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THE FINANCE ASPECTS OF BUILDING A SMALL BUSINESS IN KURDISTAN REGION-IRAQ:A COMPARISON WITH SWEDEN

Abstract. The study aimed to identify the finance aspects that are associated with starting and running small business enterprise in Kurdistan, in comparison with Swedish small business enterprises.

In carrying out the study, a qualitative research method was used. The most important method data was sourced by primary data using interviews, utilizing a questionnaire. The researchers also used purposive sampling technique to select some of the top ranking personnel in Sherko Engineering Group, Jamal Company, Tanyayi Café, Cafe Clarintte, Café Master and Marianne Bageri. The analytical strategy used was in relying on theoretical propositions.

On the basis of the analysis of data collected during the interview, the study revealed that small business owners in developing countries such as Kurdistan face many problems when compared with developed countries like Sweden. The finance problems facing Kurdish small business owners are ranked as follows: lack of finance in starting and developing business, non use of accounting and finance Standards, having few sources of finance and private banks, inability in determining money need and start up costs, lack of a factor for distinguishing between personal and business money, poor infrastructures, inappropriate legislation, lack of managerial skills in managing money; further problems are corruption and inflation. Small business owners in Sweden are faced with the problems of high increase of work absenteeism due to cases of sicknesses by personnel and the effect of the weather on business. Also they face very few of the problems that Kurdish small business has related finance aspects when establishing and managing the business, they have support of government completely.

Key words: small business, finance aspects, Sweden, Erbil, finance problems, accounting standards.

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1. Introduction

Small business enterprise is a sector of the economy that needs Kurdistan Region government attention and other developing nations due to the role it plays in job creation and economic growth in the nation's economy. In many developed countries, the government assists them with favorable policies, plans and programs in reversion of the older practices of giving interest to the big businesses. Obtaining financing for your small business can be an important element in building your company into a strong and thriving organization.

An expanding business and improvements in finance aspects of small business offers the potential for numerous growth opportunities. Employees benefit from business growth through increased earnings and promotions. Customers benefit from expanded products and services. Owners benefit through increased profit potential. Society benefits through the new jobs created. Managing this growth, although rewarding can challenge your skills and financial resources.

Small businesses are vital in today's economy because many of the revenue obtained by the government are from business taxes. In addition, the existence of small businesses can stimulate the economy and hopefully improve the economies all around the world. Finally small businesses are important because it can provide more job opportunities for people so that the unemployment rate is low (Henry, 2009).

According to European Commission in Brussels, 7.10.2009 on the implementation of Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (Table 1).

In Kurdistan Region there is no a specific definition of small business companies about number of employees or turnover the only thing that is considerable is the type of organization and extent of capital and until now because of internal problems of region and country there is no constraints for separate between companies related their capacity. According to internet site of dr. Ahmad Abu Matar

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(www.ahewar.org) related to small organizations in Iraq : Small and medium enterprises in practice are those projects that use a limited number of labor, under the regulations in force in the Iraqi economy, the projects are small enterprises employing less than ten workers, and capital does not exceed a certain sum. A major characteristic of Kurdistan's SMEs relates to ownership structure or base, which largely revolves around a key man or family. Hence, a preponderance of the SMEs is either sole proprietorships or partnerships. Even where the registration status is thus that of a limited liability company, the true ownership structure is that of a one-man, family or partnership business.

SME Definition				
Enterprise Category	Ceilings			
	Staff Headcount (number of persons expressed in annual work units)	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 million		≤ € 43 million
Small	< 50	≤ € 10 million		≤ € 10 million
Micro	< 10	≤ € 2 million		≤ € 2 million

Table 1: **Definition of Small Medium size Enterprises**

Source: EUROPEAN COMMISSION, *Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises*¹

¹ Commission recommendation of 6 may (2003) concerning the definition of micro, small and medium-sized enterprises, *Official journal of the European union*-I124/36

Specifically this study tends to figure out: for what degree or what extent managers or investors of small Kurdish companies have knowledge about finance aspects of building a new business about estimating startup cost, borrowing money, types of financing , use the financial ratios, understanding and use of financial statements, and many of finance factors that managers should know about it and should be execute in any organization for better performance, getting more profit, and right decision making, after all discussions about small business and its important into economic development also welfare of people by providing more jobs and reducing unemployment we know that all this will provide with a good finance program to make suitable profit otherwise it's impossible to create a small business without purpose of profit, thus we have a result that financing is an important factor in all organizations specially in such organizations who work for profit.

Research objectives of the study can be summarized in these points: Understanding that for what degree Kurdish small enterprises takes in consideration the finance aspects when building their enterprises and for what extent the Kurdish managers have knowledge of financial statements, financial ratio, break even and so on also showing that whether Kurdish companies use accounting standards and

essential statements of finance.

Furthermore research questions can be summarized in these points: 1-What is extent of knowledge about financial aspects for managers (owners) of small business in Kurdistan Region-Iraq? 2-What are financial problems of investors for building small business? 3-What are problems of investors (owners of companies) after launching the business related to accounting and financing? 4-For what degree use and non use of finance and accounting standards affect on the results of Kurdish small business?

2. Material and Methods

The research method applied in this study is qualitative and data was sourced by primary and secondary data. Yin [Yin, 2003] has identified six sources of evidence that work well in qualitative research settings: documentation, archival records, interviews, direct observations, participant observation and physical artifacts. In this research, the most important method data was collected was by an interview, utilizing a questionnaire.

In this study, the researcher used purposive sampling technique to select some of the top ranking personnel in Sherko Engineering Group, Jamal Company for instruction and Tanyayi Cafe located at the heart of popular business cities in Erbil-Kurdistan, Cafe Clarintte located in the city of Vestros

and Café Master Hans, Marianne Bageri located in the cities of Goteborg, Boras and Bollebygd-Sweden. Thus an open and close ended questionnaire was used. This was purposively done since much and quality information is needed from them concerning some of their finance problems and various support measures concerning the past policies made by various government to help develop their activities and to establish how effective these measures has affected their growth and sustenance.

In other to get first hand information regarding the finance problems facing small business enterprise interviews were administered to the directors as well as owners in the business as mentioned above. The researcher considered their analyses and discussions majorly on the most important factors concerning the finance aspects of small business enterprises in Kurdistan-Iraq and city of Erbil. These aspects include financial problems when starting a business such: accounting skills, startup costs, borrowing money, use of financial statements and ratio's, managerial problems, inadequate legislature for funding, also considered were some supports policies made by government to support small business enterprises in the past and now.

Analyzing qualitative data is about examining, categorizing, tabulating and recombining the empirical evidence to address the initial propositions of the study. The purpose of analyzing qualitative material is to make the material more clear and distinct, making sure not to lose the extent of information that the material includes [Yin, 2003].

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3. Results and Discussion

This part of the study looked at the analysis and discussion of data administered during the interview with Sherko Engineering Group, Jamal Company for instruction, Tanyayi Café, Cafe Clarintte, Café Master Hans, Marianne Bageri. The study focused on the problems of financing facing small business enterprises in Kurdistan Region with comparison of small businesses in Sweden.

The order below was followed for the analysis of the interviews:

3.1. Accounting and Finance Standards

According to the responses from Sherko Engineering Group about having information related

accounting and using of accounting standards they don't have any accountant in the company to set the accounting principles and make statements of daily, monthly, and yearly, the owner has some information because he works 5 years as employee in the government offices.

They don't have knowledge about accounting standards that is useful for success of every company, they said that is useful and we use it but when we see at their books we couldn't see any academic work to prove that.

The owner of Jamal company for instruction had some knowledge in accounting because he graduated in business high school and he worked for 9 year as accountant for nonofficial organizations, in answer of our questions he said we do that somewhat and they do it only in the field of end of year entry and bank accounts for investing money into bank and withdraw of money when they need.

Also the owner and manager of Tanyayi café had more negative opinion about use of accounting standards and they believe that with or without these standards they can maximize their profit and lake of these standards can not affect their profit, they never use them.

However, Cafe Clarintte, Café Master Hans and Marianne Bageri made it clear to us that setting up business in Sweden requires at least some academic education or experience as accounting or learning some principles and standards because they believe that these standards are very profitable for every business and its somewhat necessary to set finance ratios, return on investment, money that we spend and the money that we earn should be organized as accounting statements. They believe that without these standards we lose some of our profit because of lake of knowledge about many factors that we think are not important.

From the results of the interview we can prove that small business in Kurdistan Region are managed with a low quality as required and they not take into consideration the aspects of finance and accounting standards that is one of the biggest or important factors of success of every business. But in the Sweden companies they know important of this factor and they implement it in their organizations in extent of their knowledge.

3.2. Sources of Finance and Difficulties in Setting up Business

Here we discussed the sources of finance and difficulties facing small business owners in setting up business with respect to finance, marketing, management skills, competition, infrastructures and reg-

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ulations.

On the issue of finance, Café Master Hans mentioned that he did not have problems with respect to raising money. He said that this was as a result of his previous relationship and strong financial transactions with their bank and the source of finance for their company was bank. Most importantly, they mentioned that it was not difficulty in obtaining loans from bank since his business plans was carefully organized and presented. Our understanding was that the company was able to achieve this due to the directors past experience in Café business before the thought of start his business came and with the help of his wife who also has experienced of restaurant business.

In the case of Marianne Bageri, the respondent mentioned that when sourcing for loans to start their business, the bank asked them to provide 50% of their expected amount. They felt that the reason for this condition was that the bank feared the risk of business failures in bakery business as at then. The directors believed that those entrepreneurs who were in estate business were more favored. We noted that the same period the Marianne Bageri was asking for this fund, a friend of theirs who came to the same bank with business plans with respect to estate business was asked to provide 20% of his expected funding and the bank were to bring 80%. The respondents continued to highlight his findings on the reason behind the banks choice of lending the estate business more than their own bakery business, soon he realized that if both businesses is not functioning properly in the future there is more value for the estates than the bakeries which has only equipments and the business name.

Also in the case of Cafe clarintte, the respondent mentioned that in order to get a bank loan a certain amount of self capital was needed. About 10% of the actual bank loan. He mentioned that it's easy to get a bank loan when you want to start a business.

Based on our understanding from Sherko Engineering Group, Jamal Company, Tanyayi Café, it was established that one of their major difficulties was sourcing of funds for setting up business. Borrowing money from banks was a big task hence they are mostly turned down with difficult conditions. The conditions mentioned by the respondents' ranges from high interest rate, big collateral, to that of short repayment period. They felt that large business enterprises are more favored in terms of granting loans from banks. Tanyayi café noted that her source of fund in starting business was from here personal savings and also with the support of her family and

relatives. While Jamal acknowledged that as a joint business after their proposed capital in starting their business, they came to an agreement with a sharing formula and were able to achieve that through personal savings and sales of some of their properties. Sherko group said when I start the business I had some self capital then when company's growth started I asked to loan from friends and relatives, bank loan and now equity capital.

Regarding marketing, the respondents stressed that it was a difficult task at the initial stage of their businesses. While Cafe clarintte, Café Master Hans and Marianne Bageri mentioned that they however made use of the Medias, fliers and internet in promoting their business, those of Sherko, Jamal and Tanyayi were advertising their products through carnivals on the streets, market places and other notable places within their cities. When we asked if management skills posed some sort of problems when staring their businesses, their responses was nothing much to worry about as they claimed to have acquired experience prior to doing their businesses. In terms of competition, Sherko, Jamal and Tanyayi responded that it was a major threat to their business entry. As a result of competition faced by small business owners from large and multinational companies usually affect their businesses especially at the earlier stage in Kurdistan. These small business managers nightmares were as a result of most Kurdish prefer goods made by multinational companies. They were able to overcome this by not trying to imitate the large companies in their products rather they chose products that most customers could afford and enjoy at an average rate.

Café Master Hans and Marianne Bageri believed that their products were of good quality they did not have to face difficulties in this regards and moreover they do believe that they live in a society where most people live a moderate life.

In setting up business, Sherko, Jamal and Tanyayi explained that there were several challenges in terms of equipments for their productions. In as much it was not possible to acquire loans from financial institutions therefore they were only left to purchase some equipment partly with the initial capitals and were able to purchase more when their businesses started growing. Another area they mentioned was the poor infrastructures in the country such as poor state of power (electricity), transportation problems, bad road networking and so on.

Having come from a developed country such as Sweden, these infrastructural difficulties and the accessibility of modern equipments for productions

never posed a threat to Cafe clarintte, Café Master Hans and Marianne Bageri when setting up their businesses.

With respect to government regulations on enterprises that are usually established to enhance the growth and development of businesses, the respondents from Sherko, Jamal and Tanyayi have the notion that the small business owners interest in Kurdistan are not well protected by the government rather pay more attention to the large and multinational organizations especially with respect to loans. It is noted that improper legislature is one of the major problems facing the development of small business enterprises in Kurdistan. However, Cafe clarintte, Café Master Hans and Marianne Bageri were of the opinion that the government has continued to improve on the policies that support small business enterprises having noted the roles which the play in their economy.

It therefore concludes that the Swedish business managers enjoy more favorable environments in setting up businesses than the Kurdish small business managers.

3.3. Determining Money Need and Startup Costs

According to Small Business Administration (SBA) program Office: There are five important questions when determining money need, your ability to offer a detailed, credible business plan is of prime importance when seeking a loan. Your finance proposal should be succinct and focus on the following key questions:

How much do you want?

How long do you want the money for?

What are you going to do with the money?

How are you going to repay the money?

What are the alternative sources of repayment in the event of something going wrong?

So when it is time for you to take small business finance, you have to know how to calculate your needs.

When we asked these questions to Kurdish small business their answers were that they calculate the amount of money they need, but in a way that it's not a true and academic way to determine their needs, they cannot understand for what long they need the money. An important part of growth is the budget, or the allocation of funds to those activities that will bring about growth. There is a fine line between not having enough money and having too much money. The disadvantages of borrowing too much are (1) the increased interest costs and (2) exceeding equity limitations. The disadvantage of

not borrowing enough is getting halfway through a project and discovering there are not enough funds available to complete it. The problem usually associated with expansion is underestimating costs. But when we asked this question to Kurdish companies all of them said that they determined their need but in a routine way without any budget and accounting statements, also when we asked about some expenses when starting business they don't had information about them that is very important before launching a business to do that some of this operations are: Research and development costs, Business Plan Preparation, Cost of Web Site creation, unanticipated costs, Licenses and Permits and other costs that they don't take into consideration these expenses that will cause lack of enough cash and failure of the business at first time.

When we asked the question to Swedish business owners they answered very differently, they announced that when establishing the business they consult with other business owners about their finance problems and speaking with some finance consultants to determine the real cost of their projects, that nowadays most of academic companies take into consideration the smallest factors or costs that affects on finance of their business for example green accounting that is an important part of accounting which calculate the costs of environment on our products and services.

3.4. Extent of Distinguish Between Personal and Business Finance

The most common mistake business owners make is not keeping personal and business funds separate. First, some reasons why it is not a good idea to mix business and personal funds [Jean Murray, 2016]:

It doesn't look professional: If you are dealing with a vendor or customer and you pull out your personal checkbook or credit card to pay a business expense, you are giving the impression that you are not a real business owner.

Clear deductions and income: If you want to be able to claim expenses as deductions, you must be able to show that these deductions were for business purposes. Trying to sort through your personal records at tax time is a nightmare. Capture business expenses in your business account to make it easier to claim those deductions.

Now some factors are necessary about to take in consideration in personal and business deals:

Arms-Length Transactions: All transactions between you personally and the business must be "arms length"; that is, the transactions clearly sepa-

rate you as a personal entity and the business as an entity.

Keeping Separate Accounts: First, and most important, set up separate checking accounts for business and personal use. Write checks for business purchases from the business account and personal purchases from the personal account. Put business income in the business account and personal income in the personal account. Do the same with credit card accounts – one for business and one for personal – and don't mix charges or payments for these accounts. For this factor the case of Kurdistan are some moderate, sherko executed this factor but Jamal and Tanyayi do not separate between personal and business accounts.

In the case of Sweden small business as Cafe Clarintte, Café Master Hans, Marianne Bageri they answered that every accounts (personal and business) have different incomes and accounts.

Contributing property or cash: If you put money in the business in the form of property or cash, clearly designate how the money is to be considered – as a loan or as an owner investment. You can choose either a loan or an investment, but make sure the paperwork is complete and that it is easy to see how the transaction is considered on the books of the business.

Taking Money Out of the Business: If you are an employee, pay yourself a reasonable salary, based on comparable salaries for other similar positions. If you are a sole proprietor or partner, you can take a draw by writing a check to yourself from the business account.

In this case owners of Kurdish small business said that we don't have any salary or withdraw for any job or position that we do in the company therefore it has a negative effect on financial results because when they work in their business as worker, manager or any other positions they should count this positions salary or expenses to calculate the right amount of income. Also Tanyayi Café and Sherko engineering group said that we didn't count the goods or money in the statements of company when we have withdrawn.

The Sweden small business said that we distinguish between our expenses, Cafe Clarintte said that I am working in my café as manager thus for having a perfect and precise accounting statements and financial ratios I will count my salary monthly in the bookkeeping but other small expenses as eating or use of some small goods didn't count in my books.

Renting a Location: If you are using part of your home for business, you could rent space to your

business. Create paperwork to show this rental agreement, including all the terms and conditions.

In case of Kurdistan two small businesses (Jamal and Sherko) uses their buildings for business but they do not write it as rent expenses, they know and say that these are expenses that we don't pay it and they do not use financial statements to write them thus financially their income or expenses are not considerably precise.

Also the Sweden case had different methodology that they believe it and counted this as expense when using their home as place of business.

3.5. Government Support Financially

The director of Sherko Group mentioned of their awareness of the government on the establishment of some financial institutions such as Banks and some official centers for Commerce and Industry. These were all support measures created for small business enterprises growth and development in Kurdistan by the government. The respondents mentioned that these measures have not lived up to expectations as small business owners are still faced with difficulties in meeting up with the requirements of these banks in taking loans.

Lack of sourcing funds from financial institutions is regarded as the major problem facing small businesses in Kurdistan-Region. It baffles these small business managers even at this stage where most developed countries have continued to make the accessibility of funds for small business enterprises theirs have been different.

Jamal and Tanyayi described that recently there have been some developmental projects by some local government administrators. These projects include the building of shops but in a high cost rates for business minded people that everyone cannot buy or rent, a hard and few loan package for micro business managers and mass transits for transportation at somewhat low or high prices.

Sherko Engineering Group, Jamal Company, Tanyayi Café still have the notion that multi-national and large companies are more favored in the supportive measures so far and therefore affect a great number of consumers who prefer products of these perceived competitors.

On the other hand, Cafe Clarintte, Marianne Bageri and Café Master Hans noted that government has continuously improved in their policies especially through the Swedish Agency for Economic and Regional Growth which has contributed to the creation of new enterprises, the development of more growing businesses at different regions, and consequently promoting the sustainability of economic

development and growth in Sweden. Competition from large and multinational companies was also mentioned as one of the problems facing their businesses by Sherko Engineering Group, Jamal Company, Tanyayi Café. They described it as a general problem facing most small business managers in Kurdistan. Large business enterprises including Multinational companies have adequate and modern equipments for the production of enough and better goods. We did note from the respondents that some of their business colleagues have been at the wake of this forced out of business. It is also obvious that most consumers prefer goods from abroad based on what they perceived as original and better products when compared with that of products made by the local producers mostly from small business owners in Kurdistan-Region therefore making them lack patronages at home.

Another factor mentioned by Sherko Group as problem facing their business is inflation. As the director further described inflation as a factor that brings more negative effects to the small business enterprises than the large ones noting that it is very difficult for small business enterprises to pass along cost increase. While Jamal Company was of the opinion that high level of corruption in the country account greatly for the low performance of the various bodies set by government to encourage small business enterprises.

Marianne Bageri further highlighted more on how the government has recently made it possible for every conscious business man or woman to easily access the business plan on the web. This has been so fruitful in the sense that business has become very easy to register in Sweden meaning that a business could be registered within 48 hours.

Conclusively, in the case of developed countries such as Sweden as described by Swedish agency for economic and regional growth (NUTEK, 2004) the emphasis in Swedish industrial policy has shifted from selective, delimited policy measures to a more general and horizontal policy approach. The objective of the government is, in other words, to promote favorable institutional preconditions for business in general, i.e. rules of the game, access to markets, financial support, etc. This policy change has been primarily in response to new imperatives, and to a marginal extent to evaluations of previous policy measures.

Café Master Hans and Marianne stated that government has been making serious improvement yearly in their regulations concerning business as a whole. When we mentioned the issue of tax to them

as was complained by Kurdish small business managers, their response was that the government made the law on tax especially in the areas of products in such a way that when adhere to is favorable to them.

In conclusion, Sherko Engineering Group, Jamal Company, Tanyayi Café problems was lack of sourcing financial resources, inadequate regulations by the government, corruption, inflation, and infrastructural problems to competitions from large business enterprises. According to Stevenson and Lundström [Lundström, 2005] most central governments are actively involved in a multiplicity of measures to address SME needs such as investment tax credits, start-up grants for unemployed people and financial information programs. This statement by Stevenson and Lundström concurs with Marianne Bageri and Café Master Hans experiences in Sweden.

3.6. Opinion on Finance Problems

Finance problems in Kurdistan on the opinion of Sherko Engineering Group was lake of private and governmental banks to loan the capital that they need to invest in their projects as they desire, also lake of government attention to small business for giving some subsidies and set policies that guide and help them to establish in an easy way and least cost.

Tanyayi Café said that I had an idea for launching such a business but because of lake of money need I couldn't do that for more than 4 years till I gathered my own money and with some loans from family and relatives I gathered the capital of my desire business and I launched it. He stated if 4 years ago I could afford my desire capital as a loan from a bank now I had a big business that could change the name of my business to a big business. And a big number of people can work in my business for reducing unemployment also help government attempts to increasing employment.

Jamal company had the same opinion of the two above business that if the government had suitable environment and policies to help small business as low taxes, loans with low interest rates, and so on, they can have a bigger business with huge amount of profit.

In the case of Swedish small business they stated that they don't have serious problem for financing of their business when launching a new business, only some primary requirements is needed to prove the success of business and ability of paying back the loan. They have to do a good market research first to convince the bank to grant you the loan.

4. Summary of findings and Conclusion

4.1. Summary of findings

On the basis of the analysis of data collected dur-

ing the interview, researchers present the following findings in order of ranking.

The major problem found to have been facing small business enterprises during start up time and growth period in Kurdistan is finance. Lack of finance has been a very serious setback to small business starting from setting –up to the growth of the business. The small business owners source for funds mostly by themselves, from relatives and friends or by going into partnership hence borrowing money from banks or other financial institutions has been a difficult or if not impossible task due to high cost of borrowings. These small business owners are mostly asked to provide collaterals by banks before borrowing money which is hardly at their disposal and the burden of high interest rate from these banks are unbearable. With respect to funding, Swedish case could be described as far better than Kurdistan hence the requirements for loans could be easily met by the small business managers.

The study noted that though government has at various times provided some measures for the improvement of small business enterprises in Kurdistan Region but all have been abortive due to inadequate legislation. For a proper promotion of the development of small business enterprises, there is need for a well articulated plans or programs by the government. There is lack of proper regulation in terms of borrowing funds from the banks by small business owners; lack of focus in formulation and implementation of policies, and tax laws are not favorable to this group of business enterprises as the Swedish business owners continued to have less problems in respect to this.

Inflation was also observed as one of the problems facing small business enterprises in Kurdistan. The result of continues inflation in Kurdistan markets have more effects on small businesses than the large enterprises.

In the case of money need and start up costs when we asked this question to Kurdish companies all of them said that they determined their need but in a routine way without any budget and accounting statements, also when we asked about some expenses for starting business they don't had information about them that is very important before launching a business to do that some of this operations are: Research and development costs, Business Plan Preparation, Cost of Web Site creation, unanticipated costs, Licenses and Permits and other costs that they don't take into consideration these expenses that will cause lake of enough cash and failure of the business at first time.

When we asked Swedish business owners they answered very differently, they announced that when establishing the business they consult with other business owners about their finance problems and speaking with some finance consultants to determine the real cost of their projects, that nowadays most of academic companies take into consideration the smallest factors or costs that affects on finance of their business for example green accounting that is an important part of accounting which calculate the costs of environment on our products and services.

In case of distinguish between personal and business finance, most of Kurdish companies said that we don't have any different statements between these two categories and they spend money of the business for their personal use without counting in the statements of the both categories and vice versa, that it's a wrong way for counting the real loss or profit of the business and will cause the lake of enough cash in the business and so the failure of the business, but in Swedish companies they do business in separate accounts and personal use have their special accounts, they mentioned that we can count our precise profit or loss because they take into consideration the smallest expense or profit that they make in their business, thus they were very success with huge profit and every year we showed the extent of their business , because they separate their money of profit in a bank account for using when they have plan to development of their business and opening of branches in other cities.

In government support financially mentioned of their awareness of the government on the establishment of some financial institutions such as Banks and some official centers for Commerce and Industry. These were all support measures created for small business enterprises growth and development in Kurdistan by the government. The respondents mentioned that these measures have not lived up to expectations as small business owners are still faced with difficulties in meeting up with the requirements of these banks in taking loans.

Lack of sourcing funds from financial institutions is regarded as the major problem facing small businesses in Kurdistan-Region. It baffles these small business managers even at this stage where most developed countries have continued to make the accessibility of funds for small business enterprises theirs have been different. But in the case of Swedish business government has been making serious improvement yearly in their regulations concerning business as a whole. When we mentioned the issue

of tax to them as was complained by Kurdish small business managers, their response was that the government made the law on tax especially in the areas of products in such a way that when adhere to is favorable to them.

Furthermore finance problems in Kurdistan was lake of private and governmental banks to loan the capital that they need to invest in their projects as they desire, also lake of government attention to small business for giving some subsidies and set policies that guide and help them to establish in an easy way and least cost.

Also if the government had suitable environment and policies to help small business as low taxes, loans with low interest rates, and so on, they can have a bigger business with huge amount of profit.

In the case of Swedish small business they don't have serious problem for financing of their business when launching a new business, only some primary requirements is needed to prove the success of business and ability of paying back the loan. They have to do a good market research first to convince the bank to grant you the loan.

4.2. Conclusion

Small business enterprises are seen as an important sector of a nation's economy which should be adequately given attention. There is need for the developing countries to emulate from the developed countries in ways of giving credible support measures in developing small business enterprises within its economy due to their impacts on economy. This can be achieved by creating enabling environments such as providing easy access to funds, good legislation, infrastructure etc.

In sum, according to Ford [Ford, 2004] small business enterprises create most employment, provide a greater degree of economic stability and very often contribute the lion's share of GDP in industrialized economy. Most Kurdish people may be employed by micro or small-scale businesses but most GDP is generated by the large-scale export orientated extraction and agricultural companies. Therefore, small business enterprises in Kurdistan require an urgent attention from the government in tackling their problems in order to survive, grow and develop.

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МИРОВАЯ ЭКОНОМИКА И МЕЖДУНАРОДНОЕ СОТРУДНИЧЕСТВО

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ФИНАНСОВЫЕ АСПЕКТЫ ПОСТРОЕНИЯ МАЛОГО БИЗНЕСА В КУРДИСТАНЕ И ИРАКЕ: СРАВНЕНИЕ СО ШВЕЦИЕЙ

Аннотация. Целью исследования было выявить финансовые аспекты, связанные с открытием и управлением предприятий малого бизнеса в Курдистане и сравнить со шведскими предприятиями малого бизнеса.

При проведении исследования использовался метод качественных оценок. Наиболее важные данные метода были получены из первичных данных с использованием интервью, с использованием анкетирования. Исследователи также использовали репрезентативную выборку и проводили анкетирование высокопоставленных сотрудников в Sherko Engineering Group, Jamal Company, Tanyayi Café, Cafe Clarintte, Café Master и Marianne Bageri.

На основе анализа данных, собранных во время интервью, исследование показало, что владельцы малого бизнеса в развивающихся странах, таких как Курдистан, сталкиваются со многими проблемами по сравнению с развитыми странами, такими как Швеция. Финансовые проблемы, с которыми сталкиваются курдские владельцы малого бизнеса, классифицируются следующим образом: нехватка финансов для начала и развития бизнеса, отсутствие использования бухгалтерских и финансовых стандартов, отсутствие источников финансирования и частных банков, неспособность определить потребность в инвестициях и начальные затраты, провести водораздел между «личными» и «деловыми» деньгами, также выявлена плохая инфраструктура, несоответствие законодательства, нехватка управленческих навыков в управлении финансами; дальнейшие проблемы — коррупция и инфляция. Владельцы малого бизнеса в Швеции сталкиваются с проблемами, связанными с высоким уровнем отсутствия сотрудников на рабочем месте по болезни, влияния погоды на бизнес. Кроме того, выявлено, что проблемы курдских малых предприятий реже встречаются или почти не характерны шведским предприятиям. Шведские малые предприятия полностью поддерживают правительство.

Ключевые слова: малый бизнес, финансовые аспекты, Швеция, Эрбиль, финансовые проблемы, стандарты бухгалтерского учета.

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