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*Effects of leadership
on business success
in organizations*



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EDITORIAL

Proponents of privatization argue that privately-owned companies run businesses more economically and efficiently because they are profit incentivized to eliminate wasteful spending. Furthermore, private entities don't have to contend with the bureaucratic red tape that can plague government entities.

Leadership has a direct cause and effect relationship upon organizations and their success. Leaders determine values, culture, change tolerance and employee motivation. They shape institutional strategies including their execution and effectiveness. Leaders can appear at any level of an institution and are not exclusive to management. Successful leaders do, however, have one thing in common. They influence those around them in order to reap maximum benefit from the organization's resources.

An organization's data is considered the most vital asset of any enterprise. Companies that don't understand the value of data and why managing it is crucial are likely to face challenges in the today's digital revolution. For small and medium businesses that are continually facing an increasingly competitive market, understanding data and how it can be used is critical.

Social media is a new phenomenon that has changed how the business environment operates. Businesses are able to gain access to resources that were otherwise not available to them. It has also helped businesses to increase their worthiness, cultivate strategic partnerships and increase their contact with customers and suppliers. It is therefore become important for business owners and marketers to understand how social media work as a communication and marketing tool and how they can significantly grow their businesses.

One of the secrets to business success is pricing your products properly. Price your products correctly and that can enhance how much you sell, creating the foundation for a business that will prosper. Get your pricing strategy wrong and you may create problems that your business may never be able to overcome.

Rain-fed agriculture produces much of the food consumed globally and by poor communities in developing countries. It accounts for more than 95% of farmed land in sub-Saharan Africa; 90% in Latin America; 75% in the Near East and North Africa; 65% in East Asia; and 60% in South Asia.

Digital financial services (DFS) can expand the delivery of basic financial services to the poor through innovative technologies like mobile-phone-enabled solutions, electronic money models and digital payment platforms. Digital channels can drastically drive down costs for customers and service providers, opening the door to remote and underserved populations.

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DOES PRIVATIZATION IMPROVES THE EFFICIENCY

Abdiaziz Ahmed Ali

INTRODUCTION

A Privatization revolution has swept the world since the 1980s. Governments in more than 100 countries have moved thousands of state-owned businesses and other assets to the private sector. Airports, airlines, railroads, energy companies, postal services, and other businesses valued at about \$3.3 trillion have been privatized over the past three decades. (Edwards, 2016).

One of the major changes in Somalia over the past decade has been the growth of the private sector. Economic deregulation and privatization have accompanied the radical localization of governance. The growth of the private sector is closely linked to processes of globalization. In the context of weak and often ineffectual public administrations, the private sector is playing an instrumental role in providing social services and shaping development. As a market economy has

replaced a centrally planned economy, development had become market-driven rather than government-led. (UNDP, 2001).

Public institutions in Somalia are currently reemerging however the confidence of the population in their ability to raise adequately to the occasion is low, and the process of restoring confidence is expected to be slow, in large part due to the long period in which the country and its population endured in absence of any form of centralized national administration and institutions and Private entities have further moved to provide basic infrastructure and social services, so This article briefly looks at the Somalia private sector and how it serves efficiently in terms of ports.

In the last decades, we have witnessed profound changes in maritime transport, which have modified the balance between capital and labor at seaports. Ports are now increasingly becoming capital-intensive industries, while in the past they used to be labor-intensive. This change has generated an excess of employees in most ports around the world. All these technical changes have generated a highly competitive environment in the seaport industry traditionally; in most countries ports have been owned and managed by public institutions, Public ownership in the seaport industry has usually been justified by the argument that seaports play a key role for national economies, and they have special characteristics that can easily provide the firms running port facilities with market power expensive specialized assets, sunk costs, indivisibilities and economies of scale.

Even though the public sector has usually been present as port organizer, it is not evident that public organization of this industry is necessarily the best option. In particular, tighter public budgets and increasing fiscal needs have led many countries to seek private participation in seaports. Private firms' involvement in ports is not new for the provision of services, since many firms were already present in ports around the world, but it is quite innovative in the construction of port infrastructures. International experiences have shown that private participation in both these aspects operations and infrastructure has improved

significantly the outcomes of some seaports. These experiences make a case for a revision of the traditional organization of seaports around the world, and Somalia is not exceptional.

Somalia ensure that the best way that ports are becoming supportive of the national goals is to privatize them so as to introduce the performance and efficiencies associated with the private sector, currently; there are two basic economic sources that have been in low performance for the past years. But now, the government generated maximum revenue after privatization and transferred its ownership to a Turkish company called, Albeyrak, Mogadishu port and Mogadishu International airport.

Nearly five years ago Mogadishu port organizer was public organization and that moment, the ports were known as a working port. Though, it worked not to its full capacity. Individuals and companies moved cargo through it. There were no proper structures for monitoring port activity, no proper revenue collection structures, no proper cargo handling equipment, and most of all, no will to turn the port into a revenue crating venture. But it waits financial help for the government, but, at the end of 2014, a Turkish private firm was transferred to the operations of Mogadishu port in order to made renovation about it. Albeyrak has started modernizing the port with new equipment and technology that professionalize port services.

It was renovated at a cost \$10 Million as the manager of Albeyrak, Mustafa Levant Adali, addressed.

During its first month of operation under Albeyrak the port generated \$2.7 million; Now Thousands of containers are delivered the port every month. The import and export business is expected to grow further and generate more revenue for the federal government. This can be achieved privatization through improvements in efficiency and reductions in costs which can be translated into profit sharing possibilities.

Also Somalia's Federal government has given a Turkish firm a long-term contract to run and improve the Mogadishu international airport. Turkish Favori Group and Somali government officials signed a 20 - year agreement to upgrade and run the operation of the airport by the firm. And such kind of upgrading is part of privatization. At the same time, The Favori Group Company is charged with bringing in new technology to modernize the airport to international standards and reliable services.

Since 2011 Aden Adde international airport having a modern and standardized terminal of 15,000 square meters intended for the flights was opened lastly its doors to travelers.

The terminal was equipped with the climate controlled air conditioners, security camera and finger print sensitive door, the glass walls, the seats and finest paints.

The public private partnership was Favori and the Somali federal government signed public private partnership contract which gives Favori full control of the airport for the coming 15 years or 5 years more.

Improvement in aviation safety and general security situation in Somalia has prompted foreign airlines to launch flights to Mogadishu, Said Eliye, director of operations and international relations at the Mogadishu international airport, said with the rising confidence in the country's security, more international airlines were in talks to launch flights to Mogadishu in the coming years. His remarks came after Qatar Airways launched its direct flights from Doha to Mogadishu.

The Qatar carrier is the fourth international airline to fly the Doha-Mogadishu route. Turkish Airlines, Kenyan airlines and Ethiopian Airlines are already operating daily flights into Mogadishu, while Uganda Airways recently announced plans to start scheduled flights to Somalia. Eliye said there are other commercial carriers from Egypt, the United Arab Emirates, Saudi Arabia and Uganda which have expressed interest in operating flights to Somalia.

Finally as a result of all this advancements we conclude that the process of reforms and privatization in the public sector in Somalia has improved government finances by raising revenues and reducing spending.

More important, it has spurred economic growth and improved services because privatized businesses have cut costs, increased quality, and pursued innovation.

Ethiopia has introduced a unique form of fiscal federalism in the context of ethnic federalism. The process is still in progress that decentralization of fiscal decisionmaking power has not yet effectively reached the basic unit of administration in the federal structure. The system hence effectively has a two-tier structure of fiscal federalism: the federal government and the regional states. The regional governments' changes that will prepare ports for a more competitive market and less financial help from governments and Generate maximum revenue.

A valid reason for the privatization of ports can be to generate increased revenue for the government. This can be achieved through improvements in efficiency and reductions in costs which can be translated into profit sharing possibilities. Importantly, government can also reduce its risk in terms of revenue expectation by divorcing lease payments from the amount of cargo throughput; however, this would be at the cost of forgoing increased income from expanded traffic levels. If this is the principal objective it is important that it be acknowledged as its successful attainment will be determined by the approach adopted.

America's economy would gain from federal privatization, and so would the government. The federal budget would benefit in three ways. First, sales of federal businesses and assets would raise revenues, which has been an important political motivator in many countries. As noted, privatizations have raised \$3.3 trillion for governments over the past three decades.

Improvement in aviation safety and general security situation in Somalia has prompted foreign airlines to launch flights to Mogadishu, an airport official said on Tuesday.

"The airport authority in conjunction with AMISOM have partnered to ensure there is security and safety. That is our number one priority," he added For governments, a main benefit of pursuing privatization is to raise revenue. But for citizens, the main benefit is the positive effect on economic growth from increased efficiency and greater innovation. Businesses that are more productive can pay workers better and cut prices for consumers. Also, by reducing waste they are better environmental stewards.

Many statistical studies have examined the performance of businesses before and after privatization. A 1994 study in the Journal of Finance looked at 61 privatizations in 18 countries and found "strong performance improvements, achieved surprisingly without sacrificing employment security.

Specifically, after being privatized, firms increase real sales, become more profitable, increase their capital investment spending, improve their operating efficiency, and increase their work forces.

Conclusion

Privatization increases economic efficiency, spurs entrepreneurship, creates greater transparency, and benefits the environment. Private-sector organizations make many mistakes, but they are also constantly fixing them. They have to innovate to keep up with the changing needs of society. By contrast, federal organizations, such as Amtrak, the USPS, and the FAA, follow failed and obsolete approaches decade after decade.

The next president should work with Congress to line up the best candidates for privatization, explain the benefits of reform to the public, and move ahead with legislation. With many activities, such as postal services and air traffic control, we can look to the extensive experience from abroad about how to structure reforms.

The war is having a radical impact on economic restructuring. In the absence of state regulation, the Somali economy has achieved a level of privatization that is practically unique. All economic activities, including services and even currency matters, are taken care of by the private sector. A minimum of state regulation, with the state performing a few economic services, exists only in Somaliland.

As a result of the collapse of government, all economic activities in Somalia must be considered informal, so that drawing a line between the formal and informal sectors makes no sense. In Somalia, it is possible to observe the complete deregulation of economic activities. This affects all services, from the education and health sectors to currency and pricing mechanisms. There is no banking system, and currencies are freely traded. Foreign trade has been completely liberalized.

Although the level of privatization in Somalia can only be described as unique in the world, the country still cannot be considered to have a free market economy. The reregulation of the economy described above along the lines of social characteristics is leading to visible monopolization tendencies. International trade is thus limited to a few wholesalers who are able to successively expand their networks and disproportionately increase their wealth. Without security guaranteed by the state, protection of trade goods is also dependent on the availability of armed forces and means. Members of powerful clans or of clans that have weapons and militias at their disposal have much better chances of organizing lucrative deals than members of unarmed, less powerful clans. It is true that foreign trade is not subject to government regulation.

However, ports and airports can only be used if fees are paid to the controlling armed factions, which means that a non-state tax system has been introduced 1988 and August 2015 were \$3.26 trillion. See William L. Megginson, "Privatization Trends and Major Deals in 2014 and Two-Thirds 2015," in "The PB Report 2014/2015," Privatization Barometer, www.privatizationbarometer.net. This amount does not include the privatizations done through

distribution of free vouchers, which was common in Eastern Europe in the 1990s.





EFFECTS OF LEADERSHIP ON BUSINESS SUCCESS IN ORGANIZATIONS

Dr. Abdulkadir Noor Jibril

INTRODUCTION

Business performance has been studied by a lot of researchers identifying various factor effecting performance of business including technology business and environment. Leadership style is considered the important and the major factors for the success and growth of the business because it influences on the policies of the company, leadership also helps company improve its service or product in the market and respond positively to the environment through innovations, employee empowerment and inspirations and development programs as per the vision of the company in the long and short term plans, the article focus on the leadership effects on the business success in the organizations.

Leadership and business success

The success of organizational activities and its market position can be measured in different ways as either qualitative or quantitative methods, organizational tasks are important and should be managed in a way it gives value in its operations, better financial performance, business revenue, profits and return on investment shows as healthy business operations in a organizations, the complexity of business environment made organizations to acknowledge the continuous and non-stop changes, business environment is associated with uncertainties which requires appropriate participations from all levels of organizations, strategically assets of the organization as physical infrastructure, capital asset and human resource help in the smooth running of operations and achievement of organizational objectives, human resource is “most competitive advantage in the business” its

effective management evidences that leaders have influence on the followers, the leadership importance is in place of every industry and effects on the process of development in all dimensions.

Leaders guide organization to survive and endure in uncertainties, environmental changes and market competitions with the influential personal characters, knowledge and experience gained over the time, leaders employs different methods for leading organization and people in a way to achieve organizational goals and improve business performance thus take to organization into better dominant marketplace. Way of leading effects employee performance and directs to higher level of improvement in an organization¹. This does not mean that all business achieves to sustain but with some appropriate practice leadership practices in the organization effects future success and development of its business², but has been described as key successful elements of organizations³. Leadership is process of influencing others in a way to achieve the desired goal or performance, Northouse⁴ defined leadership as “the process whereby an individual influences a group of individuals to achieve a common goal” (p. 6) Kouzes and Posner⁵ also defined leadership the way men and women guide and direct through challenging environment with uncertainty, hardship, transformation, recovery and also adopting new beginnings for achievement, better changes and pursue opportunities.

Leadership is the key power for the success of organizations and effects its performance as research indicate there is a direct relation between success Company’s founders.

Responsibility of the leadership is included to define real situation in the business ground to easily formulate development strategies for the achievement of mission, goals and objectives of the organization. Success of organization occurs with root changes of doing works which takes employees and the organization into other better conditions so that changes improves and leads to gradual organizational development, it requires better management for the difficulties and resistance may face during changing process.

Leadership is the most important overall approaches for the organization to maintain its to counter problems led by economic development, is also responsible operations of the organization and sets optimistic goals and objectives in while managing organizational operations through planned strategies, leaders instigates and influences employees with positive organizational culture and attractive benefits, managing changes in organization is defines as a way to arrange the change in terms with organizational aspects and individual aspects with consideration of their own style and pace. Change management in the organization contributes finding and sustaining business opportunity with competitive advantage based on effective and adaption and better implementation of changes in the market.

Three stages of change management are existed, first is to take strong decision to apply the change and determining the readiness of employees and their commitment to the change applications. Second comprises controlling and implementation of changes in daily basis, the final stage is completing the changes⁶. It is difficult to determine time for the change management process for the individual differences to take and absorb the changes some may be fast engaged to the change where other might require a longer time captivate the changes because some are happy with changes and others might not happy. in such situation leader would be the center of connection and work collective with a team to create adaptable change process in long term changes⁷.

Gasse in 1990 mentioned that majority of authors believe that bankruptcy of small business led by absence of management skills as one of cause principles, such skills are important for the survival of newly established firm. Arham, Boucher, and Muenjohn⁸ accentuate the existence of several researchers confirmed or measured relationship between success or organizational performance and the leadership, in large and small enterprises. Leadership approach is important for the success of a small business as proposed by Valdiserri and Wilson⁹ and the fact is that business projects cannot be expended or succeed without effective leadership behavior¹⁰.

According to Fernald, Solomon, and Tarabishy¹¹, Leadership qualities are challenges of entrepreneurs for the growth of their business and change them into a professional level.

Leadership style influences the success and performance of the organization, Bass, (1985) identified three types of leadership approaches or style such as transactional leadership, transformational leadership and passive-avoidant leadership, these types effect individual and organizational performance¹². Transactional leaders direct and motivate their employees for the achievement of planned goal by giving roles and responsibility required tasks and activities¹³. They are task focused and accessible to the employee performance¹⁴.

Transformational leadership has the ability to find out requirements for change, to formulate goals and give instruction and guidance for change with effective management of the transition¹⁵. They are proactive and give more efforts for maximization of individuals, groups and organizational development with line of mission and beyond the expectations mission¹⁶. The third style is considered no leader style or doing nothing as Bass and many authors stated in literature of leadership style.

Tasks of Strategic Process

The order of strategic tasks required the firm are consider to be first Define the strategic mission of the organization.

The mission finds “what the organization wants to be” it identifies the scope of the product and service of the organization so everyone should be aware of the organization’s mission, it minimizes the chance of confusion and misdirection by stockholder. Second Long rang and objectives, objective stands or translate mission of organization to specific, concrete, measurable terms. Organizational objectives establish aims and target for all organizational levels.

Objectives states where organization directs and when to get there, objective of the organization implies market, products, innovation, quality finance, profitability, employees and consumers. Third Analyze and formulate to reach objectives, it is what is required to achieve the objective. Its formulation includes deciding and evaluation all possibilities and options that sustain organizational objectives and selecting best alternative. Fourth step is the implementation of organizational strategy with project.it requires action finishing the work.

Conclusion

Leadership affects business performance of organization; without effective leadership no improvement and business success would be possible and create bankruptcy and draw backs to the organization. Leadership is the key for all success and development for any organizations and takes responsibility for organizational operations, sets goals and objectives and formulates strategies to reach planned goal and objectives, leader influence employees through developmental programs and motivates with benefits and empowerment.

Leadership inspires individual and organizational change with consensus building, acceptance of change is differing in terms of individuals because of their differences some are happy and other are not, it is the leaders instigates and work them together. Leader guides organization for the survival and to sustain in challenged environment and uncertainties and leads organization in a way to achieve goals and improve business performance thus take organization into better situation and market position. Different styles of leadership can employ, the major method identified are included transactional leadership, transformational leadership and passive avoidant leadership, they contribute to the success and better performance of both organizations and individuals.

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HOW BIG DATA MATTERS TO YOUR BUSINESS: REAL WORLD EXAMPLES

Ismail Mohamed Ali

INTRODUCTION

This essay tries to derive some lessons from “Too Big to Ignore: The Business Case of Big Data”, a book authored by Phil Simon. The essay provides several examples of both big data and Internet of Things (IoT).

The book opens with a brilliant example of big data in car insurance. Historically, car insurance has been evaluated based on six variables, namely age, gender, zip code, previous violations, past accidents, and the type of the car. The cost of insurance varied from one customer to another based on these variables. The variables give basic information which could be useful in some way but is incredibly passive and unfair to customers who are willing to improve. In the big data era, the whole thing is based on how you perform on a daily basis, or you pay as you drive (POYD).

Incidents like exceeding the speed limit, driving very slowly, sending text messages while driving, being more careful and safer compared to before, etc. are the basis for evaluation and pricing. You can guess how huge data will be as these activities are continuously monitored. It will be a deluge of data. It will be also, a massive amount of data or what is called big data.

Big data also helps caring administrations to advance road safety. An initiative to capture potholes was elaborated in the said book. The project, even though it struggled to succeed, is super beautiful idea. Devices installed in the citizen's cars collect data about areas where the road is damaged, and street repair programs are mobilized accordingly.

Big data is hugely unstructured data, even though structured data is still relevant. Analytics, text analytics certainly, make sense of unstructured data like customer reviews, emails, forums, drug prescriptions, tweets, retweets, and

clickstreams. Not only a text, but big data analytics also extend to retrieving metadata of photos such as date, time, size, location, username, and the type of camera used. This information could be combined with the given photo captions. Think about how such information can help search engines like Google to respond to your enquiry for images.

Insights from data analytics give signals of impending issues, for example, knowing customers who will quit, students who will drop, and fraud related issues. Obviously, this helps put preventive measures in place.

What do customers do at you at your shop? Perhaps your answer is they buy things and leave. But in big data and IoT era, the answer is much beyond that simple phrase. It starts with which products they looked at, those they bought, and even the product they didn't consider buying. Huge information is collected in this process, which, as a result, leads to knowing more about consumer choices. Young people shop differently than old ones, for example. A pregnant woman may buy certain lotions and vitamins rather than buying a baby's food or a diaper. Then, online advertising will be more intelligent and to the target.

Devices such smart cameras capture a massive amount of data. For example, things that capture the customers' attention, like specific words, images, plus the time they kept items in their

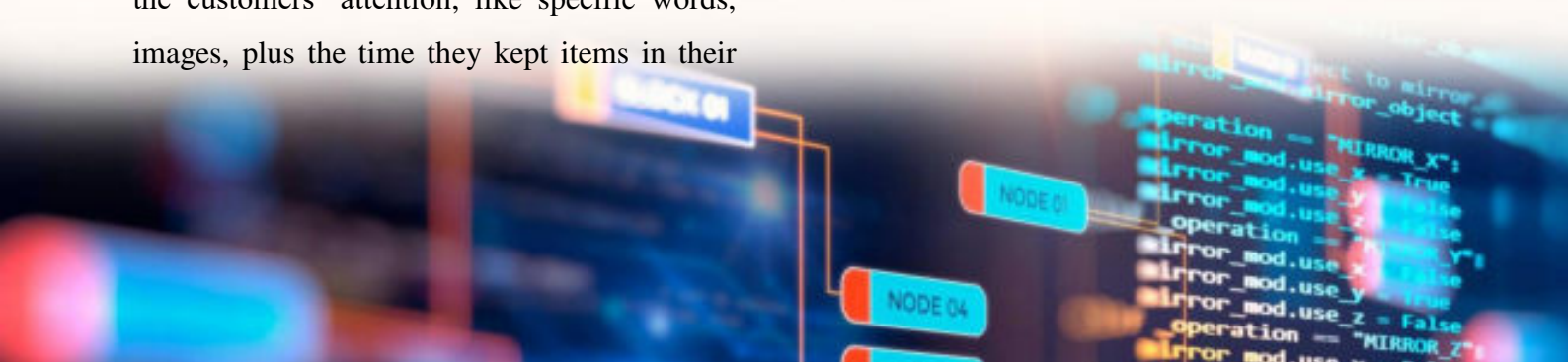
hands, and whether they or their children said anything. Information like this could be harnessed in improving a product design like choosing appropriate colors and fonts.

It is astonishing to know that our refrigerators can help us eat better and be on a diet. In this regard, smart fridges read the expiration dates on the products or packages, remind us to buy or even order for us. The focus is be more on achieving healthy diet than just filling in the refrigerator's shelves.

Another simple example of IoT is digital smart meters that do not capture electricity consumption only but also communicate with power companies and report the electricity outage at your house or your business. The information is also shown on the homeowners' smartphones. Therefore, all concerned sides are notified.

Conclusion

As the examples elucidate, big data is largely consumer driven. It is mainly based on the activities that consumers perform. Different types of organizations including insurance companies, retailers, and power companies, can make use of big data. Big data varies in size and format, and involves all categories of structured data, unstructured data, and semi-structured data.





IMPACT OF SOCIAL MEDIA FOR SMALL SIZE BUSINESS IN SOMALIA

Lul Farah Abdullahi

INTRODUCTION

Small business sector are considered the backbone of any nation's economic growth. Somali has no operative national government since 1991, whereas there is a recognized government in the country, there is no stable Somalia market from, when the central government of Somalia collapsed the traders enter market deferent goods and service without government interference. More than 70% Somali Business are small size businesses includes supermarkets, shops, stationers, restaurants and small hotels all these businesses are private sectors and are the backbone, which creates the jobs of most Somali population or employments. In addition to that the modern technology growth is equivalent to the business growth, thus the staff and owners of the business companies must be modern technology user friendly, because current the information

technological development has influenced all activities on the world even the life style.

How does the Information Technology influence for the business?

Information technology increases the efficiency and effectiveness relationship for the small business, it puts new needs on the business companies, or provides new opportunities for developing to improve of the market activities as well as products, before decades it takes time to receive business correspondence later even if you paid extra effort, but currently the marked would be Smart, Business owners can share these documents or Business aids in a much faster than as they expectation, and more affordable manner, without spending more extra days and money, because of modern technology particularly information technology, it's the easiest approach of monitoring, and scanning for Business companies internal and external, such technological development systems, also

information technology is the service of increase Business performance among manufacturing firms and doing business.

According to Somalia in late decades there was challenge between the small Business owners and good supplies, there was not social exchange between them until they travelled part of them, so the impacts of information technology includes to facilitates a social interaction, relationships between the business trade and supplies, and create new possibilities for developing a business capably, and owner satisfaction, since business is collaboration between two or more companies, in traditionally people meet face to face to exchange information and ordered their business items, after time the two parties get to know each other, therefore a social measurement progress in the business relationship, is not enough through the meeting interaction.

So now that is the time the information technology is employed in a business relationship, and replace the traditional ways of exchanging information, because the change could be an effect on the social interaction. Social interaction involves the meeting between people form the two companies doing business and so meetings are of interest for the study of social interaction.

Some of the small and medium-sized enterprises in Somalia have been created software programs, which they manage their business

issues, to get significant number of item and number of labor involved, while number of them are developed online applications to use online services such digital marketing, as advertisement and offer their goods as online and also ordered to the supplies through online, without travelling and paying more extra time and money, the using modern technology was facilitated all of the above interactions between small businesses owners and supply business goods, business affiliation can be debated in terms of how often people from the companies meet, or how well the parties know each other. They are discussed that depending on the extent of the use of information technology for several exchanges, the impact on the social interaction patterns that are carried without information technology may be influenced. The main argument, which could be raised in the positing on the influence of using information technology in small size business relationships is that the number of the meeting will decrease, as the use of the technology handles a great transaction of information exchanges, replaces some of the personal exchange of information.

In Somalia, percentage of using social media is more than what expectation is, number of the populations are earn money in to the social media, they create pages for any resound of business, like learning, purchasing, advertisement and so on to make more money, the main points that support are network connection, and availability of internet device,

such laptops, smart mobiles, and desktop computers these all facts are facilitate the usage of the social media. Nowadays the social media was basic needs, and no one can illustrate how much time and expend because every single person of our population was adopted social media, and no one can a life without, role of Information Technology improves the performance of the firm in generally, and especially small and media-size business, the role of the information technology in Somalia is highly improves, so in this paper we illustrate increasing of the modern technology through the level of development as well as IT utilization which were relatively influence the Somali community for last decades

This was re-presented by, among others, limited ICT infrastructures availability, limited number of units of computer owned by small-sized firms, and limited Internet access.

Implication

Internet technology has been found to have significant contribution towards small-sized agribusiness firm business performance improvement. Accordingly, Internet technology should be an integrated part of any training, extension, or any other education program that is directed at improving small-sized agribusiness firm business performance. In addition,

since the level of Internet adoption within small-sized agribusiness firm owners/operators is affected by in-decidual factors (i.e., perceived usefulness, Internet self-efficacy, and particularly perceived ease of use, Internet anxiety, and personal innovativeness), these factors should properly be taken into account and included in curriculum of extension or educational programs such the one previously mentioned

The purpose is if the requirement for personal meetings decreases when the levels of information technology use growth, however the information technology create additional meetings for the use, on the other hand, if the technology is difficult or no user friendly, the aim purpose of its employment is further more making the information exchange more efficient by decreasing the need for meetings.

The purpose is why the use of information technology in business relationships would decrease or increase the need for personal meetings can only be speculated on. This paper analyses the extent to which the need for personal meetings has decreased or increased in the investigated business relationships as a result of the use of information technology, as well as to the extent which such a change is related to levels of lower and higher of information technology.





THE NATURE OF ACCOUNTING IN BUSINESS

Ali Ibrahim Mohamed

INTRODUCTION

When a prospective entrepreneur starts a business, the owner hopes for a better and more prosperous economy, employee are hire, sales people are selling products. Also, the owner is buying raw material and employee are manufacture products, but what is required of the company, Does the company make a profit? Is everyone agree with the objective of the company? Is accountability done right? Do we have the actual and expected accounting? That is the nature of accounting in business, the main nature is part of it:

- Management accounting for internal
- Financial accounting for external

The goal of accounting is to offer financial information to the stakeholders of the business such as entrepreneur, executive suppliers and creditors, so accountants measures and

Summarizes the activates of the firm and communicates the results to executives and other concerned parties. However, executives need precise and suitable financial data to make smart decisions, and accountants are the ones who create this information. Whereas, the accounting process collects the data and presents it in various types of reports, the accountants help read the meanings of the reports and suggest ways to use this information to solve business problems. Accounting can be classified in two forms: management and financial. Management accounting helps the owners to run the business, while financial accounting reports on how well it's running.

MANAGEMENT ACCOUNTING FOR INTERNAL

Management accounting produces internal reports that are planned for management and are used for decision-making. These reports are tailored and modified to the exact purposes and needs of individual managers and are not usually released to parties outside the company. For instance, this report provides aging accounts receivable, measures level of inventory, current information account payable and prepares budgets, in this report summarizes accounting data for prediction, accounting for planning and cost accounting for production

- **Accounting Data for prediction**

The operation of the business requires correct data about the firm's assets, liabilities, profits and cash situation. Thus, Accounting provides this vital information. Accounting acting a significant role in evaluating the practicality of investments. A right consideration of an investment demands a careful analysis of costs and estimations of expectations for future cash flows. Certain criteria, such as shaping hurdles to return on investment, must be met. For instant, think the decision managers often look of whether to invest in a new plant or expand the existing facilities.

An option might be to invest \$10 million in a new production facility or spend \$3.5 million to expand a production line.

Each option will have different cash outflows in the beginning and varying future cash inflows. Each approach will have a different return on investment.

Consequently, which one should management choose? The firm's accountants will analyze the information for each investment, calculate the rate of return for each project and present their findings to management. This is circumstances where accounting procedures make the relevant financial data that management needs to make bright decisions. They also have to discover the various ways to finance these investments. Decisions must always be backed up with suitable facts and figures.

- **Accounting for Planning**

Booming firms create plans to accomplish their goals. These plans contain cash flow projections, sales planning, purchases of fixed assets and prognostic inventory levels. An accounting analysis of past data will provide the basis for making forecasts and developing plans to meet those targets.

- **Accounting Data information**

Budgets are necessary to running a winning business. Accounting uses past data to form the basis for future budgets and cost controls. With this information, managers can plan overhead expense budgets and sales plans, and build cash flow projections.

Then they check the usual accounting reports to make sure costs continue within the budgets.

- **Cost Accounting information**

Modern firms use cost accounting to calculate the cost of making products, decide break-even sales volumes and set best inventory levels. Managers require knowing how much it costs to make their goods to develop pricing strategies that permit the firm to make a realistic profit. A significant accountability of management is to control costs. Conversely, to do this, managers must have prearranged standard costs of operations to use as measure for their standards. For example. If the firm's product cost of one for a table as summarizes. Material cost per unit \$ 2.50. \$ 8:00 inn labor and applied overhead \$11.2, the total cost production of table is \$ 21.7, the selling price is \$ 27.125. Giving the firm a gross margin profit of 25 percent.

With this information in hand, management can supervise production costs on a weekly or monthly basis to make sure the costs of production do not exceed these standards. If accounting reports show a divergence above the intended cost of manufacturing, and then management knows to step in, find the cause of the problem and take corrective action. Perfect accounting of manufacturing costs for each product is necessary to the advance of a sales plan and a predictable product mix. More than probable, each product will have a different

gross profit contribution, and management must establish sales goals for each item to reach the overall gross profit level needed to cover overhead and produce the target net profit.

FINANCIAL ACCOUNTING FOR EXTERNAL USERS

Financial accounting produces financial reports for external users, such as Income statements, balance sheet, cash flow that uses for owners, investors, employees, creditors, labor unions and government agencies. Unlike internal users accounting reports, financial statements prepared for outside users are compiled using Generally Accepted Accounting Principles (GAAP).

Financial accounting reports whether the company made a sufficient profit, and how possible it is to pay dividends to shareholders. Inquiring investors will examine the financial statements to measure the security of their investments and prospective for future growth and increase in value. Employees will glance at the statements and get an idea of whether they can suppose raises or increased contributions to pension funds.

Accounting reports, both managerial and financial, are necessary to effectively manage any firm or company. There is no alternate. Not having correct and timely information about how successfully a business is running is a guideline for failure.

Conclusion

Accounting information is essential in business for both internal and external such as preparing financial statement and budgeting. Both are vital to the business progress and its long-term well-being. In order to achieve this, they must think for management and owners in the pursuit of a more efficient accounting

Recommendations

In order to get good accounting information, please consider the following points setting accounting information system

1. you should try to find the best way for Accounting Information
2. it's better to use a computer system if you can
3. The computer system is good at accounting and monitoring
4. and it is less than human error
5. You can easily store the data for a long time.





THE STORY OF EVERYDAY LEADER

Ismail Mohamed Ali

INTRODUCTION

This essay presents some lessons learned from “Leadership for Everyone”, a book authored by Peter J. Dean.

Trait, situational, contingency, and interaction of leader with follower, are four old leadership models that we are submitted to. Sadly, all of them are about how to control others. The scope of leadership is far beyond such few dimensions. A broader concept is everyday leadership.

Everyday leadership emerges in the sphere of one’s influence. It can be at work, at home, being a teacher or a parent, and in our one-to-one conversations. It should be practiced by all levels in the organization. It is not a hostage for power and positions.

Good leadership usually starts with leading yourself first. Everyday leaders always question themselves about areas they need to improve and the skills they should acquire. They

recognize their limitations and they are ready to work on them. Everyday leaders maintain a balance of the conflicting demands in life. They manage the balance hectic work schedules and the need for rest, and the balance between the time for the work and the time with the family. The intellectual growth is never sacrificed to being busy. Maintaining a healthy diet and a physical exercise are necessary. Everyday leaders bear in mind that the whole world is a garden for the hereafter.

The book proceeds to elaborate the skills that everyday leaders should possess in order to grow and excel. Among the skills is listening to learn. Listening to learn is not about all types of listening. It is about active listening which involves recognizing the voice tone and the mood of the speaker, being open mind, and avoiding distractions. Not with our ears only but we listen with our whole body, our eye contact and our gestures, for example.

Active listening also includes showing a genuine interest in the speaker's message and controlling the urge to interrupt.

The second advice for everyday leaders goes like this “empathize their emotions” which is related to the ability to understand and positively respond to the emotional state of the speaker. The author states the following 8 emotional conditions: anger, sadness, fear, enjoyment, love, surprise, disgust, and shame. Managing these emotional states, even though is super important, is not a piece of cake. Therefore, the author provides several ways that help everyday leaders handle these situations. Understanding the source of the emotional stress, which could be work, family, health, money, values, and personality, is one of them.

Every person in this world including you and I has ambitions and something to achieve in life. Everyday leaders understand this matter and help people grow and develop irrespective of organizational structures and chain of commands.

The fourth skill that everyday leaders should master is what the author called “diagnose and detail”. Performance improvement at work depends on the ability to diagnose and detail as the author highlights. It involves the ability to communicate freely and reveal the facts on a content and intellectual basis, not on a personal basis.

As everyday leaders lead and interact with others, unnoticed modes of thinking may develop in the decision-making process, which can divert the conversation from its purpose. Therefore, it is always necessary to uphold ethical and professional standards and to combat any signs of opportunistic behavior or egoistic pursuits in both individual and organizational levels.

Another skill that the author teaches us is to “respond with respectfulness”. It is all about treating people with dignity and respect, and creating a nonjudgmental and non-evaluative atmosphere where everyone is valued and engaged in the conversation.

The final skills that author puts forward is stated as “speak with specificity”. In this regard, everyday leaders try to answer questions like is the message we are going to convey aligned verbally, vocally and visually with its intent. Is it communicated clearly and fully understood by the receiver?

Conclusion

In the end, there are many interpersonal skills that we, as everyday leaders or position leaders, can acquire and practice in our sphere of influence. Every one of us can promote good leadership in many ways including letting others talk and learning from them, observing their emotions and aspirations, treating them with dignity and respect, and communicating clearly and understandably.



FIVE WAYS TO PRICE YOUR PRODUCT OR SERVICES

Ali Ibrahim Mohamed

INTRODUCTION

Product pricing is vital elements an important the success of your product and services. Still entrepreneurs and business-persons only consider pricing as thinking. They settle the primary selling price that comes their thoughts, copy their competitor and guess, but the best price factors are to cover in all your costs, while residual value are attractive to customers.

You will discover a great method around within the art work of pricing, but this step lesson will give you the resources and techniques you might want to create a reliable, data-backed pricing development in your solution and providers listed. Here are five techniques tips on how to set your products and services prices

1. Similarly the Market Price

You would like to understand simply how much shoppers you can get, and also just how much competition charge. You can then decide

whether to match or beat them. Only similar price like competitors is dangerous, though - you need to be definite all your costs - both direct and indirect - are protected.

2. Choose the best pricing technique

Cost-plus pricing involves adding a mark-up percentage to costs; this will differ between products, businesses, and segments. The associated fee belonging to the buyer needs to be centered on the real price of merchandise and providers. Choose what your pricing approach is before you make a scheming

3. Work out your costs

Encompass all direct cost, this includes income spent increasing product or services. Then compute your variable prices (for direct and oblique so on) - the greater you make or provide, the upper these might be. Work out what percentage of your fixed costs the product needs

to cover. Add all of these costs together and divide by volume to produce a unit break-even figure.

4. Consider cost-plus pricing

You certainly will demand to include a margin or mark-up for your break-even level. This is certainly normally expressed as a percentage of break-even. Industry types, knowledge or market understanding may help you choose the level of mark-up, if ever the amount seems far too great, slim your rates and reduce the worth accordingly. Be aware of the limitations of cost-plus pricing, because it works on the assumption you will sell all units. If you don't, your profit is lower.

5. Think about other factors

How will charging VAT have bearing on price? Can you keep boundaries diffident on some products in order to achieve higher margin sales on others? You might need to compute different prices for different territories, markets or sales you make available. And to know the market price surrounding you.

Conclusion

Whenever you are faced with a question on pricing... consider Selling price Elasticity (Price elasticity of demand from customers is often a measure with the switch during the amount demanded or purchased of item in relation to its price range switch). The two go jointly like

complementary products. No pricing modification should really be designed without reflecting on the effect on income earnings and gain, precipitated by consumer response towards transform. Do not forget that reducing amount can cause a boost in sales profits if the sector is incredibly cost sensitive. No firm works in isolation so a change in price range could be met by the same reduction by competition, so shifting the character of elasticity as well as importance of income variations

Recommendations

A pricing is among a very powerful features of your industry strategy, which also consists of advertising, placement and other people. Please consider the following points before setting price

1. Be knowledgeable of your respective competitor that have huge effect on pricing decisions. The relative industry shares of rivals affect it doesn't matter if a business can be established selling prices independently, or irrespective of whether it's got to go along with the direction shown by competitors
2. An entrepreneur won't be able to dismiss the expense of production or purchasing a merchandise in relation to location and advertising price. Inside of the long-term, a firm will fall short if it sells for under price tag, or if, its' gross

financial gain margin is too small to go over the fixed prices belonging to the small business.

The state for the marketplace for the merchandise - when there is a big demand from customers with the item, but a shortage of supply, then the home business can set selling prices up.





RAIN-FED AGRICULTURE IN LOWER SHABELLE REGION: BETWEEN CLIMATE CHANGE EFFECTS AND INVESTORS' NEGLIGENCE

Dr. Amina Omar Mohamud & Ismail Ibrahim Abdullahi

INTRODUCTION

The agriculture sector is the largest economic sector in Somalia, not only in terms of covering the food needs for the most of its population, but also in terms of generating revenue and making the main livelihoods of the rural society through crop sales and agricultural labor opportunities. It also contributes the largest portion of the national GDP from domestic distribution and exports to other parts of the world. Constant agricultural growth is very important to enhancing the living standards of our people as well as making quick economic growth. However, despite the importance of the agricultural sector in Somalia's economy, the farming sector has been for many years mainly small scale, poorly mechanized and most of them are rain-fed¹. In

addition to this, official support from the government and infrastructure have been nearly absent.

Rain-fed Agriculture in Somalia

Rain-fed agriculture plays an important role in most agricultural regions in Africa, including Somalia. Its importance differs regionally and creates the main income for poor communities in developing countries. According to the statistics from FAOSTAT (2005), in sub-Saharan Africa, including Somalia, more than 85% of the farmland is rain-fed, while rain-fed farms in Latin America are almost 90%, and for South and East Asia about 60 to 65%. Despite the efforts from governments and other agencies to improve productivity of the rain-fed

¹ The term 'rain-fed agriculture' refers the method of agriculture, especially the farming method that depends on the rain as a source of water.

agriculture and enhance environmental conditions in many developing countries, a great number of poor families in Africa and Asia still face poverty, hunger, food insecurity and malnutrition.

The economy in Somalia is dominated by agriculture (farming and livestock) as the main source of livelihood in most parts of the country. Rain-fed crop production is widely practiced, and represents the largest portion of the farmland, but is an effective only in the areas which have marginally a higher rainfall. The existence of substantial opportunities for crop production lies under irrigation along the *Jubba* and *Shabelle* rivers basins. Though, even under maximum irrigation improvement before the civil war, Somalia still facing a food deficit problem, as the agriculture, especially the rain-fed, is vulnerable to a higher risk. During pre-conflict time, the production of exported crops such as banana, sesame and grapefruits achieved under irrigation in the lower and Middle Shabelle and Juba valleys. The state for the marketplace for the merchandise - when there is a big demand from customers with the item, but a shortage of supply, then the home business can set selling prices up.

Rain-fed Agriculture and Climate Change Effects in Lower Shabelle

Agriculture is widely dependent upon the weather and climate in order to produce the food and resources that are essential to sustain human

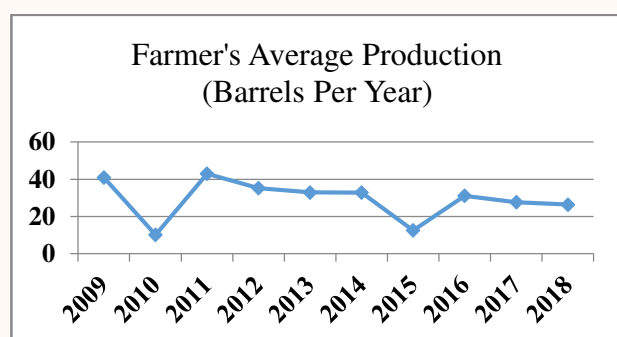
life. Not amazingly, rain-fed agriculture is considered to be an economic activity that is highly probable to be vulnerable to climate change and global warming. Climate change and Global warming affect seriously farming practices, crop growth and quality, as well as pest control and the varieties of crops and animals that are raised in specific areas.

Climate change impacts and influences to the agriculture sector are among the major and best documented. Most studies suggest that crop productions may decrease if the same crops are grown in the same areas under various climate change conditions. Even with adaptation, studies conducted in Africa and South America state that global warming will reduce farm net revenues. Further, change in climate will have different impacts on different countries (Wang, Mendelsohn, Dinar, Huang, Rozelle, & Zhang, 2009).

In Africa, especially in Somalia, as the rain-fed method of farming dominates in the agriculture sector, the ability to buffer and benefit from changes in rainfall levels is relatively limited, and makes farmers subjected to a high degree of vulnerability. For some regions in Somalia, including Lower Shabelle region, the dangers of seasonal droughts caused by climate change are often exhibit causing decreases of rainfall and temperature increase, which in turn contribute emerging a food shortage problem. Droughts are harmful because of the long-term shortage of

water available to the plants and animals, and caused some of the more severe famines in Somalia. Heat waves can cause extreme heat stress in crops, which can limit productions. Recurrent droughts and its severity within the valleys are also expected to increase with negative impacts on infrastructure, rural businesses and greater loss of biodiversity and could increase the speed to generating desertification.

In order to get a knowledge about how the climate change affected the production of rain-fed farms in Lower Shabelle region, 15 farmers, each of them with a minimum of 15 years of experience, have been asked about their annual crop production volumes (in barrels) in the past 10 years². Most farmers do not record their exact crop productions, so, it is difficult to get a large number of respondents who can memorize their actual production volumes, but few of them can give an approximation volume of their past productions.



² Most farmers in the southern part of Somalia, including those who live in Lower Shabelle region, store their grain crop productions, such maize and beans, in barrels (*fiusto*

Figure 1: 2009 - 2018 Average Annual Crop Production / Farmer

As the graph shows, from 2009, crop productions are in a declining condition year after year, this negative trend tells more about the serious effects of the climate change and global warming on the rain-fed farms crop production. 2010 and 2015 were the most severe seasons in terms of crop productions decline, because of the droughts witnessed in the southern parts of Somalia. These droughts affected both rain-fed and irrigated farms in Lower Shabelle region, though rain-fed farms were the most affected.

How Investors Neglected Rain-Fed Agriculture in Lower Shabelle Region

Agricultural investments play an important role in developing the agricultural output in developing countries. Finance is an important for any business, and so for the agriculture sector, accessing enough funds and finance is critical for the growth and the development of the agriculture sector. Not amazingly, as the agriculture is considered to be an economic activity that is highly probable to be vulnerable to climate change, investors and financial institutions are aware to accept the risks in the sector. The role of commercial banks financing in the agriculture is very low, and focused only

in Somali language), each barrel consists of 2 hermetic bags (*kintaal* in Somali) that weighs approximately 100 kilograms each.

investing in the irrigated farms, rain-fed farms that produce much of the food consumed locally by poor communities are neglected because of the higher risk.

As temperatures rise dramatically season after season, precipitation patterns change unpredictably, and increased heat also increases the severity and prolongation of drought, it is difficult to encourage investors to fund in the rain-fed farms. The worst case scenario, even some rain-fed farmers in Lower Shabelle region themselves are not willing to fund their farm fearing that they may lose their money because of unexpected losses and the higher risks in the agriculture sector recent years. Lack of access to sufficient funds in the agriculture sector is consistently cited in most regions in Somalia, not only in Lower Shabelle region, and this causes setbacks in the economy of the country. With the existence of this problem, it is not strange to see most banks and investors in Somalia often prefer funding in the irrigated farms rather than the rain-fed because of the lower risk.

Conclusion

Climate change has serious impacts on the agriculture in general, especially in the rain-fed agriculture. The average temperatures in the agriculture regions increasing dramatically, water used for irrigation often end up evaporating due to the extremely heat, and crops are dying.

The impact of climate change has also caused a problem of neglecting the agriculture, as agricultural investments declined clearly recent years. Agricultural stakeholders, investors, banks and other organizations do not intend funding rain-fed agriculture due to the higher risk, with financing rain-fed farms have become a difficult decision due to climate change effects.

The negligence of rain-fed agriculture in Lower Shabelle region is causing local farmers to struggle to get their daily livelihood, as most of the people in the region rely on the agriculture, especially the rain-fed, as their basic source of income. Agriculture is extremely vulnerable to several factors, higher temperatures actually reduce yields of necessary crops, changes in rainfall patterns increase the probability of short-run crop failures and long-run production declines. So, it is easy to understand why most financial institutions and other investors in Somalia to be more aware to accept the risks in the rain-fed agriculture.

Recommendations

As the existence of climate change problems in the farming sector could make it difficult to invest in, it is necessary to think about how to solve this problem. To eliminate risks from the climate change in the rain-fed agriculture is not an easy task, and need a collaboration between both the government and agricultural stakeholders themselves.

In order to reduce risks from the climate change effects in the rain-fed agriculture, this study recommends:

1. The government should establish strategies to combat climate change effects in order to improve the agriculture. Such as the reduction of industry wastes and toxic gases emissions, improvement of separation, and eliminating deforestation.
2. Increasing research in the field of plant protection strategies and devising varieties that bear high temperatures and droughts.
3. Educating the farmers and training them on how to adapt the cultivation of different agricultural crops under the current and expected climate conditions.
4. Due to the higher risk in the agricultural sector in Somalia, the government should grant guarantees such as subsidies to commercial banks to motivate them to grant funds and micro-finance to local farmers.





DIGITAL FINANCIAL SERVICES

Hussein Abdi Mohamud

INTRODUCTION

In order to reduce risks from the climate change effects in the rain-fed agriculture, this study recommends:

As the financial services industry becomes increasingly contestable growingly, and reconfigurable, the capacity to innovate will be a key success factor. Therefore, these financial industries should learn and adopt new technologies, adapt their products, and deliver tailored solutions to their customers became succeed. In addition, most of developed countries use financial services through computerized for decades, while some of under developed country not yet fully utilized that digital services. Access to digital technologies allows a wider range of financial services such as online banking, mobile banking etc. The technology has spread internet banking, mobile banking, e-wallets, mobile wallets, and credit

and debit cards. Therefore, it provides several advantages to the customers such as convenience, easy financial transactions etc.

Digital finance has benefits to financial and monetary system regulators because full-scale digital finance adoption can significantly reduce the circulation of bad (or fake) money, etc. Other benefits of digital finance to customers includes greater control of customers' personal finance, quick financial decision making, and the ability to make and receive payments within seconds. Furthermore, the digitalizing of the product of other industries made customers more trusting of and comfortable with tech-based financial solutions. It also extended their demand for immediacy and customized financial products and services.

Though, some of the most prominent FinTech companies are now trying to meet these consumer demands with low cost, convenient ways to transfer money, borrow, and invest. Besides that, the threat of cyber-attacks is the red alert which coincides with the evolution of the economy. It seems that while people are getting comfortable with cashless payments, some kind of negative perceptions like security problems, poor network coverage, and lack of merchant willingness, high transactional costs, lack of user's knowledge on technology etc. are holding back many customers from adopting the new system.

The expansion of banks has globally continued to grow and became one the main economic pillars, in Somalia from 2011 to 2014 there are large scale expansion in private banks where they work the traditional system but in recent years, most private banks have made some investments in digital products and channels such as ATMs, POS, while they haven't developed well-functioning mobile banking apps, internet banking and standalone agent networks. However, innovation in digital finance can have long-term positive effects for banking performance.

Moreover, digital finance promises to boost the gross domestic product (GDP) of digitalized economies by providing convenient access to diverse range of financial products and services (and credit facilities) for individuals as well as small, medium and large businesses, which can

boost aggregate expenditure thereby improving GDP levels. Digital finance can also lead to greater economic stability and increased financial intermediation, both for customers and for the economy where they and their families reside. Since the collapse of Somali central government, the traditional spirit entrepreneurship of Somalis remains strong, the private sector resilient and robust. Indeed, the private sector has managed to grow impressively in the decade since there were no effective regulations and stable political system, particularly in the areas of trade, commerce, transport, remittance services and telecommunications, as well as in the primary sectors, notably in livestock, agriculture and fisheries (KPMG, 2004). Despite the Ineffectiveness of the central Bank of Somalia, since it has been re-opened its doors, it strives to provide financial system regulation to secure the citizen's rights as well as to safe guide the financial system of the country.

Challenges of Digital Financial Services on Somali Banks

Undoubtedly, there might be costs and challenges to consider when it comes to implementing and keeping up with digital finance. However, digital finance offers incredible potential for banks to lower their operating costs and become more efficient, ultimately leading to better services for their customers. In contrast, those who don't keep up with the rising demand of digital finance will

fall behind the advances of their competitors. Consequently, the impact of digital finance to the financial services industry is imminent, it's up to banks to decide how they'll evolve to meet customer needs. While these benefits exist still there are specific challenges for the digital transformation of financial services and the development of digital finance in the Somali Emerging Bank market. However, the followings are four key challenges that have affected the digital transformation of financial services, relative to advanced economies, are:

- Low penetration of formal financial services
- Low income and financial literacy levels
- Underdeveloped technology ecosystems,
- Weak infrastructure

Opportunities of Digital Finance for Emerging Market Banks

Globally, the digital transformation of banking services allows an expansion of access by leveraging digital channels and customer information, and a reconfiguration of product and process value chains to offer new products and serve customers more efficiently. In addition, there are challenges facing emerging markets regarding digital financial transition, and opportunities resulting from these challenges are also present.

1. Low levels of formal financial services: Innovations such as Internet banking, mobile money and online banking in emerging markets where there is low level of formal financial services will be more advantageous and create competitive advantage. Building on these innovations will boost the accessibility of financial service and provide financial infrastructures to offer a range of financial services tailored to sustainably service dispersed or low-income populations.

2. Low income levels: Operating bank branches is expensive in emerging and developed markets alike, and the shift to digital channels helps reach more customers at lower cost across markets. The imperative for complete digital transformation from front-end customer channels, through the credit and payments engines, to servicing and processing is greater, though, in emerging markets where financial access is a goal. In wealthier markets, mobile channels and improved processing efficiency are add-on benefits to help meet customer expectations and improve profitability. Among low-income communities, however, these are must-have features that enable the sustainable provision of financial services to lower income consumers.

3. Underdeveloped technology and VC ecosystems: Flying under the radar of the global tech/venture capital community can create space for local innovators to serve their markets while the giants are looking elsewhere. For banks, this

can also create opportunities if they can lead in introducing unique local value propositions.

Conclusion

While the final structure of a digitally transformed financial services sector could take different forms, the degree to which banks continue to play a role will depend on a combination of initial conditions and adaptability. Markets where technological infrastructure is low and tech companies offered mobile payment, banks have thus far been able to catch up. Somalia is an example where an extensive tech infrastructure for payments was put in place by a telecommunications companies, but the financial services value add has been reclaimed by banks. While a very few banks recently established a Fin tech service but it's not worked fully. Also, the paper found out building technological infrastructure will facilitate and also reduce the transaction cost and ultimately will discourage being unbanked. Beside the existence of challenges, the research suggests the following points:

- With collaboration of government and banks the Financial infrastructure should be established as to a veil the banks and in return to increase their transaction volume and banking development.
- The distance between the Bank and its users, can be another key obstacle since it will increase transaction by adding the travel cost, and others. Therefore, the research would recommend to bank to provide more accessible Mobile Money Transfer that will allow the user to use only one single SIM Card for access his/her account in any financial institution.



