FACTORS INFLUENCING THE PERFORMANCE OF SMALL SCALE ENTERPRISES IN HARGEISA, SOMALILAND

BY

SAID MOHAMED DAHIR
D53F/10921/2007

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION OF KENYATTA UNIVERSITY

OCTOBER, 2010
DECLARATION

This project is my original work and has not been submitted for a degree award in any other university or college.

Signed ____________________ Date ____________________
SAID MOHAMED DAHIR
D53F/10921/2007

This research project has been submitted for examination with our approval as the university supervisors.

1. Signed ____________________ Date ____________________
   Dr. MARY NAMUSONGE
   Lecturer, Department of Business Administration

2. Signed ____________________ Date ____________________
   JANE ESTHER KARIGU
   Lecturer, Department of Business Administration

This research project has been submitted for examination with my approval as the chairman of Accounting and Finance department.

Signed ____________________ Date ____________________
Chairperson
Chairman, Department of Business and Public Administration
DEDICATION

I dedicate this research project to my family members, particularly my darling wife Marwo Ahmed and my son Mohamed. Their prayers and support was a great encouragement to me in the entire research process.
ACKNOWLEDGEMENT

I would like to acknowledge with gratitude my supervisors, namely; Dr. Mary Namusonge and Jane Esther Karigu for their tireless assistance and supervision during my research work and preparation of the project report. I also acknowledge my classmates for the support with ideas that contributed to the success of this project.

I would also thank the librarians of Kenyatta University for their support with the books used for literature review and other valuable information that they provided to aid in the completion of this project.

My special thanks go to my brothers Mubark and Mustafa and all the SMEs business owners and managers in Somaliland who participated in this study. I really thank them all for their co-operation and the speed with which they responded.

Above all, I thank God Almighty for taking me through my studies and the entire research work.
ABSTRACT

Small and medium scale enterprises are increasingly becoming important economic actors in the struggle for development throughout most of Africa. This development has taken place fairly recently in many African countries – indeed, it may be said to be a phenomenon from 1980s in response to the continuing economic crises and ensuing reforms of the same period. This crisis has forced people to engage in income generating activities with greater intensity to offset the deterioration in their standard of living (Rutashoba & Olomi, 1999). This research focused on “factors influencing performance of small scale enterprises in Hargeisa, Somaliland”. Key factors studied included; entrepreneurial and managerial competence, marketing of the businesses, availability of capital and technology employed in small businesses.

The study adopted a descriptive research design. The study was conducted in the capital city of Somaliland, Hargeisa. The population of the study consisted of 3,266 small businesses registered at Hargeisa Municipality. The sample of this study comprised of 60 enterprises which were selected using simple random sampling technique. The research data was collected using questionnaires. The data was analyzed with the aid of statistical software, namely Statistical Package for Social Sciences (SPSS).

The study established high illiteracy levels of most of the business owners. Most of the business owners had not attained any formal schooling. In addition, most of the business owners had no entrepreneurship or managerial skills and had no prior business experience/Skills since they had not operated any other businesses before. The study therefore recommends an urgent need for business owners training on the various skills of running the business. This should be started at early stages of education. The government and NGOs should put more efforts in training of the business community on entrepreneurial and management skills. This will go a long way in improving the small business performance in Somaliland since they contribute significantly in the country’s economy.
# TABLE OF CONTENTS

**TITLE PAGE** ......................................................................................... i

DECLARATION .......................................................................................... ii

DEDICATION ........................................................................................... iii

ACKNOWLEDGEMENT ........................................................................... iv

ABSTRACT ............................................................................................... v

TABLE OF CONTENTS ........................................................................... vi

LIST OF TABLES ..................................................................................... vii

LIST OF FIGURES ................................................................................... viii

DEFINITION OF TERMS .......................................................................... ix

CHAPTER ONE .......................................................................................... 1

INTRODUCTION ......................................................................................... 1

1.1 Background of the Study ..................................................................... 1

1.2 Statement of the Problem .................................................................... 2

1.3 Objectives of the Study ....................................................................... 2

1.4 Research Questions ............................................................................ 3

1.5 Significance of the Study .................................................................... 3

1.6 Scope of the Study ............................................................................. 3

1.7 Assumptions of the Study ................................................................... 4

1.8 Limitations of the Study ..................................................................... 4

CHAPTER TWO .......................................................................................... 5

LITERATURE REVIEW ............................................................................. 5

2.1 Introduction ........................................................................................ 5

2.2 Role of Small Scale Enterprises .......................................................... 5

2.3 Review of Previous Studies ................................................................ 5

2.4 Theoretical Framework ...................................................................... 6

2.5 Business Performance ....................................................................... 11

2.6 Conceptual Framework ...................................................................... 11

CHAPTER THREE ..................................................................................... 13

RESEARCH METHODOLOGY ................................................................ 13

3.1 Introduction ........................................................................................ 13

3.2 Research Design ............................................................................... 13

3.3 Location of the Study ........................................................................ 13

3.4 Target Population ............................................................................. 14

3.5 Sampling Strategy ............................................................................ 14

KENYATTA UNIVERSITY LIBRARY
LIST OF TABLES

Table 2.1: Criteria for Determining Sizes of Enterprises.............................................. 7
Table 4.1: Background Information of the Respondents ............................................ 18
Table 4.2: Background Information of the Businesses ................................................ 19
Table 4.3: Prior Business Experience/Skills ................................................................ 21
Table 4.4: Problem in Acquiring Technology ............................................................... 26
Table 4.5: Major Cost of Business Technology ............................................................ 27
Table 4.6: ANOVA Test for Business Profitability ....................................................... 28
Table 4.7: ANOVA Test for Business Assets ............................................................... 29
Table 4.8: ANOVA Test for Number of Employees ..................................................... 30
LIST OF FIGURES

Figure 2.1: Model of the Research ................................................................. 12
Figure 4.1: Level of Education of the Business Owner ................................. 20
Figure 4.2: Training on Entrepreneurship or Managerial Skills .................. 21
Figure 4.3: Marketing Strategy for the Businesses ........................................ 22
Figure 4.4: Entry and Start up of Businesses ................................................ 23
Figure 4.5: Start-up Capital ........................................................................ 24
Figure 4.6: Ease of Accessing Credit for the Business ................................. 25
Figure 4.7: Type of Technology used ............................................................ 26
Figure 4.8: Business Profitability in the Last Five Years .............................. 28
Figure 4.9: Value of the Business Assets ..................................................... 29
Figure 4.10: Firms Employees for the Last Five Years ................................. 30
DEFINITION OF TERMS

Small Scale enterprises: Small scale has been defined as those enterprises with less than fifty workers (Leildhold & Mead, 1987). It is equally important to be clear as to the type of activity which is to describe the economic units which are the subject of this study. Words that are used to show economic units are: business, enterprise, firm, etc.

Entrepreneurial and managerial competence: Entrepreneurial and managerial competence is referred to background experience, education, commitment and other traits of the owner that may contribute to the success and failure of an enterprise. Successful small business owners may acquire competence through training, experience or by using the expertise of others.

Capital: Capital is defined as funds which are raised to finance organization’s operations and with ensuring that company can generate sufficient revenue to cover the cost of raising this capital.

Marketing: Marketing is termed as business activities relating to delivery of goods and services from sellers to purchasers, and also from businesses to consumers to meet demands of the market through proper production, pricing, promotion and distribution.

Technology: Primarily technology is defined as machinery and equipment with the capacity or capability to absorb and improve processes and products of business operations

Business Performance: Small firm performance is defined in terms of the incidence of business start-up, survival, stability, profitability, financial health and growth.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

It is reported that Somaliland’s economy has grown considerably in the aftermath of the civil war. The construction sector has been grown by the massive need for rebuilding and repair of shelters. Companies offering telecommunications, airlines, and financial services have mushroomed. Small enterprises like bakeries, laundries, office supplies and convenience stores are also making a comeback (Somaliland Centre for Peace and Development, 1996)

The report noted that vitality of Somaliland’s private sector has led many observers to describe it as the engine of national recovery. Small businesses comprise a very big portion of Somaliland’s businesses. Moreover, small and medium scale enterprises are increasingly becoming important economic actors in the struggle for development throughout most of Africa. This development has taken place fairly recently in many African countries – indeed, it may be said to be a phenomenon from 1980s in response to the continuing economic crises and ensuing reforms of the same period. This crisis has forced people to engage in income generating activities with greater intensity to offset the deterioration in their standard of living (Rutashoba & Olomi, 1999).

As noted by UN-Habitat (2006) problems at small and medium sized enterprises in Somaliland include: difficulty to raise business finance (fixed and working capital) to start/expand businesses, difficult access to market, products of poor quality, no information on market demands and new products, difficulty to compete with imports, local purchasing power is generally low due to widespread poverty and unemployment/idleness. However, none of these factors have been verified empirically. This study seeks to solicit field data to verify the factors influencing performance of small businesses in Somaliland.
1.2 Statement of the Problem

Research on small businesses and entrepreneurship has taken place and focused mainly on cultural setting of the Western countries (Jennings et al, 1994). Research studies also exist in some African countries but, none has been conducted in Somaliland. Following worldwide acknowledgement of the instrumental role of the entrepreneur in fostering sustainable growth, research on the subject is now a priority in Somaliland. This is because very little or no serious research on small businesses was conducted in Somaliland (UN-Habitat, 2006)

Poor research capacity created an environment where no useful information can be obtained. More specifically, because most of the businesses in Somaliland are in the small-scale category (UN-Habitat, 2006) and a lot of these businesses are failing and seize operations, it is important to know the factors that are affecting businesses performance.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study is to establish the factors influencing the performance of small scale enterprises in Hargeisa, Somaliland.

1.3.2 Specific Objectives

The specific objectives of this study are as follows:

1. To find out whether entrepreneurial and managerial competence in small businesses determine the performance of small scale enterprises.
2. To find out if capital availability affects the performance of small scale businesses.
3. To find out whether marketing affects small businesses’ performance
4. To find out whether availability of technology affects the performance of small scale enterprises.
1.4 Research Questions

This study will attempt to answer the following questions:

1. How do the experience, skills and competence of entrepreneurs affect the performance of small scale businesses?
2. How does capital availability affect the performance of small scale businesses?
3. How does marketing affect the performance of small scale businesses?
4. How does availability and use of technology affect the performance of small scale businesses?

1.5 Significance of the Study

This study will be of great importance to small business owners and managers in their struggle to know what affects their performance. It is important to researchers attempting to know more about performance of small businesses. It will help Somaliland government which is currently working towards economic reality. This study is very crucial because it is exploring an area that was not studied before which is the small-scale businesses sector in Somaliland.

This study is likely to help entrepreneurs, business planners and managers in their endeavors to prevent failure and to encourage good performance. It is significant to students of Somaliland universities who may want to know what is happening in the world of small business sector.

Finally, this research may also be used as a starting or departure point for further studies in the country or in other cities of Somaliland.

1.6 Scope of the Study

The study was conducted in Somaliland, particularly Hargiesa, Capital city of Somaliland (North regions of Somalia). The sample of the study was drawn from small businesses in Hargeisa, capital city of Somaliland.
1.7 Assumptions of the Study

a) This researcher assumed that the respondents were knowledgeable and answered the questions in the questionnaire accurately. Hence, no misunderstanding and bias took place while conducting the research.

b) The researcher assumed that the variables to be studied gave a picture about the factors influencing small business performance and hence the people in the target region can make use of this report to their benefit.

1.8 Limitations of the Study

a) This research collected data from small-scale enterprises in the capital city of Somaliland, Hargeisa. This limited the usage and generalization of the research outcomes to other cities in Somaliland or in other countries.

b) Another limitation of this study is the distance from where the researcher is based and the supervisors. Flights, visas and travel are part of the distance problems that were met by the researcher.

c) Time and funds were also other limitations of this study. To collect data from different cities in Somaliland was not possible due to fund and time restriction and that is why the researcher focused on small businesses in Hargeisa, capital city of Somaliland.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews related literature on the study topic. The first section is highlighting the role of small scale enterprises in the economy. The second part is a review of past studies on the topic. The third part presents the conceptual frame work on which the study was based.

2.2 Role of Small Scale Enterprises

Small-scale enterprises contribute substantially to the African economies. In 1989, for example, it was estimated that the informal sector alone accounted for about 20 percent of total output and over 20 percent of the total labor force and these ratios were expected to rise over time (UNECA, 1989). The development of small enterprises has been identified as one of the strategies for the country’s industrialization, employment generation and poverty reduction (Atieno, 2009).

Small-scale enterprises are recognized as key to sustainable economic development (Liedholm & Mead, 1999; Jones & Tilly, 2003); and more so in small economies than large ones where they easily command larger proportion of firms in business. (Granvotter, 1986; Wignaraja & O’Neil, 1999).

2.3 Review of Previous Studies

In a research conducted by Meng and Liang (1996), 178 entrepreneurs and professional mangers in Singapore showed that success is closely connected with individual traits (49%), education level, as well as experience. Many small and medium enterprise owners or managers lack managerial training and experience. The typical owner or managers of small businesses develop their own approach to management, through a process of trial and error. As a result, their management style is likely to be more intuitive than
analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept (Hill 1987).

Another Study suggests that those with more education and training are more likely to be successful in the small and medium scale business sector (King & McGrath, 2002). Robb and Fairlie (2008) noted that Asian-owned businesses compared to white-owned businesses in USA are 16% less likely to close, 20.6% more likely to have profits of at least $10,000, and more likely to hire employees than white firms. These differences implied that Asian firms are also substantially more successful on average than are firms owned by other major minority groups. The reasons for this are explained by: 1) Asian business owners have relatively high levels of education. 2) Asian business owners have very high levels of start-up capital.

Lack of Planning, improper financing and poor management have been posted as the main causes of the failure of small enterprises (Longenecker, Petty, Moore, & Palich, 2006). Lack of credit has also been identified as one of the most serious constraints facing small and medium enterprises and hindering their development (Oketch, 2000; & Kiiru, 1991).

Technology is considered to be an important to small manufacturer’s ability to compete in the context of economic liberalization and increasing global integration of developing countries (Romijn, 1998).

2.4 Theoretical Framework

2.4.1 Small Business Definition

It is important to be clear at the outset what is meant by ‘small’; the point below which an enterprise is deemed to be small, and the way in which its size is measured are the subject of some debate. The scale of business needs only to be defined for a specific purpose and there is no point in attempting to produce a universally or nationally acceptable standard definition (Harper, 1984).
Auciello (1975) highlighted that definitions must be clear and simple to apply. Small-scale enterprises, particularly in poor countries are notoriously difficult to count, let alone to measure individually, and it’s vital to select a practical standard of measurement. Table 2.1 briefly summarizes the results of survey covering 75 countries which was undertaken in 1975.

Table 2.1: Criteria for Determining Sizes of Enterprises

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Developing countries</th>
<th>Industrialized countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>6 countries</td>
<td>9 countries</td>
</tr>
<tr>
<td>Assets employed</td>
<td>10 countries</td>
<td>1 Country</td>
</tr>
<tr>
<td>Sales turnover</td>
<td>1 country</td>
<td>-</td>
</tr>
<tr>
<td>Employees and turnover</td>
<td>1 country</td>
<td>2 Countries</td>
</tr>
<tr>
<td>Employees and assets</td>
<td>16 countries</td>
<td>3 Countries</td>
</tr>
<tr>
<td>Turnover and assets</td>
<td>1 country</td>
<td>-</td>
</tr>
<tr>
<td>Employees, sales and assets</td>
<td>4 countries</td>
<td>-</td>
</tr>
</tbody>
</table>

With this caveat in mind, small scale has been defined as those enterprises with less than fifty workers (Leildhold & Mead, 1987). It is equally important to be clear as to the type of activity which is to describe the economic units which are the subject of this study. Words that are used to show economic units were not restricted as their difference is not very important as it will not mean a lot to research audience. The words that are used interchangeably are business, enterprise, firm, etc.

2.4.2 Factors Influencing Business Performance

2.4.2.1 Entrepreneurial and Managerial Competence

Characters of entrepreneurs/business owners will include the background experience, education, commitment and other traits of the owner that may contribute to the success and failure of an enterprise. Successful small business owners may acquire competence through training, experience or by using the expertise of others. Few successful entrepreneurs succeed alone or straight out of college (Ebert & Griffin, 2003). The need for achievement and power (McClelland, 1961), desire for autonomy, independence and leadership (Hornaday & Aboud, 1971), risk taking and innovative behavior,
proactiveness and future orientation (McClelland, 1971; Gibb, 1990) are all important attributes of an entrepreneur. Therefore, the quality and success of an enterprise venture is largely a function of the ability of the entrepreneur to navigate through each given context (Rutashopya & Olomi, 1999). Bird (1989) noted that three types of experience are important in determining entrepreneurial success: 1) industrial experience; 2) management expertise; and 3) entrepreneurial experience.

It is generally agreed that there is a positive association between taking entrepreneurial courses and becoming self-employed (Bird, 1989). McClelland, (1961) has argued that education is necessary for developing entrepreneurial characteristics such as need for achievement. Also, Meyer (1991) found that probability of entry into self employment to increase with the level of education. However, Chinyoka (1993) found that educational achievement featured less prominently as an influential factor compared to experience gained through family businesses or through working for some companies. In addition to this, Sunny et al., (1994) in a study of the role and constraints of the non-formal sector in Botswana also observed that businesses in this sector are a refuge for those without education.

Similarly, critics have argued that that entrepreneurial outcomes and activates cannot be solely explained by the psychological attributes of the individual person. Factors external to the entrepreneur or firm ought to be considered, because there are significant variations in performance among entrepreneurs exposed to more or less similar external variables (Olomi, 1999).

2.4.2.2 Capital

In general most of the studies agree on the importance of fund availability. Needle (1994) noted that finance and funds are concerned with raising of capital to finance organization’s operations and with ensuring that company can generate sufficient revenue to cover the cost of raising this capital. Thus, funds must be managed by putting them the most effective use.
As noted by Rutashopya and Olomi (1999) credit is viewed as the panacea to the development of middle and small enterprises and the informal sector. In addition to that, lack of finance could be a manifestation of serious management problems. Lack of resources has been noted to discourage entrepreneurs in many developing countries (Rutashopya & Olomi, 1999).

One of the major causes of business failure is the lack of start-up capital. This highlights reason for why many small businesses fail to continue trading after the first three years of initial set-up. If you feel that your start-up capital is not enough, then you should wait until you have saved the amount you need before starting your business: starting without the necessary capital is destined for business failure (Needle, 1994).

Similarly, Rugumamu (1989) found that lack of access to finance was identified as one of the most severe constraints by small and medium-size enterprises in Tanzania. It was ranked the highest constraint by most established local and foreign entrepreneurs. It inhibited their capacity to expand technologically and upgrade their businesses.

2.4.2.3 Marketing of Businesses
Careful analysis of market conditions can help small business owners assess the probable view of their products and services in the market place. Deterioration in customer base can happen for any number of reasons, including poor service, high prices, and new competitors. Making improvements in products/services offered, marketing, inventory, customer service, and work force personnel can all do a great deal to halt deterioration in customer relations (Ebert & Griffin, 2003).

Demand is the willingness and ability of buyers to purchase a good or service, while competition is vying among businesses for the same resources or customers (Ebert & Griffin, 2003). Marketing is termed as business activities relating to delivery of goods and services from sellers to purchasers, and also from businesses to consumers to meet demands of the market (Stokes, 2003).
2.4.2.4 Technology

Some conceptualized technology primarily as machinery and equipment, in line with the current thinking in the literature about technology and development in the 1970s. The underlying assumption was that a one-time injection of improved technology would be sufficient for strengthening the competitive position of Small enterprises in the economy (Sethuraman, 1977; Harper, 1984). Contrary to this view, others believe that competitiveness should derive from Small enterprises’ capacity or capability to absorb and improve process and product technology on an ongoing basis (Romijn, 1998).

Technology is considered to be an important determinant of small manufacturers’ ability to compete in the context of economic liberalization and increasing global integration of developing countries. This is because many of their markets, even traditional ones, are undergoing fast change. In this situation, lack of capability to adapt and upgrade spells defeat, while firms that are capable of keeping up with, or even initiate improvements will have an edge over competitors (Romijn, 1998).

For example, the weaknesses of the small and middle industry in Indonesia is attributed to market orientation, human resource quality, technological mastery, market access, and capitals. One of the weaknesses is related to the aspect of information technology application whereas the rapid growth of the information and communication technology affects the world economic development (Hermana, Sugiharto & Margianti 2004).

Others including Themba, Ghamme, Phambuka and Makgosa (1997) noted that developing countries in general are lagging behind in terms of technological developments. This results in the production of inferior goods that are usually out-competed by those products that come from countries with more advanced technologies. In the case of Botswana campaigns to encourage people to support local industries by buying locally produced goods has not been successful the main reason being that consumers prefer foreign sourced goods which they claim are of better quality.
2.5 Business Performance

Small firm performance is defined in terms of the incidence of business start-up, survival, stability, profitability, financial health and growth. The entrepreneurship literature identifies variables that are posited to influence performance of small firms. In addition to this, there is consensus in the literature that small firm’s performance is influenced by a combination of variables both internal and external to the firm (Olomi, 1997).

Though business performance can be measured using different indicators (Meyanathan & Munter 1994; McCormick & Atieno 2002) noted that profitability, growth in employment, production level, and even sales are good performance indicators. Profitability, for example, has the problem that most of the small firms do not keep records, and do not easily share income information. On the other hand, some firms may not grow, but may diversify into other activities as a strategy to avoid risk.

2.6 Conceptual Framework

The study has 1) independent variables which are entrepreneurial and managerial competence, marketing, capital, and technology, 2) dependent variable which is performance (survival, profit, and growth) and 3) intervening variables which are political factors, and economic factors.
Figure 2.1: Model of the Research

Independent Variables
- Entrepreneurial and Managerial competence
- Capital
- Marketing
- Technology

Dependent Variables
- Performance
  - Survival
  - Profit
  - Growth

Intervening Variables
- General Macro-conditions
  - Economic factors
  - Political factors

(Source: Researcher 2010)
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research design, location of the study and methodology of the study; the chapter explains the sample design, study population, sampling methods and techniques, sampling procedures, data collection methods and techniques and the data collection instruments and data analysis.

3.2 Research Design

This research adopted a descriptive research design. Descriptive research is designed to obtain data that describes the characteristics of the topic of interest in the research. The study attempted to collect facts and information on the factors that influence small-scale enterprises. Descriptive research designs are usually structured and specifically designed to measure the characteristics described in research questions (Hair, Money, Samouel, & Page, 2007).

The major purpose of this type of design is to describe the status of affairs as it exists at present. The main characteristics of this method is that the researcher has no control over the variables; he can only report what has happened or what is happening (Kothari 1999).

3.3 Location of the Study

This study was conducted in Hargeisa, Somaliland. Hargeisa is the capital of the self-proclaimed Republic of Somaliland. From the shores of the Gulf of Aden, Somaliland extends southwards to the Somali National Regional State of Ethiopia, bounded by Djibouti to the west and Somalia (Puntland) to the east. The territory’s geography is distinguished by three main topographical features locally known as the Guban, Oogo and Hawd (Lewis, 1961).
Somaliland has an area of about 180,000 square kms with an estimated population of 1.7 million as per the estimate provided by the World Bank-UNDP Joint Needs Assessment Draft Reports 2006 as opposed to Somaliland’s estimates of 3.5 million. Somaliland has enjoyed relative peace and stability for over a decade and has a democratically elected president and parliament, and an executive-appointed Government: the administration is functional but weak (UN-Habitat, 2006).

3.4 Target Population

Though the number of small firms are scattered in Hargeisa city, some of the businesses are informal and do not register with the local municipality of Hargeisa, capital of Somaliland. Therefore, the target population of the research was 3,266 small enterprises registered in Hargeisa with less than 50 employees.

3.5 Sampling Strategy

The population of the study was the number of small scale enterprises registered by Hargeisa Municipality. The researcher drew a sample from this population. Since the population of the study is 3,266, the study picked a sample of 60 enterprises to represent the population of the study. Enterprises were selected using random sampling method, in which the subjects of the target population had an equal chance for selection.

3.6 Validity and Reliability

3.6.1 Validity

The instruments used for this study captured the concepts intended to be measured by the researcher, the variables studied and the situation that the study wanted to describe. The researcher was also careful of the full representation of empirical indicators to be used in this research of the domain of meaning of the underlying concepts studied. In this sense, content validity concerns the extent to which a set of items taps the content of some of domain interest. To the degree that the items reflect the full domain of content, they can be said to be content valid (Carmines & Zeller, 1980).
To measure the performance the researcher used various indicators such as sustainability, profitability and growth figures of the businesses shown in the reports of the business. Measurement is a fundamental concept of business research. Without measurement it is difficult to comment on business behavior (Hair, Money, Samouel, & Page, 2007). The sample taken was also valid in the sense that it was selected fairly without any bias. Subjects had equal opportunity for the selection of the researcher as mentioned earlier.

3.6.2 Reliability
The reliability of the study was assured by the records used. The instrument used utilized simple and known information that can be accessed and repeatedly asked by any researcher. Complex questions that are distorting the factuality of the answers were avoided. The answers given by the respondent may change after time, because of the change in the setting and environment but the researcher assumed that this case may not happen rapidly in the short run. To avoid shortcomings in the measurement, the researcher conducted a pilot test to a selected group of small businesses in Hargeisa who were not part of the sample.

3.7 Research Instrument
The data collection tool and instrument used to collection information was a questionnaire, which contained questions on the study variables. The questionnaire of this study consisted of a list of questions which have mostly predefined answer. These types of questions help the respondent answer quickly (Baker, 1994). The questionnaire was relevant. Allen and Yen (1979) suggest that in a test used to screen applicants for a job, it may be essential to have questions that seem to be relevant to the job even if other types of questions would be just as good for selecting the best applicants.

3.7 Data Collection Technique
To collect data from respondents, the questionnaires were given to the managers of small businesses to fill and return to the researcher. The researcher filled the questionnaires from respondents where the study subjects were unable to fill the questionnaire by themselves or did not have someone to help them fill.
3.8 Data Analysis and Presentation

After data collection, data was coded before it was analyzed. Then, the coded data was analyzed using quantitative techniques. For neat and correct analyses, the researcher employed descriptive statistics with the aid of Statistical Package for Social Sciences (SPSS). This is computer software that is designed for solving statistical problems to analyze quantitative data of studies. For the qualitative data, content analysis was used to summarize and analyze it. The data was presented in tables, graphs, pie charts among others. The SPSS package was helpful in generating graphs and figures that were used to portray the results graphically.
CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1. Introduction

This chapter presents the findings from the data gathered from the respondents. This study sought to investigate the factors that influenced the performance of small scale enterprises in Hargeisa, Somaliland. The independent variables of the study included; entrepreneurial and managerial competence, marketing, capital, and technology while the dependent variable was performance of SMEs. The numerical data and the opinions of the respondents were analyzed using quantitative and qualitative analysis procedures to obtain a balanced analysis and uphold freedom of expression (Mugenda and Mugenda, 2003). Statistical Package for Social Sciences (SPSS) computer software was used to analyze the quantitative data. Qualitative data on the other hand was organized on themes, categories and patterns pertinent to the target. The study attained a response rate of 100% since all the 60 targeted sample respondents were covered. The findings are presented in the form of Frequency Tables, Percentages, Pie Charts and Bar Graphs, among others.
4.2 Background Information

4.2.1 Background Information of the Respondents

Table 4.1 shows the background information of the respondents. The table shows that majority of the respondents (60%) were male while 40% were female. The findings show that most respondents (40%) were aged between 36 to 45 years old. This information is shown in table 4.1.

Table 4.1: Background Information of the Respondents

<table>
<thead>
<tr>
<th>Background Information of the Respondents</th>
<th>Frequency (n)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>36</td>
<td>60.0</td>
</tr>
<tr>
<td>Female</td>
<td>24</td>
<td>40.0</td>
</tr>
<tr>
<td>Age category</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 to 26</td>
<td>12</td>
<td>20.0</td>
</tr>
<tr>
<td>26 to 35</td>
<td>17</td>
<td>28.3</td>
</tr>
<tr>
<td>36 to 45</td>
<td>24</td>
<td>40.0</td>
</tr>
<tr>
<td>Above 46</td>
<td>7</td>
<td>11.7</td>
</tr>
<tr>
<td>Total (N)</td>
<td>60</td>
<td>100.0</td>
</tr>
</tbody>
</table>

(Source: Field Data, 2010)

4.2.2 Background Information of the Businesses

Table 4.2 shows the background information of the businesses sampled. The table shows that majority of the businesses (40%) have been operating for between 2 to 4 years. In addition, the findings show that most of the businesses were dealing with food and beverages as accounted 36.7%. The findings show that most of the businesses had employed less than 5 employees as accounted by 68.3%. This show that most business operated on small scale sector hence falling in the SMEs category (that is; less than 50 employees).
Table 4.2: Background Information of the Businesses

<table>
<thead>
<tr>
<th>Background Information of the businesses</th>
<th>Frequency (n)</th>
<th>Percent %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age of the business</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>15</td>
<td>25.0</td>
</tr>
<tr>
<td>Between 2 to 4 years</td>
<td>24</td>
<td>40.0</td>
</tr>
<tr>
<td>Between 5 to 9 years</td>
<td>13</td>
<td>21.7</td>
</tr>
<tr>
<td>More than 10 years</td>
<td>8</td>
<td>13.3</td>
</tr>
<tr>
<td><strong>Product and services provided</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food and beverages</td>
<td>22</td>
<td>36.7</td>
</tr>
<tr>
<td>Textile</td>
<td>5</td>
<td>8.3</td>
</tr>
<tr>
<td>Detergents</td>
<td>2</td>
<td>3.3</td>
</tr>
<tr>
<td>Livestock</td>
<td>6</td>
<td>10.0</td>
</tr>
<tr>
<td>IT and electronics</td>
<td>6</td>
<td>10.0</td>
</tr>
<tr>
<td>Books and stationery</td>
<td>8</td>
<td>13.3</td>
</tr>
<tr>
<td>Others</td>
<td>11</td>
<td>18.3</td>
</tr>
<tr>
<td><strong>Number of employees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 5</td>
<td>41</td>
<td>68.3</td>
</tr>
<tr>
<td>Between 5 to 9</td>
<td>13</td>
<td>21.7</td>
</tr>
<tr>
<td>10 to 49</td>
<td>4</td>
<td>6.7</td>
</tr>
<tr>
<td>50 to 99</td>
<td>2</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Total(N)</strong></td>
<td>60</td>
<td>100.0</td>
</tr>
</tbody>
</table>

(Source: Field Data, 2010)

4.3 Entrepreneurial and Managerial Competence

The study sought to establish whether the entrepreneurial and managerial competence in small businesses determine the performance of small scale enterprises.

4.3.1 Level of Education of the Business Owner

The study sought to establish the level of education of the business owner. The findings presented in figure 4.1 show that most of the business owner had not attained any formal education as accounted by 38.3%. This show high illiteracy levels on the entrepreneurs in Somaliland.
4.3.2 Training on entrepreneurship or managerial skills

The study further sought to establish whether business owners had any form of training in entrepreneurship or managerial skills. The findings show that majority of the business owners had attained no entrepreneurship or managerial skills as accounted by 85%. This is shown in figure 4.2.
4.3.3 Prior Business Experience/Skills

Table 4.3 shows that majority of the respondents had not operated any other businesses before as accounted by 76.7%. In addition, the findings show that most of the respondents did not have family or relatives with business background as accounted by 70.0%. This shows that most of the small business operators did not have prior Business Experience/Skills to run the business.

Table 4.3: Prior Business Experience/Skills

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ever Run a Business Before</td>
<td></td>
<td></td>
</tr>
<tr>
<td>yes</td>
<td>14</td>
<td>23.3</td>
</tr>
<tr>
<td>No</td>
<td>46</td>
<td>76.7</td>
</tr>
<tr>
<td>Family or relative with business background</td>
<td></td>
<td></td>
</tr>
<tr>
<td>yes</td>
<td>18</td>
<td>30.0</td>
</tr>
<tr>
<td>No</td>
<td>42</td>
<td>70.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
</tr>
</tbody>
</table>

(Source: Field Data, 2010)
4.4 Marketing of Businesses

The study sought to establish whether marketing strategy of the businesses affected small businesses’ performance.

4.4.1 Existence of a Marketing Strategy for the Businesses

The findings in figure 4.3 show that majority of the businesses (70%) did not have marketing strategy in place only 30% of the businesses had a marketing strategy as shown in figure 4.3. This indicates lack of marketing plans for the small businesses in the region.

Figure 4.3: Marketing Strategy for the Businesses

4.4.2 Entry and Start up of a Business

According to majority of the respondents, the entry and start up of a business in Somaliland is difficult as accounted by 43.4% (difficult and very difficult) cumulative responses. This is shown in figure 4.4. This calls for proper planning and strategizing in order to penetrate the market.
4.4.3 Business Strategies

The respondents highlighted the various business strategies they adopt in order to remain fit and survive in the market. These included; increasing quality and quantity of the products, being good to the employee, lowering of prices, importation of cheap products especially from Europe, establishing good relationship with the consumers by enhancing availability of products, reliability and customer satisfaction, having enough stock for marketing and development of better and proper hygiene.

4.5 Capital of the Business

The study sought to establish whether capital availability affected the performance of small scale businesses in Somaliland.

4.5.1 Start-up Capital

The study sought to establish the amount of start-up capital of the sampled businesses. The findings presented in figure 4.5 show that more than half of the businesses’ (51.7%) start-up capital was less than 5000 dollars. This shows that most of the small businesses in Somaliland are started with very little capital.
4.5.2 Ease of Accessing Credit for the Business

The findings presented in figure 4.6 show that according to majority of the respondents (76.7%), it is not easy to access credit facilities from other sources to finance the business. Those who could access loans cited private banks, Non-Governmental organizations and family members as the main sources of external financing. This shows that poor access to credit facilities, contributes to slow growth of the small business in Somaliland.
4.6 Technology

The study sought to find out whether availability of technology affected the performance of small scale enterprises.

4.6.1 Type of technology used

The study sought to find out the type of technology that was available and used by the businesses. The findings presented in figure 4.7 show that majority of the businesses did not use any technology as accounted by 65%. Internet and computer technology accounted for 30% and 5% respectively. This shows that most businesses have not adopted many forms of technology.
4.6.2 Problem in Acquiring Technology

The findings in table 4.3 show that most of the respondents who used technology had a problem in Acquiring/accessing it, as accounted by 57.1%. This shows poor technological reliability in the region.

Table 4.4: Problem in Acquiring Technology

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>12</td>
<td>57.1</td>
</tr>
<tr>
<td>No</td>
<td>9</td>
<td>42.9</td>
</tr>
<tr>
<td>Total (N)</td>
<td>21</td>
<td>100.0</td>
</tr>
</tbody>
</table>
4.6.3 Major Cost of Business Technology

Most of the respondents who used technology associated the major cost of technology to service providers as accounted by 42.9%. Installation and posters cost accounted for 14.3% each as shown in table 4.5. This shows that the service providers were making technology access difficult for small businesses by inducing high costs on their services.

<table>
<thead>
<tr>
<th>Table 4.5: Major Cost of Business Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>Service provider</td>
</tr>
<tr>
<td>Installation</td>
</tr>
<tr>
<td>Telephone</td>
</tr>
<tr>
<td>Internet facilities</td>
</tr>
<tr>
<td>Posters</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

4.7 Performance of SMEs in Somaliland

The study sought to establish the growth/performance of small businesses in the Somaliland. Key indicators used to measure performance included; Business profitability, value of the business assets and number of employees for the last five years. To measure this, both the line graph and Analysis of Variance (ANOVA) test were used.

4.7.1 Profitability of the Businesses for the Last Five Years

A line graph for all the sampled businesses was drawn to assess the trend of business profitability for the last five years (2005-2009). The findings presented in figure 4.8 show that the performance in terms of profitability has been linear (stagnant) for the last five years.

In addition, Analysis of Variance (ANOVA) test was performed to establish whether the performance was statistically significant. The findings presents in table 4.6 show F-statistic of 0.00185 which is not statistically significant (P>0.05). This shows that the performance of small business have been stagnating in terms of profitability for the last five years.
Figure 4.8: Business Profitability in the Last Five Years

![Business Profitability Graph]

Table 4.6: ANOVA Test for Business Profitability

<table>
<thead>
<tr>
<th></th>
<th>DF</th>
<th>Sum of Squares</th>
<th>Mean Square</th>
<th>F-statistic</th>
<th>Signif. Level (p-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1</td>
<td>1915821.4</td>
<td>1915821.4</td>
<td>0.00185</td>
<td>0.9658</td>
</tr>
<tr>
<td>Residuals</td>
<td>58</td>
<td>59924243503.6</td>
<td>1033176612.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.7.2 Value of the Business Assets

A line graph for all the sampled businesses was drawn to assess the performance in terms of the assets base for the last five years (2005-2009). The findings presented in figure 4.9 show that the performance in terms of assets base has been linear (stagnant) for the last five years.
In addition, Analysis of Variance (ANOVA) test was performed to establish whether the performance was statistically significant. The findings presented in table 4.7 show F-statistic of 0.53819 which is not statistically significant (P>0.05). This shows that the performance of small business in Somaliland in terms of the assets base has been stagnating for the last five years.

**Figure 4.9: Value of the Business Assets**

![Figure 4.9: Value of the Business Assets](image)

**Table 4.7: ANOVA Test for Business Assets**

<table>
<thead>
<tr>
<th></th>
<th>DF</th>
<th>Sum of Squares</th>
<th>Mean Square</th>
<th>F-statistic</th>
<th>Signif. Level (p-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1</td>
<td>1432408049.5</td>
<td>1432408049.5</td>
<td>0.53819</td>
<td>0.4661</td>
</tr>
<tr>
<td>Residuals</td>
<td>58</td>
<td>15436915282</td>
<td>2661537117.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.7.3 Number of Employees for the Last Five Years

A line graph for all the sampled businesses was drawn to access the performance of small businesses in Somaliland in terms of the number of employees for the last five years (2005-2009). The findings presented in figure 4.10 show that the performance in terms of number of employees has been declining for the last five years.

**Figure 4.10: Firms Employees for the Last Five Years**

![Line graph showing firms employees in the last five years](image)

**Table 4.8: ANOVA Test for Number of Employees**

<table>
<thead>
<tr>
<th></th>
<th>DF</th>
<th>Sum of Squares</th>
<th>Mean Square</th>
<th>F-statistic</th>
<th>Signif. Level (p-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1</td>
<td>84.6622</td>
<td>84.662211</td>
<td>2.67204</td>
<td>.1075</td>
</tr>
<tr>
<td>Residuals</td>
<td>58</td>
<td>1837.6971</td>
<td>31.684433</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In addition, Analysis of Variance (ANOVA) test was performed to establish whether the performance was statistically significant. The findings presents in table 4.8 show F - statistic of 2.67204 which is not statistically significant (P>0.05). This shows that the performance of small business in Somaliland in terms of the number of employees was not significant hence no significant change in the business progress for the last five years.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter presents the summary and discussion of findings derived from the study. The chapter also details the conclusions and recommendations to the factors influencing the performance of small scale enterprises in Hargeisa, Somaliland as well as recommendations for further research.

5.2 Summary of the Findings

The analysis of background information of the study revealed that most of the SMEs in Somaliland were run by managers/owners who were mostly male. Most businesses (40%) have been in operation for between 2 to 4 years. In addition, the findings showed that most of the businesses had employed less than 5 employees (68.3%). These were small business which fits in the SMEs category description (that is; employing less than 50 staff).

5.2.1 Entrepreneurial and managerial competence

The study sought to establish whether the entrepreneurial and managerial competence in small businesses determined the performance of small scale enterprises. To achieve this, the study sought to establish the level of education of the business owners. The findings showed that most of the business owners had not attained any formal schooling (38.3%) which indicates high illiteracy levels among the entrepreneurs in Somaliland. In addition, the findings showed that majority of the business owners had no entrepreneurship or managerial skills (85%) and had not operated any other businesses before. This shows that most of the small business operators did not have prior business experience/Skills.

5.2.2 Marketing of the Businesses

The study sought to establish whether marketing of the businesses affected small businesses’ performance. The findings shows that majority of the businesses (70%) did not have marketing strategy in place which shows lack of marketing plans for the small businesses in the region. In addition, the findings showed that the entry and start up of a
business in Somaliland was quite difficult (43.4%). This called for proper planning and strategizing in order to penetrate the market. Some of the business strategies adopted by businesses owners in order to remain fit and survive in the market included; increasing quality and quantity of the products sold, being good to the employee, lowering of prices, importation of cheap product especially from Europe, establishing good relationship with the consumers by enhancing availability of products, reliability and customer satisfaction, having enough stock for marketing and development of better and proper hygiene.

5.2.3 Capital Availability
The study sought to establish whether capital availability affected the performance of small scale businesses in Somaliland. The study established the amount of start-up capital of most businesses in the region was less than 5000 dollars (51.7%). This shows that most of the small businesses in Somaliland are started with very little capital. In addition, the findings shows that it was not easy to access credit facilities from other sources to finance the business according to the majority of the respondents (76.7%). This shows poor access to credit facilities which contributes to slow growth of the small business in Somaliland.

5.2.4 Technology
The study sought to find out whether availability of technology affected the performance of small scale enterprises. The study findings shows that majority of the businesses did not use any technology (65%). However, those that used Internet technology were 30% while and those that used computer technology were 5%. This shows that most of the businesses have not adopted many forms of technology in their operation. Those that used technology associated the major cost of technology to service providers (42.9%), installations (14.3%) and posters cost (14.3%). This shows that the service providers were making technology access difficult for small businesses by inducing high costs on their services and this impacted negatively on the performance of the businesses in Somaliland.

5.2.5 Performance of Small Businesses in the Somaliland
The study sought to establish the performance of small businesses in Somaliland. Key indicators used to measure performance included; Business profitability, value of the business assets and number of employees for the Last Five Years. Through the use of a
line graph and Analysis of Variance (ANOVA) test, the study established that the performance of the businesses in terms of profitability and assets base had remained linear (stagnant) for the last five years but the number of employees had declined for the last five years. Analysis of Variance (ANOVA) test for the three indicators (Business profitability, value of the business assets and number of employees) were not statistically significant implying that the performance of the business had been constant throughout the five years. This calls for urgent measures to be put in place to revive the performance of SMEs in Somaliland considering that SMEs contributes significantly to the growth of any country’s economy.

5.3 Conclusions

The purpose of the study was to establish the factors influencing the performance of small scale enterprises in Hargeisa, Somaliland. The key factors investigated included; entrepreneurial and managerial competence, marketing, capital, and technology. The study showed high illiteracy levels of most of the business owners. Most of the business owner had not attained any formal schooling. In addition, most of the business owners had no entrepreneurship or managerial skills and had no prior business experience/Skills since they had not operated any other businesses before.

Poor marketing of the business was also evident in the study. Most businesses lacked marketing strategy and proper marketing plans. In addition, the entry and start up of a business in Somaliland is quite difficult hence the need for proper planning and strategizing in order to penetrate the market. The start-up capital of most businesses in the region was found to be quite low (that is; less than 5000 dollars). In addition, it is not easy to access credit facilities from other sources to finance the business operation. This poor access to credit facilities contributes to slow growth of the small business in Somaliland.

The use of technology was found absent in most businesses which was mainly attributed to high cost imposed by the service providers. However, the few who used it was mainly in the form of Internet and computer based technology. The major costs of technology
were associated to service providers and installations costs. This shows that the service providers were making technology access difficult for small businesses by inducing high costs on their services and this impacted negatively on the performance of the businesses in Somaliland.

5.4 Recommendations

The study makes the following recommendations:

1. There is urgent need for business owners training on the various issues of the business. This should be started at early stage of education. The government and NGOs should put more efforts in training of the business community on entrepreneurial and management skills since this study showed high illiteracy levels of most of the small business owners and managers.

2. There is need for business owners/managers to develop proper marketing strategies for their businesses. Proper marketing strategies should start with a development of marketing plan for the businesses. This will give a way in creating more awareness of business products and services as well as and attracting more customers.

3. The well established micro-financing institution need to venture in Somaliland and support the small businesses by making it easy for business owners to access credit facilities to finance the business operation. Establishment of SACCOs can be a good example. This accessibility of financing will go along way in enhancing the performance of the small business in Somaliland.

4. There is need for the service providers of technology to lower the cost of accessing and installations of technology for small businesses. This will increase the adoption rate and hence will impact positively on the performance of the businesses in Somaliland.
5.5 Suggestions for Further Research

Future studies need to focus on the technology adoption rate among Somaliland. It should explore ways on how the technology access can be made cheap and available to small businesses in Somaliland. This will help the attempts in increasing the adoption rate and hence impacted positively on the performance of the businesses in Somaliland.

Further studies need to be conducted on other cities and towns of Somaliland and comparison made with this study to establish if similar factors apply in the entire country of Somaliland. This will be necessary for policy formulation.
REFERENCE


APPENDICES

Appendix One: Questionnaire

This questionnaire was designed to describe the factors that influence business performance in Hargeisa, Somaliland. The questionnaire has questions on personal background intended to help the research outcome. Any personal information and the research outcome will not be used for other purposes, not than the intended purposes. Personal information will be highly confidential.

Tick as appropriate or answer in the provided space.

SECTION 1: PERSONAL INFORMATION

Gender:

☐ Male
☐ Female

Age:

☐ 18 – 26
☐ 26 – 35
☐ 36 – 45
☐ Above 46

SECTION 2:

BUSINESS INFORMATION

What product/service does your business provide?

☐ Food and beverages
☐ Textile
☐ Detergents
☐ Livestock
☐ IT and electronics
☐ Books and stationery
☐ Others, Specify: ____________________________
What is the age of this business?

- Less than 1 year old
- 2 - 4 years old
- 5 – 9 years old
- More than 10 years old

How many employees does your business employ?

- Less than 5
- 5– 9
- 10 – 49
- 50 – 99
- More than 100

ENTREPRENEURIAL AND MANAGERIAL COMPETENCE

Level of Education of the owner

- No schooling
- Primary level
- Secondary level
- College and beyond

Are you trained on entrepreneurship or managerial skills?

- Yes
- No

If yes, what are they?


Have you ever run a business before this one?

- Yes
- No

If yes, what was that business and how long was that?


Does your family or relatives have business background?

☐ Yes
☐ No

If yes, what was that background?


MARKETING

Does your company have marketing strategy?

☐ Yes
☐ No

What are your annual marketing costs?


How do you see the entry the industry and the start of this type of business?

☐ Very easy
☐ Easy
☐ Moderate
☐ Difficult
☐ Very Difficult

What are your business strategies to remain fit and survive in this completion?


CAPITAL
What is your start-up capital?

- [ ] Less than $5000
- [ ] $5000 – $10,000
- [ ] $10000 – $20,000
- [ ] More than $20,000

Can you easily borrow money from other sources to finance your business?

- [ ] Yes
- [ ] No

From where do you get loan?

________________________

________________________

________________________


TECHNOLOGY
What kind of technology do you use to produce your products?

________________________

________________________

________________________

Do you have any problems in acquiring technology?

- [ ] Yes
- [ ] No

If yes, what are they?

________________________

________________________

________________________

What are the major costs of the business technology?

________________________

________________________

________________________
BUSINESS PERFORMANCE

What are the profits of the business for the following years?

☐ 2005: __________
☐ 2006: __________
☐ 2007: __________
☐ 2008: __________
☐ 2009: __________

What was the value of firms’ assets for the last 5 years?

☐ 2005: __________
☐ 2006: __________
☐ 2007: __________
☐ 2008: __________
☐ 2009: __________

What was the number of business employees for the last 5 years?

☐ 2005: __________
☐ 2006: __________
☐ 2007: __________
☐ 2008: __________
☐ 2009: __________

End of Questionnaire

Thank you for your Cooperation
Appendix Two: Map of Somaliland