

Understanding the Barriers to attainment of Living Income of Women in Small Business in Somaliland: A Case Study of Hargeisa, Somaliland

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Abstract: This paper is a result of a research that was conducted by one of the pioneer master students that graduated on 10th September 2015 for an award of Master of Development Studies of Gollis University. She investigated the barriers faced by women running small businesses in Somaliland and conceptualized how the former cripple them from obtaining a living income focusing on Hargeisa as a case study. Fieldwork was conducted from selected markets of within Hargeisa city where sixty questionnaires were distributed to the sixty sampled respondents to seek their own views and experiences. Participant observations and in-depth interviews were also made by the researcher herself to identify challenges largely contributing to the failure of women-owned businesses in a short-run although some of them have been sustained for more than six years. The absence of formal financial institutions come with multiple challenges uttered out by the participants themselves that included; shortage of enough starting capital, working longer hours without rest, absence of proper shelter to protect most of the products they sell from strong sunshine, lack of knowledge to manage checks and balances. Associated with poor sanitation and hygiene, the markets in which they operated lacked of toilets that causes them health problems. In addition, cultural rigidity demotivated women from operating businesses successfully. This research recommends that women engaged in small businesses should be equipped or empowered with vocational skills to increase their chances of earning more income because they are now the bread winners of their families. Government could take argent steps to address the critical issues that hinder sustainability of women businesses not only in Hargeisa but the rest of Somaliland.

Keywords: Barriers, living income, women, small business, Hargeisa, Somaliland.

1. INTRODUCTION

Since the end of the 1991 civil war that led to the breakaway of Somaliland from the Siyad Barre government of Somalia, the business environment in the former was terribly crumbled. Most of the infrastructures were dismantled and the business centers in Hargeisa and other Somaliland cities were set ablaze. The country was torn apart when tens of thousands of Somalis were killed and millions displaced internally and externally. Most of the young people fled to other countries within and outside Africa (see also, Bradbury, 2001). Most of the men were killed but most women and girls had the opportunity to escape war since Somali culture recommends that women should not be killed during the war. This could explain why business in Hargeisa is dominated by women. This paper focuses on the background information regarding barriers hindering women attainment of a living wage in Somaliland. It also states the problem that this research has addressed. Research findings were presented and recommendations made.

The number of women operating in small business is increasing globally. Huge numbers of women translate their livelihoods through running small business. Today women entrepreneurs in Europe account to 30% of all entrepreneurs (Blankfein, 2014). Informal sector is ranked the major creator of jobs in South East Asia which was marked by 69 million

in 2012 by the (international Finance Corporation (2012). Blankfein also noted that unprecedented numbers of women are operating in small scale business in NEW YORK where about 100,000 women entrepreneurs would have access to this funding World Bank funding to boost investment to and uplift the living standers of women (2012).

In sub-Saharan Africa, household-based agricultural activity remains the foundation of rural livelihoods — and women do most of the work. Their activities are under increasing stress due to conflict and post-conflict experience where recovery takes longer; and their children are falling into poverty even as their need for cash income to service social services such as education, medical care among others is increasing. Although they keep a foothold in the household economy, increasingly women are dependent on self-employment or wage work for survival; they have little access to services and few opportunities to become more productive. Their situation is exacerbated by continuing male dominance and unequal household responsibilities. The informal sector offers opportunities for entrepreneurship, especially in trading or small-scale agro industry.

Somaliland is one of the African countries that has been undergoing post-conflict recovery. The survivors of the Siyad Barre regime have since then embarked on small-scale business activities which are largely dominated by women. Very few men are involved in business which means that women are the major bread winners who support their large families in attainment of basic needs. Evidence indicates that the civil strife led to breakdown and failure to establish the banking system, frequent devaluations coupled with spiraling inflation which continuously disables most business operation attempts in Somaliland (Bradbury, 2001). This could explain challenged by inadequate financing hinder small businesses. Extremely less financial institutions implies that access to money lenders is very limited or difficult or poor women such as those operating small scale businesses in Hargeisa. The same women who are without access and capacity to sustain their businesses in Hargeisa and the rest of Somaliland experience additional challenges of discrimination in all aspects of life. Domestic violence, early marriage, forced marriage and denial of education are common women challenges too. Matters are made worse by chronic poverty and lawlessness (De Jiggins, 1989).

According to practical evidence, small businesses generally experience higher economical risks as they have limited access to financial institutions (International Finance Corporation, 2014) which hinders their operation. In Somaliland, women operating business in Hargeisa are running out of business because they lack enough capital to invest in their business. There are no formal financial institutions that could provide affordable interest loans to enable them start or operate businesses. Besides, the only private financial institution (Dahabshil) has limited exposure to small businesses due to higher risk perception and limited access of enterprises to immovable security. As a result informal money lenders such as friends and family members demand collateral security which women do not have. So, their SMEs survive for a very short time. This undermines their livelihood because it is difficult for them to sustain their families without earning income. The study explores the crisis faced by women entrepreneurs operating in small business and states ways that could be applied to improve their sustainability.

2. RESEARCH FINDINGS AND DISCUSSION

2.1 Findings

This sections comprises the interpretation of research findings as outlined below. Primary sources are presented and discussed. Although both qualitative and quantitative methods have been used to present and analyze the data, this research has largely been analyzed using the latter. Statistical findings have been interpreted using qualitative ideas or field stories from the respondents in order to make meaning out of them.

- ❖ The study found out that women who were dealing in soft drinks such as milk could not have their milk stay for longer hours due to their lack of refrigerators.
- ❖ Most women had a misconception that NGOs who claimed that they were established to facilitate the needs of women in small business were only introduced to take something from them rather than bringing something to them.
- ❖ Those of other women who were selling fresh foods such as vegetables, tomatoes, mangoes, avocados, cabbages among others could go bad quickly due to too much sunshine especially if the customers did not consume them in one day.
- ❖ The study also disclosed that most of the women who were/are operating small business were doing so because they either lost their husbands, or were divorced or were unmarried or had irresponsible husbands who could not contribute anything to the running of the family. Otherwise they would have been at home doing domestic responsibilities.

- ❖ Although most of the women were operating small businesses, their operations were limited by shortage of enough capital to invest in their businesses and were with little hopes of progressing.
- ❖ It was also discovered that toilets were very few in all the markets where the study was conducted and they were to incur a cost in order to use them usually following a cue which makes many of them to suffer from kidney problems as they were told by a doctor when they visited a hospital.
- ❖ Women operating the small scale businesses do not like the government system of taxation where the tax collectors come very early in the morning when they have not sold anything.

2.2 Discussion of Results

Table 1: Number of people interviewed

Gender	Frequency	Percentage (%)
Males	6	10%
Females	54	90%
Total	60	100%

According to table 1 above, it was illustrated that 54 respondents representing 90% were all the women that participated in the study. These were the majority participants for one major reason that it was the researcher's intention to understand and compare more of the experiences of women operating small businesses. By the nature of Somali culture which undermines the involvement of women in businesses, women are by nature most likely to share their private information with fellow women and being a woman researcher it was also easier for me to capture their experiences without interferences of men. As earlier mentioned in the methodology, the six men equivalent to 10% were involved in the study because of their work on women projects and all of them were NGO staff. They were also purposively interviewed because are/were perceived as advocates for women inclusion and participation in development projects.

2.3 Demographic Information

This research investigated various categories of women operating small business who included widows, the divorced, the single and those who were married. This indicates that women generally are venturing into the business so that they may meet their domestic basic needs of their families. Figure 1 below shows the marital status per category in terms of the percentages regarding women participating in small businesses.

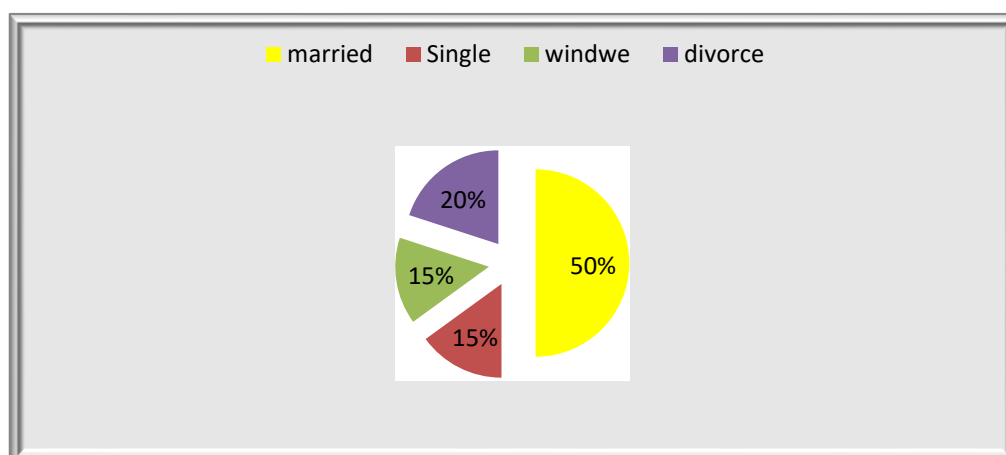


Figure 1: Marital Status of Respondents

According to the figure above, 50% were married women, 15% were single, and other 15% were windowed, and 20% were divorced. The 50% represents women who were married and these were the ones who resorted to business when their husbands were either sick or unemployed. The divorced were most likely to be in business and this was viewed as the most appropriate way of having the capacity to meet the needs of the families.

The single women were among the smallest number of respondents represented by 15% of all the women interviewed. It is most likely that they were coming from poor families or slums of the city or were most likely to have come to the city a

few years back to work as house maids and having familiarized themselves with Hargeisa city life, decided to start small business as an alternative for attaining a living income. Doing business was originally a role of men in the Somali culture and even today most people in the communities believe that women and girls should be at home take care of all the domestic responsibilities. Therefore, what could be pulling or pushing them into small scale business could imply that they are not comfortable with kind of life they live and search for all alternatives by all means possible.

2.4 The education background of women operating small scale businesses

Everyone may agree with the researcher that in order to do business well, the person concerned should at least have some education background to help them understand how to count or calculate money or value of goods and services. During the study, it was found out that the majority who are represented by 80% as shown in figure 2 below did not have any educational background and never new how to read or write. Only 15% claimed they knew how to read and write while 5% confirmed that they completed elementary school. This could imply that since the end of the civil war in 1991, less or no efforts have been done by either government or civil society organizations to engage people in adult literacy to enable which could ease women participation in small businesses.

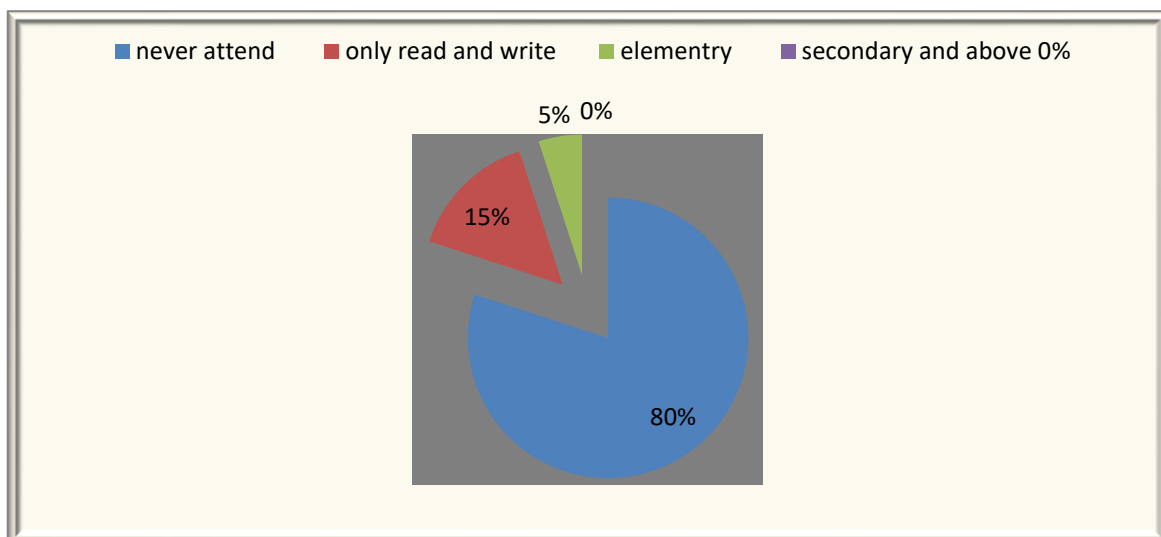


Figure 2: Educational Background

Lack of educational background largely disables women from engaging in small business because they have no ability to run their business especially in handling transactions of the business. They may not determine whether they are making losses or profits which may imply that they are doing business aimlessly.

2.5 Sources of capital to begin women-owned businesses in Hargeisa

Starting any business in any location requires one to have starting capital. This is usually a challenge to many people who would like to engage in business. Some fail to start because they have no source of money while others may fail to progress if they started their businesses with limited capital. Lack of formal financial institutions limit their access to low interest loans. Most of the women said they were squished by the private money lenders who charge them extremely high interest rates preventing them from saving. Women in particular are among the people who seek for business financing from a variety of sources though at times they may not succeed because they lack collateral security which is the major condition put by money lenders for giving out money. By tradition, women do not own property or means of production which limits their borrowing opportunities. More men than women are most likely to be trusted with money because the former own property. During the study, most of the women said they got their starting capital from wages. Figure 3 illustrates women sources of capital for business investments. Forty percent obtained capital from relatives some of who may have been abroad or were employed within Somaliland. Only 2% testified that NGOs supported them startup capital. This may be a reality to imply that most women as indicated in figure 4 below were not aware of NGO business although the latter claim to be supporting women in small businesses in any way. Money is always a sensitive issue. The majority of the women (58%) did not want to disclose their source money. On the other hand, it may be true that NGOs were deliberately ignoring the activities of women in small business. For example, when women were asked whether they had

any knowledge about the available support from NGOs as illustrated in figure 4 below, most of them said, “NGOs were not created help us, they were started to fulfill their selfish interests.” Such field stories have been represented by 90% in figure 4. It could also be true that illiteracy among women in small scale businesses put them in a very vulnerable position and disabled them from information access.

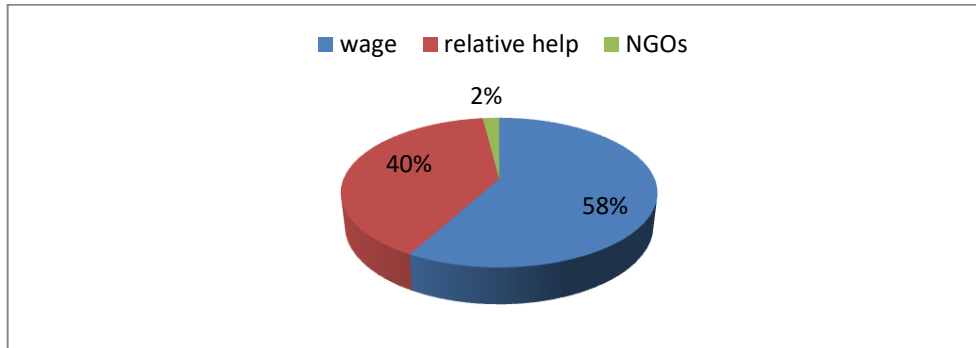


Figure 3: Source of Initial Capital

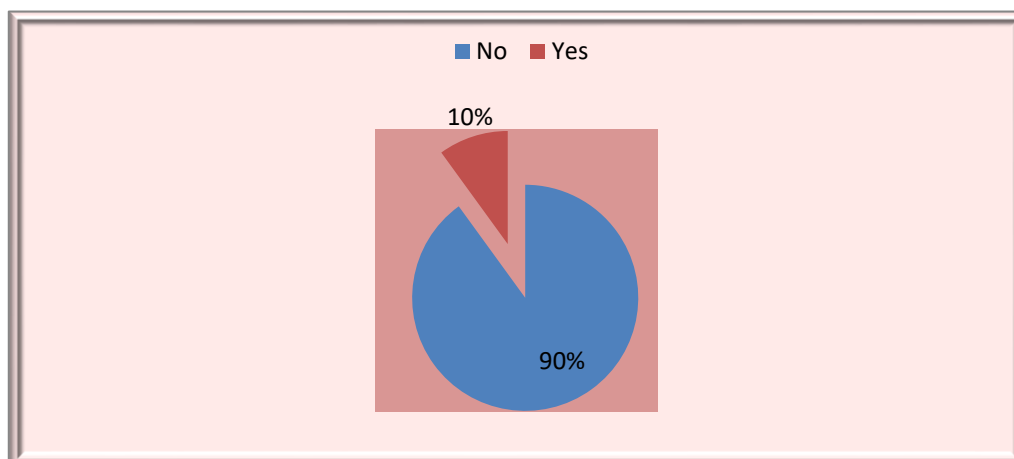


Figure 4: Knowledge about Business Support from NGOs

2.6 Time spent by women in small businesses working every day

Working conditions are need to be put into consideration when discussing the nature of any business. All people operating businesses require breathing space or time to rest. Like any other activity, running a business can be so tiresome and more especially like the Somaliland women who are operating business in Hargeisa city. Resting relieves the mind and improves health. Unfortunately, all the women who participated in the study uncovered that they were working the whole day. This was one of the greatest challenges although they had no other alternative but to persevere with the situation. Figure 5 below illustrates that 100% women work the whole day with no rest at all. Lack of resting time may exhaust the business women which can cause financial mistakes or errors. The reason behind toiling for the whole day was related to shortage of enough capital, so they always want to work harder in order to exploit any chances of earning more in order to improve their living incomes.

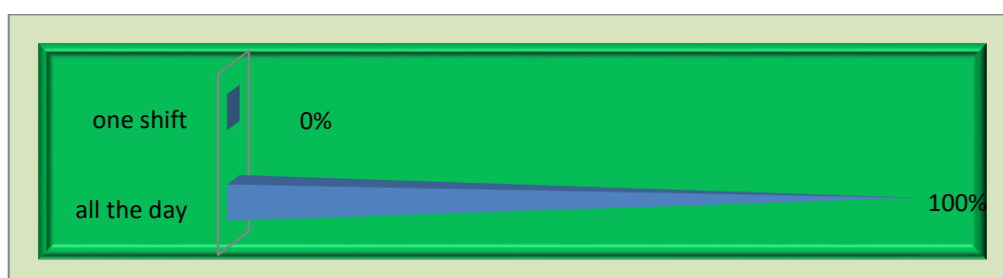


Figure 5: Time women spend attending to Business

The fact that women work overtime could be the reason why many of them experiencing health problems because the working conditions are very tough. Most of the respondents disclosed that they suffer from renal problems, infections, and arthritis or joint pain.

2.7 Experiences of women and annual period they have spent in business

Longevity and sustainability are important indicators that can be used to assess business performance. The participants were asked how long their businesses have been surviving and the majority of them represented by 10% mentioned they had been in the business for a period of two years as indicated in the graph below. Thirty percentage disclosed they had taken 3 years while 50% of the women had been in the business for more than eight years. An average number of the participants represented by 5% had been running the business for four years. This implies those who have operated the business for five years and above were more likely to be well versed with the economic shocks as well as a system of checks and balances. They may also have been making more profits to encourage them progress every time. They may operate without fear of risky since business involves ups and downs. According to the graph below, women who have spent two years were more which might indicate that they are motivated by those who have engaged in small scale business wanting to follow their example. Having a small number of people entering small scale business could be linked with shortage of capital for opening new businesses. Most of the women in many developing countries are in the same category. Once women have access to cheaper financial services, Somaliland business will be stronger. This could explain why many other people are venturing into small scale businesses.

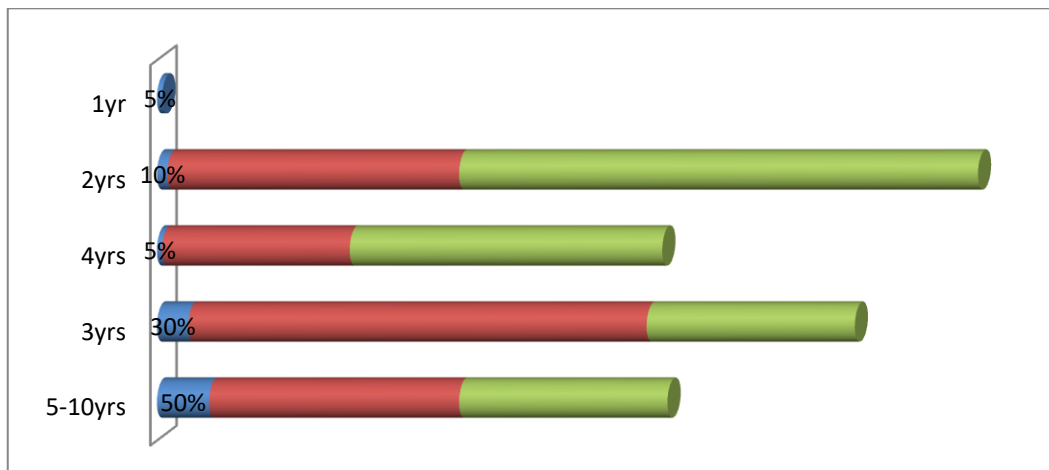


Figure 6: Annual period spent in business

2.8 Women with or without other business

Having an alternative solution and support enhances the business and leads to its survival. During the study it was found out that majority of women who were running small scale businesses were bread winners of their families. The civil war left a number of negative effects such as loss of Somali livelihoods. Most of their domestic animals were looted by warlords and agricultural crops were also destroyed. Many of the respondents continuously revealed historical memories abandoned villages and communities caused by displacement of people from their homes when the war was going on. War tragedies partly explains the food insecurity in most regions of Somaliland and thus depending largely on imported food which is also affordable by very few people. Most of their families depend on the incomes obtained from small scale businesses. The majority of the participants said that they had no alternative businesses. This is indicated in the figure 7 below. So women in this industry have big responsibilities beyond their capacity and although there are local organizations that claim to facilitate the women in small businesses, most women disclosed they were not even aware of their existence or support of any kind.

Figure 7 below shows that only 4% of the women said they were running alternative businesses outside or inside the market boundaries. Such women may be coming from rich families and were most likely to have external support from remittances, relatives or friends which the majority of the women (96%) were lacking. The latter may not manage the cost of operating more than one businesses.

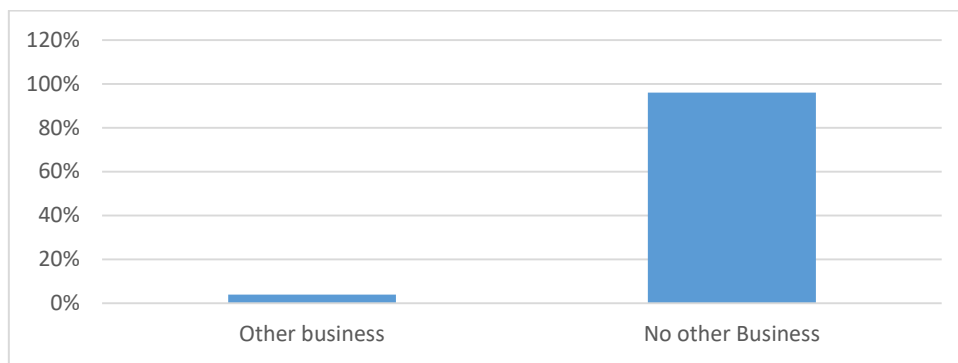


Figure 7: Percentage of women in other business

Most of the women without alternative business were engaging in selling products like milk, vegetables, teashops, meat, and clothes among others in order to support their large families.

2.9 Services offered by NGOs to women in business.

In order to obtain relevant information, some NGO staff were also involved in the study to find out if they were providing any form of support to women-owned businesses. (see, figure 8) below.

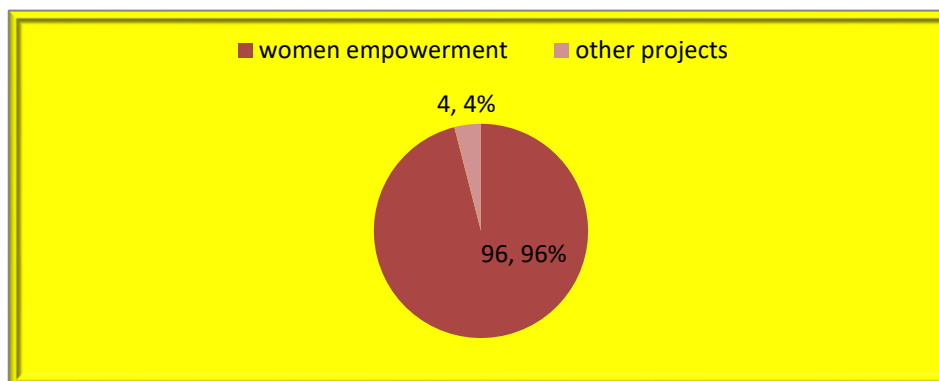


Figure 8: Services offered by NGOs.

Most of the NGO staff from originations like HAVOYOKO, NAGAAD and NOW represented by 96% engaged the women in economic empowerment especially equipping them with life skills such as tailoring, *xine* (decoration of hands and feet of women), catering services, hair dressing among others. The smallest percentage of NGO services were in other projects such as electrical installation for boys and men. They also teach women in secretarial studies and accountancy although their attendance to these courses were marked by inconsistencies. These services if attended constantly are most likely to improve the experience of women in operating their businesses.

2.10 Challenges faced by women in small businesses and business failure

There are many obstacles that are faced by women in small business in general. Most of the respondents were asked about the challenges they encounter in running their businesses and they pointed on lack of starting capital as the major constraint. Thirty percent (30%) were worried about shortage of capital although many more looked emotional and were also reluctant to respond to the questions. They start with small money and very little products that may not pull the customers to them. The latter always want to buy from shops with huge amounts of products or with everything in the shop. Most of the women were conscious about lack of financial institutions that would provide them loans to invest in their businesses. If such institutions would be in place, we would see many more women coming up to join small scale business and improve their standards of living.

Most of the obstacles that almost all the participants pointed out as the case of their business failures were related with cultural rigidity, shortage of capital and lack of education. Although the majority of the women in small businesses were those who did not have any educational background as earlier mentioned, these women were aware of the importance of education as 50% disclosed that if they had been to school, they would know how to calculate their money in terms of the profits they made as well as expenditure in order to run their businesses so well.

Other women who are represented by 20% looked disappointed by the Somali culture that do not promote women business, since they believe that women's job is to work inside the house not any other job. This could be one of the reasons why most women-owned businesses are not supported. This interpretation has been illustrated in figure 9 below.

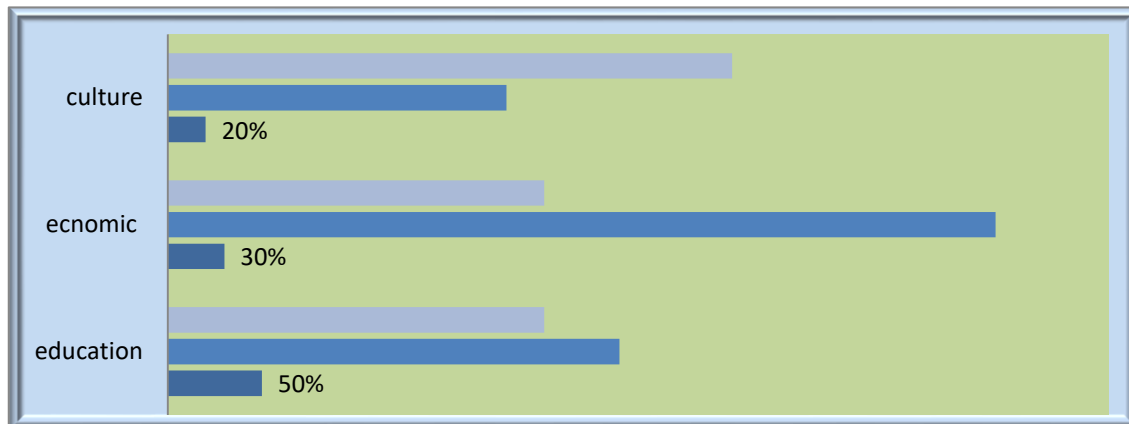


Figure 9: Failure of women owned businesses

3. CONCLUSION

This section is a summary of findings, conclusions and recommendations regarding the study. The research was focused on the constraints that women in small business owners face in their business operations in Hargeisa capital city. Particularly, the research discovered that there are number of barriers that women face including lack of investment, lack of education, long hours of work which undermine their health conditions in which at the end leads women to fail to continue their work, cultural constraints which demoralize women's motivation for the business as well as multiple structural violence.

Basing on the evaluation of literature on women-owned businesses, it has been revealed that women activities and especially in business have not been given greater attention. This could imply that their businesses were/are not motivated by the will of government. Most women-owned businesses were continuously run in the selected markets with a mixture of challenges most of which were economic or social or political. This may lead several people to conclude that their businesses were most likely to fail any time. There seems to have been a contradiction in the availability of NGO business and the awareness of their services by the women operating small businesses. Most of the women interviewed said that no NGOs exist in Hargeisa while the latter provided information about their extensive support of women in small businesses.

People generally still hold a mentality that all the economic challenges that make Somaliland lag behind in terms of economic and social progress all are products of the previous civil war. Small enterprises specifically owned by Somali women may not progress if cultural rigidity continuously demand that they should remain at home to do domestic responsibilities. Men are always behind the propagation of culture norms to undermine the desired activities of women such as the running of small businesses.

Doing business without any education background can be a very great impediment to operating a business. Women who cannot read or write find difficulties in managing the checks and balances since they may not know how to calculate losses or profits or expenditure. This could probably contribute to most of the women business failures.

Ignorance of local or international agencies that facilitate the activities of women may certainly blind them from accessing some economic services such as empowerment. Although the NGOs working with women in Somaliland were/are in place, most women were not benefiting from their arrangements. Women owned businesses could do better if the working conditions in the market places were better in terms of proper shelter, toilets, sitting places, congestion, and poor hygiene among others.

Finally, there is no human being who does not need rest from work. Somali women operating businesses in Hargeisa markets do not have time to rest because they are struggling to manage the livelihoods and survival of their own families that are usually very large. Women who do not have a living income may not meet their basic needs easily.

4. RECOMMENDATIONS

This section tackles some of specific areas of improvement that could transform the women so that they could have more chances or opportunities of attaining a living income and in that way their standard of living will increase.

This research disclosed that most women were not aware about the services offered by NGOs which could have been of great benefit to better their small businesses. This research recommends that NGO staff should walk an extra mile in disseminating information about their roles in transforming the business communities not only in Hargeisa but also in Somaliland.

Although the activities of the private sector were not studied, they could be resourceful if they get involved in supporting women-owned businesses. For several times, some of the Somaliland big private companies such as Dahabshil and Telesom which have all the capacity to contribute to the economic transformation of women are not doing so but focus their support to the youth and sports and other projects. This research recommends that they should include women owned businesses in their scope of service delivery because women are mainly the bread winners of most families. Such companies should be role models to the small women entrepreneurs.

The government of Somaliland should play a greater role in renovating the market structures in Hargeisa so that these women operating businesses should have proper shelter to keep the product in safe conditions. There is need also to build ventilated pit-latrines so that they meet hygienic conditions of the women handling food and all other products can be attractive to customers and themselves. In this way, women operating businesses in Hargeisa markets and elsewhere in Somaliland will be assured of good health.

Nelson Mandela once said that 'education is the only weapon we can use to transform the world.' It is important that education should not include only the young people in primary up to university levels but also other people such as women who did not have any education background because the latter enter the business without basic knowledge of business. This research recommends that government or civil society organizations should engage respective groups of women and men into adult literacy to enable them handle their businesses so well.

The cultural constraints that block Somali women from handling some activities that are traditionally believed to be for men need to be stopped. The community in general could be sensitized about the values and contribution of women in the economic growth of their country as well as improvement of their family livelihoods.

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