**ABSTRACT**

**Objective:** The object of this study is to empirically examine Small and Medium Enterprise (SME) performance through the prism of strategic management theory.

**Methodology:** We apply Resource-Based-View into our research to explain the relationship of a firm’s performance with Resource factors and firm strategy. Fifty Algerian SMEs from the northwest region are targeted and PLS statistical analysis is applied to produce valid results.

**Findings:** Results show a direct positive relationship between firm strategy and resource factors with a firm’s performance. A direct positive relationship of resource factors with firm strategy is also recorded. However, the mediator role of the strategy is rejected.

**Value Added:** Research on Algerian SMEs’ performance has intensified in recent years, but few empirical studies have explored the influence of environmental, resource, and strategy factors related to performance.

**Recommendations:** The study makes a compelling case for strengthening government intervention alongside national Algerian SMEs, particularly those belonging to the industrial sector. It is an intervention that will specifically target the improvement, or even the simplification of the tax or quasi-tax system, banks’ credit standards flexibility (financial resources), and above all, substantive managerial support that could allow our SMEs to manage their resources better and acquire and develop new ones to provide higher performance.