

The Role of Small and Medium Enterprises in Achieving Sustainable Development in Iraq After 2003

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Abstract

At the present time, interest has increased in the significant role played by small and medium enterprises in terms of economic, social, or sustainable development due to their flexible characteristics. Global experiences confirm that these enterprises have the ability to achieve the desired goals in sustainability. The significance of the present study is due to the fact that the role of these enterprises in Iraq stems from the need to activate the role of small and medium enterprises because they help to achieve the required sustainable development in light of the decline in the economic situation, the deterioration of oil prices, and the insufficiency of financial resources. The descriptive analytical approach is adopted to explain the nature of these enterprises and their role in sustainable development. The results indicate a high contribution of these enterprises to the gross domestic product and the employment of large numbers of unemployed people. Thus, they provide income for a large segment of individuals and improve the standard of living.

Keywords: Role of Small and Medium Enterprises, Achieving Sustainable Development, Iraq

Introduction

Global economy is currently suffering from serious economic challenges due to the dual shocks it is exposed to as a result of the drop in oil prices and the spread of the Corona epidemic. The problem of financial financing and lending has become a general characteristic that prevails in the economies of countries of various classifications, such as developed, emerging, and developing countries. At a time when countries are required to achieve high and sustainable levels of local economic development, this requires great efforts and funds to finance the requirements of sustainable development. Therefore, new strategies and methods must be employed. Such new strategies should be capable of achieving sustainable development at low cost and with great effectiveness in achieving sustainable local development. This strategy is small and medium enterprises. Small and medium enterprises do not need large amounts of capital in comparison to large enterprises, in addition to their flexibility, speed of response to circumstances, tolerance of risks to a greater degree, and the ability to spread geographically...etc. This study addresses their role in achieving sustainable

development in Iraq as it is one of the countries that is greatly affected by fluctuations in oil prices as a result of its unilateral rentier nature.

The Problem Statement

The present study revolves around answering the question about how small and medium industries can achieve sustainable development in Iraq and the strategies that must be followed to achieve this.

The Objectives

The present study aims to identify the nature of small and medium enterprises and sustainable development and to identify their indicators and their role in achieving sustainable development in Iraq.

The Hypothesis

The present study is based on a hypothesis that small and medium enterprises are characterized by flexibility and effectiveness that enable them to achieve sustainability in economic and social indicators in light of the deterioration of the country's economic situation.

The Significance of the Present Study

The significance of the present study is due to the fact that it is necessary to activate the role of small and medium enterprises because they help to achieve the required sustainable development in light of the decline in the economic situation, the deterioration of oil prices, and the insufficiency of financial resources.

The Structure of the Study

In order to obtain the objectives of the present study, it is divided into an introduction, a theoretical framework for small and medium enterprises and sustainable development, sustainable development in Iraq after 2003, and the role of small and medium enterprises in achieving sustainable development. The study is concluded with a set of conclusions and recommendations.

Literature Review

Literature indicates that there are several concepts for small and medium enterprises due to the multiplicity of aspects of classification of these enterprises, the limits of separation between each type of them, and the difference in their concept according to each country and their classification criteria for these enterprises. These classification criteria are numbers of workers in the establishment, the invested capital, the amount of production, and the added value. Moreover, there are qualitative criteria that depend on the degree of independence, ownership, and the type of technology used.

The International Bank for Reconstruction and Development has defined small and medium enterprises based on three criteria, including the number of workers, the total assets, and the

annual number of businesses. Hence, establishments with employees from (10-49) and total assets and turnover of less than (3000000) dollars are small enterprises, whereas establishments that employ less than (300) workers and their total assets and turnover is less than (15000000) dollars are medium enterprises (Amir, 2016). UNIDO classifies them according to the criterion of the number of workers and the economic development of the countries. In developed countries, small enterprises employ (99) workers, while medium enterprises employ (100-499) workers. In developing countries, small enterprises are defined as those that employ (1-19) workers, and medium enterprises employ (20-99) workers (Amir, 2016). The United Nations Organization for Small and Medium Enterprises defines them based on two criteria, which are labour and capital. Small enterprises are those that employ less than (50) workers and their budget does not exceed (5000000) dollars, while medium enterprises employ less than (250) workers and their investments do not exceed (40000000) dollars (Haddad and Al-Khateeb, 2005).

In Iraq, the Central Organization for Statistics and Information Technology defines small enterprises as small industrial enterprises, which are industrial establishments belonging to the private sector distributed over various industrial activities. The criterion adopted for classifying these projects is that the number of employees is (1-9) workers and the investment value is less than (100000) dinars. While, medium enterprises are industrial establishments belonging to the private sector distributed over various industrial activities. The criterion adopted in classifying these enterprises is that the number of employees is from (10-29) and the investment value is more than (100000) dinars (Ministry of Planning, 2017). It can also be defined as an enterprise that is owned and managed by its owner alone, but its sales volume is limited within the industry in which it operates. It was considered that the name of small enterprises applies to restaurants, small workshops, grocery stores, and small factories (Abdulsada and Al-Shammari, 2019). Based upon, it can be defined as every private enterprise, whether a company or an individual establishment that carries out a productive service or commercial economic activity and employs (1-10) workers and achieves a profit of less than (10000000). As for medium enterprises, they are those in which (50-250) employees work and make profits of (200000000-2000000000).

Characteristics of small and medium enterprises

These enterprises have a significant role in building the national economy. Their importance appears through the exploitation of energies and capabilities and the development of expertise and skills, as they are considered one of the scientific and developmental tributaries. They also possess certain characteristics that distinguish them from other enterprises, including:

1. Ease of establishment; It does not require a lot of money to establish them, and financing is often local. They also depend on local production requirements as well.
2. Less manpower is required; The number of workers that small and medium enterprises need in order to start their activity is rather small and does not exceed ten people. They do not need a large number of workers as much as they need the skill of those workers. Despite the small number of workers in one enterprise, their large number and wide spread make

them labour-intensive and able to absorb the unemployed labour force compared to large enterprises that use machines instead of people (Arab Labour Organization, 2009).

3. Primitive level of technology; Such enterprises are characterized by limited technological development compared to large enterprises due to the weak financial capacity of the owners of these enterprises.

4. They do not require large areas for establishment, but they rather take advantage of small areas and simple equipment, which makes their costs low.

Obstacles and problems facing small and medium enterprises

The small and medium enterprises sector, especially in developing countries, suffers from several problems that hinder their development. The following are among the most problems and obstacles:

1. Financing problems; Financing is considered the biggest problem that small and medium enterprises suffer from. These enterprises depend on individual and family savings to meet their financial needs, but in many cases, they collide with the problem of insufficiency of these savings, which leads them to resort to the lending process from various sources, whether financial institutions or From individuals, but resorting to these external sources to provide the funds needed for the enterprise collides with the difficulty of obtaining these financial loans because of the harsh conditions and guarantees imposed by financial institutions on the one hand, and the high interest rates imposed by individual brokers on the other, which constitutes a major obstacle that hinders the development of small and medium enterprises sector.

2. Administrative problems; Small and medium enterprises suffer from the problem of efficient administration. These enterprises sometimes carry out their activities without having clear pillars of administrative work techniques. These institutions are often managed by their owners, or by appointing their relatives, who resort to practicing administrative authorities, which makes the enterprise centralized. This method of appointment may cause these institutions to miss the opportunity to manage using modern methods and technologies, which these individuals lack in the field of administration (Yakhluf and Jady, 2016).

3. Lack of trained workers; Small and medium enterprises face a shortage of trained and qualified workers because large enterprises are considered more attractive to this workforce because they offer high wages compared to the wages of small and medium enterprises, as well as ensuring continuity in work and avoiding the possibility of losing work due to enterprise failure and stopping of small and medium enterprises.

4. Laws and Legislations; The regulatory and legislative procedures followed are among the obstacles that prevent growth of small and medium enterprises, starting from the complexity and multiplicity of procedures for setting up enterprises, and ending with the difficulty of obtaining official licenses.

5. Low competitiveness; Medium enterprises that export local manufactured goods face many obstacles.

6. Infrastructure problems; Such problems are due to the absence of street coverings, sanitation, waste removal, and other services from the industrial areas, from the requirements of infrastructure to the degree of flooding of industrial areas with water due to the winter season, in addition to the encroachments on the main streets.

The concept of sustainable development

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. For the purpose of achieving them, an environment must be created in which people live a long life that is full of health, creativity, and partnership. This type of development achieves self-sufficiency in various aspects and requires that development procedures be in line with the present in order to meet the future needs and requirements of all members of society ().

Features of sustainable development

There are a set of features that characterize sustainable development as follows:

1. Human powers are the means to achieve sustainable development. The goal of sustainable development differs from development in general because it is more intertwined and complex, i.e. sustainable development is based on meeting the requirements of the poorest segments.
2. Sustainable development leads to developing cultural aspects and preserving cultural specificity of communities (qorId , and Allen, 2005).
3. Elements of sustainable development cannot be separated from each other due to the strong overlapping of the quantitative and qualitative elements of this development.
4. The required sustainable development does not seek continuous human progress in a few places and for a few years, but for all of humanity and along the distant future. It also aims that the needs as people imagine them are determined socially and culturally. Therefore, sustainable development requires the spread of values that encourage consumption levels that do not exceed environmentally possible limits (Hassan, 2013).

Goals of Sustainable Development

Sustainable development has comprehensive goals that it works to achieve. Such goals involve the goals of economic development, including economic, social, cultural, and environmental goals in an intertwined and integrated manner within the framework of sustainability, based on and guided by basic principles through which it gains and derives its forces. Through its mechanisms and content, sustainable development seeks to achieve a set of goals, which can be summarized as follows:

1. Enhancing the population's awareness of existing environmental problems by developing their sense of responsibility towards surrounding environmental problems, and urging them to actively participate in finding appropriate solutions to them through their participation in the preparation, implementation, follow-up, and evaluation of sustainable development programs and enterprises.

2. Achieving sustainable economic growth that preserves natural capital and achieves the goals of sustainable economic development in a way that affirms equality in the sharing of wealth between successive generations.

3. Achieving a rational exploitation and use of resources. Sustainable development deals with natural resources as limited resources. Thus, it prevents their depletion or destruction through the rational and optimal use of them so that this use does not exceed rates determined by nature. At the same time, sustainable development looks for alternatives to widely used resources so that they remain for a longer period of time without creating a large amount of waste that the environment cannot absorb.

4. Ensuring human development that is capable of improving the standard of living when people constitute the essence of sustainable development by including human development that leads to improving the level of health care, education, social welfare and expanding options. Today, this human development is recognized as crucial to economic development. According to The expression of the Human Development Report issued by the United Nations Development Program, it states that men, women and children should be the focus of attention, as development is woven around people, not people around development. Sustainable development is based on the main idea of participation, that is, people participate democratically in making decisions that affect their lives politically, economically, socially, and environmentally.

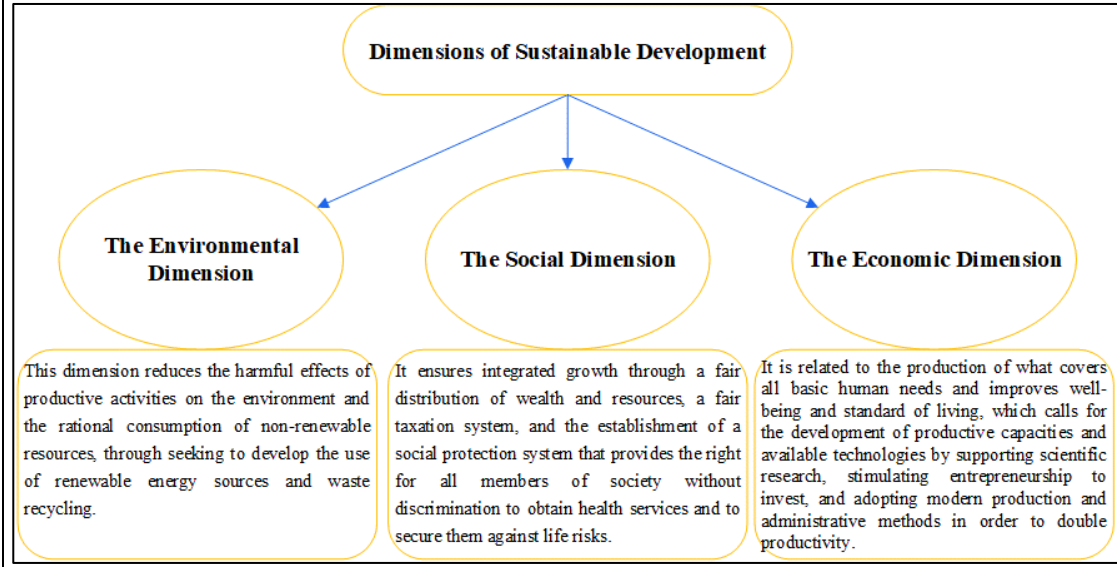
5. Linking modern technology with the goals of society by educating the population on the importance of technologies in various aspects of development and how to use them to improve the quality of life of society economically, socially, psychologically, and spiritually by focusing on the qualitative aspects of growth, not the quantity, in a fair, acceptable, and democratic way, and combating poverty and inequality.

6. Bringing about appropriate continuous change in the needs and priorities of society. These development goals indicate the importance of achieving justice and equality between local and future generations, and stress the importance of protecting the environment and reducing the damage that may be caused by pollution.

Dimensions of sustainable development

Sustainable development seeks to reconcile the three economic, social, and environmental dimensions as shown in Figure (1). Figure (1) Dimensions of sustainable development:

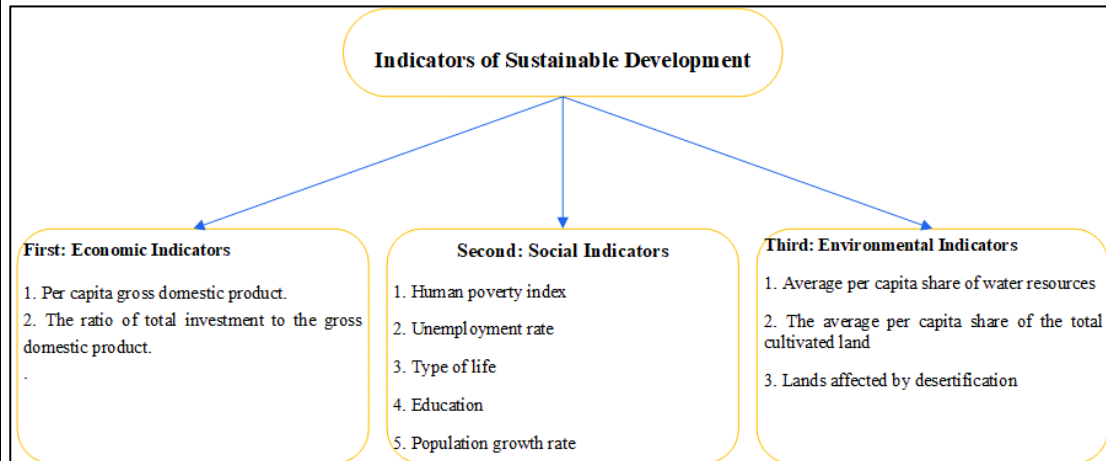
Figure 1: Dimensions of sustainable development:



Indicators of sustainable development in the Arab Organization

Indicators allow decision makers and policy makers to determine whether they are on the right path, which helps monitor progress towards sustainable development as shown in Figure (2).

Figure 2 Indicators of sustainable development



Small and medium enterprises and indicators of sustainable development in Iraq after 2003

According to economic activities of (2017), the Central Statistical Organization classified small enterprises as follows (Ministry of Planning, 2016):

1. Beverage industry
2. Textile industry.
3. Clothing and leather products industry
4. Paper, paper products, and printing industry
5. Chemical products industry
6. Metal products industry, except for machinery and equipment
7. Furniture and non-classified equipment industry
8. Vehicles and other transportation equipment industry
9. Computers, electronic, and optical products industry

Small and medium enterprises in Iraq

It is noticed from table (1) that the number of small enterprises recorded in (2003) is (17929) enterprises and the number of employees is (50207), while medium enterprises recorded (79) enterprises and the number of employees is (9407). After that, the number of medium enterprises increased to (92) and the number of employees increased to (1668). Then, it began to fluctuate between decrease and increase in each of the number of small and medium enterprises. Hence, in 2009, the number of small enterprises recorded (10289) enterprises and the number of employees

was (27780). As for medium enterprises, in 2009, they recorded (51) enterprises and the number of employees was (871). After that, it started to rise until (2011) when they recorded the highest number of small enterprises throughout the research period by (47281) enterprises, and the employees number increased to (145385). As for the number of medium enterprises, they recorded the highest level throughout the research period in (2013) by (226) enterprises, and the number of employees reached (3325). Then, they began to decrease in (2014) when they reached (120) enterprises, then it decreased to (92) in (2015). In (2014, the number of small enterprises reached (21809) and the number of employees reached (84272). As for (2017), the number of small enterprises recorded (27856) and the number of employees reached (93644). As for the number of medium enterprises, in (2017) they reached (182) and the number of employees reached (2521). After (2003), the Iraqi economy headed towards decentralization, but the reality was the opposite. As a result of security instability and cases of looting that most large, medium and small industrial establishments have been exposed to, the performance of the private sector has declined in economic activity as a result of high production costs or low local demand for local products and flooding the local market with imported goods (Al-Ta'an and Abed, 2017). Medium and small enterprises occupy A prominent importance in the economies of developed and developing countries in light of the policies of commercial freedom and being the backbone of the economy. The following table shows the situation of these enterprises in Iraq.

Table 1: Numbers of medium and small enterprises in the Iraqi private sector and numbers of employees in them for the period (2004-2018)

Year	Number of medium enterprises	Number of employees	Numbers of small enterprises	Numbers of employees
2004	92	1668	17599	64338
2005	76	1697	10088	36379
2006	52	960	11620	46494
2007	57	1117	13406	53679
2008	-	-	-	-
2009	51	871	10289	27780
2010	56	923	11131	36898
2011	159	2431	47281	145385
2012	218	3357	43669	146210
2013	226	3325	27694	91959
2014	120	1916	21809	84272
2015	92	1491	22480	67157
2016	179	2449	25966	81920
2017	182	2521	27856	93644
2018	198	2624	25747	83375
Total	3281	21908	263922	858600

Source: Republic of Iraq, Ministry of Planning, Central Statistics, Statistics of small and medium enterprises for various years.

Sustainable development in Iraq

The economic indicator that is measured with the average per capita GDP and the social indicator expressed in index unemployment rate are addressed.

Gross domestic product per capita

The per capita GDP is one of the most important indicators for measuring the economic performance of a country. It is the most important and Comprehensive criterion that shows the country’s total production of all goods and services. It also identifies the imbalances in its structure and the possibility of addressing them. The Iraqi economy has been suffering for many years from deep imbalances due to its heavy dependence on the oil sector and the decline in the importance of other sectors.

Table (2) indicates that the per capita share of total GDP in (2004) was (1961.58) dinars. Then, it started to increase until it reached (5135.26) dinars in (2008) as a result of the rise in oil prices and the increase in oil export quantities. In (2009), it decreased to (4125.92) dinars as a result of the repercussions of the global crisis that were reflected On the global oil market. As a result of this shock, oil prices fell, which is the main source of government spending. Since Iraq is a rentier country that depends on oil, the per capita GDP decreased until it recorded (7795.40) dinars in (2013) as a result of the rise in oil prices when the price of an oil barrel became (130) dollars. After that, it began to decrease until it recorded (5198.08) in (2016) as a result of the decline in oil prices as well as the deteriorating economic conditions and the increase in military expenditures due to the war on terrorist groups that stole the assets of banks in the western provinces. The total stolen cash assets reached (900) billion Iraqi dinars, including the assets of the Central Bank of Iraq branch in Mosul. After that, the per capita gross domestic product increased to (5809.50) in (2017) as a result of the rise in oil prices and the liberation of Iraqi cities controlled by terrorist gangs.

Table 2: The evolution of per capita gross domestic product in Iraq for the period (2004–2018) (Iraqi dinars)

Year	Local Production	Number of population	Share per capita
2004	53235387	27139	1961.58
2005	73533598.6	27963	2629.67
2006	95587954.8	28810	3317.87
2007	111455813.4	96822	3754.99
2008	157026061.6	30578	5135.26
2009	130643200.4	31664	4125.92
2010	162064565.5	32490	4988.13
2011	217327107.4	33338	6518.90

2012	254225490.7	34204	7432.62
2013	273587529.2	35096	7795.40
2014	266332655.1	36005	7397.10
2015	194680971.8	36934	5271.05
2016	196924141.7	37884	5198.08
2017	225722375.5	38854	5809.50
2018	254870184.6	38993	6434.9

Source: Central Bank of Iraq, General Directorate of Statistics and Research, Statistical Reports of various years.

Unemployment

The highest unemployment rate was in (2003) when it was about (28.10%) as a result of the war that Iraq witnessed in 2003 and because of the reconstitution of the Iraqi army and the employees of the security forces, in addition to the suspension of Iraqi oil exports for several months in (2003), which led to a decline in oil revenues as well as the complete deterioration of other sectors. After (2004), the unemployment rate decreased to (26.8%). Then, it decreased significantly, as the unemployment rate reached to (17.9%) in (2005) as a result of the state's interest in reducing unemployment rates by employing a large number of unemployed in public sector institutions and in the army and police corps and the increasing number of migrant workers to work outside Iraq, as well as the use of special programs to reduce unemployment levels. On the other hand, this decline is due to a change in the mechanisms of collecting data on unemployment and replacing the main question in the Employment and Unemployment Survey in line with the standards of the International Labour Organization that classify a person who worked for one hour during the week as not unemployed. In (2011), the unemployment rate decreased to (11.1%). In (2013), unemployment rates rose to (16%) due to the economic fluctuations resulting from the decline in oil prices, in exchange for the continued government austerity and the significant reduction in working spending and its transfer to military spending to finance the war against terrorist gangs and relief for the displaced. These are the main reasons for the rise in poverty and unemployment in the country. Moreover, the authority's dependence on one source, which is oil, and the lack of diversity in funding sources, that is, the failure to support industry and agriculture well produced huge numbers of unemployed. After that, unemployment rates decreased to (10.6%) in (2014), which is the lowest level throughout the research period. In (2015), unemployment rates increased to (25%) as a result of the displacement of a large number of displaced people who lost their jobs and became unemployed and added to the unemployment rate. There is another reason related to the economic crisis as a result of the decline in oil prices. The problem of unemployment in Iraq has exacerbated in recent years due to the absence of government plans that aim to provide job opportunities for the unemployed by activating the private sector. In addition, thousands of students graduate from universities annually without finding jobs for them in the state, which makes unemployment rates continuously rise amid the absence of solutions and treatments. The Ministry of Planning revealed that unemployment rates in Iraq have risen to about (10.8%) according to the latest survey conducted in (2016). However, a number of experts confirmed that unemployment rates during (2018) exceeded (22.5%) due to the lack of job opportunities during the past three years.

Table 3: The evolution of unemployment rates in Iraq for the period (2004-2018)

Year	Unemployment Rates%
2004	26.8
2005	17.97
2006	17.5
2007	16.9
2008	15.34
2009	15.1
2010	15
2011	12.2
2012	11.9
2013	16
2014	10.6
2015	25
2016	10.8
2017	25
2018	22.6

Source: Ministry of Planning, Central Statistics, Results of small and medium enterprises assessment for various years.

The role of small and medium enterprises in sustainable development in Iraq after 2003

The relationship between small and medium enterprises and sustainable development is an intertwined and dynamic relationship. Studying the aspects of this relationship enables researchers to understand the backgrounds and pillars on which small and medium enterprises and sustainable development are based) Al-Janabi, (2016)

The role of small and medium enterprises in the economic aspect

The economic aspect can be expressed by the GDP indicator as it is one of the important indicators of economic growth along with other indicators. Small and medium enterprises have many advantages and financial, technological and technical capabilities that help individuals to establish them and integrate into the economic and sustainable development business. They help in the sustainable increase in the gross domestic product by increasing the added value, which in turn leads to an increase in the per capita share of the output in the event that the percentage of increase in the annual

population rate is less than the rate of increase in output. Table (4) indicates that the percentage of contribution of small and medium enterprises to the GDP is very high, reaching more than (90%) in most years of the study, especially after (2015). The increase of this percentage is an important indicator of the extent of The contribution of these enterprises to the average per capita GDP, as well as their ability to achieve the best developmental balance between the various urban and rural areas by reducing the rates of economic disparity between provinces. This feature is compatible with the economic situation experienced by the Iraqi provinces, which suffer from low living standards and the concentration of large enterprises in certain provinces other than others, which is commensurate with one of the goals of sustainable development in reducing the economic gap between regions, provinces, urban, and rural areas. On the other hand, it is one of the forms of operating the personal savings of individuals, which increases the support and movement of the country's economy, as the individuals establishing their own enterprises helps to create local economies that are a support and service for the national economy and an additional source of financial resources through deductions and taxes on them. Many believe that these enterprises are the saviour in times of economic crisis because they provide individuals with the necessary goods and services as well as complete large enterprises, as is the case in times of quarantine due to the Corona epidemic, in addition to the low risks resulting from investing in these enterprises in times of economic crisis. The ease of building small and medium enterprises in terms of the simplicity of production techniques, skills, and training helps diversify the country's industrial base. After achieving all these goals and possessing these advantages, it ultimately helps in sustaining economic growth.

Table 4: The contribution of small and medium industries to the gross domestic product and added value in Iraq for the period (2004-2018)

Year	Total GDP	Production of small and medium enterprises	Percentages
2004	53235387	42480201.1	79.76
2005	73533598.6	68300400.7	92.88
2006	95587954.8	82327252.9	86.13
2007	111455813.4	83090989.4	74.55
2008	157026061.6	--	--
2009	130643200.4	83447730.6	63.87
2010	162064565.5	98471459.2	60.76
2011	217327107.4	181940219.8	83.71
2012	254225490.7	47541217.4	87.45
2013	273587529.2	218870023.4	80.34
2014	266332655.1	176152418.1	66.14
2015	194680971.8	190651168	97.93
2016	196924141.7	179673586.9	91.34
2017	225722375.5	211732495.3	93.80

2018	254870184.6	226173474.6	88.74
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Source: Ministry of Planning, Central Statistics, Results of small and medium enterprises assessment for various years and percentages are by the researcher.

The role of small and medium enterprises in the social aspect

Small and medium enterprises play a major role in the field of employment and the provision of job opportunities for individuals. These enterprises have gained their importance in employment due to the high number of unemployed people due to technological progress and the communication and information revolution that has produced a new type of job that requires very high skills and experience. Moreover, the general nature of such enterprises with regard to the art of labour-intensive production and the technical pattern suits the country's local conditions. In Iraq, most of large enterprises have stopped working due to negative productivity. The increasing rates of unemployment among young people and the inability of the state to provide them with job opportunities support this type. One of the enterprises helps a lot to employ large numbers of the unemployed, provide suitable incomes, and raise the standard of living for them. The contribution of these enterprises to creating job opportunities in Iraq can be explained by highlighting the position they occupy in the labour market.

Table 5: The contribution of small and medium enterprises to the labour market for the industrial sector in Iraq for the period (2004–2018)

Year	Number of employees in the industrial sector	Number of employees in small enterprises	Percentages of contribution of small enterprises	Number of employees in medium enterprises	Percentages of contribution of medium enterprises
2004	208540	64338	30.85	1668	0.79
2005	180644	36379	20.13	1697	0.93
2006	213699	46494	21.75	960	0.44
2007	227235	53679	23.62	1117	0.49
2008	-	-	-	-	-
2009	162167	27780	17.13	871	0.53
2010	194678	36898	18.95	923	0.47
2011	312833	145385	46.47	2431	0.77
2012	358580	146210	40.77	3357	0.93
2013	258324	91959	35.59	3325	1.28
2014	216675	84272	38.89	1916	0.88
2015	197872	67157	33.93	1491	0.75
2016	201389	81920	40.67	2449	1.21
2017	210662	93644	44.45	2521	1.19
2018	216675	84272	34.93	1916	0.88

Source: Republic of Iraq, Ministry of Planning, Central Statistics, Results of statistical assessment of the industrial sector for various years.

The above Table indicates that the contribution of small enterprises to employment has exceeded a third of employees in the industrial sector in most of the sample years, except for the years 2009 and 2010 due to the repercussions of the financial crisis in this period. As for the contribution of medium enterprises, it did not exceed 2% in all the years. The maximum percentage it reached was (1.2%) in 2013 and 2016, which indicates a deficiency in creating jobs and employ the unemployed.

Conclusions

1. Small and medium enterprises possess a great importance in the economy of all developed, developing, or developing countries due to their great flexibility to adapt to difficult economic conditions and their significant contribution to supplying the economy with output, jobs, and technology, which helps sustain economic growth.
2. The conditions of small and medium enterprises in Iraq indicate that the growth rate of the number of medium enterprises increased by about (6%) and the number of employees in them decreased by about (8%) during the study period, which indicates a lack of interest and support for the establishment of these enterprises in the manner that is required to perform the role assigned to them. As for small enterprises, their number has increased by (3%) and the number of workers in them has increased to (4%). These percentages are very low and do not commensurate with their economic importance, as is the case in other countries.
3. The GDP growth rate increased by about (12%) and the average per capita share of it increased by about (9%) during the period (2004-2017). As for unemployment rate, although it decreased by about 1%, it is still a high rate compared to the permitted global rates of unemployment.
4. The percentage of the contribution of small and medium enterprises in the formation of the gross domestic product is about (0.15), which is a very low percentage that does not commensurate with the role entrusted to them. This indicates low interest in these enterprises and the lack of support and facilities for them. On the other hand, its contribution to creating new jobs and raising the level of employment is more than a third of jobs in the industrial sector.

Recommendations

1. Emphasizing the importance of small and medium enterprises in the economy and activating their development role as one of the dynamic engines for generating output and jobs and injecting the economy with personal savings for individuals.
2. Paying attention to the industrial sector in Iraq and providing the necessary economic, legal, and financing environment to encourage the establishment of enterprises, especially small and medium ones, because they are suitable for the environment of the Iraqi economy, which suffers from poor financing and weak technological environment.
3. Giving great importance to the small and medium enterprises sector and adopting supportive strategies for the development of this sector and spreading the culture of individual initiative for individuals and providing many facilities and smooth procedures for their establishment such as loan

guarantees and infrastructure or establishing an official body for these enterprises to organize them and provide advice and logistical support for them.

4. Conducting a lot of research and studies dealing with the importance and effectiveness of small and medium enterprises and creating a large database for these enterprises to study and analyse them to make it possible to find solutions to the problems they face.

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