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**Small Scale Business management**

**By**

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## **Small Scale Business management**

Small businesses form a turbulent part of the national economy because of the large-scale movements in and out of sector. Many new ventures are created every year but an almost equally large number of small businesses close down for various reasons. Challenges facing small businesses are a combination of less controllable internal and external factors arising from personal attributes, technical skills, management competencies and behavior of the owner-entrepreneur that influence the chances of growth of entrepreneurship. Motives vary from those factors which 'pull' someone into starting their own business such as search for independence to those which 'push' an individual into self-employment such as the lack of employment alternatives.

## Introduction

**Small Scale Business** has of great importance in all countries of the world, especially developing countries, taking into account the large relative disparity between the small enterprise in the developed industrial countries compared to the **Small Scale Business** in the developing countries, in terms of the size of capital, productivity and employment.

In the United States, Japan and the European Union, the capital ceiling for **Small Scale Business** exceeds \$ 20 million, while for all small enterprises in developing countries the size of capital is between \$ 20,000 and \$ 100,000, a situation that reflects the nature of economic development in general and industrial in particular. In these countries

## **Definition Small Scale Business**

The United Nations Industrial Development Organization (UNIDO) defines small enterprises as

**Those projects manage by a single owner who assumes full responsibility and the number of employees between 10 to 50 workers.**

The World Bank describes the projects as below:

- 1- Project has less than 10 workers in micro-enterprises
- 2- Between 10 and 50 workers in small enterprises,
- 3- Employing between 50 and 100 workers in medium projects
- 4- more than 100 worker in large projects

## **Importance of Small Scale Business to the national economy**

Small and medium enterprises (SMEs) represent a large proportion of industrial projects in many countries of the world at different stages of growth.

1- Small and medium enterprises represent the main employer of labor.

2- Contribute effectively to export.

3-Increase innovation capabilities.

4- Small and medium enterprises represent about 90% of the total companies in most economies of the world,

5-Small and medium enterprises provide between (40% - 80%) of the total employment and employ (50% - 60%) of the global workforce.

6-These projects contribute about 46% of global GDP and contribute significantly to the GDP of many countries.

## **The types of Small Scale Business Projects**

Small Scale Business Projects fall into three main types:

- 1- Initial work which includes various agricultural works.
- 2- Manufacturing industries, when the project uses raw materials or any added value depending on machines and equipment that can be used .
- 3- Services projects, which include free professions, trade, consulting and others

## characteristics of small enterprises

The following are the main characteristics of small enterprises

1. The owner of the establishment is the manager of the company, which is in charge of administrative and technical operations.
2. Decrease in capital required to establish small enterprises.
3. Dependence on primary domestic resources, which contributes to lower production cost and consequently lower levels of capital / labor factor.
4. Suitability of ownership patterns in terms of capital size and suitability of the owners of these projects.
5. Low self-development capacity and expansion due to neglect of aspects of research and development.
6. Raise the levels of savings and investment as a good source of private savings and capital mobilization.

7. Flexibility and ability of spreading due to its ability to adapt in different conditions leading to make balance in the development process
8. small enterprises may often be considered as complementary to major projects.
9. The difficulty of marketing and distribution operations, due to the high cost of these operations.
10. Lack of administrative structure, being managed by one person responsible administrative, financial and technical.
11. The cost of job saving is low compared with its cost in large scale project

## **Stages of Successful Project Implementation**

The stages of implementation of small projects can be classified into the following stages:

### **Phase I : Finding the project idea and setting the target accurately**

First, make sure that the idea is valid and can be applied to reality so that it is not just an idea, and then determine what strategy we will follow to reach the goal that we must define precisely.

## **Phase II: Preparation of the project**

This phase is the study of economic feasibility which is content of market, technical effectiveness and financial studies.

Most projects fail for poor marketing, many successful ideas and good products fail because of lack of ability to market their products, without good marketing there are no profits and therefore failure.

At this stage, the risks and difficulties that can be encountered during the implementation of the idea are determined. No matter how well planned, there are always things that beginners do not pay attention to. This is a sensitive stage of the project, very sensitive because it is the stage of decision-making and tactics that will be followed to implement the strategy we have outlined. Phase I At this stage we also develop a marketing plan and the necessary financial envelope to implement.

### **Phase III: Initiating the implementation of the creative project**

After the action plan is defined that includes setting goals, strategies and tactics which required high accuracy through and can enter the market and beat competitors, and before that must provide the necessary means to implement the project.

It is usually discovered that it is possible to make some minor adjustments that were not paid attention during the previous two phases, as the possibility of rectification at this stage is possible and simple and low cost, unlike the advanced stages that have any high cost change may lead to the failure of the project and destroy the basis

#### **Stage IV: Assessing the idea and the creative project**

At this stage, we review the positives and negatives that accompany the planning and implementation mechanisms and the possibility of finding ways to enhance the positives and overcome the negatives and look at the future horizons to ensure the survival of the project as long as possible.