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## **The Impact of Small Entrepreneurship Development on Poverty Alleviation: Empirical Study from Mogadishu, Somalia**

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### **Abstract**

This paper examined and analysed the impacts of small-scale entrepreneurship development on poverty alleviation in Somalia. Survey data collection was conducted using an online questionnaire. The respondents in this study were 92 business entrepreneurs in Mogadishu, Somalia, who had a direct and responsible role in the daily operations of

the entrepreneurial ventures. The method of data analysis used was descriptive statistics and correlation analysis using SPSS 24. Against common beliefs, the result of this study shows an insignificant impact of small-scale business enterprises on poverty alleviation in Somalia. This suggests that small-scale business enterprises cannot play a significant role in the economic growth, job creation and poverty alleviation in the case of Somalia. While small business ventures in Somalia were expected to be an essential tool to fight poverty, due to several challenges, the objective has not been materialised. By outlining these challenges, the paper also provided suggestions for establishment of a robust small-scale business sector in Somalia.

**Keywords:** *Poverty alleviation, Small entrepreneurship development, Fragile state, Somalia.*

## **1. Introduction**

Conventionally, it is understood that entrepreneurship development can alleviate poverty through its ability to provide employment creation and income generation. It can also stabilise the economic distribution, especially in fragile states and developing nations during economic fluctuations (Hussain, Bhuiyan, Said, & Halim, 2017). Moreover, new business creation and the investment in the existing businesses can promote social prosperity and generate income through businesses' capability to energise new markets, new technology and create job opportunities. Additionally, new business creation increases the productivity in a community resulting in reduction in the poverty level.

The enterprises have a significant role in the economic growth and development process of a country through employment creation, income generation and convenient access to the basic social needs. Furthermore, over the last two centuries, evidence has shown the remarkable ability of entrepreneurship development and how entrepreneurship has made significant contributions to economic development, which has tremendously increased the living standards (Adenutsi, 2009). However, Adenutsi (2009) also discovered that the economies with limited job opportunities, such as for market access, have generally been weak systematically.

Furthermore, as the world economy is now led by entrepreneurship activities, more than at any other period in economic history, decision makers and economic experts have recognised that the role of

entrepreneurship in job creation, income generation and the alleviation of poverty can no longer be ignored. Countries with high private sector economies and a large capitalist class, such as the United States, the United Kingdom, Germany, Japan, Canada, France as well as the Nordic and Scandinavian regions are more developed than the countries in Latin America, the Caribbean, Sub-Saharan Africa, and Southeast Asia, which all have a relatively small capitalist class and hence poor entrepreneurial performance.

It is evident that entrepreneurship development, in general, participates greatly in the campaign of poverty reduction, job creation and income growth. Entrepreneurship has generated development in the economic and social background, and its success is mostly dependent on the structure of the economy and governance system in the country where it is located (Sindhu, Naeem, Saif, & Mehmood, 2011). Moreover, small industries with a limited number of employees still contribute significantly to the gross domestic product (GDP) of the country. Small industries also play a vital role in increasing the development of the country and creating work opportunities for the unemployed (Mahadalle & Kaplan, 2017). Poverty remains a problem in the low-income and middle-income countries (Kareem, 2015). In the international arena, poverty is mentioned in the Sustainable Development Goals (SDGs). In September 2015, 193 world leaders agreed to 17 sustainable development goals and the first goal set was to end poverty. Poverty is a global problem, and most countries that are facing this problem are the low-income and middle-income countries in Africa, mainly in the Sub-Saharan and Southeast Asia (Sachs, 2015).

Poverty is defined as the inability to meet fundamental needs, including food, shelter, clothing, water and sanitation, education, and healthcare. According to this meaning, poverty refers mainly to income poverty (Sachs, 2015). It refers to sustained improvements in the living conditions of a group of people (Ilemona, Akoji, & Matthew, 2013). The authors concluded that poverty alleviation as a concept is closely related to development, and they have described it as a chance process characterised by increased productivity, equalisation in the distribution of social products and the emergence of indigenous institutions, whose relations with the outside world are characterised by equity rather than by dependence or subordination. Researchers are reporting numerous challenges being faced by programmes which aim to fight poverty. Most of the challenges facing the entrepreneurs in the low-income economies such as Somalia are the lack of financial capital, barriers to businesses registration and taxation, and

security challenges (Ogunlana, 2018). Moreover, Ogunlana discovered that the lack of financial capital is the most challenging issue for those wanting to be entrepreneurs in Somalia. Further to this is the fact that new enterprises and existing businesses cannot exist long without financial capital, and the investment banks do not like to invest in new entrepreneurs with limited business experience.

Similarly, the registration, taxation and obtaining of a business certificate are a frustrating challenge faced by most entrepreneurs in Somalia. For example, to register a business certificate in Somalia takes 31 days (Business, 2018). Another relevant issue for entrepreneurs is security, which is quite important in any economic atmosphere for businesses, especially from the perspective of acquiring international investment (Ogunlana, 2018). Somalia has experienced many security challenges for more than two decades that are not only damaging to the country's background, but also injurious to the small and medium sized enterprise (SME) activities in the country. The World Bank's description of Somalia as a fragile state for the past two decades has continued to be confirmed by the humanitarian events in the country. A fragile state is a state of weak governance and weak security institutions which are contributing factors in low economic growth. For much of the past decade, Somalia ranked the world's most fragile state (The Fund for Peace, 2021). While some of Somalia's difficulties can be traced back to the period of colonial and authoritarian rule, the 1991 Somali Civil War set the situation for many of the issues that continue to wave the country (Ali, Nicholl, & Salzmann, 2017). As a result of two decades of weak government and the absence of public goods and services, combined with a lack of effective law and order, the Somalian nation has been negatively impacted by both natural and man-made disasters (Ali et al., 2017). Further, the Somali economy is deeply reliant on remittances sent from overseas by Somali diaspora, and aid from international partners. Furthermore, many Somalis, especially in Mogadishu, have experienced situations without employment, but fortunately as of late, there have been some hopeful entrepreneurial developments, particularly in telecommunications and other basic goods and services (Ali et al., 2017).

Although Somali entrepreneurs have started many private companies which have provided them with a better living standard for their families, there is still a significant rate of poverty which has not been eliminated in many villages located in the capital city Mogadishu (Mahadalle & Kaplan, 2017) because Mogadishu is facing serious social challenges including security issues and poor infrastructure. It also lacks investment in its

market. Therefore, the objective of this paper is to examine the impact of small entrepreneurship development on poverty alleviation in a fragile state, particularly Somalia. Our findings will provide directions for decision makers and policy makers in Somalia and international investors regarding the constraints of small entrepreneurship development in this country.

## **2. Literature Review**

### ***2.1 Entrepreneurship Development***

The development of entrepreneurship has resulted in employment creation, income growth and development of the economy (Ismail & Ajagbe, 2013). The importance of entrepreneurship is apparent in the increasing amount of academic institutions beginning entrepreneurship development programmes (Ismail & Ajagbe, 2013). A study in Zambia found that approximately 25% of young people are engaged in their own businesses (Lawal, Kio, Sulaiman, & Adebayo, 2000). The majority of their businesses tend to focus on marginal trading and service activities. However, the small-scale ventures surveyed in Ghana revealed that young people there owned almost 40% of the business ventures. Additionally, South African studies reported that the possibility of starting one's own business increases with age (Thwala, Ajagbe, M. A., Enegbuma, Bilau, & Long, 2012). However, Nigerians, particularly the unemployed ones, when mentored and when having the required resources available to them, as well as a supportive environment for their business start-ups, become economically responsible and are more inclined to shun negative vices (Ismail & Ajagbe, 2013).

Numerous studies have explored the characteristics of small business owners in developing nations. A researcher looked at the restaurant industry in China. They used the descriptive statistical analysis method and found three main results. First, the Chinese small business owners were categorised as those seeking self-sufficiency, those wanting economic security for their families, or those looking to make a profit. Second, the small business entrepreneurs generated funding predominantly from private sources rather than public institutions. And third, entrepreneurship development was the main source of the family's income (Chen & Elston, 2013). A study on promoting entrepreneurship in Nigeria for the purposes of poverty reduction and sustainable development were done. The study reveals that small entrepreneurs in Nigeria are facing several challenges

including the absence of fiscal priority and skill improvement, lack of infrastructural development, poor rural education, and a lack of small business empowerment. However, the researchers indicated that after having overcome the challenges of small business development in Nigeria, it is then a potential mechanism for poverty alleviation (Agri, Nanwul, & Acha, 2017). A quantitative study in poorer regions of South Africa discovered that supporting small entrepreneurs by giving them materials and technical facilities (finance and business skills) can improve the enterprises of these people and take them out of poverty and potentially offer them higher incomes and further economic opportunities (Mensah & Benedict, 2010)

A study on the services of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the small business survival in Ogun State of Nigeria were conducted. The result of a paired samples test, using the descriptive statistics and correlation method, revealed that the services of SMEDAN did not significantly enhance the survival of cooperative-financed small businesses in Ogun State within the study period of 2005 to 2010. The study recommended that the Federal Government of Nigeria (FGN) should support the small and medium enterprise (SMEs) sector which is considered to be the nerve centre of most nations' industrial sector (Oduyoye, Adebola, & Binuyo, 2013). An investigation on the role of women entrepreneurs on poverty reduction in Kenya was implemented. The investigation showed that the enterprises of women entrepreneurs in Kenya have improved their economic status and contributed to the promotion of tourism, employment and export trade (Misango & Ongiti, 2013).

The international donors often define small firms as job creators (Page & Shimeles, 2014). To investigate their assertion, Page and Shimeles conducted a study on small enterprises, aid and employment in Africa. The researchers analysed many enterprises using survey data from nine African countries and panel data from Ethiopia. The study discovered that both small and large enterprises created employment opportunities similarly, but that the small enterprises had a much higher turnover of employment and the pay they offered was lower compared to the larger firms (Page & Shimeles, 2014). Despite this, the literature demonstrated that the entrepreneurs in the poorer economic countries are faced with several challenges and hardships. Hence, most of them are not able to achieve their target of shared prosperity and wealth. It is very hard for them to survive within an environment of poor security, poor infrastructure, and financial

and educational challenges. Furthermore, any business environment that lacks national guidance and that is not safe from violence and conflicts cannot be perceived favourably for local and international investors. Further to this is the fact that the entrepreneurs will not be able to generate employment opportunities, income empowerment, economic growth, and poverty reduction.

## ***2.2 Poverty Alleviation***

Poverty can be categorised in different ways: firstly, it is a lack of basic facilities; secondly, it can be a shortage of productive materials; and finally, it is about the lack of distribution of common resources due to the discrimination and social exclusion (Olayemi, 2012). Poverty is scarce income and a lack of assets, poor confidence, and little to no empowerment, and it is also a deficiency of national money (Singer, 2006). Poverty may come from inadequate productivity of the households and, consequently, the people are faced with financial restraints and an absence of any inducements of entrepreneurship (Adenutsi, 2009).

The World Bank specifies that poverty is characterised as both absolute and relative (Misango & Ongiti, 2013). When poverty is absolute, it refers to a lack of resources to meet the basic needs for survival, a lack of reliable security, and the absence of the factors that allow individuals and households to perform fundamental responsibilities and to enjoy their basic rights (Ali, 2013). Nevertheless, relative poverty can be considered in relation to specific groups and their economic status in comparison to other members of the society. This is understood as an absence of resources necessary to achieve an average standard of living that lets people contribute, participate in relationships, and live a life considered standard of the society to which they belong (Misango & Ongiti, 2013).

The aim of any poverty alleviation programme for nations should be to achieve poverty elimination and to increase the quality of life, and not short-term performances that vanish with the project cycle. Poverty alleviation is about continued improvements in the living circumstances of the community. Ilemona et al. (2013) theorise poverty alleviation as a concept closely interrelated to development, and which has been defined as a process characterised by increased productivity, equalisation in the distribution of social wealth and the emergence of indigenous institutions whose relations with the outside world are characterised by equity rather than by dependence.

In summary, the literature has discussed several facts and challenges to entrepreneurship development and poverty alleviation. Previous studies reported from different countries may not have the same concept for many reasons; some researchers discovered that entrepreneurship development cannot alleviate poverty due to the challenges faced by SMEs in low-income countries, while other studies from developed countries may show that entrepreneurs can play an important role by providing an income that empowers the people through this employment creation. However, to connect the two respective arguments and to increase sustainable job opportunities, income maximisation and wealth distribution in poor countries, researchers recommended that the national and international institutions should target to finance growing enterprises and eliminate challenges facing entrepreneurs.

### **3. Methodology**

This study employed a survey research design using the quantitative method with the primary data being collected through a questionnaire as the instrument. Cross-sectional survey design was implemented. This means the data were collected at one point in time from a sample selected to represent a larger population. This method enables researchers to spend less time and collect huge amount of data (Owens & Hospital, 2014). The participants of the study were small entrepreneurs (businesses employed 10 to 50 employees) in Mogadishu, Somalia. The questionnaire was used to collect data on the variables of the study. The research used descriptive statistics and correlation analysis to describe the variables of the study and to determine the relationship between the variables.

The study included 92 respondents based in Mogadishu. The research adopted the probability sampling technique, particularly simple random sampling. Each unit of the sample size was given a chance to participate. The questionnaire was distributed online, and each participant responded one time. After submitting the first response, the respondent was not able to respond again as an automatic system prevents duplication.

The researcher implemented a criterion of administering the questionnaire as follows: (a) participant must be an adult aged between 18 and 65, (b) participant must be freely able to read, understand and fill out the questionnaire without any assistance from a third party, (c) participant must have a functioning business, and (d) participant must be a decision maker or have a role in the daily operation of the business. The data



collected were analysed using SPSS 24 version, The data were subsequently interpreted, presented and discussed.

#### **4. Research Findings**

The findings of this paper discuss the results demonstrated from the analysis; and the role of small entrepreneurship development as a driver of the economic development in Somalia. The entrepreneurs contributed significantly to the programmes of distribution of the basic facilities such as electricity and water supply, education, health system, and other goods and services during the last two decades. Entrepreneurs have been able to participate in these programmes because they have started up their own businesses. However, there is an argument stating that the activities of entrepreneurs may contribute to change the background of poverty in the local community through increasing the level of income and creating significant opportunities. Therefore, this study evaluated the impact of small entrepreneurship development and poverty alleviation in Somalia. The study discovered that small enterprises do not play an important role in poverty reduction in Somalia.

The data collected were analysed using SPSS software and, in the resulting presentation, the findings of the analysis are presented through interpretation and explanation. The findings of this paper are divided into three sections: the characteristics of the demographic and business profiles; the descriptive analysis and the major results.

##### ***4.1 Demographic Data***

As demonstrated in Table 1, 71% of the respondents were male and 29% of them were female. This shows that the females were discouraged from responding by the males, which is a typical cultural issue. Somali society is based on a patriarchal social system (Ali & Ali, 2013). Also, 11% of the respondents were within the age bracket of 17 - 21 years old, while 51% of the respondents, which is the majority, were aged between 22 and 26. Thirty-two percent of the respondents were aged between 27 and 31, and 6.52% of the respondents were aged between 32 and 36. The following is the education level of the entrepreneurs: 2.20% of them had a primary level education; another 3.30% of the respondents had a secondary education, while 66.30%, constituting the majority the respondents, have a bachelor's degree and the rest or 28.30% have postgraduate education.

**Table 1: Demographic characteristics**

No	Characteristics	Frequency	Percentage
1	Gender		
	Male	65	71%
	Female	27	29%
2	Age		
	(17- 21 years old)	10	11%
	(22-26-year-old)	47	51%
	(27-31-year-old)	29	32%
	(32-36-year-old).	6	6%
3	Education		
	Primary	2	2.20%
	Secondary	3	3.30%
	Bachelor's	61	66.30%
	Postgraduate	27	28.30%
4	Marital status		
	Single	73	79.30%
	Married	19	20.70%
5	Business experience		
	0-5 years	77	83.70%
	6-10 years	13	14.10%
	11-15 years	2	2.20%
6	Business ownership		
	Owner	43	46.70%
	Employee	49	53.30%
7	Type of the business		
	Hotel and restaurant	12	13%
	Travel and cargo agency	12	13%
	Shopping and cosmetics	26	28.30%
	Electronics company	12	13%
	Stationery and bookshops	9	9.80%
	Other types of business	21	22.80%

Source: Primary data

Contained within the same table (Table 1) is the marital status of the respondents; 79.30% of the respondents were single, while 20.70% of the respondents were married. Regarding business experience or business ages, 83.70 % of the participant enterprises had an average of 0-5 years' experience, 14.10% of them had 6-10 years' experience, and the last group a total of 2.20% had 11-15 years' experience. With respect to the business ownership, 46.70% of the respondents were business owners, while 53.30% of the respondents were employees. The investigation of the types of businesses that the entrepreneurs have revealed that 13% of the respondents have hotels and restaurants, 13% have travel and cargo agencies, 28.30% have shopping and cosmetics business, 13% have electronics companies, 9.80% have stationery and bookshops, while 22.80% have other types of business.

## **4.2. Data Presentation and Descriptive Analysis**

### *4.2.1 Analysis of Small Entrepreneurship Development*

The objective of this study was to examine the impact of small entrepreneurship development on poverty alleviation in Mogadishu, Somalia. The data of the study were collected through survey questionnaire, the responses scale ranging from 1 = strongly disagree, 2 = disagree, 3 = neutral, and 4= agree, to 5= strongly agree for each of these study variables. The findings are presented and discussed below. As shown in Table 2, the questions were about small entrepreneurship development (independent variable). Following the data collection derived from the findings in SPSS, the discussion focuses on the findings of the variables in each item in our data. The descriptive analysis of the study is about mean, standard deviation and interpretation of the result.

In this study, it was found that, on average, the respondents' perception (as mean 3.48 with St. Dev. 1.05) towards their small business enterprises on poverty alleviation was generally good. Statistical evidence clearly shows that what motivated entrepreneurs to start their own businesses were to achieve financial self-sufficiency. The entrepreneurs also confirmed that small entrepreneurship development has generated more advantages in their lives. Despite the challenges and constraints over the years, the entrepreneurs' businesses are presently growing and making a profit. Furthermore, the majority of the respondents have confirmed that financial problems and the lack of skills are the main challenges to improving their

businesses. This situation shows that the entrepreneurs in Mogadishu are facing serious financial constraints. However, this situation is something that can be expected from a fragile country which does not have strong institutions and a reliable economy. However, the respondents have indicated that their businesses are significantly contributing to the needs of the local community in terms of delivering basic goods and services and they also believe that the local community are happy and satisfied with the goods and services they provide.

The study emphasises that there are significant challenges and opportunities among small entrepreneurship development. Entrepreneurs are facing technical and financial problems, while they are trying to provide for the basic needs of the community within an environment of constraints and challenges. However, small entrepreneurship development is a potential mechanism for poverty alleviation if the threats and limitations are eliminated.

**Table 2: Means and standard deviation results on Small Entrepreneurship Development (Independent variable)**

Small Entrepreneurship Development	Mean	S. Deviation	Interpretation
The main reason that I started my business was to achieve self-enough	3.74	1.42	Agree
Being an entrepreneur implies more advantages than disadvantages to me	3.46	1.27	Agree
After years of challenges and constraints, now my business is growing and making profit	3.49	1.34	Agree
The most challenge that we face was financial problem and lack of skills	3.21	1.24	Neutral
My business has significant contribution to the needs of the local community	3.39	1.32	Neutral
The local community are satisfied with the goods and services we provide	3.63	1.29	Agree
Mean index	3.48	1.05	Agree

**Source:** Primary data

#### *4.2.2 Analysis of Poverty Alleviation*

As shown in Table 3, questions were about poverty alleviation (dependent variable). Following the data demonstrated from our analysis in SPSS, this discussion focuses on the dependent variable (mean, standard deviation and interpretation of the result). The second part of the descriptive analysis of the study is about how the entrepreneurship activities contribute to poverty alleviation in Somalia.

Poverty alleviation and achieving self-sufficiency are the main factors that have motivated Mogadishu's entrepreneurs to run their own businesses, as mentioned in the previous analysis. In this part of the study analysis, the respondents were asked several questions on poverty alleviation. The interpretation of the average respondents in the dependent variable was (as mean 3.54 with St. Dev. 1.11). Firstly, the respondents were asked about whether entrepreneurship development can reduce the unemployment rate. On this question, the majority of respondents agreed that entrepreneurship development can reduce unemployment and create job opportunities. Secondly, the respondents confirmed and agreed that entrepreneurship development serves as a key to self-reliance, and this means that the entrepreneur becomes self-reliant after starting his or her own business. On the third question, the respondents confirmed that entrepreneurship development plays a big role in Mogadishu's employment creation. This statement shows that entrepreneurship development is not only contributing to the delivery of goods and services but also generating job opportunities and contributing to job creation.

Moreover, on question four, the respondents indicated that entrepreneurship development is a potential mechanism to alleviate poverty, and it can be a useful tool for poverty reduction. And on question five, the participants indicated in the study that small entrepreneurs in Mogadishu would like to start new firms, but only if they would have the opportunity and resources, which means that they see entrepreneurship as a vehicle that can be profitable, so they would like to create more effective businesses. The final statement in the analysis shows that the meaning of poverty, according to the entrepreneurs in Somalia, is a lack of life opportunities and an absence of economic productivity in the city.

**Table 3: Means and standard deviation results of poverty alleviation (dependent variable)**

Poverty Alleviation	Mean	S. Deviation	Interpretation
I agree that entrepreneurship development decreases the rate of unemployment	3.53	1.48	Agree
I do believe that entrepreneurship development serves as the key to self-reliance	3.51	1.29	Agree
I do agree that entrepreneurship development play big role of Mogadishu's employment creation	3.62	1.40	Agree
Entrepreneurship development is a suitable way to alleviate poverty	3.60	1.31	Agree
If I had the opportunity and resources, I'd like to start a new firm	3.65	1.40	Agree
Poverty is a lack of life opportunity and absence of economic productivity in our city	3.50	1.37	Agree
Mean Index	3.54	1.11	Agree

**Source:** Primary data

### 4.3 Major findings

As shown in Table 3, the study tested the correlation between small entrepreneurship development and poverty alleviation using the correlation coefficient. The result indicates that there is a strong positive correlation between small business enterprises and poverty alleviation ( $r = .740^{**}$ ,  $P < 0.01$ ). Nevertheless, the study also analysed the regression analysis. The regression has shown that there is an insignificant influence ( $P\text{-value} = .293$ ) of small business enterprises to poverty alleviation. However, the correlation result might come by chance, and it is not significant. Therefore, small entrepreneurship development was not significantly related to poverty alleviation in Mogadishu, Somalia.

**Table 4: Major findings: Correlation result**

Variable	Mean score	S. Deviation	R-value	P-value
Small Entrepreneurship	3.48	1.05	.740**	.293
Poverty Alleviation	3.54	1.11		

**Source:** Primary data

## 5. Discussion and Conclusion

This is a study of small entrepreneurship development and poverty alleviation in Mogadishu, Somalia. The findings of the study establish a clear discussion in line with its general objectives. The study also strengthens the findings of previous researches in the same area of study. The main objective of this paper was to examine the relationship between small entrepreneurship development and poverty alleviation in Mogadishu. The result of this paper is much closer to several findings from the literature. Further, prior studies posited that entrepreneurs contribute to the overall improvement of the community's social life, which is in the interest of the people, but they cannot contribute substantially to economic development. The entrepreneurs can prevent extreme poverty by establishing an opportunity for future social mobility and it can be a potential mechanism for poverty alleviation if it is well maintained, improved and invested in. Based on these factors, the researchers have accepted that small entrepreneurship development is not significantly related to poverty alleviation in Mogadishu, Somalia. This confirms that creating small business enterprises is not enough to achieve industrial growth, job and wealth creation, the reductions of poverty, community empowerment, inclusive development, and innovation.

However, it was discovered that measuring small entrepreneurship development and poverty alleviation is not easy because of several barriers including the unavailability of data on such businesses, and the lack of local definition of the variables. The current limitation was that the study was limited to Mogadishu and that participant entrepreneurs were from that local municipality, which is not enough to establish complete data. The findings were also related only to small entrepreneurs and poverty

alleviation in Mogadishu. However, the small entrepreneurs in Mogadishu are not free from constraints but they are facing many of the challenges that entrepreneurs face everywhere. The entrepreneurship environment in Mogadishu is full of challenges and constraints, whether it is a security or economic issue or political instability. Similarly, Mogadishu entrepreneurs do not have technical and financial support, which makes it hard for them to secure loans or investments from commercial banks due to inefficiency in the regulations and the lack of trust. Therefore, all these challenges and limitations reduce their performance levels and contribute to their inability to achieve economic growth and the wealth distribution which can contribute to poverty alleviation.

In conclusion, entrepreneurship development and poverty alleviation were found to be positively related, and that the regression analysis was insignificant. This means that small entrepreneurship development cannot play a significant role in the economic growth, job creation and poverty alleviation in Mogadishu, Somalia. The challenges and constraints facing the entrepreneurs in Mogadishu are crucial elements that can affect the findings of this study. However, further research on the challenges and opportunities of the micro, small and medium entrepreneurs in a post-conflict country like Somalia is well needed.

The results of this study, among other studies, will be a point of consideration for Mogadishu Local Government as well as the Federal Government of Somalia in evaluating their efforts at promoting entrepreneurship activities. From the results of this study, small entrepreneurship development and poverty alleviation have not been shown to be a success in creating productive businesses in Mogadishu.

## **6. Recommendations**

- i. To enhance the level of job creation, income empowerment, economic growth and poverty alleviation, the Federal Government of Somalia should review all pressuring factors in the performance of entrepreneurship development and make necessary regulations changes that will ensure that businesses perform according to their mandate, which is the nation's objective to have a productive economy.
- ii. There may be a need to appraise current policies that would make business enterprises more effective in Mogadishu and the country as a whole; it is then the expectations of achieving high employment



- opportunities, shared prosperity and wealthy economy will be a part of Somalia's life path.
- iii. To make sure that entrepreneurship development is a potential mechanism for poverty alleviation in the context of Somalia, there is a need to have a thoughtful strategic and philosophical approach. Policies must, therefore, focus on simplification of local and international investment, as well as more efficient licensing of new businesses. Also, more efficient running business regulations and lending procedures should be strengthened.
  - iv. There also needs to be an access to entrepreneurship education which would also be helpful for the establishment of productive entrepreneurship development in Somalia.
  - v. If Somalia wants to reach its full potential in terms of social and sustainable economic development, it should acknowledge the importance of its young entrepreneurs and the contributions they make to the country's economy.
  - vi. Entrepreneurship remains the gateway to sustainable economic creation in Somalia. It is also an effective means for economic growth and poverty alleviation in poor and lower-income countries of the world. Therefore, if Somalia is desirous of moving out of the worrying high level of poverty, adequate consideration must be given to the development of entrepreneurship.

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