

**JUNE
2023**



**Insights &
Analysis for
Leaders &
Organizations**



ChatGPT:

Exploring the Business
Process Automation
Capabilities

Why Some Somali Small
Scale Business Have Failed?
Challenges And Proposed Solutions

Supply Chain
Management In Somalia:
Looking Back As We Look Forward

Need To Be Rich,
Check Your Lifestyle

Innovating For Success:
How To Thrive In Somalia's
Business Landscape

The Future Is Technology:
Small Businesses
Won't Have Choices

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ABOUT SBR

For the latest, rigorous and dynamic analysis and insights about Somalia's business, economy, and technological transformation, subscribe to Somali Business Review (SBR). SBR is a lively quarterly magazine of SIMAD University that brings you in-depth, on-ground, and expert-led analysis by prominent analysts and experts.

All materials produced are aimed to inspire, empower and enrich you in understanding the development of the private sector landscape in Somalia. Additional features usually included book reviews; profiles of prominent businesses; SBR insights, that offer management, personal growth and productivity tips for leaders. SBR is essentially read by entrepreneurs, leaders, policymakers, academics, government practitioners, and decision-makers in Somalia and beyond.

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EDITOR'S NOTE

The June 2023 edition of Insights and Analysis for Leaders and Organizations presents a comprehensive exploration of the business process automation capabilities in Somalia. The featured article, "ChatGPT: Exploring the Business Process Automation Capabilities" by Dr. Yahye Abukar Ahmed, examines how businesses in Somalia can leverage artificial intelligence and machine learning technologies to streamline their operations and stay ahead of the competition.

The article highlights the benefits of automation, including improved efficiency, cost savings, and enhanced customer experience. It also identifies the challenges that businesses in Somalia may face in adopting these technologies, such as a lack of technical expertise, limited access to financing, and cultural barriers.

The other articles in this edition offer valuable insights and proposed solutions to the challenges faced by businesses in Somalia. "Why Some Somali Small Scale Business Have Failed? Challenges And Proposed Solutions" by Yonis Ali Mukhtar examines the factors that contribute to the failure of small-scale businesses in Somalia, such as inadequate access to financing, poor management, and lack of technical skills. The article offers solutions to overcome these challenges, such as improving access to finance, providing training and mentorship, and fostering entrepreneurship.

"Supply Chain Management In Somalia: Looking Back As We Look Forward" by Mohamed Sharif Abdulle looks at the challenges facing supply chain management in Somalia and proposes solutions to overcome them. The article highlights the importance of a robust supply chain management system to support economic growth and development in the country.

"Need To Be Rich, Check Your Lifestyle" by Dr. Ismail Mohamed Ali discusses the relationship between lifestyle choices and wealth creation. The article emphasizes the importance of making conscious

decisions about spending habits and managing debt to achieve financial stability and long-term success.

"Innovating For Success: How To Thrive In Somalia's Business Landscape" by Mohsen Aylawe examines the role of innovation in driving success in the Somali business landscape. The article offers practical advice on how businesses can embrace innovation to stay competitive and meet the evolving needs of customers.

"The Future Is Technology: Small Businesses Won't Have Choices" by Mohamed Elmi Ahmed looks at the impact of technological advancements on small businesses in Somalia. The article emphasizes the need for businesses to embrace technology and automation to stay relevant and competitive in the marketplace.

In addition to these articles, this edition also features pieces on the challenges of air transport in Africa, local banks launching new Islamic home financing products, the impact of international banks on local banks in Somalia, the significance of auditing for small businesses in Mogadishu, the role of patents in spurring innovation and economic growth, and the benefits of centralized high school exams in Somalia.

In this Edition, the magazine offers a comprehensive and in-depth exploration of the challenges and opportunities facing businesses in Somalia. The articles provide valuable insights and practical solutions that can help businesses stay competitive and thrive in this dynamic and rapidly evolving environment.



Mohamed Okash,
Editor-In-Chief, SBR
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SOMALIA DEVELOPMENT DIGEST



Population
(2019):
15.4M



Doing Business
Rank:
190



GDP
(2020):
\$7.3 BILLION



Unemployment:
24.8%



Growth Rate
(2021):
2.9%



Inflation
Rate:
6.45%



National
Budget:
\$918.7M



Life expectancy
Rate (2019):
57 YEARS



External
Debt:
\$3.9 BILLION



Maternal Mortality
Rate:
692



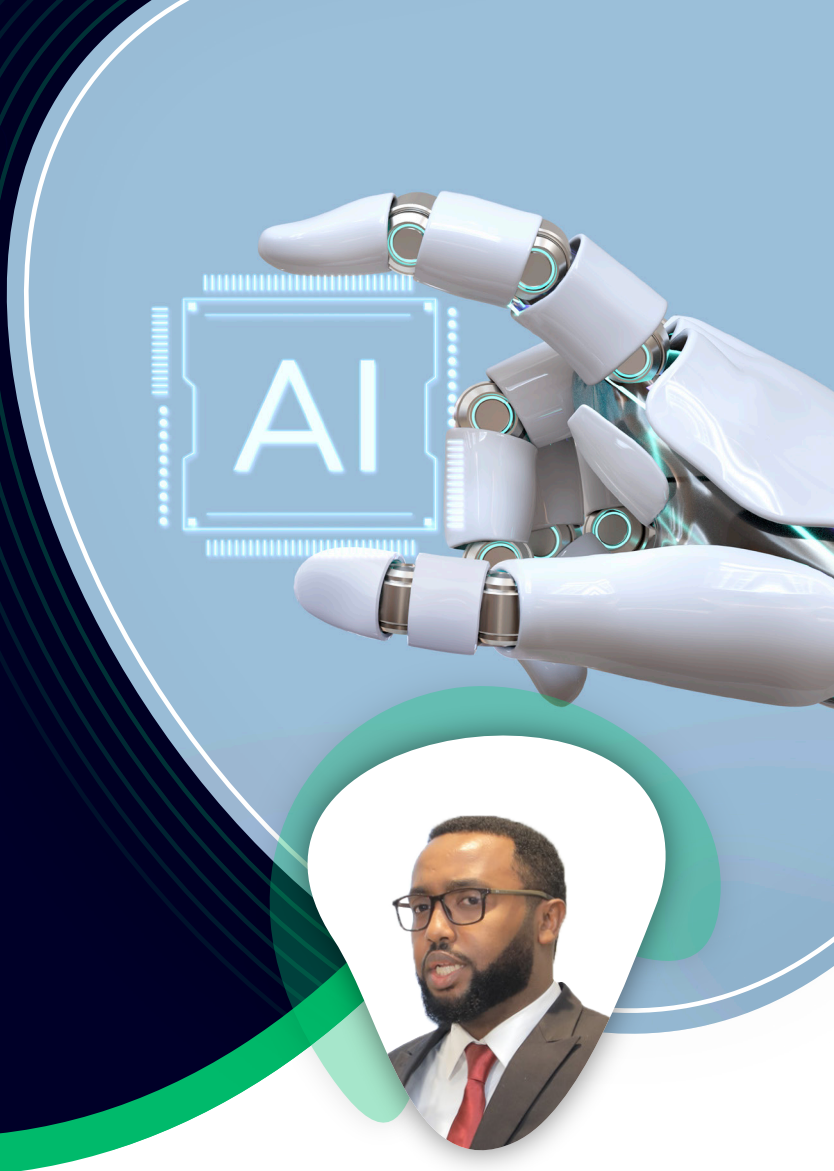
Internet
Penetration Rate
12.1%



SOURCE:
**NBS SOMALIA
& WORLD BANK**

CHATGPT: EXPLORING THE BUSINESS PROCESS AUTOMATION CAPABILITIES

DR.YAHYE ABUKAR AHMED



ChatGPT has gained widespread popularity on the internet by reaching 1 million users within the first five days. It took Instagram 2.5 months to get 1 million users, 10 months for Facebook, 24 months for Twitter, 41 months for Netflix, and five months for Spotify. This is considered a revolutionary moment in the world of technology. Currently, the exact number of ChatGPT users is unknown. However, it is obvious that the usage is extensive, given how viral the tool has become. ChatGPT has taken the internet by storm, encouraging technology companies like Google and Microsoft to engage in deep reflection and critical analysis.

ChatGPT (Generative Pre-trained Transformer) is an AI-powered natural language processing tool released in November 2022 by research company OpenAI, that enables you to engage in human-like conversations with a chatbot. ChatGPT was trained on a vast amount of unlabeled data scraped from the internet before 2022 using Reinforcement Learning from Human Feedback (RLHF). This approach trains the assistant by having human individuals engage in simulated conversations with it and adjusts its responses based on the degree to which they match typical human communication.

It has the ability to generate coherent and contextually relevant text based on the input it receives.

One of the key areas where ChatGPT has a significant impact is business process automation, the use of technology to automate and streamline repetitive, manual, and time-consuming tasks in a business. When it comes to automating such processes, it generally includes repetitive transactions that involve multiple stages and IT systems. The goal of BPA is to improve efficiency, reduce errors, and save time and money.

In this article, we will be exploring the various applications of ChatGPT in business process automation, highlighting the capabilities of ChatGPT's potential to reduce manual labor and increase overall efficiency. From automating customer service inquiries to handling data processing tasks. We will provide insights into how organizations can stay ahead in the digital age and reap the benefits of using this innovative technology.

AUTOMATING CUSTOMER SERVICE INTERACTIONS

ChatGPT can be used to automate customer service interactions by using its natural language processing capabilities to respond to customer inquiries in a human-like manner. It aims to help customers with fewer live human interactions. This reduces the need for human customer service representatives rather than hiring employees to work late-night shifts. The model can be embedded into a chat interface on a website or application to respond to the specific client questions and inquiries. Here's how it works:

- **Data Collection:** The chatbot is trained on a vast amount of service data set, including a large dataset of customer service interactions, such as chat logs, email exchanges, and video and phone transcripts. The aim is to understand the language and context of customer inquiries.
- **Input Processing:** When a customer makes an inquiry, the chatbot processes the input, identifies the customer's needs, and generates a relevant response.
- **Response Generation:** The chatbot generates a response based on its training data, ensuring that the response is accurate, relevant, and in a natural language format.
- **Continuous Improvement:** The chatbot is continually updated and improved based on feedback received from customers and customer service representatives.

By automating customer service interactions, organizations can reduce wait times, improve response times, and ensure that customer inquiries are handled efficiently and effectively. This can lead to improved customer satisfaction and loyalty and can free up valuable time and resources for customer service representatives to focus on more complex tasks.

SALES AND MARKETING

ChatGPT can significantly improve sales and marketing efforts by providing a range of capabilities that are aimed at enhancing customer engagement, lead generation, and customer service, as well as providing valuable insights through data analysis and content generation.

- **Lead Generation:** To increase the sales of the business, generating more sales leads is key. ChatGPT can assist in identifying and generating leads by engaging with potential customers and gathering information about their needs, interests, budget, and timeline. This information can then be used to generate leads and create targeted marketing campaigns, increasing the chances of conversion. Since ChatGPT can use machine learning algorithms to score leads based on their engagement and level of interest, allowing sales and marketing teams to prioritize and follow up with the most promising leads.

- **Content Generation:** ChatGPT can generate marketing materials, such as emails, advertisements, and social media posts, reducing the time and resources required for manual content creation. For instance, ChatGPT can be utilized for Google Ads by using it to generate high-quality ad copy and headlines. ChatGPT can be trained on a brand's tone, messaging, and marketing goals to ensure that it creates headlines that align with the brand's voice and objectives. It can also use customer data and preferences to create headlines that are relevant to the target audience and increase engagement rates.

- **Data Analysis:** ChatGPT can analyze customer data and preferences to inform marketing strategies and make data-driven decisions. This includes analyzing customer behavior, preferences, and feedback, and providing valuable insights into customer needs and pain points.

EMAIL AND DOCUMENT GENERATION

ChatGPT can assist with email and document management as part of business process automation by employing the capabilities to sort, prioritize, and respond to emails. It can also generate a wide range of documents, such as reports, invoices, proposals, and contracts. This can help to streamline the email and document management process; some of the ways ChatGPT can assist with email and document management include:

- **Sorting and Prioritizing:** ChatGPT can sort and prioritize emails based on specific criteria, such as sender, subject, or importance level, helping employees quickly identify the most important emails and respond to them first.
- **Responding to Common Inquiries:** ChatGPT can automatically respond to common email inquiries, such as questions about company policies, product information, and more, reducing the workload for customer service representatives and improving response times for customers.

- **Automated Follow-Ups:** ChatGPT can automate follow-up emails for tasks that require further action, such as scheduling appointments or sending reminders, freeing up employees to focus on other tasks.

- **Customizable Documents:** ChatGPT can generate custom documents based on specific business requirements, such as contracts, proposals, and more, helping businesses to stay organized and meet the needs of their customers.

AUTOMATING REPETITIVE TASKS

Business processes are an integral part of the daily routine of every business, and many of these processes involve repetitive tasks. These tasks, while important for ensuring that a business runs smoothly, can be time-consuming and prone to errors. Automating these repetitive tasks with tools like ChatGPT can help to increase efficiency, reduce errors, and free up employees to focus on more strategic tasks.

- **Data Entry:** ChatGPT can automate the process of entering data into databases, spreadsheets, and other systems by using its natural language processing capabilities to understand requests and perform actions. For example, if a user requests that certain information be added to a database, ChatGPT can extract the relevant information and input it into the database, reducing the risk of errors. This can help to increase efficiency and accuracy in data management, ultimately leading to improved business performance.

- **Scheduling:** ChatGPT can automate the scheduling of appointments, meetings, and other events, reducing the risk of errors and freeing up employees to focus on other tasks.

- **Report Generation:** ChatGPT can automate the generation of reports, such as sales reports, customer service reports, and financial reports, freeing up employees to focus on analyzing and using the data.

Finally, ChatGPT is a powerful technology that has the potential to revolutionize the way businesses operate. With its advanced natural language processing capabilities, ChatGPT can assist with a wide range of business process automation tasks, improving efficiency, reducing costs, and freeing up employees to focus on more strategic tasks. From customer service interactions to sales and marketing efforts, lead generation to repetitive tasks, data input to email and document generation, ChatGPT has the potential to make a significant impact on a wide range of business operations.

For businesses looking to improve their performance and streamline their operations, ChatGPT is definitely worth exploring whether you're a small business looking to increase efficiency or a large corporation looking to automate complex processes.



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WHY SOME SOMALI SMALL SCALE BUSINESSES HAVE FAILED? CHALLENGES AND PROPOSED SOLUTIONS

YONIS ALI MUKHTAR



INTRODUCTION

Since the central government collapsed in 1991, many different business industries such as manufacturing, merchandising, Services companies have emerged in the local market. Some of these companies have exited from the market due to forcing many factors. These factors include lack of sufficient financing for their products, inadequate skills and many more. Since sustainability of Small scale businesses in Somalia is significant for the economy of the country, these challenges are explained in the article. Hence, the objective of the opinion article is to analyze the different elements those cause the failure of some small scale businesses in the country especially in Mogadishu. Conclusion and recommendations for the owners is addressed in the article.

CHALLENGES FACING LOCAL SMALL SCALE BUSINESSES IN MOGADISHU

First factor which may cause the failure of local businesses is lack of access to finance or inaccessibility to loan. Getting sufficient capital is the backbone of existence of any business to continue its day to day activities. Generally, there are two ways of financing for fund-raising in financial markets namely; formal and informal financing. The first one, debt and equity financing, is more popular in financial markets and institutions. However, Somalia small scale businesses cannot get formal financing due to lack of local financial markets in the country. Moreover, financial institutions such as commercial banks supply some banking products, usually Murabaha financing, but they do not cover the required funds for these businesses. In contrary, some small businesses have not qualified to get funds from the banks. Therefore, insufficient capital can cease the daily operation activities of the businesses.

Inadequate of management skills is another deterrent which may lead the failure of small scale businesses. Most of the small businesses are sole proprietorship. This type of business is managed by owners. Some of them are uneducated people and do not have any business knowledge, especially different management functions. Business illiteracy leads to discontinue the operations of the business since they even cannot able to classify the costs (fixed and variable costs) from profits. Moreover, these businesses have not recruited qualified employee or consultants to smoothly operate their business. Hence, separating business and educators is serious problems facing Somalia commerce.

Thirdly, lack of customs and trade regulations is another element which causes many businesses have exited from the market. Well-functioned government can play important role in sustainability of the country's economy and well-being of the society as general. Since the central government of Somalia collapsed in 1991, there is no visible government agencies in Somali market. The government roles include protection local business from foreign businesses, setting rules and regulations related to competitions from similar businesses and so on. For instance, some companies may make alliance (oligopoly) to prevent any other company to enter the market using illegal action like dumping. This causes bankruptcy for many companies for sake of unfair competition among businesses. Therefore, free completion will lead positive results in the economy.

Poor Customer Care is another factor which leads to fail many businesses in Somalia. Customer is backbone of any trading whether merchandises, manufacturing or Services companies. Without them there is no business that continue its operations. Many factors may cause poor customer care such as hiring wrong people, lack of proper training, lack of employee engagement, employee burnout and misunderstanding expectations and may more. Customers should be respected since they are crucial element to succeed for any business. Another factor leads business failure is lack of financial planning. It plays an important role in business success. Sources of fund (financing), capital budgeting and working capital management are some components of financial planning. Before starting any business, these elements should be planned carefully and to know if the business is profitable or not. Unfortunately, some traders imitate or copy others' ideas and they do not know how these ideas are implemented to achieve the business goals. Hence, setting good financial planning can help businesses to achieve their goals.

Finally, improper accounting system is one of the factors that leads the failure of businesses. Financial accounting concerns recording the past business transactions daily and preparing comprehensive reports (financial statements) in specific period of time such as quarterly, semiannually or annually basis.

These reports can help owners or managers to monitor financial performance (profits or losses) of the business. In this era, computerized accounting is widely used by companies. Without proper accounting systems, there is no business succeed its operation in short or long-term period. However, many small scale businesses in Somalia do not record their transactions properly.

CONCLUSION & RECOMMENDATIONS

The objectives of this opinion article is to analyze the main challenges those cause the failure of small scale business in Somalia. There are many obstacles those affect the existence of Somali local businesses but only six elements are explained in this short article. These factors include inaccessibility to business loan, inadequate management skills, absence the role of the government regarding setting strong rules and regulation for businesses, lack of proper marketing planning (customer care), insufficient financial planning and poor financial accounting practices.

Since some local businesses have no sufficient capital, commercial banks should offer loan to domestic companies with reasonable profit rates and it reduces bankruptcy rate in the market. The local banks also should cope with additional financial products which may increase fund availability for commerce. Moreover, in order to improve management skills, owners and managers should give training (on-the-job and of-the-job training) or recruit professional managers to overcome mismanagement in their business. Presence of government role is crucial in the local business markets. Therefore, the government agencies should regulate and protect the functions of different businesses since they contribute the growth of the economy. In addition to, since customers are backbone of any business, the Somali businesses should improve customer care programs or policies and meet customer expectations (quality, price, additional services and so on). Lastly, financial planning and using proper financial accounting procedures are important factors to succeed any businesses. Therefore, theses two elements should be improved by any companies.



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SUPPLY CHAIN MANAGEMENT IN SOMALIA: LOOKING BACK AS WE LOOK FORWARD

MOHAMED SHARIF ABDULLE



Supply chain management in Somalia has long been a challenging and complex endeavor, due in large part to the country's ongoing conflict and instability. In recent years, however, there have been a number of promising developments that suggest a brighter future for supply chain management in Somalia. In this article, we will first provide some background on the state of supply chain management in Somalia, highlighting the key challenges and obstacles that have historically hindered the effective management of the country's supply chains. We will then examine some of the more recent efforts to improve supply chain management in Somalia. Finally, we will look ahead to the future of supply chain management in Somalia, considering what steps need to be taken in order to build a more sustainable and efficient system for managing the country's supply chains.

The challenges facing supply chain management in Somalia are multifaceted and complex, but they can be broadly grouped into three main categories: political instability, economic insecurity, and infrastructural constraints.

Somalia has experienced a prolonged period of political instability, marked by multiple civil wars and insurrections over an extended period. The most recent of these conflicts began in 1991 and has been particularly destructive, with much of the country's infrastructure, including roads and ports, being damaged or destroyed. This has made it extremely difficult to establish and maintain reliable supply chains in Somalia, as businesses have struggled to find ways to transport goods and materials in and out of the country.

Economic insecurity has also been a major challenge for supply chain management in Somalia. The country's economy is heavily reliant on agriculture, with livestock raising surpassing crops growing fourfold in value. However, Somalia has long struggled with economic mismanagement, corruption, and a lack of access to financial resources, which has made it difficult for businesses to thrive. This, in turn, has made it hard to attract the investment and expertise needed to build and maintain a robust supply chain infrastructure.

Infrastructural constraints have also been a major impediment to effective supply chain management in Somalia. The country has a very limited transportation network, with only a handful of paved roads and very few airports or ports. This has made it difficult for businesses to get their goods to market and has also made it harder for the government to distribute essential goods and services to people living in rural areas.

In addition to the political instability, economic insecurity, and infrastructural constraints that have historically hindered supply chain management in Somalia, there are a number of other factors that have contributed to the challenges faced by businesses operating in the country.

One of these factors is the lack of a strong legal framework to support the development of businesses and protect their rights. Somalia has a long history of corruption and weak governance, which has made it difficult for businesses to operate with confidence and predictability. This has discouraged many companies from investing in the country and has made it harder for those that do to secure the contracts and partnerships needed to build and maintain a strong supply chain.

Another factor is the lack of access to finance, which has made it difficult for businesses to secure the funding they need to invest in infrastructure, equipment, and other resources. This has been particularly challenging for small and medium-sized enterprises, which often lack the collateral and credit history needed to access traditional forms of financing.

Finally, the lack of skilled labor and technical expertise has also been a hindrance to the development of supply chain management in Somalia. Many businesses have struggled to find workers with the knowledge and skills needed to operate and maintain complex supply chain systems, which has made it harder to build and maintain a reliable and efficient supply chain infrastructure.

Despite these challenges, there have been some signs of improvement in recent years. The Federal Government of Somalia has made efforts to improve the security situation and stabilize the country. This has helped to create a more conducive environment for business and trade. There have also been some efforts to improve logistics, such as the rehabilitation of the port of Mogadishu and the construction of new airports and roads.

One of the key opportunities for growth in the supply chain sector in Somalia is its large and young population. With a population of over 15 million, there is a significant potential market for goods and services. As the population continues to grow and urbanize, there will be a rising demand for consumer products such as food, clothing, and electronics.

This presents a valuable opportunity for businesses to capitalize on this market and generate revenue by meeting the needs and wants of the population. The increasing population can be a driving force for businesses to invest in the country, to establish new supply chain networks, distribution channels and retail stores to satisfy the needs of the population.

Another opportunity is the country's large agricultural sector. Somalia is one of the most agriculturally rich countries in Africa, with a large potential for crop production and livestock farming. This presents an opportunity for businesses to tap into this sector and source raw materials for manufacturing and processing. The country has the potential to grow a wide variety of crops such as sorghum, maize, beans, sesame, and sunflower. There is also a potential for fishing and aquaculture, particularly in the Indian Ocean.

Somalia's location also presents an opportunity for the country to become a hub for trade and commerce in the region. The country has a long coastline along the Indian Ocean, which provides access to some of the busiest shipping lanes in the world. This makes it well-positioned as a logistics and transportation hub, connecting East Africa with the Middle East and Asia. Furthermore, the country is at the crossroads of some of the world's most important trade routes, such as the Gulf of Aden, the Red Sea and the Indian Ocean.

To fully realize these opportunities, however, significant investment in infrastructure and institutions is needed. This means investing in improving logistics and transportation infrastructure such as ports, airports and roads to make it easier to move goods and products in and out of the country. In addition, there is a need to strengthen institutions and governance, such as the rule of law and property rights, to make it easier for businesses to operate in a stable and secure environment. Finally, creating a stable currency and financial system will also be vital for doing business in Somalia.

Overall, while there are many challenges to supply chain management in Somalia, there are also significant opportunities for growth and development in the country. With the right investments in infrastructure and institutions, the country has the potential to improve its supply chain and become a major player in regional and global trade.



Mohamed Sharif Abdulle,
Coordinator, Academics

NEED TO BE RICH, CHECK YOUR LIFESTYLE

DR.ISMAIL MOHAMED ALI



A friend of mine once told me a story of someone who rented the second floor of a beautiful building. The man, who is well-dressed, and is the driver of a fancy car, lived with his family in some well-nourished rooms on the floor. In most of the cases, here in Somalia, a broker performs the renting procedure, so, later, possibly after one month, you see the owner of the house. One day, the man, while standing at the balcony, saw a very humble-looking man standing down at the ground, looking upward to him (the tenant) and uttering some words. The tenant said, "God help you, man" assuming he is a beggar." I am the owner of the house, pay the rent", replied the other man. He was shocked and embarrassed not only that he called him a beggar, but also the simplicity of the life he was running while he was extremely rich.

The story is a typical example of "Looking Rich VS. Being Rich" which David Bach elaborated in his book "The Automatic Millionaire". David, as financial advisor, meets different classes of people, some of them driving a brand-new car, wearing a gold Rolex watch, and appearing to be insanely rich.

When looked into their statements, they are really broke, with millions of dollars in debt. As David meets clients who are less impressive, but have a smile on their face and several houses of their own.

It is speculated that Warren Buffett, the American megarich, had been using a \$20 flip phone until not that long ago, and the Africa' richest man, Aliko Dangote is said to be very humble, goes alone, and follows a simple life. He once said to a female journalist, that her life is more expensive to run than his. According to him "no condition is permanent" in this world, so it is better to stay humble.

The simplicity of our life has a lot to do with our spending and where our hard-earned money goes. Are we sacrificing our financial autonomy and future welfare for a temporary enjoyment?

It is true that life likes enjoyment; a luxury car, an expensive rented house, espresso at a fancy hotel with an old friend, yah, compromising to buy an overpriced meal because the money is for you. If you don't use it then who?

Money perhaps needs much care and consideration. It will never accumulate unless we pay some sacrifice. I once heard that if the wealth of the whole world is distributed evenly, the money will find its way to the pockets of those who made it originally. This is possibly true because the money will circulate and circulate until it lands someone who keeps it for a perfect moment.

Most of us are striving to earn more. The problem, as experts say, is not how much we earn. It is how much we spend. The more we earn, the more we spend. It is also said every additional penny, without a plan, will be added to our expenses. The mutual influence between earning and spending creates a downward spiral, or what David calls an unwinnable race which goes like "Go to work...make money...spend money...go to work...make money... spend money.... go to work..."

This unwinnable race is incredibly vicious and can lead to a real financial insecurity. It is an unwanted situation that we all should strive to avoid by making wise financial decisions.

One advice that most financial experts provide is to pay yourself. Decide a percentage of money that would be deducted, before anything else, from your paycheck and sent to your savings account or to an investment account. It could be any amount from 5% to 20%. More than that is even great. In this way, your savings increases with your salary increase. For example, if you save 20% from your salary, the savings of \$1000 is \$200, \$1500, \$300, and \$2000, \$400. It increases with the income increase.

Financial experts also advise that we should save from all earnings, not necessarily from paychecks. You went on a sponsored trip, save the money you used to buy the fuel. Lunch is offered after the meeting, save your daily spending for lunch. \$5 received from a wedding you attended. Send it online to your savings account.

A piece of advice I read from a text a quite long time ago helped a lot. it goes like don't allow someone to fool you for not paying your money. " In supermarkets or shopping centers, you see those people scolding you "your hand is tight", "you stick too much to the money". It is true, I stick to it because I made it hard.

In a nutshell, we want to live a good and fulfilling life, we have to rectify our lifestyle. There is a big difference between looking rich and being rich. It is better we work on our saving habits. We need more saving as we need more earning. It is often advised to have a constant percentage of money allotted for saving.



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INNOVATING FOR SUCCESS: HOW TO THRIVE IN SOMALIA'S BUSINESS LANDSCAPE

MOHSEN AYLAW



Doing business in Somalia can be a challenging endeavor due to the country's history of civil war, poverty, and low purchasing power. However, with innovation and determination, businesses in Somalia can not only survive but thrive, the business sector in Somalia is making progress and small businesses are being established. Although, many of these businesses are adopting a "me too" or copy-paste strategy, leading to a surplus of supply in certain sectors. This means that no business is able to benefit from the market, and businesses must find ways to innovate in order to succeed.

In this article, we will explore the challenges facing businesses in Somalia, and how innovation can help businesses to overcome these challenges and succeed in a challenging market.

THE CHALLENGES FACING BUSINESSES IN SOMALIA

Even though entrepreneurs in Somalia face numerous challenges when starting a business in the country. Political instability, limited infrastructure, and limited access to financing are major obstacles that entrepreneurs must overcome. Additionally, there is limited access to markets and a lack of resources and education, which can make it difficult for entrepreneurs to start their businesses.

Despite these challenges, many entrepreneurs in Somalia overcome these obstacles and create businesses through hard work, determination, and resilience but still face major challenges to operate and grow their business.

One of the main challenges facing businesses in Somalia is the country's low purchasing power. This means that businesses must find creative ways to offer products and services at affordable prices in order to

attract customers and make profits. This can be difficult, especially in a country with such high levels of poverty.

People in Somalia have limited income and are unable to afford expensive or luxury products and services. This presents a significant challenge for businesses, as they must find ways to offer affordable and high-quality goods and services in order to attract customers.

The low purchasing power of the population is linked to several factors, including poverty, inflation, and low levels of education and skill. These factors can make it difficult for businesses to find skilled workers or customers who are able to afford their products and services. To overcome this challenge, businesses must focus on creating jobs and providing training and education to their employees. This can be instrumental in building a skilled workforce and improving the overall growth of the country's economy.

Additionally, ongoing security challenges in Somalia present difficulties for businesses. The history of prolonged civil wars in the East African nation has had a major impact on the economy, and businesses must be prepared to adapt to the changing market conditions and as well as the social and economic challenges.

Another challenge is the country's history of civil war and the current security issues. This can make it difficult for businesses to operate, especially in certain regions of the country. To overcome this challenge, businesses must work with the government in applying security measures to protect their employees and assets. Additionally, businesses should only rely on the country's security forces and adopt measures including the hiring of private security guards while leveraging technology by installing security camera systems. Similarly, businesses may need to partner with other businesses or organizations to share resources and expertise, which can help in reducing the risks associated with operating in such a challenging environment.

Poverty is also a major issue in Somalia, with many people living on less than \$2 per day. This can make it difficult for businesses to find skilled workers or customers who can afford purchasing their products and services.

To take part in the wider efforts of reducing poverty across the country, businesses can collaborate with local organizations to provide life-saving support and assistance to economically disadvantaged communities, which can be essential in the creation of a more stable and prosperous society.

Inflation is another issue that businesses in Somalia must contend with. High inflation can erode the purchasing power of the population, making it even more difficult for businesses to sell their products and services. To overcome this, businesses must find ways to increase their revenues and reduce their costs. This could involve expanding into new markets, introducing new products and services, or using technology to improve their operations.

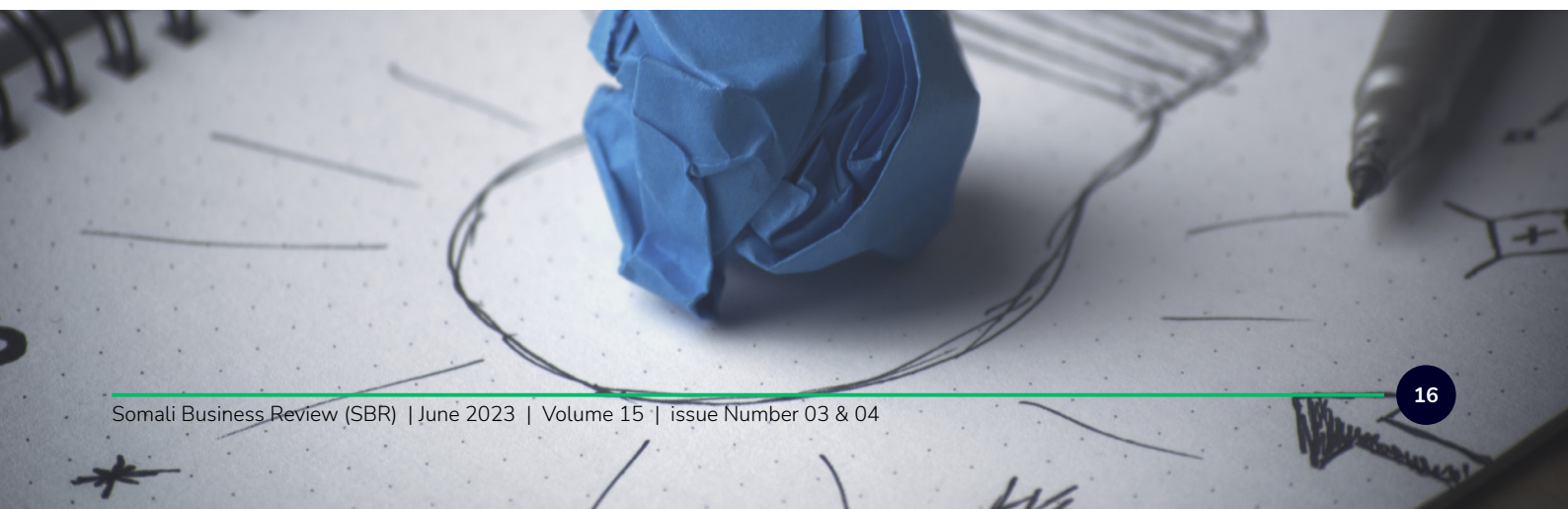


THE IMPORTANCE OF INNOVATION

Innovation is the process of creating new and better ways of doing things. It involves taking risks, experimenting with new ideas, and finding creative solutions to problems. Innovation is particularly important in Somalia because it can help businesses overcome the challenges they face, such as low purchasing power, conflicts, and poverty.

In Somalia, the business sector is making progress, but the country's low purchasing power and widespread insecurity present significant challenges for businesses. To succeed in this environment, businesses must be innovative and find ways to differentiate themselves from their competitors.

A "me too" or copy-paste strategy is unlikely to be successful in Somalia. This is because the country's market is already saturated with similar products and services, and businesses must find ways to create a competitive advantage in order to flourish. Many people in Somalia cannot afford to buy expensive or luxury products, so businesses must offer affordable and high-quality goods and services in order to attract customers. This means that businesses must be creative in order to differentiate themselves from their competitors and offer unique value to their customers.



Furthermore, businesses in Somalia must be aware of the unique cultural and social dynamics of the country. For example, many people in Somalia are influenced by religious and cultural traditions, and businesses must take these factors into account in order to succeed. This means that businesses must be sensitive to local customs and traditions, and must be willing to adapt localization for the products and services they offer, in order to meet the needs of their customers

For example, businesses in Somalia can use innovation to offer products and services at affordable prices, which is important because of the low purchasing power of the population. Innovation can also help businesses improve their operations, reduce costs, and find new markets to sell to. Additionally, innovation can help businesses adapt to changing market conditions and social and economic challenges, which is particularly important in Somalia due to the country's volatile environment.

One example of how businesses in Somalia can use innovation to overcome the challenges they face is by using technology to automate tasks and improve their operations. For instance, businesses could use software to manage inventory, track customer data, and process orders more efficiently. This can help businesses to reduce costs, improve their efficiency, and offer more competitive prices to their customers.

Another example of how businesses in Somalia can use innovation to succeed is by expanding into new markets. This could involve finding new customers or selling to existing customers in different ways. For example, businesses can utilize social media, e-commerce, or other digital platforms to reach new customers and sell their products and services online. This can help businesses to increase their revenues, diversify their customer base, and reduce their dependence on a single market.

SUPPORTING INNOVATION AND ENTREPRENEURSHIP IN SOMALIA

To support innovation and entrepreneurship in Somalia, the government and other organizations should provide training, mentorship, and access to capital to help businesses grow and thrive. This could include programs that provide education and training on entrepreneurship, access to business mentors and advisers, and support for businesses to access funding and investment.

In addition, the government and other organizations could work to create a supportive ecosystem for innovation and entrepreneurship in Somalia. This could include measures such as improving the business environment,

providing infrastructure and support services, and promoting collaboration and networking among businesses.

The government could also work with private sector organizations to develop incubators and accelerators that provide support and resources to help businesses grow and scale. These programs could offer access to workspace, mentorship, and networking opportunities, as well as access to investment and affordable financing from banks

Furthermore, the government could support innovation in Somalia by providing tax incentives and other schemes to help businesses grow.

Doing business in Somalia can be a challenging endeavor due to the country's insecurity, poverty, and low purchasing power. However, with innovation and determination, businesses in Somalia can not only survive but thrive. By embracing innovation and an entrepreneurial mindset, businesses in Somalia can overcome the challenges they face and succeed in a challenging market. The government and other organizations can support innovation and entrepreneurship in Somalia by providing training, mentorship, and access to capital, as well as creating a supportive ecosystem for businesses to grow and thrive

CONCLUSION

Innovation is critical for business success in Somalia. By embracing an entrepreneurial mindset and taking risks, businesses in Somalia can overcome the hurdles they face and succeed in a difficult environment. By focusing on cost-cutting measures, investing in security, creating jobs, and embracing innovation, businesses in Somalia can blossom in a country with low purchasing power and complex social and economic realities.

By focusing on novelty, rarity, and newness, businesses can differentiate themselves from their competitors and offer unique products and services to their customers.

Mohsen Aylawe,
Entrepreneur



THE FUTURE IS TECHNOLOGY: SMALL BUSINESSES WON'T HAVE CHOICES

MOHAMED ELMI AHMED



INTRODUCTION

In 2025, it is estimated that the global e-commerce market will be worth more than \$4.9 trillion. Businesses of all sizes use technology to reach more customers and sell products and services online. Some of the key trends and opportunities driving this growth are the increasing use of social media, mobile commerce, payment, and digital marketing.

Entrepreneurship is the process of starting and running your own business. It can be much work, but it can also be really exciting. Small Businesses (SBs) are important because it creates jobs, help businesses, communities thrive, and spur innovation. According to the World Bank, 90% of businesses are SBs and employ half of the global workforce.

This article discusses how technology is changing businesses and helping new entrepreneurs get started. It's been especially helpful to SBs, which have benefitted from using technology in several ways. So, get ready to be inspired and informed as we look ahead to the future of business in the digital age!

RISE OF THE DIGITAL ENTREPRENEUR

The term "digital entrepreneur" refers to people who start and run businesses using digital tools and platforms. These entrepreneurs often use the internet and other digital technologies to connect with customers and sell products or services.

Technology has helped to make entrepreneurship more accessible and efficient in recent years. This allows people to start and manage businesses from anywhere, creating new markets and industries and disrupting traditional business models. Additionally, technology has made it easier for SBs to reach a wider audience and expand their reach.

E-commerce has helped SBs grow in popularity, allowing them to sell their products and services to a broader audience online. According to a report by the United Nations Conference on Trade and Development (UNCTAD), global e-commerce sales reached \$4.2 trillion in 2020, an increase of 32% compared to the previous year.

The rise of virtual and remote work has allowed many entrepreneurs to hire and manage a distributed workforce and operate their businesses from anywhere. This is especially helpful during times of pandemics since it allows people to stay safe and work from home. According to a survey by the International Telecommunication Union, the percentage of individuals working from home increased from 3.9% to 42.3% between the first and second quarters of 2020.

The rise of the digital entrepreneur has led to the creation of new markets and industries, contributed to the growth of entrepreneurship and the innovation economy, and enabled individuals to start and run businesses from anywhere in the world that might not have been possible in the past.

ADOPTION OF TECHNOLOGY IN SMALL BUSINESSES

The adoption of new technology is a way to improve business efficiency. It can involve choosing and using software, hardware, and other technological solutions to improve communication and other business processes. There are several benefits of technology adoption for small businesses, including:

- **Increased efficiency and productivity:** Technology can help SBs streamline their processes, reduce manual labor, and automate tasks, freeing up time for more important work.
- **Improved communication and collaboration:** Technology can help SBs improve communication and collaboration with their employees, customers, and partners, regardless of location.
- **Enhanced customer service:** Technology can help SBs provide better customer service by enabling faster response times and offering convenient self-service options.
- **Greater reach and scalability:** Technology can help SBs expand their reach and scale their operations, allowing them to reach more customers and increase their sales.

Despite these benefits, SBs can face several challenges when adopting technology, including:

- **Cost:** Technology can be expensive, especially for SBs with limited resources.
- **Lack of technical expertise:** Small business owners may need the technical skills or knowledge to implement and use technology effectively.
- **Security concerns:** SBs may be at greater risk for cyber-attacks and need to invest in appropriate security measures.
- **Resistance to change:** Employees and customers may resist adopting new technologies, leading to resistance and challenges in implementing them.

A digital presence, such as a website and social media profiles, is also important for SBs in today's digital age. A strong online presence can help SBs reach a wider audience, establish their brand, and attract new customers. It can also help SBs connect with their customers, build relationships through social media and other online channels, and establish credibility and trust.

Technology adoption can be a big challenge, but it is important for SBs to think carefully about the kind of technology they want to use and should make sure they consider their needs and resources when adopting new technology. They should choose technologies that will help them achieve their goals. I recommend getting help from experts in the field to avoid any problems.

TECHNOLOGY-DRIVEN DISRUPTIONS IN TRADITIONAL INDUSTRIES

Technology-driven disruptions are changes in how an industry operates caused by the use of new . These changes can be very disruptive to businesses that are traditional in nature and can lead to changes in the way that the industry works.

There are numerous examples of traditional industries being disrupted by technology-driven startups. Some examples include:

- **Transportation:** Ride-sharing companies like Uber and Lyft have disrupted the traditional taxi industry, while electric scooter and bike rental companies like Lime and Bird have disrupted the traditional bike rental industry.
- **Retail:** Online marketplaces and e-commerce platforms, such as Amazon and Alibaba, have disrupted the traditional retail industry by providing customers with more convenience and a wider selection of products.
- **Hospitality:** Airbnb has disrupted the traditional hotel industry by offering a platform for individuals to rent out their homes or apartments as short-term rentals and providing customers with alternative accommodation options.
- **Banking:** Online banking and payment platforms, such as PayPal and Venmo, have disrupted the traditional banking industry by providing customers with more convenient and secure ways to manage their finances.

Technology is always changing, and businesses, especially startups, need to be updated with new technologies to stay ahead of the competition and take advantage of new opportunities. This may involve keeping up with industry trends and developments and trying out new technologies as they become available.

Technology is always changing, and businesses, especially startups, need to be updated with new technologies to stay ahead of the competition and take advantage of new opportunities. This may involve keeping up with industry trends and developments and trying out new technologies as they become available.

Technology-driven disruptions can positively and negatively impact traditional industries and businesses. While they can create new opportunities and drive innovation, they can also disrupt established businesses and lead to job losses and other challenges.

FUTURE OF ENTREPRENEURSHIP AND TECHNOLOGY

The future of entrepreneurship and technology will likely be filled with many new changes and innovations. As technology improves, it will create new opportunities and challenges for entrepreneurs and businesses, and new ways of doing things will emerge. Some of the key trends that will shape the future of entrepreneurship and technology include:

- **The rise of e-commerce and digital marketplaces:**

The growth of e-commerce and the emergence of digital marketplaces are expected to continue as more consumers turn to online channels to purchase products and services. This trend is likely to create new opportunities for entrepreneurs to sell their products and services online, as well as challenge traditional business models.

- **The increasing popularity of remote work:** The trend towards remote work is expected to continue, as technology makes it easier for individuals to work from anywhere. This trend is likely to drive the growth of virtual and remote work, as well as create new opportunities for entrepreneurs to start and run businesses from anywhere.

- **The emergence of new technologies:** New technologies, such as artificial intelligence, the Internet of Things, Blockchain, and Metaverse, are expected to emerge and disrupt traditional industries. Entrepreneurs who can quickly adapt and leverage these technologies are likely to have a competitive advantage.

- **The importance of digital skills:** As technology continues to advance, it will be increasingly important for entrepreneurs to have digital skills to stay competitive. This may involve staying current with emerging technologies, as well as being able to use digital tools and platforms effectively.



Technology can help smaller businesses compete with larger businesses because it gives them access to a wider audience. For example, according to a study by the World Bank, businesses that use the internet are more likely to grow and create jobs than businesses that don't. Businesses that use the internet are 4.3 times more likely to innovate and 2.5 times more likely to export than businesses that do not.

However, SBs need to be adaptable and agile in the face of technological change, as failing to adapt can lead to obsolescence. This may involve staying current with emerging technologies and adopting new tools and platforms as they become available. It may also involve being open to changing business models and adapting to new market conditions.

The future of entrepreneurship and technology is going to be full of lots of change and new ideas. Entrepreneurs will use new technologies to create new products, services, value and grow their businesses.

Like many other countries, Somalia can benefit from the technology revolutionizing SBs and entrepreneurship trends. The use of technology can help level the playing field for SBs in Somalia by providing them with access to tools and platforms that allow them to reach a wider audience and compete with larger, established businesses. For example, adopting e-commerce and online marketing platforms can help SBs in Somalia sell their products and services to customers worldwide rather than being limited to a local market.

In addition, technology can enable entrepreneurs in Somalia to start and run businesses from anywhere, thanks to the increasing popularity of remote work. This can be especially beneficial in a country like Somalia, which faces challenges such as a lack of infrastructure and instability. By being able to work remotely, entrepreneurs in Somalia can bypass some of these challenges and focus on growing their businesses.

Finally, using technology can bring numerous benefits to SBs and entrepreneurship in Somalia, helping to drive economic growth and creating new opportunities for individuals and communities.

CONCLUSION

In conclusion, technology is revolutionizing the way SBs operate and the way we think about entrepreneurship. From the rise of e-commerce to the increasing popularity of remote work, technology creates new opportunities and challenges for entrepreneurs. SBs need to stay up-to-date with technology and be adaptable and agile in the face of change to stay competitive.

The potential for technology to enable and enhance entrepreneurship in the future is vast. From the emergence of new technologies, such as artificial intelligence, the Internet of Things, Blockchain, and the Metaverse, to the increasing importance of digital skills, technology is shaping the future of entrepreneurship in exciting ways. By adopting these technologies, Somali entrepreneurs can create innovative products and services that address the unique needs of their market.

To take advantage of these opportunities and thrive in the digital age. By embracing technology and being open to change, entrepreneurs can create value and drive growth in the digital economy.



Mohamed Elmi Ahmed,
Researcher





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IS MURABAHA IN SOMALIA TURNED INTO BAI AL INAH?

GALAD MOHAMED BARRE



INTRODUCTION

Prior to the collapse of the Somali central government in 1991; Somalia, had just two public commercial banks, the Somali Savings and Credit Bank and the Somali Commercial Bank. Therefore, these two banks also controlled loans and other financing resources. Somalia now has thirteen licensed Islamic banks and two Takaful firms. Despite the fact that Islamic banks in Somalia have grown rapidly over the last two decades without government support, they are still in their infancy and lack appropriate liquidity management. For example, in the absence of capital markets, particularly money markets, which could help with liquidity management by allowing banks to borrow money when they have a cash deficit and deposit excess cash to avoid having idle money. Islamic banks provide commodities financing items to their customers through Murabaha contracts, such as motor Bajaj, luxury cars, land, and so on. Personal loans in conventional financial institutions are based on interest rates (Riba), however, personal loans in Islamic financial institutions should follow a different premise that is compliant with Shariah law. Nevertheless, Islamic banks in Somalia do not yet offer

cash financing products such as Tawarruq. Thus, this prompted Somali Islamic clients to try to convert Murabaha into Bai al-Inah in order to obtain cash for various purposes. Bai'Al-Inah, as we all know, is forbidden by most Shariah experts since it resembles interest (riba).

WHAT IS BAI'AL-INAH?

Bai'Al-Inah is when a seller sells a commodity to another person for a certain price with a different payment schedule on a future set date, he or she then buys the same commodity back from the buyer for a lesser cash price. Here again, Bai'Al-Inah is a situation whereby a person sells subject matter and, then purchases it back at a lower price in cash. The fundamental goal of Bai'Al-Inah is to gain access to funds for various uses. People will always require cash finance for many reasons such as weddings, schooling, businesses, and personal use. As long as Islamic banks in Somalia do not offer cash lending products and people require cash, the situation will remain dire. Therefore, they began to distort Murabaha into something that resembled Bai al-inah.

HOW DO ISLAMIC CUSTOMERS PRACTICE MURABAHA IN SOMALIA?

As practised in Somalia, a bank purchases assets from a supplier, and then the bank sells the asset to a customer at a deferred price on cost plus mark up for a fixed date by using Murabaha contract. The buyer (customer) resells the same asset at a lower price to the original seller (supplier or vendor) on a cash basis. Therefore, many people believed Murabaha financing has been converted into Bai' Al-Inah. Why? Because the last buyer is not different from the original seller. According to Jamaludin (2018), a Murabaha financing can be converted into Bai' Al-Inah if the identity of the vendor is not different from its client. The key motivator for people to convert Murabaha to Bai' Al-Inah is a lack of cash financing options. Without doing so, they will be unable to obtain funds. The question is whether the Islamic banks in Somalia is aware of the distortion of Murabaha to Bai' Al-Inah and their views on Shariah acceptability for Bai' Al-Inah.

SHARIAH ISSUES OF BAI' AL-INAH

The issue arises from the ambiguity around the idea of Bai' Al-Inah in the current personal financing supplied by Islamic banks. The Islamic laws are extremely significant in Islamic financial activities. For example, personal finance is not referred to as interest-bearing, but rather as a business transaction, with goods trading serving as the foundation for the financing arrangement. This issue of interest has been examined for a long time, and there are numerous solutions available that are allowed within Islamic law. The Bai' Al-Inah concept, for instance, was established to replace interest-based personal loans. Apart from Bai' Al-Inah, Tawwarruq is a relatively new product, with only a few countries and their Islamic financial institutions offering it as a personal financing option, but many countries do not practice Tawarruq like Somalia for cash financing. However, Bai inah has many Shariah issues three of four Shariah schools of thought are viewed as impermissible like Hanafi, Hambali and Maliki,

whereas Shafi school of thought have strong rules for Bai inah implementation (Rosly & Sanusi, 1999; Muwazir et al., 2020). In addition, contemporary Muslim jurist's majorities disallowed this transaction mainly debating that it is a hiyal (legal device) to circumvent riba-based financing, which actually opens a "back door" to riba. For example, Ibn Qayyin Al- Jauziyah and Ibnu Tamiyya (Aziz, 2018). And also, this presumed wrongful intention (niat) to commit Riba transaction, in line with the hadith which says "all actions are judged by intention." (Jamaludin, 2018).

As long as Bai'Al-Inah is centered on buy-and-sell transactions only, Bai'Al-Inah has many hilah and is more controversial than Tawarruq. Tawarruq, on the other hand, has fewer Hilah, despite the fact that the goal is the same: money lending. Tawarruq, which promotes improved Islamic financial practices, is so desperately needed and should be incorporated into the Somali markets.

In Somalia, Islamic banks are still in their infancy, with limited capital resources. Liquidity is a major issue in the Islamic banking business, which is exacerbated by a lack of efficient liquidity management (Jibril et al., 2020). In Somalia, Islamic banks are once again giving short-term loans (Murabaha) to their customers, most of which are for less than a year. As a result, it is extremely difficult for Islamic bank customers to obtain cash financing from the banks (Khadar & Jama, 2016). Currently, Islamic banks in Somalia only offer Murabaha (financing) to their customers, which allows them to purchase assets such as cars, land, and other physical commodities. Customers may not always need to purchase an asset (commodity), but rather need cash for a variety of reasons such as marriage, education, company, working capital, and personal use. As a result of the severe product limitations, Islamic banks in Somalia must develop new products that allow customers to obtain cash financing, such as Tawarruq.

There are a number of questions that must be addressed. First, why are Islamic banks in Somalia supporting these illegal activities? Second, why haven't Somalia's Shariah experts weighed in on this issue? Third, why can't we come up with an alternative to this contract because the major reason for its establishment was a lack of personal cash financing ability?

The crucial responses to the preceding questions. First, some Islamic banks may have assumed that this issue has nothing to do with them because they are unable to comprehend the clients' intentions, whether they are seeking cash or not. They also don't know whether the purchaser will return the product to the original seller or to another buyer for a refund. Others, argued that this was the role of the regulators because they couldn't control the customers once the product had been handed to them. Second, most Shariah scholars in Somalia do not have a financial background even though, they are experts in Islamic law. Hence, the majority of them depended on explanations from bank management, and there was no Shariah audit that provided a true assessment to clients. Third, Islamic banks are still in their infancy, with limited capital and personnel resources, and Somalia lacks central Shariah scholars who issue Islamic finance decrees from central of Somalia bank (CBS), such as the Bank Negara Malaysia (BNM's) Shariah Advisory Council of Malaysia.

CONCLUSION

This article examines the use of Murabaha as Bai al inah in Somalia, as well as various Shairah concerns related to Bai al inah. There are three aspects to this study's contribution. First, this study raises Islamic banks' awareness of their consumers who twist Murabah into Bai al inah. Second, the study identifies the needs of Islamic bank customers for cash financing rather than merely commodities financing. Finally, the study establishes the Shariah prohibition of Bai al inah among most Shairah experts, whether ancient or contemporary.

Several recommendations are proposed by the study. First, in light of the need for cash financing among Islamic bank clients in Somalia, the study suggests that Islamic banks offer Tawarruq cash financing as an alternative to Bai'Al-Inah. Second, the study suggests that Bai al inah be abolished, as most Shariah experts think that it should be prohibited, and as indicated in the introduction, users of Islamic banks in Somalia used Bai al inah excessively indirectly. Because that is the only way that clients can obtain cash. Bai al inah will be eliminated if Islamic financial institutions use Tawarruq. Third, the study suggests building a system that would allow bank clients to find a means to access cash, similar to Malaysia's Bursa suq Al sila, as long as the need exists. Fourth, if the Tawarruq system is implemented in Somalia, Islamic banks will gain more customers who require cash financing. As a result, rather than doing nothing, Islamic financial institutions are advised to accept this commodity. Finally, as long as cash financing allows a large number of individuals to obtain cash from banks for various purposes, the country's economic growth will be boosted. Future research should look at a broader and more detailed set of data, including not only bank customers, but also Somali Shariah scholars' perspectives on Tawarruq.



Galad Mohamed Barre,
Researcher



CHALLENGES OF AIR TRANSPORT IN AFRICA

SADAM ISAK HASSAN



INTRODUCTION

Contextually, the air transport of Africa is a growing sector with an increasing number of populations out of global regions. A prosperous Africa will demand opening up opportunities that did not exist before. However, the growth in the aviation sector does not provide the perspective of its health. It's clear where Africa was, will be and now is. The growth of the aviation industry is not yet translated into a strong and healthy air transport within the continent (Bofinger, 2017). For instance, although Somalia was badly affected by the civil war and yet there is very little progress in our international airports which are few in numbers. I have been working with Uganda Airlines in Mogadishu since late 2019 and based at Aden Adde International Airport. The fact is that the airport has faced and is still facing challenges in terms of security, space and infrastructure which will be mainly discussed in this article. Moreover, I have personally experienced airlines conflicting check-in counters at the airport because of the little space available.

Additionally, I paid a visit to Uganda twice and although there is progress when compared to Aden Adde Int. airport in Mogadishu, but the same challenges exist which may mean the two countries have some common air transport problems. Such problems, which we can't even rule out that they are common challenges in the whole continent, resulted in that opportunities for inbound tourism and inward investment to have been adversely affected by the uncertain continuation of providing air services. This means the air transport in Africa is still underdeveloped.

THE ROLE OF AIR TRANSPORT

Building successful air transport infrastructure requires a great effort but once successful it will play a major role in the continent (Africa). There is a difficulty of free movement of goods, people and service in the continent, so looking Africa with an eye of opportunities, air transport maybe the driving force of regional market integration. Hence, fostering the African aviation industry will be creating direct and indirect job opportunities for the unemployed people across the industry at large.

Tourism will be one of the roles air transport will contribute in the region. Moreover, having a better and successful air transport will help the continent to connect with the rest of the world. Africa has a rich culture; thus, cultural exchange could be another major role which could benefit from a developed air transport. Hands are powerful when they are joined together therefore, developing a successful aviation industry may create an opportunity to mitigate the chronic aviation problems faced by the industry.

CHALLENGES OF AIR TRANSPORT IN AFRICA

The growth and expansion of Africa's aviation industry is hindered by number of challenges, poor access to local capital sources, over reliance of government, easy target for tax, infrastructure constraints, poor safety and security record and lack of government regulation/actions. Let us try to explain shortly each of the above listed challenges:

- **Poor access to local capital sources:** in Africa, there is a time where accessing funds from local banks or other fund providers and financial institutions is hard, rare or are not yet into existence.
- **Over reliance of government:** newly initiatives, startups in the aviation industry are said to have failed or expected to fail due to over relying the government. A government which is incapable of subsidy for the businesses.
- **Easy target for taxes:** its only in Africa, where business is targeted easily for taxes when there is deficit in budget or just a need for any form of income source
- **Infrastructure constraints:** Many believe that infrastructure is not the heart of the problem in Africa's aviation industry. There are a number of airports in the continent which are stable, have good runways and enough facilities for smooth landings. However, there are various challenges that air transport industries face including the inadequate or poor airport infrastructures, lack of human and physical capital. Moreover, there is a low connectivity and lack of soft and hard transit facilities in terminals and in the airports in general.
- **Poor safety and security record:** one of the most pressing challenges faced by African aviation industry is safety. As per many reports over this matter stated, the number of accidents has gone up when compared to the global. Most of these accidents have occurred repeatedly. This seems to have come from inconsistency in the implementation and enforcement of internationally accepted safety standards and practices.

• **Lack of government regulations/actions:** despite the presence and increasing awareness of the role of the Africa's aviation industry could play in the development of the continent yet the industry lacks to be considered as the top priority by the governments in Africa at large. Some governments believe that opening their skies to foreign competitors could undercut their national airlines. This challenge requires airlines to set rules and regulations for aerospace management, protection and safety of airlines operating their countries and beyond. Difficulties in accessing transit visas, high fee and taxes in airports, weak connectivity, facility restrictions and lack of experts and aviation skills are affecting Africa's aviation industry.

CONCLUSION AND RECOMMENDATION REMARKS

Africa's aviation industry though it is low in an overall volume has experienced substantial progress over the last decade when compared to the other regions in the world. The industry still facing challenges over providing world-class services within the continent. There is lack of competition and only few dominant airlines operate in the whole industry. In addition to that, Africa faces challenges in safety and consumer protection, lack of regulations, inadequate government actions, insufficient infrastructure, restricted transit visas and weak connectivity to the rest of the world too. To overcome these challenges and to bring the attention of the stakeholders in to the sector, this paper recommends to:

- Upgrade airport facilities as there is enough revenues from the airports to finance/invest the necessary infrastructure
- Reduce the cost of air travel to the affordability stage to maintain growth in aviation industry,
- Improving regulatory frameworks and balancing the benefits from the sector,
- Train professional teams in the aviation industry with the capability to establish monitoring and evaluation projects using driven-data approach,
- Consistency and practice of international accepted safety standards in the aviation industry.



Sadam Isak Hassan,
Researcher

DO LOCAL BANKS ARE READY TO LAUNCH NEW ISLAMIC HOME FINANCING PRODUCTS FOR THEIR CUSTOMERS?

YONIS ALI MUKHTAR



INTRODUCTION

People require houses as other necessities such as food and clothes. Human beings normally achieve their needs by means of building their own house, renting or purchasing from others. Only few people can purchase or build their own shelter using their scarcity resources. However, most of them do not have enough to buy houses to get a standard of living. Therefore, to fulfill this essential needs related to housing, the people have moved to the banks for getting house mortgage for the long term repayment from their personal income. Hence, this article discusses the limitations of Murabaha, the only available product in Somalia, as a home financing, way forward (proposed other home financing products in Islamic banks) as well as conclusion and recommendations.

LIMITATIONS OF MURABAHA PRODUCT AS A HOME FINANCING IN SOMALIA

In Somalia, the only home financing product is trade financing, known as Murabaha financing. Generally, this product is intended to use solely commodity financing rather than real estate financing because it is naturally short-term funding, while real estate financing is required to have long-term period for repayments (maturity). However, local commercial banks have offered it only as a home financing scheme. Apart from maturity problem, Murabaha financing has another problem that is higher loan costs from home buyers' perspective in Somalia. These costs are explained below:

Firstly, In Murabaha financing, the Islamic banks charge profit rates or mark-up cost. This is the profit made by Islamic commercial banks when they offer bank loans including home and commodity financing. Profit rate is highest costs incurred by home buyers, while it is returns or yields received by the banks or lenders. In Somalia, profit rates charged by commercial banks are more expensive which makes difficult to get home financing low income people.

Secondly, legal documentation (notary fee). When home buyer and land developer agree with the price of property, legal documentation must be paid. In this case, notary fee should be incurred. Once a potential borrower applies home financing from a bank, then the bank evaluate the borrower's required documents to determine the borrower's ability to repay the monthly or annual installments. In conveyance stage, double transactions is made; the bank purchases property from the seller or land developer and then the bank sells it to the consumer. Unfortunately, the home buyer is required to pay both transaction costs to the public notary. This will cause the property is overpriced compared to purchase it on cash.

Thirdly, Inspection costs (geometry & engineering fee); inspection costs should be incurred to check existence, land size and he validity of its document for risk mitigation. The home buyer is required to pay all these costs. Moreover, transportation costs and any other overhead expenses related to land purchasing process must be covered by home buyer.

Finally, Brokerage fees are also incurred by the buyer. Informal brokers play important roles in real estate markets in Somalia. They give relative information to sellers and buyers including the price or value, location and document validity of the property. Therefore, this informal brokerage fees are required to pay by property buyers.

WAY FORWARD (PROPOSED OTHER HOME FINANCING PRODUCTS)

In Islamic finance, there are several shariah-compliance products as an alternative of conventional home financing products. These products include Bai Bithaman Al-ajil (BBA), Musharakah Mutanaqisah, Ijarah and etc. However, these Islamic banking products have not been applied yet by banks in Somalia. And, each model are described as the follows:

Firstly, Musharakah Mutanaqisah or diminishing partnership is a form of co-own property that one side pledges to purchase the other partner's equity shares progressively until the equity title is fully conveyed to the customer. The commercial bank leases the house to the customer and it will receive rental revenue from the customer. The bank and client jointly share with the

property based on initial proportional ownership shares. For instance; while the bank owns 80%, the customer possesses 20% of the real estate. The client will steadily redeem the bank's equity share during the period of financing until the total sum is fully paid by the customer. Therefore, when the real estate is 100% possessed by the client and then the title of property is conveyed to the customer, the diminishing partnership contract has been ended up.

Secondly, Bai Bithaman Al-ajil (BBA) is another Islamic Banks products which is an alternative to conventional mortgage loans. It is a deferred payment sale contract that real estates are sold on deferred payment basis determining selling price of a property plus a profit margin that both parties agree. BBA financing is similar to Murabaha or trade financing except maturity. It is a long-term home financing rather short-term and it can be good option when compared to Murabaha financing regarding the longer payment period.

Lastly, the Islamic banks may also use Ijara (leasing) and it can be another alternate product for leasing. The client chooses a home and request from the bank to finance it. After analyzing the property and client, the bank purchases the real estate and leases to the consumer for schedule rent while the home title remains with the bank.

CONCLUSION AND RECOMMENDATIONS

All banks in Somalia have used Murabaha as a home financing. This financing mode has many limitations such as higher loan costs, short-term in maturity. However, there are others alternative products for Islamic banks in terms of home financing. These alternative home financing include Musharakah Mutanaqisah, Bai Bithaman Al-ajil (BBA), Ijarah and other Islamic products.

Therefore, Commercial banks in Somalia should cope with other innovative Islamic finance products including those mentioned above. Applying these products may create diversifications in Islamic banking products and will attract more home buyers since these option offer long-terms maturity. If the home buyers have long period to settle their payments, it leads to increase the demand of home financing.



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ENTRY OF INTERNATIONAL BANKS AND THEIR IMPACTS ON LOCAL BANKS IN SOMALIA

MOHAMED ISMAIL MOHAMED



INTRODUCTION

In Somalia, local banks play a crucial role in economic development and business growth. One of the most significant changes to the banking industry in transitional and emerging market economies over the past ten years has been the sharp increase in foreign bank entry. Local banks appear to be in a similar circumstance, and foreign bank entrance is increasing in other rising economies of the banking system in Somalia.

However, governments focus on expanding their banking sector to attract fresh capital and enhance the restructuring of local banking institutions. Somali government accepted requests from some foreign banks by allowing opening branches in Somalia and licensing their banking offers. Therefore, entering foreign banks in Somalia will influence the existence of local banks in three ways such as emerging banking competitiveness, social welfare, rules and regulation.

Firstly, licensing international banks in Somalia will come with significant risks because domestic banks must make great investments to compete with foreign banks. This means, for prospective borrowers who involve in investment projects with indefinite returns, banks compete on price. Different banks have different screening capacities. For the sake of simplicity, local banks in the restricted economy are considered to lack access to screening technologies whereas foreign banks have complete screening capabilities. Therefore, the emerging banking competition will evolve local banks services and domestic banks need to have a huge capital to compete against market completion and enhancing investment opportunities with proper prices and lower rates for potential borrowers.

Secondly, another point that may influence domestic banks is social welfare since the number of international banks are smoothly increasing day after day. Hence, a high degree of both competition impacts are required for improving wellbeing, not just one channel of competition.

Moreover, by boosting the variety of financial products available to local customers, foreign bank presence may help promote efficiency and growth of domestic financial markets. Since the local banks only give investment to the individual who has an income, it is necessary to equalize the financial opportunities offered by the banks. It is common that local banks offer mostly Murabaha investment only. Meanwhile, local banks should increase their investment opportunities by offering Musharaka and Mudarabah investments to win the emerging competition. As the presence of foreign banks typically boosts competitiveness in the domestic banking sector.

Finally, foreign banks may also, contribute to better bank supervision and rules in terms of financial regulation. Considering that foreign banks can ask recipient countries' regulatory agencies to upgrade their regulatory and monitoring systems. This might help domestic banks' operations to be of higher quality. Additionally, the presence of foreign banks may result in a decrease in the government's influence over the domestic financial system, which may decrease the significance of financial repression measures like interest rate controls and directed loan programs.

CONCLUSION AND RECOMMENDATION

Banks play an important role in the economic and business growth of the country. The arrival of international banks will have a great impact on domestic banks that focus on only partial of investment. Additionally, local banks need a huge capital to compete foreign banks and also, it should open different branches other countries in order to make easy their service. On the other hand, government should take its role which is about developing a new rules and regulations. This may protect rights of both local and international banks and it reduces conflict of interest. Finally, National banking markets may become more competitive as a result of the arrival of international banks, forcing local banks to increase their operational efficiency.



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OVERCOMING LOGISTICAL BARRIERS FOR BETTER CUSTOMER CARE

IBRAHIM HASSAN MOHAMUD



INTRODUCTION

In the last 25 years, the term "logistics" has gained a lot of popularity among the general population. The value of logistics has been extolled in television, radio, and print advertising. UPS, DHL, and FedEx, for example, commonly refer to themselves as logistics businesses and emphasize the relevance of their service to overall logistics performance.

In this case, this article focuses on the role of logistical management on the performance of customer service representatives, since it has both good and negative implications. Logistics may be described as delivering the appropriate items and/or services at the right time, in the right place, and in the right condition. In the 1960s, the logistics idea began to appear under the physical distribution label in business-related literature, focusing on the outboard part of the logistically system.

Telecommunication Companies, offer a wide range of services such as fixed line services, GSM services and data services. Over 5,000 full-time workers,

including telecom engineering, customer support staff, sales and marketing and financial specialists, are employed by telecommunication enterprise companies in Somalia.

In the context of Somalia many corporations and firms have been operating long, and are struggling with maximizing their market share, logistics management has had an impact on consumer distribution services. The amount to which logistical management may influence customer service has not been understood, and this study has so examined how logistic management might impact the rise in customer service in distribution.

LOGISTICS MANAGEMENT

Management of logistics offers customers the facilities to supply consumers with services. Customer service might be properly trained and give fair terms and conditions of use, but can't function successfully unless logistical assistance is effectively supplied. Logistics should thus be regarded as one of the important aspects of customer service performance.

The telecommunications firms, being the public telecommunications service provider in a large region, serve their consumers with ongoing and dependable service. Logistics systems, therefore, need to be in place to guarantee that the telecommunication distribution personnel have sufficient logistics management to successfully provide customer support. Logistics support generally consists of supplies, tools, transport and communication methods that employees utilize to perform their work.

In Somalia, the logistical aspects, and the business issues are common: "logistics concerns the location of the plant, the stock of stocks, material management and information systems as well as transport." the logistics system. Andrew (1999), has listings on the fundamental operations which fall within a company's logistics role, including: 'procurement and delivery of consumables capital assets, job force assembly service rendering and internal distribution.

LOGISTICS CONSTRAINTS EXPERIENCED BY THE DISTRIBUTION TEAM

The logistics management problems facing the telecommunications, distribution staff have been indicted as interns of the suits of items that are usually made available for distribution of services, the accessibility of the personnel responsible for logistics management, the priority ranking of logistics support components, and how often they have the chance or opportunity.

CUSTOMER SERVICE

Customer services are made up of all organizational preparations and actions to guarantee that customers receive what they require. Customer Service is defined by Zeithaml and Bitner (2003): "Customer Service is the service given in support of the main goods of firm. Most of the time customer service comprises answers, orders, billing, handling, handling and maybe planning maintenance, repair and maintenance." The fundamental aspect of the telecommunications service employees that require continual logistical assistance, is, of course, maintenance and repair.

Whatever, customer service may become the greatest way for many companies in Somalia to achieve competitive advantage. It may help differentiate the products of a company, maintain loyal consumers, and, improve sales and profits. The goal of the logistics manager is to balance the customer service standards, overall logistical expenses and total company advantages.

In Somalia, some firms have found that customer service may be enhanced while overall cost of logistics is reduced. This is the cornerstone of management of the supply chain. Another effect on the entire service experience is the experience of a customer, although this is less a product-direct feature than what is covered in the definition of customer service.

If the supply of a service succeeds, the consumer is happy with its results. In order to satisfy the client, it is important to give its customer service personnel with a high level of logistical assistance to enhance their performance order shipment.

The expected result from the employees of telecommunications businesses should be a good distribution service when they receive the proper logistics. As a result, appropriate logistical assistance should be more effective.

HOW TO OVERCOME BARRIERS OF LOGISTICS MANAGEMENT TOWARDS CUSTOMER SERVICE?

1. Logistics management bottlenecks should be resolved through the supply of suitable materials, in particular communications meters. In order to improve the efficiency of telecommunications companies in Somalia distribution employees, the means of communication and of transport and the instruments needed for telecoms distribution operations should also be suitable.
2. The whole telecommunications firms' logistical support system should be examined in order to streamline it in order to decrease the likelihood of blockages. This would enhance not just the logistical management of the telecommunications distribution employees, but also, the staff associated with the customer service of other telecommunications undertakings.
3. Actions to eliminate logistic deficiencies in the spread of telecommunications is primarily based on the enhanced availability and adequacy of communication means and materials and instruments for transportation. Overall, insufficient logistical management has impeded telecommunications distribution personnel's effectiveness. This suggests the veracity of the conversation: adequate logistic management increases the performance of distribution employees in telecommunications.



Ibrahim Hassan Mohamud,
Researcher

THE SIGNIFICANCE OF AUDITING TO SMALL BUSINESSES

ALI IBRAHIM MOHAMED



INTRODUCTION

For the last decades, the family business in our country is growing, and a new business venture has been created, that requires a large amount of capital to finance the new business. Fortunately, financial institutions such as the bank have also emerged, which are ready to fund any business venture with a possible business plan to get credit. So, financial institutions such as banks need accurate financial statements and financial auditing system. Thus, to achieve this, we want you to understand the importance of auditing for small business and an entrepreneur who wants to expand their business.

WHAT IS AN AUDITING

An auditing or a financial audit, is a formal examination and confirmation of a business's operations. Also, the audit is a formal examination, and confirmation of the veracity of financial reports. The government or the management of the business may perform audits as a method of internal control or in the event that they suspect questionable financial activities.

THE OBJECTIVE OF AUDITING

The primary goal of an audit is to determine the accuracy of the financial position of profit and loss statements. Also, making sure that the accounts give a true and fair picture of the business and its transactions.

THE TYPES OF AUDITS

There are three main categories for audits: internal audits, external audits, and government audits.

• Internal audit

Internal audits are carried out by employees of businesses. Also, no one outside the business has access to these audits. Also, similarly, they are prepared for management and other relevant parties to use. Internal audits help businesses make better decisions by offering managers detailed suggestions for enhancing internal controls. They keep an eye on timely, fair, and accurate financial reporting in addition to making sure that rules and regulations are followed. Before having external auditors analyze the financial records, management teams may use internal audits to find flaws or inefficiencies within the business.

• External audit

An external audit is a financial examination carried out by a party unrelated to the business or division that is freely or involuntarily being audited. An established set of regulations or laws govern how an external audit is conducted. The external audit's scope includes verifying that the business is in conformity with all applicable rules and regulations. The legitimacy, and correctness of the financial records must be confirmed by the auditor. If the auditor discovers fraud committed by or against the business during the routine auditing process, they must report it.

• Government audits

The purpose of government auditing is to evaluate the effectiveness of public accountability, which entails evaluating the accomplishment of administrative goals in order for government organizations to finish the process of offering services to citizens. Governmental audits also, involve financial statement examinations conducted in accordance with Government Auditing Standards on organizations like states, local governments, not-for-profits, higher education institutions, and some for-profit businesses.

THE BENEFITS OF AUDITS

The primary benefits of auditing are the prevention of fraud and the improvement of the Reliability and credibility of financial statements.

• Preventing fraud

Regular internal audits conducted by a business's expert auditor or accountant are crucial for detecting these fraud incidents before they get serious and problematic. Having a strong auditing system in place alone deters and scares employees and vendors from trying to cheat your organization in the first place. . If the authorities examine the financial statements, and determine that

the business has been hiding sales losses or falsifying its financial health, the business will probably have to pay big fines and face legal repercussions. Additionally, the business will lose credibility in the eyes of the stakeholders and customers, which will harm the reputation of the business.

• Reliability and credibility

With an internal auditing system, the business can produce accurate and trustworthy financial reports that will allow the business owner to determine which product lines or market segments are performing the best and how to deploy resources wisely. Furthermore, frequent auditing will provide the shareholders confidence that the financial statements are accurate, and fair also, that it is safe to invest in the business. However, Financial statements use a variety of recorded transactions to show a business's investing, operating, and financing activities. Therefore, there is a considerable possibility of cheating on the part of those who generate financial statements because they are created internally. Without the right rules and guidelines, preparers can easily overstate the business's financial condition to make it seem more successful or profitable than it actually is.

CONCLUSION

Understanding the audit and its benefits for the business is crucial as a small business works to liberate the family business. So, in this article, we discussed the significance of auditing, types of audits, and benefits to the business, which I hope you can better comprehend.

CONCLUSION

The audit system is what drives business growth, and is essential to it. So, we recommend for you to have the following:

- The audit system which is a cure for the business,
- An internal audit that proves the assurance of the financial statements and accounts,
- An external audit that promotes the trust and confidence of stakeholders,
- Hire people who are skilled in that profession,
- Make sure to compliance policies and regulations.



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HOW DO PATENTS CAN SPUR INNOVATION AND ECONOMIC GROWTH IN MOGADISHU?

NASRA FARAH KHAIRE



INTRODUCTION

Innovation is critical to societal advancement because it increases society's capacity to act. These new technologies, products, and services meet a social need while also improving capabilities and making better use of benefits and resources. Patents are the best way to protect new innovations while also improving productivity and economic growth, one of the justifications for patents is that they promote economic and technological development as well as competition by providing a financial incentive for inventions in exchange for public disclosure of the invention also An innovator can recoup R&D expenditures and investments by selling exclusive rights for a limited time. It also encourages investment in the commercialization and marketing of such discoveries so that the general public can benefit from them. The system is also intended to communicate knowledge and information to the general public by publishing patent applications and issued patents. since 2010, Mogadishu has served as a hub for small business opportunities, bringing many Somali Diasporas back to Somalia with new ideas that have been greatly appreciated. it was one that

contributes to the economic growth and reduces the rate of unemployment in Somalia, and what it entailed was showing many people how Mogadishu is the home of opportunities and innovations, but one problem affected that all of those young people's aspirations, and everyone wants to become an entrepreneur in Mogadishu, some people are attempting to start new businesses, but the majority of them fail. Somalia can solve this problem by enacting a patent for innovations and small businesses, since small firms provide almost 80% of net new employment creation. Somalia may face economic recession if it does not enact a patent system, because Patents provide incentives for innovators by granting such rights, allowing them to be recognized for their creativity while also allowing them to profit from their investment. The patent system is designed to strike a balance between inventors' and the public's interests in this way. A patent is a property right that grants its owner the legal right to prevent others from making, using, or selling an invention for a specified number of years in exchange for the publishing of an enabling public disclosure of the invention, Somalia may face economic recession if it does not enact a patent system, because Patents provide incentives for innovators by granting such rights,

allowing them to be recognized for their creativity while also allowing them to profit from their investment. The patent system is designed to strike a balance between inventors' and the public's interests in this way. A patent is a property right that grants its owner the legal right to prevent others from making, using, or selling an invention for a specified number of years in exchange for the publishing of an enabling public disclosure of the invention.

IMPROVING PRODUCTIVITY

Productivity expansion is the most important economic indicator of innovation. Many objects become accessible whenever an entrepreneur is confident in conveying his or her point or the benefit of the what they invented. The arising of new investors who are currently stuck with the expectation that they will not make much money, Investors will have confidence in where they are investing because the patent protects new innovations. Currently, no one protects people's innovations, which can cause production delays. It is possible that some innovations have already been destroyed due to a lack of rights. If a patent is obtained, I Argue they can obtain and use their previous inventions, as well as obtain a patent as a solution to Somalia's deep business recession.

Patents add value to individual inventors and small businesses, which can help these countries grow. They entice investors. They also protect small businesses when they need to collaborate with third parties to put their vision into action. Innovators face a significant competitive disadvantage if they do not have access to patents. When these Somali inventors are unable to compete for ideas and innovation, it can be an impediment to the country's growing productivity, which is currently higher than it was in previous years. We can see some useful examples from such "Lithium-ion battery patent and its evolution" John B. Goodenough, M. Stanley Whittingham, And Akira Yoshino they received the 2019 Nobel prize in chemistry With his discovery, the 'Founding Father' of lithium-ion batteries helps address a 40-year dilemma. M. Stanley Whittingham was the first to outline the notion of rechargeable lithium-ion batteries in the late 1970s.

Nearly five billion mobile phones, laptops, and other portable gadgets, as well as electric vehicles, are powered by rechargeable batteries. In other words, it's only one of many extremely successful patents and inventions. He's been working on LIBs for decades, and he's always looking for ways to improve them. LIBs have had a significant effect on our culture. They made it possible for current portable gadgets like laptops and cellphones to exist. They are now allowing clean and low-carbon transportation, whether through electric automobiles or even flying taxis, as well as grid-scale renewable energy storage, that happening after the effort and progress made in considering public IP.

It can also have a significant impact when the community is more focused on government activities which can reduce new inventions of the society.

INTELLECTUAL PROPERTY AND ECONOMIC GROWTH

Technology and knowledge appear to be major determinants for economic growth and progress in recent history. The patent system has developed to support creativity and economic progress since the inception of the first mechanism to protect innovations in the 15th century. Patents protect your innovations by preventing others from copying, selling, or using your patented idea without your permission, also are intended to promote economic growth and innovation. It also prohibits other companies in that country from producing or importing the patented product, Copyright law is the primary contributor to economic growth. Patent rights are critical to competition in these industry sectors, the growth and impact are required to institutionalize innovation and intellectual property generation. One of the economic roles of the patent is economic growth; the economic sector in Somalia is the main sector of development throughout the country; economic growth is increasing gross domestic product (GDP) Also, the patent act can be a catalyst for increasing productivity in the country. As the percentage of products manufactured and exported in Somalia increases, patent law can be another opportunity that gives entrepreneurs confidence because they won't have to worry about competition.



also Data security and appropriate reward systems are required to maintain investments in R&D. that organizational innovation is critical to long-term economic growth and should be reflected and implemented in economic policy at both the firm and national levels. In many situations, established technological businesses' success is reliant on the patents they filed early on to safeguard their key technology and the profits that they will get from their ideas for example,

The protection of the intellectual property is essential for supporting innovation. Businesses and individuals would not realize the full advantages of their discoveries if ideas were not protected, and they would spend less time on research and development. At the moment, they are spending a lot of time and energy trying to improve on that

CONCLUSION

There is new evidence that patent laws increased levels of innovative activity, as well as substantial evidence that patent systems influenced how innovative activity was distributed across intellectual property. Patents may have a greater impact on shifting the focus of innovative activity than on increasing the number of innovations in countries without patent laws, where inventors concentrated in industries where secrecy was more effective than patents. Innovations can help Somalia's economy grow if the community places a high value on improving its performance and achieving economic growth, at the moment the developed countries are struggling for business development and infrastructure development also raising support for social new innovations. The amount to which innovators may reap the advantages of their creative work determines the motivation to innovate, and hence the pace of economic growth. Intellectual property (IP) rights are an essential institution that governs the

incentive to develop. governs the incentive to develop. There is a tradeoff between economic development, creativity, and intellectual property rights. Stronger intellectual property rights increase the incentives to innovate.

RECOMMENDATION

Small businesses in Somalia, in my opinion, are in desperate need of a patents act, which could have numerous benefits, such as boosting the country's economic development and increasing community productivity. whereby the government might benefit from in the higher tax revenue, To achieve this level of development, we have to get a government that motivates, accelerates, and transforms ideas into action that benefits the public and the nation as a whole. It can also be a remedy to many of the issues that young people face, beginning with joblessness. With a large number of investors, it can generate a lot of hope for the country's innovation growth. There will be numerous opportunities for small businesses to be transformed into large businesses and large-scale projects, which will serve as the foundation for the patent act's incentives. The less productive a country is, the more highly probable it is to import everything that people rely on in their daily lives, that this really can see the result in the current state of the country's low productivity and high importing of goods, I urge the community to promote the ideas associated with the inventions so that we can keep up with the developing world and assist the youth and government in their efforts to promote business development in Somalia.



Nasra Farah Khaire,
Student

CENTRALIZED HIGH SCHOOL EXAMS IN SOMALIA: A RELIEF FOR TALENTED STUDENTS

MOHAMED HASSAN ALI



National education aims to educate citizens to develop competence, knowledge, and skills that enable them to become independent personalities with a sense of responsibility and nationality toward the community. Education raises the power to compete and motivate ourselves to be better in all aspects of life. Dynamic people are advanced people who constantly try to optimize their potential for a viable future life. National or provincial exit examinations certify and signal secondary school students' achievements to universities and employers in several countries. The nature of these examinations has been a topic of contention in many countries because it is felt that they have a considerable impact on how teachers teach and how students learn. Changes in examination systems are usually invariably part of efforts to reform secondary education.

As in the case of Somalia, the ministry of education began to centralize the high school leaving certificate exams in the country, and the public immediately felt relief and encouragement for the bright young minds. The national exam gives equal chances to all students regardless of sex and hometown. Competent students who qualify and meet the required score receive

government scholarships within the country and overseas to pursue the career development of their choice.

However, during the absence of the functioning state institutions, organized individuals established schools offering education services to children across the country. In order to strengthen their capacity in the absence of the government, school owners formed associations and umbrellas to conduct unified exams in their schools and agreed to award one certificate. The school associations grew more prominent as more schools were established across the country, giving chances for new enrollment.

In 2015, for the first time, in the post-conflict period, the Ministry of Education of the Federal Government of Somalia introduced a unified national exam and awarded national secondary school leaving certificates for students who meet the minimum requirement. However, the umbrella of school associations, students, teachers and parents challenged the ministry education decision and its possibility although the government move was in effect.

Numerous issues contributed to the educational beneficiaries, such as students and parents, and school associations on the government's capacity to conduct national exams with existing infrastructure. This includes: people believe in order the government to introduce national exams, there must be a nationally agreed curriculum that is taught equally in schools of the country and its absence motivated education beneficiaries in southern and Central Somalia to encounter government decision and the case of Somaliland which has its arrangements of implementing their national exams.

CHALLENGES FROM THE PUBLIC

Parents and students were anxious about the negative impact of the policy. They doubted the initiative's sustainability as the government lacked the budget to support the private education initiatives available and the absence of teachers in the government payroll. The parents' main concern was transitioning from reliable private institutions they knew for a long time and acknowledging their contribution to the education sector. Although citizens know education services are among the government's primary responsibilities, private education and beneficiaries were still reluctant to collaborate fully.

The umbrella of school associations reservations based on the management of the education sector operationalized in the absence of government for more than two decades. They raised the negative impact that the government directives will create if the matter is not handled correctly. On the other, the School Associations raised the motive of the government taking over the management private education system to manage the unaccounted financial resources collected from the students and its expenditure. Parents fear two significant issues:

the safety of their children as the public view exchanged of the possibilities of death casualties of the students participate the newly introduced national exams and the other significant stress was the effectiveness of the sustainability the national exams every year.

The first year of the exam was surrounded by anxiety fever of all the stakeholders as few students participated in the examinations. All those who sit for the national exam introduced by the ministry of education also sit for exams administered by the school associations umbrella. Universities admitted both the certificates from the ministry of education of the federal government and certificates from the umbrella of school associations.

CRITICAL OF THE NATIONAL EXAM

National exam empowers and gives opportunities to students from low backgrounds access to university education from the government. Previously, families that could afford to pay the fees of their children admitted to universities and those from unprivileged backgrounds ended up roaming in the streets, opting for other means to survive.

On the other hand, the government restored the national university where students study for free, although the slots are restricted due to the limited resources available in the country. The university offers different fields of study, including medicine, legal courses, education, and IT. Students are admitted based on the availability of the requested course and passing the entry-level exam.

Today, children from low-income families who never thought of university-level education study their dream courses to enable a brighter future. Only education can cover the gap between communities and nations, and the more we invest in education, the more we can enjoy better living conditions and eradicate poverty.



As the exam is carried out in the country, expect Somaliland, top brains are awarded a government-funded scholarship, which motivates schooling students who cannot afford to pay fees of private universities to work harder to get good scores that qualify them to achieve their dreams in full. Most Somali children study under challenging circumstances as their parents raised school fees in a country with no formal employment to ensure that their children compete with other top brains of the world.

In net shell every year, government officials learn from the mistakes of yesteryears to improve service delivery. There are several issues that people wish to address.”

1. Curriculum implementation – is the responsibility of the government to ensure all schools in the country use the newly introduced school curriculum for all levels and ensure that students studying in unprivileged circumstances have access to books and other resources available on
2. Ensuring that all students sit for the exams taught in the curriculum is the government's responsibility to ensure that all students receive required curriculum content during their studies.
3. It is recommended that the government abolish school associations assessment and awarding certifications authority which is a burden on the parents and replaces with the national leaving certificate throughout the country. The School Associations collect fees for leaving students parallel to the government.

4. The government is also required to strengthen education infrastructure and ensure that the future of Somali children is essential.

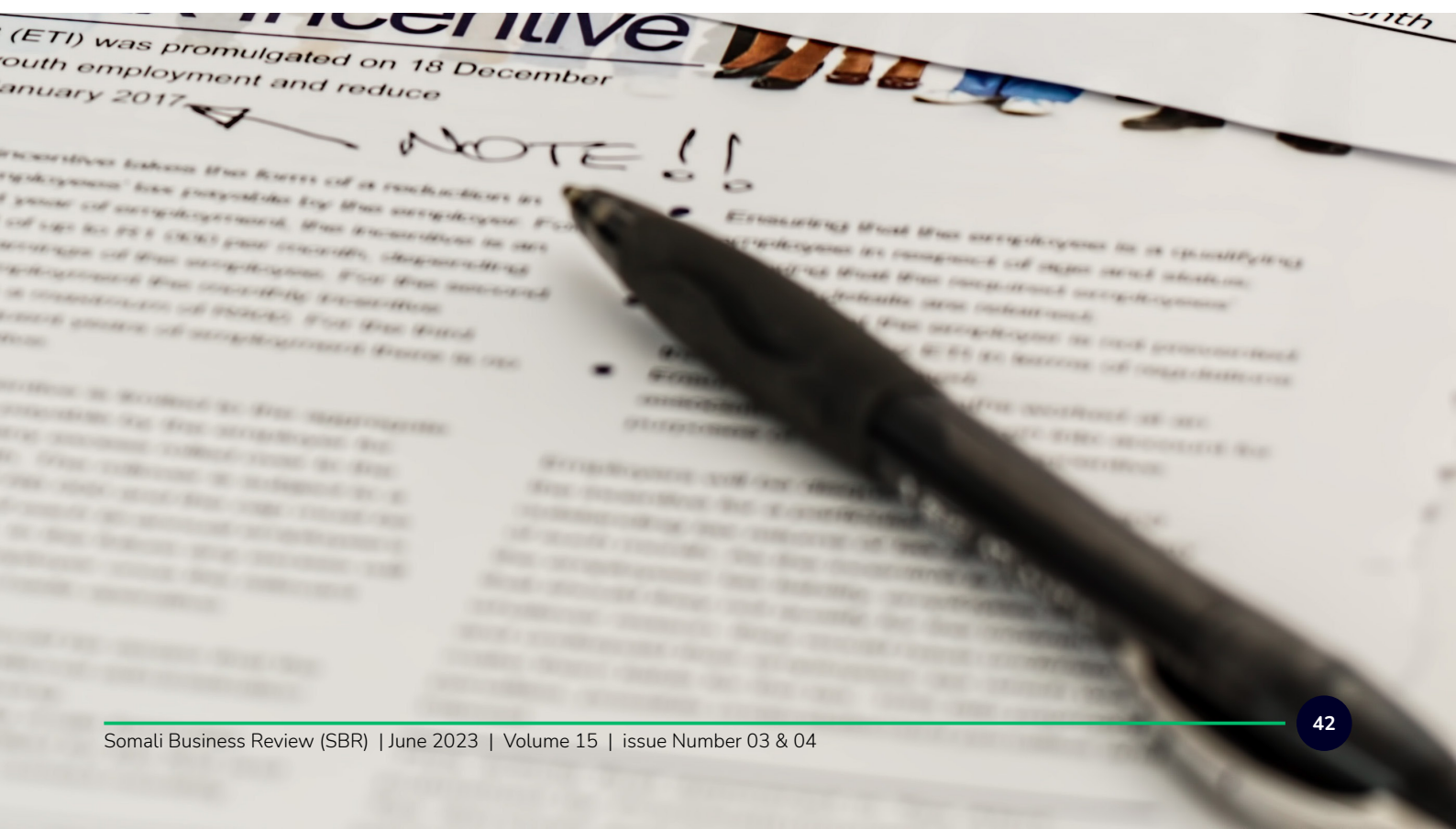
5. Due to the existing bureaucracy, students are charged higher than they can afford for the national examination registration by the Ministry of Education and those of the Schools Associations Umbrellas.

CONCLUSION

The national exam allows students from low economic backgrounds to realize their educational dreams and career development as long as they score high grades to qualify for scholarships. Previously, in Somalia, children accessed privately-owned universities. On the other hand, in some countries, national exams are formed national identity and tell the person schooled in the country and met the required grade to pursue studies and career development in that country. It is recommended that exams evaluate the child student's awareness of the surrounding issues that prepare them for the labour world. The results of the national exams inform policymakers about the condition and the quality of our education system, gaps, and address areas that need specific attention.



Mohamed Hassan Ali,
Researcher



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IS THE REAL ESTATE SECTOR A VIABLE INVESTMENT OPTION FOR EVERYONE?

ABDULLAHI TAHLIL ADAN



INTRODUCTION

A massive real estate development is gradually changing the landscape of Mogadishu and its outskirts. This is attributed to the increasing population of Mogadishu as a result of many Somali diasporas returning to the country, improving the security situation and growing middle-class families. The growth of the real estate industry helped the country to recover from the tragedies brought by political unrest and civil wars that lasted more than two decades. Among the advantages associated with the real estate sector include the beautification of the city due to new houses with unique designs and improved cash flows for the investors because they have diversified their income sources. On the other hand, the sector is less profitable considering the low return on investment and at the same time does not provide more employment opportunities for the population since it is less labor intensive after its construction.

ADVANTAGES

Firstly, the real estate sector has the highest cash flow generated these days because it has monthly -cash flow that can be reinvested into other projects or even can be used to pay the loan of the investment. As such, it has a significant return on investment as compared to other businesses that can be ventured in the region.

Secondly, operational risks of the real estate are not quite more as there are no inventories, other expensive items, or losing key staff that will have a significant impact on organizations but this industry does not have those challenges. Besides, that the investor is assured of business continuity so long as there is peace and stability in the country.

Thirdly, the real estate industry has fewer operation activities thereby making it easy to manage the daily operations as compared to merchandise companies. One needs to hire a manager and ensure there is adequate security for its tenants and this would be enough.

Fourthly, the increasing development in Mogadishu's real estate sector would increase the city's aesthetic value and ensure adequate housing units. This would attract more people into the city which would make the city a business hub in the region. In the end, the city would be a critical part of the country's economic development.

Finally, the real estate sector acts as an important backup for businesses. Working capital of business is combination of both current and non-current assets. In this case, the non-current asset can be utilized as a backup for the business especially when there is a loss in the current assets.

DISADVANTAGES

First, there is less opportunity to dispose of in the real estate sector. In this case, one of the major factors of investing is the disposal option of the project, in other words, it is the exit option. Selling land is not easy although it can be manageable, but selling a building is a bit tough, as it is difficult to get someone who needs this type of building. Factors that have influence are the design, materials used, and the number of floors of the building.

Secondly, the design may outdated. Technology in architecture is also booming and new designs are coming day after day and this makes old for current buildings. Also, materials are changing especially finishing ones which means that the investor should make a significant investment to produce structures that meet the needs of the customers in the market for coming decades.

Furthermore, there is an overvalued price in the real estate sector. These days the real-estate business is booming and a lot of investors are coming so the demand is high and prices are also high and it is easy to sell for this demanding season. Further, investors are crying foul of the uncertainty in the market owing to the economic crisis that occurred in 2007/08 which affected the operations of many financial institutions in world. It means therefore that the overvaluation of lands and the increasing Murabaha financing in the real estate sector can cause a serious financial crisis in the country.

Nonetheless, the Profitability and returns in real estate are less compared to other sectors. The biggest point that I am looking to display is the profitability of renting the real state sector. As discussed in benefits the cash flow of this industry is good but cash is different from profit. The investors of this sector expect ten years of payback although they have not considered the time value of money. Even though prices to rent are high but the rate of return is almost 10% on total investment

(cost of land plus building costs) while the range of return on investment in Mogadishu businesses is (30% To 20%) as indicated by investors in stocks and merchandise sectors. It also important to note that the wear and tear costs were not considered.

Finally, there is a lack of employment for your community in the sector. Investments create opportunities for youth but the real-estate business is not required a labor force to operate except in the construction stage. This will not help the economy of the country if most capital goes to this industry unemployment would be growing up. It means that it would affect the overall economic performance of the country if it remains the main economic activity in the region.

CONCLUSION

The real estate sector has been flourishing in the recent past in Mogadishu. Investing real-estate can't be primary option for the nation because it has less profitability and it didn't create jobs for the youth and the risks associating in financing real-estate is also high, as there is no exit option or disposal of assets. Considering all above, the real estate industry is not for everyone. As such, those who venture into the sector should consider the following recommendations:

- The sector is ideal for those who are diaspora and those committed to their employment. It is so because this type of investment does not involve more operations and it is not complex to manage. As such, it can be easy to manage them even when living in a diaspora.
- The real estate sector is an appropriate investment for those who have surplus cash flows and are willing to diversify their source of income.
- The potential investors can build low-cost houses (Avoidable houses) and sell them to potential buyers. This will improve the number of houses in the city thereby lowering its demand and consequently reducing the prices of the houses. This business has more profitability than renting but i the huge capital outlay required is more.



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DECODING THE COP27

MOHAMED OKASH



COP27 comes at a critical moment. The devastating impacts of climate change are being affected in every corner of the world. From the floods in Pakistan, the heatwaves in Europe and India and droughts and starvation in the Horn of Africa. Although the burden hits the most vulnerable countries and communities which are the least developed and contributors of global green gas emissions.

The Least developed countries (LDCs) are under siege, disrupted by the global food and energy supply chain crisis resulting from the Russian and Ukraine conflict and climate change which also threaten their everyday lives. This only widens the gap between the poor and the rich. The gap is growing from income inequality to climate change vulnerability. However, the COP27 offers a great opportunity to act on the warnings from UN Secretary-General António Guterres that our planet is on a “highway to climate hell” to a better path for a sustainable future for all humanity.

Over 35 thousand participants gathered at the Conference of the Parties (COP27) in Sharm El Sheikh, Egypt from November 6-18, 2022. The Conference of the Parties (COP) is the world of nations that have

signed the UN Framework Convention on Climate Change (UNFCCC), which was put together in 1992 at the Rio Earth Summit. It's a collective commitment to parties to act on the climate crisis and stabilize greenhouse gas emissions. This year marks the 27th Conference of the Parties (COP) to accelerate action towards the goals under the Paris Agreement and conventions including the most recent Glasgow pact.



THE BUILDING BLOCKS

• The Paris Agreement

In 2015, Over 190 countries gathered for COP21 in Paris to adopt the first-ever global climate pact to slow climate change and build resilient and sustainable economies. The parted Paris Agreement agreed to cut emissions below 2°C or if possible 1.5°C to control global warming temperatures, and Countries agreed to be transparent on their progress record in reducing emissions and finally, to undertake ambitious climate action to adapt and mitigate its effects. Somalia is among the hundreds of parties that deposited its instrument of ratification, acceptance, approval, or accession with the UN.

• Adaptation

Climate change is already happening and harming almost everything on this planet. It's disrupting our way of life, affecting nature and biodiversity, and infrastructure. The latest Report from the Intergovernmental Panel on Climate Change (IPCC) underscores the devastating impact climate change could have on humanity if the current prospects are not challenged especially by limiting warming to 1.5C. Also, the world needs to build resilience along with the mitigation of green gas emissions; therefore, adaption to the current climate trends is investable to reduce the impact of climate change on humanity. Countries and communities need to adjust their behaviours in responding to the effects of climate change which includes smart agriculture, greening, water storage, renewable energy and building resilient infrastructure to resist extreme weather conditions and temperatures.

• Loss & Damage

Since 2020, devastating droughts, shortage of rainfall and extreme locus evasion affect millions of Somalis in meeting their basic needs putting their lives at risk of famine. These losses caused by climate change are exacerbating the additional livelihood crisis already struggling the people. Somalia is among the least developed countries and is also the least emitter in the world but it's burdened with the effects of climate change. Therefore, in such seniors adoption might not be an option called "Loss and Damage". So, facilitating loss and damage requires financing and that is why the global south is demanding carbon credit and accountability against the global north.

• Just Transition

Tackling climate change requires a comprehensive approach including shifting from fossil energy to clean renewable energies. This enhances clean air and the environment by reducing pollution. Countries are now exploring renewable energy as a source of energy from solar, windpipes and atomic. Embracing just transition will reduce the negative impacts of climate-related hazards on communities, nature and unrestricted.

• Nationally determined contributions (NDCs)

Advancing the Paris Agreement requires the establishment of national climate plans known as the Nationally Determined Contributions (NDCs) which indicate detailed plans for how parties to reduce emissions and budget for adaptations to climate action. As part of the Paris Agreement, countries review their NDCs regularly every five years or less to match the scale of intervention in the course of climate change to avoid its harsh consequences. Well-developed NDCs include targets, timeframes, adaptation, and financial plans to implement climate goals. As a key element in the Paris Agreement's ambition mechanism, countries will engage in the global stocktake every five years to assess countries' collective progress toward the Agreement's long-term goals. This stocktaking process is aimed at informing the next round of NDCs to increase their level of ambition; it also offers the opportunity to evaluate the need for enhanced action and support.

TASKS AT HAND

COP27 has four main goals, it's based on building on the success and commitments and pledges from the Rio Convention in 1992 to the latest climate pact of Glasgow 2021. These goals are the current task to look ahead to act on as the theme of the highlights "Together for Implementation" by all the parties to scale climate actions through cutting emissions, adaptation, global solidarity, and financing climate actions.

1. Mitigation

According to the latest IPCC Reports, the world temperature is increasing dramatically which could be a pathway for catastrophic extinction. COP27 parties should shift the ambitious plans underscored in their NDCs and adaptation pans into action to reduce greenhouse gas emissions to limit global warming to 1.5.



2. Adaptation

To mitigate the risk of climate change, and build resilient economies, the adoption of adaptation plans and communication is a must. Along with all the interventions to counter climate change, countries also adjust their behaviours towards socio-economic development and act on climate conventions.

3. Finance

Developed countries should show solidarity with the global south and least vulnerable countries in financing adaptation and loss and damage. The largest emitters promised a number of financial pledges to assist with climate action, which has fallen short since the Paris Agreement. Now, at COP27, the developing is holding accountable to finance climate actions. Climate finances are mainly aimed to compensate for the loss and damage and implement adaptation plans for resilient and sustainable communities.

4. Collaboration

Climate change is impacting people and the planet everywhere in the world. Taking climate action requires collective action within the countries and parties as well. Multisectoral cooperation between the private sector, the public, academia and communities are essential to delivering result-based climate action as well as ensuring progress to active climate targets with the conversions. Also, a collaboration between the developed and developing world is inevitable to face the crisis and build a sustainable future for humanity.



LOOKING FORWARD

The negotiations and discussion of COP27 are mainly aimed to turn the ambitious plans into action as the warnings are deteriorating at a fast pace. The Least developed countries are demanding solidarity, accountability and collaboration to advance their national commitment since the burden of climate impact falls on them. There is huge optimism that the outcome of COP27 will be included financial commitments for loss and damage and adaption since it's been among the main agenda item as proposed by the G77 and China. If parties commit their plans and commitment, humanity will survive and thrive again.



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NAVIGATING THE CHALLENGING MARKET TRANSITION: REALISTIC EXPECTATIONS FOR FRESH GRADUATES

OSMAN KHALIF SALAD



Most of us get the opportunity to go to schools or universities but we are facing critical challenges. It is estimated that around 70% of our country's population is under the age of 30. Nonetheless, 41% and 35% of young people between the ages of 15–19 and 20–24, respectively, are job seekers, which means over 65% are unemployed, meanwhile, they have high expectations to get a job since they are university graduates and have been studying for years. While the private sector is the most lag Somali employer and they are the backbone of the country's life. It is estimated that close to 90% of Somali working class work for privately owned businesses.

FRESH GRADUATES AND MARKET TRANSITION

There is no better education than the real-life experience of learning on the job. After studying hard for several years of education, students are waiting for different opportunities from different sectors in the community that can lead to getting decent jobs, Internship paid jobs and Volunteer jobs to help their qualifications form their background.

Hundreds of universities in Somalia, particularly in Mogadishu, offer various faculties and departments in the education sector. While thousands of students graduate each year, obtaining a degree may represent a significant milestone in one's life. Leaving academia and joining the active workforce is not an easy transition due to the labour market with limited jobs.

However, amidst this unemployment, fresh graduates make constant struggle and it's rare to get jobs on similar backgrounds that caused low opportunities in the market. jobs.

Private sector business is often questioned the skills and knowledge of students who graduate from higher education institutions due to, the belief that the quality of the education offered by a number of these institutions is considered poor. Nevertheless, graduate recruitment comes with its challenges and the overwhelming response from these fresh graduates is obvious and hard to process. They put their efforts into sourcing experienced talents, brightest talents and highest university-rank talents to help their teams thrive and succeed.

According to the ILO's report, thousands of graduates small percentage of them find work. But that small percentage find the work they face another challenge from the market.

For example, private sector businesses such as Banks and Fashion brands recommend fresh graduates Internships with no paid vacation or benefits for 3 to 6 months duration, while they promise after the Internship to promote a full position in the company. Fortunately, at the end of the internship period, the private sector business retrenches the internship and cancels their promises, while sometimes adding new months for the Internship with no paid vacation or benefits. That can be a gain or a loss, positive or negative on fresh graduates while cancelling an appointment in the private sector caused by internal or external forces, on-schedule or off-schedule, and uncertain.

It's not one or five, but they are hundreds that lost their jobs for cancelling promises or appointments in the private sector and it leads graduates to believe no free market in Somalia and settling for less feels unfair, disappointing, or even induces a sense of failure. Fresh graduates questioned their career choice and felt they have made a mistake in the labour market. It impacts their well-being, morale, and motivation to do their job and feel anxiety, exhaustion, confusion and disappointment in their labour situation.

Private sector businesses especially Banks the way employing graduates looks like a "gain and loss" process can destroy trust, honesty and humanity in our society. And what matters most is the labour market is to be a positive legacy for the forthcoming fresh graduates. Fresh graduates are a powerful feature if you care about them they help your teams to thrive and succeed effectively.

FIVE TIPS TO SURVIVE FRESH GRADUATE ON MARKET TRANSITION CHALLENGES

1) Start job early before last semester ends

Having experience before graduating empowers you to save time and find a suitable job after completing your studies. Don't wait until you've graduated to look for work.

2) Build Your Personal Brand

Establish a digital presence, which is essential for employers today. Make sure all of your social profiles exude professionalism. Also, if it's possible, post blog posts about topics related to your field of study to show your potential to employers.

3) Socialise and Network Professionally

When looking for work, networking is extremely beneficial. As the famous anonymous saying goes "Your Network is Your Net Worth". The earlier you start is the better! Start during your academic career to build professional contacts and allies. But don't restrict your field and village friends, stay open mind to others and feel free to apply for jobs outside the purview of your field of study. Also, attend local networking events and social networking gatherings happening in your town or nearby.

4) Create a business

"If you have an idea, the university is a great place to put it to the test." It's common to start the next journey at university before graduation because you have many opportunities, such as team support from your classmates, University support from your lectures, marketing support from University activities and so on.

5) Be a student Champion

While at the school or university, you can do more than be a great student; be a student leader, and champion student services. Participating in a student leadership program leads you to increase your opportunities in Local and international world communities. For example, the Largest vendor of computer software in the world Microsoft offers the Microsoft Student Ambassadors (MSP) program that enhances students' employability by offering training in skills not usually taught in academia, including knowledge of Microsoft technologies.

6) Seek a mentorship program

For sure you will always need a support system to become the best version of yourself! The contribution of the goodwill of strangers and your network and beyond are essential for personal and professional growth! Seek for advice, guidance and mentorship from the best available mentors at your school or workplace. Never underestimate the power of having a great mentor, their wealth of knowledge and experience buys time for you to excel in your studies or career. I had the honor to enjoy mentorship programs from SIMAD iLab which truly shaped my journey as a freelancer. I am always grateful to my mentors who designed my career and skill development in various programs.

CONCLUSION REMARK

Private Sector business is the backbone of the country's life while finding work smoothly is difficult, labor market faces full of unemployment and challenges on the market are more than just this. It's necessary to build back the trust of employment for private sector businesses, especially banks. Graduates are a powerful feature if you care about them they help your teams to thrive and succeed effectively. Finally, Fresh graduates must develop personally step by step such as searching for opportunities, empowering yourself and increasing their network. It is an important part of career success, it makes it easier to get a job and achieve your personal goals.



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