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## Current state and prospects of development of the real sector of the Iraqi economy

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### Abstract

The entrepreneurs number increase in various fields of activity is currently one of the main state policy directions, both in developed and developing countries of the world. Iraq is no exception. However, in Iraq, the sustainable development level of business organizations is very weak. Thus, Iraqi business organizations passively react to the sustainable development concept in general, which is explained by such reasons as lack of such elements as motivation, necessary employees and state support. The author of the article examined some problems of sustainable development in Iraqi business organizations. The author concluded that, in order to solve the problems of Iraqi business organizations at the state level, it was necessary to elaborate a clear sustainable development concept of entrepreneurship focused on its growth. At the same time, it is necessary to consider the globality of sustainable entrepreneurship development, which is based on the integration of various dimensions (economic, social, environmental) and based on the requirement of a new understanding of entrepreneurship in the economy of a particular country. Such a model of sustainable development will make it possible to reorient the development direction of Iraqi entrepreneurship from traditional entrepreneurship to entrepreneurship focused on growth, as well as to introduce sustainable development systems into the activities of Iraqi business organizations.

### For citation

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### Keywords

Sustainable development, entrepreneurship, state support, Iraqi entrepreneurial organizations, entrepreneurship development level.

## Introduction

In recent years, the sustainable development issue on various structures in the economy, to which entrepreneurship can also be attributed, is very relevant. The term «sustainable development» itself appeared in 1987 within the framework of the United Nations concept with the same name (below referred to as the UN) [Report of the World Commission on Environment and Development..., www].

Thus, according to the above-mentioned concept, “sustainable development” is a development that ensures the satisfaction of the present needs, but at the same time does not endanger the ability of future generations to meet their own needs. Based on the above, “sustainable development” as a whole is a fairly broad concept, since it considers not only environmental factors, but also social and economic factors (for example, working conditions and business innovations). It is considered that the sustainable development of economic systems should correspond to the sustainable development concept as a whole. However, in relation to individual components of economic systems, including entrepreneurship, the category of «sustainable development» is interpreted as an improvement in the main indicators for a certain level of the economic system within a certain timing taken for planning and control [Figurnova, 2006]. Sustainability in development is also defined as the ability to maintain constancy in a frequently changing environment, as well as in conditions of spontaneous or intentional transformations [Buchaev, 2012].

Numerous economic sources note the need to ensure the sustainable development for entrepreneurship, while the issue of an effective concept of sustainable entrepreneurship development remains without proper attention [Barkov, Grishina, 2018; Ershova, Gafforova, Korshenko, 2015; Kuznetsova, 2018; Ruchkina, 2019]. In some studies, attempts are made only to define the sustainable development of entrepreneurship and identify individual features of such development.

In particular, L.Y. Filobokova considered «sustainable development» in relation to small forms of entrepreneurial activity. According to this author, the sustainable development of small entrepreneurship forms is nothing more than ensuring local stability for a certain period, taken as a control period, and ensuring manageability conditions (overcoming sustainability) during the planned development period due to the corresponding resource potential [Filobokova, 2015].

The sustainable entrepreneurship development is differently defined by G.G. Karachurina [Karachurina, 2011], S.V. Galachieva, S.A. Makhosheva, A.B. Kharzinov [Kharzinov, Makhosheva, Galachieva, 2010]. So, according to these authors, the sustainable entrepreneurship development is the process of entrepreneurship functioning, in which the ability of effective, steadily progressive development is maintained for a long period under the influence and use of extensive and intensive factors, ensuring a balanced reproduction of the social, industrial, financial, resource and environmental potentials of the region [ibid.].

Despite the difference in approaches in understanding the sustainable entrepreneurship development, the importance of this process in many countries is noted both at the research and state levels. Iraq is no exception. However, as numerous statistical studies and data have shown, in general, in Iraqi business organizations, despite the increased interest in the topic of sustainable entrepreneurship development at various levels, sustainable development systems are at an extremely low level.

In particular, such a low level of sustainable development of Iraqi business organizations is due to the fact that sustainable development issues remain ignored in the management and strategic accounting systems of Iraqi entrepreneurs. At the same time, this does not mean that Iraqi business organizations do not know about sustainable development at all. Many business organizations use separate

components of sustainable development, economic, social or environmental without integrating them with each other. Sometimes they cover their activities with sustainable development for external reporting. So, we can conclude that sustainable development is known to Iraqi business organizations, but the question of its application from the point of the conceptual integrity remains unanswered. In our opinion, the reason for such dynamics lies in the insufficient state regulation of the issue of sustainable business development in Iraq.

### **Literature review**

In general, many studies have been devoted to the issues of sustainable entrepreneurship development in various countries, but they are not the subjects of discussion in this article. We pay attention only to those studies that related to the issues of Iraqi organizations' sustainable development. In all the studies we have analyzed, directly or indirectly related to the development and application of sustainable development by Iraqi entrepreneurs, it is noted that little work has been done by Iraqi entrepreneurs in the field of ensuring sustainable development [Ibrahim, 2014; Mashhadani, Talab, 2013; Mokhtar, Jusokh, Zulkifli, 2016; Talab, Mohammed, Flyih, 2018; Flyih, Mohammed, Taleb, 2019; Hamdan, 2014].

At the same time, some studies indicate that the methods and elements of sustainable development, used by Iraqi business organizations, are not aimed at the introduction and development of the sustainable development concept as a whole, but at the point solution of a particular business organization issues – for example, financial issues [Mokhtar, Jusokh, Zulkifli, 2016].

Other studies indicate that Iraqi entrepreneurs do not think much about the environmental and social component of the sustainable development concept, therefore they do not fully explore and apply the sustainable development tools [Ibrahim, 2014; Mashhadani, Talab, 2013].

Ather researchers agree that Iraqi entrepreneurs, especially working in the domestic market, have recently begun to apply the concepts of strategic, managerial and accounting, which many countries have been using for decades. So, the issues of implementing sustainable development are likely to arise a little later [Talab, Mohammed, Flyih, 2018; Flyih, Mohammed, Taleb, 2019; Hamdan, 2014].

At the same time, the issues of entrepreneurship and sustainable development are interrelated. Therefore, the sustainable entrepreneurship development is an inevitability in modern conditions. Moreover, from a managerial point of view, such an idea as environmental efficiency is an actual concept for supporting and making managerial decisions in the interests of sustainable development, since it reduces the impact on the environment and, at the same time, increases productivity [Hamdan, 2014].

### **Methodology**

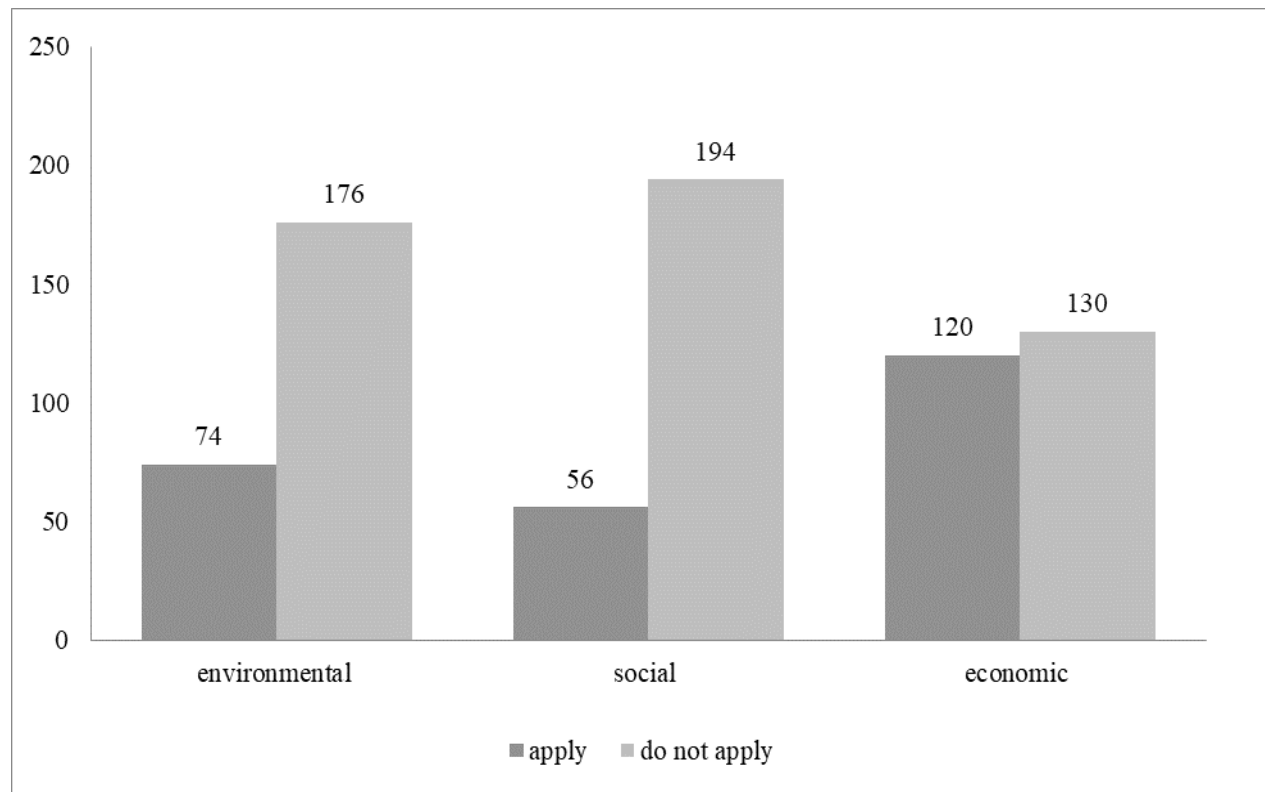
In this article, we used a qualitative and quantitative approaches to study sustainable development in Iraqi business organizations. As part of the quantitative approach, an Internet survey of the largest 250 Iraqi organizations was conducted, based on the size of the annual turnover. Entrepreneurial organizations were selected from the paid Business Retriever database from March to April 2017 for the use of the sustainable development concept.

Within the qualitative approach framework, general research methods were used to identify problems in a theoretical and practical aspects.

Among the general methods are: systematic, quantitative and qualitative analysis, synthesis and theoretical generalization. The combined use of various methods during the research allowed to achieve the validity of the scientific conclusions.

## Analysis and results

As part of the survey of Iraqi business organizations, it turned out that most companies are aware of the sustainable development concept, some companies use separate methods and elements of this concept, and none of the companies fully implements the concept (Figure 1).



**Figure 1 - Number of Iraqi business organizations applying certain elements of sustainable development**

As can be seen from the data, presented in the figure 1, most Iraqi business organizations apply the economic elements of sustainable development. Individual organizations apply environmental and social elements, and no one applies the sustainable development concept as a whole.

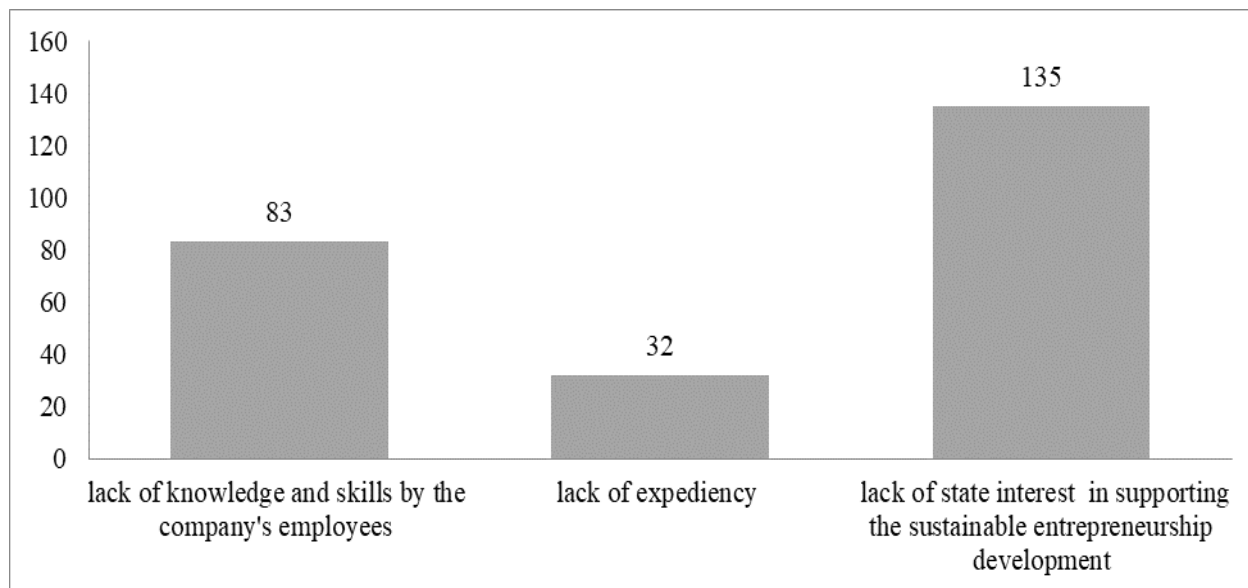
According to the management of the surveyed organizations, the main reasons for not applying the sustainable development concept are: 1) the lack of knowledge and skills by the company's employees; 2) the lack of expediency; 3) the lack of state interest in supporting the sustainable entrepreneurship development.

At the same time, the majority of respondents are inclined towards the third reason (Figure 2).

As can be seen from the presented data, too little attention is paid by the state in Iraq to the sustainable entrepreneurship development, which is also noted by the country's entrepreneurship itself.

At the same time, the sustainable entrepreneurship development of in a particular country is an integral part of the development of entrepreneurship in the national economic system. For this reason, sustainable development on the scale of a specific country is a global and complex category, which is based on the integration of various dimensions (economic, social, environmental), within the framework of a universal approach, and based on the requirement of a new understanding of entrepreneurship in the economy. Such a new understanding consists in reorienting the

entrepreneurship development from traditional form to entrepreneurship focused on development due to global and changes in the institutional foundations and mechanisms of entrepreneurship development and popularization in society of the concept of a new entrepreneurship role in the economy at the present stage.



**Figure 2 - Reasons for not using the concept of sustainable development by Iraqi business organizations**

At the same time, it is impossible to increase the role and importance of entrepreneurial organizations in the economy, as the entrepreneurship development practice in many countries of the world shows, without changing the state policy of entrepreneurship development and effective mechanisms to ensure its implementation.

The improvement of the state policy direction for the entrepreneurship development should be carried out on assessment of the external conditions of the entrepreneurship functioning (social, economic, and environmental environment) and the definition of a list of problems, faced or possibly faced by entrepreneurship in the external environment. Such an assessment will make it possible to determine the most optimal and effective trends in the entrepreneurship development, as well as to correctly prioritize the sustainable entrepreneurship development goals and identify the tasks that will have to be solved to achieve these goals.

The definition of a new policy for the development of entrepreneurship mediates the formation of an appropriate environment for the sustainable development of entrepreneurship, including, among other things, the institutions of regulation of this environment. At the same time, in order for the entrepreneurship development to be effective within the framework of the new conceptual model, it is necessary to identify indicators for sustainable entrepreneurship development and elaborate approaches to assessing the effectiveness of activities responsible for the implementation of entrepreneurship support programs at the state level.

The main goal of the sustainable entrepreneurship development model is to serve the benefit of the state's economy and society as a whole. Based on this goal, the functioning and resources of the sustainable entrepreneurship development model should be aimed at ensuring the balanced development of entrepreneurship and its competitiveness, as well as at encouraging innovation (which

is an integral part of entrepreneurship), social integration of entrepreneurship and compliance with general requirements in the field of environmental protection and human rights.

## Conclusion

Based on the study results, it is necessary to draw the following conclusions. Firstly, Iraqi business organizations passively react to the concept of sustainable development in general, which is explained by such reasons as lack of motivation, lack of the necessary level of employees, lack of state support.

Secondly, the experience of entrepreneurship development policy in various countries of the world shows a change in the vector of such development from the traditional entrepreneurship development model to the new entrepreneurship development model focused on growth, ensuring its sustainable development.

Thirdly, in order to solve the problems of Iraqi business organizations, it is necessary: to develop a conceptual model of sustainable entrepreneurship development at the state level in Iraq with a focus on the entrepreneurship growth. At the same time, it is necessary to consider the globality of the sustainable entrepreneurship development concept, which is based on the integration of various dimensions (economic, social, environmental) and based on the requirement of a new understanding of entrepreneurship in the economy. Such a model will make it possible to reorient the direction of the development of Iraqi entrepreneurship from traditional model to the new entrepreneurship, focused on growth and development.

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## **Современное состояние и перспективы развития реального сектора экономики Ирака**

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### **Аннотация**

Увеличение числа предпринимателей в различных сферах деятельности в настоящее время является одним из основных направлений государственной политики, как в развитых, так и в развивающихся странах мира. Ирак не исключение. Однако в Ираке уровень устойчивого развития бизнес-организаций очень слаб. Таким образом, иракские бизнес-организации пассивно реагируют на концепцию устойчивого развития в целом, что объясняется такими причинами, как отсутствие таких элементов, как мотивация, необходимые сотрудники и государственная поддержка. Автор статьи рассмотрел некоторые проблемы устойчивого развития иракских бизнес-организаций. Автор пришел к выводу, что для решения проблем иракских бизнес-организаций на государственном уровне необходимо разработать четкую концепцию устойчивого развития предпринимательства, ориентированную на его рост. При этом необходимо учитывать глобальность устойчивого развития предпринимательства, которое основано на интеграции различных измерений (экономических, социальных, экологических) и основано на требовании нового понимания предпринимательства в экономике страны. Такая модель устойчивого развития позволит переориентировать направление развития иракского предпринимательства с традиционного предпринимательства на предпринимательство, ориентированное на рост, а также внедрить системы устойчивого развития в деятельность иракских бизнес-организаций.

### **Для цитирования в научных исследованиях**

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**Ключевые слова**

Устойчивое развитие, предпринимательство, государственная поддержка, иракские предпринимательские организации, уровень развития предпринимательства.

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