

The Financial and Social Benefit of Small and Medium Enterprises: A Case Study of a Commercial Center in Diyala Governorate

¹Sanaa Sattar Ahmed

Abstract

Small enterprises are considered an effective development tool in creating new job opportunities for young people and raising their standard of living. Therefore, the application of research in one of these commercial centers, which is located in Baquba, Diyala Governorate Center, aims to answer the following question (What is the extent of the benefit achieved by small or medium enterprises with The private sector in terms of financial and social) The study relied on the descriptive and analytical approach, the study concluded that the commercial center provides job opportunities for young people between 25-30 individuals and allocates an amount estimated at (14,000,000) as wages for its workers, divided each according to the worker's specialization and academic achievement, which limits unemployment in the region and the recommendations presented by the research are to provide the means to facilitate the establishment of such projects because of their role in achieving financial benefit for youth and achieving social benefit as well. Therefore, the state must support these projects in particular and small and medium enterprises in general.

Keywords: *Financial Benefit, Social Benefit, Small and Medium Enterprises.*

I. Introduction

Small projects have a great investment and development importance resulting from their prominent role, which prepares them to create comprehensive and effective regional development that contribute to raising economic and social growth rates, and help achieve vertical and horizontal interdependence between different economic sectors. The growth and economic prosperity of developed countries would not have been achieved without the effective contribution of small and medium enterprises, as they were and still are an effective development tool that creates millions of job opportunities, increases the existing production capacity, creates new productive capacity, raises labor

¹University of Diyala, College of Administration and Economics

productivity and raises The standard of living of its owners and workers, as well as increasing the export capacity of the economy as a whole, which is reflected in the rates of growth in the gross domestic product, the balance of payments, and the developmental and geographical balance.

II. Research methodology and previous studies

Research methodology

1 -The research problem: - The research problem crystallizes in answering the following question: - (The extent of the contribution of the project under study (private sector) in achieving the financial and social benefit for its workers and society).

2 -The importance of research:-

-The research derives its importance from the fact that it highlights the importance of small and medium enterprises in society and the multiple financial, social and economic benefits they achieve.

Focus on small and medium enterprises managed by the private sector.

3 -Research objective:

The research seeks to present the scientific aspects of the concept of utility and the concept of small and medium enterprises.

-Measuring the benefit obtained by workers in the project under study.

-Explaining the importance of small and medium enterprises in the private sector, encouraging it and drawing attention to it.

1 -The amount of the financial benefit that the project achieves for its workers and those in charge.

2 -The project achieves a tangible social benefit in the surrounding community, as this benefit can be measured.

3- The importance of investment for the private sector, especially in small and medium enterprises.

4 -Research hypothesis: Based on the aforementioned research problem, the research hypothesis can be formulated as follows:

5 -Research methodology: The descriptive approach was used in collecting the scientific material, and it is the most appropriate to present the aspects that serve the research when dealing with the concept of utility and the concept of small projects. The analytical approach was also used to deal with numbers and statistics. The spss program was used to extract the results contained in the research.

6 -Spatial boundaries: - A commercial center in Diyala Governorate

7 -The search tool: It is a questionnaire developed to serve the purposes of this research and it has included a set of questions containing the following parts- :

The first part: It concerns the demographic and personal characteristics of the beneficiaries.

Part two: are questions related to financing and the project.

The third part: It relates to the project's ability to reduce poverty and unemployment and improve the living conditions of the beneficiary families.

The questionnaire came in two parts, the first in the form of questions and answering them within alternatives that reflect the data of the beneficiary and the project, and the second is a table containing a set of phrases to be answered by placing a sign (2) in front of the situation that applies to the case of the beneficiary.

Previous studies

1 -Study (Salman, Kazem Khatmat, 2013): Small and Medium Enterprises and Their Role in Economic Growth in Iraq: A research published in Al-Muthanna Journal of Administrative and Economic Sciences, Volume 3, Issue 5, the research aims to study the reality of small and medium enterprises and adopt comprehensive and integrated policies to encourage the sector Private investment in these projects and work to increase production in them and employ the unemployed manpower.

The most important recommendations of the research are to provide an appropriate investment environment and achieve political and economic stability that gives investors confidence and guarantee for capital from exposure to risks, an efficient and fair tax system and an appropriate monetary policy.

2 -Study (Abd, Muhannad Khamis, 2018): The role of small enterprises in the Iraqi economy after 2003 Reality and Challenges: A research published in Kirkuk University Journal of Administrative and Economic Sciences, Volume 8 Issue 3, the aim of the research is to study the reality of small enterprises in Iraq and their development in In light of the characteristics and advantages that it enjoys and its ability to address some of the problems that the Iraqi economy suffers from, with the disclosure of the most important and prominent obstacles, and among the recommendations that came in the research is to provide incentives for national industries such as activating borrowing and reducing costs, especially for small projects.

3 -A study (Akkawi, Omar Mahmoud, 2019): Financing small and medium enterprises and their role in achieving economic development: a research published in the Journal of Dinanir / Iraqi University, Volume 1: Issue 17: The research aims to study the reality of small enterprises and forget their contribution to the GDP as It aims to clarify the role of small enterprises in achieving economic development. The most important recommendation is to activate the idea of business incubators that work to support emerging and new projects that do not have sufficient resources.

4- Study (Al-Shammari, Sadiq Rashid, 2019): Unemployment rates in Iraq and the extent to which loans granted by banks to finance small and medium enterprises contribute to reducing them: a research published in the Journal of Financial and Accounting Studies 2019 / University of Baghdad Volume: 14 Issue 49: - The research aims To get acquainted with the reality of unemployment among

the graduate classes and to know the study of the reality of small and medium enterprises in Iraq. The study also recommended adopting ways of advancing small enterprises represented in sectoral and college policies and programs by seeking to integrate project activities with commercial, industrial and agricultural activities. This integration is considered the most important reason for success.

III. The theoretical side

•The first axis / benefit

1 -Utility (singular) combined with benefits, meaning- :

What is good, good and useful, and everything that is used by it, as for the public benefit: - What benefits are common to people and the authorities declare that they can be provided to the people.

The utility doctrine: according to the moral theory that says: All actions should be directed towards achieving the greatest amount of happiness for the largest number of people. (Rich Lexicon)

2 -Social benefit

In economics, it is the concept of utility and prosperity that is distinct from individual utility measured as a function of levels of material consumption over time. It is an attempt to measure collective well-being, such as increased levels of educational attainment, lower levels of crime and people in prisons, increased life expectancy and survival rates, and greater income equality.

In terms of policy: - Social benefit is seen in terms of policies or provisions for services that benefit most of the population and people in general. A specific environmental law, for example, may impose implementation costs but may have a social benefit in terms of reducing pollution and external factors resulting from this policy. It is assumed that providing public education has a social benefit in terms of increasing productivity, increasing equality and employment opportunities, reducing crime losses, and providing social support. (1)

Social benefit can also be measured as it measures the benefit to society as a whole resulting from a production process or a commercial decision. This is so that the customers of individual purchases, he or she, get not only the internal benefit by their consumption of the good or service, but also through the return of these purchases to the benefit of the external community as a whole. The following is the equation shown for calculating this benefit: (2).

Internal benefit + external benefit = social benefit

3 -Financial benefit

Many people turn their minds when mentioning the word money, to cash - that is, currencies - and limit the concept of money to it. But the correct word, Sharia and law, is that everything is biased, has a value that can be measured, and it can be bought and sold, and it can be possessed by choice or coercion, so it is money. Your car that you ride is money, and your dress that you wear is money. And

your possession of the right to print or a commercial brand is respectable money like any other money of cash, camels, sheep, real estate, gold, petroleum, etc., all of this is money.

Financial benefit, such as "services and consultations" valued at a known value - whose value can be determined, is also money. However, it must be noted that there is a fundamental difference between a financial benefit whose origin is financial - such as a housing benefit, and one whose origin is not financial, such as a service or medical or legal advice. The housing benefit is the result of a house, and the house is money from the funds. As for the origin of human service, such as counseling, teaching, and employment, it is a benefit resulting from the effort or knowledge of a free person, and a free person is not with money, and so is a free wage earner, whose origin is not financial. (3(

•The second axis / small and medium enterprises

1 -The concept of small and medium enterprises:

The definition of small and medium enterprises differs from one country to another and the reason for this is the specificity and nature of the economy of each country and the nature of the technology used and the degree of classification in it. The United Nations Industrial Development Organization (Unido) defines small enterprises as the enterprises in which (10-50) workers work and are managed by one owner And he bears all responsibility for it in the short and long term, and as the World Bank knows, very small enterprises in which less than (10) workers are employed.

As for medium enterprises, between (20-100) workers are employed (Arab League, 2008, p. 12). The International Labor Organization defines small and medium enterprises in which the number of workers reaches (1 to 50) workers and is managed by the owner of the project, and the International Finance Corporation defines small and medium enterprises as projects that have a maximum investment of (200) million dollars (Arab League, 2009, p. 12-13). As for the medium enterprises in Iraq, they employ from (10 - 3) workers, and the small ones have less than 10 workers (Ministry of Planning 2010, p. 101).

The importance of small and medium enterprises- :

This importance can be summarized for small projects through the following:

- 1 -Small and medium enterprises provide a lot of low-price goods.
- 2 -It may work to meet the citizens' needs in terms of products and commodities that may not be found in the markets surrounding them.
- 3 -It creates job opportunities for many young people and women, and works to reduce pressure on government jobs.
- 4 -Creativity and various innovations abound in the field of small and medium enterprises, as it opens many areas of investment, which significantly exploit the efforts of young people and their work experiences.

5 -Small enterprises work to boost the productive movement in the country, increase exports, and raise the standard of living and civilization.

6 -Small enterprises may help eliminate a large category of beggary in the streets and provide them with a helping hand to start a working life with a rewarding monthly income.

Starting small projects is an inexpensive thing, for any project you will choose projects that fit the capital, and there are no conditions for starting a small project on the ground. The beginning of any small project may be an easy start, and it is simplified in the countries now that it facilitates the start of small projects through loans and other means. (4)

3 -The role of small enterprises in providing job opportunities- :

There is no doubt that the employment of local manpower represents an important goal of development, especially in developing countries, and therefore the contribution of small enterprises in this field must be known, and the number of workers employed by small enterprises must be calculated, as well as the ratio of local employment to the total employment provided by small enterprises. ... The higher the number of local workers employed by small enterprises, the higher their percentage in the total employment of small enterprises, and the higher the proportion of wages paid to local workers in the total wages paid by small enterprises whenever this is evidence of a higher economic return for small enterprises, and it is worth noting that the percentage The prevalence and origin in small enterprises is that workers are local workers, and here the great economic benefit of small enterprises on the national economy appears. (5)

IV. The practical side

To measure the amount of benefit achieved by small and medium enterprises, and to find out the answers of the beneficiaries in this topic, the researcher used the statistical packages program (SPSS).

Trade Center

This study was applied to a commercial center (mall) located in Diyala province, one of the governorates of Iraq, where the study included all aspects related to the workers in the mall and the benefits it achieves, including social and financial for them, as this project was established by personal effort by the project owners without state support For this project, the research shows the benefit of such projects.

Sections that make up (the commercial center) the project- :

1 -Department of Food, 2- Department of Detergents, 3- Department of Household, 4- Department of Clothes, 5- Department of Games.

Despite the smallness of the project, it added dynamism and vitality to the region, and encouraged investment for those in charge of it, in addition to other benefits obtained from this project.

Analysis of study results:

First: the demographic and personal characteristics of the beneficiaries, and this part consists of the following:

1. Distribution of sample individuals according to gender:

Table No. (1): The relative distribution of the sample members by gender

Gender	Frequency¹	Ratio
Male	29	82.85 %
Female	6	17.15 %
Total	35	100 %

The previous table indicates a large disparity between males and females, where the percentage of males reached 82.85%. In the researcher's opinion, this discrepancy may be due to the values and norms prevailing in many areas of the governorate, especially all rural men, who are now responsible for it. The financial burdens resulting from it As for females, we notice their low numbers compared to males due to the difficulty of their families agreeing to work in the private sector.

2. Distribution of the sample according to age: -

Table No. (2): The relative distribution of the sample members according to age

Age	Frequency¹	Ratio
20-30	15	42.85 %
31-40	12	34.30%
41-50	6	17.14 %
51-60	2	5.71 %
60 and more	-	-
Total	35	100 %

The previous table indicates that the majority of the beneficiaries 'ages are concentrated within the ratio (20-30) years, as their number reached 15 beneficiaries at a rate of (42.85%). This indicates that young people of this age are looking for work for a wage, especially those who have not completed their university studies, are unmarried and who They want to find job opportunities to start

their lives. In the second degree, the beneficiaries of the age group come from (31-40), as their number reached 12 beneficiaries, at a rate of (34.30%). In the third degree, the beneficiaries of the age group (41-50) are followed by the age group (51-60). The majority of these are either retired or working in the private sector and are looking for a new source of income.

3 .Distribution of the sample according to educational level:

Table No. (3):The relative distribution of the sample according to the educational level

The educational level	Frequency	Ratio
Uneducated	3	8.57 %
Primary	16	45.71 %
Secondary	4	11.42 %
Diploma	2	5.72 %
Bachelor	10	28.58 %
High Studies	-	-
Total	35	100

The majority of the beneficiaries are concentrated in the primary category, where the number of beneficiaries reached 16 by 45.71%, as this category does not have great opportunities to work in the public sector, and if they get a job, they receive low salaries, which leads them to search for another source of livelihood, as is the case for the beneficiaries of the middle school and diploma category, where it reaches The total of these categories is 71.42% of the total categories and that the project has provided job opportunities for these groups. As for the bachelor's category, their number reached 10 beneficiaries, and their percentage was 28.58%. This indicates that this category has found suitable job opportunities for them in what suits their specializations. As for the postgraduate category, there is no such thing. Projects and this may be due to the inferior view of these projects from their point of view or their ability to find better job opportunities in the public sector.

4 .Distribution of the sample according to the average size of the beneficiary households:

Table No. (4):The relative distribution of the sample members according to the number of family members

The Number of Family members	Frequency	Ratio
Less than 5 members	19	54.28 %
from 5 to 7 members	14	40 %
from 8 to 10 members	2	5.72 %
More than 10 members	-	-
Total	35	100 %

The previous table indicates that the largest percentage is for families whose members number less than 5, as the percentage is equivalent to 54.28%. This is related to the predominant age group of the beneficiaries of the project who are working in it and most of them are unmarried or newly married, followed by the group whose number of members is 5- 7 Its percentage is 40% as these families seek to provide an additional source of income to help the family reach better living conditions by exploiting the family all the energies and capabilities of its members and to provide a branch of work that exceeds the beneficiary himself to one of his family members, and then comes the families that consist of 8-10 and it came with a number of 2 and a percentage of 5.72%, because most of the workers are from the youth category. As for families consisting of more than 10, there are no in this project, and this may be due to the small number of such families in general in society.

5. Distribution of the sample members according to the beneficiary status before the project:

Table No. (5):The proportional distribution of the sample members according to the status of the beneficiary before the project

The situation before the benefit from the project	Frequency	Ratio
Retired	2	5.71 %
Without job	7	20 %
He worked in the private sector	22	62.85 %
House wife	4	11.44 %
Total	35	100 %

The previous table indicates that the majority of the beneficiaries who worked in the private sector amounted to 22 individuals, at a rate of 62.85%, due to their low income and their need for a source of income to help them support their families, and after them those who do not have a job came to 7 by 20%, and most of them are in the second decade of life and expect to obtain On a fixed-income job, followed by housewives, who were 4 or 11.44%, and 2 retirees, at a low rate of 5.71%, due to their need to improve their pension status.

6. Distribution of the sample members according to marital status or family status:

Table No. (6): The relative distribution of the sample members according to marital status

Marital Status	Frequency	Ratio
Single	14	40 %
Married	21	60 %
Total	34	100 %

The previous table shows that married couples obtained the lion's share of this project, their number reached 21 individuals at a rate of 60%. The remaining 40% of the share of singles is rather low, and it may be due to the reliance of singles often on their families (father or one of the brothers) to meet their financial needs, as they see that they are still in the stage of searching for work.

Second: Data related to the project, financing and its ability to achieve social benefits: -

1 .The contribution of small and medium enterprises in addressing poverty through the following phrases or questions:

Table No. (7): The contribution of small and medium enterprises in addressing poverty

The Phrase	Arithmetic mean	Deviation/Variation	The degree of contribution
The project improved my family's standard of living	1.92	0.813	Average
The project achieved an increase in my family's income	1.83	0.831	Average
The project enabled to achieve the level of sufficiency for my family's needs, such as	1.72	0.833	Average

food, drink, clothing and housing			
The project enables me to provide better educational services for my family members	1.49	0.693	Poor
The project enables me to provide better health services for my family	1.42	0.648	Poor
The project achieved an increase in family savings	1.44	0.751	Poor
The project generated a steady income for my family	1.69	0.81	Average
Total	1.64	-	Average

(Indication level 0.5)

The previous table No. (7) indicates the extent of the contribution of small and medium enterprises in addressing the problem of poverty and achieving social benefits through the phrases received, which are considered economic indicators that indicate the extent to which these projects can achieve benefits in society. The results showed the following:

The projects were able, to a moderate degree, to improve the living standards of the beneficiary families, as well as increase the family's income. The issue is also related to achieving the level of sufficiency for the basic needs (food, drink, housing, clothing), in addition to the fact that these projects were able to achieve stable and medium income for the beneficiary families. As for other indicators, which are the ability of the income generated from the project to provide better health and educational services to family members, and to achieve an increase in family inputs, the impact of small projects on these educational indicators has weakened, including the cost of these services. In particular, university education, as for the health aspect, may be due to the low level of government health services and the high costs of health services in the private sector. Looking at the general arithmetic mean of all indicators, we find that the projects, in general, were able to a moderate degree to address the problem of poverty, thus achieving a social benefit for workers in the project.

2. The contribution of projects to reducing unemployment and improving the living conditions of the beneficiary families:

Table (No.8)

The Phrase	Arith metic mean	Devi ation/ Vari ation	The degree of contribution
The project contributed to providing a suitable job opportunity for me	1.97	0.908	Average
The project contributed to providing a suitable job opportunity for one of my family members	1.42	0.648	Poor
The project provided an opportunity for my family to utilize their resources	1.73	0.811	Average
The project contributed to learning a profession that I relied on in the future	1.69	0.801	Average
The project improved my social status	1.59	0.901	Average
The project spurred me to depend on myself	2.6	0.699	High
The general arithmetic mean	1.8	-	Average

(Significance level $\alpha \leq 0.05$)

The previous table No. (8) indicates the extent of the contribution of small enterprises in combating unemployment and improving the living conditions of the family. It is noticed that the projects were able, to a moderate degree, in finding suitable work opportunities for workers in the project, and this in turn achieves many social benefits for workers in the project and the surrounding community, and also contributed With an average degree of opportunity and job opportunities for working individuals. On the other hand, the projects contributed to improving the social status of the beneficiary and the social standing of his family, to a moderate degree. It also made workers depend on themselves and not resort to searching for employment in the public sector.

Looking at the general average of all indicators, we find that small and medium enterprises, in general, were able, to a moderate degree, to reduce unemployment and improve the standard of living of the beneficiary families.

Third: - Data related to wages paid:

1 -The value of wages paid to workers per month and the financial benefit of the commercial project

Table No. (9): The value of wages paid per month / financial benefit

Revenue value	Frequency	Ratio
From 250-500 thousand dinars	4	11.42 %
From 500 to 750 thousand dinars	15	42.85 %
From 750- 1000 million dinars	9	25.72 %
From 1000 million or more	7	20 %
Total	35	100 %

Table No. (9) indicates the value of the monthly wages paid to workers in a way that achieves financial benefits for them, as the value of the predominant wages paid is between 500 thousand dinars to 750 thousand dinars, which is a resource that achieves sufficiency during the month for its workers. The second category in the number of repetitions is between 750 A thousand to 1000 million and these are responsible for the project or they have morning and evening shifts. As for the category of 1000 million or more, it focused on the owners of the project when the project achieves profits and material benefits for them that differ from the workers. It turns out that the project pays approximately (14,000,000) million Iraqi dinars to its workers This, in turn, brings multiple financial, social and economic benefits.

V. Findings and Recommendations:

First: Results

This study was based on highlighting the role of small and medium enterprises in achieving social and financial benefits and what it includes in reducing the problems of poverty and unemployment at the level of beneficiary families in Diyala Governorate, and to know the extent to which these benefits are achieved, which is summarized in generating stable incomes for their owners on the one hand and generating job opportunities on the other hand. . The study concluded the following results:

1 .The males have the largest share of these small and medium enterprises financed by the private sector, as their percentage reached 82.85%, compared with 17.15% for women. .

2 .The ages of the beneficiaries are concentrated between (20-30) years and their percentage reaches 45.85%.

3 .The majority of workers in these small and medium enterprises, at a rate of 45.71%, have a primary education level, and this may be due to their inability to obtain jobs in the public sector.

4 .The average size of the beneficiary families is less than 5 individuals, at a rate of 54.28%. This is due to the fact that these projects are young people who are able to do various jobs, and most of

them are unmarried or newly married youth to help them provide an additional source of income and other job opportunities.

5 .The results indicate that the largest percentage of the beneficiaries are workers in the private sector, at a rate of 62.85%, then the unemployed group, who benefit from these projects in the private sector.

6 .The study showed that married people make up the largest percentage of workers, by 60%, due to their financial obligations towards their families, which drives them to work in private sector projects that have no alternative because of the lack of job opportunities in the public sector by the state, while the share of bachelors reached 40%.

7 .The project was able, to a moderate degree, to improve the standard of living of the beneficiary families.

8 .The project was able, to a moderate degree, to increase the income of the beneficiary families.

9 .The project enables, to a moderate degree, the beneficiary families to achieve the level of sufficiency for the essential needs (food, clothing, drink, housing.)

10 .The project had a weak capacity to enable families to provide better health and education services.

11 -The projects were able, to a moderate degree, to provide stable income to the beneficiary families.

12 .In general, the project was able to achieve social benefits, including addressing moderate poverty.

13 -The small and medium-sized project was able to provide suitable job opportunities for its workers.

14 .This project provided, to a moderate degree, the opportunity for workers to learn and rely on themselves. The study also showed that the project, to a moderate degree, can improve the social status of the beneficiary and his family.

15 .In general, small enterprises were able to achieve their goals in reducing unemployment to a moderate degree.

16- Data related to the wages paid to workers, as the percentage of paid wages, which ranges between 500-750 thousand Iraqi dinars, is the most common, and it is a resource that achieves sufficiency for them, as their percentage reached 42.85%. The total cash wages paid to workers per month are approximately 14,000,000 million Iraqi dinars.

Second: Recommendations

1 .The project has succeeded in achieving social benefits by reducing poverty and unemployment and providing job opportunities for young people. Therefore, attention must be directed

