organizational performance consists of well organizing and adapting a flexible structure, as well as creating a climate of harmony and cooperation between all the members of the company in order to achieve its previously defined objectives.

For a long time, organizational performance has been reduced solely to the financial and economic profitability for the shareholder (shareholder value), with more global approaches that may include other stakeholders in the performance generated by an organization (customers, suppliers, employees, society in general, etc.) and goals other than financial profitability alone.[3]

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[1] P.VOYER, Tableau de bord de gestion et indicateur de performance , 2éme Edition, presse de l'université du Québec, sainte-foy, 1999, p.110.

[2] J.L.MALO ET J.C. MATHE, l'essentiel du contrôle de gestion , édition d'organisation, paris, 1998.p.182.

[3] F .GIRAUD et Alii, Contrôle de gestion et pilotage de la performance, 2ème ED, GUALINO éditeur, Paris, 2005, p.72.

3.3 Human performance

Today, human capital is a key factor in production, a source of wealth and a source of business performance. source of wealth and a source of business performance.

According to M. LEBAS, "*the key to human performance lies not only in past results, but further ahead, in employees' capacity for action, in other words, in their ability to act and their sense of initiative to deal with the uncertainties of the job environment*".[1]

3.4 Strategic performance

To ensure its long-term survival, an organization needs to stand out from its competitors,

To do this, it must set itself appropriate strategic objectives, such as improving product quality, adopting more efficient manufacturing technology and adopting original marketing strategies. The major concern for executive management is to communicate its strategic objectives to staff and to ensure that they are transformed into operational objectives in order to achieve strategic performance or long-term performance.[2]

3.5 Commercial performance

A commercially successful company must achieve high sales and margins, an increase in the number of customers attracted and retained, a reduction in stock levels, etc.

In the field of commercial action, a company's commercial performance can therefore be defined as the achievement of commercial objectives relative to the resources used to reach them. To be competitive, a company needs to be well positioned in the face of its competitors, but also in relation to its customers. The following three criteria determine competitive performance: [3]

a. Market share: this represents the ratio between sales made by the company and those made by competitors (total sector sales on the market);
b. Customer satisfaction: through dialogue between the company and its customers via communication, but also through satisfaction surveys;

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[1] J. NOONE, à propos de la performance humaine en entreprise : pour une philosophie de l'action et une philosophie d'action, Gregor, paris, 1999, p03

[2] J.BARRETTE, J.BERARD , gestion de la performance : lier la stratégie aux opérations, revue internationale de gestion, volume 24, numéro 4, hiver 2000, p15

[3] K.H.CHUNG and SW.PRUITT , Simple approximation of Tobin's Q, Management Financial revue, Vol 23, N°3, P : 71.

c. The loyalty rate: This concern the stability of the customer base in terms of the characteristics of the oldest customers, the frequency and nature of new customers and customers lost. This rate can be expressed as a mirror reflecting the skills of the companies to which customers are sensitive.

3.6 Technological performance

Technological performance can be defined as the efficient use of company resources, the degree of innovation in the management system, the production process and the goods and services produced by the company. It can be measured by a number of criteria:[1]

a. Technology watch and periodic reviews of innovations introduced into projects, information and training courses on innovations;
b. Activity reports from teams dealing with innovations and the availability of products for others;
c. Periodic adjustments to organization and procedures in line with the development of projects and the company.

3.7 Social performance

"*Social performance is also defined as the level of satisfaction achieved by the individual participating in the life of the organization*".[2]

The social climate and staff satisfaction can be determinants of social performance.

Social performance, at the level of the organization, is often defined as the relationship between its social effort and the attitude of its employees. However, this dimension of performance is difficult to measure in quantitative terms.

4.Performance Levels :

A distinction can be made between internal and external performance:[3]

4.1 External performance

External performance is linked to the company's ability to satisfy the needs of its partners, who may include shareholders, economic players (government, employees, banks, suppliers) and society as a whole.

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[1] Ibid.
[2] Ibid.
[3] B.MARTORY, contrôle de gestion, performance sociale, Ed Vuibert, 2ème édition, paris, 1999, p23

4.2 Internal performance

Internal performance is the result of the following combination:

a. Financial performance: linked to the company's ability to use its available resources rationally.
b. Technical performance: linked to the company's ability to use its technical facilities efficiently.
c. Human performance: is the performance of individuals who can be considered as value providers.

The following table highlights the particularities of each performance:

Table 4: External and internal performance.

External performance	Internal performance
This is mainly aimed at shareholders and financial institutions.	Directed at managers.
Is concerned with results, present or future.	concerns the process of obtaining the result from the organization’s resources.
Need to create and communicate financial information.	Need to provide the information required for decision-making.
Generate a financial analysis of the major balances.	Define action variables.
Gives grounds for debate between the different stakeholders.	Requires a single vision of performance in order to coordinate everyone's actions towards the same goal.

Source: B.DORIATH ET C.GOUJET, Gestion prévisionnelle et mesure de la performance, 3eme édition, Dunod, p.17.

5.The Objectives:

Why the shift to producing performance? Here are some reasons to:

5.1 Resource Imbalance:

The current consumption pattern is unsustainable, with 20% of the world's population in industrialized countries consuming 80% of global resources.

Globalizing this consumption model is neither feasible nor sustainable for the future.

5.2 Economic Pressures:

Industrialized nations face increasing public spending due to:

a. Rising health and pension costs for an aging population.
b. High maintenance costs for aging infrastructure. [1]
c. New wealth creation strategies are needed that do not rely on material consumption to prevent growing national debts and resource scarcities.

5.3 Innovation and Efficiency:

There is a need to shift towards radical innovations that focus on efficient, smart solutions rather than bulk goods.

This shift involves uncoupling revenue and wealth creation from resource throughput.

5.4 New Metrics:

Progress can be measured using a new metric of value-per-weight, indicating the efficiency and effectiveness of resource use in generating economic value.

5.5 Ennovation and Smart Solutions:

Achieving the Performance Economy requires leveraging innovations and smart technologies.

This should be supported by a balanced assessment of both opportunities and risks.

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[1] W.R.STAHEL,The performance Economy,edition PALGRAVE MACMILLAN, UK,2010, P8.

5.6 Potential Regional Divide:

Differences in attitudes towards risk and opportunity may result in a competitive divide, with regions prioritizing opportunities potentially advancing faster in the Performance Economy.[1]

The shift to Producing Performance is crucial for sustainability and economic stability. It addresses the disproportionate resource consumption and economic pressures faced by industrialized nations. By fostering innovation and adopting new metrics to measure efficiency, this shift is not only possible but also measurable. However, regional differences in handling risks and opportunities could influence the pace and success of this transition.

6. Dimensions:

There are several dimensions to performance, namely:[2]

a. Performance and shareholders: shareholders seek performance through share value and the distribution of dividends.
b. Performance and customers: for customers, performance consists of measuring the value provided by the good or service.
c. Performance and partners: total performance depends on the local performance of each actor in the value chain, optimizing and managing flows rather than stocks.
d. Performance and quality system: this involves respecting procedures to ensure the accuracy, deadlines and costs of the goods and services offered to customers, both internal and external to the organization.
e. Performance and staff: for staff, performance is based on the quality of working conditions and relationships, and the way the organization functions. And generating organizational learning.
f. Performance and the public: for a company, performance means developing information about its products, protecting the environment and behaving ethically and responsibly towards society.

[1] Ibid,P9.
[2] P.FABRE et C.THOMAS, mangement et contrôle de gestion, DSCG 3, Dunod, 2007, p27.

7. Factors of Organizational Performance:

Organizations are not all the same, there are a number of factors that differentiate each and every one of them, and these factors can be related to both the objective of the organization and the strategies and tools chosen to work towards achieving those objectives. These factors, that determine the organization's activities, goals, and work structure, can be grouped into:[1]

7.1 External factors:

These factors are those surrounding the organization and are not under its control, but still affect its development, performance, and structure. They include:

a. Economic factors
b. Socio-economic factors
c. Political-administrative factors.

7.2Internal factors:

These are those factors within the organization, characteristics such as:

a. Purpose
b. Mission
c. Values
d. Instruments, etc.

7.3 Individual choice factors:

Teams or individual decisions about expected costs and/or benefits.

8. Organizational performance management:

Organizational performance management can be complex. Let's break down what this means for the company. In general, performance management can be categorized into three different phases:[2]

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[1] https://www.hirebook.com/organizational-performance Consulted on 10/05/2024 at 15 h30.
[2] https://www.betterup.com/blog/organizational-performance Consulted on 11/05/2024 at 11h50.

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8.1 Performance Planning

This is the strategic planning phase. During this phase, you'll want to identify your purpose and mission, and set goals and strategies to achieve those goals. You might also identify areas, like change management, needed during this planning phase. This could mean organizational structure changes. This is where cross-collaboration becomes essential, and where you'll need to invest in developing teams that work well together. Rely on your strategic planners to make this strategy successful. Strategic management ensures your organization is headed in the right direction.

8.2 Performance Appraisal

This phase is often referred to as the diagnostic phase. The performance appraisal aspect of organizational management involves monitoring progress. You'll assess how your company is tracking towards its goals, identify potential problems, and determine how to course correct to get back on track. It's about evaluating what's working well and what needs improvement.

8.3 Performance Improvement

The final phase is about performance improvement. After identifying what's working (or not working), you need to implement changes. As a company leader, ongoing improvement is crucial. You should always be looking for ways to improve your organization, both in small and significant ways.

9. Characteristics of a high-performing company:

The characteristics of a performing company include:[1]

9.1Rapid adaptation to change

This means dynamically directing the company's resources in response to market changes and opportunities. If a company wants to progress, it must adapt to these changes and constantly define itself according to them.

[1] P.WOOT, la dynamique de l'entreprise performante, édition Marabout, paris, 1974, p364.

9.2 Openness to progress

This is the set of policies that enable the company to prepare for the necessary transformations in good time, and the development of a spirit of research, as well as the forces of creation and renewal necessary to the strategy of progress.

9.3 Management development

This is a management system that favors the implementation of continuous progress, ensuring better preparation and control of action. It allows managers to devote less time to day-to-day operations and more time to growth and creativity, facilitating the achievement of structures that require a structure of innovation.

9.4 Structure flexibility

This is the choice of structures that promote progress and reduce resistance to change. Structures must be established according to the goals to be achieved, and links defined according to the imperatives of movement, in order to increase initiatives and facilitate the combination of the most dynamic resources.

9.5 Participative management and human development

The aim is to develop and disseminate a style of management that involves clarifying goals, delegating power and controlling results rather than means. This is the set of options that condense to genuine participation. This is made possible by the modern management tools needed to respond to the conditions of creation and change.

9.6 Developing and justifying the power to action

This is the set of policies that gives the company sufficient power to implement a strategy for progress. These are the choices that will make power as much a support as a result of this strategy.

10. Non-Performance Sources:

There are plenty sources for non-performance such as the following: [1]

10.1 Inadequate Leadership

Inadequate leadership can severely impact a company's performance. Poor decision-making, a lack of clear vision or direction, and ineffective management styles can create confusion and demotivate employees. When leaders fail to inspire or guide their teams properly, it can lead to a lack of trust and decreased productivity across the organization.

10.2 Poor Communication

Poor communication within a company can result in miscommunications between departments, unclear instructions, and ineffective feedback mechanisms. This can cause misunderstandings, errors, and delays, hindering the smooth operation of daily activities. Effective communication is essential for coordination, collaboration, and the successful execution of tasks.

10.3Lack of Employee Engagement

A lack of employee engagement often manifests as low morale, a lack of motivation, and high turnover rates. When employees do not feel valued or connected to their work, their productivity and commitment to the organization suffer. Engaged employees are crucial for fostering a positive work environment and driving business success.

10.4Outdated Technology

Outdated technology can result in inefficient or slow systems, incompatibility with modern tools, and high maintenance costs. This can hinder operational efficiency and reduce the organization's competitiveness. Investing in up-to-date technology is crucial for maintaining efficient workflows and staying ahead in the market.

10.5Inefficient Processes

Inefficient processes, characterized by redundant procedures, bottlenecks in workflow, and poor resource allocation, can waste time and resources. Streamlining processes and eliminating inefficiencies are essential for optimizing performance and ensuring that the organization operates smoothly and effectively.

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[1] M. YVON,Processus: les outils d'optimisation de la performance, édition d'organisation, 2003,P14.

10.6Lack of Strategic Alignment

A lack of strategic alignment occurs when goals and objectives are misaligned, there is a disconnection between strategy and execution, and poor prioritization of initiatives. This can result in wasted efforts and resources, and the organization may struggle to achieve its long-term goals. Ensuring that all activities are aligned with the strategic vision is critical for success.

10.7 External Factors

External factors, such as economic downturns, regulatory changes, and competitive pressures, can also impact organizational performance. While these factors may be beyond the control of the organization, being proactive and adaptable can help mitigate their effects. Developing strategies to manage and respond to external challenges is essential for maintaining resilience and competitiveness.[1]

11. The Four Pillars of High Performance:

The Four Pillars of High Performance is an indispensable and unprecedented blueprint for transforming any company into a robust organization. [2]

a. **ALERTNESS:** Spotting fluctuations as they emerge—not after their effects have already been felt

b. **AGILITY**: Empowering employees with the authority to make routine decisions, reducing barriers between units, encouraging participatory management, and fostering open communications

c. **ADAPTABILITY**: Changing with circumstances and taking advantage of new opportunities as they arise

d. **ALIGNMENT:** Saturating the organization with information and providing effective information technology

[1] Ibid,P15.
[2] P .LIGHT, The Four Pillars of High Performance, McGraw Hill,2005,PP 93-95.

In conclusion, this section has explored the concept of organizational performance, including its definition, types, and key characteristics. Understanding these elements is essential for managers and stakeholders to drive continuous improvement, maintain competitiveness, and achieve sustainable success, ultimately delivering value to all stakeholders.

Section02: organizational performance measurement.

In this section, we will delve into the measurement of organizational performance. Accurate and effective performance measurement is crucial for understanding how well an organization is meeting its objectives and for identifying areas for improvement. We will explore various methods and tools used to assess performance, the importance of aligning these measurements with strategic goals, and the challenges organizations may face in this process. By comprehensively understanding performance measurement, organizations can make informed decisions, drive growth, and ensure long-term success.

1.Definition:

Performance measurement is used to quantify the extent to which corporate objectives have been achieved. It makes it possible to monitor activities and processes, and to check whether the results obtained are in line with expectations. In particular, it aims to document progress towards pre-established objectives.

According to M. NAKHLA "*Performance evaluation is not an objective in itself, but a means used by the company to progress. The purpose of this evaluation system must therefore be to steer the implementation of the strategy, communicate the project and the company's vision*".[1]

[1] M. NAKHLA, l’essentiel du management industriel, édition Dunod, paris, 2006, p. 44.

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AFNOR defines it as: "*data that measures the effectiveness and/or efficiency of all or part of a process or system (real or simulated), in relation to a standard, a plan or an objective, determined within the framework of a corporate strategy*".[1]

The term "performance" encompasses various financial and non-financial objectives, each associated with multiple indicators. A performance measure is a numerical or quantitative indicator showing how well an objective is being met. Performance measurement requires extensive use of both quantitative and qualitative data, with clear definitions and specific analysis frequencies, depending on the purpose of the measurement and data availability.[2]

However, traditional performance measures based on costs have several limitations. These include the exclusion of a strategic perspective, lack of focus on success factors, and insufficient consideration of stakeholders' needs and expectations. Traditionally, a company's success has been evaluated using financial measures such as Profit Margins, Return on Assets (ROA), and Return on Equity (ROE).

2.Principles for setting up a performance measurement system

A good performance measurement system requires several foundational principles to ensure objectivity and fairness towards the managers being evaluated.

2.1. The Principle of Relevance

According to GIRAUD.F: "*The performance measurement of an entity is considered relevant if it guides the manager's behavior towards the firm's objectives*."[3]

Therefore, it is recommended that performance measurement across entities be homogeneous within the organization. It should be designed, recognized, and accepted by its users so that it aligns their behavior towards achieving the overall goals of the organization.

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[1] G.MARION, la place du mangement visuel dans le pilotage de la performance globale d'une unité de production pharmaceutique, le diplôme d'état de docteur en pharmacie, université de Lorrain, 2013, P 27.
[2] A.FELIZARDO , E.FÉLIX and J.THOMAZ, Organizational Performance Measurement and Evaluation Systems in Smes, CEFAGE Working Paper, University of Évora,2017, P06.
[3] F.GIRAUD, et autre, Le contrôle de gestion et pilotage des performances, Gualino éditeur, France 2002, p. 72.

2.2. The Principle of Controllability

According to GIRAUD.F: "*The principle of controllability stipulates that the performance measurement of a manager in charge of an entity should be based on elements they can control.*"[1]

This principle requires that a manager's performance be measured only on the basis of elements they can effectively control. The principle of controllability helps prevent the demotivation of managers by avoiding holding them responsible for underperformance or poor results they could not prevent. It also allows for more precise targeting of each person's responsibilities.

2.3. The Principle of Reliability

This principle involves two criteria: verifiability and objectivity.[2]

a. **Verifiability:** It demands precision in the style of data collection required for performance measurement, as well as the involvement of operational managers in the process of selecting and collecting this data.
b. **Objectivity:** It requires that performance indicators be clear, accepted by all, and free from any subjective judgments.

2.4. The Principle of Stability

The advantage of a performance measurement system adhering to the principle of stability is that it allows for the comparison of performances over time. However, this system must also be adaptable to evolving strategic priorities.[3]

3.Performance Measurement

Performance measurement involves continuously collecting data from specific functional areas to monitor and report on a Customs administration's progress towards its organizational goals. It relies on an internal system that collects, organizes, and reports on workflows, outputs, and outcomes.

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[1] Ibid P72.
[2] Ibid P72
[3] Ibid P72

CHAPTER02: Performance, definition and measurement

The main aim is to support decision-making and track progress towards the outcomes set in Strategic Plans and Action Plans. Identifying effective indicators is challenging. An OECD report indicates that even experienced countries struggle with measurement and target setting, especially for outcomes. A key challenge for Customs administrations is obtaining high-quality, valid, reliable, and timely information.

A performance indicator is a detailed quantitative and/or qualitative descriptor of what the organization is doing or has done. Multiple indicators can exist for each performance measure.

3.1 Objective Performance Measurement

Objective performance evaluation focuses on easily measurable criteria, divided into two types: measuring the seller's output (tangible results of their actions) and measuring the seller's input (efforts, actions, and how they are conducted). [1]

3.2 Subjective Performance Measurement

Subjective performance measurement essentially evaluates the seller's behaviors based on qualitative criteria. Overall, the seller's behavior is analyzed according to several criteria, including the quality of information collected, adaptability in the sales relationship, product and competition knowledge, control of sales expenses, technical mastery of the offer, intra-organizational cooperation, planning ability, and time management. [2]

3.3 Key Terms for Performance Measurement:

This framework aids in understanding and discussing organizational performance measurement.[3]

a. Input: Resources required to complete activities (e.g., people, equipment, technology, legislation, budget).

b. Activity: Processes undertaken regularly (daily, weekly, monthly), such as collecting import documentation and inspecting vehicles. ISO defines a process as "a set of interrelated resources and activities which transform inputs into outputs."

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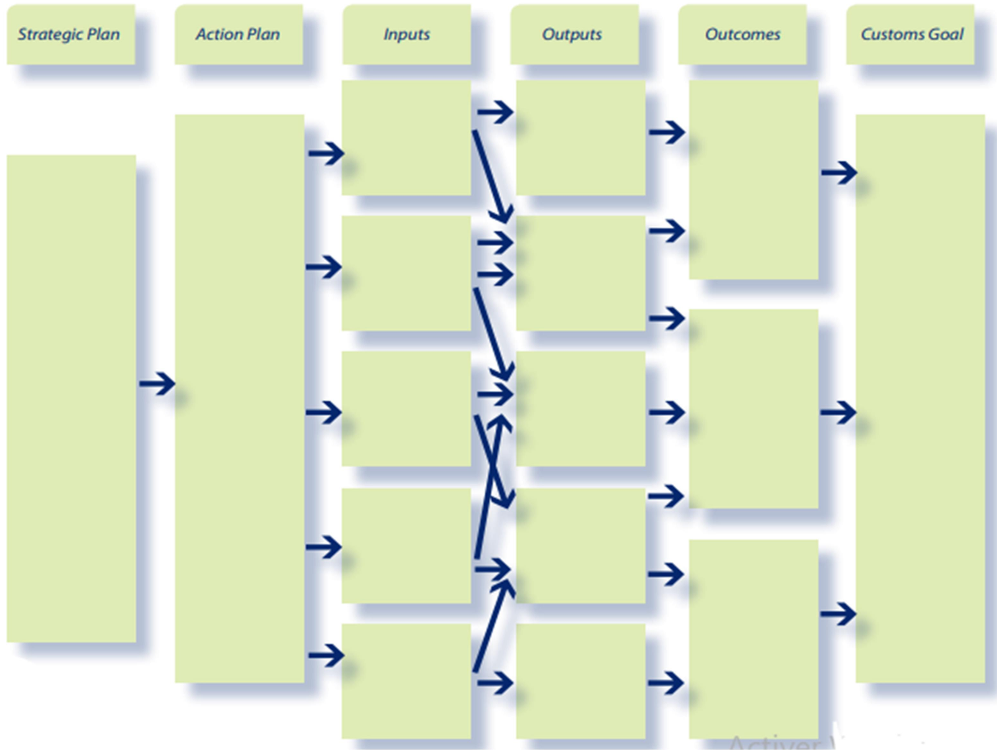
[1] O,WALKER and all, Sales Force Management ,8th edition, McGraw-Hill, Irwin, 2006, p.145.
[2] Ibid P 145
[3] http://old.wcoomdpublications.org/downloadable/download/sample/sample_id/130/ Consulted on 27/05/2024 at 23:00

c. Output: Results achieved, such as reports, efficient use of resources, revenue collection, and enforcement actions.

d. Outcome: The impact, benefit, or change resulting from Customs activities

Figure 10: Outcomes-based Performance Measurement model



Source: ibid

This diagram showcases the flow from strategic planning to achieving organizational goals:

- **Strategic Plan**: The overall long-term plan of the organization.
- **Action Plan**: Specific actions to implement the strategic plan.
- **Inputs**: Resources and inputs required for actions.
- **Outputs**: Immediate results of the actions taken.
- **Outcomes**: Longer-term results and impacts of the outputs.
- **Customs Goal**: The ultimate objectives or goals of the organization.

Each step in these processes is interconnected and iterative, emphasizing the importance of continuous evaluation and adjustment in strategic planning and execution.

CHAPTER02: Performance, definition and measurement

3.4 Baseline Data and Benchmarking

In developing a performance management system, capturing baseline data at the outset is crucial. Baseline data serves as the initial reference point for future comparisons, facilitating the assessment of improvements over time. Without it, demonstrating progress to stakeholders becomes challenging. As time progresses, baseline data transitions into historical performance records, aiding in decision-making through regular performance reports. These reports may eventually evolve into benchmarks, setting standards for comparison.[1]

Benchmarking, both externally and internally, is key to enhancing Customs performance. It involves identifying best practices from other administrations and adapting them to improve one's operations.

3.5 Organizational Performance Measurement Methods

There are numerous methods to measure organizational performance. Table 2 below lists some of them. Common to these models are that they premised on the existence of organizational goals and regularly monitoring of progress towards those goals. The intention for each is that the process of collection and reporting becomes integrated into the overall management system of the organization. [2]

All of the models listed can improve organizational performance provided that they are implemented comprehensively and remain focused on organizational results. The list below is not exhaustive. Many of the administrations from which examples of performance measurement have been gathered, have customized their approach.

Table 5: Organizational Performance Measurement Methods

Balanced Scorecard	Focuses on four perspectives, including customer perspective, internal-business processes, learning and growth and financials, to monitor progress towards the organization's strategic goals
Benchmarking	Uses standard measurements in a service or industry for comparison with other organizations in order to gain perspective on organizational performance. In and of itself, this is not an overall comprehensive process assured to

[1] Ibid
[2] Ibid

	improve performance, rather, the results from benchmark comparisons can be used in more overall processes. Benchmarking is often perceived as a quality initiative
Business Process Reengineering	Aims to increase performance by radically redesigning the organization's structures and processes, including by starting over from the ground up
ISO9000	Is an internationally recognized standard of quality, and includes guidelines to accomplish the ISO9000 standard. Organizations can be optionally audited to earn ISO9000 certification
Knowledge Management	Focuses on collection and management of critical knowledge in an organization to increase its capacity for achieving results. Knowledge management often includes extensive use of computer technology. In and of itself, this is not an overall comprehensive process assured to improve performance. Its effectiveness towards reaching overall results for the organization depends on how well the enhanced, critical knowledge is applied in the organization.
Management by Objectives	Aims to align goals and subordinate objectives throughout the organization. Ideally, employees get strong input to identifying their objectives, time lines for completion, etc. Includes ongoing tracking and feedback in process to reach objectives. MBO is often perceived as a form of planning.
Total Quality Management	Set of management practices imposed throughout the organization to ensure that it consistently meets or exceeds customer requirements. Strong focus on process measurement and controls as a means of achieving continuous improvement.

Source: ibid

3.5.1The Balance Scorecard

The Balanced Scorecard, introduced by Harvard Business School experts Robert Kaplan and David Norton in the early '90s, revolutionized performance measurement. This framework addresses the shortcomings of traditional management approaches by offering a clear prescription for balancing financial perspectives.[1]

Functioning as a versatile measuring tool, the Balanced Scorecard enables organizations to articulate their vision and strategies into actionable steps. It provides feedback on both internal processes and external achievements, fostering continuous improvement in strategic performance and business outcomes.

Flexibility is a hallmark of this approach, allowing tailored evaluation across key areas:

a. Shareholders or financiers (financial results)
b. Clients (external results)
c. Staff (internal results)
d. Managers (improved process results)
e. Learning and innovation results

Results in each area encompass various objectives, performance indicators, and standards, engaging relevant stakeholders. Managers are encouraged to view the organization from four perspectives: learning and growth, business processes, customer, and financial.

This management method is invaluable for:[2]

a. Tracking objective achievement and enhancing decision-making.
b. Addressing persistent poor performance in specific areas.
c. Assisting top management in navigating time constraints and information overload.

The Balanced Scorecard offers a holistic approach to performance management, empowering organizations to make informed decisions and align strategies effectively.

3.5.2 The Deming Model

Traditionally, industrial activities prioritized "quality control" and "zero defects" to safeguard against poor-quality products reaching customers. However, Deming challenged

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[1] A. GRIGORE ,F.BADEA and C.Radu , modern instruments for measuring organizational performance,Academy of Economic Studies Bucharest, Faculty of Management, Romania, 1/1/2010 ,P952.

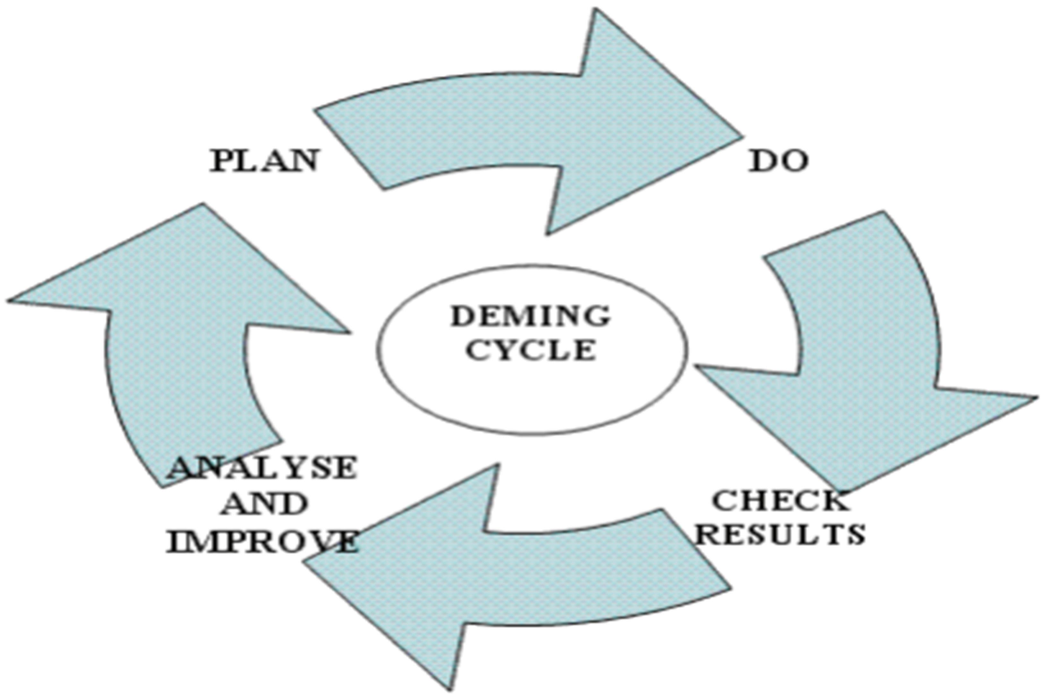
[2] Ibid P 952

this approach, asserting that focusing solely on end-of-line inspection fails to address the root causes of defects and leads to inefficiencies through defect rejection.[1]

Deming advocates for identifying and rectifying causes of variation at each production stage to continually improve product quality. He emphasizes the establishment of a feedback system across all business processes to pinpoint causes of change, critical for addressing significant issues.

In essence, the Deming Model underscores proactive quality management, continuous improvement, and a systemic approach to addressing production challenges.

Figure 11: Deming cycle



Source: http://www.valuebasedmanagement.net/methods_demingcycle.html consulted on 26/05/2024 at 12:00

[1] Ibid P 952

3.5.3The BALDRIGE Model

The Baldrige method (1997) focuses on fact-based management, emphasizing the need for performance measurement and analysis for informed long-term decision-making. Measurement standards should align with business strategy and provide critical data on key processes, productivity, and outcomes.[1]

Essential data types for performance measurement include consumer performance, product and service performance, operations, marketing, competitive comparisons, supplier performance, employee performance, and financial costs. Performance measurement standards or indicators, which are measurable characteristics of products, services, and processes, are vital for tracking and improving performance.

The Baldrige model (2005) identifies key performance benchmarks: revenue, customer results, financial and market outcomes, human resources evaluations, organizational effectiveness, social responsibility, and overall organizational results.

4.Characteristics of a good indicator :

The characteristics of a good indicator, or any other measuring instrument, can be grouped into four categories:[2]

Table 6: Characteristics of a good indicator

Relevance	The indicator must be in line with the organization's objectives. Measuring objective achievement must not be sacrificed for ease of collection alone

[1] Ibid P 953

[2] P.VOYER, Tableau de bord de gestion et indicateur de performance , 2éme Edition, presse de l'université du Québec, sainte-foy, 1999, p.446.

Quality	The indicator must be clearly and precisely formulated. It must be sufficiently sensitive to highlight significant variations in the object being measured, while being homogeneous in time and space.
Feasibility	This refers to the possibility of measuring or the availability of data. It is essential to have the information needed to produce the indicator. The indicator must be easy to determine, and all the necessary data must be reliable, available in a timely and cost-effective manner.
User-friendliness	This aspect concerns the operational, visual and cognitive aspects of direct and comfortable use of the indicator. It must be accessible, comprehensible and well illustrated.

Source: P.VOYER, Op Cit, p.446.

By meeting these criteria, we can assess the quality of an indicator or measuring instrument.

5.The typology of indicators:

Performance indicators can refer to the company's internal and external dimensions, and can be both qualitative and quantitative. Among them, we identify the following main indicators:

5.1 Financial indicators:

Performance evaluation is based on financial indicators, as a good understanding of this type of indicator remains essential in a performance monitoring and management tool, given their strong presence as a daily tool for economic agents. These indicators correspond to short-term economic objectives, and include sales, growth rate; or profitability measures such as net income or gross margin. they can be expressed in the form of a simple indicator or rations. [1]

5.2 Results indicators:

An extremely precise and globally standardized earnings indicator. These are usually economic indicators. They can also be sales, marketing, R&D or safety indicators. However, they all share the characteristic of being the result of effective management, rather than indicators of resource management.

There are three categories of performance indicators:[2]

a. Indicators that measure the degree of completion of a task or action,
b. Perceptual indicators that measure satisfaction,
c. Quantifiable physical indicators (sales, number of complaints, etc.). Results indicators enable direct assessment of progress made in relation to the target set, or the evolution of a given situation in relation to the past, or in comparison with other governments.

5.3 Strategic indicators :

Strategic indicators are linked to the company's mission and objectives. They are linked to both operational indicators and external indicators, such as the company's competitive position. Generally speaking, they represent the company's balance sheet.

5.4 Environmental indicators :

An environmental performance indicator is a tool that provides information on the progress made by a company in environmental matters. Here are a few indicators used by different companies: [3]

a. The evolution of annual water consumption in relation to a set objective.
b. The number of "environmental" objectives achieved in one year, compared with the number of objectives set.
c. Tonnage of waste landfilled in recent years.

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[1] F.ASSELIN et autre, l'entrepreneur forestier du Québec : véritable propriétaire dirigeants de PME, Canada, 2010, p. 184.

[2] D.MOLHO et D.POISSON, tableaux de bord, outils de performance, édition d'organisation, Paris, 2009, p.37.

[3] E.BAURAING et autre, Les Indicateurs de Performances Environnementales, n° 1, Fondation Universitaire Luxembourgeoise, Belgique, décembre, 2000, p.3

In general, understanding these performance indicators is essential for measuring the success and failure of organizations in achieving their strategic goals and making informed decisions.

6.Goals:

The aim of performance measurement and reporting is to:[1]

6.1Measure for improvement:

The organization's system is characterized by the complexity of the forces at play, and contingency factors that are not always detectable. The introduction of performance measurement should make it possible to identify these factors, both internal and external to the organization, which influence its activity, and the measurement systems used should make it possible to highlight critical areas of opportunity and threat, and identify levers for improvement. So measuring performance, and setting up a battery of indicators, represents the first phase of evaluation, and the first step in steering the business towards improvement.

6.2 Measure to communicate:

The aim of corporate performance is to provide stakeholders with decision-making tools to help them renew, or break, their commitment to the organization.

The performance evaluation system must enable a common language to be used by the stakeholders to whom it is addressed, in order to simplify interactions between them.

6.3 Measure to learn and innovate:

Measuring performance enables us to identify threats and opportunities, giving managers a clearer perspective from which to act, and to learn how to reduce the former in order to exploit the latter. The implementation of best practice rules based on experience is a rich source of learning for the organization, and the sector.

[1]M. CLEMENCE, L'évaluation de la performance dans les organisations culturelles non lucratives, diplôme de master2,Rouen Business School, France. 2012,p.19.

CHAPTER02: Performance, definition and measurement

In this section, we explored performance measurement, including its definition, types, and indicators. Performance measurement involves using numerical indicators to assess how well organizational objectives are met, requiring both quantitative and qualitative data. Traditional cost-based measures have limitations, prompting organizations to adopt a broader range of indicators, including financial metrics like Profit Margins, Return on Assets (ROA), and Return on Equity (ROE), as well as non-financial metrics such as customer loyalty and employee satisfaction. This comprehensive approach helps organizations track progress, make informed decisions, and achieve their strategic goals.

Conclusion of chapter 02

The concept of organizational performance is crucial in understanding how well an organization is functioning and achieving its objectives. It encompasses various dimensions, including financial performance, operational efficiency, customer satisfaction, employee engagement, and overall effectiveness.

In this chapter, we examine the organizational performance concept in depth. We begin by defining performance in general terms, before moving on to discuss the various types, characteristics and criteria that apply to it. Performance is a broad term that encompasses a number of different dimensions, reflecting how well an organization meets its goals and objectives. Understanding these dimensions allows organizations to identify areas of strength and opportunities for improvement, which in turn drive overall success.

We then move on to discuss the specifics of performance measurement. We define performance measurement, discuss the different types of measurement that can be used, and examine the various indicators that can be used to assess performance. Performance measurement is a crucial aspect of organizational effectiveness, providing quantitative and qualitative data that enables organizations to track their progress towards their objectives. This process involves selecting appropriate metrics, analyzing data, and interpreting results to inform decision-making.

By examining both organizational performance and its measurement, this chapter highlights the importance of a comprehensive approach to evaluating and improving organizational effectiveness. This dual focus provides a foundation for developing strategies that enhance performance across all levels of an organization, ensuring that it can achieve its strategic goals and maintain a competitive edge in its industry.

CHAPTER03: Study case HAMOUD BOUALEM

Introduction of chapter 03

Hamoud Boualem is a key player in the Algerian beverage industry, known for its heritage, quality, and innovation. This chapter aims to provide a comprehensive exploration of Hamoud Boualem, beginning with an in-depth presentation in Section One. Here, we delve into the company's origins, its evolution over the years, and its current market position within Algeria's competitive beverage sector. Following this presentation, the chapter proceeds to outline the research methodology employed, which includes rigorous applications of strategic analysis tools such as SWOT (Strengths, Weaknesses, Opportunities, Threats), PESTEL (Political, Economic, Social, Technological, Environmental, Legal), and Porter's Five Forces framework. These methodologies are pivotal in assessing Hamoud Boualem's internal capabilities, external market conditions, and the competitive landscape it operates within. By applying these strategic frameworks, this chapter aims to uncover key insights into how Hamoud Boualem strategically navigates challenges, identifies growth avenues, and sustains its leadership position in the Algerian and potentially global markets.

Section 01: Presentation of HAMOUD BOUALEM

HAMOUD BOUALEM is the oldest company in Algeria that is still in operation. It positions itself in the market as one of the most important beverage companies in Algeria. Its pioneering status and the quality of its products have allowed it to secure the position of a challenger and to constantly compete with the leading company, Coca-Cola. In this section, we will first present the company HAMOUD BOUALEM, its history, its evolution, its organizational chart.

1.Presentation of the Company

Founded in 1878, Hamoud Boualem is the oldest company still in operation in Algeria. At the time, its founder was established in the Belcourt district. Thanks to its gold medal won at the 1889 World's Fair in Paris, the company quickly achieved success.

Today, the Hamoud Boualem group has diversified its activities and owns six production units under the Hamoud Boualem label. These include the historical production unit in Hassiba, Algiers, a new unit in Boufarik launched at the end of 2015, and another carbonated beverage unit in Oued Tlelat, Oran, launched in 2007.

The group holds 40% of the capital of SBA (Sodas and Beverages of Algeria), which produces the entire range in 1L returnable glass bottles. In 2001, a license was granted to the bottler Hafiz Limonaderie for the production of the range of sodas in 25cl and 1L returnable glass bottles.

Additionally, a license was granted to Source PAROT in France for the manufacture of "Selecto" and "Hamoud" the white. Nowadays, Hamoud Boualem is also exported and distributed in various European countries and in Canada.

2.History

HAMOUD BOUALEM is a family business that was founded in 1878 in central Algiers (Belcourt) by the artisan Youssef Hamond. It is one of the oldest companies across all sectors. As part of its expansion, the company moved to its current premises at 201 Rue

Hassiba BEN BOUALI in the RUISSEAU (EL ANNASSER) district at the beginning of the 20th century.

Originally, HAMOUD BOUALEM produced aromas, carbonated beverages, and ice blocks. During the first World's Fair in Paris in 1889, HAMOUD BOUALEM's beverages were awarded the highest distinction, winning twenty (20) gold medals, which now form the emblem and logo on the white lemonade bottle label.

In the early 1940s, the company began to experience financial difficulties that led to its bankruptcy. In 1949, the crisis was overcome, and the company was reclaimed by its founders. In 1950, the company attempted to diversify its activities by creating a subsidiary for pasta production.

A few years later, with Algeria's independence and the adoption of a socialist regime, HAMOUD BOUALEM saw its pasta production subsidiary nationalized in 1964. Since then, HAMOUD BOUALEM has focused on managing, operating, and developing the production of carbonated beverages. Inseparable from the company HAMOUD BOUALEM, the brand "SELECTO" has played, and continues to play, a crucial role in the company's evolution.

The name "SELECTO" originates from the idea of "Select," meaning the choice and selection of the best ingredients for its production. The idea also comes from the perfection compared to competing products. It is important to note that competition in the Algerian carbonated beverage market was already fierce at that time. Indeed, the Coca-Cola company established itself in all countries that experienced American military landings during World War II and set up in Algeria around 1949. It continued to operate in Algeria even after independence, alongside other foreign carbonated beverage companies, such as the Brasserie Glacière d'ALGERIE and MONSERRAT, both French.

With the onset of nationalization policies and the establishment of a state monopoly on foreign trade (Law No. 78-02 of February 11, 1978)[1], these foreign companies closed their doors in 1978.

Today, the group has diversified and includes production units and subsidiaries, with a total production volume of 370 million liters of beverages per year, generating an annual turnover of 11 billion dinars. Its recently adopted slogan, "T3ICH OU TZID," reflects this.

[1] Journal Officiel de la République Algérienne, N° 7, 14 février 1978.

While staying true to its roots and history, HAMOUD BOUALEM is renewing itself with confidence and enthusiasm for its future projects. More than just a lemonade, it is a part of contemporary Algerian history, a national constant, and a benchmark for many Algerians, symbolizing Algerian success while remaining faithful to its values.

HAMOUD BOUALEM is also a rapidly expanding company present in different regions of the country, employing more than 750 employees across its various production sites.

3.Timeline of Creation

The company HAMOUD BOUALEM, which produces carbonated beverages, syrups, and juices, initially focused on manufacturing aromas, carbonated beverages, and ice blocks. It has gone through several stages:

Table 7: HAMOUD BOUALEM's timeline of Creation

1878:	Creation of the company HAMOUD BOUALEM in the Belcourt district.
1889: .	Awarded 20 gold medals, out of competition, at the first World's Fair in Paris.
1964:	Nationalization of HAMOUD BOUALEM by the Algerian state.
1991:	The company grants SOURCE PAROT, a French mineral water company, the right to exploit and market "SELECTO," the firm's star product.
1993:	Renewal of the company's equipment, resulting in a 20% increase in production.
1996:	Partnership with the company HAFIZ LIMONADERIE.

1998:	A concession is also granted to Parot in the Loire for the production of Selecto.
1999:	Exportation of HAMOUD BOUALEM's carbonated beverages to England and then to France.

Source: prepared by me based on company's documents.

4. Legal Status

The establishment SPA HAMOUD BOUALEM is a joint-stock company. It is a family-owned business that has always been managed by one of its shareholders. The capital amounts to 3,600,450,000 DA, distributed among six shareholders. The company employs 420 employees, a significant portion of whom are permanent staff. To meet consumer demands, HAMOUD BOUALEM adheres to quality standards, currently holding ISO 9001:2000 certification. This certification ensures clients that the product, service, or system provided meets expected characteristics or conforms to a reference standard, validated by third-party independent organizations.

5.Company Missions and Objectives

The fundamental mission and main objectives of HAMOUD BOUALEM have been highlighted since its creation:

a. Proposing 100% Algerian quality products to consumers is the primary mission of the HAMOUD BOUALEM brand.
b. Ensuring product availability nationwide.
c. Becoming a leader in the national market.
d. Satisfying and retaining customers.
e. Industrial development, production, innovation, promotion, and marketing.
f. Being an economic force and providing employment opportunities.
g. Ensuring quantitative and qualitative growth. And gaining market share.
h. Achieving a 10% annual increase in turnover.

6. Products Manufactured

The products manufactured and marketed by the company are briefly presented below by packaging type:

Table 02: HAMOUD BOUALEM ‘s products list

PRODUCTS
1. Soda in PET
2. Soda in Glass
3. Soda in Cans
4. LimOn in PET
5. LimOn in Cans
6. Syrup in PET
The various packaging formats: 25 cl, 33 cl, 100 cl, and 200 cl.

Source: prepared by me based on company’s documents.

7. Organization of the Company

Following is an overview of HAMOUD BOUALEM organization:

7.1 Company Workforce :

The approximate distribution of the 750 employees:

7.2 Geographic Locations:

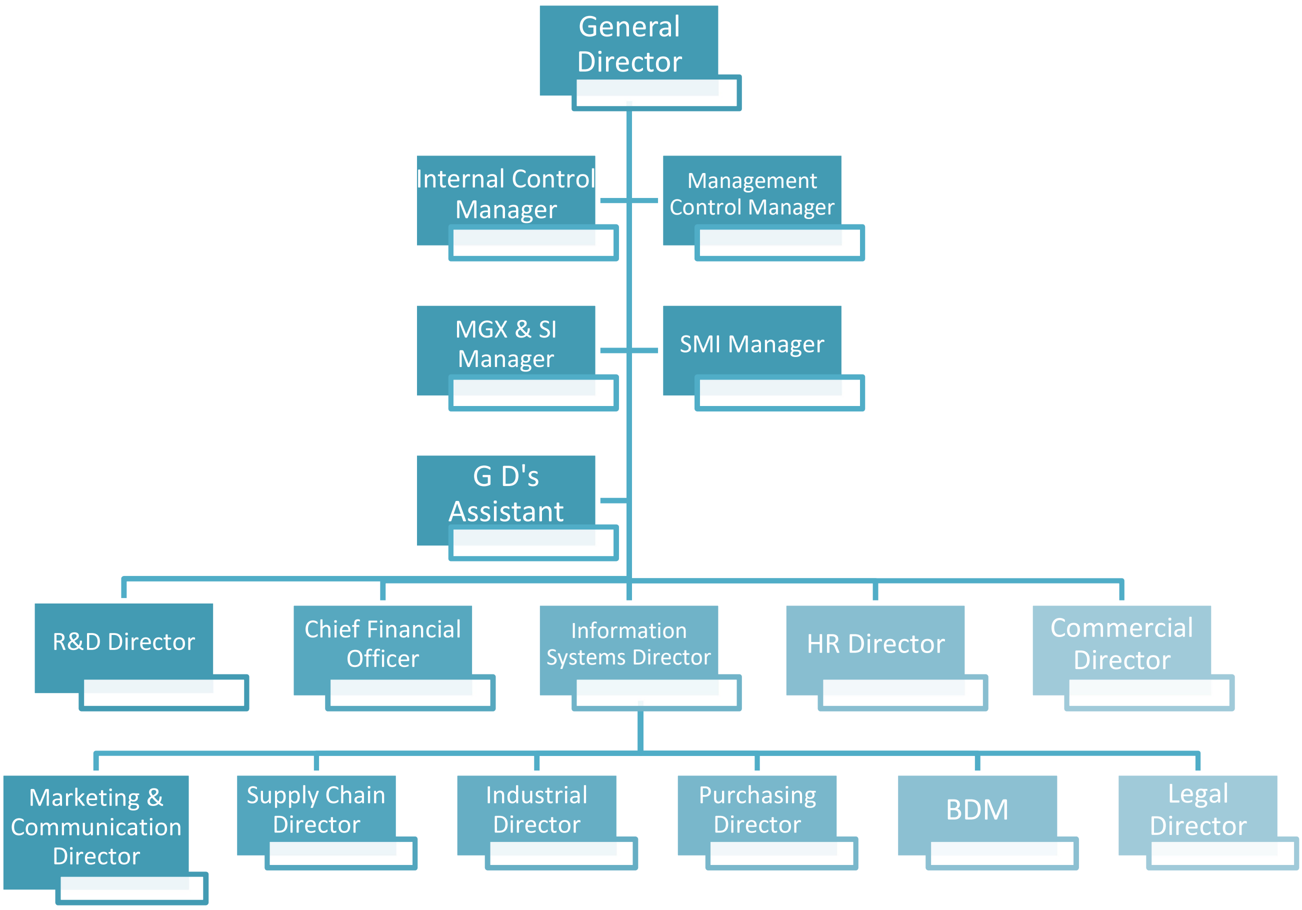
The production activities of SPA Hamoud Boualem are spread across three production sites:

a. Hassiba Site in Algiers: 1 production line for 25 cl glass soda.
b. Boufarik Site in Blida: 3 production lines (2 for PET and 1 for cans).
c. Tlelat Site in Oran: 1 production line for PET soda.
d. The company also has sales sites in Khemis Elkhechna and Boumerdes, which are supplied with finished product stocks from the production sites. These locations serve as delivery and invoicing points.

7.3 Organization chart:

The company HAMOUD BOUALEM operates according to a hierarchical and functional structure that emphasizes the principles of command, vertical flow of all information and data, and offers greater specialization and fluidity

Figure 12: HAMOUD BOUALEM organization chart



Source: prepared by me based on company's internal document.

This organizational framework enables HAMOUD BOUALEM to manage its operations efficiently, maintain high standards of quality, and adapt to market demands while ensuring smooth internal communication and coordination.

In this section, we explored HAMOUD BOULAM, including its history, core business areas, and organizational structure. HAMOUD BOULAM is a prominent player in the beverages industry, known for its innovative solutions and market leadership. Founded in 1878, the company has grown significantly, with a presence in number of countries and regions and a diverse portfolio of products.

Section 02: Analysis and results

This section describes the steps followed for conducting our study, detailing the research methods adopted and the data collection techniques used. It also analyzes the environment of HAMOUD BOUALEM using strategic tools such as SWOT analysis, PESTEL analysis, and Porter's Five Forces model.

1.Research methodology:

To address our research question, namely, "What impact does the business environment have on HAMOUD BOUALEM's performance? » we have opted to follow a "Qualitative" research approach.

1.1. Method Used:

To effectively pursue our research goals and validate our hypotheses, we have chosen a qualitative approach. This method aligns seamlessly with our research focus, which seeks to explore the correlation between the business environment and company performance.

1.2. Research Tools:

To ensure methodological rigor in our research, we developed a semi-structured qualitative interview guide. This approach was effective as it balanced structured inquiry with the flexibility for interviewees to express their views freely. The interview guide included a series of pre-determined questions presented in a specific order. This framework provided a consistent structure for the interviews, ensuring all key research themes were explored comprehensively. To meet the study's objectives, a detailed interview guide was prepared (see appendix 01).

1.3. Interview Subject:

I identified potential weaknesses and regulatory or economic opportunities to capitalize on, and detailed insights into Hamoud Boualem's current market share, opportunities for geographical expansion, and product diversification, while considering political, economic, socio-cultural, technological, and legal factors shaping its operational environment.

1.4. Interview Objective:

The primary objective of this interview is to gather insights and expert perspectives to help create a SWOT analysis, PESTEL analysis, and Porter's Five Forces model for Hamoud Boualem. The interview aims to understand and identify competitive advantages and weaknesses of the company, and explore market dynamics, consumer loyalty, export strategies, and the influence of external factors on the company's operations.

1.5. Interview Composition:

The interview consists of 16 questions. These questions are focused on key strategic areas to assess its position and prospects in the Algerian beverage industry. I explored its competitive strengths, main competitors, and distinctive brand advantages, highlighting its reputation, product quality, and robust distribution network. I also examined customer loyalty across different regions in the country and its strategies for international market expansion through both direct and indirect export approaches.

1.6. Study Sample:

The interview was conducted with four managers who work closely with marketing, sales, supply chain and human resources departments.

Table 8: Interviewees profiles

Name	Job title	Expertise years	missions
Bouakel Amine	Supply chain director	10 years	Optimize supply chain efficiency and reliability
Dziri Samia	Marketing and Communication Director	9 years	implementing the marketing strategy
Labadi Redha	HR manager	22 years	Recruitment, employees development and ensuring

			a fair workplace.
Bachir Boukhalfa	Sales Manager	12 years	Achieve sales targets and build strong customer relationships.

Source: prepared by me based on interviews done.

2.SWOT analysis:

Next we will discover HAMOUD BOUALEM's strengths weaknesses opportunities and threats:

2.1 Strengths:

Here are some strengths of Hamoud Boualem:

a. **Established Brand Presence**:
   - **Legacy and Heritage**: With over 145 years of existence, Hamoud Boualem is deeply rooted in Algerian history and culture.
   - **Brand Recognition**: The brand is widely recognized and trusted among Algerians, both domestically and internationally.
   - **Evolution:** From humble beginnings 1878, the firm has expanded its operations to 5 countries with six product lines coming from three large production units and 2 co-manufactures. In total, the manufacturer employs about 700 employees, produces 16 products, and has enlisted 55 distributors globally.

b. **Product Diversity**:
   - **Wide Range of Beverages**: Offers a diverse portfolio of products with 16 product, catering to various consumer tastes with brands like La Blanche, Selecto, and Slim.
   - **Innovation in Flavors**: Continuously innovates with new flavors to meet evolving consumer preferences.

c. **Quality and Taste**:
   - **High-Quality Standards**: Conformity with global standards and ISO certification helps maintaining high-quality standards in its products.
   - **Suppliers:** 60 suppliers in total, 11 from across the world (France, Italy, Germany, turkey, UK and China) and the rest are locals to ensure that the provided material are of a high quality.
   - **Authentic Recipes**: Uses traditional recipes that appeal to the local palate, providing a unique taste that distinguishes it from competitors, especially La Blanche.

d. **Strong Distribution Network**:

- **Widespread Distribution**: Extensive distribution network across Algeria ensures product availability in urban and rural areas.
- Today, Hamoud Boualem is also exported and distributed in various countries in Europe and North America.[1]
- Hamoud Boualem holds 40% of the capital of SBA (Sodas and Beverages of Algeria)
- **Efficient Logistics**: Robust logistics and supply chain management enable timely delivery and replenishment of products.
- 16 depositories that ensure 80% of direct distribution.

e. **Strong Sales Volume**:

- Hamoud Boualem has impressive sales figures, reaching 285 million liters in 2023. This high sales volume demonstrates strong market demand and a solid consumer base.

f. **High Production Capacity**:

- The company has a significant production capacity of 450 to 480 million liters per year. This allows for scalability and the ability to meet increasing market demands.

g. **Extensive Export Network**:

- Hamoud Boualem exports its products directly to various international markets, including France, Canada, the USA, and the Middle East. This extensive export network enhances the company's global presence and brand recognition outside of Algeria.

h. **Substantial Market Share**:

- With a 25% market share, Hamoud Boualem is a major player in the Algerian beverage market, ranking second only to Coca-Cola. This significant market share indicates a strong competitive position and consumer preference for its products.

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[1] https://hamoud-boualem.com/en/about/ Consulted on 1/6/2024 at 17h00.

i. **Diverse Export Markets**:
   - By exporting to multiple international markets, the company diversifies its revenue streams and reduces dependency on the local market.

j. **Adoption of Advanced Technologies**:
   - The implementation of high-tech solutions such as ERP (Enterprise Resource Planning) and BI (Business Intelligence) systems, along with AI and other management tools, significantly boosts operational efficiency and strategic decision-making. This advanced technological integration allows Hamoud Boualem to align its management practices with the best international standards, ensuring optimized planning and management processes.

   - **Digital Marketing**: Enhanced digital marketing strategies, including social media engagement, influencer partnerships, and online advertising, to reach a broader audience.

k. **Local Market Knowledge**:

   - **Deep Understanding of Consumer Preferences**: In-depth knowledge of the Algerian market and consumer.

   - **Cultural Connection**: Strong cultural connection with the local population, enhancing brand loyalty and customer engagement. With particularly strong demand in the central region.

l. **Sustainability Initiatives**:

   - **Environmental Responsibility**: Commitment to sustainable practices and environmental responsibility, such as waste management (Wastewater treatment and The resale of waste for recycling…).

   - **Corporate Social Responsibility**: Active involvement in community development and social initiatives, participating in local events and celebrating days like children’s day or mother’s day Ramadan…etc. Boosting the company's reputation and goodwill.

m. **Strategic Partnerships**:

- **Collaborations with Local Businesses**: Strategic partnerships with local retailers and distributors enhance market reach and penetration. Collaborating with 683 collaborators.

- **Industry Alliances**: Alliances with industry players for shared growth and innovation opportunities like producing its beverages locally in some countries (such as France) through a local bottler (Cristaline).(Existence in 4 other countries)

These strengths highlight Hamoud Boualem's robust market position and its ability to leverage its heritage, product quality, and market understanding to maintain a competitive edge in the Algerian beverages industry.

2.2 Weaknesses

Here are some potential weaknesses of Hamoud Boualem

a. **Limited International Presence**:

- **Concentration in Domestic Market**: Predominantly focused on the Algerian market with limited international expansion with only 1%, which may restrict growth opportunities.
- **Export Challenges**: Potential logistical and regulatory challenges in expanding into foreign markets.

b. **Market Competition**:

- **Intense Local Competition**: Facing strong competition from both local and international beverage brands, which may affect market share.
- **Price Sensitivity**: Competing on price with local and international brands might impact profit margins.

c. **Supply Chain Vulnerabilities**:

- **Dependency on external Suppliers**: Heavy reliance on non-local suppliers with 11 suppliers for raw materials might expose the company to supply chain disruptions in times like lockdowns and pandemics, and because of import difficulties.
- **Logistical Issues**: The long distances between Algerian cities and the vast area have led to increased distribution and storage costs.

d. **Technological Advancements**:

- **E-commerce and Digital Presence**: Limited e-commerce capabilities could restrict growth in digital sales channels.

e. **Brand Perception and Modernization**:

- **Brand Modernization**: The long-standing heritage might be perceived as outdated by younger consumers, necessitating efforts in brand modernization and rebranding.

f. **Financial Constraints**:

- **Capital Investment**: Limited financial resources for large-scale investments in new technologies, market expansion, and R&D compared to larger multinational companies.

These weaknesses highlight areas where Hamoud Boualem could potentially improve to strengthen its market position and adapt to evolving industry dynamics.

2.3 Opportunities

Here are some potential opportunities for Hamoud Boualem

a. **Market Expansion**:

- **International Markets**: Exploring opportunities to expand into international markets, particularly in regions with a large Algerian diaspora or similar taste preferences.
- **The market is still in demand:** the local market still in demand which create an opportunity for the company to expand and increase its production capacity.

b. **Product Innovation**:

- **New Product Lines**: Developing new products, such as organic drinks, and energy drinks, to cater to changing consumer preferences.
- **Flavor Diversification**: Introducing new and exotic flavors to attract younger consumers and diversify the product portfolio.

c. **Digital Transformation**:

- **E-commerce Growth**: Expanding e-commerce capabilities to reach more consumers online, leveraging digital sales channels and home delivery services.

d. **Health and Wellness Trends**:

- **Healthy Beverage Options**: Capitalizing on the growing health and wellness trend by introducing low-sugar, low-calorie, and natural ingredient-based beverages.
- **Functional Beverages**: Developing functional beverages that offer health benefits, such as vitamins, antioxidants, and hydration.

e. **Sustainability Initiatives**:

- **Eco-friendly Packaging**: Investing in eco-friendly and sustainable packaging solutions to appeal to environmentally conscious consumers.

- **Sustainable Practices**: Implementing sustainable sourcing and production practices to enhance the company's reputation and attract eco-conscious customers.

f. **Technological Advancements**:

- **Modern Production Techniques**: Investing in advanced production technologies to improve efficiency, reduce costs, and enhance product quality.
- **Research and Development**: Strengthening R&D efforts to innovate new products and improve existing ones, staying ahead of market trends.

g. **Expanding Customer Base:**

- Improving the production capacity to meet the increasing demand in Algeria and internationally.

h. **Regulatory Support**:

- **Government Initiatives**: Taking advantage of government initiatives aimed at supporting local businesses, including subsidies, grants, and favorable policies for the food and beverage sector.

These opportunities present avenues for Hamoud Boualem to enhance its growth, innovate its product offerings, and strengthen its market position both domestically and internationally.

2.4 Threats

Here are some potential threats for Hamoud Boualem

a. **Intense Competition**:

- **Local Competitors**: Facing strong competition from other established local beverage brands in Algeria (e.g. Bona, Ifri Gazouz), which could affect market share.
- **International Brands**: Increased presence and aggressive marketing by international beverage companies (e.g., Coca-Cola, Pepsi) , offering more variety and competitive pricing.

b. **Economic Instability**:

- **Economic Downturns**: Economic instability in Algeria leads to reduced consumer spending power, affecting sales of non-essential goods like beverages.
- **Inflation and Cost Increases**: Rising costs of raw materials, production, and transportation due to inflation squeezes profit margins.

c. **Regulatory Changes**:

- **Stringent Regulations**: Changes in food and beverage regulations, including health and safety standards like limiting sugar amount used in beverages, leads to increased compliance costs.

- **Regulatory Compliance**: Navigating complex regulatory requirements in Algeria with sudden and overnight laws regarding export and import for example.

- **Taxation Policies**: Potential increases in taxes on sugary drinks and carbonated beverages could impact demand.

d. **Supply Chain Disruptions**:

- **Raw Material Shortages**: Dependence on non-local suppliers for raw materials may expose the company to risks of supply shortages or price volatility.
- **Logistical Challenges**: Disruptions in transportation and distribution networks can lead to delays and increased operational costs.

e. **Changing Consumer Preferences**:

- **Health-Conscious Trends**: Growing consumer preference for healthier beverages could reduce demand for traditional sugary or carbonated drinks.
- **Market Saturation**: High saturation in the beverage market might limit growth opportunities and intensify competition.

f. **Technological Advancements**:

- **Digital Disruption**: Increased importance of digital marketing and e-commerce requires significant investment and adaptation

g. **Environmental and Social Issues**:

- **Environmental Regulations**: Increasing environmental regulations and pressure to adopt sustainable practices can result in higher compliance costs, in dealing with the plastic wastes created by the company's customers.

h. **Brand Perception**:

- **Brand Loyalty Challenges**: Maintaining brand loyalty among younger consumers who may prefer new and trendy beverage brands.

i. **Global Economic Factors**:

- **Currency Fluctuations**: Fluctuations in exchange rates affects the cost of imported materials and impact profitability.
- **Global Trade Policies**: Changes in global trade policies and tariffs affects the cost and availability of imported raw materials. Like the obligation to have Halal certification on imported products before entering Algeria.

These threats highlight the external challenges that Hamoud Boualem may face and the need for strategic planning to mitigate potential risks and adapt to the evolving market landscape.

Figure 13: HAMOUD BOUALEM's SWOT Matrix

Source: prepared by me using information from interviews and internal company's documents.

3. PESTEL Analysis:

Next we will discover the external environments of HAMOUD BOUALEM**:**

Table 9: HAMOUD BOUALEM's PESTEL analysis

Political factors :	Social Factors :
• **Diplomatic Relations:** Relations with countries like France and Canada also enhance export opportunities for Algerian beverages.	• **Brand Loyalty**: Strong emotional connection with Algerian consumers.
• **Economic Policies:** Government policies favor local production, offering subsidies and support to domestic manufacturers.	• **Cultural Relevance**: Deep roots in Algerian culture help maintain consumer loyalty.
• **Regulatory Environment:** Stricter food and beverage safety regulations impact production processes and ingredient sourcing.	• **Demography**: Young, urban population is a key market for refreshing beverages.
• **Regulation and Taxation:** Increased taxes on sugary drinks have raised selling prices by 10-15%.	• **Prices**: Affordable prices with a good quality-to-price ratio.
Economic Factors :	**Technological Factors :**
• **Inflation Rates:** The inflation rate of 9.32% in 2023 increases costs for raw materials, transportation, and production, reducing purchasing power.	• **Digital Transformation**: Investing in digital marketing, e-commerce, and advanced technologies like ERP and BI systems enhances efficiency and customer reach.
• **Market Size and Growth:** The beverage market in Algeria generated 38 billion Algerian dinars in 2021, with an annual growth rate of 5%.	• **Production Technologies**: Modernizing production techniques and automation improve efficiency and rises production capacities.
• **Unemployment Rate:** Increasing unemployment, particularly among youth, currently at 11.6%.	• **Innovation in Products**: Continuous innovation in flavors and product lines is essential to meet changing consumer tastes (16 products).

• **Exchange Rates:** Depreciating Algerian dinar against major currencies raises import costs and affects purchasing power.	• **Social Media**: Effective use of social media, such as the successful "Machi kifkif" campaign during Ramadan 2024.
• **Carbonated Drinks:** Represent about 40% of the non-alcoholic beverage market.	
• **Competition:** Intense competition from multinationals with large budgets. Coca cola and Pepsi for example.	
• **Import Dependency:** Significant reliance on imports for raw materials 300 materials such as bottle caps flavoring packaging…etc.	
• **Market Demand:** Strong domestic demand for beverages provides growth opportunities.	
Legal Factors :	**Environmental Factors :**
• **Standards and Compliance:** Compliance with Algerian standards and regulations, including HALAL certification for imported stuff.	• **Compliance**: Commitment to achieving environmental compliance.
• **Licensing and Permits:** Certain goods require import licenses, and importers must be registered with the Algerian Chamber of Commerce.	• **Waste Management**: Effective waste management practices, including wastewater treatment and recycling.
• **Customs Duties and Taxes:** Import duties vary by product category (0% to 30%), with VAT rates of 19% standard and 9% for essential goods.	• **Sustainability Practices**: Investing in eco-friendly packaging and sustainable production processes enhances reputation and meets regulatory and consumer demands.
• **Health and Safety Standards:** Compliance with health and safety standards, particularly regarding sugar content, is essential to avoid penalties and maintain market presence.	

Source: prepared by me based on interviews done and online sources.

CHAPTER03: Study case HAMOUD BOUALEM

3.1 Political

a. **Diplomatic Relations:** Algeria is a member of the Arab Maghreb Union (UMA) and the Greater Arab Free Trade Area (GAFTA), providing preferential trade terms within these regions.
The country also has trade agreements with the European Union, facilitating reduced tariffs and easier access to European markets. Diplomatic relations with countries like France and Canada influence export opportunities for Algerian beverage companies.

b. **Economic Policies**: Government policies favoring local production over imports can benefit Hamoud Boualem by providing subsidies and support for domestic manufacturers.

c. **Regulatory Environment**: The Algerian government has been tightening regulations around food and beverage safety, which includes stricter standards for production processes and ingredient sourcing.

d. **Regulation and Taxation:** There is an increase in taxes on sugary drinks (Finance law of 2022) the introduction of this Tax has led to a 10-15% increase in the selling prices.

3.2 Economic

a. **Inflation Rates**: Inflation rate is of (2023) 9.32%. The rising inflation increases the cost of raw materials, transportation, and production, and a decline in purchasing power.

b. **Market Size and Growth:** The beverage market in Algeria is generating an estimated 38 billion Algerian dinars (DA) in revenue in 2021, showing substantial economic activity within the sector.

c. **Annual Growth Rate:** the market has maintained an average annual growth rate of 5% over the past five years.

d. **The unemployment rate** in Algeria has been increasing, particularly among the youth, with a current rate of (2022): 11.6%

e. **Exchange Rates**: Fluctuations in exchange rates. The value of the Algerian dinar has been depreciating against major currencies such as the US dollar and the euro, significantly impacting import costs and purchasing power. Especially given the reliance on international suppliers.

f. **Carbonated Drinks:** Represent approximately 40% of the total non-alcoholic beverage market.
g. **Competition:** The presence of multinational companies with large marketing budgets makes competition challenging for local enterprises.
h. **Import Dependency:** The beverage industry is significantly dependent on imports, with raw material imports amounting to around 500 million dollars in 2023. HMOUD BOUALEM imports 300 raw materials such as bottles caps.
i. **Market Demand**: The domestic market still shows strong demand for beverages, providing opportunities for growth and expansion of production capacity.

3.3 Social

a. **Brand Loyalty**: Hamoud Boualem has a strong emotional connection with Algerian consumers, both locally and abroad.
b. **Cultural Relevance**: The brand's deep roots in Algerian culture and history provide a competitive edge in maintaining consumer loyalty and engagement.
c. **Demography:** The young and urban population of Algeria represents a key market for refreshing beverages.
d. **Prices:** Hamoud Boualem offers affordable prices for the majority of Algerians with a good quality-to-price ratio.

3.4 Technological

a. **Digital Transformation**: Investing in digital marketing, e-commerce platforms, and advanced technologies like ERP and BI systems can enhance operational efficiency and customer reach.
b. **Production Technologies**: Modernizing production techniques and investing in automation improves efficiency, reduces costs, and enhances product quality.
c. **Innovation in Products**: Continuous innovation in flavors and product lines is essential to meet changing consumer tastes and preferences (16 products).
d. **Social Media:** HAMOUD BOUALEM has used social media to increase its popularity. Its promotion campaigns have been a hit on various social media platforms. Such as “Machi kifkif” campaign in 2024 Ramadan

3.5 Environmental

a. The company is committed to achieving compliance with environmental requirements to the best of its ability.
b. **Waste Management**: Effective waste management practices, including wastewater treatment and recycling, are crucial for maintaining compliance with environmental regulations and improving sustainability.
c. **Sustainability Practices**: There is increasing pressure from consumers and regulators for companies to adopt sustainable practices. Investing in eco-friendly packaging and sustainable production processes can enhance Hamoud Boualem's reputation even more.

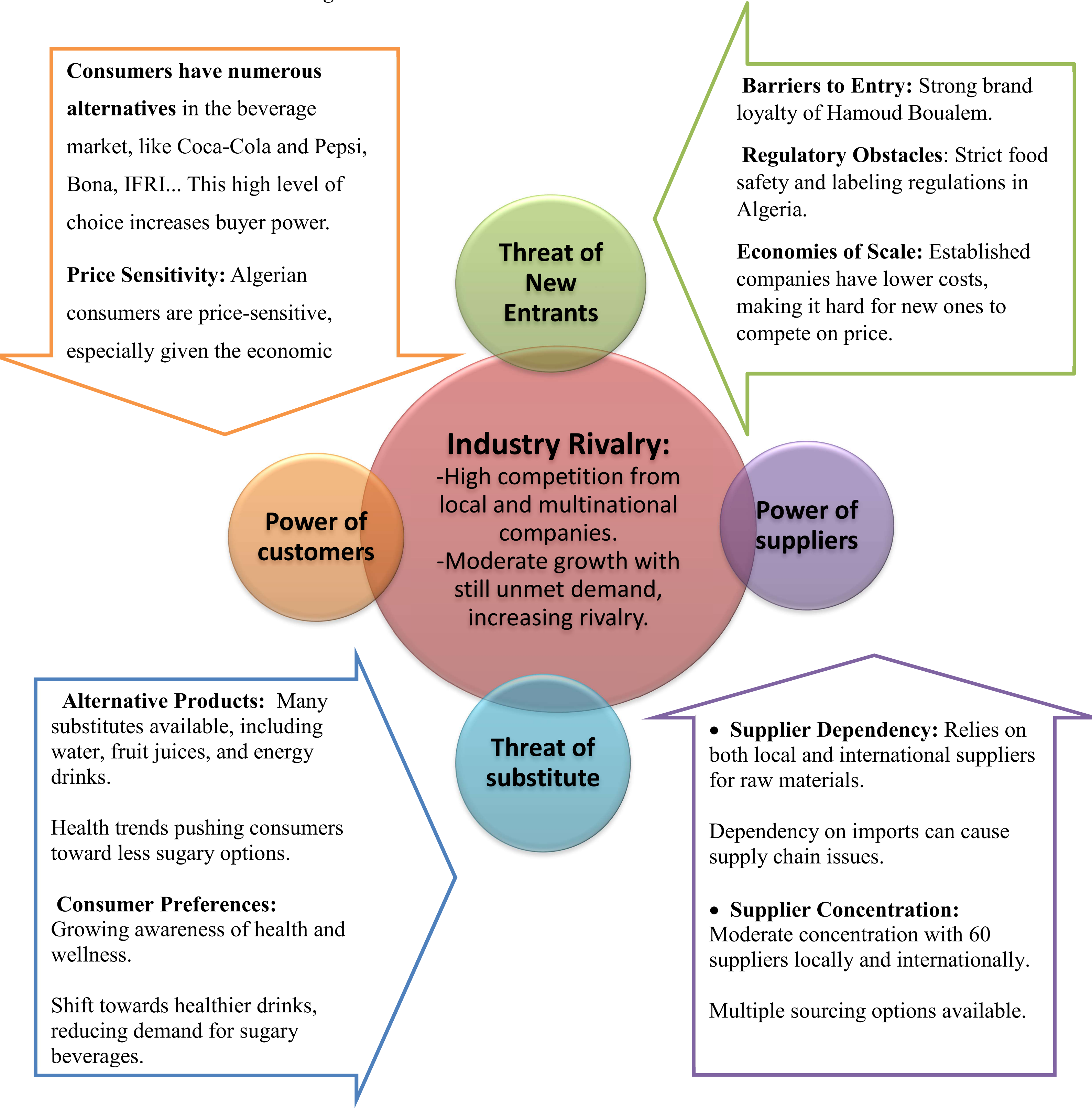
3.6 Legal

a. **Standards and Compliance**: Imported goods must comply with Algerian standards and regulations. Such as HALAL certification by relevant Algerian authorities.
b. **Licensing and Permits**: Certain goods require import licenses. These include pharmaceuticals, food products, and specific industrial goods. Importers must be registered with the Algerian Chamber of Commerce.
c. **Customs Duties and Taxes**: Import duties vary depending on the product category. Tariff rates can range from 0% to 30%.
Value Added Tax (VAT) is applicable on most imported goods at standard rates of 19%, with a reduced rate of 9% for specific essential goods.
d. **Health and Safety Standards**: Compliance with health and safety standards, particularly that limiting sugar content, will be essential to avoid penalties and maintain market presence.

4.Porter's 5 forces Model

Next we will discover the HAMOUD BOUALEM's Porter's 5 forces Model**:**

Figure 14:HAMOUD BOUALEM's Porter's 5 forces Model



Source: prepared by me based on interviews done and online sources.

4.1 Threat of New Entrants: Moderate to High

- **Barriers to Entry**: Hamoud Boualem benefits from significant brand recognition and loyalty built over decades, which create a barrier for new entrants. However, the beverage industry has relatively low capital requirements for small-scale production, making it easier for new companies to enter the market.
- **Regulatory obstacles**: Compliance with Algeria’s strict regulations on food safety and labeling can be a barrier for new players, adding to the initial setup costs and complexity.
- **Economies of Scale**: Established players like Hamoud Boualem benefit from economies of scale, reducing their cost per unit, making it challenging for new entrants to compete on price.

4.2 Bargaining Power of Suppliers: Moderate

- **Supplier Dependency**: Hamoud Boualem relies on both local and international suppliers for raw materials such as sugar, flavorings, and packaging materials. The dependency on imported raw materials can expose the company to supply chain disruptions.
- **Supplier Concentration**: The moderate concentration of suppliers means that Hamoud Boualem has multiple sourcing options with 60 suppliers locally and internationally.

4.3 Bargaining Power of Buyers: High

- **Consumer Choice**: Consumers have numerous alternatives in the beverage market, including local brands and international giants like Coca-Cola and Pepsi. This high level of choice increases buyer power.
- **Price Sensitivity**: Algerian consumers are price-sensitive, especially given the economic conditions and inflation rates. This sensitivity puts pressure on Hamoud Boualem to maintain competitive pricing while managing costs.

4.4 Threat of Substitutes: High

- **Alternative Products**: The availability of numerous substitutes such as water, fruit juices, and energy drinks presents a high threat. Health trends are also driving consumers towards less sugary options.

- **Consumer Preferences**: Increasing awareness about health and wellness is shifting consumer preferences towards healthier drinks, which could reduce the demand for traditional sugary beverages.

4.5 Industry Rivalry: High

- **Number of Competitors**: High. The beverage market in Algeria is competitive with several local and multinational companies.
- **Market Growth**: Moderate. The beverage market is growing, and the demand still not fully satisfied, intensifying rivalry.
- **Brand Differentiation**: Moderate. While Hamoud Boualem has a unique brand identity, other competitors also have strong brands and marketing strategies, leading to fierce competition.

5. Synthesis :

Hamoud Boualem, with over 145 years of heritage, enjoys strong brand recognition and a diverse product range in Algeria. Known for its high-quality standards and extensive distribution network, the company holds a significant market share. However, it faces challenges like limited international presence, intense competition, and supply chain vulnerabilities. Opportunities for growth include market expansion, product innovation, and leveraging digital transformation and sustainability initiatives. Yet, threats such as economic instability, regulatory changes, and shifting consumer preferences pose risks. Addressing these factors can help Hamoud Boualem enhance its market position and drive growth

6.Recommendations:

Based on the analysis of Hamoud Boualem's internal and external analysis, here are some recommendations:

a. **Market Expansion:** With the local market still in demand, Hamoud Boualem should focus on increasing its production capacity to meet growing consumer demand in Algeria and internationally.
b. **Product Innovation:** To capitalize on evolving consumer preferences and stay ahead of competitors, developing new product lines such as organic drinks, energy drinks,

and functional beverages, as well as introducing new flavors to attract younger consumers.

c. **Digital Transformation:** With the growing importance of e-commerce, Hamoud Boualem should invest in enhancing its digital capabilities. This could involve expanding its e-commerce platform to reach more consumers online.
d. **Health and Wellness Trends:** Given the increasing demand for healthier beverage options, Hamoud Boualem should consider launching more low-sugar, low-calorie, and natural ingredient-based beverages considering it having only one product with low sugar. This would cater to health-conscious consumers and align with current wellness trends in the market.
e. **Sustainability Initiatives:** As environmental sustainability becomes a key concern for consumers, Hamoud Boualem should prioritize sustainability initiatives. This could include investing in eco-friendly packaging solutions, implementing sustainable sourcing.
f. **Regulatory Compliance:** Given the regulatory challenges in Algeria, Hamoud Boualem should closely monitor changes in food and beverage regulations and ensure compliance with health and safety standards. This would involve staying informed about regulatory updates, adapting its operations accordingly, and maintaining transparent communication with regulatory authorities.

In summary, the research methodology employed for analyzing Hamoud Boualem was qualitative, utilizing a combination of primary data from interviews and internal documents, alongside secondary data from industry reports and online sources. The SWOT analysis highlighted the company's robust brand presence, diverse product offerings, and strong distribution network as key strengths, while also identifying weaknesses such as limited international presence and supply chain vulnerabilities. The PESTEL analysis revealed significant external factors affecting the company, including political stability, economic conditions, social trends, technological advancements, environmental regulations, and legal requirements. Porter's Five Forces analysis underscored the competitive dynamics within the Algerian beverage market, noting moderate to high threats from new entrants, significant buyer power due to consumer choices, and high industry rivalry. Collectively, these analytical tools provided a nuanced understanding of Hamoud Boualem's strategic position and the broader market environment.

Conclusion of chapter 03

In conclusion, this chapter has provided a thorough presentation and strategic analysis of Hamoud Boualem. The company, deeply rooted in Algerian history and culture, leverages its strong brand, diverse product range, and extensive distribution network to maintain a competitive edge. The SWOT analysis revealed both strengths, such as brand recognition and production capacity, and weaknesses, including supply chain dependencies and limited international presence. The PESTEL analysis outlined external influences, from regulatory frameworks to socio-economic factors, impacting the company's operations. Additionally, Porter's Five Forces analysis illustrated the competitive landscape, highlighting the challenges posed by new entrants, buyer power, and intense industry rivalry. This comprehensive examination not only elucidates Hamoud Boualem's current market position but also identifies potential opportunities and threats, guiding strategic decisions for future growth and sustainability.

General conclusion

In this study, we explored the relationship between the business environment and corporate performance, focusing specifically on Hamoud Boualem, a prominent company in Algeria. The case study provided a rich context for understanding how external factors influence business operations and strategic decisions. Through in-depth analysis and qualitative research methods, we aimed to uncover the dynamics that shape corporate performance and provide actionable insights for businesses navigating similar environments.

In the 1st chapter, we discovered that the business environment includes all external factors impacting a company's operations, categorized into macro and micro-environments. The macro-environment covers political (government policies, regulatory frameworks), economic (growth, inflation, interest rates), social (demographic changes, cultural trends), technological (innovations, advancements), environmental (sustainability, regulations), and legal factors (business laws). The micro-environment consists of factors directly affecting the company, such as customers (preferences, purchasing power), suppliers (availability, costs), competitors (market strategies), intermediaries (agents, wholesalers), and publics (media, communities). To analyze these environments, companies use strategic tools like SWOT Analysis (strengths, weaknesses, opportunities, threats), PESTEL Analysis (political, economic, social, technological, environmental, legal), Porter’s Five Forces Model (industry competition).

Second of all, we learned that performance measures how well an organization meets its objectives, including financial outcomes (revenue, profit margins), market position (market share, sales growth), and operational efficiency (productivity, quality). Performance measurement involves tools like Key Performance Indicators, Balanced Scorecard (financial, customer, internal processes, learning perspectives), benchmarking (comparing to industry standards), performance appraisal (employee evaluation), and Total Quality Management (continuous improvement, customer satisfaction). These tools help organizations monitor performance, identify improvement areas, and implement strategies for achieving current goals and future success.

Based on the detailed analysis of Hamoud Boualem environment, several key findings emerge across different strategic dimensions:

Firstly, leveraging the SWOT analysis revealed that Hamoud Boualem possesses significant strengths such as a well-established brand presence deeply rooted in Algerian culture, a wide array of products catering to diverse consumer preferences, and robust distribution capabilities. The company's adherence to high-quality standards, coupled with extensive export networks and strategic partnerships, further solidifies its market position. However, weaknesses include limited international expansion, susceptibility to supply chain disruptions due to import dependencies, and challenges in modernizing brand perception among younger consumers.

Secondly, the PESTEL analysis highlighted various external factors influencing Hamoud Boualem. Politically, favorable diplomatic relations and supportive economic policies promote business stability. Economically, despite inflation and unemployment challenges, the beverage market shows resilience and growth potential. Socially, strong brand loyalty and cultural relevance bolster consumer engagement, while technological advancements in digital marketing and production enhance operational efficiencies. Environmentally and legally, compliance with stringent regulations and sustainability initiatives are critical for maintaining market reputation and regulatory adherence.

Thirdly, Porter's Five Forces analysis revealed both opportunities and threats within the industry. While barriers to entry and supplier bargaining power pose moderate challenges, high buyer power and competitive rivalry necessitate continuous innovation and competitive pricing strategies. The threat of substitutes, driven by health-conscious trends and diverse consumer preferences, underscores the need for product diversification and adaptation to changing market dynamics.

Our study was guided by two main hypotheses:

Hypothesis 1: A Favorable Business Environment has a positive impact on HAMOUD BOUALEM performance

The findings from the case study of Hamoud Boualem support the first hypothesis. The analysis revealed that a stable and supportive business environment significantly enhances operational efficiency, profitability, and growth. For instance, favorable economic conditions, such as low inflation and stable currency exchange rates, will allow the company to plan and execute long-term strategies effectively. Additionally, a supportive regulatory framework will facilitate smoother operations and compliance, reducing the burden of legal and bureaucratic obstacles.

Hypothesis 2: Strategic Analysis Tools help describe HAMOUD BOUALEM environment

The second hypothesis was also confirmed through the case study. Strategic analysis tools, such as SWOT analysis, PESTEL analysis and Porter 5 forces model, proved instrumental in helping Hamoud Boualem understand its business environment and make informed decisions. These tools enabled the company to systematically identify and evaluate internal strengths and weaknesses, as well as external opportunities and threats and adapt to in macro and micro environment.

Based on the findings of this study, several recommendations can be made for Hamoud Boualem and other companies operating in similar environments:

1. **Continuous Environmental Scanning:** Companies should regularly monitor and analyze their external environment using strategic tools to anticipate changes and adapt proactively.
2. **Innovation and Diversification:** Investing in innovation and diversifying product offerings can help companies stay competitive and meet evolving consumer demands.
3. **Regulatory Compliance:** Given the regulatory challenges in Algeria, Hamoud Boualem should closely monitor changes in food and beverage regulations and ensure compliance with health and safety standards. This would involve staying informed about regulatory updates, adapting its operations accordingly, and maintaining transparent communication with regulatory authorities.

While this study provides valuable insights into the impact of the business environment on corporate performance, it has several limitations:

1. **Limited Access to Data:** Access to comprehensive and detailed data was limited, which may have constrained the depth of the analysis

2. **Time Constraints:** Time constraints posed another significant challenge. Conducting qualitative research, including interviews and case studies, is inherently time-consuming. Scheduling interviews with key stakeholders, collecting and analyzing data

3. **Dynamic Nature of the Business Environment:** The business environment is highly dynamic and continuously evolving. Changes in economic conditions, technological advancements, regulatory frameworks, and market trends occur frequently and can quickly alter the context within which a company operates.

Despite these limitations, the study offers a robust framework for understanding how the business environment influences corporate performance and provides practical recommendations for businesses to navigate external challenges and leverage opportunities. Future research could expand on this study by incorporating quantitative methods, examining multiple companies across different industries, and exploring the long-term impacts of environmental changes on corporate performance

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Appendices

appendix n°01 : interview guide in french

Bonjour Monsieur/Madame,

Permettez-moi de me présenter. Je suis REDJALA Nesrine, étudiante en deuxième année de Master en Management et entrepreneuriat à l'École Nationale Supérieure des Hautes Études Commerciales (EHEC) de Koléa, en Algérie. Je souhaite discuter avec vous de mon mémoire de fin d'études, qui porte sur *l'impact de l'environnement concurrentiel sur la performance de l'entreprise.*

Objectif de l'étude :

Mon objectif principal est de comprendre en quoi l'environnement concurrentiel influence la performance des entreprises.

Je serais reconnaissante de pouvoir bénéficier de votre expertise et de vos perspectives sur ce sujet.

Profil :

- Quelles sont vos principales tâches et responsabilités ?
- Combien d'années d'expérience avez-vous dans ce domaine spécifique ?

Les questions :

1. Utilisez-vous des outils stratégiques de diagnostic tels que SWOT, les 5 forces de Porter et PESTEL dans votre travail? Si oui, comment ces outils influencent-ils vos prises de décision et vos stratégies dans votre domaine ?
2. Quels sont les principaux atouts compétitifs de l'entreprise ?
3. Quels sont les principaux concurrents de Hamoud Boualem ?
4. Quels sont les avantages distinctifs de votre marque par rapport à la concurrence ?
5. Les consommateurs sont-ils fidèles à votre marque ? Dans quelle wilaya ou région ?
6. Comment exportez-vous vers l'étranger ? Approchez-vous le marché mondial directement ou indirectement ? Pourquoi ?
7. Quelles sont les principales faiblesses de l'entreprise par rapport à ses concurrents ?
8. Quels sont les domaines où vous manquez de ressources ou de compétences clés ?
9. Y a-t-il des changements réglementaires ou des opportunités économiques que vous pourriez saisir comme le boycott des produits de concurrence ?
10. Quelle est la part de marche de HAMOUD ?

11. Quelles sont les possibilités d'expansion géographique ou de diversification de vos produits ?
12. Politique : Quels sont les impacts des politiques gouvernementales sur l’entreprise ?
13. Économique : Comment les conditions économiques globales affectent-elles vos opérations ?
14. Socio-culturel : Quels sont les changements dans les valeurs et les comportements des consommateurs qui pourraient affecter HAMOUD?
15. Technologique : Quelles innovations technologiques pourraient transformer l’industrie ?
16. Légal : Quelles sont les réglementations légales qui pourraient avoir un impact sur l’entreprise ?

appendix n°02 : Geographical location of HAMOUD BOUALEM

Source : Google Maps

appendix n°03 : The area covered by HAMOUD BOUALEM

Source :https://commons.wikimedia.org/wiki/File:Hamoud_Boualem_%D8%AD%D9%85%D9%88%D8%AF_%D8%A8%D9%88%D8%B9%D9%84%D8%A7%D9%85_-_panoramio.jpg **consulté le 23/05/2024**

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