



**INSTITUTIONAL AND POLICY ASSESSMENT OF FACTORS  
AFFECTING WOMEN ENTREPRENEURS IN MICRO AND  
SMALL ENTERPRISES IN HARGEISA AND MOGADISHU**



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COMMISSIONED BY

INTERNATIONAL LABOUR ORGANIZATION



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## Acronyms and Abbreviations

EU – European Union

ILO – International Labour Organization

MDGs – Millennium Development Goals

SDGEA - Solemn Declaration on Gender Equality in Africa

SPSS – SPSS Statistics Version 2.0

SWA – Somali Women Association

IIDA – IIDA Women’s Development Organization

USD – United States Dollar

WED – Women in Economic Development

CEDAW – The Convention on the Elimination of all Forms of Discrimination against Women

FAO – Food and Agricultural Organization of the United Nations

DRC – Danish Refugee Council

SWA – Somali Women’s Association

COSPE - Cooperation for the Development of Emerging Countries (Italian NGO)

UNDP - United Nations Development Programme

NGO- Non- Governmental Organization

ACORD- Agency for Cooperation and Research in Development

LFS- Labour Force Survey

NAGAAD- Nagaad Umbrella Organization

WAAHEEN- Waaheen Media Group





## Executive Summary

Somalia has recently emerged from years of conflict and insecurity and is in the process of rebuilding its economies at all levels. A serious consequence of the conflict is the upsurge in female headed households and the consequent burden placed on women to provide for their families. This research work, commissioned by the International Labour Organization (ILO) through European Union support, assesses factors affecting women entrepreneurs in micro and small enterprises in Hargeisa and Mogadishu. It addresses the effects of the social, cultural and business environment on women in business, identifies gaps and challenges and makes appropriate recommendations.

Fieldwork was carried out in February - April 2013 and largely utilized questionnaires administered to 627 women entrepreneurs (393 in Hargeisa and 234 in Mogadishu). The study also used key informant interviews and group discussions with women entrepreneurs, key government personnel and field officers. Stratified random sampling was used to identify the respondents in both micro and small enterprises. The data collected was consequently analyzed using SPSS Statistics software.

### Key Findings

The study found that the women entrepreneurs in Hargeisa and Mogadishu had limited entrepreneurial capacity and resources for starting up and sustaining business enterprises. 47 percent of the women entrepreneurs did not have any formal education and were not able to read and write. Close to 60 percent of the women entrepreneurs were housewives with no prior work or business experience before starting their current enterprises. 80 percent of business ventures were started on own initiative while 90 percent of the businesses were individual proprietorship.

The enterprises run by the women in Hargeisa and Mogadishu are at different levels of development and face various limitations in regard to growth and diversification. About two thirds (64 percent) of the businesses had diversified or expanded their enterprises and one quarter had added new products since their establishment. However, two thirds sold their products in localized market areas while in Hargeisa; most women (73 percent) did not market their products and services. Nonetheless, most of the women wish to expand their businesses in future.

In regard to the business enabling environment, a major finance related challenge was lack of credit. Access to capital was very low and personal savings were the main source of start-up capital for about 58% of the entrepreneurs. The study found over 80% of the women's enterprises had not received any form of external support – either financial, technical or in terms of managerial competence development. In addition, nearly all the women entrepreneurs sampled lacked awareness of various institutions that support business development. There was high unawareness of savings and credit facilities (at 82.9 percent). Many businesses struggled to pay business rent, often leading to closure, and rent is recorded as a major constraint for over 40% of the business women in Mogadishu.



Women enterprises in Somalia face numerous non-financial challenges in the business environment. 39 percent of the respondents encountered challenges with business premises/working space while 10 percent encountered problems with insecurity. A few women also experienced challenges with obtaining licenses and accessing raw materials. In addition, high electricity fees were reported as a major business constraint. There were also challenges regarding water and storage facilities.

A number of other enterprise level challenges were encountered. These included lack of experienced personnel to manage the businesses, and underperformance leading to losses. 33.2 percent of enterprises in Mogadishu and 22 percent in Hargeisa had closed temporarily in the past two years due to lack of experienced personnel and losses. In addition, lack of negotiation skills (36.8 percent) and lack of confidence to take on riskier business (25.4 percent) were also encountered. A significant number of the businesses were distress-driven, lacked supportive family background, and the business woman lacked confidence, knowledge and skills required to grow.

The surveys also found over 95 percent of the entrepreneurs were not affiliated to any business membership and/or women's organization. There was high level of knowledge of marketing and technology assistance, provision of business development services and networking opportunities.

There was lack of understanding of business related policies by the women. 62% of the women entrepreneurs in Mogadishu felt that policies were discriminatory against women while 45.5 percent of all the respondents stated that changes in government policies would enhance the growth of their enterprises.

Women in Somalia face discriminatory property rights which have a bearing on their business enterprises. The conflicting state, religious and customary laws work to the disadvantage of women resulting in lower inheritance than their male siblings or none at all. Throughout Somali society where application of customary law is undertaken, women do not inherit from their parents once they are married.

### **Key Recommendations**

- The Federal Government of Somalia and Somaliland Government should work with development agencies to ensure adult literacy education targeting women entrepreneurs is strengthened.
- In the longer term, girl child education should be supported to ensure the next generation of business women are literate and able to effectively run their own businesses.
- There is need to provide the Somali women entrepreneurs with business management skills particularly business conceptualization, planning, budgeting, financial and marketing skills. They should also be provided with coaching, mentoring and networking support which will go a long way to improve their business skills. These skills should be provided under the specialized ILO business training packages.

- There should be deliberate enabling environment, including legislated measures, by the Federal Government of Somalia and Somaliland to ensure women entrepreneurs are able to access and manage business start-up capital and affordable savings and credit facilities.
- There is need to enhance the business operating environment further by providing a simplified, affordable, transparent and non-discriminatory business licensing procedures. The municipalities should provide essential infrastructure including decent work places, water and electricity through public private partnership arrangements.
- There is need for the women entrepreneurs actively to take up membership of business associations. There is therefore need to train the entrepreneurs on savings, resource mobilization, cooperatives, membership of associations and running the associations.
- Law enforcement agencies should ensure security in the country at large and at the work place in particular is improved in order to build business and investor confidence. In particular, women should be protected and their security concerns addressed.
- There is need to formulate supportive policies as well as create awareness on policies and legislation that support women business entrepreneurs. The policies and regulations that adversely affect or discriminate against women business owners should be reviewed. In all cases, policies must be implementable and enforceable to enhance the credibility of institutions involved.
- There is need for further research on women entrepreneurs and the progress they are making in light of new government arrangements and gains in peace in Somalia and Somaliland, in order to support them appropriately. Such research must be rooted within the development of representative structures for women within civil society organisations taking forward the business agenda within wider dialogue on economic development.

## CHAPTER ONE: BACKGROUND AND METHODOLOGY

### 1.1 Preamble

The Federal Republic of Somalia (hereafter referred to as Somalia) lies in the horn of Africa and has an estimated population of 10.2 million people<sup>i</sup>. Somalia became independent in 1960, and was a thriving economy before civil war broke out in 1982. The ensuing 20 year-long conflict in the country included inter-clan warfare, allegiance to warlords, widespread banditry, looting and rape. Thousands of people died during this period and hundreds of thousands were displaced both externally and internally. In addition, the conflict resulted in a disintegration of the economy, breakdown of infrastructure and institutions, human rights violations, high levels of unemployment, high levels of poverty and destitution, and high dependence. Much of the capital city of Mogadishu was destroyed forcing population concentration in the Lower Shabelle camps.

Following the ousting of President Siad Barre, the Republic of Somaliland was established in 1991 in the northern regions of Somalia, with Hargeisa as its capital. Somaliland remained relatively stable thereafter, exhibiting an amazing ability at establishing a functional economy and relative peace. However, Somaliland experienced some insecurity and economic challenges due to its ties and proximity to Somalia. It did not receive international recognition which restricted bilateral or multilateral aid in any significant way.

Somalia's economy traditionally relied on its long coast and associated trade, livestock production and export supported by the nomadic economy, agro pastoralism in the South, and fishing. Despite lack of effective national governance in over 20 years, Somalia has maintained a relatively strong informal economy supported by livestock exports, remittances from diaspora (handling up to US\$ 1.6 billion annually), money transfer companies, agriculture and telecommunications. Besides livestock, Somalia also exports hides, fish, charcoal and bananas. The town of Mogadishu has started to flourish following the departure of al-Shabaab militia in mid-2011.<sup>ii</sup>

Somalia has received humanitarian aid from the United Nations agencies and international non-governmental organizations for decades, in order to cope with conflict, displacement, food insecurity, health and other problems. As a result of the 20 year conflict, the weakened economy made it difficult for Somalia to handle climatic shocks, while insecurity made it difficult for the international aid community to access populations in need. Between 2010 and 2012, approximately 258,000 people died from famine related deaths, most of them in south-central Somalia, and half of them children<sup>iii</sup>.

In September 2012, a new government was established under President Hassan Sheikh Mohamud following the conclusion of the Transitional Federal Government's mandate and defeat of former president Sharif Sheikh Ahmed. This has given way to signing of the New Deal Engagement in Fragile States. The New Deal in Somalia focuses on sustainable development and peace building, and is a strong platform for change and partnership.

In this compact, the Somalia Government commits itself to advance reconciliation and dialogue at local and national levels, advance the finalization and ratification of the constitution by December 2015 and prepare and hold credible elections by 2016. In addition, the Somalia Government plans to revitalize and expand the economy, as well as increase the delivery of equitable, affordable and sustainable services that promote national peace and reconciliation. In particular, the Compact intends to *'address the fundamental causes of gender inequality through strategic priorities in order to transform the unequal power relations between men and women, resulting in improved status of women and broader gender equality'*.

## **1.2 Current state of research on women economic empowerment**

The objective of the Beijing Platform for Action is the empowerment of all women. It states that the full realization of all human rights and fundamental freedoms of all women is essential for the empowerment of women. The Platform recognizes that female-maintained households are very often among the poorest because of wage discrimination, occupational segregation patterns in the labour market and other gender-based barriers. On the affirmative, it argues that empowerment of women and equality between women and men are prerequisites for achieving political, social, economic, cultural and environmental security among all peoples.<sup>iv</sup>

In a commitment to build a safer, more prosperous and equitable world, world leaders endorsed the millennium declaration, which translated into eight measurable Millennium Development Goals (MDGs). MDG 3 is promoting gender equality and empowering women, while Target 4 is to eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015. Monitoring indicator Number 11 is the share of employment in non-agricultural sector.<sup>v</sup> ILO plays a strong positive role in supporting attainment of the MDGs, particularly in its Decent Work Agenda.

Diverse definitions have been given to the term economic empowerment. According to Golla et al, a woman is economically empowered when she has both the ability to succeed and advance economically and the power to make and act on economic decisions. To succeed and advance economically, women require the skills and resources to compete in markets, as well as fair and equal access to economic institutions. For power and agency to benefit from economic activities, women need to have the ability to make and act on decisions and control resources and profits.<sup>vi</sup>

UN Women defines women's economic empowerment as increasing the ability of women to bring about change that drives valuable outcomes as a result of their increased economic capabilities and agency, i.e. their ability to function effectively in the economy, to participate in labour and product markets on equal terms with men, to shape the gender division of labour, to accumulate assets, to shape the relationship between markets and the state and to influence the institutions and processes that determine growth and development<sup>vii</sup>.

Many writers have shown the gains in advancing economic empowerment for women. The fundamental rationale behind empowerment initiatives (micro-credit, asset transfers, skills training or market access) is to provide women with the means to exercise their rights and responsibilities in decision-making processes in their communities, to play a fuller role in society and to contribute without restriction to national development in their respective countries.<sup>viii</sup>

In pastoral communities gender inequality is more acute and deep-rooted than in society at large. To a much greater extent than other communities, pastoral societies in the Horn of Africa have restricted women's participation in education, in public life and in economic activity outside of the household. A very significant obstacle to progress is the very low level of human capital in pastoralist communities, which wastes the talents of women and girls to an exceptional degree.<sup>ix</sup>

One of the recognized forms of economic empowerment for women is microfinance, which provides credit for impoverished women who are usually excluded from formal credit institutions.<sup>x</sup> According to Goetz and Gupta, offering women a source of credit has been found to be a very successful strategy for alleviating poverty because it enhances the productivity of their small enterprises and the income generating activities in which they invest. Results include an increase in women's self-confidence and status within their families as well as income that can be used to improve their families' wellbeing through improved health and nutrition<sup>xi</sup>.

Millennium Development Goal 3, promoting gender equality and the empowerment of women, has led to heightened efforts to address 'gendered poverty'. Research on gendered poverty has found that poor rural and urban women face similar constraints, and it is important to pay attention to both areas. Both groups suffer low socioeconomic status, lack of property rights, environmental degradation and limited health and educational resources. There are more female-headed households in urban areas than in rural areas, and many urban women lack the social networks that tend to exist in rural areas.

According to Negash (2006), women's economic empowerment must not be examined in a vacuum, as widespread cultural and economic practices work to prevent empowerment. To fully assess the opportunities and obstacles that exist, the intersection of political, social, cultural and environmental conditions must be analysed alongside traditional economic indicators. Negash further submits that the real tragedy is that women are often better economic stewards of capital than men, and that women are more likely to reinvest profits back into human capital than men.<sup>xii</sup>

It has been found that most female entrepreneurs barely operate beyond the subsistence level. According to Kabeer (2012), while many own-account activities performed by women are distress-driven and characterized by high levels of self-exploitation, not all forms of female self-employment fall into the 'vulnerable work' category. However, in a continuum between survival-oriented income generation and accumulation oriented enterprise, the majority of self employed women are located closer to the survival end, with some closer to accumulation oriented enterprise.<sup>xiii</sup>

### 1.3 Context about Somali business women and the constraints faced

Somalia's Human Development Index (HDI) value is strikingly low, and ranks 165 out of the 170 countries in the 2010 global *Human Development Report*<sup>xiv</sup>.

Moreover, gender inequality is alarmingly high at 0.776 out of a value of 1 (complete inequality), with Somalia at the fourth lowest position globally on the Gender Inequality Index (GII), according to the Human Development Report (2012). Women suffer severe exclusion and inequality in all dimensions of the index—health, employment and labour market participation. Somali girls are given away in marriage very young, and violence against girls and women is widespread. Traditional laws, used in lieu of a state judiciary, are highly discriminatory against women.<sup>xv</sup>

Being a woman in Somalia is particularly difficult and Somalia ranks second to Afghanistan as the worst country worldwide for women<sup>xvi</sup>. Violence against women cuts across all social and economic strata without recourse. Since 1991, the re-emergence of customary law, the extended use of Shari'a law and the resort to clan-based forms of political representation have made women to be virtually excluded from all political and judicial structures in different parts of the country.

A composite outcome of the war in Somalia has been the expansion in numbers of women headed households. Women have had to take the responsibility as breadwinners in many households, engaging in small scale enterprises particularly in urban areas. Women work hard to support their families and provide most of the labour required for the families' survival. They fetch water and wood, take care of livestock, milk the animals, process the milk, carry out small scale businesses, feed the family and take care of the children. In urban areas, women traders are visible in all markets selling foodstuff and all manner of items in order to support their households.

A 2010 Nagaad<sup>1</sup> research investigated the business environment in which Somalia women operate, along with the constraints they face. About fifty percent of the respondents identified credit sales as the main practice that is most difficult for their businesses, which is an area that lacks regulations. Another 40 percent complained about the high tax levels which average about 50 USD per year. They also complained about inflation, obtaining business licenses, lack of secure selling spaces, dirty and cramped working environment, and being harassed and chased by local government security and police. Also mentioned as important constraints were capital, debts and lack of adequate storage for produce.<sup>xvii</sup>

According to UNDP Somalia, women bear an unequal brunt of the hardships occasioned by poverty, conflict, natural disaster and a deeply clan-based culture which promotes strict male hierarchy and authority. A critical element of hardship emanates from the women's increasing roles as providers of basic needs or amenities to the members of their households. The report further states that the economic activities and products women have to deal with are often extracted from natural resources, whose access makes them easily susceptible to violence. Moreover, there is little recourse due to the

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<sup>1</sup> Nagaad is a non-government, non-profit making, and voluntary network. It brings together 46 women organizations in Somaliland.

religious and cultural limitations on the role and status of women in Somali society. The consequence is deeply rooted gender inequality, where the women are excluded from decision making and asset ownership or operate through a patriarchal filter. They suffer cruel, inhuman and degrading treatment including sexual and gender based violence, a general lack of access to formal justice mechanisms and extreme repression under the traditional justice system or harsh implementation of Shari`a law. Female genital mutilation in its severest form has a prevalence of 98% among Somali women and girls and Somalia has not yet ratified the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW)<sup>xviii</sup>.

Despite the newly established government in Somalia, the foundations for further progress remain fragile due to a high prevalence of poverty, low income levels, high rates of unemployment, weak production, depleted natural resource base, gender inequality and weak governance systems. Poverty is high and the government has to deal with challenges associated with an increasing trend of rural-urban migration, family disintegration, women headed households, internally displaced people, street children and a large number of destitute people suffering from malnutrition.

According to the Human Development Report (2012)<sup>xix</sup>, Somalia has one of the lowest government revenues in the world, which is insufficient to deliver basic services. On the other hand, Somalia has been ranked as one of the world's largest recipient of remittances, following large scale exile of Somalis in the 1990s. It is estimated that 80% of start-up capital for small and medium enterprises is from remittances.

Ali and Ali (2013) researched the constraints affecting women entrepreneurs in Mogadishu, Somalia.<sup>xx</sup> The main constraining factors identified as most challenging for women entrepreneurs were financial independence, family background and family roles. These were followed by gender discrimination, lack of promotion, lack of proper knowledge and lack of security. Other challenges included insufficient skills about managing financial issues, lack of confidence in their abilities and political and security issues such as kidnapping and rape. Given the political, historic and security similarities, these challenges are likely to cut across all of Somalia.

Three major sources of law govern Somalia; State law, Shari`a law and Customary law, with Islamic law preceding other laws in inheritance matters. While the constitution (state law) provides equal rights for women and men, this rule does not apply to inheritance system as it conflicts with the Shari`a law, which states that a girl inherits half of what a boy inherits of family property.<sup>xxi</sup> According to Tungaraza (2008) Somali customary law allows for testamentary freedom so that people are free to pass on their belongings to whomever they choose 2008<sup>xxii</sup>. Details to application of Somali customary law differ with clans and regions of Somalia. Often, women no longer stand to inherit from their parents once they marry.<sup>xxiii</sup>

Women have become the sole guardians and bread winners of their families in many parts of Somalia and Somaliland. The disintegration of traditional kinship structures, particularly the Somali household, has greatly affected the role of women. The loss of large numbers of men to the war or



exile left many women as heads of household to provide for and protect the children, the elderly and the sick.<sup>xxiv</sup>

It is noteworthy that many married women have also become the main source of income for their households in Somalia. This is due to high unemployment in the country, as well as unwillingness of men to take up low income opportunities, made worse by widespread chewing of Khat.

A study by the NGO ACORD in Lower Shabelle region of Somalia found that women worked 30 percent more than men and that an estimated 70 – 80 percent of the region’s household were dependent on women’s earnings for the family’s livelihood<sup>xxv</sup>.

#### **1.4 ILO Project**

ILO, with partners<sup>2</sup>, is currently implementing a “support to the promotion of gender equality and women’s empowerment project” in Mogadishu and Hargeisa. The project is funded by the European Union (EU) and its objective is to improve the (wage or self) employability of women through training on entrepreneurship and enterprise skills, access to finance and association development. The project targets empowerment through economic support and development of individuals, capacity building of local actors and improvement of the enabling environment.

The Gender project supports women in the workplace in Somalia through economic support for broader equality and participation. This has been identified as a serious gap through ILO surveys of local economies and markets. The project will also facilitate an enabling environment through the private business support services. These activities will also promote gender equality and contribute to reducing poverty through enhancing opportunities available to women, while improving the enabling environment for women in business. The project will thereby address the longer-term root causes of inequality as well as promote the women’s economic empowerment.

One of the project’s projected outputs is research on women’s economic empowerment. It is against this backdrop that ILO commissioned this study to assess factors affecting women entrepreneurs in micro and small enterprises in Hargeisa and Mogadishu. This is in tandem with ILOs support to international development goals, including the MDGs.

#### **1.5 Study Objectives**

The overall objective of this study is to assess the effects of the social cultural and business environment on women in business, identify gaps and challenges and make appropriate recommendations. The specific objectives are:

- To provide the profile of women business owners
- To assess the current institutional and policy framework under which women`s businesses operate in Mogadishu and in Hargeisa.
- To assess the current socioeconomic and cultural environment under which women conduct their businesses in Mogadishu and Hargeisa.

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<sup>2</sup> IIDA Women’s Development Organization

- To make recommendation for improvement and support of women entrepreneurs in micro and small enterprises in Somalia and Somaliland, while addressing inequalities in MSME development interventions.

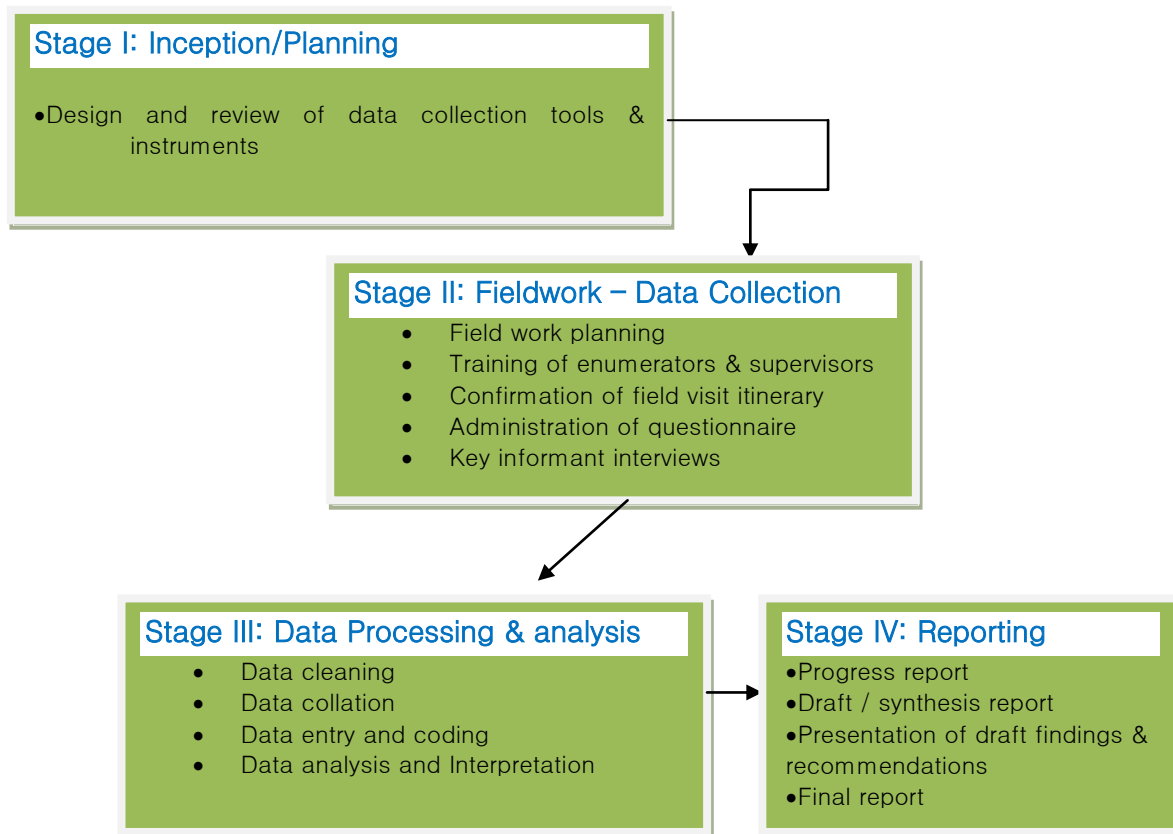
## **1.6 The Scope**

The study was conducted in both Mogadishu and Hargeisa between the months of February and April 2013. It started with an initial desk study involving review of literature and various documents relating to women entrepreneurship in Somalia. The team also generated primary data through appropriate sampling techniques consistent with the outlined methodology. The methodologies used included questionnaire surveys, key informant interviews and group discussions. The questionnaires were then analyzed using SPSS Statistics software to come up with measurements reflecting the thoughts and perceptions of the women entrepreneurs interviewed. The survey interviewed 627 women in Hargeisa and Mogadishu.

### 2.1 Approach

Chapter two presents the methods used to collect field data, including the data collection tools and instruments, training of enumerators, sampling and geographic locations. Fieldwork was carried out in early 2013. The main activities of the survey were carried out in a participatory and inclusive approach that entailed engagement of women entrepreneurs in Hargeisa and Mogadishu. The team held meetings with relevant key Government personnel and field officers. Training of enumerators was carried out, followed by field work, and finally by data processing and reporting. The implementation of the survey is illustrated in Figure I below.

**Figure 1: Stages of Implementation of the survey**



### 2.2 Data Collection Tools and Instruments

The assessment was conducted in a participatory manner by a team comprising a consultant, IIDA Programs Officer and the field Programs Coordinator in Mogadishu and Hargeisa. The assessment used various ILO assessment tools including Assessing the Enabling Environment for Women in Growth Enterprises, Gender Sensitive Value Chains Analysis tool and the WED Assessment Framework. The secondary data collection involved review of literature and documents from ILO, UNDP, IIDA, women’s organisations, government departments and other stakeholders.

ILO used two questionnaires to collect quantitative data. The questionnaires are listed below, with the full questionnaires found in *Annexe II* of this report.

A1. Questionnaire for assessing factors affecting women entrepreneurship in micro and small enterprises in Hargeisa – This tool was a nine (9) page semi-structured questionnaire which comprised the following parts;-

- a) Individual level – Basic Information
- b) Enterprise level - Basic Information
- c) Information on entrepreneurial capacity, resources for set up
- d) Information on the level of development/diversification of enterprise
- e) Information on business enabling environment, facilities/resources available
- f) Information on current problems/prospects
- g) Information concerning gender

A2. Questionnaire for existing women entrepreneurs in Mogadishu which had two sections:

**a) Demographic factors**

The demographic information gathered were mainly the names of the respondents, age, district, place of birth, contacts, marital status, highest level of education attained, professional qualifications, number of persons of the households, amount of outstanding debt

**b) Business related information**

This information related to the business were;-

- The year business commenced
- Person responsible for the initiation of the business idea
- Legal ownership of the enterprises
- Main products and services
- Ownership of the working premise whether owned or rented
- Any closure of business in the last few years and reasons thereof
- Commitment to grow and expand the business
- Attendance to a business management training course
- Amount of time entrepreneurs are willing to invest in attending business training course

### 2.3 Pre-Testing of the Questionnaires

Piloting of the questionnaires was carried out before the commencement of actual fieldwork. The tools were adequately tested and necessary corrections incorporated, while also preparing the field teams for the final data collection.

## 2.4 Training

Training of the already experienced enumerators and supervisors was carried out in a one day training programme, along with constant coaching during data collection. The training covered objectives of the study, questionnaire content, interviewing techniques, data protection and field logistics. The exercise aimed at ensuring the enumerators thoroughly understood the questionnaires, the objectives of the monitoring exercise, and various interviewing techniques.

## 2.5 Sampling Method and the Sample Size

Stratified random sampling was employed to draw a representative sample of both micro and small enterprises in Hargeisa and Mogadishu. Table 2.1 below shows the total number of women entrepreneurs interviewed in each location.

**Table 2.1: Number of women entrepreneurs interviewed**

Location	Achieved samples	%
Hargeisa	393	62.7
Mogadishu	234	37.3
Total	627	100

## 2.6 Field Work: Administration of the questionnaires and quality control

Administration of the questionnaires was carried out by field enumerators who were closely supervised to ensure collection of quality data. Each team that visited a specific administrative location comprised two enumerators and one supervisor. All completed questionnaires were edited at the end of each day to ensure the data was completed as required. Back checks were also carried out to ensure the required enterprises had indeed been interviewed as required.

## 2.7 Data Analysis

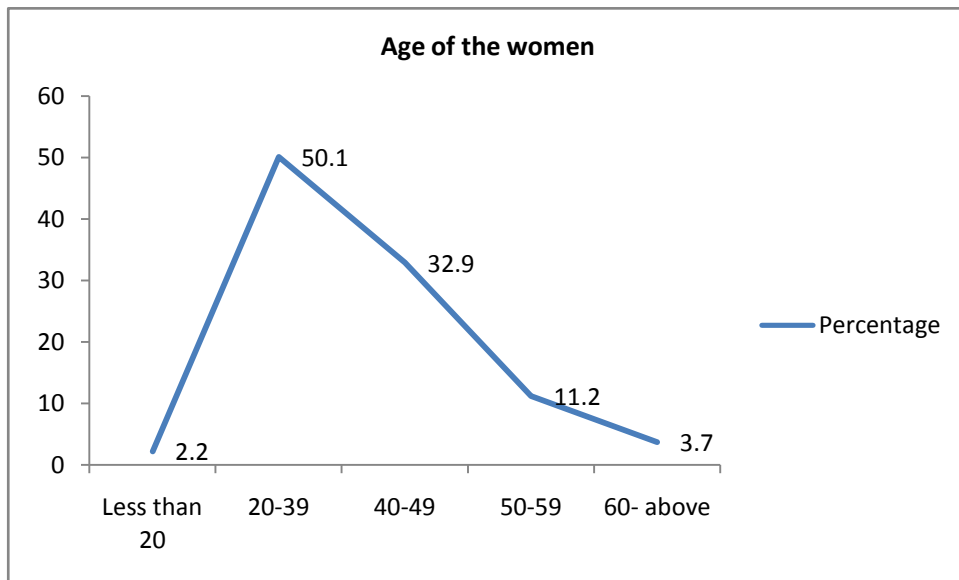
The study was hugely descriptive and as such SPSS Statistics Version 20 was used entirely for data analysis. The output data is presented in figures and tables, along with description, while chi-square test statistic has been used to establish association of variables.

**3. Demographic Information**

**3.1. Age and Marital status of the respondents**

A total of 627 women participated in this baseline survey. The study sought to establish the profile of women business owners. Figure 3.1 below shows that 50.1 percent of the women entrepreneurs sampled fell under the youth category at 20-39 years, while 32.9 percent of the women entrepreneurs were aged 40-49 years. 11.2 percent were aged 50-59 percent while 3.7 percent were 60 years and above. Those aged less than 20 years were 2.2 percent.

**Figure 3.1: Age of the women entrepreneurs interviewed**



**3.2. Marital status**

Table 3.1 presents the marital status of the respondents. While most of the respondents (61.4 percent) are married, over 30 percent of the respondents over 40 years old are not currently married, with the figure rising to 52 percent for women over 60 years. This high rate of women over 40 years who are not married is mainly due to bereavement and divorce/separation, with only 2 percent never married. This points at the high number of women headed households among older women. 28.6 percent of the respondents aged less than 20 years were married while 57.8 percent of those aged 20-39 were married, as shown on Table 3.1.

**Table 3.1: Marital status of women entrepreneurs interviewed**

Age	Age					Total
	Less than 20	20–39	40–49	50–59	60– above	
Married	28.6%	57.8%	69.3%	65.7%	47.8%	61.4%
Divorced	21.4%	9.3%	8.8%	4.3%	8.7%	8.8%
Separated		1.6%	.5%	2.9%		1.3%
Single	50.0%	24.3%	2.0%	2.9%		14.2%
Widowed		7.0%	19.5%	24.3%	43.5%	14.2%

### 3.3. Education & Literacy

Table 3.2 presents results on formal education, with the data tabulated by age of respondent. Out of the total respondents sampled, 52.7 percent indicated that they had attained some formal education while 47.3 had not. Across the age groups, only 6.4 percent of those aged between 50-59 years indicated that they had attained formal education while 29.4 percent of those aged 40-49 had formal education. Details on the literacy levels are explained in subsequent sections.

**Table 3.2: Percent of respondents with/without Formal Education**

Age	Percent	
	Yes	No
Less than 20	3.1%	1.4%
20–39	59.5%	38.2%
40–49	29.4%	37.5%
50–59	6.4%	16.7%
60– above	1.5%	6.1%
<b>Total</b>	<b>52.7%</b>	<b>47.3%</b>

Table 3.3 is a chi-square test ascertaining if there exists a statistical significance in the association of attaining formal education and age of the respondent. The test statistic is 42.406(a) with the p value of  $0.000 < 0.05$ , hence the association of attaining formal education to age of the respondent is statistically significant. It can, therefore, be concluded that attaining formal education is dependent on the age of the respondent.

**Table 3.3: chi-square test to ascertain if attaining formal education is associated with the age of the respondents**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	42.406a	4	.000
Likelihood Ratio	43.413	4	.000
Linear-by-Linear Association	41.639	1	.000
N of Valid Cases	619		

Table 3.4a presents statistics of the respondents with the highest grade of education completed. About 31.8 percent of the respondents had completed secondary school while 47.1 percent had completed primary school, among those with formal education. 60 percent of those without formal education indicated that they had attained some vocational training.

**Table 3.4a: Percentage of respondents by their highest school grade completed**

With or Without Formal Education	Percentage (highest grade completed)			
	Primary	Secondary	Vocational	Other
With Formal Education	48.7	32.6	11.8	6.9
Without Formal Education		10	60	30
Total	47.1	31.8	13.4	7.6
				0.9

Figure 3.2 shows the percentage of respondents by their professional qualifications. 28, 5.5 and 3.8 percent of the respondents indicated that they had attained certificate, diploma and degree certificates respectively, while 63 percent did not have any certificate.

**Figure 3.2: percentage of respondents by their professional qualifications**

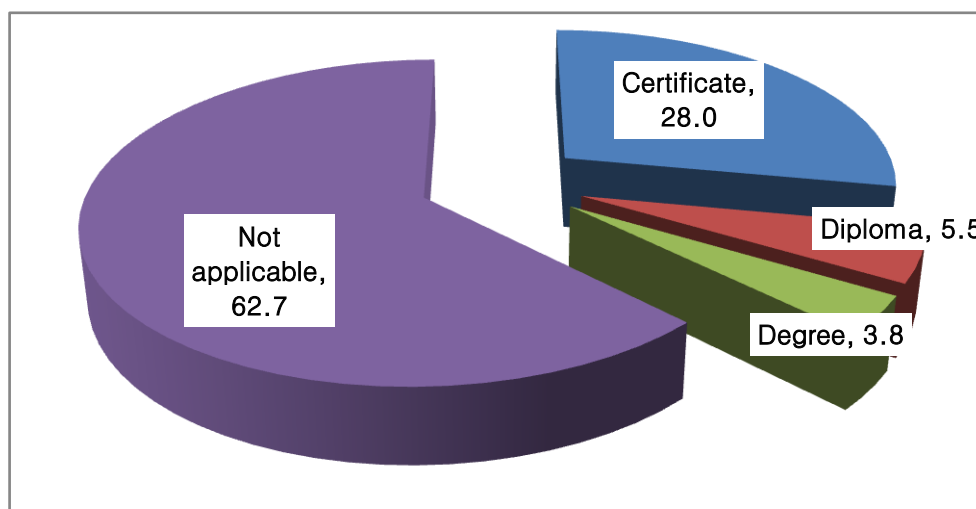




Figure 3.3 presents the literacy rates<sup>3</sup>, computed by age group. In total, 52.3 percent of the respondents are literate whereas 47.7 percent are not able to read and write. 54.5 percent of those aged below 20 years are able to read and write. The illiteracy rate is higher for those aged between 60 years and above at 68.2 percent and 64.3 percent for those aged between 50 and 59. The literacy rate in Hargeisa, at 56.6 percent is higher than the literacy rate in Mogadishu, at 50.3 percent.

**Figure 3.3: Literacy rate by age group**

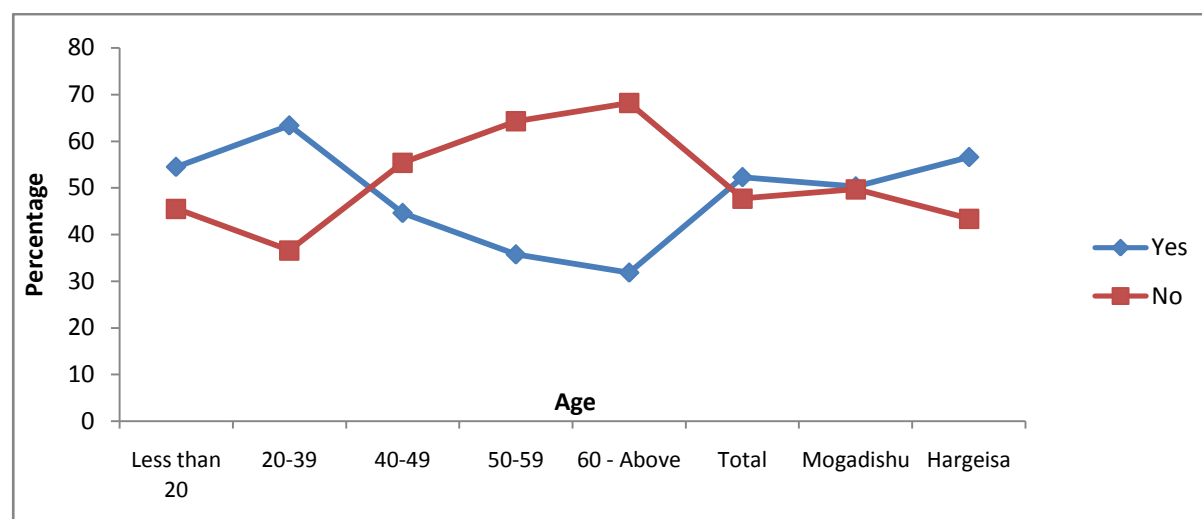


Table 3.4b is a chi-square test to ascertain if there exists a statistical significance in the literacy rates for Hargeisa and Mogadishu. The test results show that the test statistic is 2.058(a) with the p value of  $0.151 > 0.05$ . This implies that the association of literacy rates in Hargeisa and Mogadishu is statistically insignificant.

**Table 3.4b: Chi-square test for statistical significance in the literacy rates in Mogadishu and Hargeisa**

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	2.058(b)	1	.151		
Continuity Correction(a)	1.811	1	.178		
Likelihood Ratio	2.063	1	.151		
Fisher's Exact Test				.156	.089
Linear-by-Linear Association	2.055	1	.152		
N of Valid Cases	577				

a. Computed only for a 2x2 table

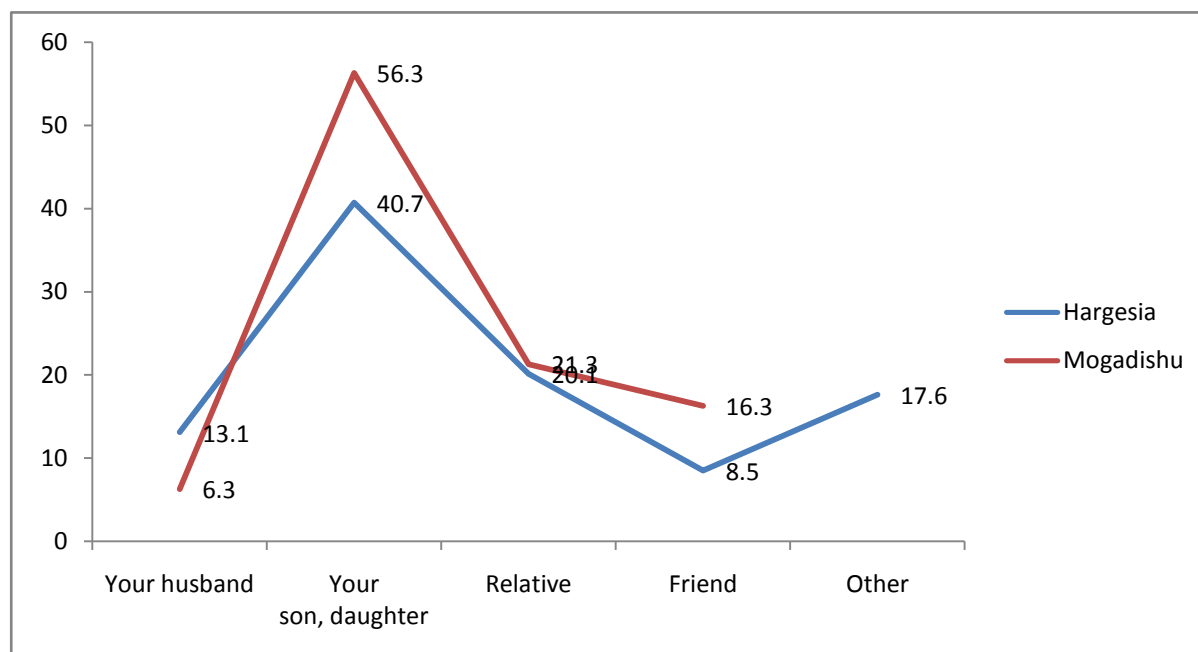
b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 90.08.

<sup>3</sup> Literacy rate is the percentage of people with the ability to read and write.

### 3.4. Persons who assist the non-literate respondents in communicating

Figure 3.4 below represents the percentage of non-literate business women and the different persons they consult in regard to business communication with suppliers, government offices, and customers. Nearly one half (45.2%) of the respondents consult their sons or daughters while 11.1 percent consult their husbands. About 20.4 percent consult their relatives. 10.8 percent consult their friends while 12.5 percent indicated that they consult other persons. This is an indication that less literate persons tend to trust their sons/daughters, husbands and relatives more than any other person. The trend appears to follow the same pattern in Mogadishu and Hargeisa.

**Figure 3.4: Percentage of persons consulted by women entrepreneurs who are unable to read or write**



### 3.5. Number of persons living in the household

Table 3.5 presents the maximum and minimum number of persons living together with the respondent in the same household. It also presents the average, range, minimum, maximum, and total number of persons living together with the respondents categorized by age. As shown, the average number of persons living in the same household with the respondent is seven, while the minimum and maximum number of persons living in a household was one and twenty three respectively. The highest number of persons living in the same household with the respondent in Mogadishu and Hargeisa was 11 and seven respectively. The average number of dependants aged 0–4 years and 5-18 years were computed as two and three respectively. The average number of dependants living with the respondent and aged between 18 years and above is five.

**Table 3.5: Number of persons living in the household and the number of dependants by age**

	How many persons are there in your household?	Dependent Age 0–4 Years	Dependent Age 5–18 Years	Dependent Age 18 years and above	Mogadishu	Hargeisa
Number of respondents	626	439	481	459	626	439
Average	7	2	3	5	7	7
Minimum	1	1	1	1	1	1
Maximum	23	10	11	14	11	7
Sum	4559	755	1427	2212		

### 3.6. Activities undertaken prior commencement of current business

Table 3.6 presents the activities undertaken by the respondents' prior to commencement of their current business. Out of 591 individuals interviewed, 58.9 percent were housewives prior to the commencement of their current business while 15.6 percent were employed elsewhere. 57.4 percent and 61.6 percent of the respondents sampled in Hargeisa and Mogadishu were housewives respectively prior to commencement of their current businesses. The respondents who were unemployed before starting business in Hargeisa and Mogadishu were recorded as 13.9 percent and 17.5 percent of the respondents in each region. 38.5 percent of persons aged less than 20 years were students before undertaking their current business. 30.8 percent and 19.6 percent of the respondents sampled aged less than 20 years and 20-39 were previously unemployed respectively. This is consistent with high youth unemployment as found in the ILO Labour Force Survey conducted in some selected districts in Somaliland<sup>4</sup>.

<sup>4</sup> The Unemployment rate for some selected districts in Somaliland was computed during the LFS conducted in 2012. Among the youth (15-24), Boroma's unemployment rates as at 2012 were 69% and 62% for urban and rural areas respectively while Hargeisa's unemployment rates were 34% and 41% for urban and rural areas. Burao had unemployment rates of 46% and 53% for urban and rural areas. The LFS further show that literacy rates for females is much lower than that of their male counterparts. The survey also show that the proportion of male who work for salary or wage among males in urban centres is almost double of the 19.5 percent of women in urban centres who work for salary and wage despite the fact that 30 percent of females interviewed are university graduates. This is enough evidence that there are more men than women in salaried employment.

**Table 3.6: Activities undertaken by the entrepreneurs before starting their current businesses**

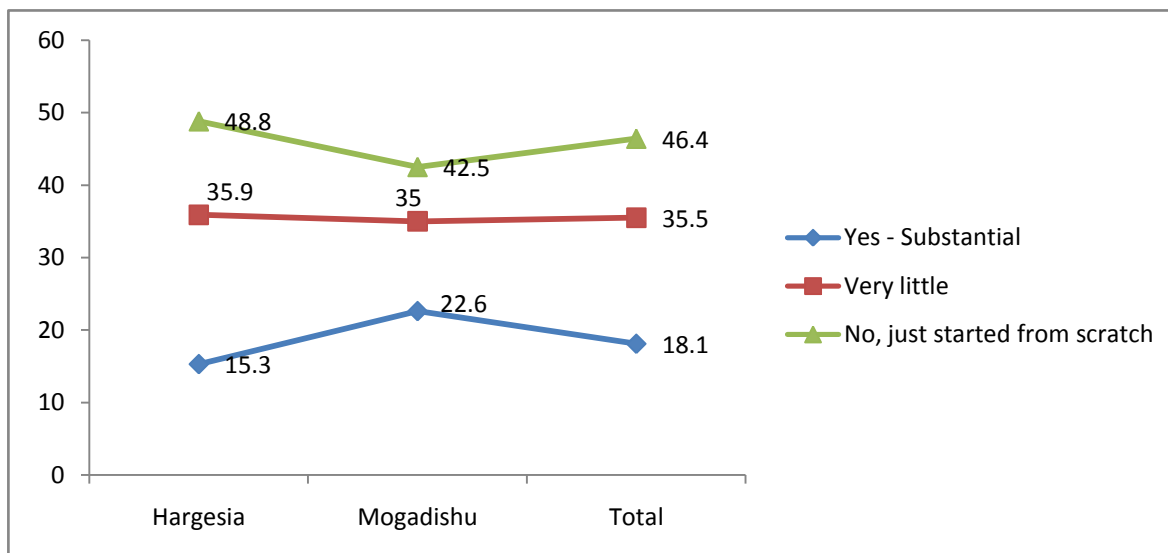
	Region		Age (years)					Do you have any formal education?		Total total
	Hargeisa <sup>a</sup>	Mogadishu	<20	20–39	40–49	50–59	60+	Yes	No	
Student	8.4	11.8	38.5	12.8	5.7	1.4	9.5	17.3	0.7	9.6
Unemployed	13.9	17.5	30.8	19.6	8.9	10.1	19.0	17.3	13.3	15.2
Employed	19.5	8.5		14.5	18.2	14.5	19.0	17.3	13.3	15.6
Housewife	57.4	61.6	30.8	52.0	66.7	73.9	52.4	47.1	72.3	58.9
Another business	0.8	0.5		1.0	0.5			1.0	0.4	0.7

Table 3.7 and Figure 3.5 below indicate the extent to which the entrepreneurs had prior work experience before starting their current business. Whereas Table 3.7 presents the statistics by region and age, Figure 3.5 presents the extent of experience by region. Nearly half (46.4 percent) of the entrepreneurs indicated that they started their businesses from scratch, a figure that is comparable to the figures computed for Hargeisa and Mogadishu at 48.8 and 42.5 percent respectively. 35.9 and 35.0 percent of the respondents in Hargeisa and Mogadishu respectively rated their work experience prior to commencement of current business as ‘very little experience’. The table also shows similar trends across age groups as well as by formal education.

**Table 3.7: Percentage of entrepreneurs with prior work experience before starting current businesses by age group**

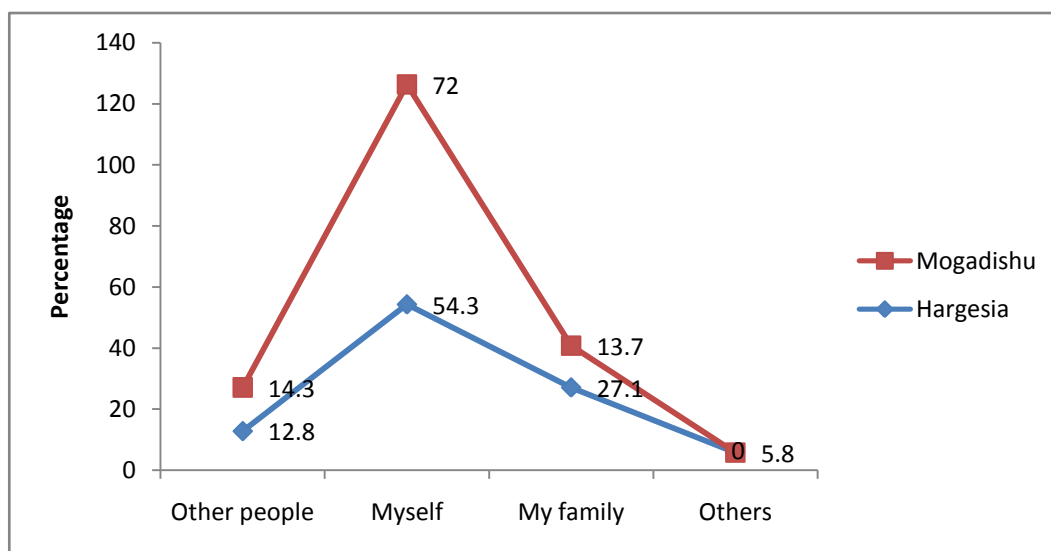
	Hargeisa	Mogadishu	total	Age (Years)					With formal education?	
				<20	20–39	40–49	50–59	60+	Yes	No
Yes – Substantial	15.3	22.6	18.1	15.4	18.3	15.7	18.5	38.1	22.5	13.7
Very little	35.9	35.0	35.5	38.5	35.3	35.0	40.0	28.6	40.2	30.0
No, just started from scratch	48.8	42.5	46.4	46.2	46.4	49.2	41.5	33.3	37.3	56.3

**Figure 3.5: Percentage of entrepreneurs with prior work experience before starting current businesses**



Of the 510 women entrepreneurs who indicated that they had prior business experience, 40 percent indicated that their previous business was a family owned business. 60.6 percent indicated that they owned the business, while 22.4 percent indicated that the business was owned by other people. Not surprising, there were more respondents in Mogadishu (72 percent) who indicated that they had previous business experience than in Hargeisa (54.3 percent). These statistics are presented in Figure 3.6 below.

**Figure 3.6: ownership of previous business and managed by entrepreneurs with prior business experience**



86.3 percent of the entrepreneurs indicated that their businesses were still operating while 13.7 percent indicated that their businesses were no longer in operation. Based on prior work experience, 89.6 percent of those with substantial work experience indicated that their previous related businesses were still operational. However, 16.1 and 12.7 percent of those who indicated that their previous work experience in similar fields was ‘from scratch’ and ‘very little’ admitted that the prior businesses were no longer operational, as presented in Figure 3.7.

This indicates that prior business experience may determine to some extent the success of any related business ventures thereafter. The entrepreneurs who admitted that prior businesses had collapsed gave several reasons for the collapse of the businesses including bankruptcy, business loss, change of business, family related reasons, lack of market, and lack of marketing strategies.

**Figure 3.7: Whether business under which entrepreneurs interviewed worked previously are still in operation**

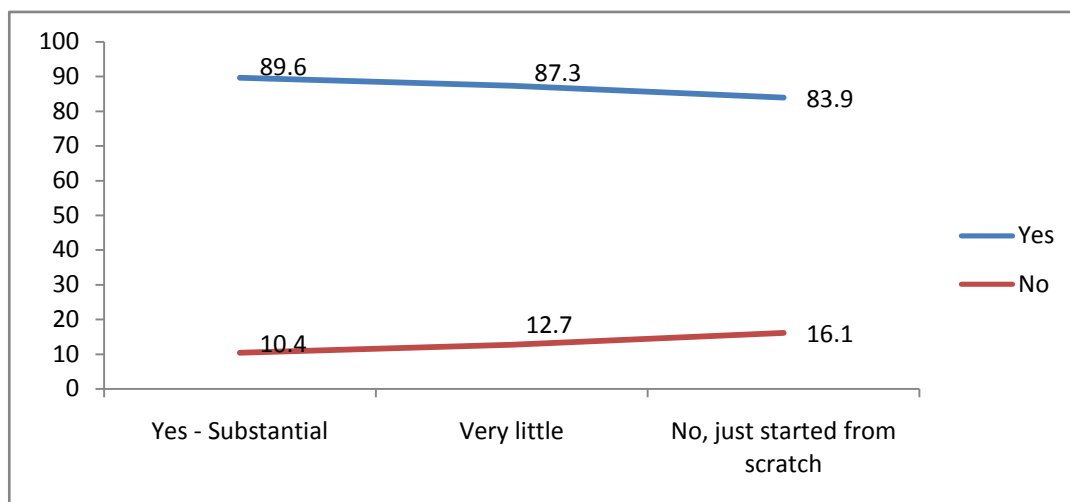
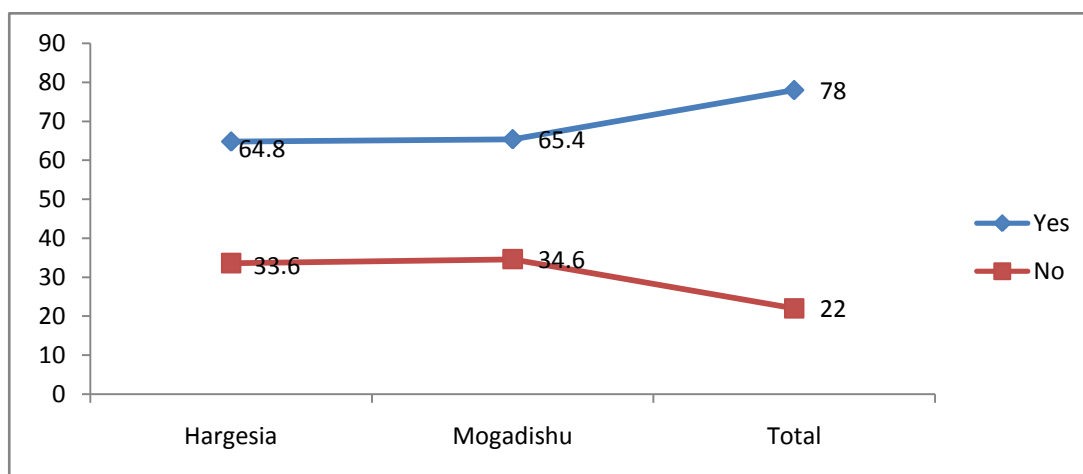


Figure 3.8 presents information as to whether the businesses under which the women entrepreneurs worked previously were formally registered or not. As shown, 78% were formal businesses<sup>5</sup> while 22% were informal. The study further reveal that 66.4 percent of previous businesses in Mogadishu were informal, which is almost twice the number of informal businesses reported in Hargeisa. This is consistent with relative peace and a functional government system in Somaliland since 1991 coupled with poor enforcement of business regulations in Mogadishu.

**Figure 3.8: Whether business under which entrepreneurs interviewed worked previously were formal businesses**

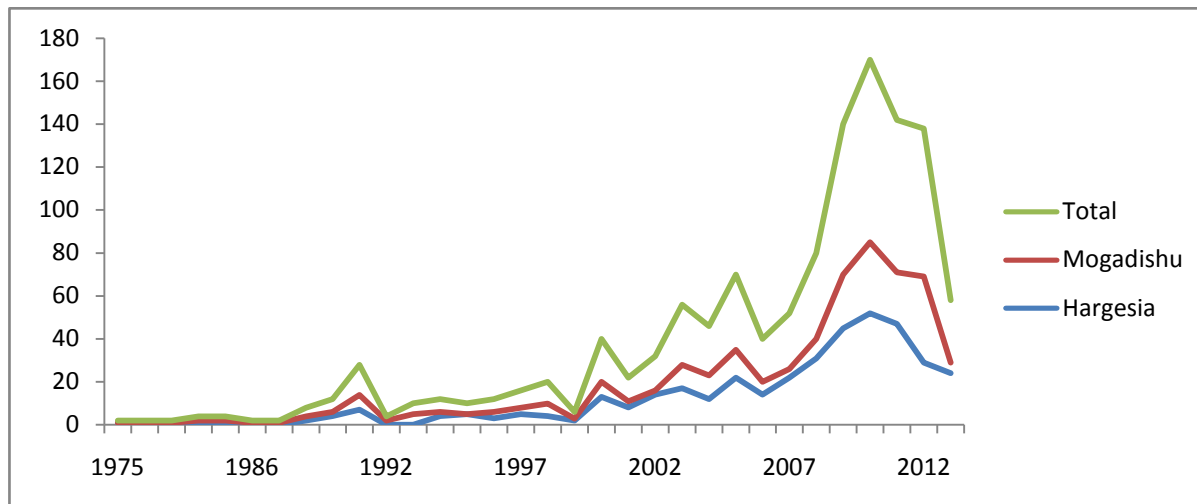


<sup>5</sup> Operation license from the Municipality

### 3.7. Enterprise Level Basic Information

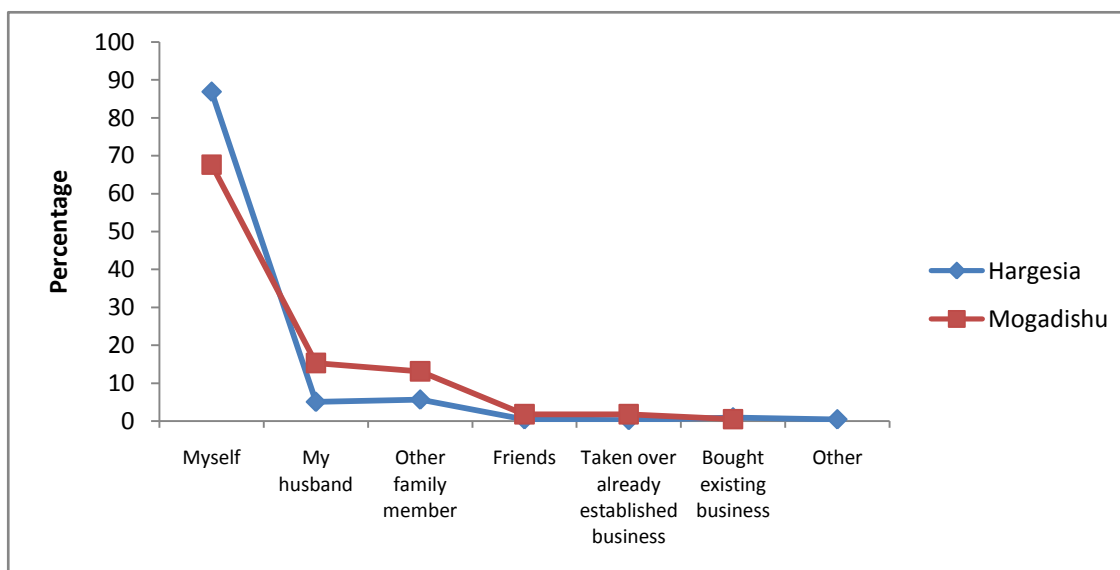
The duration of the sample businesses in both Hargeisa and Mogadishu ranges from 1975 to 2013. As shown in the trend analysis in Figure 3.9, 62.8 percent of the businesses in both Hargeisa and Mogadishu commenced between 2007 and 2013.

**Figure 3.9: No. of businesses set up by the year of commencement**



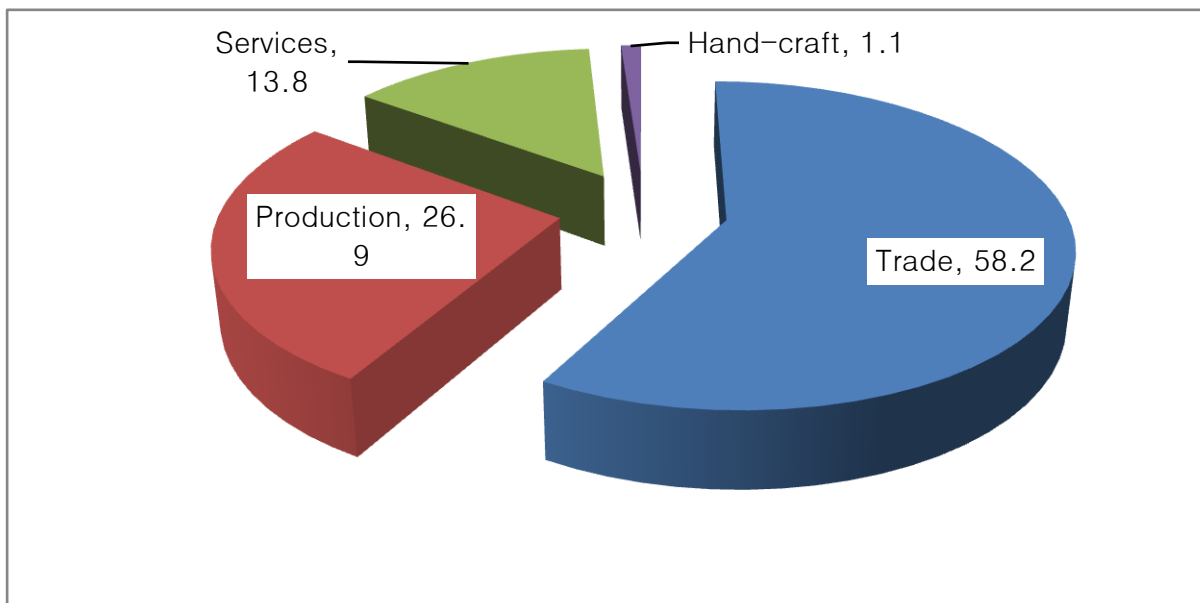
The statistics on who initiated the business idea of the current business was also sought. 79.9 percent of the women indicated that the business venture was based on their own initiative while only 8.8 percent revealed that the business idea was from their spouse. 8.3 percent indicated that the business idea was initiated by other family members. Only 0.8 percent indicated that they bought an existing business, as shown in Figure 3.10 below.

**Figure 3.10: Initiator of the business idea**



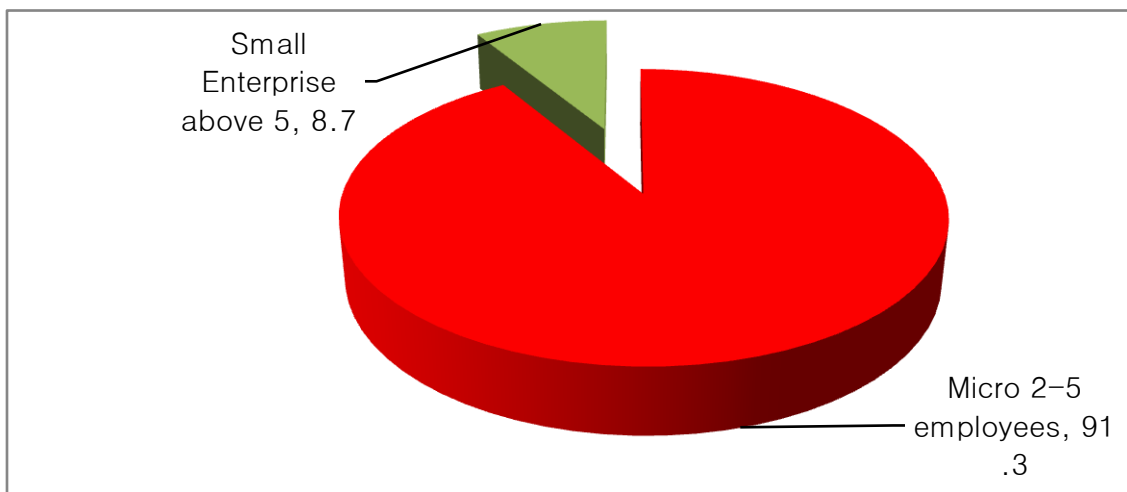
Regarding the type of enterprise operated by the women, 58.2% of the businesses are in trade, 26.9% are in production (consists of processing, manufacturing of goods) and 13.8% are in service sectors. This is shown in Figure 3.11.

**Figure 3.11: Proportion of Businesses in Various Sectors**



The study also sought information on staffing of the businesses. 91.3 percent are micro enterprises with staff strength of 2-5 employees while 8.7 percent of the enterprises are small enterprises with staff strength of more than 5 employees, as presented in Figure 3.12 below.

**Figure 3.12: Type of enterprise**



On personal involvement, 97% of the respondents indicated that they are engaged on full time basis in their enterprises. Only a mere 3% indicated that they are not involved in the business on a full time basis, as seen in Figure 3.13 below.



**Figure 3.13: Entrepreneur engagement - whether full time or part-time basis**

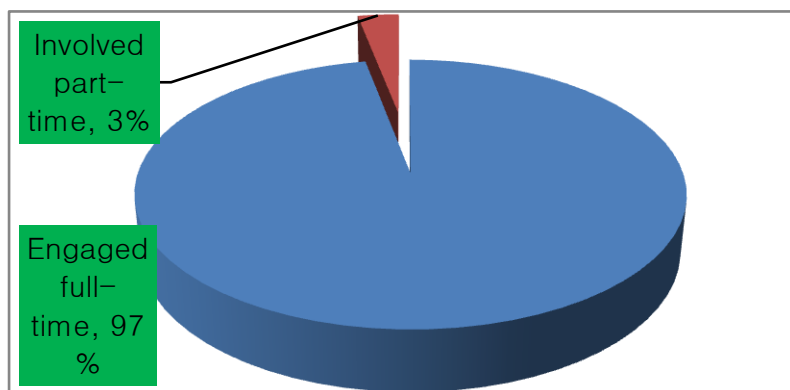
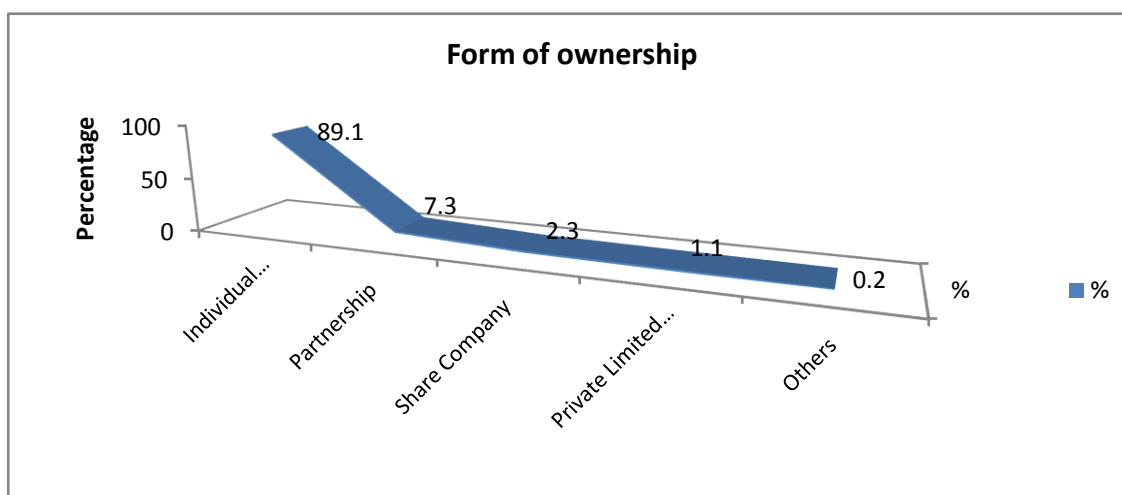


Figure 3.14 presents business ownership<sup>6</sup> of the 628 firms sampled. 89.1 percent of the businesses are individual proprietorship whereas 7.3% revealed that their businesses are partnerships. 2.3 percent of the entrepreneurs indicated that their businesses are share companies and 1.1 percent indicated that their enterprises are private limited companies.

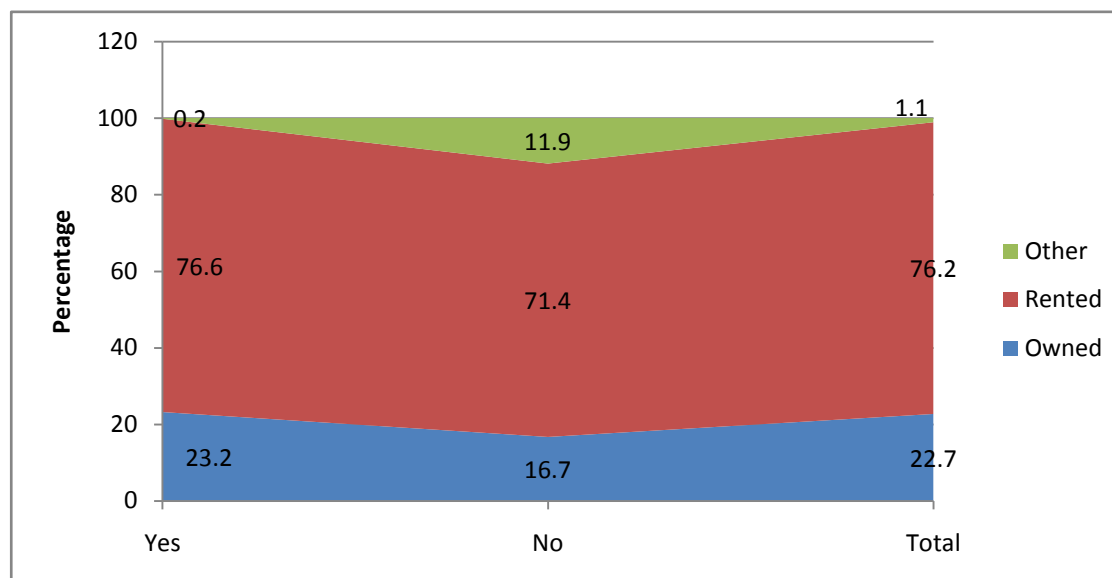
**Figure 3.14: Business Ownership**



The survey examined the working conditions. Figure 3.15 presents statistics as to whether the businesses had working premises or not and also gives the proportion of businesses which owned or rented the premises they operated from. 76.6 percent of the entrepreneurs who operated from a business premise indicated that such premises were 'rented' while 23.2 percent operated in 'own' premises. This implies that most individual proprietorships operate from rented premises.

<sup>6</sup> The ultimate and exclusive right conferred by a lawful claim or title, and subject to certain restrictions to enjoy, occupy, possess, rent, sell, use, give away, or even destroy an item of property. Ownership may be corporeal (title to a tangible object such as a house) or incorporeal (title to an intangible object, such as a copyright, or a right to recover debt). Possession (as in tenancy) does not necessarily mean ownership because it does not automatically transfer title.

**Figure 3.15: Whether the business has a working premise and if rented or owned**



In regard to involvement of family members in the businesses, Table 3.8 shows the maximum, minimum and average number of observed full time, part-time, paid and unpaid family members who work within the establishments. The average number of employees per establishment is two (2), which characterizes a micro enterprise. The highest and lowest number of employees recorded was 15 and zero (the sole proprietor was engaged in the business) respectively. The average number of male full time employees is two (2) while the average number of male part time workers is two (2).

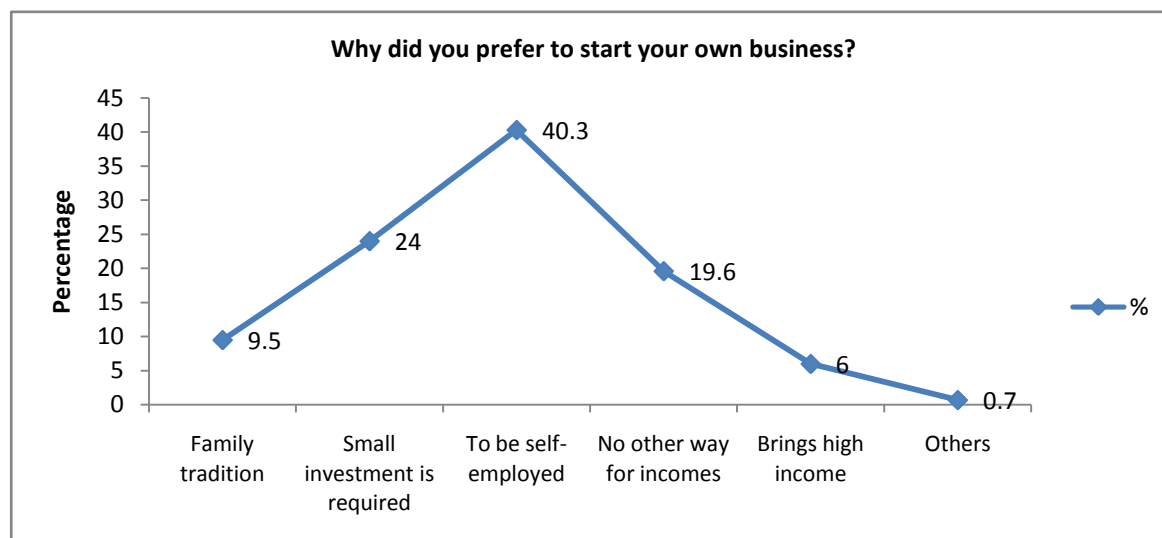
**Table 3.8: Lowest, Median and Highest Number of Employees**

	Male full time	Male part time	Male paid family members	Male unpaid family members	Women full time	Women part time	Women paid family members	Women unpaid family members
No. of firms	289	229	226	241	396	38	17	80
Minimum	0	0	0	0	0	1	1	1
Maximum	12	12	15	2	7	2	3	4
Median	2	2	1	0	1	1	1	1
Std. Deviation	2	2	1	0	1	0	0	0

### 3.8. Information on Entrepreneurial Capacity, Resources for Start Up

Figure 3.16a presents statistics on the reasons why the entrepreneurs sampled chose to start their own businesses. 40.3 percent indicated that they wanted to be self-employed while 24 percent and 19.6 percent argued that ‘small investment is required’ and ‘no other alternatives for income’ respectively. 9.5 percent reasoned that their desire to own their own business is as a result of ‘family tradition’.

**Figure 3.16a: Reasons for preferring own business**



Respondents were asked whether their spouses and other family members were supportive when they started their businesses. 57.7 percent of the women indicated that their spouses and other family members were ‘very supportive’ while 24.3 percent indicated that their spouses and other family members were ‘supportive’. However, 26.7 percent of those aged 60 years and above and 22.2 percent of those aged between 50-59 years and above indicated that their spouses and other family members were indifferent. This could have been influenced by a notion that any business venture undertaken by elderly persons is unlikely to succeed. The data on business support by family members is presented in Table 3.9 below.

**Table 3.9: support received from spouse and other family members**

Response	Age (years)					Total
	<20	20-39	40-49	50-59	60+	
Very supportive	33.3	65.7	51.9	48.1	40.0	57.7
Supportive	22.2	20.7	32.7	18.5	13.3	24.3
Indifferent	11.1	5.4	6.8	22.2	26.7	8.5
Not supportive	33.3	7.0	8.6	11.1	20.0	8.9
Reacted badly		1.2				0.6

The entrepreneurs gave several reasons for starting own businesses. The main motivating factors included parents and family support, interest in the business, desire to earn an income, and desire to contribute in helping their families. Other equally important factors were to achieve desired ambitions, to be self-employed, to have an alternative source of income, and death of husband that technically pushed the women to step up and provide for the family.

The entrepreneurs owned several production equipment and assets for their businesses. Table 3.10 shows the equipment/assets that the women entrepreneurs had access to when they were creating/starting their enterprises, along with how the equipment/assets were acquired.

Overall, 54.9 percent of the work equipment and other assets were purchased prior to business commencement while 34.6 percent were leased/ granted and 10.2 percent were inherited.

50 percent of the entrepreneurs indicated that they used own capital whereas 50 percent indicated that the start-up capital was leased/granted<sup>7</sup>. 63.6 percent of the respondents indicated that they had purchased the land while 63.2 percent had purchased the tools prior to commencement of their businesses. 29.2 percent leased the equipment and about one half (47.3 percent) borrowed the cash used to set up the business.

**Table 3.10: Equipment/other assets that entrepreneurs had access to prior to business commencement and how they obtained them**

Equipment	Purchased	Leased, granted	Inherited	Other
Capital	50.0	50.0		
Labor	81.8	9.1	9.1	
Land	63.6	9.1	27.3	
Tools	63.2	29.2	6.6	0.9
Cash	38.4	47.3	14.3	
Premises	100.0			
Food shifts	100.0			
Clothes	100.0			
<b>Total</b>	<b>54.9</b>	<b>34.6</b>	<b>10.2</b>	<b>0.4</b>

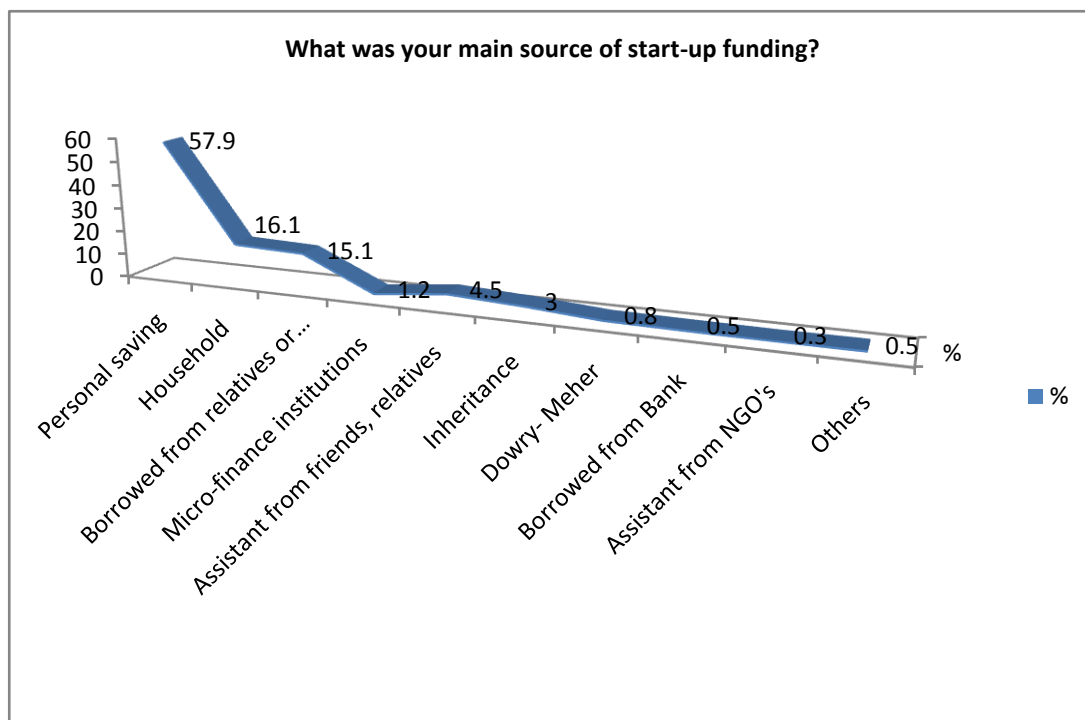
Table 3.11 and Figure 3.16b present the amount of capital the entrepreneurs had for starting up the businesses and the main sources of funding. 57.9 percent of the respondents' businesses were set up from personal savings, 15.1 percent were started using money borrowed from relatives/friends/money lenders and 16.1 per were started using 'household sources'. 55.4 percent of businesses with a capital base of 'up to \$1,000' were started by use of own saving, while 63.8 percent of businesses with a capital base of '\$1,001-\$5,000' were also started with own savings. 15.7 and 14.3 percent of the businesses which were started with a capital of '\$1,001-5,000' and '5,001-10,000' respectively were set up using money borrowed from relatives/friends/money lenders.

<sup>7</sup> **Capital Lease** is financing of capital equipment whereas **capital grant** is the Government bounty given to encourage acquisition of capital assets such as buildings, land, machines.

**Table 3.11: Cash that entrepreneurs had access to prior to business commencement and how they obtained it**

	Personal saving	Household	Borrowed from relatives or	Micro-finance institutions	Assistant from friends, relatives	Inheritance	Dowry- Meher	Borrowed from Bank	Assistant from NGO's	Others
upto \$1,000	55.4	18.7	15.5	1.4	5.2	2.9	0.5	0.5		
\$1,001 – 5,000	63.8	8.7	15.7	0.8	2.4	3.9	2.4	0.8		1.6
\$5,001 – 10,000	57.1	7.1	14.3						14.3	7.1
10,001 – 15,000	80.0				20.0					
15,001 – 50,000	80.0	20.0								
\$50,000 & above	83.3	16.7								
Total	57.9	16.1	15.1	1.2	4.5	3.0	0.8	0.5	0.3	0.5

**Figure 3.16b: Source of capital for business start up**



The study sought to find out whether the women entrepreneurs receive support for household chores and child care. 66.1 percent of the respondents indicated that they received support with household chores/childcare (like nursery and primary schools, day care centers, formalized or not) while 33.9 percent do not receive such support. In Mogadishu, 84.3 percent indicated that they receive support with household chores/childcare whereas in Hargeisa only 55.3 percent of the women indicated that they receive such support. These results are presented in Figure 3.17 below.

**Figure 3.17: Whether support is received for household chores/childcare e.g. nursery and schools**

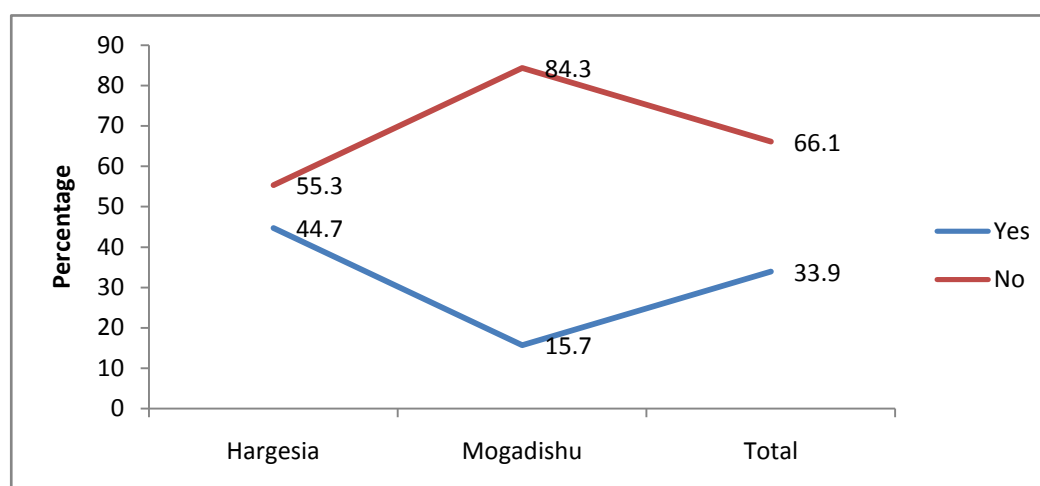


Table 3.12 presents statistics on the type of financial and non-financial support received. It is notable that over 61 percent of the respondents indicated that they had not received any financial or non-financial support for their enterprises. 19.4 percent of the entrepreneurs in Hargeisa and 28.4 percent of the entrepreneurs in Mogadishu indicated that they received some financial support from relatives and friends.

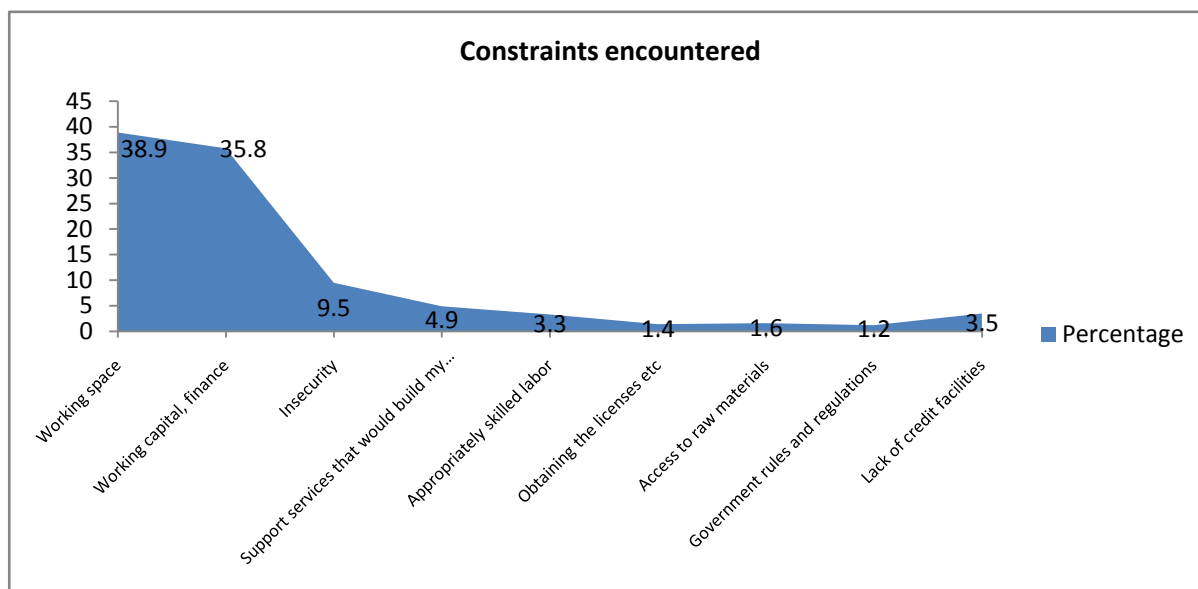
The study found that support from government policies, access to credit, and financial and non-financial support is minimal in both regions. Only 1.6 percent of entrepreneurs in Hargeisa and 0.9 percent in Mogadishu indicated that the government policies supported them during the commencement of their business. 6.7 percent of the entrepreneurs sampled in Mogadishu indicated that they had an easy access to credit whereas 5.3 percent in the same territory indicated that they received material support from relatives and friends.

**Table 3.12: Type of support received**

Support	Hargeisa	Mogadishu	Total
Government policies	1.6	0.9	1.3
Easy access to credit	5.5	6.7	5.9
Financial support from relatives, friends	19.4	28.4	22.7
Material support from relatives, friends	4.7	5.3	4.9
Both financial and non-financial support from relatives	4.2	3.6	4.0
None	64.7	55.1	61.1

Women entrepreneurs in Mogadishu and Hargeisa contended with various types of constraints. 38.9 percent of the entrepreneurs indicated that they had encountered ‘working space’ constraints while 35.8 percent had encountered ‘working capital/finance’ as some of the greatest constraints. The other important challenges encountered include insecurity (9.5 percent), lack of support services that would build confidence (4.9 percent), lack of credit facilities (3.5 percent), lack of access to raw materials (1.6 percent), and problems in obtaining licences (1.4 percent). Figure 3.18 presents the major constraints encountered at the business establishment.

**Figure 3.18: Constraints encountered by establishment**



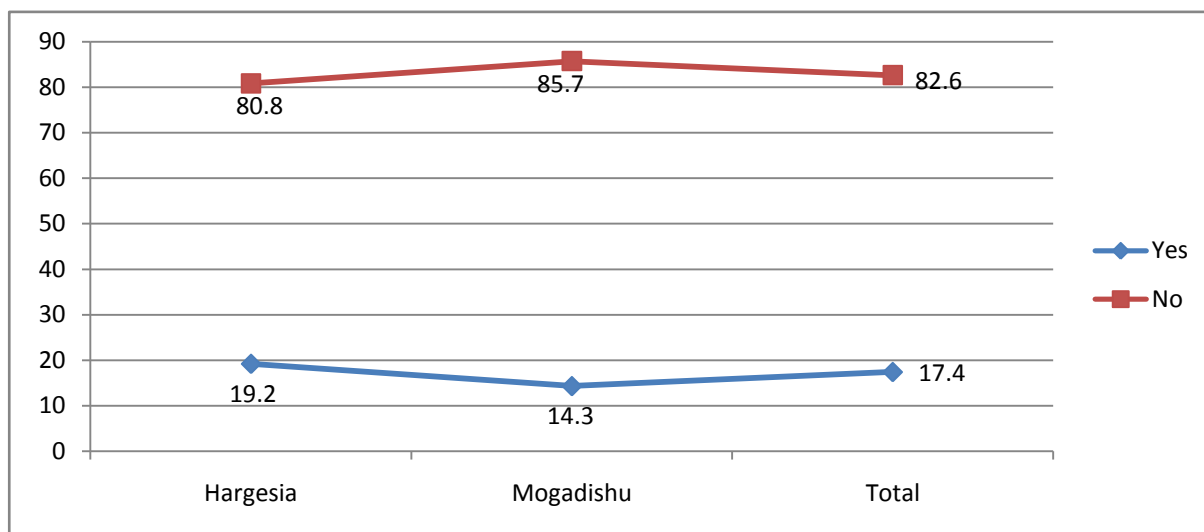
The entrepreneurs revealed that they had employed different mechanisms in resolving some of the constraints. These measures included;-

- Joining union of *Waaheen*<sup>8</sup> group to support each other
- Understanding the problem
- Being tolerant
- Receiving development partners support in their business
- Receiving support from relatives especially financial
- Understanding the market

In spite of these measures, some of the problems were still persistent, particularly challenges in accessing credit facilities. On the other hand, 85.7 percent and 80.8 percent of the respondents in Mogadishu and Hargeisa (respectively) indicated that they had received external formal support towards their enterprises. The proportion of respondents who received external support is presented in Figure 3.19.

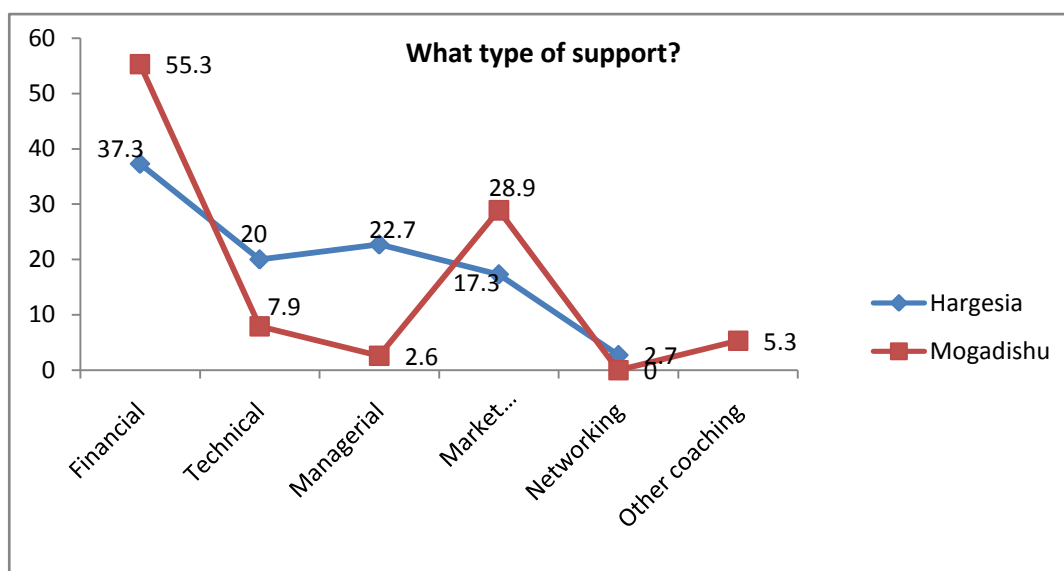
<sup>8</sup> Waaheen Media Group

**Figure 3.19: Proportion of entrepreneurs who received/ did not receive external formal support**



Of the 113 women entrepreneurs (18 percent) who indicated that they had received any external formal support, 75 (or 66.4 percent) were in Mogadishu whereas only 38 (or 35.6 percent) were based in Hargeisa. 37.3 percent of entrepreneurs in Hargeisa who received external support and 55.3 percent of entrepreneurs in Mogadishu who received external support received external financial support. Likewise 20 percent in Hargeisa and 7.9 percent in Mogadishu received technical support. In both regions very few entrepreneurs received networking and other coaching support, as shown in Figure 3.20.

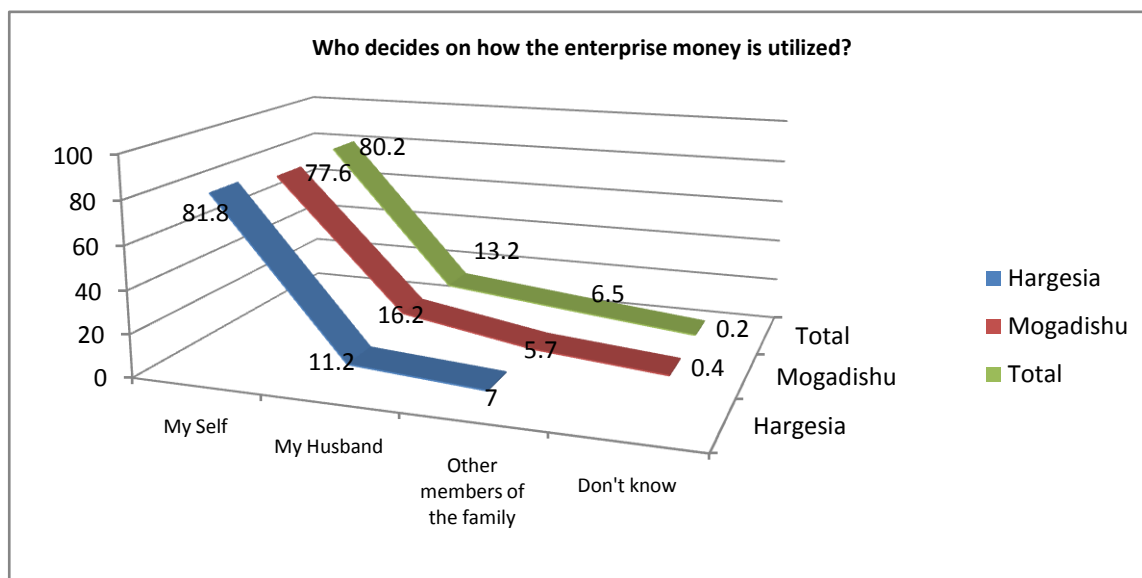
**Figure 3.20: Type of support received from external formal support**



The survey further looked for information on financial decision making. Figure 3.21 presents the statistics on persons who make monetary decisions regarding the women’s enterprises. In total, 80.2 percent of the women entrepreneurs had the sole responsibility on how the enterprise money is utilized while 11.2 percent of the entrepreneurs reported that the financial decisions are made by their spouses. These statistics are comparable for both Hargeisa and Mogadishu, as shown in Figure 3.21.

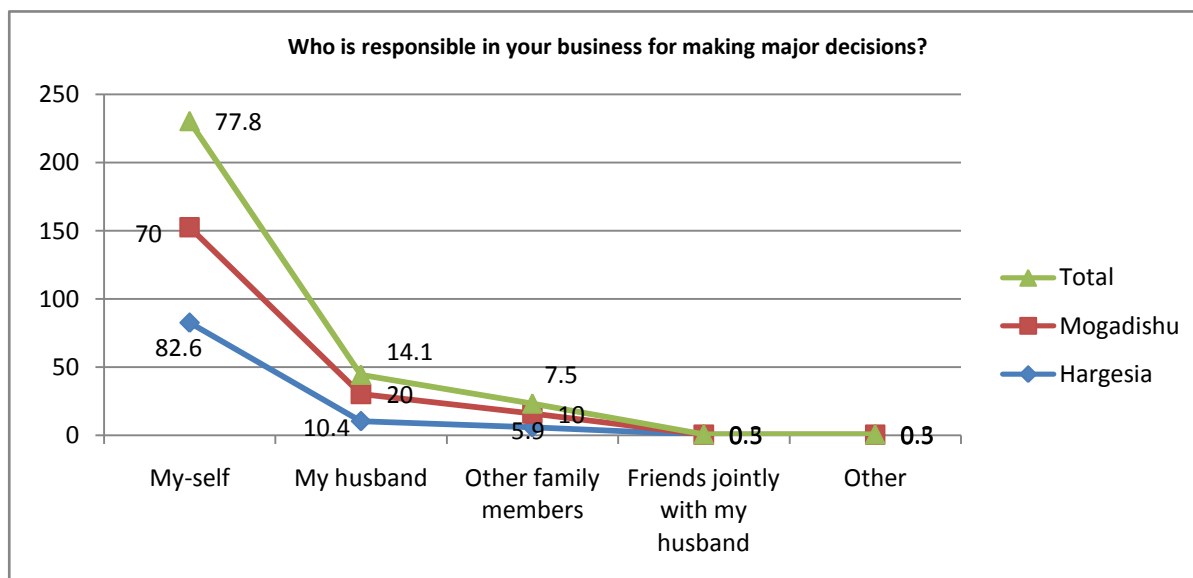


**Figure 3.21: Persons responsible for monetary decisions**



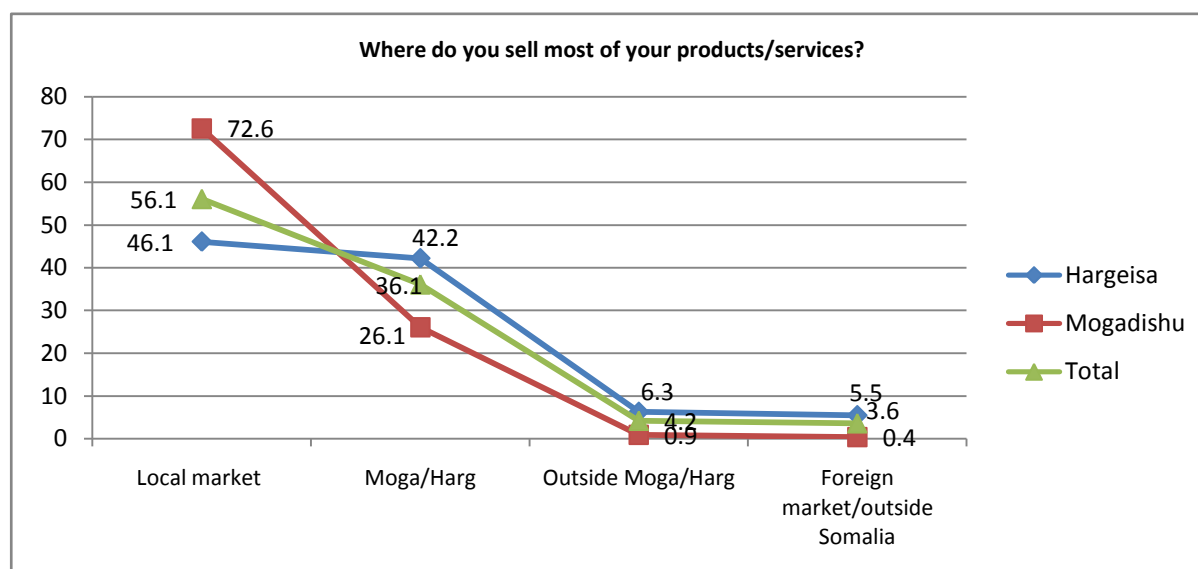
Related to financial decision making was consultations on other major business decisions. The statistics presented in Figure 3.22 show a very similar trend with decisions regarding utilization of funds. For instance, 77.8 percent of all the women entrepreneurs indicated that they make the major business decisions in their enterprises while 14.1 percent indicated that their spouses make the major business decisions. Other members of the family play a lesser role in non-financial decision making, as shown in Figure 3.22 below.

**Figure 3.22: Persons responsible for major non-monetary business decisions**



The study looked at the marketing aspects of the women’s enterprises. Well over half (56.1 percent) of the women entrepreneurs indicated that they sell their products and services in their local markets while more than one third (36.1 percent) stated that their products are sold within the larger towns (Hargeisa and Mogadishu). Only 4.2 percent indicated that they sell their produce/services outside Hargeisa and Mogadishu, as seen in Figure 3.23

**Figure 3.23: Showing where enterprises' products/services are sold**



The study found that marketing of products/services is low in Hargeisa but significantly common in Mogadishu. As presented in Table 3.13, 62.4 percent of the enterprises in Mogadishu promote their products/services while only 27 percent of the enterprises in Hargeisa promote their products/services. Of the total enterprises sampled in Hargeisa and Mogadishu, only 39.2 percent promote their products and services. Of those who conduct promotions, 35.7 percent do so through selling their products directly to retailers while 20.1 percent produce products/services based on demand. 25.9 percent of the women entrepreneurs market their products directly while 18.3 percent sell their products through intermediaries.

**Table 3.13: Various channels through which promotion of services and products is done**

	How do you sell or promote your products/services?				Total
	Marketed directly by the company itself	Through an intermediary	Production is based on demand	Sold to retailers	
<b>Hargeisa</b>					
Yes	30.7	35.6	16.8	16.8	27.0
No	17.6	43.2	20.5	18.7	73.0
Total	21.1	41.2	19.5	18.2	
<b>Mogadishu</b>					
Yes	22.0	4.1	22.8	51.2	62.4
No	16.2	1.4	24.3	58.1	37.6
Total	19.8	3.0	23.4	53.8	
<b>TOTAL</b>					
Yes	25.9	18.3	20.1	35.7	39.2
No	17.3	34.3	21.3	27.1	60.8
Total	20.7	28.0	20.8	30.5	

The study further reveals that 41.5 percent of enterprises that promote their products in Hargeisa and 83.6 percent of similar enterprises in Mogadishu use word of mouth. Use of television in Hargeisa in promoting products/services stands at 25.5 percent compared to minimal (0.8 percent) use of television in Mogadishu. These statistics are presented in Table 3.14.

**Table 3.14: Medium through which promotions of products/services are made**

Do you promote your products/services?	If yes to question 3.19, then how?					
	By word of mouth	Local newspaper	Exhibition	Radio	Television	Other
<b>Hargeisa</b>						
Yes	41.5	17.9	0.9	11.3	25.5	2.8
<b>Mogadishu</b>						
Yes	83.6	5.5	3.9	5.5	0.8	0.8
<b>Total</b>						
Yes	64.5	11.1	2.6	8.1	12.0	1.7

A chi-square test was conducted to establish the association of the enterprise type (micro or small enterprise) and the possibility of undertaking promotion activities for their products and services. The test results show that the test statistic is 20.766(a) with the p value of  $0.00 < 0.05$ , hence the association of enterprise type and undertaking promotional activities is statistically significant. Hence, it can be concluded that there is an association between the type of enterprise and the probability of conducting promotional activities for products/services

**Table 3.15: Chi-Square test to establish if there exists an association between type of enterprise and possibility of carrying out promotional activities**

% within Do you promote your products/services?

		Type of Enterprise		Total
		Micro 2–5 employees	Small Enterprise above 5	Total
Do you promote your products/services?	Yes	84.3%	15.7%	100.0%
	No	95.3%	4.7%	100.0%
Total		90.9%	9.1%	100.0%

**Chi-Square Tests**

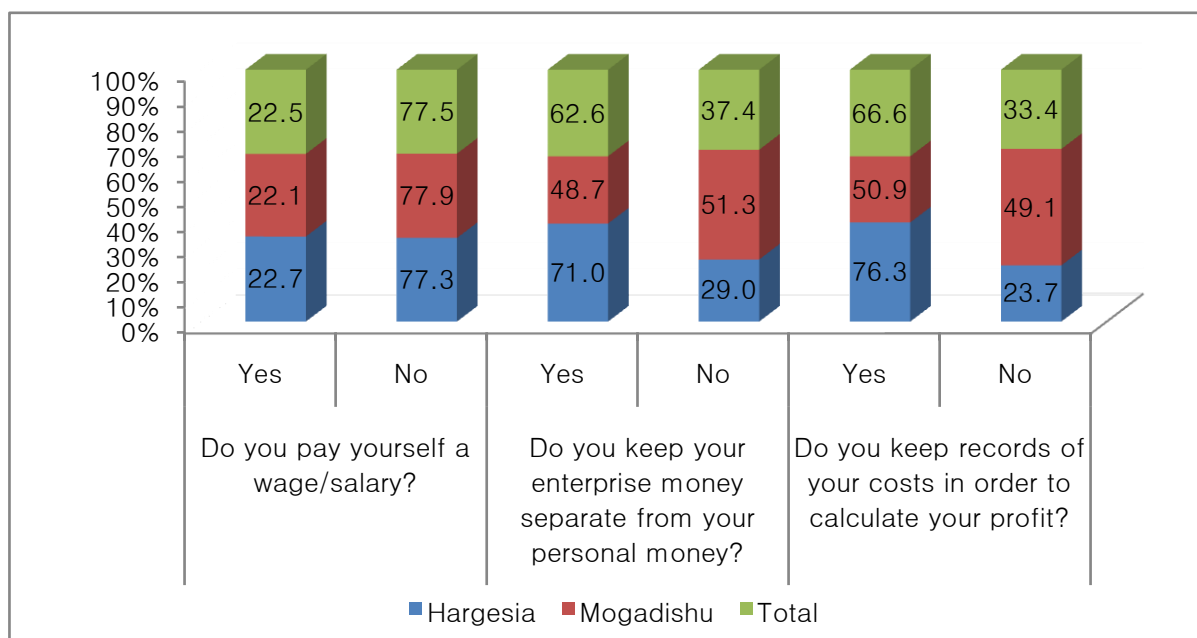
	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	20.766(b)	1	.000		
Continuity Correction(a)	19.458	1	.000		
Likelihood Ratio	20.320	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	20.731	1	.000		

b 0 cells (.0%) have expected count less than 5. The minimum expected count is 21.38.

Women entrepreneurs face numerous marketing challenges. Some of the marketing constraints identified by the entrepreneurs include poor market sanitation, theft, and misunderstanding among the wholesalers, high taxation, and fluctuation of exchange rates, costly raw materials, and shortage of raw materials. Other marketing constraints include limited business knowledge, few customers, little credit in market, limited market information, insecurity, high electricity fees, high rent, wanting business communication, bad debts, absence of regulatory systems, and loss of goods while on shipment and incidences of expired goods. In addition, the most difficult decisions to the entrepreneurs concern recruitment of staff, exchange rate, licensing and access to credit facilities.

In regard to record keeping, 62.6 percent of the entrepreneurs separate their firms' money from their personal money. 66.6 percent of the women entrepreneurs indicated that they keep records of their costs for the purposes of computing profit. Figure 3.24 presents the statistics on whether the entrepreneurs separate their own money from business money.

**Figure 3.24: Record keeping, money management and salary payment**



In regard to rewarding themselves, 77.5 percent of the women entrepreneurs do not pay themselves a salary/wage. Most of those who do not pay themselves salaries are sole proprietors and they argued that they are the owners and as such they cannot pay themselves salaries. Other reasons cited were that the business is still growing and hence is not able to support payment of wages. However, some admitted that they spend the profit gained in meeting their families' expenses.

Table 3.16 presents the number of firms paying salaries by type of enterprise, micro or small enterprises. A total of 20 enterprises indicated that their salaries are 'up to \$100' a month, of which 19 are micro enterprises. Entrepreneurs in three (3) firms indicated that they had a salary range of \$201-300, two of which are small enterprises. Fifty three (53) small enterprises had a salary range of \$301 and above.

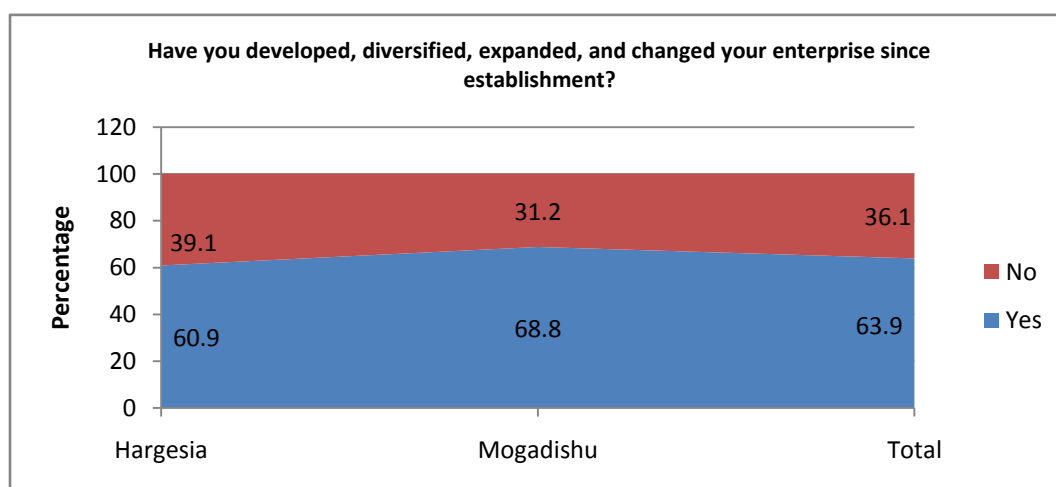
**Table 3.16: Number of firms paying salaries**

		Micro 2-5 employees	Small Enterprise above 5	Total
How much is your salary on a regular basis?	Up to \$100	19	1	20
	\$101 – 200	4	0	4
	\$201 –300	2	1	3
	\$301 & above	53	0	53
<b>Total</b>		<b>78</b>	<b>2</b>	<b>80</b>

### 3.9. Information on the Level of Development/Diversification of Enterprise

The survey sought the level of development in the women’s enterprises. 63.9% of the entrepreneurs had developed, diversified, expanded or changed their enterprises since establishing them. This is shown in Figure 3.25 below.

**Figure 3.25: Proportion of entrepreneurs who had developed, diversified, expanded or changed their enterprises after their establishment**



258 or 47.2 percent of the women entrepreneurs had expanded the size of their enterprises while 143 or 26.1 percent had added new products. 56 or 10.2 percent of the enterprises had improved the quality of their products while 65 or 11.9 percent had hired more workers. 5 firms or 0.9 percent had reduced the costs by buying inputs in bulk while only one enterprise had reduced the market outlet, as shown in Table 3. 17.

**Table 3.17: Number of enterprises which had developed, expanded, diversified or changed since their inception**

	Responses		Percent of Cases
	n	Percent	N
Expanded size of the enterprises	258	47.2%	62.6%
Added new products	143	26.1%	34.7%
Hired more workers	65	11.9%	15.8%
Improved quality of the product	56	10.2%	13.6%
Reduced costs by buying inputs in bulk	5	.9%	1.2%
Reduced costs with cheaper source of credit	5	.9%	1.2%
Started selling in new markets	2	.4%	.5%
Changed the type of business	6	1.1%	1.5%
Reduced number of employees	2	.4%	.5%
Reduced market outlet	1	.2%	.2%
Relocated working premises	4	.7%	1.0%

Table 3.18 presents the number of firms which had temporary closure of their businesses in the past two years. There were more enterprise closures in Mogadishu at 33.2 percent compared with only 11 percent in Hargeisa. The reasons cited for the closures included lack of personnel to manage the businesses, business loss leading to closure, and underperformance of the businesses running into losses.

**Table 3.18: Number of enterprises who had temporary closure of their business in the past two years**

		Hargeisa	Mogadishu	Total
Has there been any temporary closure of your business in the last two years?	Yes	11.0%	33.2%	19.2%
	No	89.0%	66.8%	80.8%
Total		100.0%	100.0%	100.0%

Table 3.19 presents statistics on how the entrepreneurs had acquired skills to diversify and develop their businesses. 53 percent of the enterprises indicated that they had gained such skills through their own experience. The statistics show a significant difference between Hargeisa and Mogadishu where ‘own experience’ in Hargeisa is recorded at 68.8 percent while the same is recorded at 28.6 percent in Mogadishu. Nearly one half (47.6 percent) of enterprises in Mogadishu had acquired their skills through obtaining advice. Training was significant in Mogadishu (23.8 percent) and minimal in Hargeisa (3.7 percent).

Further, Table 3.19 presents statistics on the entrepreneurs' rating of their businesses. 83.8 percent of the women felt that they are successful in their businesses. This proportion compared well for both Hargeisa (83.9 percent) and Mogadishu (83.7 percent).

The main reasons cited as to why the entrepreneurs felt that they were successful in their businesses included profitability of the enterprise, good customer base coupled with high demand for their products/services, business expansion, empowering newly recruited staff, introduction of new products in the market which had high numbers of customers, strategic business location, and that the business is able to support the needs of the families. The small enterprises which considered their businesses not successful argued that their businesses were still new and required nurturing and financial support, and that there was low demand of some products.

**Table 3.19: Proportion of enterprises by source of skills and rating of enterprises**

How did you get the skills to diversify and develop your business?	Hargeisa	Mogadishu	Total
By training	3.7	23.8	11.6
By advice	27.3	47.6	35.2
Own experience	68.8	28.6	53.0
Do you feel you are successful in your business?			
Yes	83.9	83.7	83.8
No	15.8	16.3	16.0

Although the measurement of growth of enterprises is not a common phenomenon among the enterprises, the few who carried it out argued that they measure their performance by yearly financial calculations, the number of customers they gain or lose in a specific year, rate of business expansion and measuring the demand for certain products/services.

### **3.10. Information on Business Enabling Environment, Regulations and Resources**

The survey sought the entrepreneurs' perception on the policy environment. The responses greatly differed by location. 58.1 percent of the entrepreneurs who responded to this question felt that the discrimination is because policies are gender neutral, meaning that they do not specifically address the needs of women entrepreneurs. 23.6 percent felt that the content and meaning of the policies are discriminatory while 18.2 percent indicated that the policies are discriminatory at implementation level. Table 3.20 presents statistics as to how the present policy environment discriminates against women.

**Table 3.20: Perception as to how present policy environment discriminates against women**

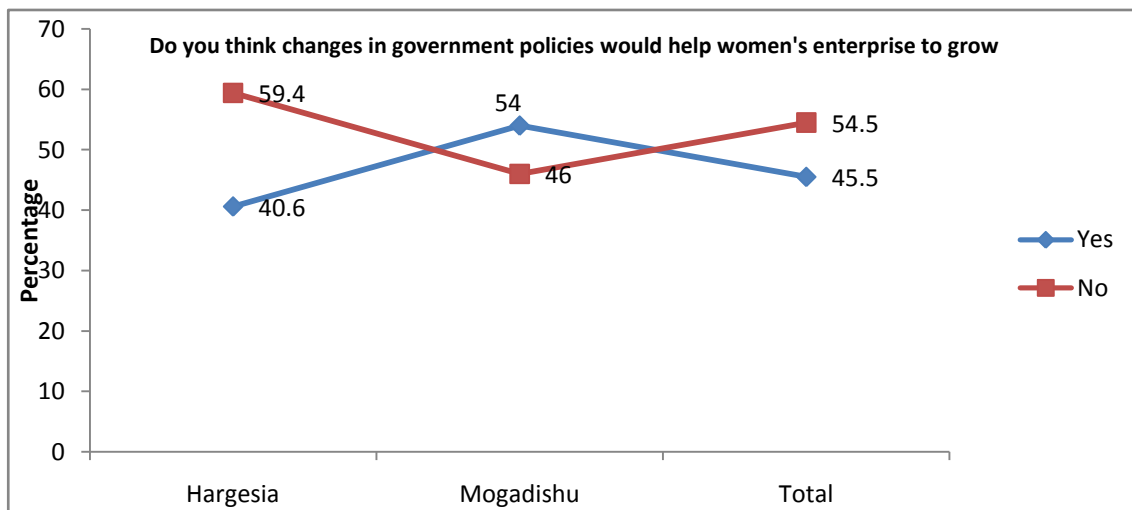
	Hargeisa	Mogadishu	Total
In its content and meaning	12.2%	46.0%	23.6%
At implementation level	16.3%	22.0%	18.2%
The fact that it is gender neutral	71.4%	32.0%	58.1%

45.5 percent of the women entrepreneurs sampled argued that changes in government policies would help women’s enterprises grow, as shown in Figure 2.38. The following are the policy areas identified for business growth by women entrepreneurs.

- Any policy geared towards supporting women enterprises will be a success e.g. economic
- Gender policy with a section focusing on women empowerment and development
- Giving both gender equal rights
- Support on business investment
- Offering tax incentives to women enterprises
- Ease of credit access to women enterprises

A huge number of women entrepreneurs felt that they were not able to comment on the policies specifically affecting women entrepreneurs since they were not conversant with them. Many were not happy with the policies in regard to issues related to taxes and licensing. A few raised issues in the manner in which the implementation was being carried out. It is thus not surprising that that 59.4 percent and 46 percent of enterprises in Hargeisa and Mogadishu respectively felt that changes in government policies may not necessarily help enterprises to grow (see Figure 3.26).

**Figure 3.26: Whether changes in government policies would help women’s enterprise to grow**





The study further sought the extent of entrepreneurs' awareness of government regulations affecting businesses. As shown in Table 3.21, 55.5 percent of all the enterprises are aware of such regulations while 44.5 percent of the enterprises are not knowledgeable of the regulations. The awareness level appears to be uniform across the micro and small enterprises. It is also noteworthy that 76 percent of the respondents in Hargeisa are aware of the government regulations affecting their businesses while 79.3 percent of respondents in Mogadishu are not aware of government regulations affecting their businesses.

A chi-square test was conducted to establish the association of the enterprise type (micro or small enterprise) and the awareness level of government regulations affecting business enterprises. The test results indicate that the association of the type of enterprise and the awareness of government regulations affecting these businesses is statistically insignificant, as seen in Table 3.21. Hence, it can be concluded that the awareness/lack of awareness of the government regulations is the same irrespective of whether a firm is micro or small.

**Table 3.21: Awareness of Government regulations affecting businesses**

		Are you aware of government regulations affecting your business?			
Type of Enterprise		Yes	No	Mogadishu	Hargeisa
	Micro 2–5 employees	55.4	44.6	<b>Yes</b> 20.7	76
	Small Enterprise above 5	56.6	43.4	<b>No</b> 79.3	24
	Total	55.5	44.5		
Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
<b>Pearson Chi-Square</b>	0.027673255	1	0.867879314		
<b>Continuity Correction(a)</b>	0.000470362	1	0.982696972		
<b>Likelihood Ratio</b>	0.027715822	1	0.867778673		
<b>Fisher's Exact Test</b>				0.886162	0.49313
<b>Linear-by-Linear Association</b>	0.027627665	1	0.867987191		
<b>N of Valid Cases</b>	607				
<b>A</b>	Computed only for a 2x2 table				
<b>B</b>	0 cells (.0%) have expected count less than 5. The minimum expected count is 23.57.				

Compliance with regulations across micro and small enterprises is low with 43.5 percent and 36.3 percent of the enterprises in Hargeisa and Mogadishu respectively indicating that they had not complied with such regulations (see Table 3.22).

Some of the problems faced by the women entrepreneurs in their bid to comply include misunderstanding of rules and regulations, tax related matters (sometimes leading to high tax payments), licensing, safety, and health issues.

**A chi-square test was conducted to establish the association of the enterprise type (micro or small enterprise) and the compliance/non-compliance level of government regulations affecting business.** The test results show that the compliance/non-compliance with the government regulations is same irrespective of whether a firm is in Hargeisa or Mogadishu, as shown on Table 3.22.

**Table 3.22: Compliance with Government Regulations**

		Have you tried to comply with those regulations?			
		Yes	No		
Mogadishu & Hargeisa	Hargeisa	43.5%	56.5%		
	Mogadishu	36.3%	63.7%		
<b>Total</b>		<b>42.0%</b>	<b>58.0%</b>		
Chi-Square test					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.558(b)	1	.212		
Continuity Correction(a)	1.275	1	.259		
Likelihood Ratio	1.576	1	.209		
Fisher's Exact Test				.236	.129
Linear-by-Linear Association	1.554	1	.213		
N of Valid Cases	452				

a Computed only for a 2x2 table

b 0 cells (.0%) have expected count less than 5. The minimum expected count is 38.25.

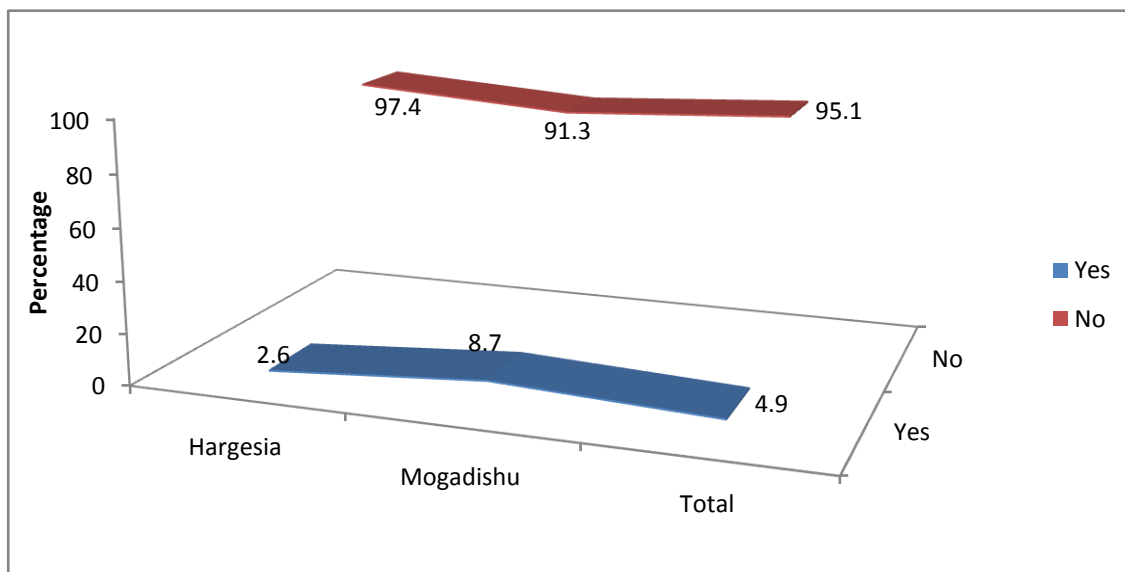
In regard to sources of finance for business, 76.9 percent and 44 percent of the enterprises in Mogadishu and Hargeisa use the 'back the profit' approach in creating sources of finance for their business respectively. Whereas 33.9 percent of enterprises in Hargeisa use the 'plugging back', 19 percent of enterprises in Mogadishu use money lenders. However, credit uptake from micro-finance institutions is minimal with only 0.8 percent and 2.3 percent of enterprises in Hargeisa and Mogadishu respectively indicating that they are currently using the micro finance institutions. Credit in kind has an uptake of 5.3 percent of the total, as shown in Table 3.23.

**Table 3.23: Current sources of finance for business**

Current sources of finance for the business	Hargeisa	Mogadishu	Total
Money lenders	12.0	19.0	14.5
Credit in kind	7.6	1.4	5.3
Credit from micro-finance institutions	0.8	2.3	1.3
Bank loan	1.6		1.0
Plugging back	33.9	0.5	21.7
Back the profit	44.0	76.9	56.0
Others	0.3		0.2

The study sought information on whether businesses owned by the women entrepreneurs are affiliated to any business/women’s organization. More than 90% of the enterprises in both locations are not affiliated to any business/women’s organizations, as shown in Figure 3.27.

**Figure 3.27: Affiliation with business and/or women’s organization**



The business women who are affiliated to business/women’s organizations stated that such associations are good and supportive, though they need much external support. Some revealed that such organizations give women owned enterprises credit. There were only a few affiliate organizations which were mentioned by the respondents namely; ILO, DRC, SWA, COSPE, UNDP and Nagaad.

Nearly all the women entrepreneurs sampled lack awareness of the presence of various institutions that support business growth, including those with special facilities. 82.9 percent of the women lack awareness of savings and credit facilities. However, awareness of savings and credit facilities is considerably higher in Mogadishu at 37.1 percent compared with only 5 percent awareness in Hargeisa. It was apparent that ignorance of marketing assistance, indirect credit services, technology assistance, provision of extension services and networking, which are all key components in promoting business growth, is very high in both Hargeisa and Mogadishu. These statistics are presented in Table 3.24.

**Table 3.24: Awareness of institutions that support business growth with special facilities for women**

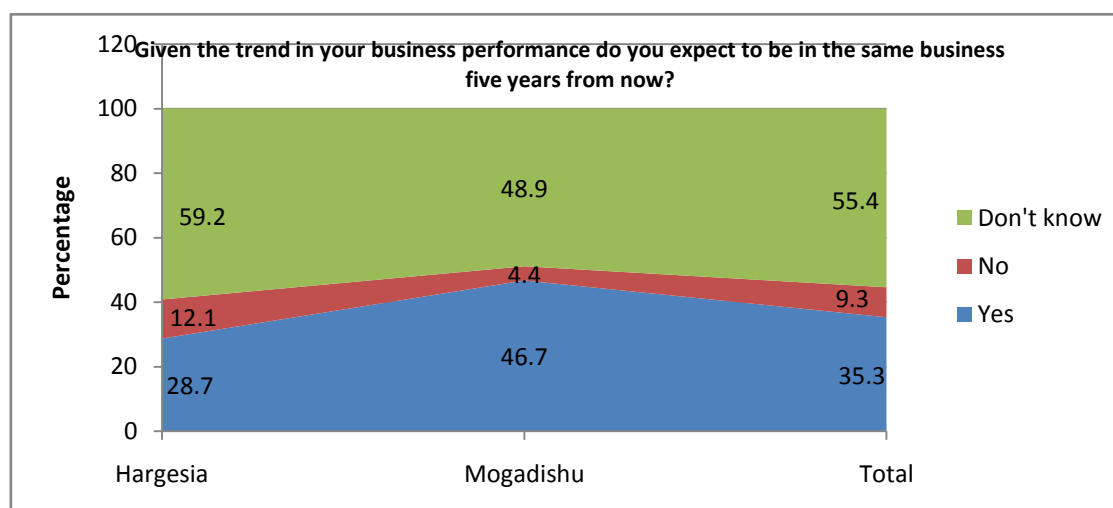
		Hargeisa	Mogadishu	Total
Saving and credit services	Aware	5.0	37.1	17.2
	Not aware	95.0	62.9	82.8
Indirect credit services (feasibility & application processing, technical advice etc.)	Aware	4.4	23.5	11.7
	Not aware	95.6	76.5	88.3
Marketing assistance	Aware	6.3	9.9	7.6
	Not aware	93.7	90.1	92.4
Technology assistance	Aware	4.4	7.3	5.5
	Not aware	95.6	92.7	94.5
Provision of extension services	Aware	5.2	6.5	5.7
	Not aware	94.8	93.5	94.3
Training in small business management etc.	Aware	9.1	31.3	17.5
	Not aware	90.9	68.7	82.5
Business information	Aware	8.6	10.4	9.3
	Not aware	91.4	89.6	90.7
Networking	Aware	4.5	4.3	4.4
	Not aware	95.5	95.7	95.6
Others (specify)	Aware	3.5	2.2	2.9
	Not aware	96.5	97.8	97.1

### 3.11. Information on Current Problems and Prospects

The study asked questions regarding the prospects for business growth. 59.2 percent of entrepreneurs in Hargeisa and 48.9 percent of those in Mogadishu indicated that they did not know whether they will be in the same business in the next five years. Less than 10 percent did not expect to be in the same business in five years' time. On the other hand, 46.7% of respondents in Mogadishu indicated that they expect to be in the same business in five years' time, as shown in Figure 3.28,

The entrepreneurs who felt that they might not be doing the same business in five years' time indicated that they intend to expand their businesses with a possibility of shifting into new ventures. A few wished to expand their businesses and possibly register bigger companies.

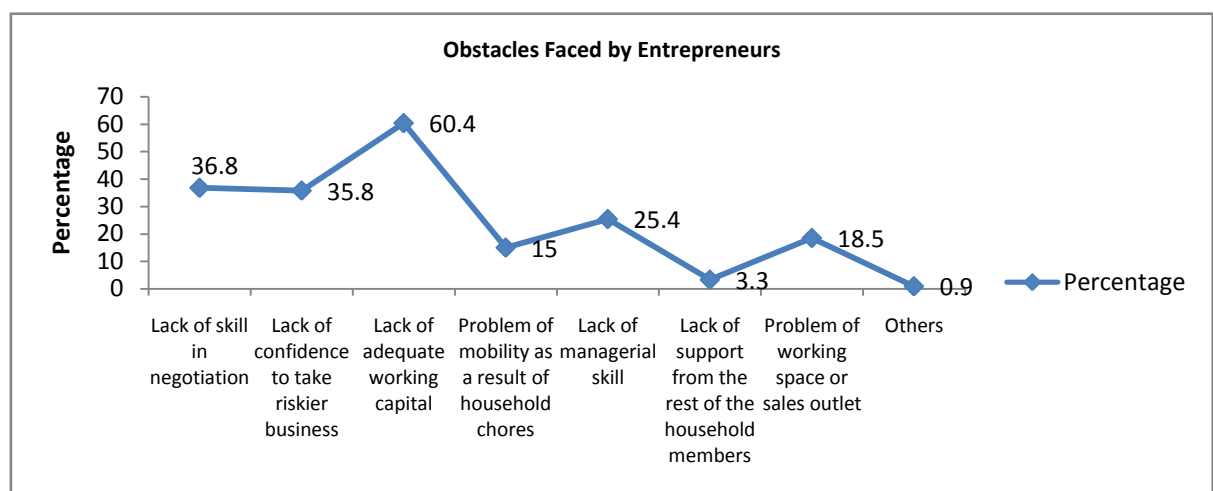
**Figure 3.28: Expectation to be in the same business in five years' time**



A good number of women entrepreneurs who indicated that they will be in the same business in the next five years expect that their businesses will grow along with demand for their products/services. The other key factors expected to contribute to staying power include experience gained, strategic locations, new products and trust in God.

The survey also looked at obstacles faced by women entrepreneurs. The top obstacles faced by the entrepreneurs in carrying out business are lack of adequate capital (60.4 percent), lack of negotiation skills (36.8 percent) and lack of confidence to take riskier business (35.8 percent). Other obstacles include lack of managerial skills (25.4 percent), problem of working space or sales outlet (18.5 percent), and problem of mobility as a result of household chores (15 percent), as shown on Figure 3.29.

**Figure 3.29: Obstacles Faced by Entrepreneurs in Carrying Out Business**



The women entrepreneurs who encountered obstacles revealed that they managed them by using their managerial skills or consulting their family members, including children, spouses, and relatives. In addition, some argued that they take time to understand the market or if need be employ someone with experience in the area they need support. In case of financial needs, some revealed that they seek credit from groups like DRC or borrow from friends and relatives.

89.5 percent of the women entrepreneurs in Hargeisa and 97.2 percent of those in Mogadishu indicated that they were proud to be self-employed, as shown in Table 3.25. 73.4 percent of women entrepreneurs in Hargeisa and 62.6 percent of women in Mogadishu were not willing to give up their business for any job offer. However, 37.4 percent of the entrepreneurs in Mogadishu were willing to give up their businesses for permanent employment.

80.1 percent of entrepreneurs in Hargeisa and 85.3 percent of those in Mogadishu revealed that they had specific plans for the future of their enterprises. 19.9 percent of Hargeisa entrepreneurs indicated that they had no plans for their future enterprises. Those without business plans for their enterprises argued that they could not tell what the future holds.

**Table 3.25: Proud of being self-employed, possibility of accepting a permanent job, future plans for the enterprise (%)**

		% Hargeisa	% Mogadishu	%Total
Proud that you are self-employed	Yes	89.5	97.2	92.3
	No	10.5	2.8	7.7
Would give up your business and go for a job	Yes	26.6	37.4	30.7
	No	73.4	62.6	69.3
Have plans for the future of your enterprise	Yes	80.1	85.3	82
	No	19.9	14.7	18

The women respondents had various plans for the future of their enterprises. 84.3 percent of Mogadishu and 59.3 percent of Hargeisa respondents would want to expand their businesses in future while 13.9 percent of Hargeisa respondents wished to improve the product quality. 8.6 percent of Mogadishu entrepreneurs want to change the type of business in future. It is noteworthy that 8.1 percent of Hargeisa respondents want to improve their managerial skills in future, as shown in Table 3.26.

**Table 3.26: Plans for the future of micro and small enterprises**

Areas identified for business expansion	Hargeisa	Mogadishu	Total
Expanding the business	59.2	84.3	68.6
Improving the product quality	13.9	4.9	10.5
Changing the type of business	12.3	8.6	10.9
Penetrate new market	1.9	0.5	1.4
Diversify the product, service	3.2		2.0
Close the business down	0.6		0.4
Improve my managerial skill	8.1	1.6	5.7
Others	0.6		0.4

### 4.1 Individual level – Basic Information

#### Conclusions

- A significant number of women entrepreneurs (47.3 percent) had not attained formal education, and there was illiteracy rate of 47.7 percent; 49.5 percent in Mogadishu and 43.4 percent in Hargeisa. In particular, the more elderly women entrepreneurs have hardly any formal education. The illiteracy rate is higher (at over 60%) for those aged 50 years and above. Consequently, most illiterate persons tend to trust their sons or daughters in business operations.
- The study found that close to 60 percent of the women entrepreneurs were housewives with no prior work or business experience before starting their current enterprises. 80 percent of business ventures were started on own initiative while 90 percent of the businesses were individual proprietorship. Over 80 percent of the women entrepreneurs started their businesses from scratch or with ‘very little experience’. However, some respondents had prior business experience.

#### Recommendations

- There is urgent need to enhance the education of women in Somalia. The Federal Government of Somalia and Somaliland should work jointly with development partners to strengthen adult literacy education targeting women entrepreneurs. Appropriate and immediate measures should be taken to reach the business women all in parts of the country.
- The Government and development partners should ensure that the girl child education is enhanced, through policy and affirmative action in order to empower the future women entrepreneurs. Cultural constraints that hinder the girl child from pursuing education such as female genital mutilation and early marriages should form part of advocacy focus.
- The women with little or no prior entrepreneurial skills should be offered business training in order to understand their personal brand and learn how to interact effectively with other business people. They should also be trained on how to tackle challenges and take advantage of business opportunities.

### 4.2 Enterprise level

#### Conclusions

- 89.1 percent of the businesses are individual proprietorship and operate from rented premises, which is a significant operational cost. Although many businesses are driven by distress, most women would not take up employment if there was such an opportunity.

- Existing businesses set up in the past eight years and businesses set up on own initiative thrive the most and should be nurtured. 62.8 percent of the businesses were started after 2007 (after Somalia had attained relative peace) while 79.9 percent of the entrepreneurs indicated that the business ventures were based on their own initiative.

### **Recommendation**

- There is need for the entrepreneurs to engage expert opinion and involvement in the identification of entrepreneurial opportunities and decisions to start business enterprises in order to improve the chances of enterprise success.
- There is need to educate entrepreneurs on financial management and planning so as to keep operational costs, including rent, at manageable levels.

## **4.3 Entrepreneurial Capacity and Resources for Start Up**

### **Conclusions**

- The study concludes that spouses and other family members were largely supportive of the women entrepreneurs. However, women aged 60 years and above did not enjoy the same level of support as their younger counterparts.
- Businesses started by women mainly used own equipment and capital. Approximately two thirds of the sample respondents set up their enterprises from personal savings with only one third having obtained credit or grants for start-up capital. About two thirds of the entrepreneurs purchased their equipment prior to commencement of business. In absence of additional injection of capital, the businesses are likely to stagnate as they cannot withstand shocks.
- The women entrepreneurs face numerous challenges in their daily work which limit their growth. Well over a third of the women face challenges in regard to working space and working capital. The other challenges encountered include insecurity, obtaining licences, and access to raw materials.
- Lack of credit facilities for start-up and business development was a major challenge that was constantly mentioned by the respondents. Personal savings were the main source of start-up capital which obviously limited the size of enterprises women could engage in.
- Business women in the Hargeisa and Mogadishu towns hardly receive any external formal support services as confirmed by 82.6 percent of the respondents, thereby limiting growth of their enterprises.
- The business products from the women's enterprises are mainly sold locally, with about one third (36.1 percent) selling within the larger Hargeisa/Mogadishu areas.
- Although a good number of the entrepreneurs promote their products in Mogadishu, entrepreneurship for businesswomen in both Hargeisa and Mogadishu is fraught with challenges. These include poor market sanitation, high taxation, fluctuation of exchange rates, costly raw materials, limited business knowledge, limited credit, and insecurity, among others.



## **Recommendations**

- There is need to sensitize the community on the need to support women entrepreneurs of all ages without discriminating on the aged.
- There is need to support women business entrepreneurs by putting systems in place which will enable predictable, reliable, less-stringent, equitable and affordable credit facilities for the women entrepreneurs.
- Law enforcement agencies should ensure that security is maintained in order to build business and investor confidence while the municipal councils should ensure minimum sanitation standards, as well as equal access to services.
- There is need for external support to supplement personal capital and knowhow particularly in technical, managerial, marketing information, promotional (including e-marketing), networking, mentoring and coaching areas. These are areas that external entities could focus on and impact the women entrepreneurs.
- There is need to train the entrepreneurs on resource mobilization through sensitizations and to urge them to join cooperatives, table banking, and savings/loans, as well as trading in groups in order to access credit and information and gain from synergies and risk distribution.

### **4.4 Information on the level of Development/diversification of enterprise**

#### **Conclusions**

- The enterprises run by the women in Hargeisa and Mogadishu were at different levels of development and faced various limitations in regard to growth and diversification.
- Most of the business women in both towns (over 60%) started very small and have steadily expanded the size of their enterprises while 26 percent of the respondents have added new products.
- About two thirds (64 percent) of the businesses had diversified or expanded their enterprises and one quarter had added new products since their establishment. However, two thirds sold their products in localized market areas while in Hargeisa; most women (73 percent) did not promote their products and services. Nonetheless, most of the women wish to expand their businesses in future.
- One quarter of the enterprises is likely to close down at intervals due to lack of personnel to manage the business, and/or underperformance of the businesses leading to losses.
- There is limited access to business advice and mentoring as 72.2 percent of the entrepreneurs have acquired knowledge on how to diversify and develop their businesses through their own experience.

## **Recommendations**

- The survey concludes that there is need to support the business women with knowledge on how to start a business in order to enable them choose feasible businesses.
- There is need to support the women with start-up capital to enable them start moderate enterprises and reduce constant closures due to lack of capital and staffing challenges.
- There is also need for follow up support as most of the women had no advice or mentoring and relied on own experience for growth and diversification.

### **4.5 Information on Business enabling environment, facilities/resources available**

#### **Conclusions**

- Most women indicated that they do not know or understand the policies in place, while 62% of the women in Mogadishu felt that policies were discriminatory against women. 45.5 percent of the women entrepreneurs felt that changes in government policies would help women's enterprises to expand.
- Compliance with regulations across enterprises is low, with less than half of the respondents in Hargeisa and Mogadishu indicating that they have attempted to comply with such regulations.
- The study concludes that women entrepreneurs either do not understand the benefits of working together or do not have the opportunity to join organized groups as 95.1 percent of the entrepreneurs are not affiliated to any business/women's organizations. Moreover, nearly all the women entrepreneurs sampled lack awareness of various institutions that support business growth, even those with special facilities, with over 80% unaware of savings and credit facilities.
- The secondary data reviewed indicated that women in Somalia face discriminatory property rights which have a bearing on their capacity to engage in successful businesses. While state law allows equality in inheritance, and religious law allows a smaller proportion of inheritance than men, conflicting customary law often dictates that married women do not receive an inheritance in various parts of Somalia.

#### **Recommendations**

- The Federal Government of Somalia should put in place and implement policies geared towards supporting women enterprises and focusing on women empowerment and development.
- There is need for sensitization on policies that seek to promote women's welfare as many women indicated that they do not understand business related policy.
- In order to increase compliance with regulations, there is need to carry out sensitization sessions among entrepreneurs on rules and regulations touching on tax related matters, licensing, safety and health.
- Women entrepreneurs should be encouraged to join business/women organizations in order to reap from organized marketing, group credit, economies of scale and other benefits.

- Awareness creation programmes for institutions that support business growth, with bias on institutions that offer facilities for women, should be undertaken. If awareness of these institutions is enhanced, the uptake of such services will improve the women enterprises and consequently propel growth.

#### **4.6 Information on current problems/prospects**

##### **Conclusions**

- The top obstacles faced by the entrepreneurs include lack of adequate capital at 60.4 percent, lack of negotiation skills (36.8 percent) and lack of confidence to take on riskier businesses (25.4 percent).
- Although most women would wish to expand their businesses in future, many did not have any specific plans on how to expand their businesses.
- The study concludes that the women entrepreneurs in Hargeisa and Mogadishu have limited entrepreneurial capacity and resources for starting up and sustaining business enterprises.

##### **Recommendations**

- There is need to provide the Somali women entrepreneurs with business management skills particularly business conceptualization, planning, budgeting, financial and marketing skills. They should also be provided with knowledge on coaching, mentoring, and networking which will go a long way to improve their business skills. These skills should be provided under the specialized ILO business training packages.
- There is need to start and sustain business mentoring programmes for women entrepreneurs with limited skills and low confidence so that they can learn from those with experience. Pairing of young entrepreneurs with successful business women will motivate the young entrepreneurs and give them a lifeline to shape their businesses.

## Appendix I: Questionnaire

### SURVEY QUESTIONNAIRE FOR ASSESSING FACTORS AFFECTING WOMEN ENTREPRENEURS IN MICRO AND SMALL ENTERPRISES IN HARGEISA SOMALILAND:

Name of interviewer \_\_\_\_\_

Date of interview \_\_\_\_\_

Place of interview:

District: \_\_\_\_\_

#### **Part I: Individual Level: Basic Information**

1.1 Name of the respondent \_\_\_\_\_

1.2 Which age bracket are you in?

- 1. Less than 20
- 2. 20-39
- 3. 40-49
- 4. 50-59
- 5. 60- above

1.3 Place of Birth \_\_\_\_\_

1.4 Marital status:

- 1. Married
- 2. Divorced
- 3. Separated
- 4. Single
- 5. Widowed

1.5 Do you have any formal education?

- 1. Yes
- 2. No

1.6 If yes, to Question 1.5, highest grade completed?

- 1. Primary
- 2. Secondary
- 3. Vocational
- 4. Others (specify) \_\_\_\_\_

1.7 What professional qualifications do you have?

- 1. Certificate
- 2. Diploma
- 3. Degree
- 4. Not applicable

1.8 If No to Question 1.5, do you read and write?

- 1. Yes
- 2. No

1.9 If No to Question 1.8, who assists you in communicating for your business? (With suppliers, government offices, customers, etc.)

- 1. Your husband
- 2. Your son/daughter
- 3. Relative
- 4. Friend
- 5. Other \_\_\_\_\_

1.10 How many persons are there in your household? \_\_\_\_\_

Dependents Age	Male	Women	Total	Relation to the owner
0-4 years				
5-18 years				
18 years and above				

1.11 What were you doing immediately before starting this business?

1. Student  2. unemployed  3. employed  4. housewife   
5. Another business (specify) \_\_\_\_\_  
6. Others (specify) \_\_\_\_\_

1.12 Did you have any prior work experience relating to this business?

1. Yes - Substantial  2. Very little  3. No, just started from scratch

1.13 If you had prior business experience, who owned the business?

1. Other people   
2. Myself   
3. My family   
4. Others, specify \_\_\_\_\_

1.14 Is the business or enterprise still operating?

1. Yes  2. No

1.15 If No to Question 1.14, what was the major reason? \_\_\_\_\_

1.16 Was it a formal business?

1. Yes  2. No

## **Part II: Enterprise Level Basic Information**

2.1 Name of the enterprise \_\_\_\_\_

2.2 Address: \_\_\_\_\_

Telephone \_\_\_\_\_ Cell phone \_\_\_\_\_ (your own)

2.3 When did this business start (Year) \_\_\_\_\_?

2.4 Who initiated the business idea?

1. Myself  2. My husband  3. Other family member  Friends   
5. Taken over already established business  6. Bought existing business   
7. Other \_\_\_\_\_

2.5 Main product/service of the enterprise \_\_\_\_\_

2.6 What sector is your business in?

1. Trade  2. Production  3. Services  4. Hand-craft   
5. Other (specify) \_\_\_\_\_

2.7 Type of Enterprise

1. Micro (2-5 employees)  2. Small Enterprise (above 5)

2.8 Are you engaged full-time in this business?

1. Yes  2. No

2.9 Form of ownership

1. Individual proprietorship  2. Partnership  3. Share Company   
4. Private Limited Company  5. Others (specify) \_\_\_\_\_

2.10 Do you have a working premise?

1. Yes  2. No

2.11 If Yes to Question 2.10, is the premise

1. Owned?  2. Rented?  3. Other? (Specify) \_\_\_\_\_

2.12 How many employees do you have?

Type of employment	Male	Women
Full time		
Part time		
Paid family members		
Unpaid family members		

**Part III: Information on Entrepreneurial Capacity, Resources for start up**

3.1 Why did you prefer to start your own business?

1. Family tradition  2. Small investment is required  3. To be self-employed   
 4. No other alternative for incomes  5. Brings high income  6. Others \_\_\_\_\_

3.2 What were the responses of your spouse & other family members when you started your enterprise?

Category	Very supportive	Supportive	Indifferent	Not supportive	Reacted badly
Spouse					
Other family members					

3.3 What were the three most motivating factors to start this business?

1. \_\_\_\_\_  
 2. \_\_\_\_\_  
 3. \_\_\_\_\_

3.4 What equipment or other assets did you have (have access to) when starting/creating the enterprise?

\_\_\_\_\_

3.5 How were these obtained?

1. Purchased  2. Leased/granted  3. Inherited   
 4. Other (specify) \_\_\_\_\_

3.6 How much did it cost you to set up the business? (USD) \_\_\_\_\_

3.7 What was your main source of start-up funding?

1. Personal saving  2. Household   
 3. Borrowed from relatives or friends/money lenders  4. Micro-finance institutions   
 5. Assistant from friends/relatives  6. Inheritance  7. Dowry (Meher)   
 8. Borrowed from Bank  9. Assistant from NGO's   
 10. Others (specify) \_\_\_\_\_

3.8 Do you get support with household chores/childcare (like nursery and schools, day care centers, formalized or not).

1. Yes  2. No

3.9 What support did you get to start this business?

1. Government Policies  2. Easy access to credit   
 3. Financial support from relatives/friends   
 4. Material support from relatives/friends   
 5. Both financial and non-financial support from relatives/friends   
 6. None

3.10 What were the five greatest constraints you faced at establishment?

**(DO NOT READ ANSWERS)**

1. Working space  2. Working capital/finance  3. Insecurity   
4. Support services that would build my confidence  5. Appropriately skilled labor   
6. Obtaining the licenses etc.  7. Access to raw materials   
8. Government rules and regulations  9. Lack of credit facilities   
10. Others \_\_\_\_\_

3.11 How did you overcome these problems? \_\_\_\_\_

3.12 Did you get any external formal support services?

1. Yes  2. No

3.13 If Yes to Q.3.12, what type of support?

1. Financial  2. Technical  3. Managerial  4. Market information   
5. Networking  6. Other coaching

3.14 How were these types of support accessed? \_\_\_\_\_

3.15 Who decides on how the enterprise money is utilized?

1. My husband  2. Myself  3. Other members of the family  4. Don't know

3.16 Who is responsible in your business for making major decisions?

1. My-self  2. My husband  3. Other family members   
4. Friends Jointly with my husband  5. Other (specify) \_\_\_\_\_

3.17 Where do you sell most of your products/services?

1. Local market - area of work/residence  2. Hargeisa   
3. Outside Hargeisa  4. Foreign market - outside Somaliland

3.18 How do you sell or promote your products/services?

1. Marketed directly by the company itself  2. Through an intermediary   
3. Production is based on demand  4. Sold to retailers

3.19 Do you promote your products/services?

1. Yes  2. No

3.20 If yes to question 3.19, then how?

1. By word of mouth  2. Local newspaper  3. Exhibition   
4. Radio  5. Television  6. Other (specify) \_\_\_\_\_

3.21 What are the three major marketing constraints of your business?

- 1 \_\_\_\_\_  
2 \_\_\_\_\_  
3 \_\_\_\_\_

3.22 What type of decision(s) is (are) difficult for you? \_\_\_\_\_

3.23 Do you keep your enterprise money separate from your personal money?

1. Yes  2. No

3.24 Do you keep records of your costs in order to calculate your profit?

1. Yes  2. No

3.25 Do you pay yourself a wage/salary?

1. Yes  2. No

3.26 If No to Question 3.25, then why? \_\_\_\_\_

3.27 How much is your salary on a regular basis? \_\_\_\_\_

**Part IV: Information on the Level of Development/Diversification of Enterprise**

4.1 Have you developed, diversified, expanded, and changed your enterprise since establishment?

1. Yes  2. No

4.2 If Yes to Question 4.1, in what way?

1. Expanded size of the enterprises  2. Added new products   
3. Hired more workers  4. Improved quality of the product   
5. Reduced costs by buying inputs in bulk   
6. Reduced costs with cheaper source of credit  7. Started selling in new markets   
8. Changed the type of business  9. Reduced the type of products   
10. Reduced number of employees  11. Reduced market outlet   
12. Relocated working premises   
13. Others (Specify) \_\_\_\_\_

4.3 Has there been any temporary closure of your business in the last two years?

1. Yes  2. No

4.4 If Yes to Q. 4.3 why? \_\_\_\_\_

4.5 How did you get the skills to diversify and develop your business?

1. By training  2. By advice  3. Own experience   
4. Other (Specify) \_\_\_\_\_

4.6 Do you feel you are successful in your business?

1. Yes  2. No

4.7 If Yes to Question 4.6, how? \_\_\_\_\_

4.8 If No to Question 4.6, why? \_\_\_\_\_

4.9 How do you measure growth of your enterprise? (Probe by asking) \_\_\_\_\_

**Part V: Information on Business Enabling Environment, Facilities/Resources Available**

5.1 Do you think the present policy environment discriminates against women?

1. Yes  2. No

5.2 If your answer to Q. 5.1 is yes, in what way and level?

1. In its content and meaning  2. At implementation level   
3. The fact that it is gender neutral

5.3 If your answer to Q. 5.1 is No, in what way?

1. In its content and meaning  2. At implementation level   
3. The fact that it is gender neutral

5.4 Do you think changes in government policies would help women's enterprise to grow?

1. Yes  2. No

5.5 If your answer is yes to Q5.4, what policies and why? \_\_\_\_\_



- 5.6 If your answer is no to Q5.4, why? \_\_\_\_\_
- 5.7 Are you aware of government regulations affecting your business? (**NB:** Labor law , Tax, Safety and health, Licensing, others)
1. Yes  2. No
- 5.8 If your answer is yes to Q.5.7, have you tried to comply with those regulations?
1. Yes  2. No
- 5.9 What problems did you face in complying with the regulations?  
\_\_\_\_\_
- 5.10 What are your current sources of finance for the business now?
1. Money lenders  2. Credit in kind  3. Credit from micro-finance institutions
4. Bank loan  5. Plugging back  6. Back the profit
7. Others (specify) \_\_\_\_\_
- 5.11 Are you affiliated with business and/or women's organizations?
1. Yes  2. No
- 5.12 If Yes to Q. 5.11, how do you see the role of such organizations in promoting women's enterprises?  
\_\_\_\_\_
- 5.13 Which are the organizations you are affiliated with? \_\_\_\_\_
- 5.14 Are you aware of institutions that give support to business growth and those with special facilities for women?

Services rendered	Aware	Not aware
1. Saving and credit services		
2. Indirect credit services (feasibility & application processing, technical advice etc.)		
3. Marketing assistance		
4. Technology assistance		
5. Provision of extension services		
6. Training in small business management etc.		
7. Business information		
8. Networking		
9. Others (specify)		

#### **Part VI: Information on Current Problems and Prospects**

- 6.1 Given the trend in your business performance do you expect to be in the same business five years from now?
1. Yes  2. No  3. Don't know
- 6.2 If No to Q.6.1 Why? \_\_\_\_\_
- 6.3 If Yes to Q.6.1, why? \_\_\_\_\_
- 6.4 What were the three biggest obstacles you face in developing/doing business? (Do not read but probe)
1. Lack of skill in negotiation  2. Lack of confidence to take riskier business
3. Lack of adequate working capital
4. Problem of mobility as a result of household chores
5. Lack of managerial skill (record keeping, marketing, project idea generation etc.)
6. Lack of support from the rest of the household members (husband, children etc.)
7. Problem of working space or sales outlet
8. Others (Specify) \_\_\_\_\_

6.5 How did you overcome these obstacles? \_\_\_\_\_

6.6 Are you proud that you are self-employed?

1. Yes  2. No

6.7 If someone offered you a permanent job would you give up your business? And go for the job?

1. Yes  2. No

6.8 If your answer to Q. 6.7 is yes, why? \_\_\_\_\_.

6.9 If your answer to Q.6.7 is no, why? \_\_\_\_\_

6.10 Do you have plans for the future of your enterprise?

1. Yes  2. No

6.11 If your answer is yes to Q.6.10, in what areas?

1. Expanding the business  2. Improving the product quality

3. Changing the type of business  4. Penetrate new market

5. Diversify the product/service  6. Close the business down

7. Improve my managerial skill

8. Others (specify) \_\_\_\_\_

6.12 If your answer to Q. 6.11 is no, why not? \_\_\_\_\_

6.13 Observation of the Interviewer: \_\_\_\_\_

**Part VII: Information concerning Gender**

7.1 Are there any problems, that you felt were related to being a woman?

1. Yes  2. No

7.2 If yes, what are they? \_\_\_\_\_

7.3 Do you think there are major business issues/constraints you face because you are a woman entrepreneur?

1. Yes  2. No

7.4 If yes, mention some of them: \_\_\_\_\_

*Thank You for Your Time and Effort*

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“The European Union is made up of 27 Member States who have decided to gradually link together their know-how, resources and destinies. Together, during a period of enlargement of 50 years, they have built a zone of stability, democracy and sustainable development whilst maintaining cultural diversity, tolerance and individual freedoms. The European Union is committed to sharing its achievements and its values with countries and peoples beyond its borders”.

“ILO’s primary goal is to promote opportunities for women and men to obtain decent work in conditions of freedom, equity, security and human dignity.”