Comprehensive Analysis of Businesses in Chamchamal, Said Sadiq and Qushtapa

30 APRIL 2020
Introduction

REVIVE, (Renew Economic Viability and Innovation for Vulnerable Entrepreneurs) provides economic opportunities to support a longer-term, market-oriented approach to: (i) foster resilience and increase market access amongst the target population and (ii) develop marketable skills and reduce economic vulnerability. The REVIVE programme is implemented in Chamchamal and Said Sadiq in Sulaymaniyah Governance and Qushtapa in Erbil Governance.

Between December 2019 - February 2020, the REVIVE programme team surveyed 203 businesses within the target area to identify what types of businesses there are, their size, and their business needs. The mapping included interviews to understand business structures, expertise, aspirations, development goals, and what stakeholders they work with.

Strategic private sector actors were identified, and Mercy Corps will continue to work with these actors to identify synergies and explore partnership opportunities.

Purpose of the Mapping

The mapping identified:

- The types of available businesses located in the implementation areas
- Business sizes according to the number of employees. Businesses were categorised as Micro, Small, Medium, and Large enterprises, by sector, and their products and services.
- Products and services with fast growing markets and with potential for linkages between large companies and MSMEs.
- Entry points in the value chains with higher chances of success where MSMEs with potential, infrastructure, and capacity can participate.
- The strengths and weaknesses of MSMEs in terms of quality standards and productivity, capacity and performance, infrastructure and equipment, appropriate technology, and business management.

The Use of Mapping Results

The business mapping will assist the programme in identifying:

1. Micro and Small businesses participate in the programme following a selection process and training. Sixty businesses will be selected to receive the scale-up grants.
2. Established small and medium businesses in need of business development support and interested in hiring interns. Nine businesses (3 per location) will be selected to receive business development support.
3. Medium to large-scale companies that are interested in providing job placements, to participate in the shared value partnership component of the project.
Methodology

The general process of the mapping were as follows:

Preparation of the mapping questions: Questions were prepared based on the types of businesses the programme targets. The programme team and Monitoring and Evaluation department completed this activity on 22 December 2019.

Collect Preliminary Data: To obtain an overview of the current market, the REVIVE team made connections with the local Mayor’s office and Chamber of Commerce and received a list of existing businesses in the target areas.

Approval of local authorities: The REVIVE team obtained approval from the Asayesh/ police in order to conduct mappings in the target areas. Interviewers carried copies of the approval letter with them while the mapping exercise was being conducted, in case they were questioned by the businesses or local authorities. The Mayor’s office was also informed that the activity was taking place.

Planning for mapping: Once approval was obtained, questions were set up on tablets. Businesses were categorised across each area, and the team set goals to interview a certain number of businesses each day. See tables below:
Table 1

<table>
<thead>
<tr>
<th></th>
<th>Qushtapa</th>
<th>Chamchamal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target to map</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Medium</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>Small</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Micro</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>62</td>
<td>55</td>
</tr>
</tbody>
</table>

Data Collection
The mapping exercise was conducted between 2\textsuperscript{nd} December 2019 and 5th February 2020 across Said Sadiq (2nd December - 2nd January), Chamchamal (8th January - 15th December), and Qushtapa (27th January - 5th February). In Chamchamal, KEDO staff were responsible for data collection, and in Qushtapa, YAO staff were responsible for data collection. Prior to collecting data, both partners received training on how to conduct the mapping. In Qushtapa, legal authorities’ approval caused delays to the data collection.
Findings
Overall Findings

1. Type of Businesses
Across the three target areas, the majority of businesses were either retail (23%), manufacturing (20%), restaurants (7%) or livestock (7%) (Figure 1).

![Type of Businesses](image)

2. Duration of Business Operation
Most businesses surveyed said they had started their businesses within the last 19 years (91%). Majority of businesses surveyed had been running for 4 to 10 years (35%), while only 9% have been running for less than a year. (Figure 2)

![Business Operation Duration](image)
3. Need for Recruitment
Most businesses surveyed said they needed to hire employees within the next six months. 36% of the businesses anticipated that they would require 1 to 5 employees in the next 6 months, which shows that the market is growing, and only 2% of the businesses stated that they would be in need of employee reduction (Figure 3).

![Figure 3](image)

4. Hiring Preference in Regards to Community Status
Mercy Corps aims to provide assistance to diverse community groups especially the vulnerable ones. To understand businesses’ community biases, businesses were asked if they had a preference to hire from within a particular community; 55% of businesses said they preferred to hire from the host community while 44% had no preference regarding the community type.

![Figure 4](image)
5. **Willingness to Take Part in of the REVIVE Components**
Businesses were provided an orientation on the REVIVE programme and asked whether they would like to participate. 87% of the businesses answered positively (Figure 5).

![Are you willing to be part of our private sector engagement component?](image)

**Figure 5**

6. **Recruitment Method**
During the mapping, businesses were asked about the type of approaches they take when they need to hire employees. Although there are a number of online platforms available for job advertising, 88% of the businesses stated that they use family and friends connections to hire employees. Only 13% of the businesses said to use online platforms for job advertising. The data indicates that many workers are hired on the basis of their social network rather than their skills or experience (Table 2).

**Table 2**

<table>
<thead>
<tr>
<th>What recruitment process your business is using to find suitable candidates as employees? please tick the applied</th>
<th>Number of businesses</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connections (family, friends)</td>
<td>179</td>
<td>88%</td>
</tr>
<tr>
<td>Distribute leaflets</td>
<td>6</td>
<td>3%</td>
</tr>
<tr>
<td>People bring their CV physically to us</td>
<td>57</td>
<td>28%</td>
</tr>
<tr>
<td>Online</td>
<td>27</td>
<td>13%</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>1%</td>
</tr>
</tbody>
</table>
7. **Preferred Gender for Employment**

The three target areas are rural areas, where employment is less accessible for women as compared to the urban areas. Businesses were asked if they had a gender preference when it comes to hiring. Only 22% of businesses said they would hire female employees (Figure 6).

![Businesses' Employment Gender Preference](image)

8. **Employment of People with Disabilities-PwDs**

Businesses were asked about their experience with PwD employees. Among 203 businesses only 13 stated that they previously or currently have recruited employees with disabilities. Some businesses referred to their jobs are difficult labour and not suitable for PwD (Figure 7).

![Have you ever had PwD as employees?](image)
9. Business Expansion
Across all three locations 60% of the businesses showed great interest in expanding their businesses. When they were asked about how they are planning to expand their businesses, 38% stated they want to increase their production, 32% stated that they want to open new branches, while 23% stated to provide new service or product. Only 2% businesses are planning to export their products internationally (Figure 8).

![Figure 8](image)

10. Business Challenges
Mercy Corps asked the 40% of businesses that expressed no interest in expansion of their businesses about the challenges that prevented them from expanding. Most businesses said that the national financial crisis is their major obstacle for their growth, while 22% of the businesses said marketing was their biggest challenge and 10% said to have a lack of financial capabilities (Figure 9).

![Figure 9](image)
11. Business Registration

One of the challenges facing entrepreneurs is the businesses registration is complicated and time consuming process. Businesses were asked about whether they’ve registered their business at the Chamber of Commerce. The result shows that more than a quarter of businesses were not registered (Table 3).

Table 3

<table>
<thead>
<tr>
<th>Are you registered in the Chamber of Commerce?</th>
<th>Number of Businesses</th>
<th>Total Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>146</td>
<td>72%</td>
</tr>
<tr>
<td>No</td>
<td>57</td>
<td>28%</td>
</tr>
</tbody>
</table>

12. Type of Businesses

A. Said Sadiq

![Type of Businesses in Said Sadiq](image)

*Figure 10*
B. Chamchamal

![Type of Businesses in Chamchamal](image1)

Figure 11

C. Qushtapa

![Type of businesses in Qushtapa](image2)

Figure 12

In Said Sadiq and Chamchamal, retail is the most common type of business available in the area, while in Qushtapa, the manufacturing sector is most common. Although Said Sadiq is located in Dashy Sharazwr, where there are many farms, the mapping was conducted closer to the city centre, where less farms were located. As a result, agri-businesses are under-represented in these findings.
Businesses categorised under “Other” included mini and supermarkets, bakery shops, cloth shops, car workshops, mobile shops, barbers, carpenters, candy shops and electrical workshops.

13. Size of Businesses
OECD\(^1\) categorises enterprises into *micro enterprises* (fewer than 10 employees), *small enterprises* (10 to 49 employees), *medium-sized enterprises* (50 to 249 employees) and *large enterprises* employ 250 or more people.

Based on this categorisation, the number of micro businesses are the highest in all three locations, and medium and large businesses were very low in number. In Said Sadiq only micro and small businesses were identified. In contrast, Chamchamal had the highest number of large businesses, and Qushtapa had the highest number of medium-sized enterprises.

<table>
<thead>
<tr>
<th>Table 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Micro (0-9 Employees)</strong></td>
</tr>
<tr>
<td>Qushtapa</td>
</tr>
<tr>
<td>Chamchamal</td>
</tr>
<tr>
<td>Said Sad</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

**Conclusion**

The key findings of the mapping are as follows:

1. **Business Size:** Micro businesses represent the most common business type, and medium and large businesses are relatively rare. In fact Said Sadiq only had micro and small businesses with no businesses categorized as medium and large.
2. **Business Registration:** More than a quarter of businesses surveyed were not registered at the Chamber of Commerce which shows that there are complications in the registration process that limits the business owners to easily register their businesses. Therefore, coordination is necessary with the public sector to alleviate these limitations facing companies to register.
3. **Market Gaps:** Beside the national financial crisis, businesses said that their biggest challenge to expanding their business was marketing. This could be a market gap that REVIVE can address through the internship, job placements and shared value partnerships

\(^1\) 2018 Organisation for Economic Co-operation and Development
4. **Business Biases:** The mapping highlights gender discrimination by businesses. Similarly, most businesses said that they had never employed PwD which indicates that most working environments will need to be adapted to be more accessible for PwD.

5. **Recruitment Processes:** the mapping found that most businesses use their social networks when hiring employees, because they trust them and do not have more formal recruitment processes in place. REVIVE will support businesses to develop effective recruitment processes to these businesses.

**Recommendations on how to improve the current programme design:**

Based on the above findings, Mercy Corps recommends the following:

a) Implement the Shared-Value Partnership (SVP) programme component in Chamchamal and Qushtapa only.

b) In absence of medium and large businesses in Said Sadiq, Mercy Corps will place the SVP programme participants in Arbat and Tanjaro instead (both areas are located near Said Sadiq) where there are medium businesses.

c) Increase the number of interns placed in small, medium, and large companies in Qushtapa and Chamchamal.

d) Increase the number of scale-up grantees in Said Sadiq where the majority of the businesses are micro and small enterprises.

e) Increase the number of start-up grantees in Said Sadiq to improve its local economy, increase local businesses, and create more jobs.

f) Increase the number of businesses that will be supported with BDS in Said Sadiq to support small businesses’ growth and increase their productivity.

gh) Make a condition for scale-up grantees to host one intern in exchange of receiving cash grants and BDS support to increase the number of small businesses hosting interns.

h) Add dedicated business sessions during the business training on how to register businesses since findings showed that about a quarter of the business respondents are not registered. Mercy Corps’ Business Development Officers can provide further coaching to guide the businesses on how to register their business.

i) Business training must give special attention to marketing to address the gaps/challenges of businesses in expanding their business. Mercy Corps should find mentors who successfully used other medium/platforms (such as social media) to share their marketing strategies to the participating businesses.

j) Prioritise training and supporting female and PWD job seekers to address the gender discrimination by businesses. Mercy Corps will also need to encourage businesses to invest in hiring females and PWDs by conducting sessions on the importance of empowering these vulnerable groups.

k) Incorporate training on recruitment, labour rights, decent work and safeguarding in the Business Development Support component of the project.
CONTACT

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About Mercy Corps
Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.

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