The Impact of Capital Structure and Profitability on the Growth of Private Companies in Algeria: Case of Large Private Companies Operating in Agri-Food Sector.

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Abstract— This research aims to explore the phenomenon of the growth of large Algerian private companies operating in the Agri-food sector and try to explain through some financial and economic variables, in order to have a clearer understanding. Based on sampling, (20) Algerian companies were selected and examined during 2009 to 2012.

The multiple regression model variables reflect the capital structure and profitability importance on which companies rely on to achieve their growth.

Companies analyzed realize different levels of growth; the causes vary from one company to another, according to the assumptions.

The balance between invested capital and equity contributes mainly to the explanation of the growth of these companies. Capital structure, return on assets and operating profit margin affect the Agri-food companies' level of growth.

Companies change their strategies according to their rate of growth. This affects the choice of factors used by these companies. Which those show a relatively high level of growth do not use the same parameters as those that achieve a lower level of growth. Even in the latter category, each company is a special case, depending on the "mix" of factors that these companies rely on.

Keywords—Growth Companies, Profitability, Capital Structure, Private Companies, Agri-Food Sector.

I. INTRODUCTION

The phenomenon of growth firms implies an increase in size or an improvement in quality as a result of processes of development, akin to natural biological processes in which an interacting series of internal changes leads to increase in age accompanies by changes in the characteristic of the growing object [1]. The companies' growth strategies have their origins in the advantages of the size (dimension).

In some markets, looking for a minimum size (critical size) pushes companies to reach it in order to remain competitive. This critical size differs from one area of economic activity to another. The size allows the company to strengthen its competitive position, achieve scale economies, productivity gains and better margins.

The Internal growth is the typical mode of small and medium-sized enterprises (SMEs); it only relies on the company's efforts [2]. It is the result of the turnover's increase due to in the production capacity expansion and is based on the specific enterprise resources such as equity, the cash flow and debt capacity .This allows it to retain its business development control and maintain its independence.

Therefore, companies 'internal growth may be relatively slow and depends on the company's own financial resources, in particular, equity, cash flow and / or debt capacity. Every growing business requires the completion of the largest new investment; the only way to generate a cash flow is probably by achieving a competitive position or even dominant.

The growth results in a significant size increase of a business; it is generally comprehended by the development of quantitative factors such as effective workforce, turnover, value added, among other factors [3].

By growth, the company seeks to achieve certain economic goals such as achieving economies of scale, a certain synergy, reaching a "critical mass" to be able to maintain a market, to exercise power over its financial partners, suppliers and governments and other strategic such as diversification of its economic activities, anticipation of new markets, the integration of new technologies to innovate or improve production and better serve our clients.

This growth requires many ways. The availability of these depends on the type of growth to consider. The company which has its own particular ways to grow and expand its production capacity, it finances its new investments by means of its cash flow.

It is an internal growth which allows the company a relatively progressive and mastered modification of its different structures, maintaining independence and control of its activities in relation to its partners, in particular.

Other companies that have the resources are looking to expand by taking other companies to grab control the additional market share as quickly as possible. Different forms of concentration are possible such as mergers, takeovers, equity participation and alliances.

This is an external growth that enables companies to quickly reach critical mass, reduce costs, diversify their economic activities, enter new markets, and reduce risks.

The Algerian private company can rely on its own due to its location and the constraints of the current phase of national economy development.

Business growth in the Agri-food sector is related to opportunities in the market which are constantly expanding, even beyond the borders. It therefore appears that the more a sector of economic activity is backed by a market at a rapid pace of growth, the higher and stronger the growth of this sector is.

The banking sector is aware and begins to focus on the sector; especially on companies that have a larger potential local market or those that invest in foreign markets (export).

Therefore, it seemed reasonable and legitimate to measure the development of private companies in the Agri-food sector by return on equity (ROE) ([4]; [5]) because they are first required to recoup their implemented capital in order to be able to create new resources to finance new investments needed for their development and ability to reach a significant debt capacity in the banking sector debt as well as reducing their capital's cost in order to maintain their independence.

II. LITERATURE REVIEW

The objectives and tasks of companies are many and differ depending on their strategies; growth and profitability are the two most considered objectives in the literature.

Many studies focused on the phenomenon of growth have highlighted the existence of a variety of reasons and resources that would be the source of growth considered as a success indicator in any company, to the extent that it contributes to the progress at a national level [6].

Indeed, the level of growth achieved by companies affect the level of demand in other sectors as well as the employment level and, therefore, the economic development of the region.

The life cycle of a company goes through several stages and each stage reflects the size of the company and how it grows and adapts to its environment [7].

Growth is defined in terms of increased income (earnings), value added, workforce, size, or position of the company in the market, the type of products and the size of its customers. In this context, according to [8] growth is carried out by an ongoing, orderly and organized process when profitability has a certain impact.

Profitability considered as the income generated by the economic activity of the company, it depends on the size, price policy, debt and the level of growth of the company.

It is comprehended in terms of return on sales, operating profit margin, which expresses the short-term performance, or the return on assets and return on equity that measures the company's performance at long term [8].

The capital structure is related to the growth of the company, through its various components; the company's growth is financed by external and / or internal resources.

The present study aims to highlight the relationship between profitability, capital structure and growth, in the case of Algerian private companies in the Agri-food industry.

Some studies are devoted to the relationship between profitability and business growth. Despite the importance of profitability, this theoretical relationship has not got all the interest its worth in practical studies [9], especially as the views about it were distinguished.

Indeed, in the context of financial constraints [10] have shown that companies that make some profitability have a better capacity to provide financial resources to grow and develop their business (expansion) more than other companies.

The study done by [11], dealing with the relationship between profitability and growth shows that the increase of the profitability positively affects the increased level of the growth, to the extent that profitability is considered as the best indicator of financial resources, since achieving a higher rate of profitability allows the company to invest more because of the importance of the retention of earnings (cash flow), allowing the company an easy access to external funding resources.

As a result, profitability and retention results are a source of finance in countries that do not yet have efficient financial markets [12].

The study done by [13] led to the existence of a positive impact on profitability growth. It is justified by the fact that the company that produces high yields acquires financial resources from the increase in retained earnings and / or debt capacity, allowing it to fund new projects, penetrate new markets, invest in new technologies and therefore achieve a relatively high growth rate.

However, the direction of the company to growth limits the accumulation of earnings (increased profitability). Leaders see that companies adopt a policy of reinvesting results to exploit growth opportunities, are sensitive to the level of results achieved.

In case these results are not reinvested, are reduced or fail to cover the financing needs of growth, these companies will not be able to achieve growth, or they will grow at a slow pace, as indicated [14] match between profitability and business growth.

Other studies ([15],[16],[17]- [18]) recognize that profitability have a positive impact on firms growth, which is consistent with the law of Kaldor-Verdoom(1966) [19], which sees growth as the engine of productivity which is, in its turn the engine of profitability. In other words, according to this law, productivity increases due to improved growth;

increasing the rate of productivity can increase sales and therefore increase the profit of the company.

The study [20], focused on the factors influencing the measured profitability, indicator of commercial profitability, led to the existence of a positive relationship between growth and profitability.

By cons, study [21] reverses the existence of any relationship between profitability measured by the productivity of the company and its growth.

Profitability negatively affects the growth of the company [22], which is consistent with the explanations provided by the theory; Indeed, Penrose showed that the rate of Profitability decrease when the rate of growth increases[1]. While for Greiner, the relationship between profitability and firms growth can be negative or positive; because the transition from one stage to another to growth exposes the company to more or less serious problems, and even crises [23].

This transition takes place as a response not only to environmental opportunities, but also to internal company's changes.

For [24], companies first enable in the direction of market position and gain competitive advantage allowing them to grow and make a profit. This relatively complies with the thesis [25] on continuity of profitability where the author puts forward a theory that market competitive force pushes the company's profits to targeted levels in the absence of barriers to both entry and exit; and; therefore, the income of the business reaches the target rate in a more or less long term.

The choice of financial structure is one of the most strategic decisions for any company, to the extent that it is subject to two opposing factors of risk and return. For [26] financial structure is a mix of permanent capital. Growth is understood in terms of value added [27] and it can not be generated by the profits made by the company.

The company that achieves a higher growth rate has more funding opportunities for future investments [28]. However, the agency problem can not be hidden, both for shareholders and for the bond: lower debt level and therefore possibility of waiving most profitable projects ([29], [30]).

Thus, the relationship between growth and debt is negative ([29], [31]). And, according to [32], the growth of the company requires the use of debt in cases where the flow is insufficient. The company must build relationships with funders, to gain access to external financing resources it needs. The studies presented are related to the relationship between profitability and growth, or between the capital structure and growth of the company.

Our study examines the impact of both profitability and financial structure of the business growth. The study focuses on a particular type of business. It is of Algerian large size private companies, working in the Agri-food sector. The latter has not been the subject of any particular study before.

III. RESEARCH METHODOLOGY

The empirical study on the phenomenon of growth in the Algerian large size private companies is fundamental to understand the logic of growth and its consequences in order to establish a genuine development policy of these companies, as part of the transition to a market economy.

It aims to explore the phenomenon of the growth of Agri-food sector and try to explain it, to have a clearer understanding. It is a search that is both exploratory and explanatory correlational -explicative.

In our study, we assume that the capital structure, in all its aspects (components) plays an important role in firm's growth, as well as the ratios of activity, debt and profitability. We make the assumptions of our research as follow:

- **Hypothesis 1:** The Algerian private company invests only in relation to equity; the more this latter are important, the more important invested capital of the company are, and the more it carries a significant level of growth. The latter depends on the « invested capital / equity» ratio.

- **Hypothesis 2:** If that is the major constraint for Algerian large private companies, they should also have to worry about their return on assets. Therefore, economic efficiency affects their growth.

They emphasize the economic viability of their assets. Return on assets is a factor in explaining their growth.

- **Hypothesis 3**: The ease with which these sales generate a profit is a factor that affects the growth of companies, forcing them to produce more and thus accelerate the rate of use of their invested capital. This facility is expressed as the ratio «operating income / Turnover ».

- **Hypothesis 4**: The Algerian large private companies are concerned about their ability to meet their deadlines using their current assets or solvency.

This solvency affects the growth of these companies, which should not come at the expense of solvency. This is expressed by the «Current assets / Current liabilities» ratio.

- **Hypothesis 5**: Debt limits the growth of private enterprises in Algeria. But as soon as the need arises, the company expects cash flow representing resources generated by the exercise of his business and can reinvest. More debt is, less it reinvests and therefore, the less it grows.

- **Hypothesis 6**: The Algerian large private company reports its total assets to total debt to realize its solvency and profitability, according to its « under-leverage » or « over-leveraging » .

Companies are more concerned about their financial independence; they go into debt that based on their fair financing needs of growth.

- **Hypothesis 7**: Explanatory variables are unequal contributions to influence the dependent variable. They have an antagonist effect on the independent variable which forces companies to make choices.

We present the data used in distinguishing the dependent variable and independent variables, and finally, the industry and the choice of companies selected for the study.

A. Measurement

1) The Dependent Variable : We retained in our study the « return on equity » variable (Y) as dependent variable because it represents the level of firms growth ([4], [5]). It is measured by the «net income / equity» report. The numerator of the ratio actually indicates what remains at the disposal of the company, after tax and interest expense.

2) The Independent Variables: Exogenous variables, they are six (6) and presented as ratios. They affect business growth; they are listed in the following table.

TABLE I
INDEPENDENT VARIABLES

Variables	Expression
X_1	invested capital / equity
X_2	Operating income / invested capital
X_3	Operating income / turnover
X_4	Current assets / Current liabilities
X_5	Net financial debt / cash flow
X_6	Total assets / total debt

Balance sheets and income statements for 2009 were transcribed according to the financial accounting system, for consistent data over the entire period.

These ratios are calculated based on annual data (balance sheets, income statements) of different companies selected for this study, for a considered period.

As it is about reporting (ratios), we selected eleven decimal places, for all the independent variables (Y) and independent (X1 to X6).

Among these, four (4) are related to the capital structure of firms (X1, X4, X5 and X6) and two (2) relate to profitability (X2 and X3).

B. The Sector and Companies Choice

Companies are chosen for their size; they are subject to the application of financial accounting system, and the Agri-food sector for its role and importance in the current stage of the transition of the national economy to a market economy.

Data were collected from the National Center of Trade Register, after identification of enterprises, their business, their size (number of employees) and the head office, with the National Statistics Office.

Over 1866 surveyed companies, 153 private companies are Agri-food industries and only 46 of them employ more than 100 employees.

We were able to gather the balance sheets and income statements during the period (2009-2012). After various investigations, it turned out that we have the necessary data to only 36 companies. For somewhat contradictory or missing data, 6 of them were purely and simply discarded.

Finally, from a set of 30 companies in the Agri-food sector, only 20 meet the criteria, characteristics and objectives of our study: large private companies.

C. The Model

We used multiple regressions to proceed to test the assumptions made in our study on the growth of large private companies in the Agri-food sector in Algeria. All variables are continuous, they are quantitative and the model is of the general form:

$$Y = X.A + U$$

where:

Y: represents the dependent variable.
A: represents the vector of estimators.
X: represents independent variables
U: is the vector of error terms.

IV. RESULTS AND DISCUSSION

A. Presentation of Results

1) Basic Statistics: The main statistical characteristics of the basic variables of the study, namely, the mean, minimum, maximum, median and standard deviations are presented in the following table.

TABLE 4
DESCRIPTIVE STATICS OF VARIABLES

Variables	Mean	Minimum	Maximum	Std. Deviation	Median
Y	1.9099	0.00358	18.247	3.924	0.980090
X_1	0.9993	0.35706	2.074	0.334	0.992428
X_2	0.3435	-8.62771	6.805	3.191	0.820523
X_3	-0.0522	-9.55975	1.813	2.441	0.610677
X_4	1.2098	0.54588	3.460	0.644	1.022099
X_5	5.8053	0.00000	59.539	14.273	0.850868
X_6	1.0197	0.52412	2.574	0.417	0.948268

2) Regression Analysis: The regression model obtained is a multiple linear model; it includes the dependent variable (Y) and six other independent or explanatory variables: (X1-X6).

It is obtained by the use of «STATISTICA, version 5.1 F» and the method of stepwise regression incremental upward. This method is based on the best regression obtained a

variable and added to each step the variable that most increase the coefficient of determination (R^2).

Thus, the level of growth of businesses in the Agri-food industries is explained by the « invested capital / equity » ratio, return on assets, operating income relative to turnover, current assets over current liabilities, Net financial debt relative to cash flow, and finally, the total assets to total debt.

TABLE 5
PARAMETERS OF THE MULTIPLE REGRESSION MODEL

Variables	Coefficients	Std. Error	t(12)	Sig
Constant	11.8969	3.379950	3.51986	0.0042
X_1	-13.4515	2.516924	-5.34441	0.0002
X_2	1.6528	0.333402	4.95729	0.0003
X_3	-1.3678	0.375103	-3.64646	0.0033
X_4	2.9200	0.947637	3.08138	0.0095
X_5	0.2279	0.055595	4.09988	0.0015
X_6	-2.0847	1.217345	-1.71246	0.1125
R	0.9266			
R^2	0.8586			
Adjusted R^2	0.7878			
F (6 ; 12)	12.14			
Probability	0.0002			

The model results indicate that the invested capital relative to equity, operating result compared to turnover and total assets to total debt have reported a negative impact on growth of the firms.

This negative effect is highly significant for the first two parameters ($p < 0.05$).The other parameters, namely, return on assets, current assets / current liabilities and financial debt relative to cash flow ratio have a positive impact on growth. This impact is highly significant ($p < 0.05$).

Thus, the first three parameters are a brake on the company's growth of and the last three foster growth.

To be more complete, we present the variance regression analysis table. The test of significance of the regression is performed by variance analysis [33].

Moreover, it is quite usual to decompose the total variance into variance explained by the regression model and another unexplained or residual. The R^2 reports the variance explained by the regression and the total variance, that is to say the part of the variation in the dependent variable explained by the variation in the independent variable. As for R, it measures the strength and direction of the relationship between these variables.

TABLE 5

ANALYSIS OF VARIANCE OF THE REGRESSION

Model	Sum of Squares	df	Mean Square	F value	Sig p
regression	250.4677	6	41.7446	12.1403	0.0002
Residuals	41.2622	12	3.4385	---	---
Total	291.7299	---	---	---	---

In view of the explained variance, we find that multiple linear regression explains about 85.86% of the variance of the dependent variable (rate of growth).

The partial correlation coefficient measures the clear correlation between an independent variable once excluded the overall effect of other independent variables in the regression model and the dependent variable.

The procedure is as follows: ryx1; ryx2 and rx1x2 being the simple correlation coefficients between the dependent variable Y and X1, X2 and Y and two independent variables X1 and X2, between them. These coefficients are used to determine the relative importance of different explanatory variables.

The following two formulas [34].are applied:

$$r_{yx_1,x_2} = \frac{ryx_1 - ryx_2 * rx_1x_2}{\sqrt{(1 - r_{x_1x_2}^2) * (1 - r_{yx_2}^2)}}$$

And

$$r_{yx_2,x_1} = \frac{ryx_2 - ryx_1 * rx_1x_2}{\sqrt{(1 - r_{x_1x_2}^2) * (1 - r_{yx_1}^2)}}$$

The results obtained are shown in the following tabl (in percentage) for convenience.

TABLE 6

RELATIVE CONTRIBUTION OF VARIABLES TO THE EXPLANATORY POWER OF THE MODEL

//////	X_1	X_2	X_3	X_4	X_5	X_6
X_1	***	51.99	52.16	50.30	67.05	56.53
X_2	48.80	***	64.82	48.29	44.07	42.96
X_3	18.23	27.27	***	8.44	15.24	12.92
X_4	5.11	19.85	4.04	***	11.14	11.32
X_5	30.41	19.40	18.21	16.31	***	16.98
X_6	26.05	0.31	1.49	3.34	5.92	***

For the first set of variables (X1 to X6), the contribution of the first variable (X1) is relatively more important in the explanatory power of the model; it is between 50.30% and 67.05%, while that of the other variables (X2 to X6) is between 5.11% and 48.80%.

For the second set of variables (X2 X6), the contribution of the first variable (X2) is relatively more dominant in the explanatory power of the model; it is between 42.96% and 64.82%, while that of the other variables (X3 to X6) is between 0.31% and 27.27%.

For the third set of variables (X3 to X6), the contribution of the first variable (X3) is relatively more important in the explanatory power of the model; represents between 8.44% and 12.92%, compared to the two variables (X4 and X6), respectively; but its contribution is less than that of the third variable (X5): 18.21% against only 15.24%.

The variable (4) contributes more than the variable (6) the explanatory power of the model, its contribution relative to the variable (5) is relatively low (11% against 16%) Finally, the contribution of the variable (5) is relatively higher than that of the variable (6).

Therefore, the level of growth of companies in the Agri-food industry depends largely on their invested capital relative to equity, return on assets, their operating results compared to the turnover of their financial debts relative to their cash flow and their current assets over current liabilities.

Also, based on the analysis of variance, it is assumed that, overall, the multiple regression model obtained is valid, according to the first type of risk that we set (0.05).

The significance level of Fisher statistic is significantly lower to the risk of Type I error.

The model is generally accepted; but, at the margin, we see that the variable (X6), a Student's t value much higher than the risk of error Type I. It has no significant influence on the model. In the latter, the variable (X6) is not statistically significant, to the accepted threshold. We simply removed it as suggested; because the standard error "gives an unbiased indication of the dispersion around the average value calculated by the deterministic part of the model".

Our study is descriptive and explanatory, it is quite reasonable to base ourselves on a multiple regression model of low standard error.

Following the exclusion of the variable (X6) of the multiple regression model, the significance level of variables increased (X2, X3 and X4) or decreased (X1 and X5), while remaining highly significant.

TABLE 6

EFFECT OF DELETION OF THE VARIABLE (X6) ON THE OTHER LEVEL OF SIGNIFICANCE OF VARIABLES

Variables	Level p		Deference		Relative variation (%)	
	before	After	positive	negative	positive	negative
X1	0.0002	0.0004	0.0002		100	
X2	0.0003	0.0002		0.0001		33.33
X3	0.0033	0.0028		0.0005		15.15
X4	0.0095	0.0067		0.0028		29.47
X5	0.0015	0.0033	0.0018		120	

Variance explained by the regression model without the variable (X6) was reduced 4.03%, but the level of statistical significance Fischer has improved (it went from 0.000173 to 0.000158, the value of the statistic increased from 0.03207.

B. Discussions

The first hypothesis suggests that the Algerian big private company in the Agri-food sector will proceed with the investment relative to the size of their equity, that is to say, the

growth of these companies depends on the relative importance of invested capital relative to equity.

The multiple regression model that we have achieved contains variable relates invested capital to equity (X1), with a negative and zero coefficient using the appropriate statistical test ($p < 0.0002$).

Hypothesis 1 of our research is thus confirmed. These companies are characterized by a relatively low level of equity they invest less and therefore the level of growth they achieve is low.

The second hypothesis states that in the context of a relative lack of equity, the Algerian private Agri-food companies have a special interest in their return on assets.

Return on assets is a factor in explaining growth; it is one of the variables of the multiple regression model. The hypothesis is therefore confirmed.

Profitability influences positively the growth of private enterprises in Algeria, its impact is highly significant ($p < 0.0003$).

Large private companies in the Agri-food industry seem to flow difficulties of their products, their growth is affected.

Indeed, the variable that expresses the ease with which the sales of private enterprises in Algeria secrete a benefit to a negative impact on the level of growth of these companies. This variable is included in the multiple regression model with a negative and highly significant coefficient ($p < 0.003$).**The third hypothesis is accepted**.

The fourth hypothesis suggests that large Algerian private companies in the Agri-food industry are concerned about their ability to meet their deadlines using their current assets. It expressed the «current assets / current liabilities» in the report of the multiple regression model with a positive coefficient and a highly significant level of significance ($p < 0.009$). Hypothesis 4 is confirmed.

More a company is solvent, the more it carries a high level of growth. The phenomenon of growth generates working capital needs. Balancing their current assets and liabilities, the Algerian private companies limit their financing needs induced growth.

The fifth hypothesis states that raised debt in the Algerian private sector level impairs the level of growth. In fact, these companies are highly leveraged relative to their cash flow. But the level of debt is very variable (mean difference 5.81 and 14.27 type). The most indebted companies invest less and therefore lag relatively lower level of growth, based on their cash flow.

Therefore, it is assumed that the hypothesis is accepted; the coefficient of the variable is positive and highly significant ($p < 0.001$).

Depending on its level of debt(under-leverage or over-leveraging), the Algerian private company reports its total assets to total debt, the effect of achieving its solvency and profitability. This variable is one of those that has the multiple regression model, with a negative coefficient and an insignificant level of significance ($p < 0.11$).

The solvency of Algerian private companies is provided slightly (on average total assets exceeds the total debts of about 1.97% with a standard deviation of 0.42).

The research **hypothesis** is confirmed, insofar as companies are at the limit of their ability rigor of debt and new borrowing of growth can only be satisfied by this small total debt margin of louse coverage not to jeopardize its financial independence.

Finally, among the various exogenous variables of the multiple regression model, three are positive and three are negative. The first positively influence growth and negatively affect the past. These two groups of variables have indeed an antagonist effect on growth.

Companies must choose between different "strategies" underlying to realize their growth. **Hypothesis7** also suggests that the various variables are unequal contributions to the influence on the dependent variable. Based on the comparison of the coefficients of partial correlations between the different independent variables, it appears that the first variable (X1) contributes the most (between 50.30% and 67.05%) in the explanatory power of the multiple regression model, the second (X2) (between 42.96% and 64.82%), the third (X3) (between 8.44% and 12.92%), the fourth (X4) (11.32%), the fifth (X5) (between 16.31% and 18.21%). The contribution of the sixth variable (X6) is low.

These factors influence growth differently. Hypothesis 7 is confirmed.

We can distinguish between two levels of growth, Algerian large private companies in the Agri-food sector and companies that are experiencing a high growth rate adopt "strategies" quite different.

Indeed, companies (13) and (19) rely particularly on the ratio «total assets / total debt» and the ratio of «invested capital / equity» respectively (see annex 1).

Companies (4) and (5) are based on return on assets and financial stability operating funding of operation- assets for the first company and operating profit margin for the second.

Both companies (12 and 14) adopt essentially the same growth strategy; they are based on the operating balance and on their solvency. These two variables (x4 and x6) concern the short term and the medium or long term.

The company (15) is particularly characterized by return on assets, operating profit margin and solvency allowing it to achieve growth at a high rate.

Both companies (11 and 18) owe their growth to their invested capital relative to equity, their return on assets and financial stability of their operations – working capital- and the operating profit margin for the first company and coverage of borrowings by the cash flow for the second.

Finally, the company (2) shows a fairly high growth through a good « invested capital / equity» ratio, good operating profit margin, an operating financial balance (short term), good coverage of debt by cash flow and a good credit rating (long-term).

Similarly, other Algerian private companies have not been able to achieve growth during this period, had difficulties to "match" their factors (growth).

Indeed, the company (1) is characterized by invested capital that equity, on the one hand and, on the other hand, much higher than its cash flow borrowings.

Company (6) has current assets exceeding current liabilities by 25%; but it has no borrowings. the rate of growth is limited to self-financing.

Company (16) carries an return on assets and a relatively low operating profit margin; but its invested capital exceeds the average of about 157%.

Company (20) has an invested capital which represents 50% of equity; a current asset of around 70% of current liabilities supports debt far beyond its cash flow. All these negative factors explain the low level of growth in this business.

Company (10) failed to achieve a higher growth due to the weakness of its return on assets and operating profit margin, on the one hand and the lack of short-term financing (the operation) on the other hand.

Companies (8) and (17) show a negative relationship between invested capital and equity, weak operating profit margin, a much higher than their cash flow lack of funding for operations and debt.

These factors have hampered the growth of these two companies. The level of firms growth (3) and (7) is particularly hampered by their low return on assets, the financial imbalance of their operations, their much higher than their cash flow debt, lack of total assets relative to total debt, and the lack of operating profit margin and invested capital imbalance between assets and equity for the company (3) and the company (7) respectively.

Finally, if the company (9) is unique; all factors are unfavorable to hope to achieve growth of any level.

V. CONCLUSION

The results of our research indicate that the variables that explain the growth of large private companies in the Agri-food sector in Algeria relate more particularly to a certain adequacy between invested capital and equity, return on assets, operating profit margin, coverage borrowings by the cash flow, a balance between current assets and current liabilities, and finally, to a certain extent, solvency.

Factors positively affect the growth of these companies and others have a rather negative effect on growth.

All these variables have significant explanatory power. Their relative contribution, however, is quite variable.

Indeed, the study shows that the balance between the invested capital and equity contributes most to the explanation of the growth of large Algerian deprived of Agri-food (between 50.30% and 67.05%) and the return on assets (entre42.96% and 64.82%), coverage of debt by cash flow (between 16.31% and 18.21%), operating profit margin (between 8.44% and 12.92%) and operating balance helps to 11.32%.

Finally, the companies' solvency accounts for a relatively small proportion compared to the contribution of other variables to the explanatory power of the multiple regression model.

More consistent with the hypothesis that we have issued and are all confirmed, surveyed companies realize different levels of growth, the causes vary from one company to another.

Companies change their strategies according to their rate of growth. It affects the choice of factors that play such companies as companies that are lagging relatively high level of growth do not use the same parameters as those that achieve a lower level of growth.

Even in the latter category, each company is a special case, depending on the "mix" of factors (parameters) which rely on these companies.

Capital structure (upper sheet) contributes most to the explanation of the business growth. Economic profitability (return on assets) contributes to the explanation of business growth after the capital structure. Commercial viability contributes more than short-term financial structure (current assets / current liabilities) and long term (total assets / total debt). By cons (financial debt / cash flux) contributes more than return on assets and financial structure in the short term (lower sheet). The latter contributes more than the long-term capital structure (X6). This occurs only in explaining the growth of private enterprises in Algeria. It is a sign of the difficulties faced by SMEs to benefit from external funding (bank), or they refuse to use them in order to keep their financial autonomy and independence from the banking sector.

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ANNEX
HIGH- GROWTH COMPANIES (INDICATED BY AN ASTERISK)

N°	Companies	X₁	X₂	X₃	X₄	X₅	X₆
1	Conserves N'gaous Spa	*			*		
2(*)	Sarl Set Toudja	*		*		*	
3	Fruital Coca Cola Spa				*		
4(*)	Laiterie Trefle Spa		*			*	
5(*)	Danone Spa		*	*			
6	Chocolaterie & Biscuiterie Le Régal				*		
7	Sarl Hodna lait				*		
8	Eurl groupe Amara Thtph	*					
9	Sarl Tchin Lait	*	*	*		*	
10	Sarl Sofamar					*	
11(*)	Sarl Haal	*	*	*	*		
12(*)	Sarl Raja food industrie	*			*		*
13(*)	Sarl Pâturages d'Algérie	*					*
14(*)	Mami Spa	*			*		*
15(*)	Sarl Tifra	*	*	*			
16	Sarl Laiterie Soummam	*					
17	Sarl Ifri	*					
18(*)	Sarl Ramdy	*	*	*	*		
19(*)	Hamoud Boualem Spa	*					*
20	Sarl Vitajus			*	*	*	