

## Challenges Facing Entrepreneurs in the Kurdistan Region of Iraq: Sulaymaniyah

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### Abstract

*In this study, the importance of entrepreneurship and the challenges are defined and explained in detail. The role of entrepreneurship and how it develops job creation, economics, and productivity of every country is explained as well. The purpose of this study is to find solutions to minimize the challenges that are facing young entrepreneurs as well as providing the information for entrepreneurs to recognize the factors that are required to process as an entrepreneur and ways to handle the entrepreneurial challenges. A face-to-face survey is conducted with 30 young entrepreneurs in Sulaymaniyah city, and their challenges are analyzed. According to the results, we found all of the entrepreneurs are facing governmental challenges, financial challenges, market challenges, and socio-cultural challenges. It is highly suggested that entrepreneurs in Kurdistan are in need of immediate support if the government is attending to fix the financial crisis in the region.*

**Keywords:** *Entrepreneurship, Financial Challenges, Entrepreneurs, Financial Crisis*

### Introduction

Entrepreneurship is defined from many different perspectives of businesspeople and authors. It is defined as taking advantage of opportunities, taking risks and building a profitable business that didn't exist before (Barringer & Ireland, 2010). It is a mixture of innovation and profit. This research focuses on Sulaymaniyah's entrepreneurs' challenges and elaborates them. Entrepreneurship plays a critical and undeniably important role in the advancement, growth, and development of any economy (Geldhof et al., 2016). This role is highly important for the semi-autonomous Kurdistan Region of Iraq, since the country and this region is known for weak economic infrastructure mainly built on oil industry. Meanwhile, the economy of this region is mainly driven by the public sector. It is estimated that 40% of Iraq's labor force do not have their own business rather are employed by the governments (UNDP, 2017) This disproportionate ratio between employees and entrepreneurs of small and large businesses is higher in Iraq than other countries of the Middle East including Jordan which has only 30%, Iran with 17%, and Turkey with 12% of the labor force being employees of the government (World Bank Data Report, 2016).

This is also true for the Kurdistan Region of Iraq but in a higher ratio of 70% of the labor force (World Bank Report, 2016). Thus, it is easily noted that the KRI takes the highest rank between them. In addition, after the fall of Islamic State of Iraq and Syria (ISIS) the region's government is taking slow progress and the required time to recover from the economic crisis caused by fighting against ISIS on the battlefield. For this particular reason, entrepreneurship is an open door for taking KRI out of the crisis. Due to the reason that entrepreneurship is an effective tool to help the economy of Kurdistan and employment rate can be risked by the creation of new businesses.

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The Kurdistan government today is in big economic crises, due to the changes in the price of oil in the international market and the long-lasting conflicts with the central government at Baghdad. The large number of employees, who could be people owning businesses, are also financially affected and have become a burden on the government. Regarding the conflicts of the semi-autonomous government of the Kurdistan Region of Iraq and central government of Iraq, after the fall in prices of oil since 2014 problems between the two are no longer concealed on their conflicts in sharing the revenue from the oil industry and on some other internal disputes. For this reason, the Iraqi government has cut the region's public sector salaries (United Nations Iraq, 2019). Therefore, the KRI government is suffering from the mistakes in employment made by the public sector years ago. This has become a big challenge for entrepreneurs to enter the market of Kurdistan due to the conflicts and threats. As well as the human resources that have lost trust of getting their salaries from public sectors and it made it harder for them to enter new businesses because of their conflicted working background. That affects entrepreneurs to find good skilled human resources and keep them.

The Kurdistan Region of Iraq is in urgent need of a plan to rescue the economy. Due to the fact that the country is rich in oil resources and many other factors, the economy has been oriented only at the oil industry for the previous years. It is about time to rebuild the economic infrastructure that includes providing opportunities for business-owners and entrepreneurs. Supporting and promoting diversity in the private sector will eventually highly benefit the economy and will also help the people of the region become less affected by the oil crisis. This can be done by providing the youth who are unemployed opportunities through which they can build their own businesses and depend on themselves. In addition to strengthening the economic infrastructure, this process will also increase the average quality of life of families in the KRI region of Iraq. Since entrepreneurs are constantly facing obstacles and challenges, the economy of Iraq either stays constant or gets worse. KRI have neglected supporting entrepreneurs that negatively affects the economy and financial security of every individual living in the region.

Entrepreneurial and business ecosystems are known as "a set of interdependent actors and factors coordinated in such a way that they enable productive entrepreneurship within a particular territory" (Stam & Spiegel, 2016). In addition, it's a collective system of Shareholders, including research, growth and development institutions, educational programs, and support institutions (Autio, 2017). There is a strong influential connection for state involvement impacting entrepreneurship ecosystem's promoting business activities. Other influential parts of the system that can help in the promotion include government regulations and policies, financial availability, labor force, (R & D) center, market availability and penetration, social norms, legal system and regulations, and tuition. (Ibrahim, 2018)

The entrepreneurship systems play a more critical role, and their economic availability becomes stronger when the government follows policies and regulations which coexist positively with other elements mentioned above (Hermanto & Suryanto, 2017). Evidence collected from the region displays that the KRG has a good opportunity to increase the power of entrepreneurship and self-businesses towards promoting significant economic development (Mirza, 2015). However, prior to fully entering into the economic potential, there are some challenges which must be faced properly to prevent risks in the future. For instance, neither school nor higher educational institutions such as universities make students ready with

the right set of skills and knowledge that enable the young people in the future to be motivated successful entrepreneurs (Ghalwash, 2017).

Entrepreneurs and the businesses they create are known as the only greatest factor of economic growth and development in the world. The big drivers of this growth and development are not the “unicorn” startups that produce and make billions of dollars in a few years. Rather, they are the business owners that create and run small and medium enterprises (SMEs) and businesses. According to Barringer and Ireland (2010) entrepreneurs are the ones that mostly create job opportunities and innovation. They help societies to get developed and increase economic growth. These SMEs provide around half of the world’s existing jobs and create jobs at more than twice the rate of more established companies. They are driving innovation by generating new and brilliant business ideas, new goods and products, and making new jobs, which is the reason behind why the World Bank refers to entrepreneurship as “a key driver of growth and development” and as the cornerstone of the “unprecedented efforts” needed in the promotion private sector growth in emerging large markets. Recognizing this, the Gol’s Council of Ministers named the promotion of SMEs as one of the three pillars in its Private Sector Development Strategy through 2030.

The relation between SME and entrepreneurship is that entrepreneurs are the source of the SME creation. The KRI and Iraq have an opportunity to leverage the power of entrepreneurship and provide significant economic growth. But in order to fully explain the region’s economic potential, there are a number of challenges that must first be faced. The basic foundation of any entrepreneurial ecosystem is the mindset of the people and the system: do aspiring entrepreneurs have the vision, appetite for risk, and resilience to pursue their own ventures? If that mindset is present, there must next be a set of structural conditions within which entrepreneurs can operate.

The state must ensure the presence of entrepreneurial infrastructure, like improved internet and banking access, and a lightweight regulatory system in which it is easy to start businesses but hard to steal ideas. They must also work with the private sector to make sure that more entrepreneurs have access to the capital and labor force they require to increase the size of their businesses. Lastly, right once all of these environments are met will the economy be positioned to take advantage from the valuable market skills that entrepreneurship can create.

### **Research Aim**

The purpose of this research is to identify the obstacles which entrepreneurs get during the process of building a new business. It is to aid the entrepreneurs to face their challenges and have a clear vision of the steps of starting a new business. Conducting this research is important for entrepreneurs and investors, as well as for any entity that has a motive to support new businesses in Kurdistan Region of Iraq (KRI). This research aims to provide the basics of entrepreneurship for the ones that are enthusiastic to build a business, as well as explaining the steps that have to be taken to be a successful entrepreneur. In addition to that, this research aims to pinpoint the specific challenges that are facing startups in Sulaymaniyah city in order to provide solutions for each of them which are governmental challenges, financial challenges, market challenges and socio-cultural challenges.

## Literature Review

### Challenges and Entrepreneurship Challenges

A precise definition for challenge, an exact sense of the meaning would not come easy to grasp. But it can best be described as an invitation or a call to action. There are various multiple sorts of challenge in different levels of range and complexity. A student is faced with a classroom challenge when his/her teacher asks for an assignment or a homework to be completed. And its scope can be leveled from easy to difficult (Baghetto, 2016).

When a teacher requests his/her students to focus on a project or an assignment that is bigger than themselves, like a project on the community, or their school, or the streets where he/she lives, the task is bigger in size and scope when compared to a class work. This can be characterized as a push that is beyond the walls of their classroom. And it is classified as a beyond class challenge (Baghetto, 2016).

However, the classroom and beyond the classroom are different from each other in very key features and elements. But they share the same basic foundation and structure when you look at the bigger picture. Comprehending the structure of challenges is significant to cope with them and be prepared for various designs of challenges (Baghetto, 2016).

The procedure of handling a challenge is like this, there are four parts of this framework.

1. The issue an entrepreneur gets is their task or problem that they require to work out.
2. Then comes the process of approaching. Coming up with methods.
3. Then comes the solution of the problem.
4. The criteria are the guidelines for evaluating success.

This description for challenge is in simple words and a way that is not complicated to understand. The same analogy and frame of meaning can be utilized in entrepreneurship challenges. There are challenges facing entrepreneurs from simple to very complicated. The challenges that face entrepreneurs can be leveled in the ones relating to the basic terms and basic every day-to-day problem, to the complex issues that are connected to the society, community and the country it is based in. For instance, country finance and economy, etc. Generally, entrepreneurs are creative people. And necessarily applied, creative people try their best to be innovative and keep creative works. So, in turn, creative entrepreneurs constantly challenge themselves to give birth to a new service or product.

Entrepreneurial challenge: (Patten, 2016)

Entrepreneurs regardless of the country they live in and regardless of the community work in face various challenges. The challenges that are mentioned below, face every entrepreneur. One of the major challenges that is a must for every entrepreneur, is when writing a business plan. Because in business plans there are specific points and specific structure of a business plan, that he/she requires to prepare and know. The probability of this issue to become a challenge is very high for fresh entrepreneurs due to their lack of experience. With this being said, every entrepreneur needs to guarantee learning and

comprehending business plans. One way or the other, he/she needs to understand the importance of the factor that leads to success (Barringer & Ireland, 2010).

The second challenge that faces most if not all entrepreneurs is, the identification of the target market that his/her business attracts. When an entrepreneur enters a new industry it is easy to identify the target market of the entire industry, but when generating a business inside the industry, the identification of a smaller target market for the business becomes very challenging (Barringer & Ireland, 2010).

Another challenge that faces the entrepreneurs while starting, is the process of finding and coming across an investor and a funder to financially support the concept he/she has developed. This element is challenging for entrepreneurs because at first he/she requires to acquire and/or make the necessary connections and network. Also at this point, the entrepreneur that looks for an investor/funder, he/she requires to develop a perfect business pitch to convince the investor/funder about the profitability and workability of the idea and then hopefully proceed. Another challenge that not only faces entrepreneurs, but also faces the majority of other businesses and companies, is that they all require to prepare and implement an effective business model. The entrepreneur needs to connect and link the model of his/her business with his/her business performance. And this is a very critical process because for example, a business includes customer satisfaction in its business model. In the case of the linkage between business performance and business model, the outcome should be filled with customer satisfaction. But in case the customers are not satisfied, it means the performance failed to be conceived. The business model also fails. And as a result of all that, the business fails to have profit (Barringer & Ireland, 2010).

### **Entrepreneurship**

The origin of entrepreneur term comes from an ancient French origin from the words *entre*, which means “between” and then the word *prendre* that stands for “to take”. The term entrepreneur was used originally to define the type of people who “took on the risk” that he/she spotted between sellers and buyers. Also in another sense was used as the meaning of a person who “undertake” a mission, to begin a move, to take off for a travel (Barringer & Ireland, 2010).

One may argue on the absence of difference between an inventor and an entrepreneur. It can be confusing. But the reality behind them that distinguishes them is very basic. On one hand an inventor is a person who comes up or creates something new. On the other hand, however, an entrepreneur does not create anything new. An entrepreneur modifies, mutates an invention into a practicable business. He/she, who is an entrepreneur, investigates and looks through all the required resources like, money capital, consumers, model of the business, an execution strategy and then the ability of taking on a risk. Then comes up the masterpiece out of an invention that is formed in the shape of a business (Barringer & Ireland, 2010).

According to J.C Jarillo and H. H. Stevenson, an entrepreneur is a person that goes after chances without taking the resources they currently acquire into consideration. Also there are others who define it differently. Like Fred Wilson, He believed that entrepreneurs are the people that were artists. Artists of turning an idea into business (Barringer & Ireland, 2010).

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We understand from this, that the spirit of entrepreneurship is the presence of the specific behaviour of putting useful ideas into motion. The duties put forward through having these behaviours can be achieved and brought into reality by one person, or by a group of people. Either ways, the executors of this procedure require creativity, drive and the capability to take risks (Barringer & Ireland, 2010).

The best example that portrays these qualities in his personality and actions, could be Nate Alder, that is the cofounder of Klymit. This man sensed an opportunity to use gas of argon in warming ski jackets and other apparel products, while he had many other alternatives to work on at the time he instead chose to work in the opportunity of this business full time. And Even now he is currently working hard to put Klymit works in maximum usefulness and creativity to his users (Barringer & Ireland, 2010).

In their books Barringer and Ireland, focus mainly on a team of entrepreneurs and an entrepreneur that comes up with a business idea. At the same time, they claim that there are multiple firms that act entrepreneurially. Also, they define the firms that act entrepreneurially that are proactive and innovative and take risks at the same time. Apple for instance. Apple has always tried to put out an innovative product that was not in the market before. The Mastermind behind this all, Steve Jobs, always motivated his team at Apple to try and do pace out of the box. This entrepreneurial behaviour was very obvious in Steve Jobs. He did not fear taking calculated risks and this clearly reflected in his works, products and success (Barringer & Ireland, 2010).

In a world that changes as fast as a passing bullet, a simple idea and concept can become an industry overnight. Fresh businesses grow in a very speedy way. Also, entrepreneurs are becoming very crucial for the global economy. The jobs that entrepreneurs offer are almost two times bigger than the opportunities given by companies. In the study taken place in 2006, the focus group was entrepreneurs and large companies. 59%of entrepreneurs claimed that they had the intentions and plans to increase and open job opportunities in their fields due to expanding their scope. While only 28% of the businesses taking part in the research could claim the same plan for the following year (Weinberger, 2016). Entrepreneurs have successfully figured ways to do things better. They have found a way to alter the current parameters. They usually operate innovation a lot quicker than large companies. With the leads of an entrepreneur compared to established companies, their presence gives a boom to economic growth. In the study of Weinberger, 95 percent of the entrepreneurs that innovated and created something new in the past year, are more likely to increase workforce in the year coming next (Weinberger, 2016).

### **Importance of Entrepreneurship, Impacts of Entrepreneurs and Entrepreneurship on the Economy, on**

#### **Society and on Larger Firms**

In the year 1934 was the first time that the importance of entrepreneurship was discussed by an Austrian Economist (Joseph Schumpeter) who worked in the university of Harvard, he published the words in the book of "The Theory of Economic Development ". He claims that entrepreneurs come up with new ideas and thus make the already in market product expire and out of date. And he referred to this process as creative destruction. This creative destruction process in turn stimulates economic activities. Also, increases productivity in every joint of the society. The process of creative destruction is not limited to

creating new products and technology, new pressing strategies, new distribution channels and new retail formats can be outcomes of the process as well (Barringer & Ireland, 2010).

### **The Impacts of Entrepreneurial Firms on Economics**

Entrepreneurial behavior has a significant impact on the strength and stability of the economy due to two reasons which are innovation and job creation. In innovation, the process of creating something new comes forward, which is one of the main activities of the entrepreneurial process. According to the national federation study for independent businesses that work entrepreneurially, small firms that have less than 500 employees, are twice as innovative as a large firm per employee. Meaning, one employee in a small firm, is two times more working than an employee in large firms (Barringer & Ireland, 2010). As for job creation, because of the small businesses economic activity has immensely increased within two decades. In the United States there are 26 million businesses available. And in this number, 99.7% of the employees are from small businesses. And small firms that have less than 500 employees, represent 99.9% of the employees in the 26 million businesses in the United States (Barringer & Ireland, 2010).

### **The Impacts of Entrepreneurial Firms on Society**

Another strong impact of entrepreneurial firms is on society. The new products and services that entrepreneurs create, makes everyone's life more convenient. They enhance the productivity of work, improve the health of human beings or act as entertainments. There are many drugs that entrepreneurs created to heal unhealable diseases. Or there are many technologies they created to make our daily activities easier, such as dish washing machines, smart phones, personal computers, delivery services, etc. Entrepreneurs created products and services that are new to generations yet people quickly adapt to the products and can't imagine their lives without them (Barringer & Ireland, 2010).

### **The Impacts of Entrepreneurial Firms on Larger Firms**

Entrepreneurial firms also have a great and positive impact on larger firms. Studies show that many entrepreneurial firms produce products and services that serve larger firms in many ways. The products and services that are created to help larger firms is to make them work more efficiently and effectively. This factor makes larger firms to be partners with entrepreneurial firms to reach their goals and to be successful. This partnering also benefits the small entrepreneurial firms to have access to the resources from larger firms which are managerial skills, intellectual capabilities, strategies, etc. (Barringer and Ireland, 2010)

### **Entrepreneurship Challenges**

Resources are essential for entering into the entrepreneurship world, according to the study of (Elsafty, Abadir & Shaarawy, 2020). The factors that make entrepreneurs successful are very similar to the factors that act as challenges. Regardless of the challenges that are explained in the first paragraph of this literature review, some other intangible challenges exist for entrepreneurs which are explained in the following points.

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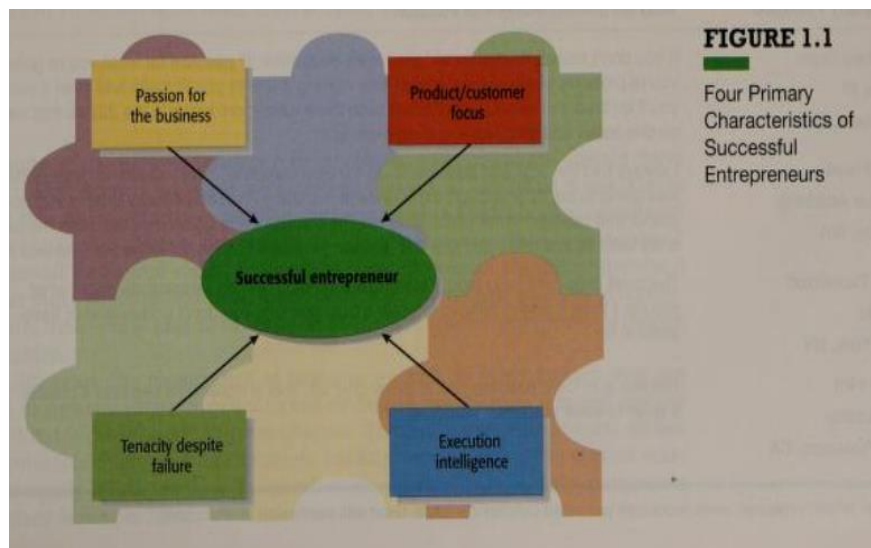
- **Governmental Challenges:** The challenges that are facing entrepreneurs by the governments are mainly due to the very systems of capitalism and of corruption. The challenges that are categorized as governmental challenges are mainly aimed towards the female entrepreneurs in the market, due to the stereotypes and bigotry in the minds. It happens only a little in the face of male entrepreneurs in comparison. Globally, the businesses owned by female entrepreneurs are 30%, meaning only a third of businesses are owned and managed by female entrepreneurs, which is a significant number. Yet, only a little is supported by the funds coming from governments. On the other hand, however, the difference in funding male entrepreneurs can be easily and clearly observed. In recorded data, around 13% to 18% of funds of governments are given to female entrepreneurs. Keeping this in mind, the context of the research is relatable to the distribution of favors by the government to entrepreneurs (Malmström, Johansson, & Wincent, 2017).
- Despite the obvious, that there is a little difference somewhere close to zero, between female and male owners of businesses after the establishment of their own enterprises, there is a giant none-observed heightening in the growth of women potentials in Africa. From the studied data, the families struggle a lot to make money so they can establish their own businesses, but governments make it harder and harder day after day to make that happen (Halkias, Nwajiuba, Harkiolakis, & Caracatsanis, 2011).
- **Socio-cultural Challenges:** According to the study of (Foy, 2020) that interviewed 50 Taiwanese entrepreneurs, they have found entrepreneurs who claimed to have a different identity structure than their perceived social structure, are a high tendency to produce tension or a boost in their entrepreneurial attitude. This means that this attitude is affecting the entrepreneur's production, decision making, strategies, and business-related decisions.
- Another factor that in socio-cultural challenges is the background of the entrepreneur, Campanella, Della Peruta, and Del Giudice (2013) have found that individuals who had parents that were business people or entrepreneurs are more likely to be entrepreneurs and proceed well in the market. As well the educational background of the individual plays a significant role in the capacity of becoming an entrepreneur. In this study, it is clarified that a socio-cultural background, educational background, family occupation, social class, and socio-economic background plays a vital role in becoming an entrepreneur.
- **Financial Challenges:** In the same study that is mentioned above, it is found that the economic class also plays a significant role and gets challenging for most entrepreneurs. People are classified into some economic classes which are poor, lower-middle-class, middle class, upper-middle-class and wealthy. And entrepreneurs from each class face different financial challenges (Campanella, Della Peruta, & Del Giudice, 2013). For example; a person's graduation degree, their income level, or their family's income level affects their entrepreneurship processes. Also, another big challenge about finance is not just their socio-economic background, indeed it is the low experience and low skill of financial thinking and decision making (Campanella, Della Peruta and Del Giudice, 2013). The low level of financial knowledge and experience acts as a big failure factor among entrepreneurs.
- **Human Capital Challenges:** Another leading challenge from the financial aspect is the human capital challenge. This challenge faces entrepreneurs due to their low finance and it makes it hard



for entrepreneurs to hire employees (Hmieleski, Carr, & Baron, 2015). As well as facing the huge gender gap in the business industries, it makes it harder for entrepreneurs to create a team that would boost performance. According to the study of (Hmieleski, Carr, & Baron, 2015), the most significant factor that develops and makes a business successful is human capital. Thus, there are many studies that elaborate on the link between finance and human capital and its relation to entrepreneurs' wealth. However, not every entrepreneur can build a team and provide salary to its employees. Due to this reason, human capital can be a hard challenge to face.

### Successful Entrepreneurs

The following figure explains four primary characteristics that make entrepreneurs successful. Which are: having passion for the business, focusing on product and customer, having intelligence for executing the business and being determined and having tenacity despite failure (Barringer & Ireland, 2010).



Source: Barringer, B. and Ireland, R., 2010. Entrepreneurship. 3rd ed.

There are some other processes that makes entrepreneurs to be successful according to the entrepreneurship book (Barringer & Ireland, 2010):

1. Creating and recognizing opportunities from uncertain situations and brainstorming business ideas.
2. Conducting Feasibility study for the business idea and determining whether the business idea is feasible or not.
3. Writing an effective business plan and giving clear information on all the essential aspects of the proposed idea.
4. Conducting a competitor analysis, a firm should ask questions related to its competitors and should be able to conduct a SWOT analysis for itself and its competitors.
5. Developing and creating an effective business model and implementing. It is important because it contains the core strategy, business partner networks, strategic resources and customer interface. Which four important components of a business model.

## **Entrepreneurship in Kurdistan and Swot Analysis**

Entrepreneurship is of great importance for many sides in a country, especially for economy and innovation. A nation that exceptionally focuses on entrepreneurship and embraces it, will be a rich nation and encounter unbelievable growths and developments in the economy. Because in this scenario, innovation increases, technology gets renewed, the rate of employment gets multiplied, technical knowledge comes to existence, and the methods and ways of income distribution in the nation alters and changes into a new form different than before. Nowadays in the entire world, entrepreneurship is seen and used as a toll, a factor to increase wealth and become a richer and a better country. This means that the Kurdistan region of Iraq, needs to switch its focus towards entrepreneurship to end up in the same destination as all other nations and countries that have gone the same route. But as a matter of fact, 40% of employment in Iraq lay in the public sector, which is a dramatically high number when compared to the other countries in the region. It is 12% in Turkey, 17% in Iran, and 31% in Jordan.

Meanwhile, the Kurdistan region of Iraq is a place where most of the employment is in the public sector, and with that being said, from 2013 unemployment rate has increased exponentially in private sectors. And this is due to the lack of importance given by the government to the private sectors. In the Kurdistan region of Iraq, the potential of improving entrepreneurship is very favorable, but also, it is not free of barriers and obstacles. Because of this, this research suggests that the government take away the barriers in front of them, also that the government make infrastructures especially for entrepreneurs. The government needs to sponsor them and put frameworks to their activities, so that the government can decline the unemployment rate. Also with this; social, cultural, economic and industrial parts can be developed greatly (Mohammadali & Abdulkhaliq, 2019).

## **Swot Analysis of Entrepreneurship in Kurdistan Region of Iraq**

Kurdistan region of Iraq is strong in having experts and innovative youth. This factor makes the region more available to develop entrepreneurship while there are a lot of scientists and specialists that are willing to change the future of the region (Mohammadali & Abdulkhaliq, 2019). A weakness in that sector is that the people are afraid to take big risks and lose their financial capital due to their full time public sector job strict systems. The entrepreneurs are not gaining any financial support and cannot proceed with that problem. Mohammadali and Abdulkhaliq (2019) argue that an opportunity for the region is that it is full of conflict and new business ideas can work very well in regions like that. A place where the people are constantly seeing challenges are more willing to take part in new ideas for finding solutions for some certain problems (Mohammadali & Abdulkhaliq, 2019).

## **Methodology**

### **Research Design**

This research is designed to evaluate entrepreneurs by conducting qualitative data using in depth interviews with the entrepreneurs. The findings and focus of this research are on the challenges and obstacles that face entrepreneurs in Sulaymaniyah, Iraq. 30 entrepreneurs are interviewed face to face

and video calls from around the Sulaymaniyah governorate areas. The interview questions are broad from basic demographic data of the entrepreneurs to the potential challenges that may face them during the start to the execution steps along their entrepreneurship journey such as asking about their age, gender, education background. It has been a challenge itself to find a connection to entrepreneurs from the first place, due to the current coronavirus outbreak, and the unavailability of entrepreneurs that fit into the definition of the term in the city.

The entrepreneurs that have been interviewed for the survey questions have been selected at random from different backgrounds and areas of expertise. They are selected from different backgrounds regarding the sizes of their businesses, their level of professionalism and the continuity of their businesses. Also, they are from different ethnicities, languages and religions.

The procedure of the data collection was in the form of face to face and video calls with the entrepreneurs in the city, they were found by connections with acquaintances, friends and families. The entrepreneurs were glad to answer the interview. Each question has been explained to the entrepreneur in a clear manner and each was explained in the entrepreneur's preferred language to ensure maximum understanding of the questions.

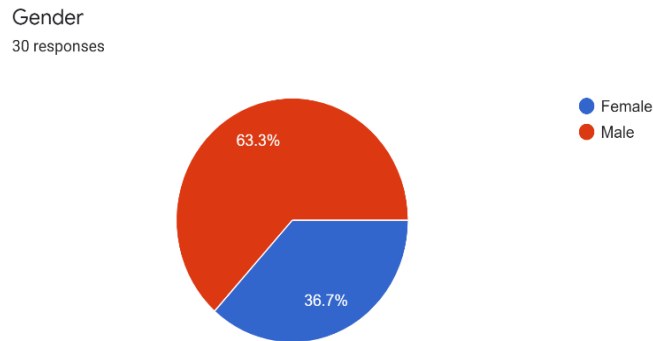
The survey of challenges facing entrepreneurs was created to obtain information from the entrepreneurs in Sulaymaniyah regarding the challenges they have faced, and the challenges they are still facing due to the internal and external factors. As mentioned, all the questions were asked in one to one interviews making sure every piece of data was perceived and all the information from their answer were recorded with complete honesty and clarity. The questions however, were developed from observations on the current visible issues in the city and taking advantage of other studies close to the topic we have chosen

### **Measures of Data Collection and Analysis**

The research is a qualitative type of research, the survey questions go in detail into the information of the participant along with the demographic questions, like gender, age, marital status, nationality, education, income source and monthly income level. The rating questions are expressed in percentages below. The survey of challenges facing entrepreneurs in Sulaymaniyah is composed of two sections; one is the demographic information with the basic questions regarding the business that the applicant is keeping him/herself with, and the second question is the detailed challenges that could potentially face them or have faced them in their businesses.

The research questions consist of demographic information of entrepreneurs, their business sector, the job opportunities they have created, their business life cycle, their knowledge background to be able to build a new business and the challenges that they are facing during and before starting a new business. The data obtained from the survey questions from the participants are analyzed by using the Google forms and Google docs with frequency analysis. Descriptive statistics is an analysis of data that describes and provides information about the samples and measures of the research. It is qualitative analysis of the data that elaborated demographic analysis. Such as age, nationality, sex, etc.

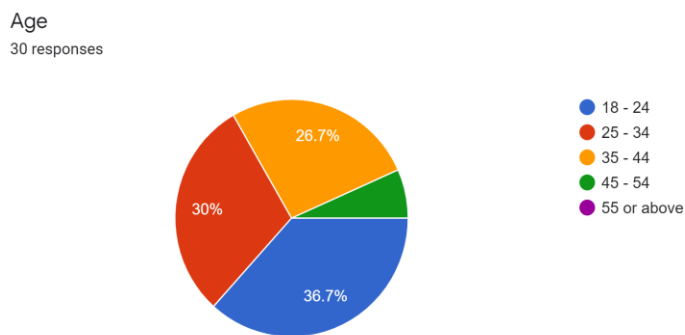
## Findings and Results



In this section, the findings of the answers obtained from the survey questions from 30 entrepreneurs in Sulaymaniyah city are listed in the charts below:

### Chart 1: Gender

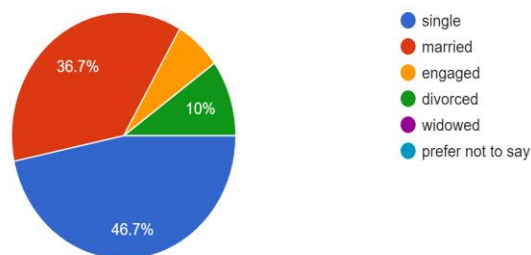
As it is shown in the chart, 63.3% of the participants are male and only 36.7% of the participants are female. The difference can be easily observed in the result that the number of male entrepreneurs is a lot higher when compared to female entrepreneurs. Men are encountered with more opportunities than women. Sulaimaniyah's society gives a lead to men in terms of chances and opportunities.



### Chart 2: Age

As can be observed from the chart, the ages between (18 and 24) take 36.7% of the participants, while the ages between (25 and 34) are 30% of the total number of participants. The ages between (35 and 44) however, take roughly 26.7% of the total 30 participants. On the other hand, the ages between (45 - 54) compose a small percentage of only 6.7% of the number of participants. From the results shown in the chart above, the ages between (18 and 24) have the highest participation in the entrepreneurship areas.

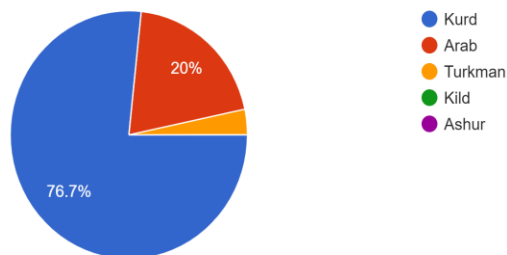
Marital status  
30 responses



**Chart 3: Marital Status**

The level of demography varies among the entrepreneurs that have been interviewed. The ones that are not married and are single, is the highest percentage as it is 46.7%. While only 36.7% among them are married. The rest are either divorced or engaged, which make up 10% and 6.7% respectively. From this chart we can see that the amount of single entrepreneurs and entrepreneurs who are in a relationship (engaged) are very close to each other. By adding the percentages of engaged and married participants, it makes up 43.4% which means that the marital status of an entrepreneur does not add any effect to being either an entrepreneur or not. The importance in this is that the entrepreneurs have a social life, communication and networking skills.

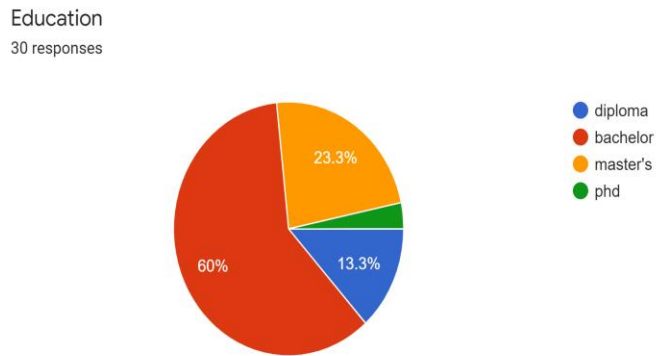
Nationality  
30 responses



**Chart 4: Nationality**

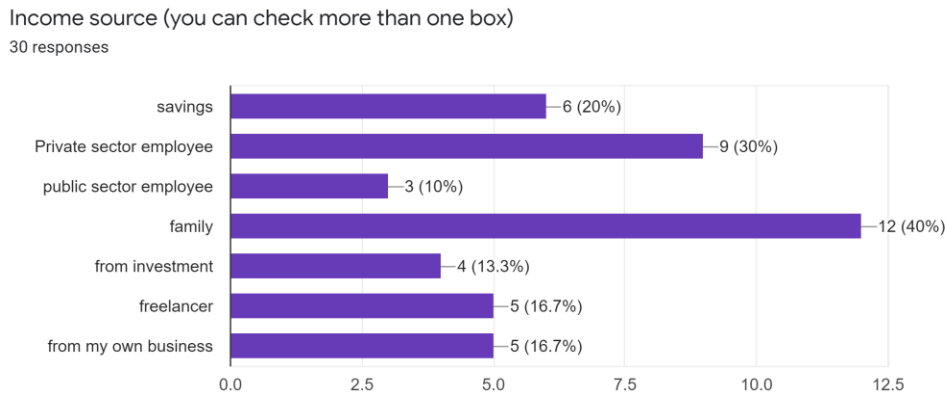
The survey is conducted among the entrepreneurs in Sulaymaniyah. And as the city is composed of mainly Kurds, it is reasonable that 76.7% of participants are Kurds. While only 20% of the interviewed entrepreneurs are Arabs and 3.3% Turkmen.

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**Chart 5: Education**

As the majority of the age demographic data was among the ages between 18 to 24, this data also supports that information as the age gap is mostly bachelor degree holders. This chart of data also shows that 60% of the entrepreneurs are holders of Bachelor's degree. The second most popular degree among them is the master's degree as it is 23.3% of the participants. Diploma and PhD are 13.3% and 3.3% respectively.

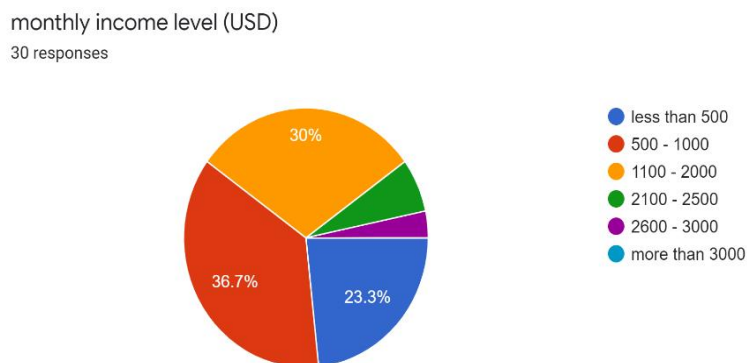


**Chart 6: Income Source**

The income source for the entrepreneurs that are in the field already, or are starting fresh, 20% of the participants are having money from savings. Meanwhile 30% of them are employees of private sector companies. Opposite to this number, only 10% of the entrepreneurs are employees of public sectors. The highest percentage in the list of income source of the entrepreneurs come from family funds, which is a rough percentage of 40%. Among the participants, 4% take income from investments, 16.7% from freelancing and finally another 16.7% of the entrepreneurs have income from their own businesses.

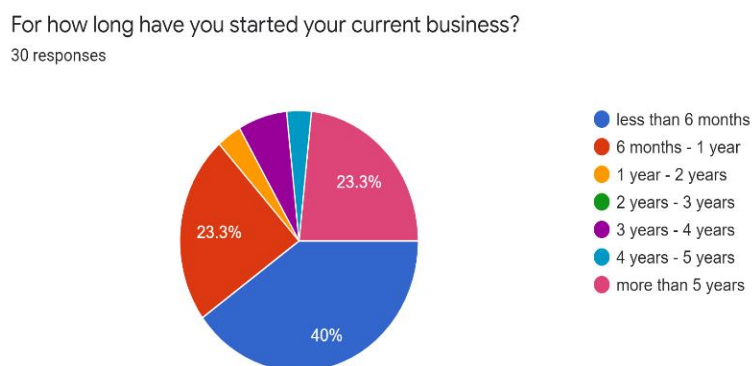
The high percentage of the family funds, which is 40% and marks the highest number of all other income sources, can be linked to the unavailability of job opportunities for new graduates. With the presence of

all the energy and lack of chances to spend them, the youth could arguably decide to establish their own businesses to take advantage of the market and benefit from it for him/herself.



**Chart 7: Monthly Income Level**

Monthly income magnitude varies among everyone in every society, in the list of entrepreneurs that are interviewed in this study. 36.7% of them make 500 to 1000 United States dollars per month that marks the highest percentage in the chart. While the entrepreneurs that make between 1100 to 2000 USD per month make roughly 30% of them all, the entrepreneurs that currently make less than 500 USD per month are only 23.3%. Among the entrepreneurs that are interviewed, there are a minority that make 2100 USD to 2500 USD, and those who make 2600 USD to 3000 USD per month. They make 6.7% and 3.3% respectively as shown in the chart 7 above. The majority of the entrepreneurs are from middle class and only a few earn more than 2000 USD.

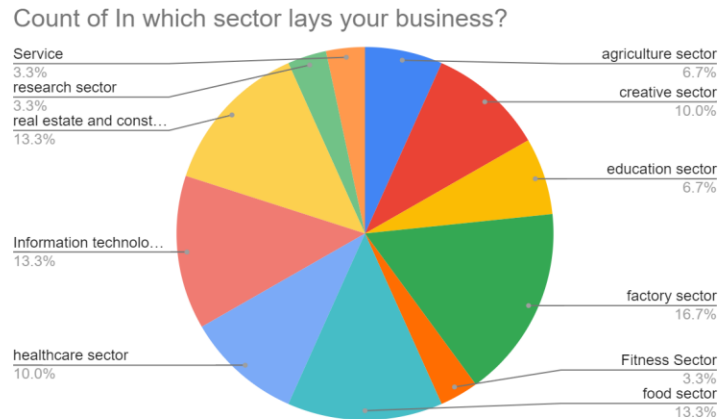


**Chart 8: Duration of Start-up**

The duration of the businesses established by the entrepreneurs varies from entrepreneur to entrepreneur. 40% of the businesses have started in the last 6 months, while only 3.3% are running

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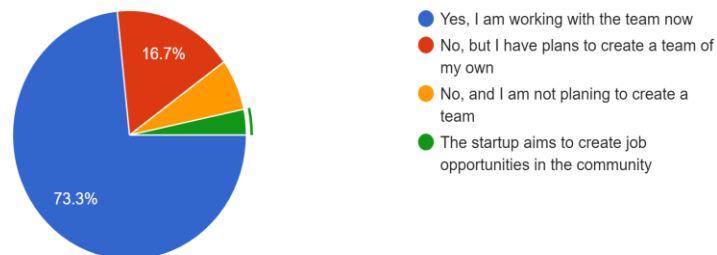
between 1 to 2 years. 6.7% are running for 3 to 4 years. And 3.3% of the businesses have been on foot for around 4 to 5 years. On the other hand, 23.3% of the businesses are actively operating for more than 5 years in a successful manner. The percentages are different and reflect upon different reasons behind them. The big percentage of less than 6 months old businesses are clearly the businesses that are established after the lockdowns due to the coronavirus pandemic. Despite all of the downfalls caused by the outbreak, it is obvious that most of the entrepreneurs today have been inspired during their experiences in the lockdowns while they were staying at home.



**Chart 9: Business Sector of the Start-ups**

The differences that show in the chart number 9, is a good sign regarding the type of the businesses and their areas of focus. As it can be seen from the chart above, the information technology sector, real estate sector and food sector have marked 13.3% of the businesses that are led by the interviewed entrepreneurs in our study. While healthcare sector and creative sector both have marked 10% of the businesses, agriculture sector and education sectors on the other hand have both marked 6.7%. Service and research sectors have both marked the least number of interests by the entrepreneurs that are interviewed in this study, as it reads 3.3% each.

Have you created job opportunities through your business?  
30 responses

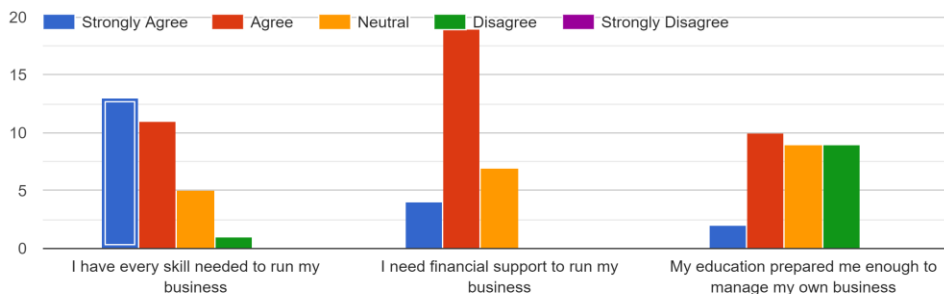




**Chart 10: Job Creation from Entrepreneurship**

The opportunities that businesses make change depending on numerous reasons, like the type of the business, size, the sector it provides and so on. In the conducted interviews in this research, 73.3% of the businesses are already having employees and they are currently working with them. Another 16.7% of the entrepreneurs don't currently have employees, but they are having plans to hire and create opportunities for employment. Only 6.7% of the businesses don't have employees, and they don't have intentions to hire any in any time soon. The other 3.3% are startups and they aim to create jobs in the future.

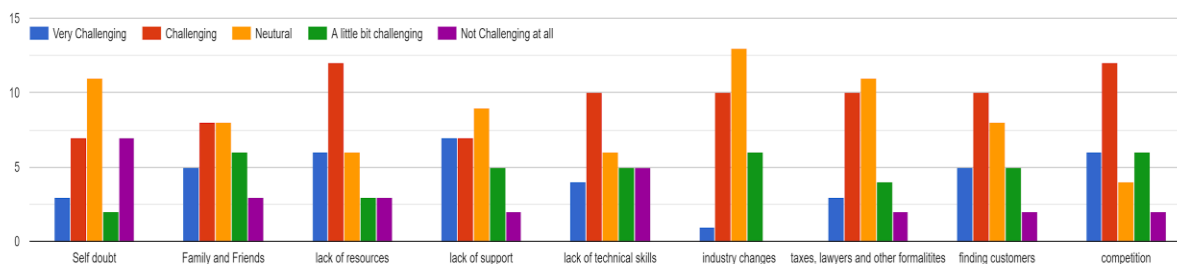
How do you agree with the following statements:



**Chart 11: Likert Scale of Skill, Financial Support, and Educational Support**

As shown per the graph above, most of the entrepreneurs have confidence as of having enough skills to run their businesses successfully. Most, if not all of the participants agree that they need financial supports in order to run their businesses. In addition to those, the entrepreneurs don't agree most on one statement regarding their education and how much their education has prepared them to manage their own businesses. The numbers are mostly equal and/or close to each other whether knowledge they gained from school have prepared them or not.

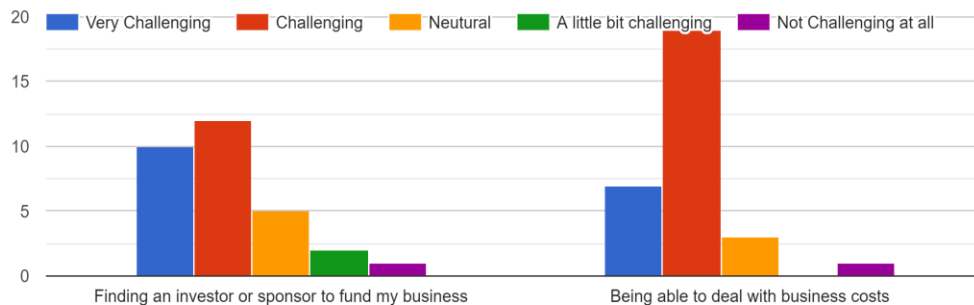
How Challenging are (were) the following options to you while starting your business?



**Chart 12: Likert Scale of Challenging Facing Entrepreneurs while Starting their Businesses**

The challenges that face entrepreneurs are different, and the amounts facing them are different. From chart number 12, as shown above, it can be seen that all of the challenges face the entrepreneurs one way or another, but the challenges like; self-doubt, families and friends, lack of support, industry changes, taxes, lawyers and other formalities, and finding customers, show to be somehow neutral when looked at the bigger picture. This doesn't mean it is not a challenge for any entrepreneur, but it rather means mostly these challenges are not extreme to them. On the other hand, lack of resources, technical skills, and competition show to be of significant challenges that face most entrepreneurs in the city.

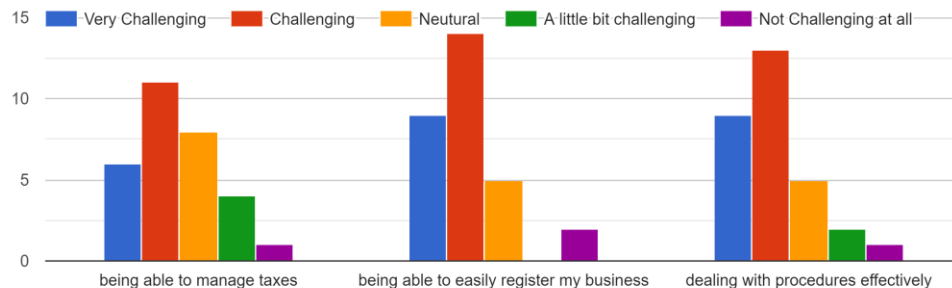
Financial Challenges



**Chart 13: Financial Challenges**

As per chart number 13, it is not very easy to find an investor to sponsor the entrepreneur's businesses, but being able to deal with business costs is of major challenge among most of the entrepreneurs.

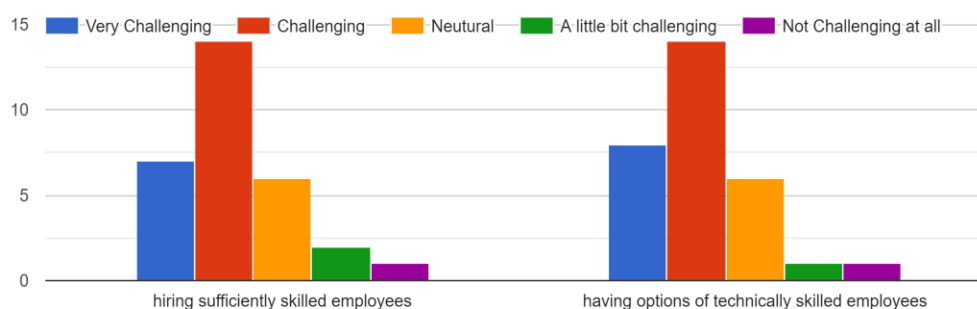
Governmental challenges



### Chart 14: Governmental Challenges

In order to manage the businesses under the shade of law, there are several formalities that are required by the governments to be done by entrepreneurs that could be challenging to some degree. To the entrepreneurs that have been interviewed in this study, being able to manage taxes is somewhat challenging. Business registrations and dealing with procedures in the government effectively show to be of great challenge in the way of entrepreneurs. This clearly shows that the government is not being practical with entrepreneurs as they are not finding the procedures easy to handle in the way of their businesses.

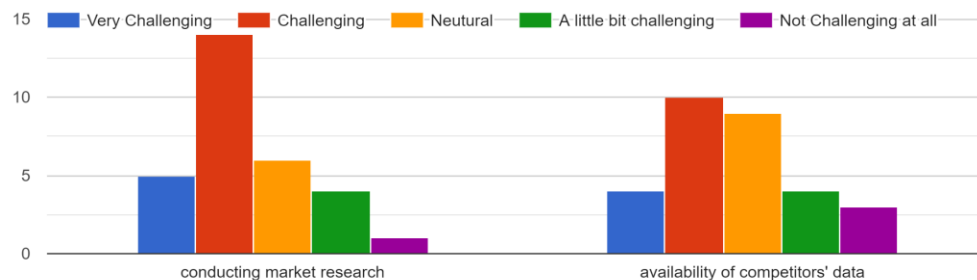
Human Resources Challenges



### Chart 15: Human Resources Challenges

When it comes to running a business, hiring the right candidate to the right position and availability of options in technically skilled experts are clearly the hardest tasks. The data from this study prove that as most entrepreneurs believe that the two mentioned aspects challenge their businesses in significant amounts.

Market Challenges



### Chart 16: Market Challenges

In the point of views of the interviewed entrepreneurs in this study, conducting a market research for their businesses is one of the greatest challenges as 21 of the entrepreneurs say so, while the availability of competitors' data is either neutral or a bit challenging for them.

### Conclusion and Suggestions

To wrap it all up in one section, the challenges associated with entrepreneurship are of different dimensions and different angles. As important businesses of entrepreneurs' can be to society and the economy, the challenges are not cancelable in their ways.

In this study a survey with specified questions have been designed, and 30 entrepreneurs have been interviewed and participated to see and find out the rate and the availability of the types of challenges as entrepreneurs face. The questions were designed in Google forms and analyzed in detail to the tiniest information needed to this study. As per the results of this study, entrepreneurs need more support from every member of the society to make it possible for them to perform in the most efficient way possible.

On one hand, the government needs to make their procedures easier and more practical as most of the problems and challenges are from their formalities. On the other hand, the members of the society, that are families and friends of the entrepreneurs need to have more collaboration with entrepreneurs and help, and this can be done by making courses and workshops by the non-governmental organizations NGOs to raise awareness in the people so entrepreneurship becomes less challenging for their friends and families, and/or for themselves possibly in the future.

Also, because only a few departments in universities provide courses on leadership and entrepreneurship, the current entrepreneurs are having challenges in technicalities, skills and information regarding being a successful entrepreneur. Thus, it will be a great positive side if entrepreneurship courses are taught in universities regardless of the departments and schools.

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