

The Reality Of Entrepreneurship Among Iraqi Youth
Opportunities & Challenges

BY

Ahmad Khudhair Hussein

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Introduction:

Entrepreneurship has always been one of the possible solutions to overcome the problem of unemployment among young people, by adopting new ideas that can be applied through small projects and entrepreneurial businesses at different levels. Their success and the extent of their contribution to raising growth rates and economic development. Rather, it depends on several factors, multiple and intertwined, as is the case in Iraq.

The environment surrounding the Iraqi youth affects the effectiveness of the entrepreneurial work. In terms of the challenges and obstacles that young people face while engaging in entrepreneurial activity, they vary between government and economic policies, as well as challenges related to funding, availability of expertise, and the labor market for these projects.

In this context, this paper aims to shed light on the reality of entrepreneurship for young people in Iraq, and to show the most important opportunities and challenges facing young people as they seek to implement their projects, and their repercussions on economic development by answering the following research problem: What are the challenges facing entrepreneurship in Iraq, Especially among the youth group, which prevents its development in quantity and quality?

The study assumes that there is a relationship between the weak activity of young people in the field of entrepreneurial work, the complexity of government procedures, and the lack of regulation and protection of the labor market. To verify its validity, the study will rely on official figures related to the reality of youth, as well as conducting interviews with entrepreneurs and decision makers, using the case study approach for a group of entrepreneurial youth projects.

First: The Youth Workforce: General Indicators

Understanding the field of (entrepreneurship) as one of the most important contemporary fields specialized in adopting small projects and emerging companies; Determining the indicators and reality of the labor force and the labor market in Iraq, especially its contribution to the general macroeconomic system, through its own projects. The statistics of the Iraqi Central Agency indicate that the youth group (15-30) constituted 41%¹ of the total population in 2018, and it is expected to increase based on the high population growth rates and the expansion of the category of young people (15 years of age), and based on what was mentioned above as well. Almost half of the youth group is made up of females. The results of demographic surveys showed that the illiteracy rate of young people in 2019 amounted to 7.4%², and it can be said that the youth workforce can be summarized as follows:

Economically active youth

The rate of economic activity is used to denote the general level of participation of the population who have engaged in working life and become economically active. Therefore, the youth category is one of the most prominent economically active groups, and it includes new entrants to the labor market, whether university-qualified or unqualified, and then a category characterized by a high rate of Participation At the same time, high unemployment

- المسح الوطني للفتوة والشباب في العراق (التقرير التحليلي 2020)، الجهاز المركزي للإحصاء، 2020،¹ ص2.

- المسح الوطني للفتوة والشباب في العراق (التقرير التحليلي 2020)، الجهاز المركزي للإحصاء، 2020،² جدول (8-2) ص30.

rates, the economic participation rate of young people reached 73% compared to 13% among females during 2017, at a time when unemployment rates for the same period reached 23% for males and 64% for females, which are high rates compared to the average The general economic participation rate is 43% and reaches a peak of 56% in the age group 15-24 years³.

Many male and female workers focus on crafts and related professions (38%), followed by sales and services (19%), work in primary occupations (12%), work in the armed forces (9%), office work (6%) and specialized work (6%)⁴.

Small business owners

The age group (15-30) for the employer or self-employed (entrepreneur) represented 15.2% in 2019⁽⁵⁾, and the results of the survey give some details regarding the percentage of young workers, as the results showed that 72% of workers (10-30 years) were Within the private sector, 25% in the government sector, and the remaining 3% is distributed over work in the sectors: public 2%, mixed 0.7%, foreign 0.3%, and non-governmental organizations 0.3%⁽⁶⁾ This suggests that there are no special percentages for young entrepreneurs compared to with working ratios for this category.

- المسح الوطني للفتوة والشباب في العراق (التقرير التحليلي 2020)، الجهاز المركزي للإحصاء، 2020، ص43.

- المسح الوطني للفتوة والشباب في العراق (التقرير التحليلي 2020)، الجهاز المركزي للإحصاء، 2020، ص46.

- المسح الوطني للفتوة والشباب في العراق (التقرير التحليلي 2020)، الجهاز المركزي للإحصاء، 2020، ص51 (جدول (4-2)).

- المسح الوطني للفتوة والشباب في العراق (التقرير التحليلي 2020)، الجهاز المركزي للإحصاء، 2020، ص44 (جدول (4-15)).

entrepreneurial economy:

Since 2003 until now, Iraq has always missed the awakening of the role of the private sector in reviving the Iraqi economy and diversifying its sources of income, and it is the sector that is mainly concerned with the task of creating the local atmosphere for emerging entrepreneurial economies, for launching and training, and this missing role of the private sector is mainly caused by the dominance of successive Iraqi governments over The economic decision in the country, which made the public sector acquire the greatest attention, in return for the neglect of the private sector and the reduction of its vital roles in the Iraqi economy, especially with regard to pioneering projects, in return for the continuous maximization of the role of the rentier and oil economy, and consequently the decline in the economic and operational contribution of the private sector, compared to its counterpart In the public sector, for example, although the industrial private sector establishments reached 80% of the total number of establishments in the period 2004-2008, compared to 14%-17% for the number of public sector establishments relative to the total number, but the largest percentage recorded for the private sector, It attracted only 10.1999% of the Iraqi workers, compared to 88.135% attracted by the public sector, in addition to the fact that the market value of sales of private sector establishments - for the indicated period To it - it remained much lower than the value of the public sector sales, as the first amounted to 20.589%, compared to 75,533 for the second, and this dysfunctional economic situation still exists in the structure of the Iraqi economy, which is confirmed in general by the continued

deprivation of this economy from the advantages and contemporary and modern contributions to advanced entrepreneurial activities⁷.

Economic indicators confirm the continuation of the state of neglect towards taking reform measures in the field of the entrepreneurial economy, especially within the environment of doing local business activities, as Iraq obtained an indicator of its value (zero) in the Doing Business Report 2019/2020 issued by the World Bank, as Iraq did not target an area of leadership. The business had any development or reform plans during this period, while the percentage and degree of ease of doing business in Iraq stopped at 44.7 points out of 100 points, during the same period, which is a small percentage compared to the rates of economies more severe than Iraq, such as the economy of the West Bank and Gaza Strip, for example. , achieved a leadership rate of 59.7 points and 60 points during 2019/2020 (⁸).

entrepreneurial woman:

The rate of economic activity among females is characterized by its high rate in rural areas compared to urban areas, and the rate of female economic participation in Iraq is low by international and regional standards. It is clear that this group enjoys a high willingness to economic participation, but suffers from the lack of sufficient job opportunities. According to international reports issued by the United Nations Development Program on the economic situation of girls in Iraq, “there are many legal, social and economic challenges that characterize their participation in economic activity, as general assumptions within the Iraqi

- محسن حسن, الاقتصاد الريادي وأدوار التنمية المفقودة في العراق.. تقدير موقف, مركز البيان للدراسات والتخطيط, بغداد, 2020, ص10.
- تقرير ممارسة أنشطة الأعمال, صحيفة الشرق الأوسط وشمال أفريقيا, البنك الدولي, 2020, ص1.⁸

tax law, personal status law and penal code impede the practice of Iraqi women.” Full choice and economic independence, reducing her role in the field of maternity and depriving her of access to her financial resources... and her social guarantees... and others⁹.

Second: Entrepreneurial Activities in Iraq: Challenges and the Question of Opportunities

We previously reviewed indicators related to the youth workforce, which express the percentage of economically active youth and those who work for themselves (entrepreneurs), so we will clarify the most important challenges facing youth entrepreneurial activities according to the following:

education

Education in Iraq suffers from fundamental problems with multiple dimensions that lie in the curricula, methods and teaching methods. The most important problem is the lack of harmony between the outputs of education and the requirements of the labor market. The problem of mismatch between graduates and the labor market is due to the lack of coherence between the curricula of academic programs and the skills of the outputs of the educational process, and the absence of an institutional methodology for coordination Between the outputs of higher education and the requirements of the local and regional market, as well as the inconsistency of the practical curricula with the needs of the local, regional and global

- عدنان ياسين, النوع الاجتماعي والتنمية: اشكاليات بنوية ومقاربات منهجية, دار امجد للنشر⁹ والتوزيع, الاردن, 2016, ص26-27.

labor markets, as well as the inconsistency with the potential future labor market trends¹⁰ .

According to a report issued by the Research Department of the Iraqi Parliament, Iraq has 35 universities spread over 14 Iraqi governorates. However, these universities do not interact with their economic environment and do not contribute sufficiently to support research, innovation and the establishment of start-up companies for several reasons that require those in charge of the higher education sector and the rest of the sectors concerned in Iraq to support these universities and integrate them into various economic plans and development policies, enabling them to play more important roles in A strategy for developing start-up companies through research and innovation laboratories as well as university business incubators that allow young students to embody their projects within them¹¹ .

training

The training process represents an important factor in developing skills, formulating trends and developing human capital in general, as training is an expensive process and needs budgets and funding. With certain businesses, and although entrepreneurs do not lack innovation or talent, they lack good training in many aspects of running their business. Sometimes great ideas fail to attract funding due to poor presentation of the idea, or training and sponsorship are two missing components of the ecosystem Entrepreneurship, despite its great importance (¹²), as well as the lack of sufficient information about government

- عبد الرزاق عبد الجليل العيسى, وآخرون, واقع وتحديات التعليم العالي في العراق, مركز البيان للدراسات والتخطيط, العراق- بغداد, 2020, ص11.

- عبد السميع القاسمي, الشركات الناشئة بالعراق.. الواقع والمأمول, مقال منشور في منتدى صنع السياسيات- ¹¹ <http://ifpmc.org>، لندن، 2021 على الرابط الإلكتروني: -مقابلة مع محمد مجيد, صاحب مشروع ريادي "كافيه بندقة", بتاريخ 2021/11/9.¹²

regulations and decisions, such as project registration systems, incentives, taxes, social insurances and labor laws, in addition to the repetition of the same activity in the same area due to the lack of a map showing small projects. ⁽¹³⁾

So the type of training that project owners receive is limited to the field of professional skills related to the project itself, and it does not work at the level of project management and how to plan and continue it and develop medium or long-term plans. It must be that the type of training does not rise to the stage of project development or management as much as it satisfies the need to run the project technically only ⁽¹⁴⁾

Support and Funding

The issue of funding is one of the important issues facing young entrepreneurs. Most of the entrepreneurs who were interviewed stated that the lack of funding was a reason for the non-continuity of the project's work, and it indicates that the stage of funding and gaining the investor or supporter is the most difficult stage in establishing projects after starting the project and framing it as an idea, needs and plan Work, as well as searching for an investor or financier and convincing him of the value of the project and the idea and how the investment is made. Funding through banks and the routine procedures and demands are difficult to provide by young people, including real estate and financial guarantees, and the permanent general headquarters, so they turn to other financing bodies that have become active in this

خالد عبد الوهاب, *ريادة الاعمال مفتاح التنمية الاقتصادية في العالم العربي*, اتحاد الغرف العربية, مصر, 2017, ص 13.
- مقابلة مع حسام الدين, صاحب مشروع ريادي, ومتخصص في الاقتصاد الاجتماعي, بتاريخ 2021/11/18. ¹⁴

area (¹⁵) and despite the remarkable growth in investments, the amounts, which They are invested in startups, not enough, talented entrepreneurs still struggle to get attention and raise funds for their projects. Small and medium-sized companies face a greater problem in collecting the necessary financing for expansion, forcing these companies to limit their activities and delay the position they can reach¹⁶.

The institutional requirements and routine procedures represent another challenge regarding financing and the consequent exaggerations of banks and financial institutions in the guarantees required to finance small projects, the complexity of the procedures required to obtain loans, the imposition of guardianship by banking institutions on small projects, as well as the high interest rates on loans¹⁷.

So: government procedures, banking procedures, the loan system and project financing represent an obstacle and a challenge for the owners of entrepreneurial projects.

Legal and legislative environment

The legal and legislative framework constitutes an important factor in developing and maintaining projects and protecting the rights of founders and shareholders. Accordingly, legislation represents a challenge and obstruction or supportive and protector, and accordingly. Iraq ranks 121 globally at the level of procedures and steps for registering property, with five procedures and fifty-one days, while Iraq ranks 186 with Somalia in terms of the strength of credit reporting systems and the effectiveness of measures facilitating

¹⁵ - مقابلة مع ا.ب, رفض ذكر اسمه, صاحب مشروع ريادي "مطعم", بتاريخ 2021/11/22.

مقابلة "م" صاحب مشروع ريادي, "استخدامات منزلية" بتاريخ 2021/11/21. ¹⁶ -

- فهد ابن جمعة, الاعمال التجارية الصغيرة: البداية والنمو, دار الفهد الوطنية, الرياض, 2009, ص20. ¹⁷

lending operations, within the laws of mortgage guarantees and bankruptcy; Both countries obtained an index of (zero) out of 12 points in terms of the strength of legal rights in this framework, as well as a similar index of value (zero) out of 8 points in terms of the depth of credit information (¹⁸) and in this area we can point out the following (¹⁹):

- At the Iraqi level, there are international trade agreements that obligate Iraq to commercial property rights
 - Iraqi legislation protects the product and the entrepreneurial project if it is within the legal framework “that is, it is officially registered”
 - The problem of most projects working without registration of property rights in the Registrar of Companies Department “No trademark registration”
 - The problematic of procedures related to legislation, as law enforcement is strongly linked to the problem of reluctance, Procedures, corruption, nepotism...etc
- So: these reasons represent one of the challenges facing entrepreneurship, which is the application of laws on the one hand, and giving projects the legal form on the other.

Labor market

The labor market is the most important factor that must be studied and examined by project owners, and to identify the work environment and competitors after the decisive step in the success or failure of projects. At the level of projects in Iraq, the opinions of project owners were divided into two parts: the first: he studied and worked to understand the labor market and the competitive environment, and the second: the project was entered into based

- مؤشرات العراق ضمن قياس أنظمة أنشطة الاعمال وفق آخر دورة لجمع البيانات 2019 على الرابط ¹⁸
الالكتروني: <https://Arabic.Doingbusiness.Org/Ar/Data/ExploreTopics/Resolving-Insolvency>
- مقابلة مع قانوني, مختص بقانون الاقتصاد والاستثمار, بتاريخ 2021/11/15. ¹⁹

on consultations from owners of experience without a study of the labor market and its competitive nature.

Students of the labor market believe that Iraq is a consumer country and that any product is able to succeed if the appropriate place for work and the way to promote it is chosen. The projects have succeeded accordingly, but the challenge can be copied and the creation of competitors in the same work environment. As the opening of a cultural salon, for example, organizes important cultural sessions and events that resonated at the country level, dozens of cafes and similar salons quickly opened in the same place, which created a great challenge. As for the project and its continuity, it needs continuous creativity and good management.

As for projects based on the experiences and expertise of others, they neglected this hypothesis, and their success was great, but it was temporary ⁽²⁰⁾ and (Q) indicates that the problem of instability in the Iraqi labor market, the lack of clarity in the legal environment that controls projects and their rights, and illegal competition are factors that always lead to the impoverishment of the investment climate in the ingredients necessary. Also, the poor awareness of entrepreneurs of the importance of studying the labor market is a very influential factor in the failure of pilot projects or their temporary success only ⁽²¹⁾.

²⁰ - مقابلة مع ص, مدرب ريادة اعمال, وصاحب مشروع ريادي سابقا, بتاريخ 2021/10/78.

²¹ - مقابلة مع س, صاحب مشروع ريادي, بتاريخ 2021/11/16.

Actions to create opportunities and develop the entrepreneurial

sector:

Enhancing the role of universities for pioneering efforts based on the knowledge economy, an advanced base for research and development, and an environment to encourage innovation.

- Providing financial, administrative and organizational support and soft loans to encourage the adoption of new economically viable and feasible ideas and transform them into productive projects.
- Encouraging the provision of courses in the field of project management and the development of plans and feasibility studies periodically and free of charge in the Ministry of Labor, Social Affairs, Youth and Sports.
- Activating property rights laws and protecting products and projects. Educating the importance of legal registration of the entrepreneurial work product to protect it legally.