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**THE ROLE OF GOVERNMENT IN SUPPORTING SMALL
PROJECTS FOR YOUTHS OF KURDISTAN REGION / IRAQ.**

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**HÜKÜMETİN IRAK KÜRDİSTAN BÖLGESİNİN GENÇLERİ
İÇİN YAPILAN KÜÇÜK PROJELERİ DESTEKLEMEDEKİ
ROLÜ.**

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TABLE OF CONTENTS

Acknowledgment	V
Özet (Turkish Abstract)	VI
Abstract	VII
Acronyms	VIII
List of tables	IX
List of figures	X
List of charts	XI
CHAPTER ONE: INTRODUCTION	1
1.1. Aims of the Study	3
1.2. Study Area	4
1.3. Research Hypothesis	4
1.4. Background of Small and Medium Enterprises (SMEs)	5
1.4.1. An example of the global Best Practice in SME Support	6
1.4.1.1. The Japanese Experience	7
1.4.1.2. The American Experience	10
1.4.1.3. The Turkish experience	12
1.5. Definitions of Small and Medium Enterprises	13
1.5.1. An example of Some Different Countries Definitions for SMEs	14
1.5.1.1. In Australia	14
1.5.1.2. In Jordan	14
1.5.1.3. In Saudi Arabia	14
1.5.1.4. In Kuwait	15

1.5.1.5. In Singapore	15
1.5.1.6. In Turkey	16
CHAPTER TWO: LITERATURE REVIEW	18
2.1. Small and Medium Enterprises in Iraq	18
2.1.1. Methods of supporting small and medium enterprises in Iraq	21
2.2. Small and Medium Projects in Kurdistan Region	22
2.2.1. Industrial Projects in Kurdistan region	24
2.2.1.1. The problems and obstacles facing the industrial sector in KRG	26
2.3. The impact and importance of SMEs in job creation and solve unemployment	28
2.4. Small and medium-sized enterprises and their features of KRG	32
2.5. The role of SMEs in economic and social development in society	35
 CHAPTER THREE: TURKEY AND KRG AS TWO SPLIT ECONOMIES	 38
3.1. The economy of Kurdistan region	38
3.1.1. Manufacturing enterprises in KRG	42
3.1.2. The component of manufacturing industries in KRG	46
3.1.2.1. Human resources	46
3.1.2.1.1. Kurdish workforce and its ratio to the population	47
3.1.2.2. The small-size manufacturing industries	48
3.2. The Economy of turkey	49
3.2.1. Manufacturing Enterprises in Turkey	52
3.3. Small and Medium Enterprises (SMEs) in Turkey	55
3.3.1. The Government financial support for SMEs in turkey	57
3.4. The SWOT Analysis for Directorate of supporting Youth's small projects	58

CHAPTER FOUR: RESEARCH METHODOLOGY	60
4.1. Fund for supporting Youth's small project in KRG	60
4.2. Case study	62
4.2.1. The beneficiaries of small loan project	63
4.3. Data collection	69
4.4. Questionnaire data analysis	75
4.4.1 Characteristics of the Respondents or personal information	75
4.4.2. Information about the respondent's business	78
4.4.3. Information about the financial support for small projects	86
4.5. CONCLUSION	103
4.6. RECOMMENDATION	105
Reference	106
Appendix	112
Resume	116

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ÖZET

Küçük ve orta ölçekli işletmeler, en ekonomik faaliyetlerden biridir Ekonomik büyümenin yanı sıra ülkenin ekonomik ve sosyal hedefini gerçekleştirmenin etkili bir yolu olarak gösteriyor. Bu çalışmada, Kürdistan bölgesindeki bir bütün olarak ve özellikle en büyük üç şehirde gençlerin desteklenmesi için hükümetin rolünü inceleyeceğim; Erbil, Suli ve Duhok. Hükümetin küçük ve orta ölçekli projeleri nasıl desteklediğini ve hükümetin Kürdistan bölgesindeki gençlere küçük projeleri desteklemedeki rolü üzerinde odaklanıyorum. Araştırma çalışmasının amaçlarını gerçekleştirmek için, tezim dört bölüme ayrılmıştır: Birinci bölümde, KOBİ'ler hakkında genel tanıtım ve ardından dünyadaki küçük projelerin geçmişi ele alınmaktadır. Ayrıca, KOBİ'lerle ilgili bazı tanımlamalar yaparak, küçük projeleri tanımlamanın birçok yolu var: Bir ülkeden diğerine farklılık. Tezimin çalışma alanını ve çalışma alanının belirtmesinin yeni sırası. İkinci bölüm, literatür taramasında genel olarak Irak'taki KOBİ'lerin ve özellikle Kürdistan bölgesindeki küçük projelerin KR benim çalışma alanım olduğundan, KOBİ'ler 2003 savaşıdan sonra Irak'ta gelişip ve destek vererek, İşsizler ve işsiz insanlar için KOBİ'lerin iş yaratımındaki rolünü gösteriyor. Üçüncü bölüm, Türkiye ve Irak Kürdistan bölgesini iki ayrı ekonomi olarak ele alıyor ve Kürdistan ekonomisi ve Türkiye'yi de gösteriyor, Daha sonra hem Türkiye hem de Kürdistan bölgesinin özellikle KOBİ'lerdeki imalat işletmeleriyle ilgili bazı bilgiler vermektedir. Son bölüm, araştırma metodolojisi gibi bazı bölümlere ayrılmıştır: data toplama ve data analizi. Arazi çalışması süresince, küçük projelerin 150 sahibinden birincil datalar toplandı. Fakat ikinci data MOLSA / gençler için küçük projeyi destekleme müdürlüğünden toplandı. Data toplamak için, yüz yüze görüşme ve Anket kullandım. Daha sonra data analizi için frekans, regresyon, Anova ve korelasyon bulmak için SPSS programı gibi istatistiksel araçlar, sonunda tez projemin sonuç ve önerileri kullandım.

Anahtar Kelimeler: KOBİ'ler, Küçük Projeler, Ekonomik Büyüme, İşsizlik, İş Yaratımı.

ABSTRACT

The small and medium enterprises sector is one of the most economic activity, as well as economic growth as an effective way to achieve the goal of economic and social of the country. In this study, I am going to examine the role of government in supporting small projects for youths in Kurdistan region as a whole and especially in the largest three cities; Erbil, Suli & Duhok., I focus on how government supports small and medium projects and what is the role of government in supporting small projects for youths in Kurdistan region .

In order to achieve the aims of the research study my thesis divided into four chapters, the first chapter deals with the general introduction about SMEs then background of small projects around the world. Also, giving some definitions about SMEs because there are many ways to definition small projects its difference from one country to another country. As well as determine the purpose of study and study area of my thesis. The second chapter is literature review includes the information SMEs in Iraq generally and small projects in Kurdistan region particularly because KR is my study area also SMEs have developed and supported after the war of 2003 in Iraq, then showing the role of SMEs in job creation for unemployed and jobless people. Chapter three deals with the turkey and Iraqi Kurdistan region as two split economies, showing the economy of Kurdistan and turkey as well , then gives some information about manufacturing enterprises of both turkey and Kurdistan region especially in SMEs. The last chapter is research methodology broken into some parts such as: data collection as well as data analysis. During my field work primary data were collected from 150 owners of small projects. But the secondary data were collected from MOLSA / directorate of supporting small project for youths. For data collection I have used face to face interview and Questionnaire. Then For data analysis I used statistical tools such as SPSS program to finding frequency, regression, Anova and correlation as well, finally the conclusion and recommendation of my thesis project.

Keywords: SMEs, Small Projects, Economic Growth, Unemployment, Job Creation

ACRONYMS

SMEs	: Small And Medium Enterprises
OECD	: The Organization For Economic Co-Operation And Development
GDP	: Gross Domestic Product
KBO	: Kurdistan Board Of Investment
KRG	: Kurdistan Region Government
KR	: Kurdistan Region
JICA	: Japan International Corporation Agency
SBA	: Small Business Administration
USA	: United States Of America
SEGEM	: Industrial Training And Development Centre
KOSGEB	: Small And Medium Industry Development Organization
ISKUR	: Turkish Employment Organization
ILO	: International Labor Organization
UNIDO	: The United Nations Industrial Development Organization
EU	: European Union
IFC	: International Finance Corporation
MIF	: Multilateral Investment Fund
TURK STAT	: Turkish Statistical Institute
IFC	: International Finance Corporation
BIO	: Board Of Investment
KRSO	: Kurdistan Region Statistics Office
IMF	: International Monetary Fund
FDI	: Foreign Direct Investment
R&D	: Research And Development
USAID	: U.S Agency For International Development.

LIST OF TABLES

Table: 1. SMEs definition used by multilateral institutions	15
Table: 2. SMEs new definition used for turkey (all sector)	16
Table: 3. Distribution of firms by number of employees in different countries	17
Table: 4. Number of Granted Licenses to Establish Industrial Projects from 2003 until 2008 in Kurdistan region's three main cities	25
Table: 5. Investments achieved in Kurdistan region government	41
Table: 6. The number of SMEs and job opportunities in KRG for 2015	42
Table: 7. The number of MMEs and job opportunities in KRG for 2015	44
Table: 8. Estimated Growth Rate of Real GDP in Turkey and Comparing with Other Countries for the Years 2013 -2014	51
Table: 9. SWOT analysis for directorate of supporting small projects	59
Table: 10. The budget allocated to the project in the year 2011	64
Table: 11. The budget allocated to the project in the year 2012	65
Table: 12. The budget allocated to the project in the year 2013	65
Table: 13. Beneficiaries of the project in the year 2011 until 2016	70
Table: 14. Classification of respondents according to gender	75
Table: 15. Classification of respondents according to education level	77
Table: 16. Classification of respondents according to project place	79
Table: 17. Classification of respondents according to project type	80
Table: 18. Classification of respondents according to the age of the projects through using descriptive statistics analysis	82
Table: 19. Classification of respondents according to the capital of the projects by using descriptive statistics analysis	83
Table: 20. Classification of respondents according to the legal form of the project	83
Table: 21. Classification of respondents to financial support side	86

Table: 22. Classification of respondent's feedback about the amount of the loan	88
Table: 23. Classification of respondents to know their feedback in financial supporting by the government	89
Table: 24. Classification of respondents according to the role of the media	90
Table: 25. Classification of respondent's opinion about the effect of the loan on developing their small business	91
Table: 26. Classification of respondent's about effect this loan on KRG economy	94
Table: 27. Respondent's opinion about effect financial support on increasing domestic product in Kurdistan region	95
Table: 28. The null hypothesis which is there is a relationship between small projects and economic growth in Kurdistan region markets	95
Table: 29. The null hypothesis which there is a relationship between small projects and economic growth in Kurdistan region markets	96
Table: 30. Ignoring small business in Kurdistan region by the government	99
Table: 31. Financial support level for small business in Kurdistan region	102

LIST OF FIGURES

Figure: 1. supporting small and medium enterprises in japan	8
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LIST OF CHARTS

Chart: 1. Number of small manufacturing in KRG	43
Chart: 2. Number of medium manufacturing in KRG	45
Chart: 3. Basic indicators by size class in 2013	54
Chart: 4. The number of beneficiaries in Erbil city during the five years	71
Chart: 5. The number of beneficiaries in Suli city during the five years	72
Chart: 6. The number of beneficiaries in Duhok city during the five years	73
Chart: 7. The number of beneficiaries in Garmiyan city during the five years	74
Chart: 8. Classification of respondents according to Age	76
Chart: 9. Classification of respondents according to project place	78
Chart: 10. Classification of respondents according to project type	80
Chart: 11. Classification of respondents according to the age of the project	81
Chart: 12. Classification of respondents to the legal form of the project	84
Chart: 13. Classification of respondents to the number of job opportunities	85
Chart: 14. Classification of respondents according to the best financial support	87
Chart: 15. Classification according what causes you don't agree	89
Chart: 16. Respondent's rate according to participating training course	91
Chart: 17. Classification according to luck of experience in administrative field	92
Chart: 18. Classification according to luck of experience in technical field	93
Chart: 19. Lack of relationship between SMEs owners with banks	97
Chart: 20. Applying electronic system in SMEs will increase the productivity	98
Chart: 21. Financial supports effect on decreasing unemployment	100
Chart: 22. Ignoring training course or seminar for small business owners	101

CHAPTER ONE

INTRODUCTION

The Organization for Economic Co-operation and Development or more commonly known as (OECD) is a unique forum which is work to promote policies that will improve the economic and social well-being of people around the world and to promote economic growth, profitability, and property development. According to their study estimates that small and medium enterprises account for 90% of firms and employ nearly 63% of the workforce in the whole world. (Munro, 2013).

Nowadays small enterprises are particularly important in any economy. They are the main source of a significant share of job creation and reduce unemployment in any modern day economy, that's why small and medium enterprises are much more important than large business. It has been seen that a large share of the unemployment reduction in many countries around the world in recent times, having these kinds of companies also provide significantly to gross domestic product (GDP) growth around the world. According to the recent studies just In European countries, the number of small and medium business were nearly 16,000,000 against big business and they employed 68.6 million people as against 34.6 million people by big business it's a huge difference as we can see so that difference shows the important of small and medium scale enterprises (The Netherlands, 1997). And the latest survey by World Bank provides a new data on small and medium enterprise Country Indicators for 132 economies. There are 125 million formal SMEs in this set of economies, also including 89 million in emerging markets, this analysis shows that formal small and medium enterprises are more common in high-income economies, that's why the small and medium enterprises density is rising at a faster pace (khrystyna , melina and laura , 2010). In 1992, nearly 53% of all business in America were carried by people working in small and medium businesses (Ayyagari, Meghana, Thorsten Beck, Asli Demirgüç-Kunt, 2005) and between 1988 until 1990. While huge businesses were laying off people, the small businesses were recruiting. This is true fact in many countries worldwide that the small and medium enterprise plays an essential role in job creation and income generation. Small and medium sized business is one of the driving sectors in the growth of the KR's economy. And the main source of revenue for the region mainly receive from the small and medium-sized business in the region.

But unfortunately, the industrial and manufacturing sector especially is small and underdeveloped due to the impact of war, while the small and medium enterprises make up nearly 90% of the composition and structure of the private sector in the Kurdistan region of Iraq, the government seeks to support these facilities provide means of financing. It was set up to supporting youth's small project and supported by the Ministry of Finance to provide financial support to the owners of small and medium enterprises (Kurdistan board of investment, 2015).

In most countries, Small businesses are necessary to success of the economy. Not only just as they present the success stories of the future, but also because they meet local needs in the marketplace for instance (hairdresser, financial consultant).They serve the demand of many larger businesses for example (photography services, printed stationery, catering and routine maintenance).of course, you don't need to set up your own enterprise to be enterprising. Being entrepreneurial simply means developing the right skills, character, and leadership to make an innovative contribution to an organization.

While it must be intuitively obvious that small enterprises are appropriate importance to private Sector growth which is most of the research studies shows that fact , there is significant disagreement within development policy and strategy circles Claims that small and medium enterprises are more effective at creating quality jobs and job creation also, small enterprises are more advanced or grow faster than huge firms have been challenged on the basis of large regress interpretation or on the basis of measuring company registrations and Corporate crumbling (Storey ,1994).Finally, many Economists have noted that some businesses owners don't want to grow bigger their business, they want staying small simply (Gibb 1996; Audretch 2001).

1.1. Aims of the Study:

According to the data by both ministry of planning and higher education in Kurdistan regional government, every year many of the graduates in universities and institutions in the Kurdistan Region looking for an employment and they seeking for jobs from the KRG far outpace the available places which have led to a large number of graduates rejecting access to government departments. But that's a big problem for government also it has a negative effect on the yearly budget.

Unfortunately, the dream of most students after the graduate in university is to seek employment in the government sector which is harmful to the economy and society. So, Hiring must be done according to the needs of government departments, government ministries, percentages of graduates, degrees, professionalism and within the budget allocation of the year, then the hiring process should be by a suitable system, it means a part of the graduates from the universities and institutions should be hiring not all the graduates.

The main Aims of the present this study was selecting the role of government in supporting small projects for youths in Kurdistan region markets. The secondary purpose was to investigate the importance of small projects on the economic development in Kurdistan region. In that case, the government should have a suitable alternative and find a best mechanism to solve those problems through offering loans and mortgages to those who need also supporting youngsters and graduates to establish and start an own project through helping them financially because young people deserve the best opportunities to building a better infrastructure on their hands . In my thesis project, I have focus on how the government support small and medium projects and what is the role of government in supporting small projects for youths in Kurdistan region. In the other hand what is the government responsibility while someone have a good idea to establish an own project but he/she cannot do that because of financial problem.

1.2. Study Area:

According to the economist experts, the majority of jobs and many businesses are ignored in the Kurdistan Region because everybody wants to graduate from university and institutions in fact no one is willing to work in technical or service positions which are the best way to self-income in society.

So, my thesis project needed to be completed in one year because the true data takes time, it means the time required for some of the data collection, data analysis and doing survey also making some interview with entrepreneurs in Kurdistan those who took the loan from the government to establish an own project. It's important to mention why do I selected this area for my thesis project? One of the reasons is Kurdistan region is my mother land and I have already did some survey before which is related to my job, on the other hand depending on my case study I have selected Iraqi Kurdistan region as my thesis study area. While it's not an easy task for me study in turkey and doing survey in Kurdistan region because it really takes too much time to translate those documents and information's from Kurdish language to English which is I have collected while survey.

1.3. Research Hypothesis:

H0 - There is no a relationship between small projects and economic growth in Kurdistan region markets.

H0 - The successful of small projects does not affects the economic development in Kurdistan region cities.

1.4. Background of Small and Medium Enterprises (SMEs):

Accordingly, many people around the world are familiar with the names of large businesses such as Toyota motor company, IBM, ford motor company, Microsoft, Apple, all of which began small. Although some may not recognize most of the today's famous and huge companies were originally very small at the beginning. They were started by either one person or by a small group of talented people (Roth well, 1989).

Most of the recent studies shows that many of the small enterprises start as one person's idea or copying an idea S/he saw in another place (Jones and Tilley, 2003). It means the inventor is usually an entrepreneur who found a gap and opportunity in the market by doing research to know what people needs or a commercial opportunity. Then S/he apply that idea to a marketable product or service. So, Small enterprises even their ability and resources are limited because small firms cannot develop technologies on their own due to high cost. But many of small enterprises play an important role in the job creation and unemployment treatment (Barnir and Smith 2002).

The SMEs have the capacity to change the way speedily at low cost. Because Small enterprises offering some of the best alternatives for creating significant productivity obtained in the global marketplace depend on their flexibility and fast in adapt to the dynamism of the global market (Smallbone and Wyer 2000). Among competitors in small and medium enterprises was provided by Gomes-casseres (1997). He explains and demonstrated through examples that firms are small relative to their competitor need to form alliances with each other so that they can achieve economies of scale and scope in the market.

More recent research suggest the need for small and medium enterprises to collaborate with rival means work together for the common goal to create economies of scale, decrease risk and leverage resources (morris , kocak and ozer 2007). Small and medium enterprises might be able to try this strategy more easily than can huge companies because unlike big firms, also small and medium enterprises can experiment with new business models because they are less compel by existing structure and formal procedures and policies. If small and medium enterprises use the strategy wisely (gnyawali , madhavan 2008) Starting to encourage the small and medium investment in developing countries along the lines of developed countries through a variety of programs to provide necessary.

financing and technical knowledge as the added value of these institutions rose in all the Arab countries about \$ 2.26 billion in 1980 to \$ 40 billion a year in 1990 to reach about \$ 7.53 billion in 1993 and increased its contribution to the GDP of Arab countries from 2.6% in 1980 to 6.10% in 1993 and especially after they proved experimentally that SMEs are a main driver for industrial sector in modern manufacturing industrial nations it represents for example, about 98% of the total industrial enterprises in South Korea also played a key role in achieving the first breakthrough for manufacturing In Japan, where these institutions absorbed 80% of the labor force, while only 20% is the share of major industries (Mubaraki , Mohammed , 1999). Understanding the development from micro to small and medium enterprises in growing countries can help notify both the problem of the “missing middle” in the firm capacity distribution, and probably play an essential role in the draft a way for growth. However, a necessary question is either, and how, SMEs in promoting countries increase from microenterprises, or if they start as SMEs.

Finally, it's important to know that larger firms are also competitors if they are in the same business and that the trend of co-coopetition may cause big firms to change their partners from small and medium enterprises to other large firms. therefore, small enterprises will get fewer opportunities to with big firms because will provide then better opportunities for competing or (catching up) with large firms and for attracting better potential partners in the future (winch and bianchi 2006) .

1.4.1. An example of the global Best Practice in SME Support:

During the last 2 decades, many of the organization for economic co-operation and development (OECD) countries went through various generations of improvement policies to recognize the role of SMEs. It has committed to a laboratory of experiences in which many different methods, tools, and methodologies have been tested. Japan, Singapore, and China, the three Asian countries of successful international experience in small and medium enterprises, seemed a strong economic take-off at the close of time since the fifties of the last century, based on small, medium and micro-enterprises, to write their models of global experiences by example in overcoming poverty also unemployment problems (Radi ,Otoum , 2009). Interesting in this type of business in some countries to the extent that it was forming a special ministry for small and medium enterprises, as happened in France, India, Sri Lanka, Bangladesh, and Malaysia. Shows practical experiences of small-scale industries.

In some developed countries, need requires the presence of this kind of project, and so out of the vital role of these industries in achieving economic and social to these countries targets, prompting many countries to do multiple programs for the development of these projects. And it emphasizes the experiences of many countries, such as Japan, China, India and other Asian countries, to support and encourage small and medium-sized industrial enterprises have achieved a quantum leap remarkable economic and social levels of these countries (Bodah, Abdul Jalil, 2006). during these years a real wisdom was normally accepted: that there are very different unsuccessful ways of developing small and medium-sized enterprises and that SME progress strategies need to apply to the local and public socio-political context. Many countries had success particularly smaller countries, were able to promote and develop competitive SMEs through rather centralized methods. So, small and medium enterprises are composed of between 55% and 80% of the total employment in Western Europe, Japan, and the United States. In terms of contribution to GDP stands at 65% in Japan and 48% in Germany and 45% in the United States of America.

1.4.1.1. The Japanese Experience:

We all know that after the Second World War Japan was destroyed Because of the impact of war. But at the end of 1945 they started economy reform after the war as a first step to rebuilding Japan it was issued five orders to economic reform for instance: Women's liberation, Promote the formation of labor unions, Freedom of education in schools, Cancel the authoritarian political system, Freedom of Economic Organizations. Then they did other important reform like dismantling of economic groups, Prevent excessive concentration of economic power law, (Japan's economy Network , nihon keizai , 1950).

The first step to encourage the development of small and medium enterprises in Japan is developing a clear and precise definition of small and medium enterprises and the granting of exemptions from taxes and fees and the development of rules also regulations by the Japanese government under the encouragement of small and medium enterprises. In 1999 the government established Japanese Corporation for Small and Medium-Scale Enterprise Executive body of the state's policies on these projects, which aims to provide assistance to small and medium enterprises, whether technical , finance , marketing or administrative assistance through :

- 1- Create some financial institutions to provide funding and support for small and medium enterprises.
- 2- Requiring companies that get government tenders that the share of small and medium-sized companies is not less than 30% of the tender value.
- 3- Facilitate access to bank loans on favorable terms, and find a loan guarantee provided by small and medium enterprises system and play Credit Guarantee Corporation.
- 4- Exemption from income tax for specific periods of time, subject to renewal, and provide a tax system that encourages investment in the introduction of modern technology in small enterprises, and another tax system encourages the establishment of small industries in remote areas.



Figure: 1. supporting small and medium enterprises in japan

Source: SMEs agency in japan

The above figure shows that the Japanese government interesting and care about small projects. So, the Japanese experience considered in establishment and development of small and medium enterprises. Japan is one of the richest international experiences, it serves as a model that can be emulated by all countries wishing to develop their economies and to overcome the problems of unemployment and poverty, that was the first step to encourage the development of small and medium-sized projects in Japan. it is clear and specific definition of small and medium enterprises also its the granting of exemptions from taxes and fees, and the development of rules and regulations by the Japanese government under the encouragement for small and medium enterprises projects are mainly dependent on direct state support, which

is showed in the provision of technical, financial, administrative and marketing assistance to those projects, and protection from failure and allow them to obtain interest-free loans without collateral (Ministry of Economy, Trade and Industry, 2013).

Form 1945 until 1970 Japanese economic increased quickly, now everyone know that fact japan is one of the most technically advanced in the world. Japanese government provide grants for small and medium businesses to improve this sector and focus on the vulnerability of small and medium-sized companies points, and regarded as a person incompetent and lacks logic is a big mistake, that SMEs are not necessarily inefficient, in many cases, be caused by inefficient production is influenced by the circumstances of those circumstances Administrative. That's why SMEs account for 99.7% percent of the total companies in japan and 70% percent of all employees and permanent workers employed in small and medium-sized companies (Ministry of Economy, Trade and Industry, 2013). Japan has more than 50,000 Foundation for small and medium-sized projects also depending on studies in 2013 japan has 4 million small and medium enterprises, Because it considered SMEs suitable for creating new jobs and solve the unemployment environment (The prime economic statistics for the Census in 2009).

Small and medium-sized businesses occuppies more than 50% percent of all added value (manufacturing industry sector in Japan), which is form the infrastructure of the Japanese economy, Even such huge companies as Sony, Toyota, Honda, Fuji, etc... started as small factories at the beginning, and the revitalization of small and medium-sized companies could promote competition in the marketplace, and is considered to driving the motive force to creating new projects and to transform the economic restructuring(nihon keizai , 1950). Most of the products of large companies made up of pieces made in subcontracting companies it means consist of components from SMEs subcontractors, with the deep support of small and medium-sized businesses trust Japanese products. The economies of Japan's provincial area are supported by the activities of SMEs and supporting the local economy by the activities of SMEs which focus on the service sector, retail trade, construction sector, and these companies play a role in stimulating the local economy and increase employment (Ministry of Economy, Trade and Industry, 2013).

In September, 2013 I've participated in a training course in Japan was about small and medium enterprises development organized by Japan International Corporation Agency more commonly known (JICA), during the field visits to some of the small companies and private institutes to training the staff of employees in the public sector also the private sector, which was a part of our daily activity in the training program. We have visited some of those training centers in Aichi province which is known by (a city of industry) so, I noticed the main training provided includes training for management successors, training for managers courses to cultivate SMEs, management consultancy. And the target participants are: SMEs operators and supporters (staff at commercial and industrial associations who provide management guidance etc... and the most important thing was that, the courses do not only take the form of courses held at the small and medium enterprises universities themselves. But also include courses held in areas with training needs and online courses via the internet. The total of 9 small and medium enterprises universities nationwide have been established in year 1962, to support the development of SMEs personnel. Improving the level of knowledge among SMEs managers, to changing their ways of thinking and cultivating small and medium enterprises supporters is vital in securing the management base of SMEs. It's important to mention, According to ministry of economy, trade and industry the number of participants in those universities are 16000 annually, more than 560000 people have attended courses since the universities opened in 1962 (SMEs agency, 2013).

1.4.1.2. The American Experience:

American experience in supporting small and medium project is the important lessons for those countries that seek to make the sector is the engine of their economies, after World War II the United States changed many of the economic strategy plans and programs to achieve development of small enterprise sector, including created many governmental organizations to assist the development of small enterprises, such as the Small Business Administration more commonly known (SBA) is a government institution established in 1953, it specializes in the implementation of national policy for the establishment and development of SMEs and aims to help American entrepreneurs to set up and run a successful small business. Because Small and medium enterprises are necessary to the U.S. economy. According to studies in America SMEs represent nearly over 99 % of employer firms in the United States and account for just over half of all private sector employment in the United States (U.S. small business administration, 2016).

In 1980-1982, many American people those who lost their jobs in larger companies established their personal small businesses to stay afloat during the hard times. Then the number of small enterprises in America increased because of the goal of running one's own business, also in 1992, 53% of all jobs in America were held by working people in small businesses (Stoner, et al, 1996). This administration is providing small business advisory services and financial aid, and assist in the provision of loans for these projects directly or indirectly. Direct loan done by small businesses the same management, the loan shall be indirect through other lending institution, but it is guaranteed by 90% of small business management and development of small enterprises centers, Colleges, universities, through providing consulting and seminars, training as well , Help small businesses through selling their products and services to the federal government., Tax exemptions for small projects of up to 20% , granting loans for projects Prone to natural disasters , granting loans to small enterprises that are unable to provide a self-financing and at a reasonable and affordable terms , finally The development of managerial and technical skills to the owners of existing and prospective projects, Through the providing of training programs (De Chiara, Alessandra, and Antonio , 2002).

the USA intervened to issue in 1953 a special law which emphasizes its role in maintaining equal opportunities by protecting the interests of small and medium businesses, has also been allocated federal agency to help these projects currently works in this agency around 3,000 client budget approaching \$ 500 million annually, which owns 69 branches in the US territory has benefited about 20 million small facilities during the 50 years of support SBE, and contributed to the transmission of a number of small projects to large companies, as happened to the companies Apple, Intel and Federal Express, Compaq and American online.

While we are facing the largest capitalist economy in the world, it did not prevent the state from protecting these projects and support even beyond all the financing and marketing restriction. Although some of the features of the experiment may not agree with the Arab economic environment, privacy, it continues to experience full of lessons for countries striving to expand the field of small projects. So, in America, the retail sector is dramatically freer than in many of European countries, and the U.S market is more integrated than European markets. Strong retailers could develop and grow into the internal or global connection. This can make the high street a little less strange, but it makes for higher

productivity, more job creation, And less rottenness in order to protect this sector because just under 80% of enterprises employ fewer than 10 people in America (United States, SBA).

The agency managed during the nineties to raise annual growth to small businesses rate to 3.8%, and the number of projects to more than 22 million non-agricultural projects, and employs about 53% of the workforce, as achieved 47% of the total United States sales, the contribution of 50% of US GDP, leaving the other half for large projects. It also helped small business project in converting a lot of labor from the agricultural and industrial to trade and services sector, where increasing to establish small project opportunities, as well as put up job opportunities to absorb laid-off from major corporations (Guay, Terrence , 2007)

1.4.1.3. The Turkish experience:

Small and medium-sized enterprises play a very important role in the Turkish economy or we can say SMEs are a major part of the Turkish economy, because of their high number and the huge share of the workforce required in the total employment. So, the government authorities have for many years carried out a variation of programmes to support these businesses. Then design and implementation of such programmes have received since Turkey joined the Customs Union with the European Union on 1 January 1996, also increasing attention and the authorities are developing them in a framework of international co-operation (OECD , 2004).

The entry of huge numbers of youths into the labor market in recent years and a large shift of jobs from the agriculture sector to industry and service sector, also the growth ranks of women in the labor market (women accounted for only 27% percent of the formal job force in 2000) will need much more new job creation in industry and services over the years ahead through establishing or improving small and medium-sized enterprises government could achieve this goal. Turkish government developed a particular SME's policy and created Industrial Training and Development Centre (SEGEM) and Small and Medium Industry Development Organization (KOSGEB) in 1990, as an important instrument for the performance of these policies, then started the project for those who wants to establish their own business can take a financial grant from the (KOSGEB project) Small and Medium Industry Development Organization which supports the idea of establishing a special work by giving loans, through this project millions of people became the heads of the Turkish labor market (Ministry of Industry and Trade kosgeb , 2003).

The first small and medium-sized enterprises Plan in turkey which was a very important step in 1996 while creation of the Customs Union with the European Union at that time which strongly increase the influence of global competition on Turkish industry , especially small and medium-sized enterprises. KOSGEB management provides supporting and development of small and medium enterprises in collaboration with the provision of employment opportunities and the Turkish Employment Organization "ISKUR" financial grant worth 30 thousand Turkish lire for those who establishes his own business. Entrepreneurs who can disagree with the specified criteria to get 30 thousand TL as a financial support. So, Entrepreneurs developers to work with high value-added, using the techniques of modern technology are getting a financial loan of 70 thousand TL Without any interest then return the loan after 36 months (Small and Medium Industry Development Organization , KOSGEB , 2013).

1.5. Definitions of Small and Medium Enterprises

According to The Organization for Economic Co-operation and Development (OECD) estimates that SMEs account for 90% of firms and employee 63% of the workforce in the whole world (Tom Gibson, 2008). So, this is a big rate of small and medium enterprises also tells us it's not easy to find one Standard definition of SMEs, there seem to be no globally accepted definition of SMEs because countries define SMEs differently and the recent study by the International Labor Organization more commonly known as (ILO) shows that there is no a universal definition for small and medium enterprises because one of the main challenges in improving a cross-country analysis of SME data is the lack of Standard definition of SMEs, because there are identifies more than 50 definitions in 75 countries around the world (Tom Gibson and van der Vaart , 2008).The United Nations Industrial Development Organization (UNIDO) small projects are those projects which managed by one owner and the number of employees ranging between (10-50) employee.

The official definitions of small and medium enterprises by 120 private financial institution and governments around the world are some variables such as the number of employees, assets, turnover, capital, and investment as well. Those variables are the most common characteristics of SME's definition (Khrystyna Kushnir, Melina Laura, Rita Ramalho , 2010). Some experts in Economic Sciences says the most popular standard to discriminate between the large and small-sized enterprises are the number of employees

(Ayyagari, Meghana, Thorsten Beck, Asli Demirgüç-Kunt, 2005). It means in some cases a definition of small and medium enterprises focused or based on the number of employees, which differ according to the sector. For instance, in Canada, if the business was industry sector like goods-producing firms are supposed or called “small” and having less than 100 employees, while for service-producing firms the cut-off point is 50 employees. Over that size and up to 499 employees a firm is called medium-sized. The word “SMEs” (for small and medium-sized enterprise) apply to all businesses with less than 500 employees, although firms with 500 or more than 500 employees are classified as “large” enterprises. But in Japan the definition of small and medium-sized enterprises in 1947 was considered the number of employees generally if the company have less than 200 employees, but that was the first definition of SMEs after the war and rebuilding the Japanese economy then changed step by step. As we all know that small and medium-sized enterprises potentially the most dynamic sector of the economy also it's a key for overall economic well-being and SMEs play an increasingly important role in the global economy, with a growing proportion now doing business internationally. Just in EU small and medium-sized enterprises represents 99% of all companies also in China nearly 10 million SMEs representing 99% of the total enterprise (International Finance Corporation, 2016).

1.5.1. An example of Some Different Countries Definitions for Small and Medium Enterprises:

1.5.1.1. In Australia: a small enterprise is defined as a business employing less than 20 people. And micro enterprises employing (0-5) employee, medium enterprises employing (20-200) employee.

1.5.1.2. In Jordan: depending on the Hashemite kingdom of Jordan department of statistics (DOS) report, small and medium enterprises are defined in terms of size, those companies employing less than 200 employees and having sales of less than 5 billion dollars a year. Also micro enterprises are defined employing (1-4) employee, small size employing (5-19) employee, medium size employing (20-99) employee.

1.5.1.3. In Saudi Arabia: according to Saudi Arabian general investment authority small enterprises are defined employing less than 60 employees, medium enterprises less than 100 employees and SMEs are companies with up to 20 million riyals which equal (5.3 million \$) in export or sales.

1.5.1.4. In Kuwait: Kuwait small projects development company , a state - financed fund that takes the equity share in SMEs.in Kuwait the number of employees doesn't appear to be used as size criteria but considers with having capital up to 150,000 Kuwait dinar (520,000\$) as small and those with less than 500,000 \$ dinar (1.7 million \$) as medium size.

1.5.1.5. In Singapore: Singapore department of statistics small and medium business are defined as follows: in the manufacturing sector, SMEs are considered with net fixed asset investment less than 15 million dollars but for non-manufacturing sector, SMEs with employment size less than 200 employees.

Imagine, for instance, a study of small and medium enterprises between officials of the multilateral development organizations and foundations, each of them thinking differently within the context of the official or standard definition of his or her own institution, as represented below by the maximum size standard for SMEs.

Table: 1. SMEs definition used by multilateral institutions:

institution	maximum # of employee	Max. revenues or turnover	maximum assets \$
World bank	300	15,000,000	15,000,000
MIF- IADB	100	3,000,000	none
African development bank	50	none	none
Asian development bank	no official definition	none	none
UNDP	200	none	none

Source: international finance corporation (IFC, 2013)

Characteristic of the regarding among these definitions are the large difference between how the World Bank and the Multilateral Investment Fund (MIF) of the InterAmerican Development Bank (IADB), let alone the African Development Bank (AF DB), define SMEs. As Table 1 shows, the World Bank's definition of small and medium enterprises includes businesses three times bigger by employees and five times bigger by turnover or assets than the largest SME under the MIF definition as we can see the above table whatever explains this

disproportionality between the two definitions, it is unlikely to be a scientific distinction. If you note the definitions none of these organization set a minimum definition for SMEs.

1.5.1.6. In Turkey: depending on Turkish statistical institute (Turk stat) didn't have a unified definition for SMEs. Micro enterprises are defined employing (1-20) employee, small enterprises employing (20-49) employee, medium enterprises employing (50-249) it means less than 250 employees. Small and medium enterprises economic entities, which employee less than 250 persons and which have a yearly turnover or a yearly balance sheet not exceeding 25 million Turkish lire (15.15 million euros).

Table: 2. SMEs new definition used for turkey (all sector):

Criteria for definition	Micro enterprises	Small enterprises	Medium enterprises
Staff head count	Less than 10	Less than 50	Less than 250
Annual turnover	≤ 1 million TL	≤ 5 million TL	≤ 25 million TL
Annual balance sheet	≤ 1 million TL	≤ 5 million TL	≤ 25 million TL

Source: Turkish Small and Medium Size Enterprises Statistics, 2013.

On the other hand According to the latest report by the Turkish statistical institute in 2013, Small and Medium-Sized Enterprises (SMEs) constitute 99.9% of the total number of enterprises, and 76% of employment, also 53% of payment and wages, 63% of turnover, 53.3% of value added at factor cost and 53.7% of gross investment in tangible goods (Turk stat , 2013). At the same time, the study shows that the Trade sector in 2011 had the highest rate of employment in SMEs. In Wholesale and Retail Trade, Repair of Motorcycles sector that has the highest percentage of the number of enterprise, share of employment is 30.6%, share of wages and salaries is 24.7%, share of turnover is 53.4%, and share of gross investment in tangible goods is 22.7%.

1.5.1.7. In Iraq: the ministry of commerce and industry considers small size enterprises employing (1-9) and for medium size enterprises employing (10-29) employee.

Each country trying to exercise the freedom to define SMEs specifically, as the aftermath of which today's SMEs theory counts with a great host of definitions. The following table (Table three) presents some of them.

Table: 3. distribution of firms by number of employees in different countries:

Countries	Micro	Small	Medium
EU countries	1-9	10-49	50-249
Australia	0-9	10-49	50-199
Canada	0-9	10-49	50-499
japan	4-9	10-49	50-249
Korea	5-9	10-49	50-199
Mexico	0-10	11-50	51-250
new Zealand	1-9	10-49	50-99
turkey	1-19	20-49	50-249
united states	1-9	10-99	100-499

Source: the Organization for Economic Co-operation and Development, 2010.

Finally, we noted that there is no a single agreed definition of SMEs globally where the definition differed from one country to another, but some variables are considered in most government definitions which is similar with each other. Many countries use the standard number of workers to distinguish between projects to an easy measurement of this standard definition as we can see the table 3 small and medium enterprises focused or based on the number of employees, and because it is consistent and uniform standard is not linked to price changes, as in the standard size of the capital invested. Some states use the standard size of invested capital it means using two variables together to distinguish between projects.

CHAPTER TWO

LITERATURE REVIEW

2.1. Small and Medium Enterprises in Iraq

Small and medium-sized industries in Iraq Play a very important role in the Iraqi economy through space operated at the level of industrial projects as a whole. With a total of small enterprises according to the ministry of trade is (11131) industrial projects in 2010 where the rate was (95%) of the total industrial projects, The workers in small industries ratio form about 16% of total employment in the industrial sector in Iraq as well as With a total staff stood in the small industrial projects (36,898) factor, despite limited support and is effective for the growth and development of this important sector, but unfortunately now there is no any real data because of war affect and financial crises most of the foreign companies have leaved the Iraq. either through overcoming obstacles or production quality control or increase the productive capacity or support the capacity of these industries to compete with foreign counterparts (Abdul Hadi, Abdel-Gawad , 2008).

SMEs accounting for 95% of the total industrial projects in Iraq, but Medium projects comprising (0.5%) The workers in the form of small projects were approximately 16% of total employment in the industrial sector for the year 2010 in Iraq, so it has to be the expansion of these industries in order to accommodate a greater number of young unemployed to work And who have a desire to work in either medium enterprises were the proportion of employees (0.4%)As this dependence on what is available from local production requirements led this fact to be focused generally small industries in the industrial areas of narrow and limited, such as food, printing and publishing industry non-metallic mineral products industry products Occupies (Ahmed Rafaat, d. Badr, Abdi Monem , 2003).

The development of SMEs in Iraq has been actively supported by the United States (US) government after the war of 2003 according to the Iraqi government and ministry of planning particularly by the United States Agency for International Development which is known as a (USAID Tijara), while US-located microfinance and small and medium enterprises have received a little support and encouraging from the federal government. SMEs and microfinance in Iraq and the US operate quite differently as well as under the dissimilar or different regulatory plan and system. So, those differences have impacted their economic

successes. because small and medium enterprises as well as microfinance in Iraq have been very successful in creating new jobs and have experienced outstanding repayment rates, while these in the united states have experienced high default rates, failures in meeting program goals and a common lack of self-sufficiency or sustainability.

Microfinance institutions (MFIs) which are run by United States Agency for International Development (USID) have become equipment of the international community. For nearly over thirty years, microfinance has successfully supported and encouraged entrepreneurship by giving money to needy people all over the world. The development of the microfinance and micro lending has generated significant research investment in this industry and its global growth. the United States government through the U.S. Agency for International Development (USAID) which is a global organization has successfully created programs In Iraq that's why it has a lion's share and that have provided more than 132,000 microloans after the war of 2003 and at the beginning of rebuilding of infrastructure for Iraqi economy worth a combined value of over \$300 million dollar as a first batch. According to USID organization, the loans have equalized \$1500 at 15- 18% interest rates with a repayment rate of over 98%. This is a good opportunity and financial supporting for those who don't have enough money to running their project at the beginning (US Federal News Service, 2009).

The growth of small and medium enterprises (SMEs) should be an element in a general strategy which designed to diversify the Iraq economy especially rebuilding Iraqi economy and encourage the creation of more productive and suitable jobs for women and men. Sustainable business development, accommodating firms of all sizes over many areas, is the only key component to successful private sector development. also, The International Labor Organization or more commonly known as (ILO) and United Nations Office for Project Services (UNOPS) together have run the Private Sector Development Programme especially for small and medium enterprises in Iraq as a partnership with the Government of Iraq and other social associates, including the Economic Reform and Diversification Sector Outcome Team (J. DeLong and Martha olney, 2013).

They started their work in 2008 until 2012 to create a comprehensive framework for private sector development as well as supporting private sector development.in Iraq depending on the USID and UNOPS organization survey Many small and medium-sized enterprises (MSMEs) in Iraq are informal and have chosen not to comply with the legal and

regulatory administrative as well as the survey shows that most of the MSMEs were also found to operate with low levels of investment in technology or skilled labor. Because it is unsuccessfully implemented or unnecessary. for this reason that the two MSME study lead in the year 2011 chose to focus particularly on the experiences of informal small and medium enterprises around the country.

The first SMEs study collected data and information from 4,000 SMEs projects in only ten governorates randomly in the city and rural locations. But the second study drew from 533 respondents in only three governorates. Both studies focused on informal SMEs in four Sectors: construction, agriculture, production, commerce and retail, as well as other Services. Practically all enterprises which surveyed in the first study were not associated and they don't have basic information in import or export markets: none sold their product (good or services) outside of the country and none imported goods or services from outside. But in the second study just only 40% percent of respondent enterprises indicated they had previously attempted to expand their businesses by entering new markets. The most common problems experienced by those enterprises were the lack of access to finance for development their projects, as well as the lack of information regard new market which is the only way to improve their business and become a global business.

The united states-based Centre for International Private Enterprise (CIPE) in 2007, surveyed more than 1,630 businesses throughout Iraq. The sample was selected randomly from the registers of several Iraqi chambers of trade and the Iraqi Businessmen Union. While there were regional many the outcomes of the study and most of them respondents indicated they were expecting reform in government policies toward the enterprise community and high access to foreign markets. In 2008, UN Office for Project Services (UNOPS) with the international labor organization (ILO) together surveyed 950 microfinance and small enterprises of Iraq in the central, northern and southern areas as well to fully understand the component of the (MSEs) sector and their working environment for instance:(parliamentary, institutional ,administrative) so, to recognize their challenges and needs. finally, The study found that many of microfinance and small enterprises (MSEs) work informally with limited access to finance their projects also Access to credit and to business development services even they are not able to administrative their business formally and adapting with new technology to entering new markets (USIAD , ILO , UNOPS report 2008).

According to those reports and studies which present a rich collection of data and knowledge on the SMEs sector in Iraq by (USID , UNOPS , ILO etc....) all of them says The microfinance and small industries sector in Iraq have an important place within the industrial sector where the number of industrial Small projects working (11131) project in 2010, which accounted for 69% of the total number of industrial projects Small due to suspension of these projects and to the lack of political vision of successive governments as well as the lack of interest in the sector Industrial, which is the fundamental basis for building material strong fundamentals of the economy and freedom from economic dependence of countries and Industrial Through these results we note the number of projects during the period under these studies and attributed the reason to the fact that the sector Industrial has a good role in solving economic problems and has a major economic dilemmas because of wars and control the central The state, as well as The small and medium-sized industrial projects are the only key role in the Economic decision-makers in developed and developing countries too , and is considered a cornerstone in the process of economic development And social, due to positive economic paybacks on the national economy which led to the weakness of the private sector contribution to the growth of the Iraqi economy and industrial retardation And aging infrastructure. But after 2003, and was succeeded by the effects of the occupation on the Iraqi economy, particularly the industrial sector is the lack of economic development policy and the development of industrial projects as we know (Christopher foote , William block , Keith crane and Simon gray , 2004).

2.1.1. Methods of supporting small and medium enterprises in Iraq:

Iraq needs to diversify because we all know that Iraq has a huge amount of oil and natural resources as well, that's why the main income source is oil income, and according to the government Oil currently dominates Iraq's economy, providing over 90 percent of government revenue and 80 percent of foreign exchange earnings. In that case, the Iraqi government should create new opportunities and be supporting other sectors like most of the Arabian countries did that For instance developing (agriculture, tourism, education etc...) sector. (Christopher Foote, William block, Keith crane and Simon gray, 2004) However, a peaceful and sustainable future of Iraq requires the development of a more diversified economy and improvement of small and medium-sized enterprises (SMEs).

then the development of the private sector and other which is very important because (SMEs) could be an active and sustainable source of employment for both gender women and men as well (Michael , todaro , 2012).

The biggest problem which destroyed the Iraqi economy over the past three decades was the impact of wars with Iran, United States of America and Gulf war as well. So, the Iraqi economy suffered from costly militarization, three wars, and pervasive nation invasion and over a decade of global punishment. As a result, Iraq's Gross Domestic Product (GDP) per capita is estimated to have decreased from over US\$3,600 in the beginning 1980s to between US\$700 and US\$1,000 in 2001. For the purpose of supporting small income-generating projects through the provision of soft loans and in the context of the completion of the ability to use and employment in the Decent Work Agenda and to reduce unemployment and expand the size of the operating culture Self and self-employment also encouraging individual initiatives The Iraqi government has issued support small income-generating projects, which the law of financing small projects that do not The number of employees more than 10 people that amount is not more than 20 million Iraqi dinars and an interest-free Grants for the development of small enterprises by providing business professional creators who have developed ideas so It has been the establishment of a fund called (fund to support small income-generating projects) in the MOLSA (MOLSA / IRAQ , 2008).

2.2. Small and Medium Projects in Kurdistan Region

After the past ten years The Kurdistan Region just focused completely on housing and construction sector, but nowadays Kurdistan is preparing to change their strategy investment approach to more focus on new areas of international and local investment such as industry sector especially supporting SMEs ,in that case The government must focus on profitable industries and facilitate the conditions to implement tourism sector and agriculture sector, because the KR has a wide spaces that are suitable for agriculture, in addition to natural touristic regions that can attract tourists, especially during summer time (KRG board of investment , 2014).

The biggest and visible change in Kurdish region society after the year 1991 and got independence from Iraq was the rise of the city population due to the land reforms and the wars in the countryside. Where the lack of small and medium-sized industrial enterprises (SMEs) seriously hindered their transformation into salary laborers. The Kurdistan region from accessing merchant capital that could have encouraged entrepreneurship , private markets and economic growth , even though the Kurdistan is situated inside the important trade route with Iran , Europe, turkey. (USIAD report, 2012) According to the statistics data which collected by Al-Monitor foundation at the beginning of July 2013 from the General Investment officials in the Kurdistan Region, international and local investments have reached \$24.5 billion across 521 projects extending over an area of 8500 property in the region's three main cities, Erbil, Sulaymaniyah and Dohuk as well investors should launch industrial projects. So, that huge amount of money tells us we should setup and support small and medium-sized enterprise because it is much better than investment on housing and just focus on construction projects.so, after Kurdistan's parliament issued Investment Law No. 4 in the year 2006 the government started granting the permit for investment projects in Kurdistan region (KRG board of investment, 2014). Also on the hand the government facilitates some private instruction for foreign companies for the purpose of attracting them to work in the Kurdistan region that was really helpful for international companies.

In 2011 Kurdistan region government / ministry of labor and social affairs, established a general directorate for supporting small projects for youths through paying money for those who have the plan to establish self-project without taking any surplus and any tax and participating them in the training program also, Small and medium enterprises are the only way to economic growth and job creation engines and SMEs are the active main drivers of economic growth. These projects have the ability to create private jobs for those who move from the countryside to the city. But in fact, these projects need to ability to access credit and start work also. Then growing these small projects by financial supporting and Follow-up permanently and helped the Ministry of Labor and Social Affairs in Kurdistan region through a project that began in 2011 to direct funding for more than (8137) small project in the region's three main cities plus Kalar city from the beginning till now, increasing the productivity of these projects and has become now employs about nearly (10) thousand youngster, that number is really important to increasing infrastructure in Kurdistan region (KRG / MOLSA , 2016).

Generally, SMEs in poor economies is the difficulty of obtaining access to financing their business but large firms in these countries could more secure financial assistance because they could receive special government backing also, they have assets that can serve as a guarantee for loans (USIAD report, 2012).

in 2012 Kurdistan regional / ministry of planning as a long strategy for Regional Development of Kurdistan Region decided to Create a special fund just for financing and supporting small and medium-sized enterprises (SMEs) which help the current industrial companies especially through contribute their products (goods or service) to the existing industrial companies, in addition to finding the best solution for unemployment problem through creating new job opportunities particularly for graduates and encouraging integration between private and public industrial sectors. So, the government could achieve these goals through establishing or supporting small and medium- sized enterprise. but unfortunately, the difficulty of establishing and supporting small and medium-sized enterprises (SMEs) is a financial reason because Kurdistan has a critical financial crisis right now especially having war with ISIS over the past two years have destroyed Kurdistan economy and many foreign companies which they invested their capital in Kurdistan after the war started in 2014 they turned back to their country and leave the Kurdistan because of war impact. on another hand mainly because of poor funding and administrative obstacles that's why most of the commercial banks in Kurdistan turning away from loaning for small, medium and big enterprises because of financial crises (KRG / ministry of planning strategy 2013-2020).

2.2.1. Industrial Projects in Kurdistan region

After the war of 2003 in Iraq, the number of factories and industrial projects both small and medium-sized 15% increased. In that case the Kurdistan government has been issuing many licenses for supporting small and medium-sized enterprises as well as for setting up private industrial projects, including different industrial sectors, and been shoring up industrial projects by issuing soft loans and promoting investors' addition of land pieces for their industrial projects, as well as helping them to get needed operation requirements, in 2004 the developing and supporting SMEs was the main goal of the government and increasing the private sector contribution to economy and development.

Table: 4. Number of Granted Licenses to Establish Industrial Projects (small and medium-sized) from 2003 until 2008 in Kurdistan region's three main cities.

Governorate / Year	2003	2004	2005	2006	2007	2008
Erbil	29	54	101	84	95	14
Duhok	9	27	77	45	36	43
Sulaymaniyah	63	135	190	104	87	57
Total	101	216	368	233	218	114

Source: Ministry of Commerce and Industry/KRG

As we can see the number of industrial projects both small and medium-sized in 2003 were just 29 project but in 2005 increased that number to 101 project which is a good rate for just two years but unfortunately again decreased that number in 2008 for only just 14 project, because of the bad strategy and non-supporting those small and medium projects by the government. The growth of the industrial sector must be encouraged by establishing small and medium-sized enterprises. Because the current situation of the Region needs to more organize the Market as well as more success of Economy and Industry Sectors, even we have faced the financial crises right now but we should hard working and developing our small and medium-sized enterprises sector step by step.

According to the Kurdistan region statistical office (KRSO) survey in 2013, the number of small enterprises totally are 10,387 projects. Also, the number of medium-sized enterprises are 182 projects unfortunately that few number tells us we have ignored these sector in Kurdistan region, because the only key to developing economy is supporting and encouraging the small and medium-sized enterprises the importance of investing in the industrial sector in Kurdistan region and its role in job creation and creating economic growth in the Kurdistan region despite the presence of the number of problems with the development of that sector .on the other hand, the government has not allocated investment expenditures, but the amounts are very small (KRG/ Ministry of Commerce and Industry, 2013).

In 2010 the Government has allocated 75 billion dinars from the public budget and 50 billion dinars for the year 2011, respectively, in the form of banking facilities to support the private industrial sector and supporting small and medium-sized enterprises, which was not any better than the public sector. However, in 2010 the private sector has not been able to benefit from it because of the Ministries of Industry and Finance's ability to activate the Industrial Bank and to issue the necessary instructions to take it. But In 2011, because of the administrative complexity and many conditions and despite the intervention of deputies in the parliament to amend the instructions for the exchange mechanism, the private sector has not been able to take full advantage of it (KRG/ ministry of planning ,2013).

2.2.1.1. The problems and obstacles facing the industrial sector in KRG:

Despite the apparent success of the invasion of Kurdistan region, and extremely important of the industry in the strategy of the countries' economies and in rising the economic as well as social status of the population and states turn which adopt various policies to achieve the limits required in the economic development and in the development of the industrial sector. But obstacles and significant problems emerged strongly that have affected heavily on industry and development which community was hoped to be achieved. It has helped to that set of circumstances and factors that led to the failure of the industrial sector, mostly notably, the weakness and backwardness of the system of political, economic, social and culture environment and not to take advantage of the economic circumstances that had happened resulting in the large number of persistent inflation in the market and market liberalization in Iraq and in general economic instability.

- 1- Limited the ability of business owner's especially small enterprises in obtaining funding sources or financial access which they need in industrial activities.
- 2- Technical problems or the lack of technical manpower and trained.
- 3- Administrative, Organizational and Marketing problems.
- 4- The problem of access to information for the purpose of investment and technologies used in this area.
- 5- The domestic industries do not have the ability to compete with foreign goods due to high production costs of raw materials and production requirements, in addition to weakness at its

disposal from the point of protection and the lack of measures to protect the consumer on the other.

6- The Lack of a clear strategy for industrial development.

8- The lack of interest in research and studies centers and industrial development.

Depending on USAID survey in 2008 the government strategy for Industrial and Trade sector reform has the implied to have a wide positive impact on the Kurdistan region economy. The import side of a trade is growing but needs more effective inspection procedures. The KRG needs to more develop and care more about customer protection laws to implement greater responsibility for those who import tainted as well as Export trade, the highest potential part of which will be another sector like agricultural products because the agriculture is underdeveloped while Kurdistan regional land is suitable for farming. Even the Large-sized enterprises are particularly non-existent the Iraq as well as in Kurdistan region. In that case, the KRG should promote industrial sector especially small and medium-sized enterprises, as well as the government, should extend training and education Programs, such as internships with global petroleum sector, international industrial companies, to Support small projects to be stronger in the marketplace (USIAD survey, 2008).

As a ministry of planning in Kurdistan region says over the past several years The Kurdistan economy has been growing from 8% to 25% percent per year. Many Companies who work and doing their businesses are from neighboring countries, which is led by Turkey because Turkish companies have lions share in investment currently and trade in Region, as well as others followed by Gulf countries, also Asian companies and European companies mostly in working in the oil sector. According to KIB survey in 2007 Private investment in the Kurdistan Region was US\$7.6 billion (KRG/ ministry of planning, 2013).

Finally, however, comparing the three provinces together noted the province of Erbil to have a lion share of small size industrial enterprises due to the Kurdistan region government concentration on capital, increasing the security level, public investment in construction, foreign direct investment and raising the local demand due to an increase in the standard of living. In that case the government should work hard to promote the Region as an excellent business location in The Middle East especially developing small and medium-sized enterprises. However, it will not be enough to have a competitive influence in prices, also the cost of labor and security to encourage small and medium enterprises investment is very important for the Kurdistan region.

2.3. The impact and importance of small and medium enterprises in job creation and solve unemployment.

Small and medium enterprises have played an important and prominent role in economic and social activities in the KR for achieving development and reduce the unemployment rate also the creation of employment for a large number of manpower and jobs as well as create income for them and the owners of these projects, which will contribute to raising the standard of living of categories many members of the community. Industrial and commercial projects sector contribute significantly to reducing the unemployment rate more than other projects, such as service , transportation, and construction as well (KRG , 2015) .

Constitute a solution to the problem of unemployment is the biggest development challenges facing the world especially Iraqi Kurdistan region as an example, the fact is that unemployment rates are the highest in the world on the other hand because of the Arab labor force is growing at a faster rate compared to other regions of the world. This requires finding quick and effective solutions to the problem of unemployment in the Arab countries, especially as unemployment concentrated among the youth and job seekers for the first time, what might the consequent social repercussions. And spin a lot of formal and informal expectations about the consideration that the small and medium-sized enterprises will be the locomotive for economic growth in the Arab countries in the coming decades.

The number of factors that make up the ballasts impedes development and economic as well as social development. On top of these factors, unemployment, population growth and weak growth and lack of investment is other rates come. The global financial crisis came to loosen a shadow over this reality and make it darker. In spite of the differences in the economic realities of the Arab countries, but there are common affairs needs an integrated vision in order to develop integrated plans in order to alleviate the current crisis, especially with regard to the Kurdistan region youths. To mitigate the severity of unemployment problem and try to control or solve it, experts, theorists and many Arab local and international reports suggest on the interest in the establishment of projects, especially small and medium-sized enterprises, after this sector has achieved the economies of many countries in the field of development and improvement of economic indicators, also its interaction and adapt it easy as well as fast with the social environment, and claimed to be the largest proportion to provide employment opportunities.

To put these mechanisms into effect the required accuracy that would ensure the achievement of the desired objectives, it is necessary to benefit from the experiences of countries that implement this system, and identify applicable in determining the eligible financial resources (Al asraj , 2012) and mechanisms of spending the installation of a formal devices mechanism, designed to prepare the employment programs employment and revitalization of the labor market and encourage private investment in this direction. In this sense, it has become necessary to take advantage of small and medium enterprises properties, as very effective in achieving economic and social development, we all know that The beginning of the interest of small and medium enterprises was after the collapse of the financial situation in the mid-eighties in most countries of the world, especially in his inability to continue to create large institutions and even maintain the existing ones.

The changes witnessed by the world, which resulted in trade liberalization and globalization as well as progress in economic reform in many countries has increased the importance of the private sector in economic development, and they use privatization of the system it means shifted public sector to the private sector. so the small and medium enterprises can contribute to economic and social recovery, and contribute to the creation of new job positions, the reintegration of demobilized work from the public sector. It has proven the importance of these institutions economically and socially through their ability to distribute, especially in the services and manufacturing industries also economic activity as well, but the results became apparent in developed countries (USIAD report, 2013).

The importance of the contribution of small and medium enterprises in the economic and social development process for the following reasons:

1- Small and medium enterprises rely on labor-intensive and tend to the distribution of income more equitably compared to large enterprises, they have play an important role in creating employment opportunities, thus relieve the poverty as they often provide opportunities to work for a reasonable wage for workers from poor families and women who lack to alternative sources of income.

2- Small and medium enterprises contribute to raising the efficiency of resource allocation in developing countries, they tend to adopt labor-intensive production methods, reflecting the development of those countries in terms of sufficient labor force and a scarcity of capital. As the expansion of these projects activity in the informal markets have become factors of

production and the products they handle prices reflect better opportunity costs compared to the prices they handle large projects.

3- Small and medium enterprises supports the overall productive capacity-building, it helps to absorb productive resources at the levels of the economy all, and contribute to the establishment of an economic system characterized by dynamism and flexibility which bind to small and medium-sized companies, which are spread into geographically broader than large enterprises, and support the development and growth of the spirit initiative and skills and to help reduce the development gaps between urban and rural areas.

4- As a pace of technological development has led to increased productivity technique used in many industries change, and the spread of production batches way it became important to establish smaller factories rate and lower investment cost that each plant focuses on the production of a few minute of goods or required by industries certain to meet the small orders of certain goods or services.

Even the KRG has a good strategy to working with extractive industry companies, can assist in the development of both social and economic sectors this strategy will solve the unemployment problem in the near future but on the other hand the KRG is expected to be an important oil and gas producer which is not a good idea to development the region through investment in oil and gas sector because we should use our manpower ability, not our natural resources, may be its right the extractive industries sector particularly the petroleum sector such as (crude oil, natural gas, and mining) needs to play an important role in Kurdistan region infrastructure broad economic development, but investing in small and medium-sized enterprises is much better than oil sector because one day will come the oil and gas will be done and the lifetime of natural resources are not too long (KRG strategy , 2013-2020) .

According to a recent study which conducted by a team of economists showed that the Iraq underdevelopment skills of the labor force are the factor that explains the inability of rapid economic growth, lifting more than the number of people out of poverty. The most comparative studies of education systems strictest, which comes on a scientific body scan called trends in the study of International Mathematics and Science, where every four years conducted, this study has shown in the last report in 2007, and after testing to 48 countries, it was noted that the 12 Arab countries participating in these tests have achieved less than average results, and in a bleak, less than 1% of the students participating in the tests between the ages of 12 and 13 years from 10 Arab countries have reached advanced stages of the index

in science, compared with 32 % of their peers from Singapore and 10% of the United States of America. Only one Arab state is the Hashemite Kingdom of Jordan, was able to record higher than the international average index by 5% for age 13 years and these are only who reached advanced stages of testing (ILO, USIAD, 2010). So, Causes of unemployment back to several factors, such as economic, political and social, professional and technical as well as. It is sufficient here by mentioning the three main reasons led to the aggravation of the problem of unemployment in the Kurdistan region:

First, the decline of the public sector's ability to run all the Kurdistan workforce with the continuing rise in the number of new entrants to the labor markets. The public sector is currently about a third of workers in the region. This sector suffers from a large size and low productivity. It is expected that at least the contribution of this sector in the operation in the future in light of privatization programs implemented by many Arab countries.

Second, the limited private sector size and the inability to achieve adequate employment opportunities for job seekers in Kurdistan region, constitute a direct and indirect restrictions on investment and the lack of economic and political right environment and the control of the states on the economy is a fundamental problem with the expansion of this sector and his active role in advancing development and provide jobs for the growing number of new entrants in Kurdistan region labor markets.

Third, the low quality and quality of education in Iraq especially in Kurdistan region ,its suffer from draws the majority of young men and women to education in academic areas to seek jobs in the public sector, which provides employment incentives, health insurance, and pension provisions. Generally, the education system lacks in many Arab countries to focus on the curriculum related to technical and professional aspects, which is one of the disciplines that you need multiple economic activities in labor markets (Al- namruty. Halil and sidam. Ahmed, 2012).

Finally , the small and medium enterprise productivity or service Projects generating and guaranteeing the researcher for a suitable working and high-quality as well as higher income are the best way which makes it fewer tendencies to government jobs - disguised unemployment, low-wage and that could benefit him long business and to control manager times. The private project is running by himself and his property.

These projects are the most important characteristics of the low capital required and the low cost of creating jobs compared to the cost of creating a governmental function and increases the importance in this area. The total cost of the employment one person in the government sector costs within the disguised unemployment and non-productive enough to finance the establishment of a production project for this factor, noting that such payments are paid one-time, while government jobs require ongoing payments in the form of salaries and other payments, that's a good idea the KRG could do it to promote and supporting those who want to work in private sector or establishing an own project through that strategy people will learn the private sector is much better than public sector because you can improve your ability and skills as well while you working with professional people in private sector (Al- namruty. Halil and sidam. Ahmed, 2012).

2.4. Small and medium-sized enterprises and their features of KRG

There is a clear difference between public policies to support and promote small and medium-sized enterprises and features of Kurdistan national SMEs. Using American or western experience in Kurdistan region, and doing some bright projects to stimulate small and medium-sized enterprise was very important ten years ago. Both qualitative and Quantitative parameters of SMEs in Kurdistan region lag behind most countries, mostly due to the structure of its economy with the common dominance of big enterprises and the common enterprise climate. Small and medium-sized business in Kurdistan region is not innovative, it means does not affect antitrust purpose and it does not create the new jobs in the region. The small and medium-sized enterprise create a positive aggressive environment. But the significance of SMEs in Kurdistan region should not be expanded (Michael L. Hansen, Krishna B. Kumar, Artur Usanov, 2014). In our country, the ranges of subcontracting and permission with confident small and medium-sized enterprise are extremely small. So that the Kurdistan region economic policy strategy for investment and the leading part of the national political establishment were in a subservient position especially in relation to the advantage of a narrow circle of big enterprise, essentially occupied in the export sector and production as well of the many important natural resources infrastructure, production and other equipment of large business too, on the other hand, relations and many importantly, because the long-term economic gain focus on big enterprises with few exemptions in the small and medium-sized enterprises sector right now the situation is intensified by the fact which the Kurdistan

region system of economic foundation promote and encourages small enterprises mostly the development and growth of Kurdistan region small and medium-sized enterprise completely depend on the nature of the economy and the business environment in the region so, the real growth and development of the Kurdistan region small and medium-sized enterprises could be expected only with the privatization and modernization, as well as improving the industrial sector of the Kurdistan economy and business climate development (Michael L. Hansen, Krishna B. Kumar, Artur Usanov, 2014) .

The business environment in Iraq, especially in Kurdistan region does not correspond to the needs of SMEs.so, the Measures to promote and improve the business climate can probably help Kurdistan region small and medium-sized businesses much more than the large business. It is necessary to promote and improve the quality of investment for small and medium-sized enterprises in Kurdistan region (ministry of planning, KRG, 2013).

Nowadays small and medium-sized enterprises are facing many of the problems and the most important of which non-availability of sufficient financial funding as banks interested in financing major projects where the drop has a risk score and has the ability to provide guarantees which is also added to the difficulties of non-availability of appropriate expertise ways of management and methods of dealing with others of workers and supplier clients as well as others. and small enterprises in Kurdistan region characterized by several characteristics distinguish it from other projects, and notably the existence of a single owner of the project and family may be involved in the management process as well as those projects with low capital component has compared to the giant companies, as characterized by the need for many of the physical resources of the high cost but often using available local resources and a relatively inexpensive and is what contributes to increase their capital and their quick financial returns produced for those in charge, and here is the owner of the project a two choices, either to expand and attempt to development and either neglect it and sufficiency returns currently available as a result of the lack of conviction of the owner of the importance of development or the need for expansion in activity as well as small projects characterized by the ability to adapt and harmonize with the different conditions and it is what makes it an important branch of large-scale industries with the ease of low-cost labor to attract. (A. vilenskiy, 2014).

According to the many studies around the world most SMEs managed by one or more than one person they often lack the necessary skills for the success of the project and management expertise which requires the entrepreneur need to attempt to study and acquire necessary for him/her to develop their small project and achieve the required than the development process, so, the role of administrative skills, including maximizes returns given to him/her by a small project as well. (A. vilenskiy, 2014). Although microfinance projects or small projects as well as relative size, but they are characterized by certain characteristics which differ from other projects, perhaps the most prominent are listed below:

- 1- Direct supervision by the project owner: as the management of these projects are done by the owner personally. Therefore, the project and making its own management that is flexible to ensure the success of the project work, where the divided attention to the first two directions with respect to the demands of customers and leads to gain satisfaction and achievement of their demands in order to achieve an adequate return to him, and the other for workers and related to their situation and build a kind of human relations between workers within the project.
- 2- Efficiency of conditioning production according to needs: where they are taking the wishes of renewable consumers into account, as characterized by rapidly changing production line and taking into account the needs of the market, depending on entrepreneurs and their staff because of the use simple machines by which to produce more than a commodity.
- 3- The production and quality of accuracy due to the adoption of specialization in certain produce items, which means higher skill factor and increase productivity.
- 4- Contribute to raising the standard of living and to meet part of the basic needs of the various segments of society.
- 5- The degree of risk in the small project is not high.
- 6- The distance between the public decision-maker small and the project is relatively far away.
- 7- Reducing migration from the countryside to the city, which is one of the most important problems in Third World countries.

Notes from the foregoing that the small and medium-sized enterprises including negative and positive features, but the negative aspects of these projects do not return them directly as they are linked to the problems faced by which also will be detailed in this paper must be emphasized here is that the small and medium enterprises can continue for a long time without a profit, but they quickly crumble when faced critical financial boost cannot be postponed, so the direct cash flows of such projects is more important than the size of the profit or return on investment (USIAD , 2008) .

2.5. The role of small and medium projects in economic and social development in society

Small and medium-sized enterprise are considered of the most important elements of development in the countries in general, also it has the big role in social and development economy in Kurdistan region especially in the past ten years. whether economic or social development and the effective role in addressing the issues of poverty and unemployment also contributes a significant role in economic productivity increase in general and of the importance of the role played by the withdrew governments of major importance to small businesses and ways development and is also working on trying to identify suitable to deal with the problems faced by these projects strategies, in addition, former importance clarified it plays an important role also in the development of skills and employment training of various kinds and acquire many skills, including encouraging the continuation of self-employment process where others are establishing projects Thus their own development and production continue small wheel. (USIAD, 2008). And small enterprises as well as represent a source of competition for some of the larger institutions and represents an important factor to control the price factors through cost by and governed in the tradition of some higher-priced products reduced by reducing the product level or delete some specifications that may not be essential for the client in the product you are looking for and these facilities are considered the main source of job creation in both developed and developing economies alike. This is a project of fertile fields for the development of innovations and ideas seriously (Zacheus. Opafunso, and Omoseni. Adepaju , 2014).

The current period of the facilities Small and medium enterprises and highlight it's a good role in achieving economic and social development of the business, Not surprisingly, this interest as the experiences of developed countries in the world have shown that small businesses are able to achieve development Economic desired. The Prepare a suitable climate and funding has been given the attention it deserves in the laws and legislation, and given the opportunity to prove themselves to stand on its feet Historical evidence confirms that small businesses represent the basic building block in the construction of economic commanding and heights in the developed countries of the world That small operator has emerged about large factory, if we back to the past we remember that the industrial revolution witnessed by England, France, and Germany in the eighteenth century did not come from a void but this revolution was launched from small industrial concerns that existed at the time Small individual projects represent the basis for the capitalist development historically, they represent the core of full competition model in macroeconomic theory as reflected in the updated classical theory in the concept of atomic competition There had been much talk lately about the ability of the various economic sectors to keep up with developments and fortify oneself to face the challenges of globalization, in particular, the future through communication and information revolution , which strongly characterized by economic competition as well as a decline in the traditional factors of production such as capital and human element in front of IT Therefore, so, the comparative advantage or differential economies of different countries, and will be determined based on the extent of its control of science also IT adapted to serve these economies depending on innovation and continuous improvement of all activities (Ireghan, C. 2009).

Unfortunately, most of the studies In the Middle East, especially in Kurdistan region discuss that the correlation between the economic growth and the natural resources are strong and focus on the petroleum sector such as oil and gas, on the other hand, ignoring other sectors like small and medium projects which are more important to growth and development faster than petroleum sector as well as in economic and social development in society (Michael L. Hansen, Krishna B. Kumar, Artur Usanov, 2014) Economic and social development growth is very important because it provides a foundation for the future of society and the investment has various implications in development and economic growth.

So its impact on economic development is rather structural (taking the qualitative, psychological, as well as economic dimensions), while the effects of economic growth is of a quantitative dimensions. As we know the rate of achieved economic development in a country depends not only on the size and quality of available economic resources, but on how to customize the amount of resources available in accordance with the principles of economic efficiency and therefore has access to a rational investment decision, whether on the national level or on the micro level, on the other hand, small and medium enterprises have a big role in Economic and social development can provide to development in all fields, such as creating new jobs and beneficial outcomes , also find the best solutions to many economic problems. Because depending on many studies economic growth is normally compared with technological changes in any society (Rahanaty, F. 2009).

CHAPTER THREE

TURKEY AND KRG AS A TWO SPLIT ECONOMIES

3.1. The economy of Kurdistan region

Kurdistan region is a federal region of three governorates Erbil, sulemani, duhok, with the population nearly 6 million people and 1.2 million labor force as well as 7% GDP growth in 2015. the Kurdistan region is geographically located in northern Iraq It borders turkey to the north and Syria to the west, Iran to the east, and naturally has an ample amount of water, making it a highly arable land for agriculture (KRG website , 2016) According to most of the studies by the international labor organization (ILO) and USIAD as well as UNOPS which they have a lot of project and activity in Kurdistan region after 2013,that the economy of KRG is basically composed of three main segments such as Crude Oil, Agriculture ,Tourism and sometimes commercial as well. So, most recently, various massive petroleum reserves have been located in the region. In addition, due to its archeological and historical sites, the most beautiful season in Kurdistan is spring every year thousands of people visited historical places in the nearest future it will be a regional tourist destination and KRG has great potential to establish a strong economy (KRG website, 2016).

After the collapsed of the Iraqi Government in 2003 because of war impact, many large business and firms have closed In Iraq and as a result of that many small and medium-sized enterprises were started and created after the war 2003 in Kurdistan region because of the stability of security safety in national security. So, the government started to redesign infrastructure by getting a lot of great offer for foreign companies to invest their capital in Kurdistan region this strategy helped the government to rebuild the Kurdistan economy.so, the small and medium enterprises in Kurdistan region has strong impact on the economy and improved day by day as particularly in the lifestyle of the society living in Kurdistan region.

In the past nearly ten years the economic context in Kurdistan region has made the situation individually difficult for small and medium-sized enterprises. And an inflationary economic environment, as well as increasing public sector debt as an Iraqi government at that time because the central government of Baghdad already sent the 17% percent of the total revenue in Iraq to Kurdistan region as a yearly budget then the Kurdistan region economy's growth implied and its needs.

In addition to that global economic challenge, but after 2006 the starting and establishment small and medium-sized enterprises in any sector, especially in petroleum sectors such as oil and gas, were very common in Kurdistan region, recently, a lot of people believe that investing their money and capital to start a small and medium-sized enterprises is a good decision and they believe it's a good idea to earn more money.

Since the starting of SMEs is immediately increasing and popular in the market, while the risks that come from those small and medium-sized enterprises are uncertainties which are normal in commercial life because every business has a risk but many families and businessmen are busy to start up the SMEs with the purpose of make and earn more profit. Depending on the United States Small Business Administration report, nearly 50% percent of small and medium-sized enterprises fail in the first year from the beginning of starting their projects as a small scale business and 90-95% percent fail within the first five years because of lack of funding and difficulty to get financial support to improve their projects. in another part of the study mentioned that Businesses with fewer than 20 workers have only a 37% percent chance of outliving four years of business and only a 9% percent chance of surviving 10 years (world bank report , 2015)

Since the 1991s until today, small and medium-sized enterprises have been given due perception in Kurdistan region and have playing a very important role towards promoting accelerated economic growth and development and make-up the massive balance of many businesses all over the world and creating a better standard of living in society, as well as highly participating to the gross domestic products (GDPs) of many countries (OECD 2000). According to their report the past 30 years, most small and medium-sized enterprises became well respected by businessmen and the societies. Today most of the world developing countries even advanced countries as well realize that the development of a country is depending on the number of small and medium-sized enterprises that they have. The fundamental component of a nation's economy is a natural resource that's why the only revenue in Iraq and Kurdistan region as well is oil income and its labor power to convert those resources into end products and goods. the release of Iraq from the dictatorial rule of the dictator Saddam Hussein the former president of Iraq, Kurdistan region has sustained great economic growth and improve as well as the dual punishment were lifted that included united nations-mandatory global sanctions on Iraq and Iraqi punishment on the independent Kurdistan region.

After that Kurdistan region has the chance to become a regional economic powerhouse in the Middle East (*Delovan Barwari*, 2009) the KRG Head of Foreign Relations - stated mentioned that a free market economy and supporting small and medium-sized enterprises in Kurdistan region has been developed and improved as the driving force to rebuild Kurdistan's economy. In addition, to help investors in Kurdistan region, an investment law was passed and support foreign investment by providing various incentives and legal guarantees to protect their investment and their capital as well in the Kurdistan Region (Kurd daily study, 2015).

According to the Organization for Economic Co-operation and Development (OECD) study about business and investment climate Iraqi Kurdistan region in 2015 showed that the Kurdistan region invests in the future is one of the fastest growing economies in the world especially in the middle east and mentioned that the Kurdistan is fast becoming a magnet for foreign investors as it begins a new dawn. On the other hand, explained create a conducive business climate that promotes investment in the Kurdistan region. And US agency for international development (USIAD) in 2008 report noted that trade and industrial sector in The Kurdistan region has a long history of external and internal trade, as well as the KRG, seeks to attract FDI but hinders development by serving as the largest employer foreign direct investment FDI \$ 15 billion a success story. So, the government decided to establish a comprehensive regional agreement that promotes economic integration to liberalize trade and investment, bring economic growth and social benefits as well as create new opportunities for workers and businesses, contribute raising living standards, reduce poverty and promote sustainable growth. as well as strengthen the competitiveness of their businesses in global markets and enhance the competitiveness of their economies by promoting opportunities for businesses, including promoting the development and strengthening of regional supply chains and support the growth and development of micro, small and medium- sized enterprises because most of the industrial sector in Kurdistan region is small and underdeveloped (Adams, 2013).

Table: 5. Investments achieved in Kurdistan region government

SECTOR	RATE
Housing	32.53%
Industry	30.49%
Tourism	15.70%
Trade	12.19%
Health	2.45%
Bank	1.77%
Agriculture	1.68%
Education	1.72%
Communication	0.52%
Service	0.45%
Sport	0.22%
Transportation	0.25%
Art	0.03%
Total	100%

Source by: KRG Board of Investment (BOI), 2015-2016

As the table shown the lion share of investment in Kurdistan region is housing sector which is 32.53 % percent, then the industrial sector come because most of the industrial sector in Kurdistan region is small and underdeveloped which reached 30.49 % percent. so, the KRG investment law of 2006 incorporates attractive terms and conditions for foreign investors .the largest trading partner for Kurdistan region is turkey just in 2007 the trading between KRG and turkey reached US\$ 2.8 to 3.5 billion. Depending on KRG statistical office just in 2012 employment rate reached 1.1 million labor force and unemployment rate records 6% percent while just the petroleum sector in 2008 crested 11,000 to 13,000 job opportunities. And the net population growth rate in 2012 for 5.3 million people in a whole Kurdistan region. According to the least report by the KRG Board of Investment (BOI) which is established in 2006 by KRG's Investment Law No. 4. , the Main achievements for 2015-2006 are 721 projects from all sectors licensed. With More than US\$ 41 billion of capital invested in Kurdistan region and the Investments by 77 % national & 14 % foreign as well as 9 % JV's facilitate (KRG, BIO 2006). Most of the economic expertise, says this large amount of companies offer a great work chances for people especially for graduates and for job seekers in Kurdistan region that have different certifications (engineers, workers, guarders, accountant and etc...) so , in 2006 until 2013 the Kurdistan region policies and incentives

focus before was on Real Estate and Energy, while petroleum sector effect on the income of the country and this money will be invested on the for other sectors such as developing the education system, industry especially supporting small and medium enterprises and agriculture . But now it is getting diversified into new target Industries as first priority. We all know that through investment government can prosper life in a developing KR base on strong economic infrastructure competing with developed countries (mark, deweaver, 2015).

3.1.1. Manufacturing enterprises in KRG

Kurdistan region has many elements of industrial raw materials and natural materials available as well and the most important manufacturing enterprises in KRG are Textile Industries, Metallurgical Industries, Construction industry, Chemical industries, Food Industry. Currently in KR there is no long-term industrial policy (as much as say for 20-25 year plan) in addition to this , the flow of industrial investment resources is subject to major uncertainty and highly irregular . It should be noted that in 2008-2009 such policy and strategy measures are proposed, but statistics in whatever from was available, which makes it rather difficult, and not impossible to give some recommendations (Razzaq Othman, 2014).

Depending on economic experts around the world the manufacturing enterprises sector is not the biggest industry slice in the world but it faces one of the various diverse field of challenges (ministry of trade and industrial). This table below shows the number of small manufacturing enterprise in KRG.

Table: 6. the number of small manufacturing enterprises and job opportunities in KRG for 2015:

Cities	Number of small manufacturing	Job opportunities
Erbil	1,930	10,403
Sulaymani	845	4,871
Duhok	387	2,614
Total	3,162	17,888

Source: by KRG / ministry of trade and industrial

According to ministry of trade and industrial of Kurdistan region the number of small manufacturing enterprises and job opportunities in KRG recorded the heights rate in December of 2015 as the above table shown the total small manufacturing in three main cities are 3,162 project with job opportunities for 17,888 people.

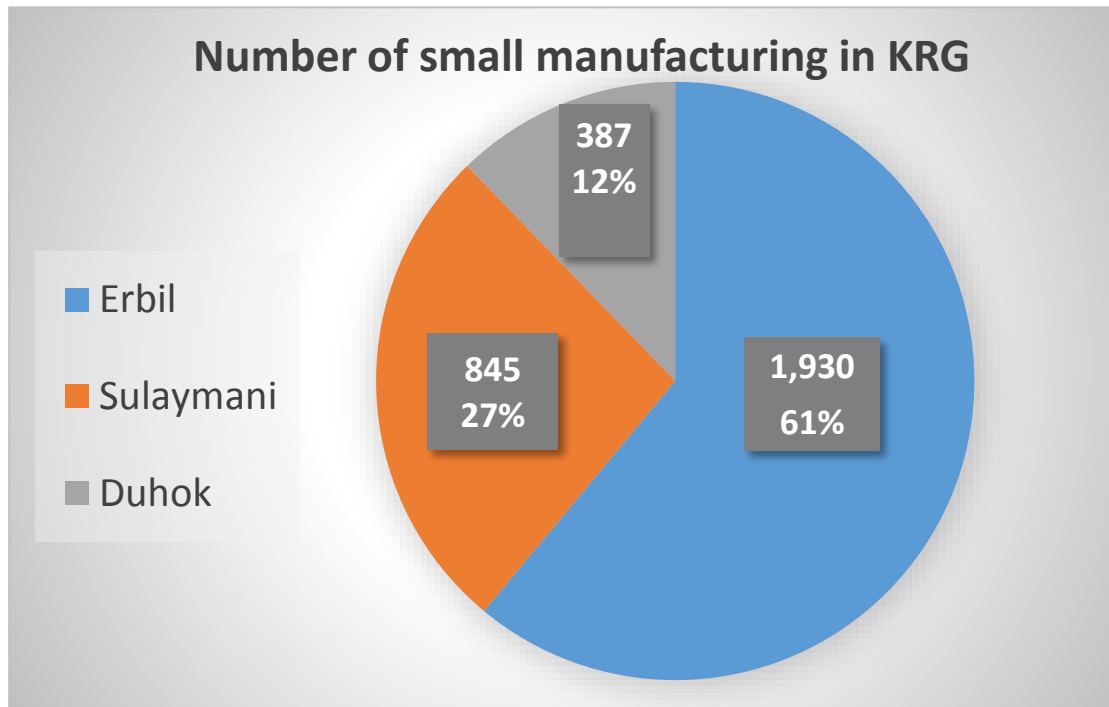


Chart: 1. number of small manufacturing in KRG

Source: figure builds by myself through the data by MOTI/ KRG

Just in 2015 Erbil city which is the capital of Kurdistan region and most of the foreign investors are working in Erbil the number of small manufacturing enterprises are 1,930 project with offering job opportunities for 10,403 people. As well as sulaymani city registered just only 840 project with job opportunities for 4,871 people. And duhok city as well registered fewer than both of them which is 387 project with job opportunities for 2,614 people. While we have financial crises and having war with ISIS for the past two years on the other hand having political problems with central government of Baghdad all of these problems has negative affect of the KRG economy but the government always support the local and international investors to continue and working on their projects in the region (ministry of industrial, 2016).

Table: 7. number of medium manufacturing enterprises job opportunities in KRG for 2015:

Cities	Number of medium manufacturing	Job opportunities
Erbil	292	3,333
Sulaymani	100	1,585
Duhok	80	1,472
Total	472	6,390

Source: by KRG / ministry of trade and industrial

Unfortunately the number of medium-sized and big-sized manufacturing enterprises and job opportunities in KRG are not a lot in industrial sector because the past 10 years the government started supporting this sector petroleum and housing sector not depending on the number of local and international investors and companies in housing and petroleum sector in KRG. The table 6 shows this reality as we can see the total number of medium manufacturing in three main cities are 472 project with offering job opportunities for only 6,390 people. Compared this number with the unemployed rate in KRG is not a lot and the government should change the strategy to supporting more and developing the medium-sized enterprises. Because in the past 13 years the Kurdistan region were focusing on the housing sector and petroleum sector for rebuilding the region and ignoring other sectors including the small and medium-sized enterprises, after ten years the government changed the economy strategy in 2013 until 2020 which named the Kurdistan region a vision for the future , this strategy will be very important than others before because the government decided to improving and growth the small and medium-sized enterprises especially small and medium-sized manufacturing enterprises (KRG / ministry of planning 2013). And the government decided to establish some foundation for supporting these sector and signed some protocols with international organization for participating them to improving small and medium-sized enterprises through opining training courses for owner's small and medium enterprises (fakhri Jabir, 2011).

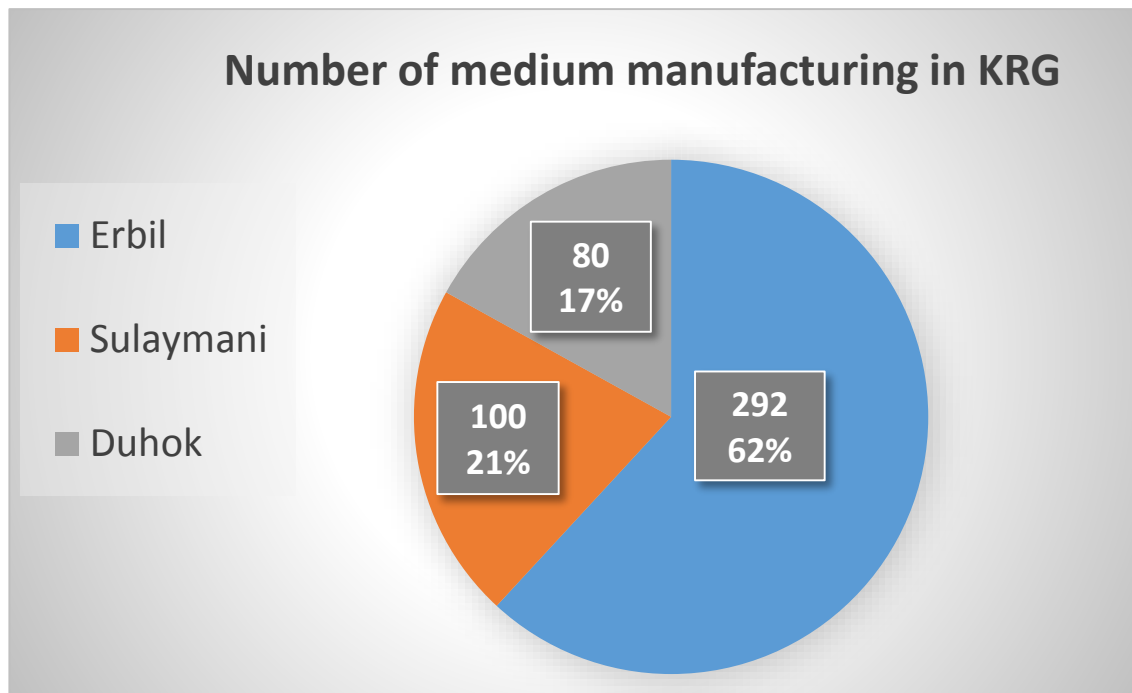


Chart: 2. number of small manufacturing in KRG

Source: figure builds by myself through the data by MOTI/ KRG

The above figure shown the number and offering job opportunities of small manufacturing enterprises for December of 2015 the total is 472 project with offering job opportunities for 6,390 people. Erbil city again has the big share which is 292 project has 62% of the total medium enterprises in KRG, As well as sulaymani city has only 100 project with job opportunities for 1,585 people. And duhok city as well registered fewer than both of them again which is only 80 project with job opportunities for 1,472 people.

Finally, the KRG economy is seldom in the news. Because the security situation is unhappy and it shadows some of the most serious problems the region is facing because of those crises which started from 2014 until today. On the other hand, KRG Board of Investment approvals has declined from a summit of nearly \$12.4 billion just in 2013 to only \$793 million for the first 9 months of this year. Kurdistan region has managed to improve greatly in several sectors to become a strong economic force in the region. With huge improvement and promoting in projects after the fall of Saddam Hussein in 2013. Kawa Wali, an academic and analyst economic in the faculty of administration and economy at Saladin University in Erbil, says that the investment law of the year 2006 really encouraged investors locally and globally by protecting their interests. Because many of foreign companies made investments in the Kurdistan region after this investment law, as well as he said today hundreds of small and medium-sized enterprises are being realized especially by foreign

companies and investors as well (Almas heshmati, 2012) because the Article No 5 of the investment law afford or provide that a project is excluded from all customs-related taxes and damages for 10years from the beginning date of providing services.

In addition, those facilities of investment by the Kurdistan region government for foreign investors create a good and safe climate for those who want to invest their money in KRG. So, that's why the foreign investments in Kurdistan region is 37% percent and 47% percent of regional investments (KRG board for investment, 2014). According to the many studies about Kurdistan region economic development In the last 10 years, the government has worked hard to develop the Region as an excellent business location in the Middle East, especially for small and medium-sized businesses.

3.1.2. The component of manufacturing industries in KRG:

If we back to the past due to geopolitics situation of Kurdistan region enjoys a dynamic services infrastructure and trade sector as well, in addition to a young and wide market compliant with damage. in order to industrialization in a short period, the government should intervene by assembling uncommon resources, acknowledge to the needs of individual sectors, promote foreign trade sector and draw up a series of medium-range plans. As we know the war 2003 Kurdistan region has the implied to consider a vital role in bringing many new job opportunities to Kurdistan region industries sector in the future. However here, it comes to mind some questions such as: do these infrequent resources employ for industries logically in Kurdistan region? Are there achievable infrequent resources economically for installation manufacturing industries sector in Kurdistan region? These questions will answer in the following sections. Here, it should be used the exploratory study, which helps to determinate the best data collection method and selection of subjects, and sometimes it even concludes that the problem does not exist! All together help to SWOT analysis techniques which will see in the last section. So, the manufacturing industries are based on a set of the key component without which the industrial manufacturing cannot be developed, namely:

3.1.2.1. Human resources:

The human element is the first production element in the process of economic and social development, in Kurdistan region, the human element has become in our modern life and it is the most important resource and the basis for all processes of change and development in various aspects of work and life that's why the capital of any nation is not the

amount of money and natural resources which they have absolutely is the power of people which means human resource especially the power of young people .it is the ultimate goal, objective, and means of development. thus , the human is considered as the most important ingredient of industry, especially , when they have specific education, skills, competencies and training for managing the development process, dealing with modern machines and sophisticated technology for industry. Industrial workers should, therefore, go through a particular pattern of education in order to obtain the training level needed in the economy. There are some indicators of human resources:

3.1.2.1.1. Kurdish workforce and its ratio to the population:

Many countries around the world face workforce imbalances. The obstacles are rooted in economic, political and cultural as well. Kurdistan region labor market is suffering from unemployment which has become the concern of the entire region, and this unemployment presents itself as an issue that has economic, political, social and humanitarian dimensions. Unemployment in Kurdistan region represents the inability of Kurdistan region economy to create jobs needed to absorb the growing number of new entrants to the labor market. That is due to the interaction of internal and external factors affecting directly or indirectly both sides of workforce demand and supply since of the early 1990s. the unemployment rates started to rise sharply with the advent of economic crises in 1991 after invasion of Kuwait , especially, after the popular liberation of Kurdistan/ Iraq in 1991, and the subsequent declining in I.D exchange rate, high volume debt, its effect on reducing the capacity of the public sector by creating job opportunities and manufacturing industries being one of the largest sectors functioning , and as a result of reducing government expenditure, as well as following the adoption of the reforming program to reduce the economic imbalances in Iraqi economy at the time. The most of prominent events that occurred during that time is twin economic blockade on Kurdistan region, which led to the third wave of (more than 200 thousand people) immigration to outside of Kurdistan region, especially to the Europe due to poverty during 1991-2001 in one hand. On the other hand, more than 100 thousand Kurds returned from Iran and turkey during 1998-2001. These returnees were groups that opposed the Baath regime, who had immigrated to these countries for political reasons and affairs (for liberalization of Kurdistan in the 1970s and 1980s). All this had led to a big increase in the number of Kurds who had been searching for work. Under that condition in Kurdistan region the creation of new job opportunities in the Kurdish limited labor market had become impossible, and it is unable to accommodate the growing numbers of Kurd's job seekers, then,

as a result, it increased the unemployment ratio. The internal factors of unemployment include a slowdown in economic activity, high population growth rates, and increasing of an output of education system, and the influx of foreign labor to Kurdistan region. The external factors include of economic recession in Iraq at the beginning of the 1990s, declining of external demand for Kurdish labor, and effects that the oppressive economic blockades had on Kurdistan region in the mid-1990s and the negative impacts left on the Kurdistan region economy as a whole. Despite the fact that the government has taken a number of policies, procedures, and mechanism in order to reduce the problems of unemployment, to overcome them and mitigate its effects, this problem continues to exist. It should be noted that the estimation of unemployment workforce opportunities.

3.1.2.2. The small-size manufacturing industries:

For many years the Kurdistan Region has been isolated from small-size manufacturing industries development even large-size manufacturing industries are essentially non-existent in Iraq as well as in the Kurdistan region. In that case, KR should develop manufacturing industrial more and more. Due to having flexible structures and competition of small and medium enterprises, increased the importance of small and medium enterprises that may carry local socio- cultural qualitative values more easily relative to extending partnership models, economic relations have gained importance instead of public-private sector dualities and central- local government and inter-institutional cooperation initiatives. While depending on Iraqi criteria, in fact, there is not unified concept for small-scale manufacturing industries in Kurdistan region as it runs in whole the world in all circumstance. For its concept followed two methods: quality and descriptive. In the "descriptive method" depend on a number of labors, the volume of capital investment, and marketing share for the project. The importance and seriousness of the role that small and medium enterprises could play in the Kurdistan region economy in ways such as: the exploitation of simple savings, cheap source for creating new jobs, incubator for new skills and creations, feeding large projects with new ideas, the ability to adoption, contributing factor for social-political stability, and one of the mechanisms for the integration of women in economic activity.

3.2 The Economy of turkey

One of the most driving sectors in the growth of the Turkish economy is trade and industrial sector. According to the many economic studies in turkey, mentioned that the trade is a big source of income for the turkey essentially in the private sector which helping to encourage small and medium-sized enterprises. In the past twenty years, the trade and industrial sector in turkey developed quickly and faster because most of the businesses are small and medium-sized enterprises (OZ 1999) Also, the government has worked hard to develop and promote these projects because it has the big effect the Turkish economy as a superior business location in the Middle East. And one of the largest trading partners for turkey in Iraq is Kurdistan region government. Just in 2007 Turkish exports to Iraq especially for Kurdistan region amounted to more than US\$2.8 to 3.5 billion depending on official Turkish Government. While the Kurdistan Region's second biggest trade partner is Iran. it means the Turkish government had the lion's share of export goods and services to Kurdistan region. But at the same year in 2007 Iran exported US\$2.8 billion of goods to Iraq which nearly US\$1 billion was imported through the KRG. After that the Turkish government care more and facilities to KRG about trading and investing with Kurdistan region (OZ 1999).

Turkey's economy is known as an emerging market by the International Monetary Fund and advanced dramatically as well as making Turkey as one of the newly industrialized nations. According to the ministry of economy and ministry of development turkey among the top producers of agricultural products in the world, and textiles, cars, ships and other transportation equipment, also construction materials, consumer electronics and home appliances as well. In recent years, experiencing rapid growth in the private sector of Turkey, but the state still plays a major role in industry and banking sector, transportation, and communications too.as we know turkey is a founding member of the Organization for Economic Cooperation and Development (OECD) from (1961) which is a famous organization for economic affairs around the world and the Group of Twenty major economies from (1999). Since December 31, 1995, and Turkey is also a part of the customs union in the EU that's why the government want to be a part of the EU member but until now the leaders of EU doesn't agree to come to the turkey as a member of EU but in many cases they helped turkey to solve Turkish economic problem.

During the last decade the nineties, it was the political uncertainty in Turkey negative effects left the economy under the weight of domestic and foreign debt due to high inflation and the inability of the big budget, and high current account deficit. Confederacy governments failed to address these problems. After his rise to power in 2002, put the Justice and Development Party, a new perspective on the economy, politics, and foreign policy, which referred to collectively as «the new Turkey». The government stressed fiscal discipline, structural transformation, and privatization. Through this period, Turkey has recovered quickly from the negative to the crisis of 2001 the financial implications and achieved a steady growth rate. The country survived the 2008 global financial crisis with minimal damage over the past decade with reference to macroeconomic indicators, and the transformation of public finances, as well as the new social policies, and the improvement of relations with international organizations, but Turkish economy changes in the global economy after the 2008 global financial crisis.

Finally, the current status of the economy, and separating the priorities of Turkey's goals for the year 2023 (boratav.k, turel and E.yeldan, 1995). Last year government statistics showed a 1.6 growth in the first quarter 2015 focus on an annual basis. But In the same period of 2014 was a record 2.7 percent. At least that much for Organization for Economic Cooperation and Development forecasts (OECD) rose 4.7 percent adjusted compromise in the period between 2014 and 2016. After that the sharp decline in the Turkish lira exchange rate, which is near the level of 2.85 to the US dollar price descending complements the scene of the Turkish economy. Within ten years, raising the GDP of Turkey has doubled, to \$ 800 billion from \$ 400 billion, it reached the first in the Middle East. More importantly, the growth was accompanied by a social dimension and development to raise per capita income to GDP purchasing power parity of about 4 thousand and \$ 500 a year in 2003 to over 11 thousand in 2014 (Turkish statistics institutes , 2015). On the other hand the giant projects in infrastructure and in the economic capital Istanbul divided Bale beauty Bosphorus. So the government built a new bridge and dams on the Tigris and Euphrates rivers, and had many infrastructure projects in Turkey's rural disadvantaged (ministry of economy, 2014).

Table: 8. Estimated Growth Rate of Real GDP in Turkey and Comparing with Other Countries for the Years 2013 -2014:

Growth forecasts for selected countries / country groups (%)								
		Turkey	Euro zone	US	Brazil	Russia	India	China
IMF	2013	3.4	-0.6	1.7	2.5	2.5	5.6	7.8
	2014	3.7	0.9	2.7	3.2	3.3	6.3	7.7
OECD	2013	3.1	-0.6	1.9	2.9	2.3	5.3	7.8
	2014	4.6	1.1	2.8	3.5	3.6	6.4	8.4
WB	2013	3.6	-0.6	2.8	2.9	2.3	5.7	7.7
	2014	4.5	0.9	2.0	4.0	3.5	6.5	8.0
UN	2013	3.2	-0.3	2.1	3.3	4.4	6.7	8.3
	2014	5.4	0.9	2.3	4.5	4.4	7.2	8.5

Source: Ministry of Economy in Turkey, September 2013.

The above information and data are based on the ministry of economy in 2013 economic report. Just In 2012, Turkish economy grew by 2.2%. But in 2013 According to the IMF, Turkish Economy is expected to grow by 3.4% as we can see in table 5. As well as in the second quarter of the same year 2013, Turkish Economy grew more and more by 4.4%. It means after the India and china both of them are the fastest economy development in the world turkey is the third country.

depending on most studies in turkey during the year 2015, the Turkish economy has achieved growth exceeded and growth in the major European Union countries as well as the euro zone, and it has shown remarkable progress from which surpassed all expectations. Between 2002 and 2012, Turkey's trade with Arab countries rose to about 45 billion US dollars that's a huge amount of trading for turkey in the Middle East. Draws to Iran and Russia, the first to suffer hardship international economic sanctions against the backdrop of the nuclear file, and the second less burdensome punishment related to the occupation of Crimea and the crisis in Ukraine.

One form of deception gates to Iran's economy and raise the volume of its exports to Russia in 2014 to approximately US \$ 36 billion from about \$ 12 billion in 2004. But in the first quarter of 2015 turkey's economic growth fell was the result of the path strategic mistakes that occurred the government (ministry of economy, 2015). If we back to the recent decades from the global financial crisis, turkey has recovered quick and amongst these countries which are affected less by current global economic uncertainties. Which is Industrial production index increased by 5.77% just in July 2013 and the banking sector increased by 19.9% and reached 1,527 trillion TL in May 2013. Also, one of the important sector which is tourism of the Turkish economy estimated at 34.5 billion US\$ and investments declined in 2014 by 23% percent from 2013. in 2016 the government announced the Turkey's economic program for the medium term, which determines the path the economy of the country over the next four years, while the government had set a target growth for 2015 at the borders of 4%, the rate was reduced by one notch, where became the government's goal to achieve growth of 3% during 2016, As well as the Turkish government announced that it would seek to keep the increase rate in the new year at the borders of 7.6%, while seek to export materials and products up to a total value of \$ 143 billion, it is expected to stabilize the unemployment rate in the new year of 2016 at 10.5% percent (Bernard , togan , 2005).

3.2.1. Manufacturing Enterprises in Turkey

Since the year 1980's, Turkey's growing strategy and development have been based on the free market economy strategy (OZ 1999). The industrial sector structure and strategy of turkey economy are dominated by SMEs. Depending on the 1994 study of the industrial sector and business foundations, as well as according to this survey, the total number of the industrial establishments in 1994 was 198264.the small and medium-sized industrial establishments comprise to 197297 of them. This is very clear that SMEs are effective and powerful in Turkey, nowadays small and medium manufacturing sector is growing rapidly. According to some economic studies estimating for (99.5%) of the overall manufacturing industrial sector and offering job opportunities nearly (65%) percent of the total employees in that sector (Turkish statistics institute, 2013).

Depending on the World Bank report in 2014. Turkey was the 16 biggest economy in the world in buying power equivalence terms and the 6 largest economies in the Europe as well as one of the largest powerful economies in the Middle East. Also, turkey's economy was ranked 69 amidst of 189 countries of doing business especially in Europe and Middle East countries (World Bank report, 2014). Over the last decade, the manufacturing industrial enterprise including small and medium-sized as well as big-sized in turkey has an important share in Turkey's economy with a 24.% percent share equivalent more than 29 billion Turkish lire, in the year 2012 the industry sector in turkey has been one of the main drivers of the Turkish economy. As well as in 2014 turkey was the Strong growth in manufacturing industry especially in small and medium-sized enterprises. So, the growth rate in manufacturing enterprises sector was 10% percent. That's why many Turkish economic experts believe that one day Turkey will become a significant an important global player in the manufacturing industrial enterprises (World Bank, OECD report, 2014).

Some of the achievements of the Turkish government in all sectors goes to these relationships between turkey and euro zone as well as other powerful economy countries. for instance, turkey is a member of Euro-Mediterranean more commonly known by (EUROMED) which support and promoting economic alliance and it helps turkey to connect more with other country for trading and investing also, democratic reform across 16 neighboring countries of the EU and the Middle East as well (Investment Support and Promotion Agency of Turkey , 2015). According to the Ministry of Economy, Turkey has started agreement with 13 countries for trading purpose with them. On the other hand, having a Free Trading arrangement with other 19 countries which allow the turkey to corporate, customs tax and income, with many other opportunities. Under the state of political instability and economic growth in the Middle East, especially along with the economic recession in Europe but Turkey turned Economic prosperity to attract the workforce from every region of the world. according to global organization studies Turkey is one of the most important countries in the world about the field of entrepreneurship and creative ideas which are located in 11th place at the level of countries in the world and its status is improving regularly as the proportion of new companies for entrepreneurs increased by 18% percent in the first quarter of this year 2016 (Turk stat, 2016). The most active sectors in the Turkish market are: the agricultural sector attracts about 25.5% in Turkish employment size, while the industrial sector reached 26.5% percent, but the biggest active sector at all, it is the services sector which attracts 48% percent and contributes about 63% percent of the whole national product

of Turkey. But the basic industries in Turkey are divided into the construction sector, tourism, automobiles, clothing and textiles, gas and petroleum sector, electronics and retail trade sector as well. According to SMEs Statistics report in 2015 the number of small and medium-sized enterprises in industry and service sectors were 2, 695,131 enterprises for the year 2013.

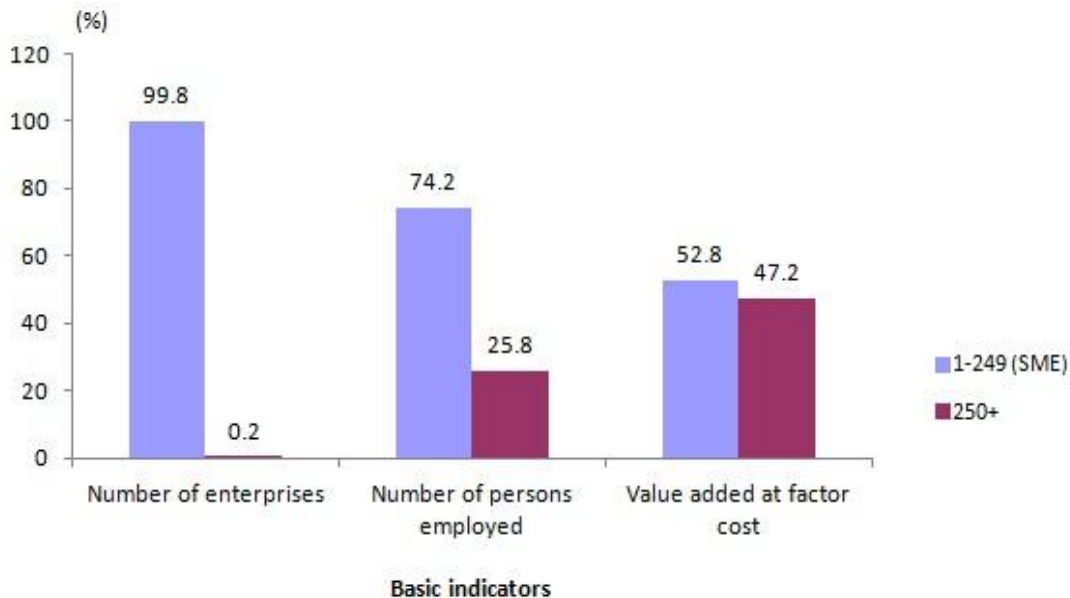


Chart: 3. Basic indicators by size class, 2013

Source / Turkish statistics institute

As the above figure shown the Small and Medium-Sized Enterprises (SMEs) constituted 99.8% percent of the total number of enterprises which was 2, 695,131 enterprises for the year 2013, as well as 74.2% of employment opportunities, and 54.7% percent of salaries, also 63.8% percent of turnover, 52.8% of value added at factor cost (Turkish statistics institute , 2015). According to Minister of Science, Industry and Technology, Turkish economy will continue to grow more, which is led by industrial production sector, during its assessment of industrial production figures released by the Turkish Statistical institute. As well as he stressed that the industrial sector achieved growth in 2014, higher than the average growth in the European Union. That's why the turkey industrialists were able to achieve this growth in spite of all the negative developments in the region. Referring to the Turkish export growth in the past year by 4% percent, despite the growth in world trade by 3.8 percent. Finally, most analysts and economists agree with that Turkey is moving fast in the right direction to encourage and supporting industries and services sectors.

With the agriculture sector as well job opportunities for employs more than 25% of the total employment in turkey. The start of Turkey's industrial and economic came as a result of the privatization of basic industries, banking, and transportation and support entrepreneurs sectors. and one of the most rapidly growing sectors in Turkey are vehicles and construction industry enterprises which are in the top of the list come has recently become more important than the textile and fashion industry. Depending on many studies in the Middle East, turkey is heavily dependent on the Arab markets for the supply of energy and in return Turkey exported a lot of services and industry products to Middle East market (Minister of Science, Industry and Technology, 2015).

3.3. Small and Medium Enterprises (SMEs) in Turkey

There are several programs and foundation that support and promote the small and medium-sized enterprises in turkey. For instance, the Small and Medium Industry Development Organization more commonly known (KOSGEB) project it's a famous project to supporting SMEs in turkey and more active than other programs and the Ministry of Foreign Trade and Industry, Technology Development Centers (TEKMER) are aware of the small and medium-sized enterprises support programs in Europe, as well as in North America and Asia For the past two decades, strategies for economic development and empowering the entrepreneurs in Turkey have changed towards increased confidence on the market and labor forces as well as giveaway to global competition. Trade liberalization was given a new drive in the mid-1990s with the signature of the customs union with the EU, which has strengthened Turkey's economic ties with Europe. on the other hand, One of the most confident developments of turkeys economy is supporting the government for small and medium manufacturing enterprises through giving granting and tax exemption for those who wants to establish these projects and working in these sectors at the same time the Turkish government helping those investors to find a new market and offering them the special facilities for exporting their products to other countries. All of these supports are for moving and continue the small and medium manufacturing enterprises will give a good moral support to entrepreneurs and inventors to cares more these sectors. for the past 30 years, Small and medium enterprises have a big effect and play an important role in Turkish economy through owing to their biggest share in the total number of whole enterprises in every size as well as in total employment and offering great job opportunities for people in turkey.

But unfortunately like other sectors they have some weaknesses in processing such as lack of awareness of technology, lacking access to funding and finance. Lack of support system from the private and public sector, Low-level usage of bank credits, lacking capital and finance for using high-technology equipment to investments (Turkish statistics institute, 2015). The government for many years carried out of some important programs to support and develop those small and medium-size enterprises. Since implementation and plan of such programs and several foundation and organization have been concerned in the enforcement of these programs. so, one of the significant and famous institutions that have a big effect on the small and medium-sized enterprises sector policy in Turkey is small and medium industry development organization which is known KOSGEB project . The KOSGEB project is a governmental institution and branched to the Ministry of Trade and Industry of Turkey, in 1990 was established. The project has mainly included two groups: service provider's unit and policy maker units, First of all small and medium-sized enterprises should be registered in the KOSGEB database system through doing some basic process. The group of policy maker in KOSGEB carry out analyzing regional based on data collection about enterprises, present and give reports with making studies and doing surveys about SMEs status, opening training program & consultancy of SMEs, interest in international relations and global market analysis. But service providers unit has different responsibility compare with police maker group such as face to face working with SMEs, making relations between the government and SMEs sectors, instrument projects, prepare many analysis services and tests.

The main aims of KOSGEB project supporting SMEs with promoting and operating the manufacturing industrial enterprises as well. KOSGEB service directly supports any small and medium-sized enterprises of any sector as well as monitoring these kind of enterprises inside the turkey and working to increase SMEs manufacturing industry share and effectiveness of these businesses to increase their competitiveness in the local and global market. And the government allotment yearly budget to develop and growth this project to continue and moving on. After restructuring and change some policies and strategy of KOSGEB support mechanism, many enterprises in turkey have been guided to strategic purpose according to their ability after being registered in KOSGEB database. depending on Turkish statistics office there are 35 Enterprise Development Centers working to supporting small and medium-sized enterprises in turkey even they sometimes helping big enterprises to develop them through financially and technically as well as having 20 Technology

Development Centers which is very important to developing their technology to competitive in the global market with global enterprises finally having 76 Synergy Focal Points as well.

Finally, from 1990 until today KOSGEB project has been supporting small and medium-sized enterprises just only operating in the manufacturing industry. On the other hand, according to the Turkish statistic institute in 2005 statistics report. The number of beneficiaries in this project increased quickly from 301 291 small and medium-sized manufacturing enterprises to 2,391 229 in all sectors which are really the biggest change in the short period (Fakhri Jabir, 2011).

3.3.1. The Government financial support for SMEs in turkey

Turkish government believes that if Turkey wants to be a member of the European Union should Building the largest economy in the Middle East as well as developing the country through establishing and supporting any size of manufacturing enterprises especially small and medium-sized enterprises.so, that work takes both money and time. So, to the financing of small and medium-sized enterprise the government faces many significant strategic decision because it's clear that the financing policy process is based on the market collapse by the weaknesses in commercial and financial policy.

Currently, the small and medium-sized enterprises financial support programs to achieve this goal of stabilizing the budget. Minister of Science, Industry, and Technology of Turkey announced that it will support 902 small and medium-sized project and the amount of this support is 45.5 million Turkish liras, in the framework of a program for companies wishing to obtain a trademark. As well as he pointed out that the program would apply to small and medium-sized enterprises which aim to be an institution and a brand known. On the other hand, he stressed that the first step 559 project and submitted an application in the context of institutionalization, and 786 projects in the context of access to the brand, also, bringing the number of total orders for projects are 345. It is scheduled that the government is supporting 687 projects in the framework of institutionalization for 215 projects wishing to obtain a trademark. According to Chairman of the Department announced the development of small and medium-sized laboratories in Turkey announced the launch of a new campaign to support small and medium entrepreneurs. He also, adds that the department has allocated 300 million Turkish Liras in order to support these projects, noting that the support will include

small and medium-sized laboratories that have the vision to develop itself and expansion inside and outside Turkey as well, it has developed a circle three different packages to support these projects. and suggest that the support packages will be as follows: first package worth 50 million Turkish Liras and targeted projects that are working on the development of information and communications technologies, and the second value is the package of 150 million Turkish Liras which dedicated to small and medium enterprises, and experiencing rapid growth as well as openness to foreign markets. But the third package worth 100 million Turkish Liras to support these projects that have received support from other government agencies and the need to support more even another increase in the speed of evolution. It is worth mentioning that the development of small and medium-sized laboratories Department will receive requests for financial support in the period between May/ 2016 until July 2016 (Minister of Science, Industry and Technology, 2016).

3.4. The SWOT Analysis for Directorate of supporting Youth's small projects in KRG

Albert Humphrey creates the technique of SWOT in the 1960s and 1970s. SWOT analysis is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats. SWOT carries out place, industry, product or person and today's used for administration evaluation (Gwen, murphy, 2010).

The design and implementation of local economic development strategy depend on economic, social and financial situation in community, and to build a strong local economy, the good experience in this area demonstrates that, every society must make a collaborate effort to understand the nature and structure of the local economy as well as to analyses the SWOT in the region. This will help to shed light on the fundamental issues and purpose that are available to the local economy. Using SWOT analysis technique for the directorate of supporting youths small projects in KRG, the result would be clear and accurate. In terms of strengths of small enterprises, it shows that Kurdistan region has a large yearly budget through selling oil and Gas it means the oil income and the revenue of other sectors as well as having good infrastructure in that case the government can develop small and medium enterprises through this large income , having a good team work which is most of them are graduates from the college and well trained, although, in terms of weaknesses part there is lack of experience with small and medium enterprises and lack of funding and financial support to supporting and developing small enterprises sector, another weakness is ignoring

banking system it means working by classical way. Regarding, threats there is a lack of the knowledge and experience which will be the loss capital of the project, find difficult in obtaining finance special foundations and centers. Therefore, SWOT analysis technique is an imperative key realize by managers and it's possible to recommend that Kurdistan region has great opportunities to improve small and medium-sized enterprises sector. The table below determine the strengths and weakness & opportunity as well as threats of small projects in KRG. (Gwen, murphy, 2010).

Table: 9. SWOT analysis for directorate of supporting small projects.

Strengths : - large yearly budget - having a good team work which is most of them are graduated from the college including: bachelors and master's degree holder. - having excellent employee who are well trained by international organizations and foundations for supporting and working on small projects. - Availability of real data and information about the project. - giving the loans Without any interest and tax rates for six years.	Weakness : - lack of relationship with private sector and global foundations those who works in SMEs sector. - lack of experience with SMEs - Ignoring banking system and lack of funding as well as financial support. - Lack of experience and coordination with neighboring countries.
Opportunities : - connect more with global foundations such as: ILO, USIAD, and OECD through having a good relationship with them. - working with global banks and applying a good banking system.	Threat : - find difficulties in obtaining finance and financial support system. - Lack of the knowledge and experience will be loss the capital of the project. - The current economic situation.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1. Fund for supporting Youth's small project in KRG

According to the statistic office and officials in Kurdistan region, the small and medium enterprises make up nearly 90% percent of the composition and structure of the private sector in the Kurdistan region, in that case, the government seeks to support these projects through providing theme by financing . It was set up to supporting youth's small project in KRG and supported by the KRG Ministry of Finance to provide financial support to the owners of small and medium enterprises.

The fund for supporting youth's small project is a national project it means a non-profit that specializes in helping and wishing to exercise self-employed and owners of small and medium enterprises through training, rehabilitation, and counselling, guidance and embrace the projects as well. then help to obtain financing and to facilitate the government's actions by a group of specialists and adoption the latest styles and techniques to provide model locally and regionally in entrepreneurship also supporting small and medium enterprises Through encouraging them to do the own business (industrial, artificer, commercial, small service) are supporting the base of what is existing projects and large industries as well as supporting the university and institute graduates those who do not want to work in public sector vice versa working in private sector to establish their own businesses. The advantages of this project is for young people both men and women especially to provide interest-free loans for the project in the range of (15,000,000) million Iraqi dinars and assistance in the preparation of a feasibility study for their projects before they take the loan and starting the project then Supervising the projects and process, in addition to follow-up and supervising their projects. Retrieval of the loan amount starts after one year from the start of the project and work on the full amount repaid during the (6) six-year period it means the loan must be returned to the government in (6) Years on soft instalments every six months.

The main aims of that project is supporting youths small projects and raising economy level also social awareness of young people and Involving Young people to the development of the region by using their Energy and power and Encouraging Youths to establish small projects by supporting them financially finally to Better job opportunities for Youths because today's youngsters are tomorrow's leaders and to create a new jobs. Also increase the chances of success of the small project through the funding mechanism, training, and guidance the beneficiaries. It provides financing services in addition to counselling through the support of the entrepreneur's guidance and expertise, and the Fund is financing the operation cycle of training and rehabilitation and supporting technical and administrative requirements of the beneficiaries of the programs as well as to facilitate the various government actions to provide technical, administrative and financial of youths support in the Kurdistan region and small enterprises to help them to set up economic activity as well as contributing to the conclusion of new jobs and the reduction of unemployment through the targeting of the initiators of both gender it means young men and women who wish to set up a new projects as well as worker manual and automatic wishing to expand their domain.

Finally, The Conditions for taking the loan and applying to the project the applicant She/he must be from the region it means the applicant should have Iraqi nationality and aged 16-35 , She/he must not be employed in public and private sectors also S/He must be in need of financial supports and The project must be approved by the director then The loan must be returned to the government in 6 Years and not be advanced by any project to establish adequate financial resources are available and that the profits of the project is to be the main source of income. Also, She/he advanced the idea of a word about the project.

4.2. Case study:

In 2011 the Kurdistan region / ministry of labour and social affairs established a general directorate for supporting small projects for youths through paying money for those who has the plan to establish self-project without taking any surplus and any tax and opening training programs as well. The idea of small loans project comes to a group of specialist's economist at the Ministry of Finance and the Ministry of Labour and Social Affairs as well, with the help of a group of specialists, economists in Kurdistan, and with a staff who have experience in the field of loans and stimulate giving loans to young people. after knowing these experts and gather information as well as statistics in this area and arrived at the following conclusion formulating the idea to the project and submit to the presidency of the Council of Ministers in Kurdistan, then offers these small loans to citizens and become one of the causes of the infrastructure recovery, and the development of economic sector in the region also the elimination of unemployment in the country and increase the chance of working, increase domestic production after ratification support small-scale projects for young people of Kurdistan, then the recommendation by the presidency of the Council of Ministers for their implementation of the legal content.

For this purpose, the ministry of labour concerned to issue a set of instructions and laws of the small loan, and the piece in collaboration with a group of ministries (such as the Ministry of Culture, ministry of trade and industry, ministry of agriculture) after the piece for their gain experience and how to give the loan to the unemployed youths were opening session for eight days before the organization (Aynday gash). To gather citizens who work in the field of giving small loans to four main offices in the region including Erbil and Sulaymaniyah and Dohuk as well as garmiyan administration has been implemented in all branches that go back four offices that we have mentioned above. After that put the organizational structure of the Directorate of the fund with the help of the organization has been finalized For the purpose of implementing the project in collaboration with the Ministry of Culture and Youth has organized form for giving the loan. Before that on (16-7-2011) in the three provinces in the region and garmiyan administration.

The loan application form distributed to young people and graduates of colleges and institutes and the unemployed also the disabled, who have been trained to teach the craft, so the four main offices develop and which is divided into 9 branches as centres represent the main office to cover all cities.

4.2.1. The beneficiaries of small loan project

After provided the conditions in which a person receives a loan from the government it would receive Form No (1) that show the style and capture it in writing and asked to pay a certain amount of satisfaction he needs in order to build a project in a service area, industrial, agricultural, tourism This information raises to backup to fund for small projects it means Ministry of Labour and from there to the Cabinet after he fulfilled all the legal requirements in their own form this project sends the person calling and the sponsor with the form to the nearby office. After offering supplies by the government for the loan if the person had participated in a professional courses give him another form and must be written all the right information with the name of the session and the person who carries it out with the quality of training and the number of years, as well as the coach name and version training certificate. after that collects information about the project and pay the required amount to him and determines the project won in all respects are so canned that determines how projects take advantage of the government for the connection and the community, taking into account the economic side, that referred to the proposal with the project name in any field, with the venue of the project and how it is done Its objective, and whether this person is guaranteed another or the amount of the loan only, the identification of all expenses for the construction of the project and its activation and expansion, such as vacation work, body worker, production, and identify out of capital, such as the building and work devices and things constituent with identifying personal information manager the project in the family and the social field, the allocation of certain expenses to run the project, such as salaries, fuel and unstable search expenses such as daily needs and accountant and monthly profit, and whether the project competitor or not? And how to sell in the markets and the skill of the person in this area. And determine how the project is? One person or partners and identify objects in the project and all needs to be replaced. Then write notes by the committee that assessment.

After this information is checked by the Audit Committee in a form, which is call this Form No (3) The Commission decides to pay a certain amount to the person according to his request, and the amount due to the establishment of the legislator or expand as stated in the contract. Then submit a request to the President of the Fund Council. The loan will be paid to citizens between 1 million to 15 million Iraqi dinars According to the law (2) to Fund for Youths support small projects year (2011) Article (9) ninth paragraph (1) and one is a section of the imports of the fund from the budget of the provincial government allocated by the government and, according to financial help No. 15 in the (7- 7-2011) section, paragraph (8) had been allocated in the 2011 budget and 25 billion disbursements was made in two stages of this project.

Table: 10. The budget allocated to the project in the year 2011

Percentage Rate		Centers
%34		Erbil
%23		Duhok
%87	%43	Suli
%13		Garmiyan
%100		Total

Source: MOLSA, Directorate of supporting Youth's small projects

The first budget for this project was in 2011, as we can see the budget distributed by the cities and depending on the number of population in these cities. Erbil which is the capital of KRG has the lion share 34% percent, then suli with garmiyan have only 43% percent, as well as duhok city has only 23% percent because the population in duhok is less than the population in Erbil and suli. But In the budget of (2012) was allocated the same amount (25 billion) in three stages by the Ministry of Finance in KRG.

Table: 11. The budget allocated to the project in the year 2012

Amount		Percentage rate		Centers
21,760,000,000		%34		Erbil
14,720,000,000		%23		Duhok
23,942,400,000	27,520,000,000	%87	%43	Suli
3,577,600,000		%13		Garmiyan
64,000,000,000		%100		Total

Source: MOLSA, Directorate of supporting Youth's small projects

The amount of the budget allocated to project in 2012 by the ministry of Finance was 64.000.000.000, billion and divided to the centers as above table.

Table: 12. The budget allocated to the project in the year 2013

Amount		Percentage Rate		Erbil
3,396,600,000		%34		Duhok
2,297,700,000		%23		Suli
3,737,259,000	4,295,700,000	%87	%43	Garmiyan
558,441,000		%13		Total
9,990,000,000		%100		Erbil

Source: MOLSA, Directorate of supporting Youth's small projects

The third budget for small loan project was in 2013 the amount of the budget which is allocated by the ministry of Natural Resources was 9.990.000.000, and divided to the centres in Erbil, sulî , duhok , garîmiyan in the same way like 2011 and 2012.

Ministry of Labour and Social Affairs (MOLSA) in Kurdistan region through that project which begins in 2011 have paid direct funding for more than 8137 small projects from the beginning till now, so, increasing the productivity of these projects and has become now employs more than 10 thousand people, that number is really important to develop infrastructure in Kurdistan region. Finally, Instructions no (11) for 2011, peculiar to indemnification to granting for unemployed people , on the basis of the verdict of council of ministers numbered (9070), dated 18/08/2011 , the KRG released these instructions:

The 1st article: Insurance granting for unemployed people for people whom they graduated from colleges, institutes, whom it's followed technical education commission governmental, in amount (150,000) ID which has been implemented by MOLSA.

The 2nd article: The project goals / Granting insurance for gradutors of colleges, institutes, which follows up technical education commission (governmental) in Kurdistan regional governmental until the obtain a proper job either in the private sector or public sector or the own their free work, that to be inhabited according to their experience and job category, and throughout their participation in training courses in governmental establishments or private sectors, or NGOs.

The 3rd article: Benefits / University graduates and institutes who they follow up technical education commission (governmental in KRG). Those whom they graduated from vocational training centres / industrial preparatory technical institutes / colleges , Special needed people, provided to be capable of achieving a project , Benefitters of social network protection , Those whom they have no certifications, none the less, have a great desire to manage the project.

The 4th article: conditions of insurance granting:

- 1- The granting receiver should be graduated from college / university which follows up technical education commission (governmental in KRG).
- 2- The benefactor should be an inhabitant of Kurdistan.
- 3- The age should be between 16-35 years old.

- 4- The petitioner shouldn't be an employee in governmental or private section.
- 5- Jobless or his management abilities is weak.
- 6- Benefactor should have any job document in private sector / public sector or pursue any free job.
- 7- Benefactor should be registered in directorates of employment which follows up the ministry in KRG.
- 8- The benefactor shall accept the quality of inhabitation courses which has been settled by MOLSA and depending on specialization.
- 9- The benefactor should accept the job opportunity which has been determined by MOLSA.

The 5th article: mechanisms and requirements of implementation, Fill and present the form of granting insurance in the general directorates which follow up for monitoring social development in Kurdistan provinces. Then presenting official documents by the petitioners: Iraqi id, civil status id, Colourful pictures, Graduation certificate, Accommodation information card, Petitioners registration support from unemployed in the directorate of employment in provinces , Approval undertaking (commitment) from the legal department from development directorate in the province.

The 6th article: MOLSA by coordination with the governmental establishment and private sectors and NGOs by exacting courses to rehabilitation the benefactors. Directorates of employment in the 3 provinces by means of examination committee for searching for a proper job opportunity for benefactors.

The 7th article: financial support Legal support and financial status / second paragraph / 4 article from Kurdistan budget law no.6 2011 year.

The 8th article: how to get back a loan? How to return the loan?

First, the period of returning the loan throughout 6 years as well as:

- 1- Instalments: once every six months, it's taken equally, except the first instalment, after one year passing from receiving the first payment

2- Imposing postponement for every postponement day (5000 ID) from the date of abstinence of the first payment, if he/she didn't obligate until 30 days he/she has to take back all the loan without prior notice.

Second, in states that the person deceases (deb for) the juristic heritor is capable of managing the project in subrogation of the benefactor.

The 9th article: project domains:

1- Industrial domain projects / commercial agriculture, services, tourism and travelling

2- Those projects cursed to economic flourishing for the region and decreasing unemployment.

3- After assessment and computation by economic advantage committee, and after confirmation by the chief of council the contract shall be signed by the petitioner

4- Offering 50% from loan estimator amount to the debtor to initiate the project and after completion of 50% from duty providing not exceeding 90 days' time the debtor will be granted the second payment.

5- Those people whom they have projects and they have the desire to flourish it provided finding a job.

6- The project: - those projects whose capital is not heightened than 40 million dinars in the domain of (services, industries, agriculture, tourism ...etc.).

4.3. Data collection:

one of the most important thing while doing survey or research is gathering of the data and information as well for a specific purpose from many sources, through face to face interviews and questionnaires as well both are the common way to gathering or obtaining the primary data while doing the research ,That contains three stages such as

1. The stage of before data collection: in this stage, the researcher is developing all the data collection tools at the beginning then making communications with research participants in advance and consulting with those who have experience, after that organizing all the needed facilities in advance.

2. The stage of during data collection: in that stage, the researcher is doing meeting with the respondents to get those data which is the researcher want to achieve and giving them some necessary instructions and basic information for responding to the researcher as well as giving them the guidance also.

3. The stage of after data collection: at that stage which is the final stage for obtaining the data and information the researcher should evaluate and checking those data to become more reliability then reviewing all the processes of data collection because sometimes while reviewing the data the researcher goes to classify those data which is obtained at the beginning to know what kind of the data should be used and working on for the research.

According to Ministry of Labour and Social Affairs (MOLSA) over the past five years general directorate of supporting Youth's small projects in Kurdistan region directly have funding for more than 8137 small project and created more than 20,000 twenty thousand job opportunities for youths in the three main provinces as well as garbiyan city from beginning of the project in 2011 until 2016. The table (13) below shows the number of beneficiaries and all details about the directorate of supporting Youth's small projects in all cities:

Table: 13. Beneficiaries of the project in the year 2011 until 2016

Type of the Project						privacy		Gender		The amount of the loan that is approved	Number of Beneficiaries	Centers
Etc.	Tourism	Agriculture	Services	Industry	commercial	Expansion	Build	Female	Male			
7	4	272	775	278	1106	933	1509	375	2067	26,123,850,000	2442	Erbil
7	3	78	933	611	831	369	2094	582	1881	24,833,450,000	2463	Suli
16	11	80	628	299	1312	1109	1237	152	2194	25,129,150,000	2346	Duhok
1	2	162	188	128	405	437	449	89	797	8,749,250,000	886	Garmiyan
31	20	592	2524	1316	3654	2848	5289	1198	6939	84,835,700,000	8137	Total

Source: MOLSA, Directorate of supporting Youth's small projects

The above table shows all the data and information about small loan project in Kurdistan region during the past five years from 2011 until 2016, as we can see the project has four centres to giving the loan which are: Erbil, sulī , duhok and garimiyan city as well , then number of beneficiaries of all the cities and the amount of the loan that's approved for those projects and classify the gender of beneficiaries and privacy of the projects because the projects are different some projects are established while taking the loan but some project is expansion , finally showing the type of the projects (commercial , industry , services , agriculture , tourism , etc. ...).

As I have noted throughout collecting the data and analysis about that project in KRG ministry of labour and some officials many projects were commercial sector especially in Erbil city which is the capital of KRG.

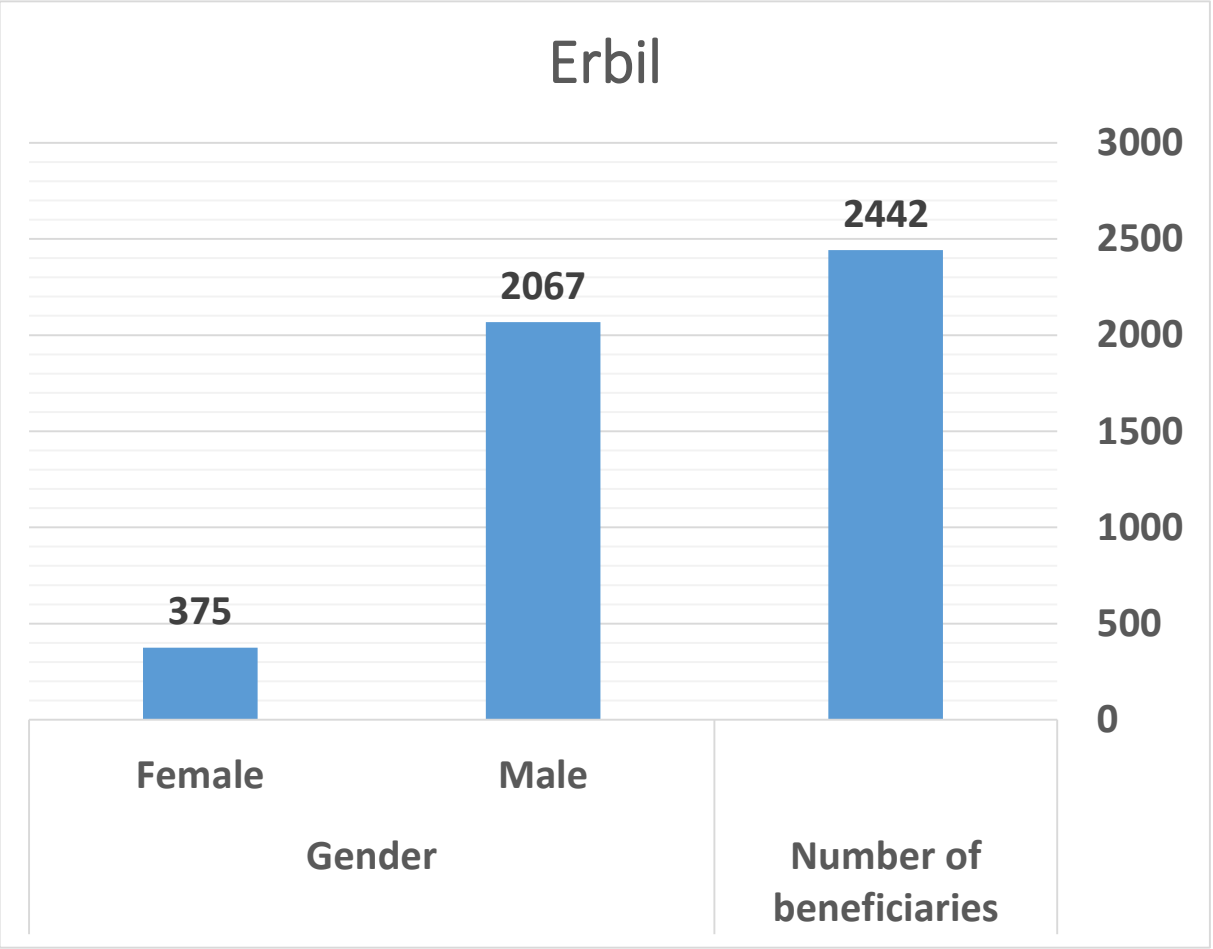


Chart: 4. the number of beneficiaries in Erbil city during the five years

Source: figure builds by myself through the data by MOLSA/ KRG

As the above figure shows, the individuals covered by the small loan project many of them are males we could say nearly 80 % percent and 20 % percent are females. So, that is the reality of the Eastern communities where the chance of getting jobs for females are less than for males.

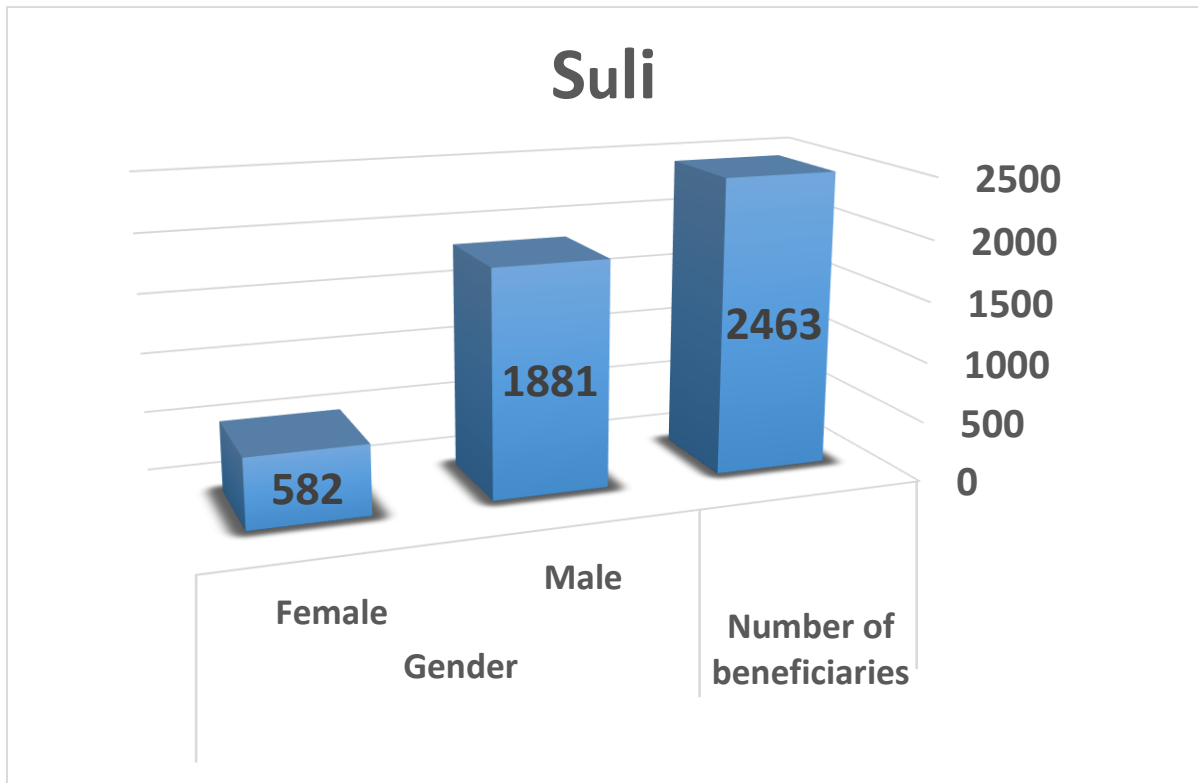


Chart: 5. the number of beneficiaries in Suli city during the five years

Source: figure builds by myself through the data by MOLSA/ KRG

Suli city which has three branches is the second largest city in KRG have the same number of beneficiaries like Erbil city during the 5 years if we look the above figure we could see that difference, but the number of female beneficiaries in suli is much more than Erbil city and other cities as well. Depending on their culture doesn't matter female could work in the market and doing business like males, that's why many of them are successful in their business and one of the main aims in small loan projects in KRG is giving more opportunities to women's and raising the number of female beneficiaries in that project. Because some cities in our country do not allow the females to do business or having self-job, that background has a big negative effect on the country's economy and developing the country. So, we should work hard to change this misunderstanding and help those women's which they have talented to establishing self- project in Kurdistan region.

Another city for supporting youth's small project in Kurdistan region is duhok city which have three branches all these branches offering the financial support for those who have a plan to establish self-project, as we can see the figure below the number of beneficiaries in that centre is near with both Erbil and Suli city which is 2346 beneficiaries in all branches, but unfortunately like Erbil and Suli the number of females are just 152 beneficiaries during the past five years from the beginning of the project until 2016, while the government offering a lot of things for women's to establish self-project and taking the loan from the government.so , many of these female beneficiaries which take the loan by the government are working in agriculture sector in their cities and some of them are working in service sector like running sewing lab, during my visits to their project places I have noted that many of them have a good experience in that field and they are well educated in this work, especially in suli city that's why that city has a big number of female beneficiaries compare with Erbil and suli as well as Garmiyan city.

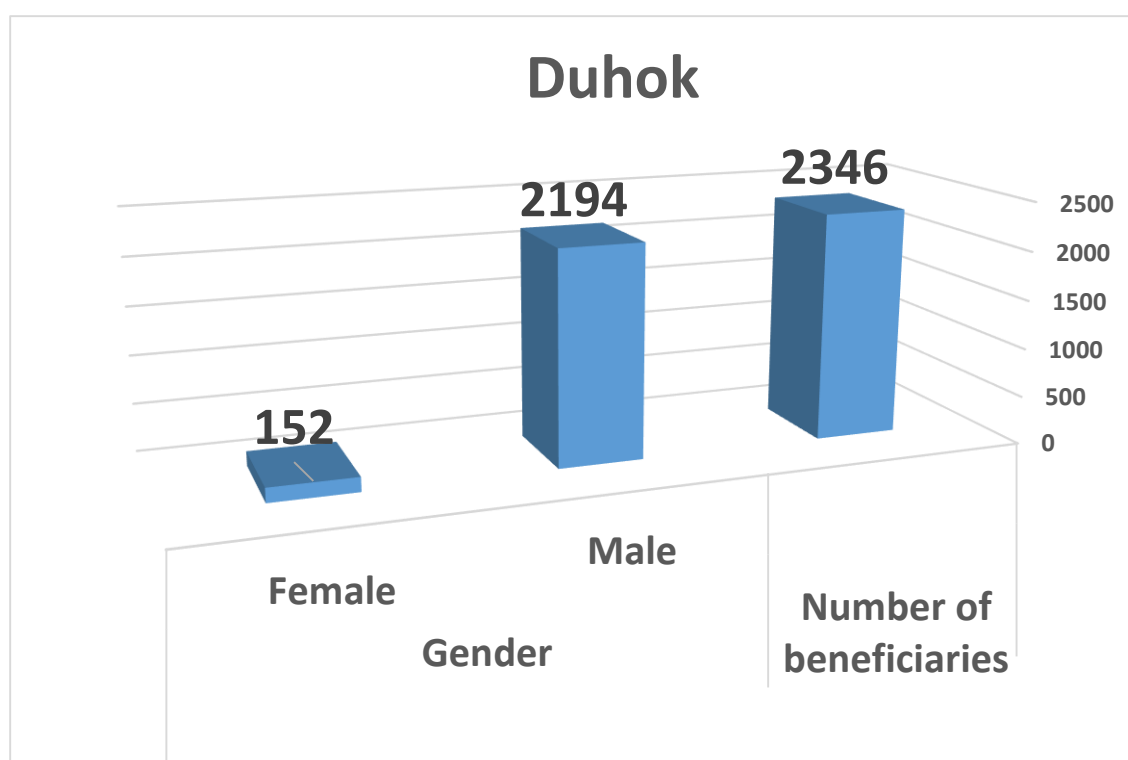


Chart: 6. the number of beneficiaries in Duhok city during the five years

Source: figure builds by myself through the data by MOLSA/ KRG

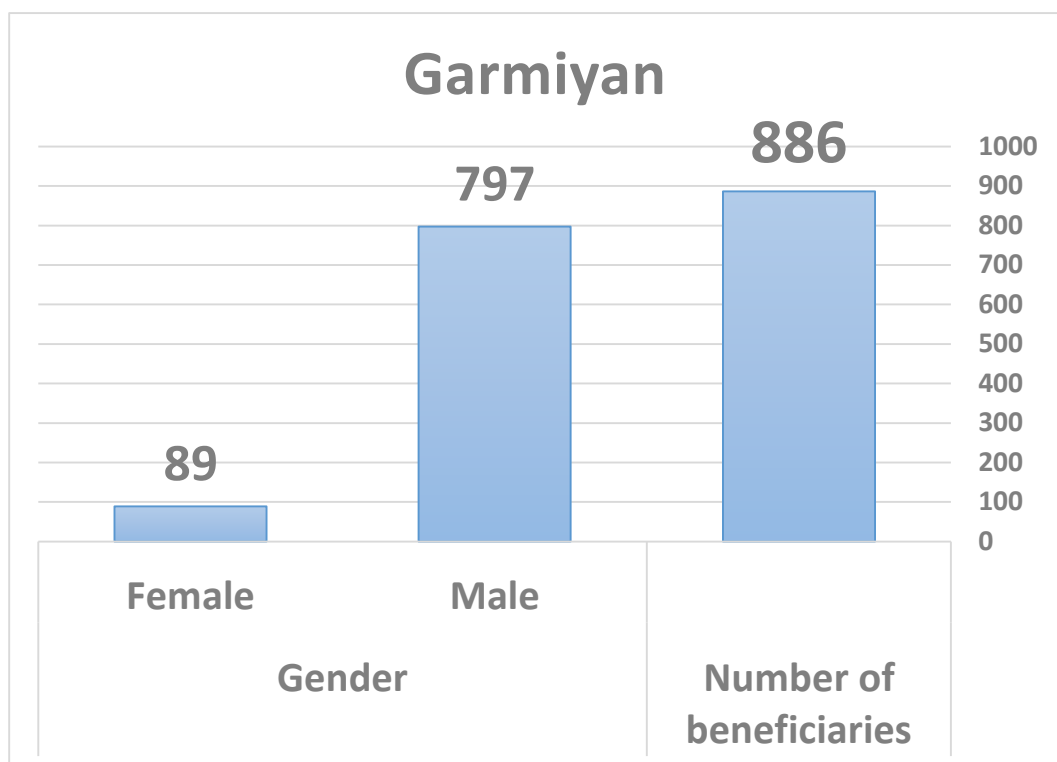


Chart: 7. the number of beneficiaries in Garmiyan city during the five years

Source: figure builds by myself through the data by MOLSA/ KRG

The last city in KRG for giving the loan to youth's small project is Garmiyan which is the only centre has no any branch because it's not a province that's why it hasn't any branch. During my survey and visits in that city for collecting the data and information as well as to follow-up purpose, I have noted that many projects are in agriculture sector like (fish farming project, breeding animals project) it tells us we have considered and focus more on the city's needs then we should promote and guide these beneficiaries to establish those projects. At the beginning I have mentioned that most of the Erbil's projects are industrial projects as well as in suli also, but in duhok and Garmiyan city agriculture field are much more than other sectors. On the other hand, the number of job opportunity for graduates and jobless people through these projects in Erbil and suli are much more than garmiyan and duhok because every single industrial project employed nearly 7-10 person. But this city recorded the lowest rate of female beneficiaries which is only 89 beneficiaries during the past five years as the above figure shows that.

4.4. Questionnaire data analysis:

The questionnaire is the necessary part of many theses and it's an obligation for some thesis which is containing a series of questions for the purpose of obtaining the data from respondents because through Questionnaires you can obtaining the data and information easily as well as analysis this questionnaire easily by using some statistical program to get the better results of the questionnaire. Generally, I have been used both types of the data qualitative and quantitative. So, I collected primary data through fieldwork in my thesis project to draw the role of government in supporting small projects for youths of KRG. So, while sharing the questionnaire form on 150 owners of small projects because they were beneficiaries of the small loan project in KRG I have collected all the data and information related to the study of those beneficiaries through interviewing them.

4.4.1 Characteristics of the Respondents or personal information

In this section, I have been a focus on the respondent's personal information. So, the aim of analysing these data was to get the necessary information from the respondents to classify their gender, age, Education level, project place, project type, the age of the project, capital of the project, legal form of the project, then a number of job opportunities.

4.4.1.1. Gender

Table: 14. shows classification of respondents according to gender

Valid	Frequency	Percent	Cumulative Percent
Male	111	74.0	74.0
Female	39	26.0	100.0
Total	150	100.0	

The table shows that 74 % percent of the beneficiaries in small loan project were Male, while 26 % percent were Female. That low level of female clearly defines that the majority people which is running the small project in Kurdistan region are male. On the other hand, go back to our culture in Kurdish society because many families don't let the women work in outside like men.

4.4.1.2. Age of the beneficiaries

In order to more categorize the beneficiaries in small loan project to find out their age I have been grouped their age from 16 – 35 years old the figure below shows the result:

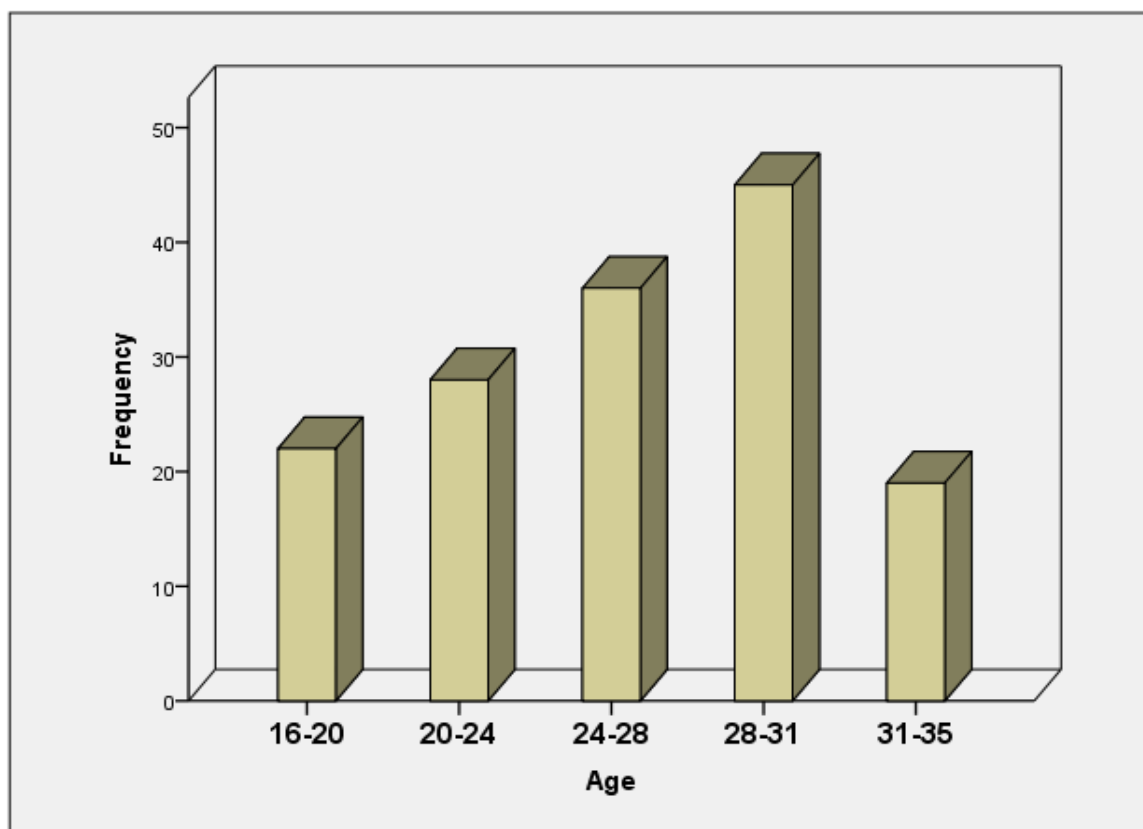


Chart: 8. shows classification of respondents according to Age

the above figure shows that the majority of the beneficiaries in small loan project 14.7 % percent were between the range of 16-20 age , 18.7 % percent were between the range of 20-24 years old , 24 % percent were between the range 24-28 years old , 30 % percent were between the range of 28 -31 years old. as we can see most of the small size business are running or directed by young men and women at that age, 12 % percent were between the range of 31-35 years old, finally as we can notice and according to this study the majority of beneficiaries that are running the small size businesses their age is between the range of 28 -31 years old.

4.4.1.3. Level of education

In this section I have been listed six categories to determine the beneficiary's or the respondent's education level also to identify the skill of small business owners based on their education level which they have the table below shows that:

Table: 15. shows classification of respondents according to education level

Valid	Frequency	Percent	Cumulative Percent
Primary	17	11.3	11.3
Secondary	32	21.3	32.7
Preparatory	36	24.0	56.7
Diploma	20	13.3	70.0
Bachelor	45	30.0	100.0
Master	0	0	
Total	150	100.0	

As shown in the above table it can be observed that the respondents has different qualifications and hold different qualification as well , according to the questionnaire survey the majority of the beneficiaries in small project or small business 17 (11.3 %) percent have primary qualification , 32 (21.3 %) percent held secondary certificate , 36 (24 %) percent of small business owners hold preparatory certificate. 20 (13.3 %) percent were a graduate from institutes it means they have diploma certificate. 45 (30 %) percent have bachelor's degree they graduate from college/university. As we can see the table and according to my survey many of the beneficiaries hold bachelor's certificate then preparatory certificate holder which is 36 (24 %) percent. But unfortunately, nobody has the master degree as the table shows that. According to many study which applied in small and medium-sized enterprises in Kurdistan region about the skill and qualification of the owner or even workers which they work in these businesses shows that many of them are not educated well and they have secondary or preparatory as well , some of them graduate from the institutes and colleges but they are not professional they work in a classical way on the other hand lack of experience about running of small projects and luck of making global contact with international companies.

4.4.2. Information about the respondent's business

In that section, I have been a focus on the respondent's business such as project place, projects types, the age of the project, the capital of the project etc....

4.4.2.1. The project place

In this section of my questionnaire I have been focusing on the respondent's project place and classification of the project place for beneficiaries in small loan project of Kurdistan region into four cities Erbil, Suli, Dhok, and Garbiyan as well the figure below shows the distribution of the small project for these cities in KRG like that :

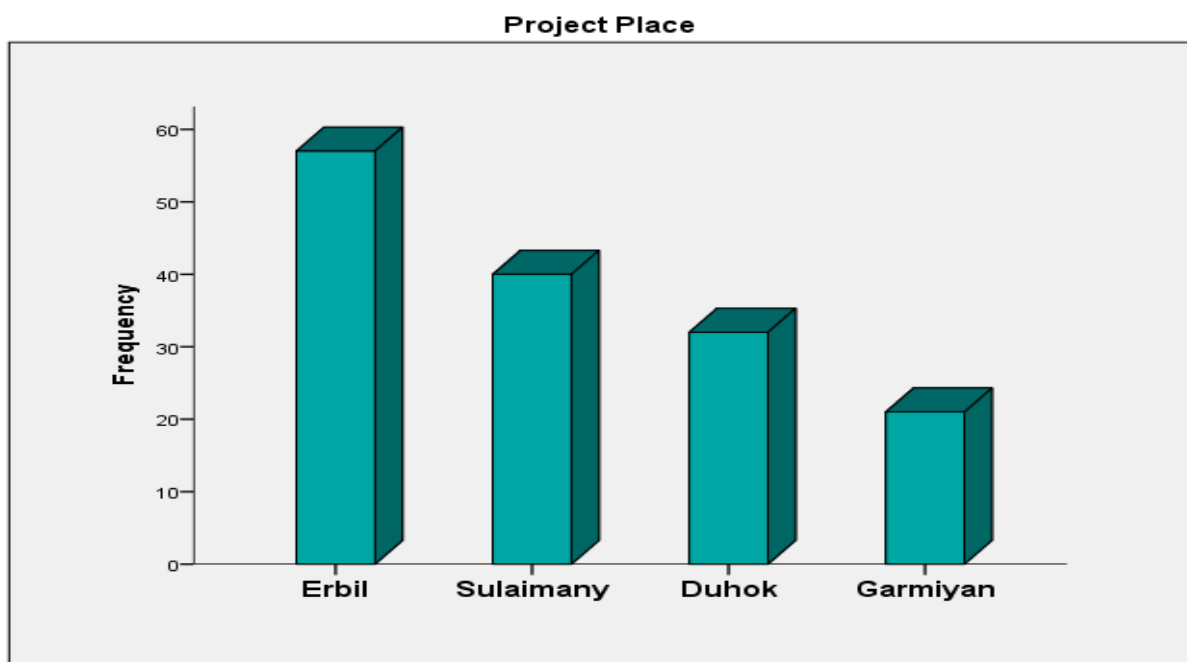


Chart: 9. Shows classification of respondents according to project place

The figure above shows that the respondents project place were categorized into four groups to determine the number of small project in these cities by percentage 57 (38 %) percent of the projects were located in Erbil city and according to the result of the data analysis Erbil city has the lion share of the small sized business as the figure show that. 40 (26.7 %) percent of the small projects were in suli city which is the second largest city in Kurdistan region , 32 (21.3 %) percent of the projects were located in duhok city which is smaller than both Erbil and suli , 21 (14%) percent of the projects were in garbiyan city and this city has been recorded the lowest rate for small business.

As we can see in the figure while the city has the huge amount of natural resources especially garmiyān known as the richest city in agriculture field but the government ignored them. Anyway, on the other hand, the socio-cultural attitude and the background of the people as well can be another factor for decreasing the number of small business because the number of female beneficiaries in this city are not much like other cities that's why recorded the lowest level of establishing small sized enterprises. For more detail the table below shows the distribution of the projects by frequency:

Table: 16. Shows classification of respondents according to project place

Valid	Frequency	Percent	Cumulative Percent
Erbil	57	38.0	38.0
Sulaimany	40	26.7	64.7
Duhok	32	21.3	86.0
Garmiyān	21	14.0	100.0
Total	150	100.0	

As the table shows the percentage of each city and Related to the data analysis from those respondents while sharing the questionnaire form on 150 owners of small projects in Kurdistan region according to the population I have been shared questionnaire form for each city depending on their number of beneficiaries Erbil city has the lion share of small projects. On the other hand, Erbil is the capital of Kurdistan region that's why many companies and small businesses located there.

4.4.2.2. The type of the project

for determining the types of small projects according to their sector I have been defined four types of these projects such as industrial, commercial, agriculture, services as well, which is respondents were running in Kurdistan region and supported by the government and follow-up by the ministry of labour and social affairs, both the table and figure below shows each sector:

Table: 17. shows classification of respondents according to project type

Valid	Frequency	Percent	Cumulative Percent
Industrial	48	32.0	32.0
Commercial	36	24.0	56.0
Agricultural	30	20.0	76.0
Services	36	24.0	100.0
Total	150	100.0	

As shown in the above table the majority of the respondents or beneficiaries in small loan project which is totally the 150 small project as a simple size of my study 48 (32%) percent were running an industrial sector of small business, 36 (24%) percent were running a commercial sector of small business, 30 (20%) percent were running an agriculture sector Of small business, finally, 36 (24%) percent were running a service sector of small business.

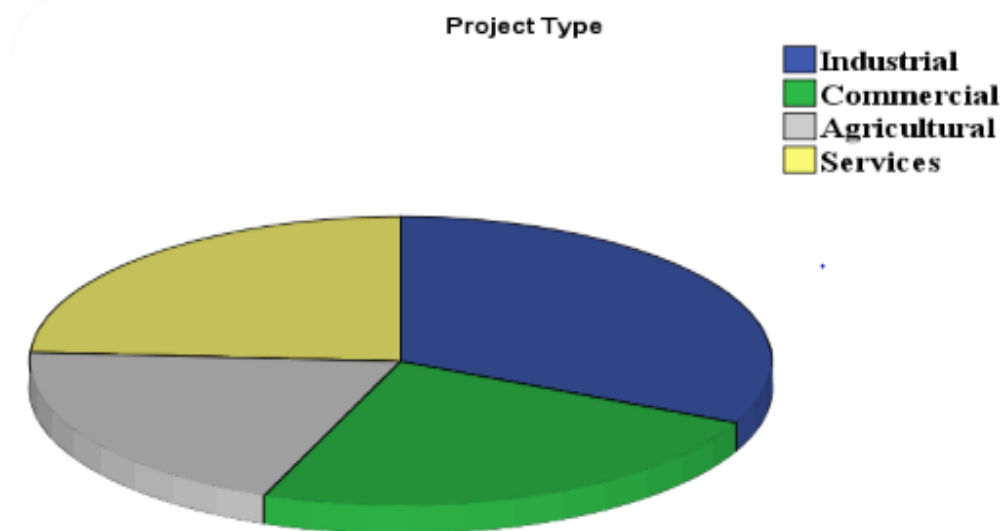


Chart: 10. Shows classification of respondents according to project type

Source: own survey

As shown in the above figure the number of small projects in the industrial sector are higher than other sectors because the government developed and improved industrial sector more than agriculture and commercial as well.

4.4.2.3. The age of the project

According to the below figure, it shows that the majority of small businesses in Kurdistan region for small loan project not generally established in the years between 2013-2016 which is 40 (26.7%) percent of the business were at the age of 3 three , 7 (4.7%) percent of the business were at the age of 1 one , 36 (24%) percent of the business were at the age of 2 two , 24 (16%) percent of the business were at the age of 4 four , 21 (14%) percent of the business were at the age of 5 five , 12 (8%) percent of the business were at the age of 6 six , 4 (2.7%) percent of the business were at the age of 7 seven , 1 (7%) percent of the business were at the age of 8 eight , 2 (1.3%) percent of the business were at the age of 9 nine , 3 (2%) percent of the business were under the age of 10 ten . as we can notice many of them are established between 2013 or 2014 till 2016.

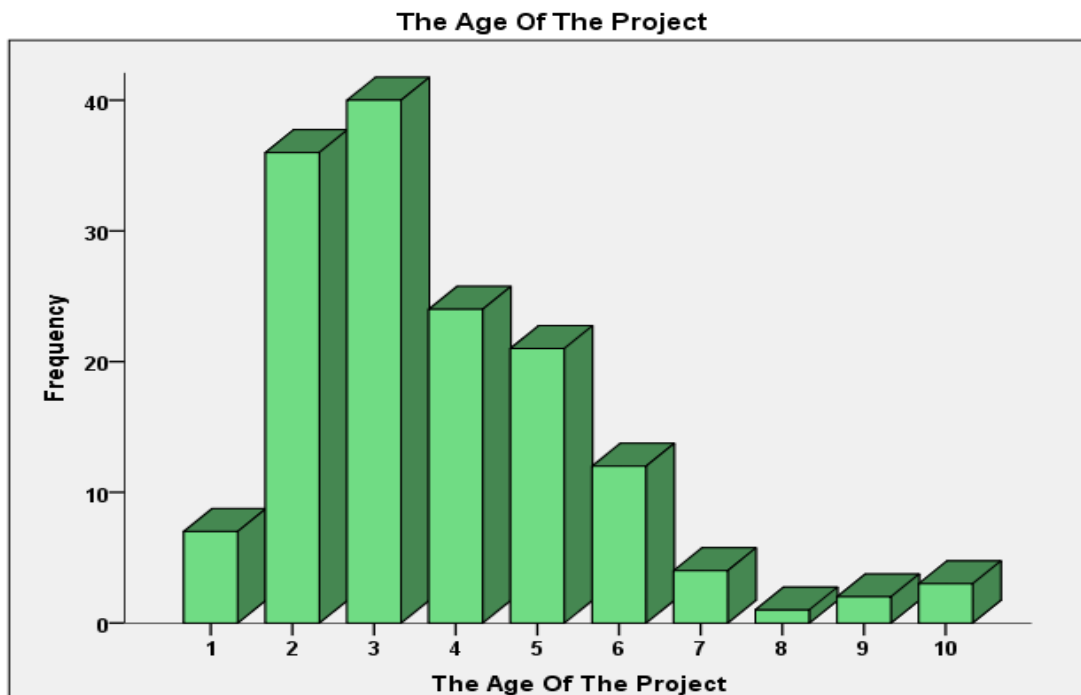


Chart: 11. Shows classification of respondents according to the age of the project.

Even the Kurdistan region government program which was supporting youth's small project or more commonly known by (small loan project) was established in 2011 but the majority of the business according to their age are established in 2013 as well as depending on my thesis survey it's clear.

Also, the below table shows the age of the projects by descriptive statistics analysis:

Table: 18. shows classification of respondents according to the age of the projects through using descriptive statistics analysis

Valid N (listwise)	N	Minimum	Maximum	Mean	Std. Deviation
The Age Of The Project	150	1	10	3.71	1.856
	150				

As we can see on the table (N) means the number of the projects or the number of respondents in the questionnaire survey, the minimum of age of the project is one year and the maximum is 10 years. And mean is 3.71 as well as the standard deviation is 1.856. So, that data tells us many of the small size business in KRG are established between 1-10 year because after the war of 2003 in Iraq, Kurdistan's economy started to improve and promote the small and medium size business after 2003. But according to my questionnaire survey for 150 on small business owners, the majority of the respondents in small loan project were running the business 2-3 just years.

4.4.2.4. The capital of the project

According to many survey around the world about small size business says there is no a united definition to determine the capital of the small business because each country has a different rules to definition small business , as we know depending on the capital and size as well as the number of employees we can determine the size of the firm or business in that case determining the capital of these small businesses for each one differently exactly not easy in Kurdistan region but according to the ministry of trade and industry in Kurdistan region they have been determined the capital of small business to 40,000,000 million IQD equal to 32,000 US dollar at the same time ministry of labor for small loan project applied this rule to determine the capital of small business then I have been estimated their capital through talking with the owners of the small business.

Finally, through data analysis by SPSS statistical program I have notice that the minimum of the capital is 13,000,000 IQD which is equal to 10,000 US dollar and the maximum is 75,000,000 IQD which is equal to 60,000 US dollar, but 5.3 % percent of the total 150 small business their capital were 40,000,000 IQD equal to 32,000 US dollar the table below shows the descriptive statistics for the capital of the business.

Table: 19. shows classification of respondents according to the capital of the projects by Using Descriptive Statistics analysis

Valid N (listwise)	N	Minimum	Maximum
The Capital Of The Project	150	13000000	75000000
	150		

4.4.2.5. The legal form of the project

In this section I have defined just two types of small business to know the legal form of the projects which is respondents were running such as: sole proprietorship type partnership type also to determine the number of small business about ownership of the small business as well as according to my study shows that many of the small business are solely owned by one individual as in the table below is clear.

Table: 20. shows classification of respondents according to the legal form of the project

Valid	Frequency	Percent	Cumulative Percent
sole proprietorship	118	78.7	78.7
partnership	32	21.3	100.0
Total	150	100.0	

As shown in the above table the majority of the respondents in small loan project which is totally the 150 beneficiaries of small project as a simple size of my study we can see that 118 (78.7%) percent were running as sole proprietorship it means many of them are solely owned by one individual, while 32 (21.3%) percent were running as partnership type of business

Means owned by a group of people may be owned by the family member or two person as well. Through my field work, I have notice that many of the small size business running by the member of family at the same time ownership these small businesses by the family member, for more details the below figure show that difference:

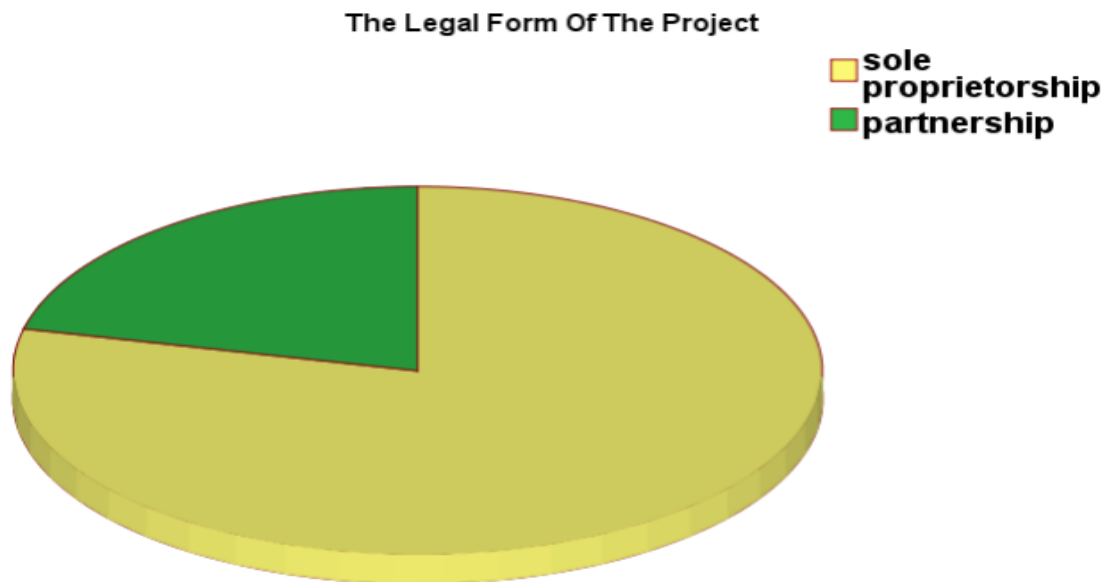


Chart: 12. Shows classification of respondents to the legal form of the project

The above figure illustrates that 78 % percent of the respondents running the sole proprietorship type of the business, therefore for sure I can say that in Kurdistan region many of the small business owner's don't like to have a business as a partnership type. As well as their lack of experience about running a small business and on the other hand luck of finding the financial support to promote and develop their business is another reason for working alone and running their business as a sole proprietorship type. At the same time, that number of the sole proprietorship business which is three-time is bigger than partnership business type tells us this true fact.

4.4.2.6. The number of job opportunities

As we all know that small business has an important role in job creation especially in undeveloped countries at the same time a small business has a big role in economic growth as well. So, in that section, I have focused on the number of job creation for youths or jobless people in Kurdistan region through these small projects as the figure illustrate.

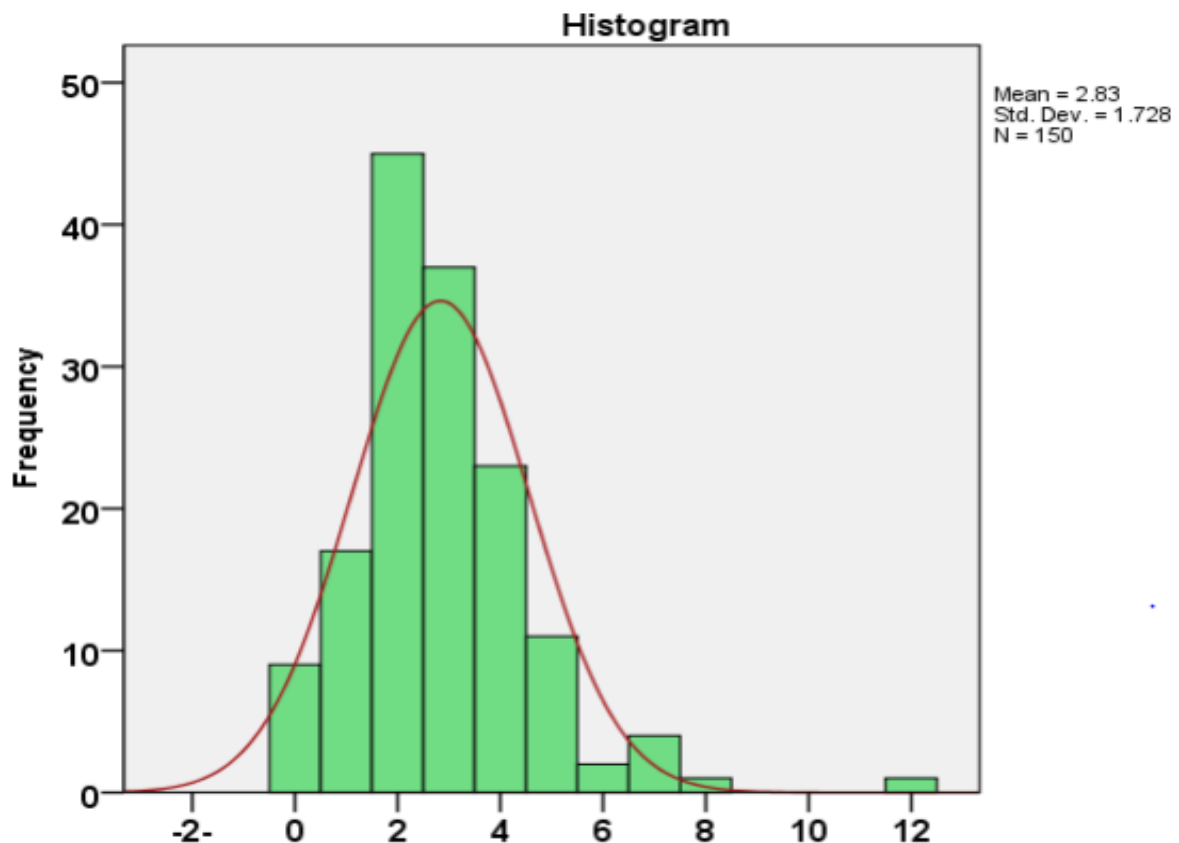


Chart: 13. Shows classification of respondents to the number of job opportunities

As In the above figure I have indicated , the number of job creation in Kurdistan region by small size business as well as I have taken five-year sample from 2011 until 2016 for 156 beneficiaries from four different cities totally they have created 425 job opportunities which is a high number for just 150 small business . As we can see 45 (30 %) percent of the respondents have to offer 2 job opportunity for jobless people, 37 (24.7 %) percent of the respondents have to offer 3 job opportunity for jobless people, 23 (15.3 %) percent of the respondents have offered 4 job opportunity for jobless people.

4.4.3. Information about the financial support for small projects

In this section of my questionnaire, I have been focus on the respondent's financial support by the government for their businesses. So, the main aim of analyzing those data was to get the necessary information from the respondents to classify their financial support side, know the effect of this support on their business, determine the ways of getting the loan from the government as well as several question about the importance of the small business and the role of government in supporting this kind of business in KR for youth's.

4.4.3.1. The financial support sides for your project

In order to categorize the beneficiaries or respondents in small loan project as well as to find out their financial support I have been asked them three questions as the table below shows their financial support

Table: 21. shows classification of respondents to financial support side

Valid	Frequency	Percent	Cumulative Percent
Taking the loan from the government	150	100.0	100.0
Taking the loan from the bank	0	00.0	00.0
Taking the loan from the friends	0	00.0	00.0
Total	150	100.0	

As shown in the above table the majority of the respondents in small loan project their business were supported by the government 150 (100 %) percent took the loan from the government it means nobody takes the loan from the bank and the friends as well. as we can see the percentage of the taking the loan from the bank and taking the loan from the friends are 0 (00 %), because these respondents have been started their businesses from the beginning of the year 2011 and supported them by the government financial support.

That's why nobody has contact with the bank they just focused on the government financial support because it has some advantage such as tax exemption, the duration of the return their loans etc...

4.4.3.2. What is the best financial support for your project?

Here I have been asked the same questions like the previous question by giving them three choices to know their opinion about the best financial support side to their business also to get the necessary information about the positive side of the government financial support the below figure shows the percentage of each choice like that

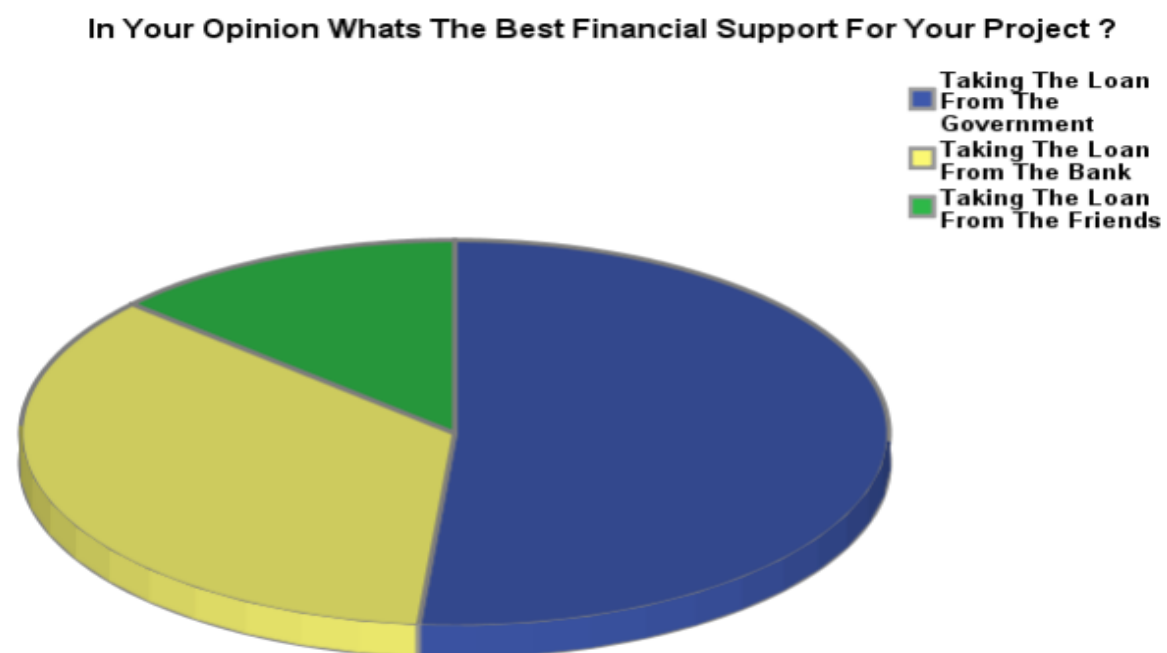


Chart: 14. Shows classification of respondents according to the best financial support

As shown in the figure the majority of the respondents are agreed with taking the loan from the government which was 77 (51.3 %) percent, 53 (35.3 %) percent were agree with taking the loan from the bank as well as 20 (13.3 %) percent agreed with taking the loan from the friends, as I have mentioned before taking the loan from the government are easy with free tax that's why it has the lion share than others.

4.4.3.3. Does the amount of the loan was suitable for your needs?

In this question of my survey I have just asked two kind of question to know the effect of the amount of the loan which is respondents were taken to running their businesses such as: was suitable for my needs and was not suitable for my needs as well as to know the importance of the loan for small business by the Kurdistan region for youngsters.

Table: 22. shows classification of respondents feedback about the amount of the loan

Valid	Frequency	Percent	Cumulative Percent
Was Suitable For My Needs	114	76.0	76.0
Was not Suitable For My Needs	36	24.0	100.0
Total	150	100.0	

As shown in the above table many of the respondents are said the amount of the loan was suitable for my needs which were 114 (76 %) percent, and only 36 (24 %) percent have said was not suitable for my needs as we can those who has been said was suitable for my needs three times are bigger than those who has been said was not suitable for my needs it means most of them are thankful for this project which is running by the government.

4.4.3.4. What thing surprised you in financial support for youths?

Here I have been asked the respondents about the best thing which they surprised in small loan project through taken the loan by the government because it's important to know the feedback of the project by the beneficiaries of small loan project for young's In Kurdistan region as the table below shows 79 (52.7 %) of respondents were surprised by the amount of the loan, 32 (21.3 %) of respondents were surprised by-laws and instructions as well as 39 (26 %) percent of the respondents were surprised by project services. Again most of them are agree with the amount of the loan and services like helping them technically and always giving them advice about running their business as well.

Table: 23. Shows classification of respondents to know their feedback in financial supporting by the government

Valid	Frequency	Percent	Cumulative Percent
The Amount Of The Loan	79	52.7	52.7
Laws And Instructions	32	21.3	74.0
Project Services	39	26.0	100.0
Total	150	100.0	

4.4.3.5. What causes don't you agree with financial support project?

In this question, many of the respondents don't like the laws and instructions of the small loan project they want to change some laws and instructions which are difficult to apply these instructions and lows in their business as the below figure show it.

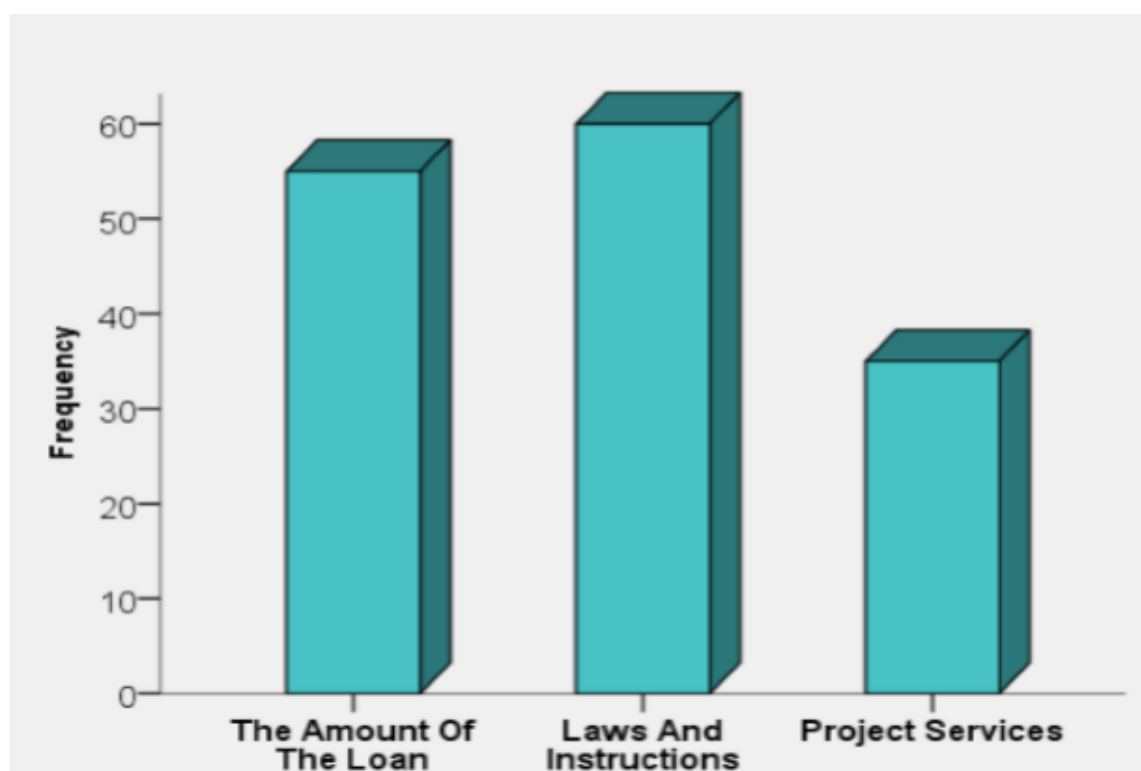


Chart: 15. Shows classification according what causes don't you agree

4.4.3.6. How did you know about small loan project?

To get the necessary information about how the respondents or beneficiaries got the news about the small loan project by the government I have been given them four choices such as television, the internet, newspaper, friends also, as the table below indicate the majority of the respondents through the television got the news about government financial support program for those who wants to establish small business as we can see below 54 (36 %) percent of the respondents have got the news about supporting small projects for young's through the television , 52 (34.7 %) percent of the respondents have got the news about supporting small projects for young's through the friends , 30 (20 %) percent of the respondents have got the news about supporting small projects for young's through the internet , as well as 14 (9.3 %) percent of the respondents have got the news about supporting small projects for young's through the newspaper.

Table: 24. shows classification of respondents according to the role of the media

Valid	Frequency	Percent	Cumulative Percent
Television	54	36.0	36.0
Internet	30	20.0	56.0
Newspaper	14	9.3	65.3
Friends	52	34.7	100.0
Total	150	100.0	

4.4.3.7. Does this loan has an effect on developing your business?

In this question as the table below illustrate 111 (74 %) percent of the respondents says Yes this financial support has an effect on developing our business, while 39 (26 %) percent says No this financial support has not effect on developing our business. so, as its clear the majority of the beneficiaries feedback in small loan project were positive because the number of those who says Yes three times bigger than those who says No.

Table: 25. Shows classification of respondent's opinion about the effect of the loan on developing their small business

Valid	Frequency	Percent	Cumulative Percent
Yes	111	74.0	74.0
No	39	26.0	100.0
Total	150	100.0	

4.4.3.8. Have you participate the training course about running SMEs?

Depending on my data analysis about attending small business owners in the training courses or seminars for running their small business the results shows that the majority of the beneficiaries in small loan project are not attending or receiving any training program as well as seminars to develop and grow their small businesses. so , 81 (54 %) percent answered No I never participated any training course about what small business looks like or how to run the small size business while 69 (46 %) percent answered Yes I have participated a training course about what small business looks like or how to run the small business. The below figure shows their answers about participating the training course.

Have You Participated The Training Course About Running Small Project?

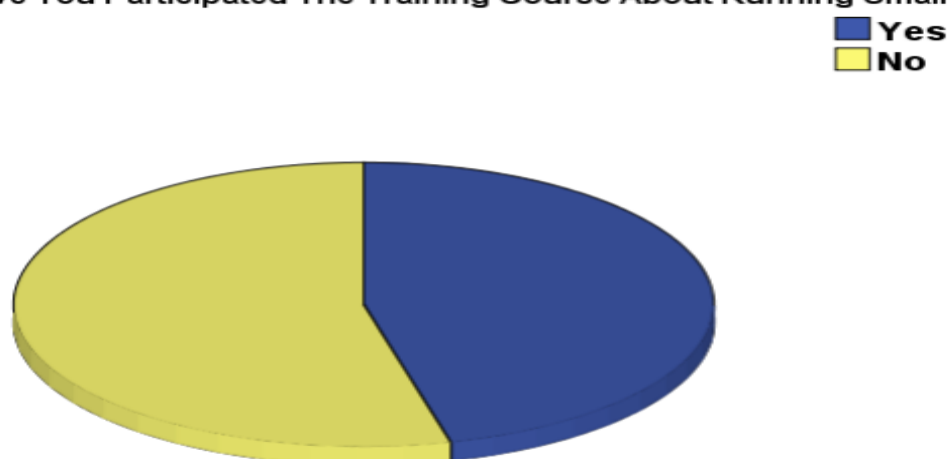


Chart: 16. Shows respondents rate according to participating training course

4.4.3.9. Lack of experience of SMEs owners in the administrative?

The below figure shows that 32 (21.3 %) percent of the beneficiaries replied with strongly disagree about lack of experience of small business owners in the administrative field, 41 (27.3%) percent of the beneficiaries answered disagree, 11 (7.3%) percent of the beneficiaries replied with normal it means they have no comment about that, 35 (23.3%) percent of the beneficiaries answered agree, 30 (20 %) percent of the beneficiaries replied with strongly agree. Finally, as we can see many of the respondents answered dis agree with that question means they have experience in administrative field.

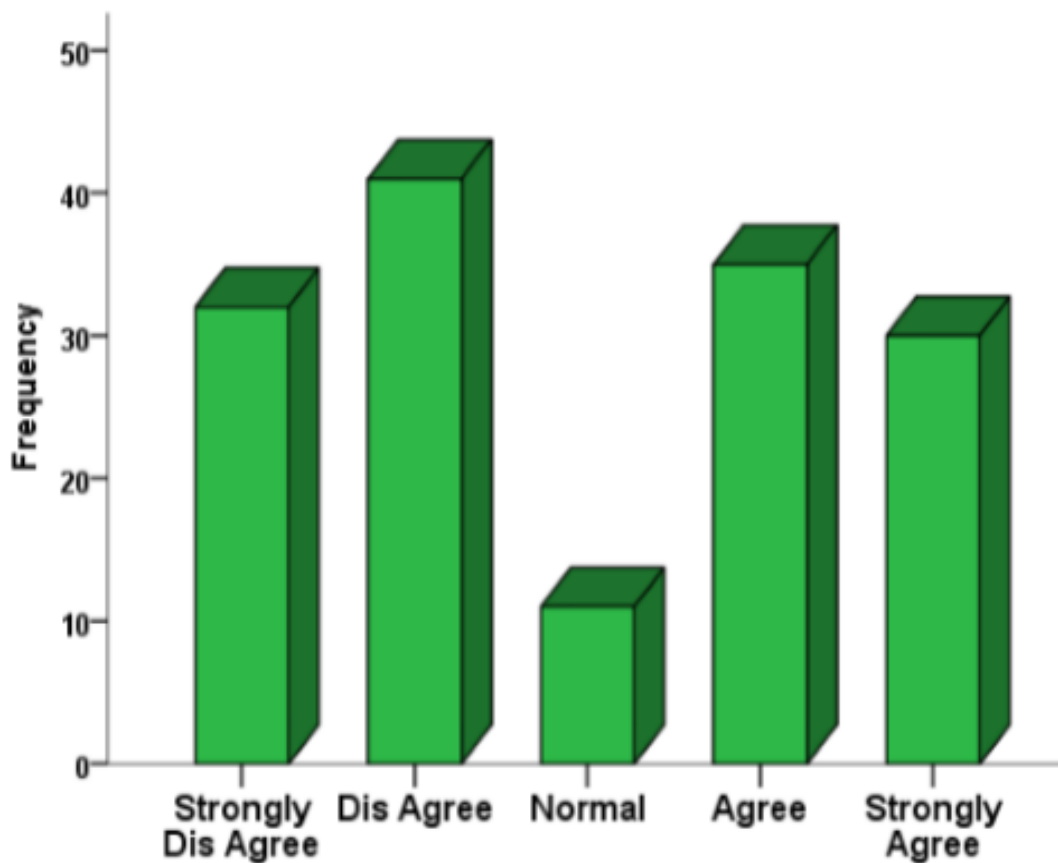


Chart: 17. Shows classification according to lack of experience in administrative field

4.4.3.10. Lack of experience of SMEs owners in the technical field?

Here I have been asked the same question but in the technical field as we can see like the previous question many of the beneficiaries in small loan project again replied with dis agree as the figure shows that.

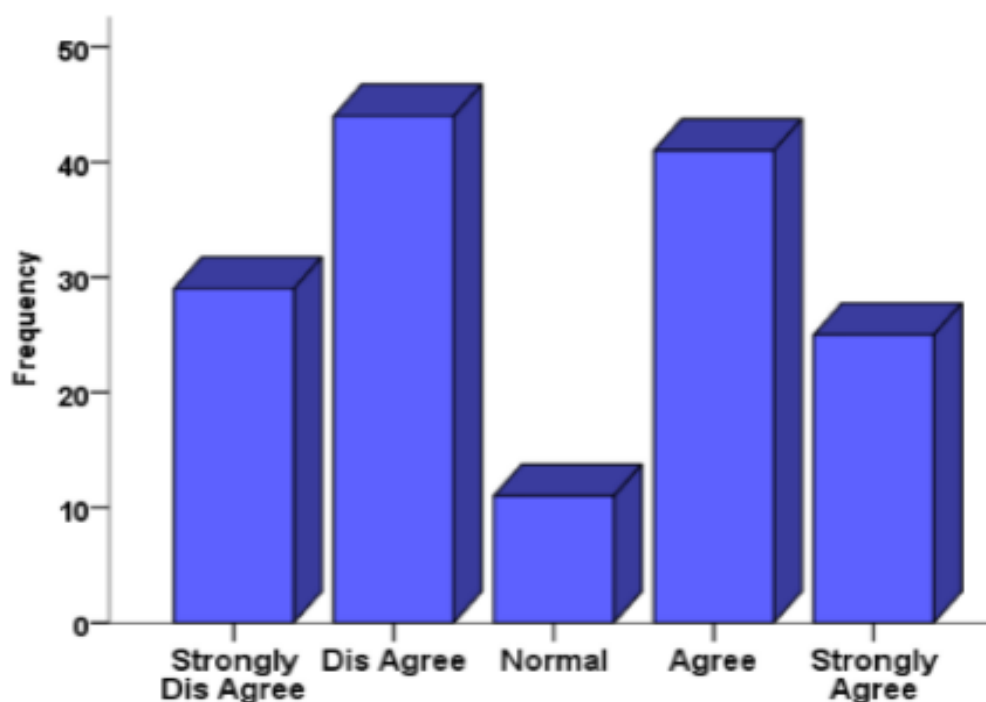


Chart: 18. Shows classification according to lack of experience in technical field

29 (19.3%) percent of the beneficiaries answered with strongly dis agree about lack of experience of small business owners in the technical field, 44 (29.3 %) percent of the beneficiaries replied with disagree, 11 (7.3 %) percent of the beneficiaries answered with normal it means they have no idea about that, 41 (27.3 %) percent of the beneficiaries replied with agree, 25 (16.7 %) percent of the beneficiaries replied with strongly agree.

4.4.3.11. Giving financial support for youths has an effect on Kurdistan region economy?

The below table illustrate that only 1 (0.7 %) percent of the respondents in small loan project answered strongly disagree and says giving financial support for youths hasn't an effect on Kurdistan region economy , as well as 1 (0.7 %) percent of the respondents answered disagree with that , 7 (4.7 %) percent of the beneficiaries answered normal it means they have no idea , 55 (35.3 %) percent of the beneficiaries answered agree and they says sure it has an effect on Kurdistan region economy , 88 (58 %) percent of the beneficiaries answered strongly agree with that.

Table: 26. Shows classification of respondent's about effect this loan on KRG economy

Valid	Frequency	Percent	Cumulative Percent
Strongly Dis Agree	1	.7	.7
Dis Agree	1	.7	1.3
Normal	7	4.7	6.0
Agree	53	35.3	41.3
Strongly Agree	88	58.7	100.0
Total	150	100.0	

4.4.3.12. Giving financial support for youths has an effect on increasing domestic production in Kurdistan region?

In this question I have asked the respondents about effect financial support for youth's small business on increasing domestic production in Kurdistan region the below table shows their opinion about that. Only 1 (0.7%) percent of small business owners replied strongly dis agree means it hasn't effect on increasing domestic production, 2 (1.3 %) percent of the respondents replied with disagree, 9 (6.0 %) percent answered with normal it means there is no comment, 55 (36.7 %) percent of small business owners replied agree, 88 (55.3 %) percent replied strongly agree, it means yes sure has an effect on increasing domestic product because many of them were optimistic about increasing their products.

Table: 27. Shows respondents opinion about effect financial support on increasing domestic product in Kurdistan region.

Valid	Frequency	Percent	Cumulative Percent
Strongly Dis Agree	1	.7	.7
Dis Agree	2	1.3	2.0
Normal	9	6.0	8.0
Agree	55	36.7	44.7
Strongly Agree	83	55.3	100.0
Total	150	100.0	

4.4.3.13. There is no a relationship between small projects and economic growth in Kurdistan region markets.

This question is one of my null hypothesis I have asked the respondents to determine the relationship between small projects and economic growth in Kurdistan region markets as the below table shows.

Table: 28. shows the null hypothesis which is there is a relationship between small projects and economic growth in Kurdistan region markets

Valid	Frequency	Percent	Cumulative Percent
Strongly Dis Agree	65	43.3	43.3
Dis Agree	52	34.7	78.0
Normal	13	8.7	86.7
Agree	18	12.0	98.7
Strongly Agree	2	1.3	100.0
Total	150	100.0	

65 (43.3%) percent of the respondents replied with strongly dis agree about there is no a relationship between small projects and economic growth in Kurdistan region, 52 (34.7 %) percent of the respondents replied with disagree, 13 (8.7 %) percent of the respondents answered with normal means no comment, 18 (12 %) percent of the respondents answered

Agree, only 2 (1.3 %) percent of the respondents replied strongly agree. As we can look most of the respondents rejected this hypothesis it means of course there is a relationship between small business and economic growth in Kurdistan region markets.

4.4.3.13. The successful of small projects does not effect on economic development in Kurdistan region.

This question was my second null hypothesis I have asked to get the beneficiaries opinion about successful of small projects does not effect on economic development in Kurdistan region, but the majority of respondents again rejected this hypothesis as the table show that. 65 (43.3%) percent of small business owners answered strongly dis agree, 56 (37.3 %) percent of the beneficiaries of small loan project replied with disagree, 12 (8 %) percent replied normal it means there is no idea, 15 (10 %) percent of small business owners answered agree, only 2 (1.3 %) percent answered strongly agree, the number of those who strongly dis agree as well as rejected this hypothesis four-times bigger than those who says agree and accepted this hypothesis , in that case both of my hypothesis rejected by the small business owners.

Table: 29. shows the null hypothesis which there is a relationship between small projects and economic growth in Kurdistan region markets

Valid	Frequency	Percent	Cumulative Percent
Strongly Dis Agree	65	43.3	43.3
Dis Agree	56	37.3	80.7
Normal	12	8.0	88.7
Agree	15	10.0	98.7
Strongly Agree	2	1.3	100.0
Total	150	100.0	

4.4.3.14. Lack of relationship between SMEs owners and banking sector

Through my field work I have been notice that the majority of the small business owners don not have any relationship or contact with banking system that goes to lack of experience and felling fair with banks as well as Interest rate while taking the loan from the bank they should pay a high interest on the other hand most of the people in Kurdistan region are Muslim so the religion do not let them to taking the loan from the bank because they should pay interest. So, these interest is forbidden in Islam.

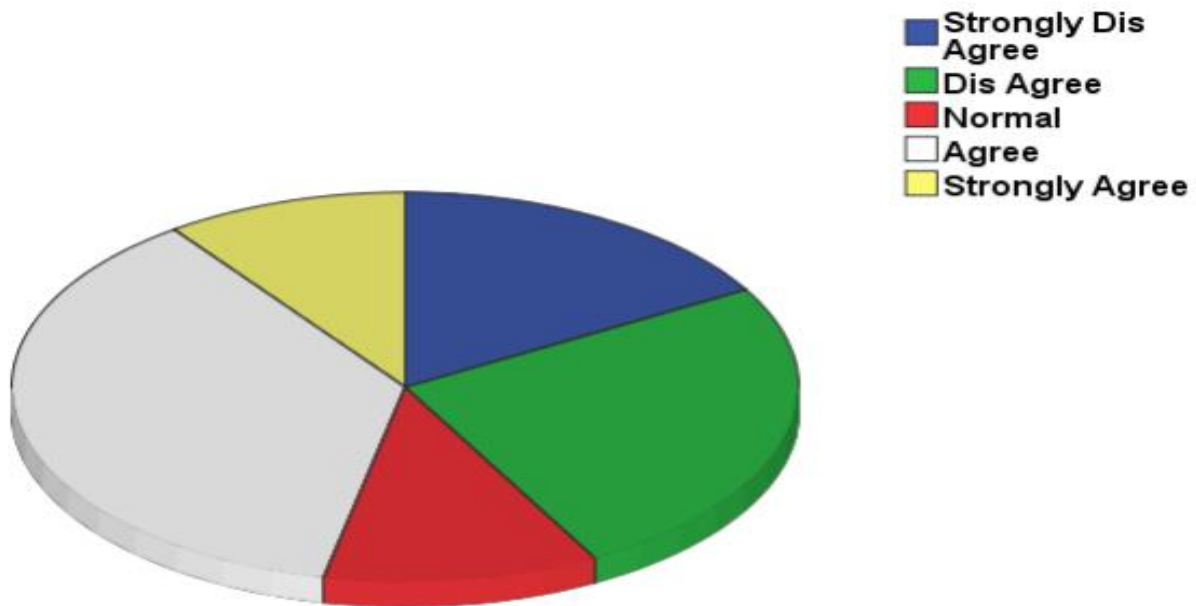


Chart: 19. Shows lack of relationship between SMEs owners with banks

As the above figure illustrate 25 (16.7%) percent of the respondents answered strongly dis agree about lack of relationship between small business owners with banks, 38 (25.3 %) percent of the respondents replied with disagree, 17 (11.3 %) percent of the respondents answered normal means they have no Comment, 55 (36.7 %) percent of the respondents replied agree, 15 (10 %) percent of the respondents replied strongly agree. As clear most of them are agree with that the small business owners in Kurdistan region don't have any contact with banks which is very bad for them, because the government support is not enough for developing their business.

4.4.3.15. Applying the electronic system in your project will increase your productivity

The other problem I have seen while my field and my survey was lack of applying the electronic system in their business which is helps them to increase their productivity through using the electronic system and helps to doing their work easily as well as earn more profit. The below figure shows that 5 (3.3%) percent of small business owners replied strongly dis agree, 7 (4.7 %) percent of the small business owners replied disagree, 13 (8.7 %) percent replied normal no comment, 70 (46.7 %) percent answered agree, as well as 55 (36.7 %) percent answered strongly agree. As its clear the majority of the small business owners agreed using electronic system in their businesses will increase the productivity and will help them to be more professional and organize as well as earn more money because it's difficult to work in a classical way while technology can do everything easily and fast so, to be more professional they should adopt with new technology and system in their business to develop more and changing their business size one day form small size to medium or big size.

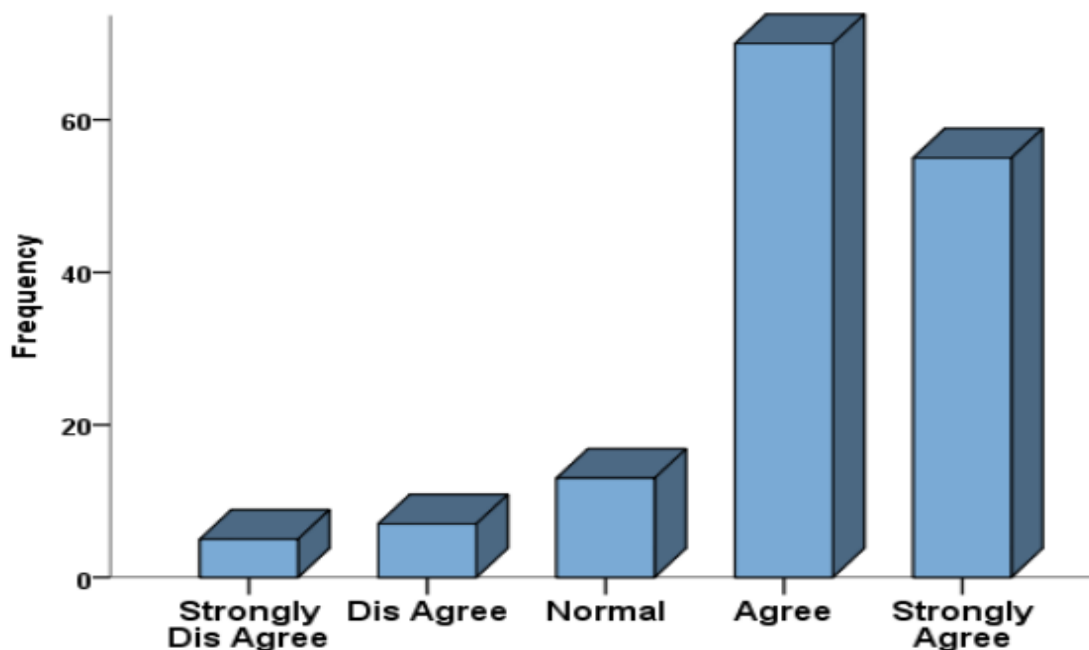


Chart: 20. Shows applying electronic system in SMEs will increase the productivity

4.4.3.16. The government do not care small business in Kurdistan

Here I have asked the small business owners about the importance of small business in Kurdistan region for the government as I mentioned in the question I have showed the negative side of the government to get the necessary information by the respondents as the below table shows the number of those who replied disagree is equal with those who replied agree in that case I cannot say the government didn't care the small business or government care small business. 23 (15.3 %) percent of the beneficiaries replied strongly disagree about ignoring small business by the government, 48 (32.3%) percent of the beneficiaries answered disagree, 16 (10.7%) percent of the beneficiaries replied normal means no idea, 48(32 %) percent of the beneficiaries answered agree, as well as 15 (10 %) percent of the beneficiaries replied with strongly agree.

Table: 30. shows ignoring small business in Kurdistan region by the government

Valid	Frequency	Percent	Cumulative Percent
Strongly Dis Agree	23	15.3	15.3
Dis Agree	48	32.0	47.3
Normal	16	10.7	58.0
Agree	48	32.0	90.0
Strongly Agree	15	10.0	100.0
Total	150	100.0	

4.4.3.17. Giving loan for small business in KRG have the low level

Even this question is similar with the previous question but the difference is here I have asked them about financial support site and again the government role to support this kind of business which is important for any country. 26 (17.3 %) percent of the respondents replied strongly disagree about that, 48 (32%) percent of the respondents replied disagree, 18 (10.7%) percent of the respondents replied normal means no comment, 43(28.7%) percent of the beneficiaries answered agree, as well as 15 (10 %) percent of the beneficiaries replied with strongly agree.

Table: 31. shows financial support level for small business in Kurdistan region

Valid	Frequency	Percent	Cumulative Percent
Strongly Dis Agree	26	17.3	17.3
Dis Agree	48	32.0	49.3
Normal	18	12.0	61.3
Agree	43	28.7	90.0
Strongly Agree	15	10.0	100.0
Total	150	100.0	

4.4.3.18. Giving financial support for youths has an effect on decreasing unemployment

as we all know that supporting youths small business has a big effect on decreasing unemployment rate because each business create some job opportunities for others through establish small business form the beginning , if we back for the ninth question of my questionnaire survey we saw these small businesses created many job opportunity just from (2011 until 2016) 156 small business owner from four different cities they have been created 425 job opportunities which is a high number for just 150 small business.

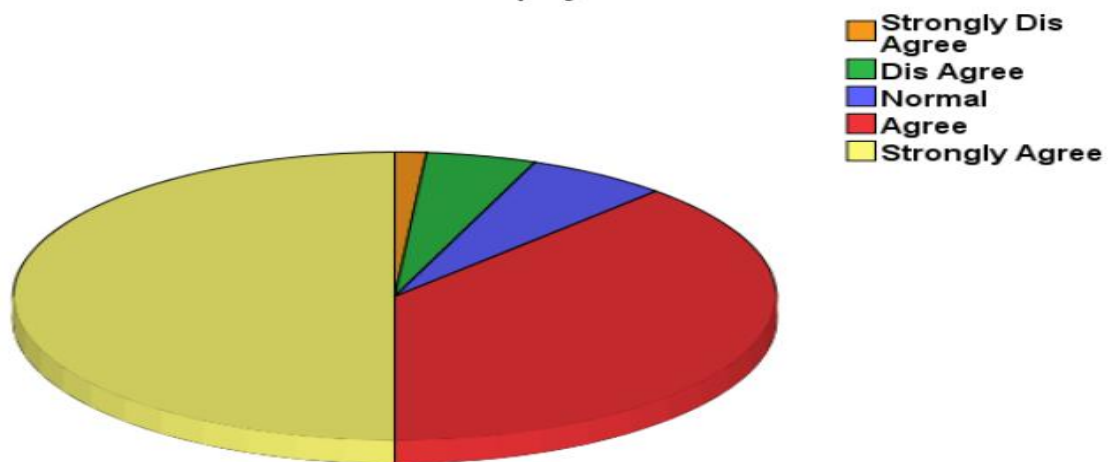


Chart: 21. Shows financial supports effect on decreasing unemployment

As the above figure shows only 2 (1.3 %) percent of the beneficiaries replied strongly disagree, 7 (4.7%) percent of the beneficiaries replied disagree, 9 (6%) percent of the respondents replied normal means no idea, 57 (38%) percent of the beneficiaries answered agree, and 75 (50 %) percent of the respondents replied with strongly agree.

4.4.3.19. Ignoring training course for small project owners in Kurdistan

The aim of this question is determining the government role about opining training course or seminar for small loan project beneficiaries it means does the government or officials in Kurdistan region care small business owners through participating them in training program about how to run small business and how to access money for your business.

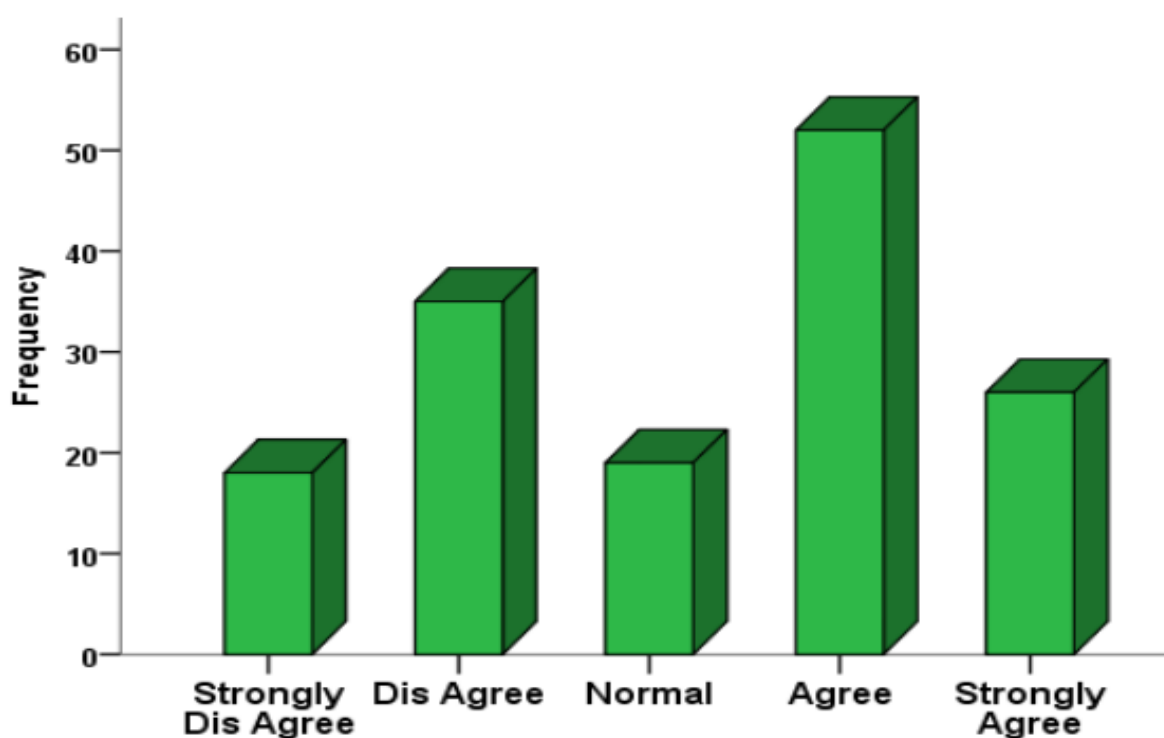


Chart: 22. Shows ignoring training course or seminar for small business owners

The above figure shows 18 (12 %) percent of the respondents replied strongly disagree, 35 (23.3%) percent of the respondents replied disagree, 19 (12.7%) percent of the respondents replied normal, 52 (34.7%) percent of the beneficiaries answered agree, and 26 (17.3 %) percent of the respondents replied strongly agree.

The first hypothesis:

H₀ - there is no a relationship between small projects and economic growth in Kurdistan

Table 32: Chi-square test Measuring the Relationship between Small project and economic growth in Kurdistan

Items	N	DF (V)	X2C	X2t	Significance
Strongly disagree	65	4	9.960	9.480	Significant
Disagree	52				
Normal	13				
Agree	18				
Strongly agree	2				
P < 0.05	150				

The above table illustrate that the variable X2c is greater than x2t for instance: $X2c > X2t$ $9.960 > 9.480$ at level of significance which is 0.05. In that case, H₀ the null hypothesis is rejected. Because there is a significant relationship between small projects and economic growth in Kurdistan region.

The second hypothesis:

H₀ - the successful of small projects doesn't effect on the economic development the above

Table 33: Chi-square test measuring the effect Small projects on economic development

Items	N	DF (V)	X2C	X2t	Significance
Strongly disagree	65	4	10.110	9.480	Significant
Disagree	56				
Normal	12				
Agree	15				
Strongly agree	2				
P < 0.05	150				

The table shows that the variable X2c again is greater than x2t for example: $10.110 > 9.480$ at level of significance which is 0.05. In that case, so H₀ the null hypothesis is rejected. Because successful of small projects has a big effect on the economic development.

4.5. CONCLUSION

Small business created a lot of job opportunities for people especially young's in Kurdistan region through these kind of business many people now have an own work and income , on the other hand small business has a big role in economic growth . in my thesis project I have focused on the role of government in supporting small projects for youths of Kurdistan region in three main cities plus garbiyan city I have taken 150 of small business as a sample size for my survey from these cities, finally through my field work I have got the follow results:

According to the gender, 74 % percent of the beneficiaries in small loan project are Male while 26 % percent are Female. It means most of the small size business are male because of the Kurdish society culture and this is the reality of the Eastern communities where the chance to get the job for females is difficult, not an easy task. The age of the beneficiaries of small loan project in Kurdistan, depending on my study the majority of small business owners are between the ranges of 28 - 31 years old. Which is 30 % percent of 150 respondents as a sample size for my survey. According to the level of education, most of the small business owners hold bachelor's degree as the study shows that 30 % percent were graduated from the university it's very important because they should educate well to adopt with new idea and technology. According to the project place 38 % percent of the small business were located in Erbil city 26.7 % in sulaymaniyah city 21.3 % in duhok city and 14% in garbiyan city. According to the type of project, the majority of business were industrial which is 32%, 24% commercial, 20% agriculture, 24% services as well. Regarding the age of the project, the majority of small business 26.7% were running 3 years, 4.7% were running 1 year, 24% were running 2 years, and others were running from 4-10 years. The minimum capital of the small business were 10,000 US dollar and the maximum capital were 60,000 US dollar according to my survey on 150 small business. On the other hand, 78% of the small business in Kurdistan are sole proprietorship means owned by one person while 21% are partnership owned by a group of people. According to job opportunities only 150 small business from 2011-2016 have been created 425 job opportunities its means small business really has a big role to solve unemployment.

my survey result shows us the majority of respondents believe that the government should increase the amount of the loan as well as increase the length of return the loan also change some laws and policies about giving financial support for youth's. 74 % of the small business owners agree with that financial support had an effect on developing their business. 54 % of the beneficiaries in small loan project wishing to open training courses before they take a loan by the government. Because they never participated any training course about how to run the small size business. Most of the small business owners believe that they have a lack of experience about running the small business that's why the government should help them through a training course. Finally, I reached that small business has a big role in developing the economy in Kurdistan region as well as there is a strongly relationship between small business and economy growth according to my survey result 58 % of the small business owners strongly agree with the importance of the small business in Kurdistan region.

4.6. RECOMMENDATION

Based on the research results and conclusions as well, I've reached the below Recommendations and suggestions:

1. The female participation number in small loan project three times smaller than male number it shows that the majority of small business owners in Kurdistan is male .So, it is necessary to encourage women through this project to activate their role in society.
2. Many small businesses in Kurdistan are a sole proprietorship, in that case, they cannot progress and investing their capital alone, so the best way is working together as a partnership to solve their financial problem and earn more profit.
3. The banking sector in Kurdistan region should support more for small business owners through decreasing the interest rate on the loan.
4. The conclusion of my thesis shows that there is a lack of opening Training courses for small business owners, in that case, the government should organize training courses and seminars for small business owners in KRG about how to run small size business.
5. The government must fund more for small business owners because the majority of small business owners in Kurdistan region are youths they can develop their business through this financial support.
6. Focus on productive and industrial projects, because many of small business in Kurdistan are commercial and service sector to reduce the jobless rate because the industrial and productive sector create more job opportunities than other sectors
7. The provision of suitable and different sources of funding for small business because many of the beneficiaries in small loan project have been taken the loan only by the government it means they just have a government financial support.
8. The government should make a relationship with research Centres inside universities or institutions in the Kurdistan region to make workshops and seminars for small size business owners about how they manage their small business professionally and how to contact with global companies to make a business with them.
9. The government should change the policies to support small business because the majority of small business owners do not agree with these laws and policies.

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APPENDIX: Questionnaire Form



T.C.

BINGOL UNIVERSITY

GRATUATE SCHOOL OF SOCIAL SCIENCE

BUSINESS ADMINISTRATION DEPARTMENT

(QUESTIONNAIRE FORM)

Dear Sir / Madam

Greetings!

This is a questionnaire meant to serve a part of my master thesis on (the role of government in supporting small projects for youths of Kurdistan region / Iraq) From 2011 until 2016, The aim of this research is identifying the government role in supporting small projects in Kurdistan and the data will be used only for scientific purpose, without writing names. So we hope you accuracy and impartiality of the answers.

* Please ... You are kindly requested to rely only on your own knowledge

With my deep appreciation and respect

Researcher

Didar Hamd Abdullah

Supervisor

Yrd. Doç. Dr. Mehmet Güven

August, 2016

The First Part: Personal Information

- 1- Gender: Male () Female ().
- 2- Age: 16-20 () 20-24 () 24-28 () 28-31 () 31-35 ().
- 3- Education Level: Primary () Secondary () Preparatory ()
diploma () Bachelor () Master ().

The Second Part: Information about the Project

- 1- Project Place: Erbil () Sulaimany () Duhok () Garmiyani ().
- 2- Project Type: Industrial () Commercial () Agricultural () Services ().
- 3- The Age Of The Project: () Year.
- 4- The Capital Of The Project () Iraqi Dinar
- 5- The Legal Form Of The Project: sole proprietorship () partnership ().
- 6- The Number Of Job Opportunities: () Person.

The Third Part: Information About The Financial Supporting For The Projects

- 1- The Financial Support Sides For Your Project:
- Taking The Loan From The Government () Taking The Loan From The Bank ()
- Taking The Loan From Friends ().
- 2- In Your Opinion What's The Best Financial Support For Your Project?
- Taking The Loan From The Government () Taking The Loan From The Bank ()
- Taking The Loan From Friends ().

3- Does The Amount Of The Loan was Suitable For Your Project Needs?

Was Suitable For My Needs () Wasn't Suitable For My Needs ().

4- What Thing Surprised You In Financial Support Project For Youths?

The Amount Of The Loan () Laws And Instructions () Project Services ().

5- What causes don't you agree with the financial support project for youths in Kurdistan?

The Amount Of The Loan () Laws And Instructions () Project Services ().

6- How Did You Know About Small Loan Project?

Television () Internet () Newspaper () Friends ().

7- In Your Opinion, Does This Loan Has An Effect On Developing Your Project?

Yes () No ().

8- Have You Participated The Training Course About Running Small Projects?

Yes () No ().

No	Questions	Strongly Agree	Agree	Normal	Dis Agree	Strongly Dis Agree
9	lack of experience of small projects owners in the administrative field					
10	lack of experience of small projects owners in the technical field					
11	giving financial support for youths has an effect on Kurdistan economy					
12	giving financial support for youths has an effect on Increasing domestic production in Kurdistan					
13	There is no a relationship between small projects and economic growth in Kurdistan region markets.					

14	The successful of small projects does not affects the economic development in Kurdistan region cities.					
15	lack of relationship between small project owner's and banking sector					
16	applying the electronic system in your project will increase your productivity					
17	the government do not care small projects in Kurdistan					
18	giving loan for small projects in Kurdistan have the low level					
19	giving financial support for youths has an effect on decreasing unemployment					
20	ignoring training courses for small projects owners in Kurdistan					

RESUME



Personal Information:

Name & surname: Didar Abdullah

Place and date of birth: Erbil / Iraq. 03, December, 1986

Nationality: Iraqi, Kurdish

E-mail: Didar.hamd@yahoo.com.

Didar.info12@gmail.com.

Education Level:

- Bachelor's degree: 2010, Salahaddin University, Collage of Administration and Economy, Business Administration Department.

- Master's degree: 2016, Bingol University, Graduate School of Social Science, Business Administration Department.

Language Skills:

1- **Kurdish:** Kurmanji / Sorani (Mother Tongue)

2- **English:** very Good

3- **Turkish:** very Good

4- **Arabic:** Good

Work Experience:

- Ministry of Municipality & Tourism in Kurdistan region.

- Triple Tick Company.

- Ministry of Labor and Social Affairs.