



**POLITICAL FACTORS AFFECTING ECONOMIC DEVELOPMENT IN MOGADISHU SOMALIA**

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### ABSTRACT

Economic development is crucial aspect for the development of a country or a nation. The issue of political factors affecting the socio economic development in Mogadishu seems recovering new building, infrastructure and population increase in the city are visible. Economic development objectives attainment will be hard job and journey or adventure. Somalia had seen the actual relationship between economic development and instability. In Somalia civil war in 1990 and continued for twenty five years. Prior the civil war time meaning 70s, and 80s, there was a greater political stability in the country and actually, the economic development initiatives or objectives have been visible. There were many development projects or programs, infrastructure improvement, investment of the different sectors of economic fields. But when the civil war continued in the last twenty five years there were no economic development initiatives on the development of infrastructure, industry, trade and other social development project and schemes. This means that political instability hindered all economic development initiatives. In this regard economist sees political instability the most harmfully and negatively influencing economic development. Because it seems to economists that other relating issues influencing economic development negatively could be remedied but the political instability is somehow vital aspect to economic development. There are many production, services, skills, capital, investment and commodity movements and exchanges for both in the short term and in the long term form place to place through different means or systems. These are very crucial and important to economic development objectives but when there is political instability the movements of these could and can be smooth and timely. Because of greater effect of much material, resources and resources involved economic transactions, the political factor affecting social economic development ruins or hinders the attainment sacrificed. The results from the study research study from the data collection, which was done by survey questionnaires for suitable questions related to the topic indicated the outcome of the findings that political factors affected the economic development in Mogadishu Somalia.

**Key terms:** Socio-Economic Development, People Displacement, Health Sector Collapse, Education Sector Collapse, Central Government Collapse

## INTRODUCTION

Political factors affecting social economic development have been a notable feature of Somalia since its independence in 1960. Somalia is frequently considered an archetypal failed state and terrorist safe haven. Since the overthrow of long-time Somali leader Siad Barre in 1991, Somalia has experienced failed international involvements, large-scale refugee flows, and the ongoing deficiency of even rudimentary state services and institutions; Somalis exist in surroundings of predation and pervasive insecurity and deprivation (Veiga, 2010).

There was no actual central authority, and neither is there numerous of the other characteristics usually linked with a sovereign state. This does not mean, however, that entire anarchy has existed. Instead, existing religious and social/familial (clan-based) structures have effort to fill some of the space left by the government's collapse. For instance, Koranic schools took on a social purpose in addition to their religious role, while a structure of sharia-based Islamic courts has evolved since 1991 to become the major judicial structure. This was the origins of the Islamic Courts Union (ICU), which, over the course of 2006, take or consolidated control of the country from the incompetent, opportunistic, and externally built Transitional Federal Government (TFG). The ICU's main petition was that it brought stability and preventability to regions under its control, even managing to reopen Mogadishu international airport, which had been closed since the UN withdrawal in 1995 (Menkhaus, 2006).<sup>1</sup>

There was no law and order of any type in Somalia because of the lack of a central government collapse and severe poverty. Therefore, criminal activity was rampant throughout the nation. While some connect in criminal behavior for fundamental survival, others formed a professional criminal

enterprise, particularly in the form of piracy. Those who participate in criminal activities characteristically resist any attempts to found a secure and steady Somalia, because stability impedes their criminal activity and long term interests.

At the political level, the present Somali government emerged to have a working cabinet. In reality, though, the cabinet has no actual departmental support and no civil servants serving in staff positions. Most significantly, the cabinet lacks almost any funds. Also deficient are some of the services that working governmental departments typically offer. Next, the merely describing characteristics of the Somali government are corruption and criminality. The lack of central governance has also helped the arrangement of small fiefdoms. Intrinsically unbalanced, the fiefdoms frequently experience rapid transitions in leadership. For instance, in the capital city of Mogadishu, multiple groups compete and have competed politically and militarily for neighborhoods and even particular streets. (Leeson, 2007)

Somalia has been in chaos since the collapse of the Siad Barre regime in 1991 and the subsequent civil war. When a U.N. humanitarian mission's mandate ended in 1995, the transitional government was forced to rely on the African Union's peacekeeping mission to protect civilians. A provisional constitution was passed in August 2012, and Hassan Sheikh Mohamud was elected president in September. The Islamist terrorist organization al-Shabaab remained a potential threat to the new government. There was an upsurge in attacks by maritime pirates off the coast in 2013 and 2014. Somalia's GDP and living standards are among the lowest in the world. The population is dependent on foreign aid. Economic growth is low and slowly expanding beyond Mogadishu, which has been

recovering since al-Shabaab retreated to rural areas in 2011.

Economists regard political factors affecting social economic development as a serious malaise harmful to economic performance. Political instability is likely to shorten policymakers' horizons leading to sub-optimal short term macroeconomic policies. It may also lead to a more frequent switch of policies, creating volatility and thus, negatively affecting macroeconomic performance. Considering its damaging repercussions on economic performance the extent at which political instability is pervasive across countries and time is quite surprising.

Economically, Somalia also fits the model of a failed state. Somalia is one of the world's poorest nations, mainly ensuing from civil war and the decades-long absence of a functioning national government. No agency existed to gather data on Somalia's financial performance. Fundamentally, no industry or infrastructure of any type exists, and consequently, Somalia relies heavily on finances from abroad to supplement local agricultural movements. Almost forty percent of Somalia's GDP and sixty-five percent of its export profits come from livestock. Somalia has one of the lowest GDPs in the world. The movements of various warring factions strictly undermine the attempt to standardize the financial system and give help to Somalis. (Little, 2003)

Somalia descended into the state of anarchy after the fall of Siad Barre. Since then there have been more than fifteen attempts through which the people of Somalia and the international community have tried to establish a government in Somalia from the rabble the country has witnessed. Yet in all these attempts, no new government has survived a good deal of time to establish a durable structure of governance for a unified country. Instead, more and new militia factions have been sprouting and

engaging each other in a civil war in controlling their tuffs and possibly the whole country.

With the proliferation of militia and militarization of the country, many innocent civilians have been caught between the crossfire's that have caused unprecedented deaths, displaced peoples, and caused untold sufferings. Some have been uprooted and fled their homes to seek refuge in other places within the country, while others have gone to neighboring countries.

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There was no law and order of any type in Somalia because of the lack of a central government and severe poverty. Consequently, criminal activity was rampant throughout the nation. While some connect in criminal behavior for fundamental survival, others formed a professional criminal enterprise, particularly in the form of piracy. Those who participate in criminal activities characteristically resist any attempts to found a secure and steady Somalia, because stability impedes their criminal activity and long-term interests. (Menkhaus, 2006)

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The persistent existence of no stable government in Somalia has caused massive suffering and poverty, coupled with people displacement. There is limited international attention to the suffering of the Somali people, which has led to the persistence of the conflicts in the country. Part of the reason for the lack of attention by the international

development agencies to the suffering of the Somali people lies in the shortage of empirical evidence about the political factors affecting social economic development of the country. It is of this shortage of empirical evidence on the impact of persistent conflicts that the study intends to reveal what political instability has done to the country.

### **Research Objectives**

- To investigate the effect of people displacement on social economic development in Mogadishu, Somalia.
- To find out the effect of central government collapse on social economic development in Mogadishu, Somalia.
- To find out the effect of health sector collapse on social economic development in Mogadishu, Somalia.
- To determine the effect of education sector collapse on the social economic development, Mogadishu, Somalia.

### **RELATED LITERATURE**

#### **Theoretical Framework**

This explains the meaning of some of the theories about the relationships between people displacement, central government, health sector collapse, education sector collapse and economic development. It involves the hegemonic stability theories, theories of economic development, grievance theory and the greed theory.

#### **Hegemonic Stability Theories**

Specialists in international relations have argued that international regimes operate smoothly and exhibit stability only when dominated by a single, exceptionally powerful national economy (Nijjer & Hewitt, 2011).

In particular, this "theory of hegemonic stability" has been applied to the international monetary

system. The maintenance of the Bretton Woods System for a quarter century through 1971 is as described to the singular power of the United States in the postwar world, while the persistence of the classical gold standard is similarly as described to Britain's dominance of the 19th-century international economy (Nijjer & Hewitt, 2011).

**Applicability** In contrast, the instability of the interwar gold-exchange standard is attributed to the absence of a hegemonic power. This paper assesses the of hegemonic stability theory to international monetary relations, approaching the question from both theoretical and empirical vantage points. While that theory is of some help for understanding the relatively smooth operation of the classical gold standard and early Bretton Woods System as well as some of the difficulties of the interwar years, much of the evidence proves to be difficult to reconcile with the hegemonic stability view.

Britain's dominance of international markets prior to 1914 or the dominance of the U.S. after 1944; I simply ask whether that market power which Britain and the U.S. possessed was causally connected to the stability of the international monetary system. Before embarking on this historical analysis, I attempt to systemize the discussion of hegemonic stability theories of the international monetary system by employing some simple tools of game theory (Ali, 2009).

Analyzed theoretically, the implications of different structures of international economic relations for the applicability of hegemonic stability theories to international monetary affairs. Both the theoretical and historical analyses indicate that the relationship between International monetary system. Yet in practice, hegemonic stability theories may shed light on the success of efforts to design or reform. In my research to the studies done Somalia is on the way to be a stable country if the policy makers and

other stakeholder pressurize and commit their promises. Actually, things are going as planned, for instance cabinet of the minister was elected to well-known scholars capable to the assigned positions (Nijjer & Hewitt, 2011).

### ***Theories of Economic Development***

Theorists of the 1950s and early 1960s viewed the process of development as a sequence of historical stages. Rostow (1995) popularized this view. Building on the historical pattern of the then developed countries, Rostow (1960) claimed that the transition from underdevelopment to development.

During most of the 1960s and early 1970s, economists generally described the development process as structural change by which the reallocation of labor from the agricultural sector to the industrial sector is considered the key source for economic

In Lewis' (1954) two-sector model or theory of surplus labor, increasingly moves away from the agricultural sector to the industrial sector. The analysis identified that the steady accumulation of physical and human capital. by focusing on the pattern of development rather than theory, the structural change economy mostly starts during the time of economic recovery specially ,when civil war is near to end from the country.

In here, Rostow and Lewis both of them mentioned the availability of young educated work force could bring a real change of country's economy development, for that reason education and health are the two main factors allow economic gradually to develop. Although promoting the roles of savings and investments, the structural change and patterns of development analysis extended in comparison with the Lewis model. The technological changes had not been equal nor has it been exogenously transmitted in most developing

countries (World Bank 2000). For instance in Africa people are still using old tools of agricultural cultivation system, while west countries are now having modern tools that can swiftly do the required work in a short period and it's cheaper than using manpower.

The review of the literature shows that there is increasingly a consensus that economic development is a multidimensional process that involves interactions among different goals of development and therefore would require systematically designed policies and strategies. Development issues are complex and multifaceted. Development strategies have changed remarkably over the past half century. Although the ultimate goal of economic development goes beyond the growth of Gross income (GDP) per capita, an understanding of the sources of growth is essential to achieve other object change.

### **Grievance Theory**

Economic development is about growth plus organizational change, without growth change is unlikely to occur, since a country needs resources to realize other long-time projects.

The theory reveals that, Communities consist of different segments and some of these segments may have grievances that can lead them to violence in their aim to resolve the grievances (Ali, 2009). Rugumamu and Gbla (2003) assert that the possibility of a conflict occurring is inherent in all communities. The divergence in views and interests among different groups of people is natural, but how divergences are expressed and managed will determine whether the conflict will be political (peaceful) or violent. The theory is based on how grievances are managed by those who feel aggrieved and those who promote inequalities and inflict injustices (Rugumamu & Gbla, 2003).

Collier and Hoeffler (2000) identify the three types of grievance namely, hatreds between groups, political exclusion and vengeance. Hatreds between different ethnic groups or hatreds between religious groups are believed to be the one of the most frequent causes of the civil conflicts. These hatreds can only exist in communities which have ethnic diversity or have multiple religious ideologies. Hatreds between groups also exist in the communities that are fractionalized compared to those that are of the same origin. However, Collier and Hoeffler (2000) observe that polarized communities are more prone to conflicts than those with a deep intensity of fractionalization (Collier & Hoeffler, Greed and Grievance in Cold War. World Bank, 2000).

Political exclusion can occur when certain people are denied political rights and participation. It can also occur when minorities are not protected through constitutional provisions.

Some communities may be victimized for supporting certain leaders in the past that may not be in power or are considered a threat. They may also be victimized for holding certain views which may not be favored by the majority (Collier & Hoeffler, Greed and Grievance in Cold War. World Bank, 2000).

Where the rich regions or provinces use their influence to get hefty portions of national resources at the expense of the poor regions or provinces the latter may advocate for secession and may go to war to achieve this. This, in Collier and Hoeffler (2000) view would give them the ability to control their own resources and destiny. This will be better than the former as in the former, large resources would be apportioned to rich regions or provinces. Collier and Hoeffler (2008) add that democracy, which is cherished worldwide, may not be inclusive when minority groups are denied privileges

extended to majority groups by the system (Collier & Hoeffler, 2008).

### **Greed Theory**

The "greed versus grievance" theory provides opposing arguments on the cause of civil war. Proponents of the greed argument posit that armed conflicts are caused by a combatants' desire for self-enrichment. These motivations are manifested in multiple ways, including economic gain through control of goods and resources or by increased power within a given state. Conflicts started through greed are often seen in states with negative economic growth and/or systemic poverty, as this implies limited state capacity to provide opposition groups with economic concessions as well as the likelihood of the absence of an effective military or police apparatus to with those seeking power or resources. Paul Collier and Ankle Hoeffler wrote one of the contend seminal pieces defending greed over grievance. They found that factors that increase the military or financial viability of rebellion correlated with more instances of conflict than factors leading to grievances. Financing combatants is crucial to the success of any rebellion. Extortion and donations from Diasporas are two possible financial sources used by rebellion groups. The extortion of primary commodity resources is especially suited to the operations of rebel groups, as they are often made up of unskilled labor and given whatever weapons are available. As rebel organizations need to be fairly large to have a significant impact and incite a civil war, the looting of primary commodity resources is the best way for them to maintain financial viability.<sup>[3]</sup> Examples of this include diamonds in Sierra Leone and Angola, timber in Cambodia, coca in Colombia, and poppy in Afghanistan. .

Another factor that relates to lower constraints on rebellion is that primary resources are often found in rural locales. Thus, they often require an army to

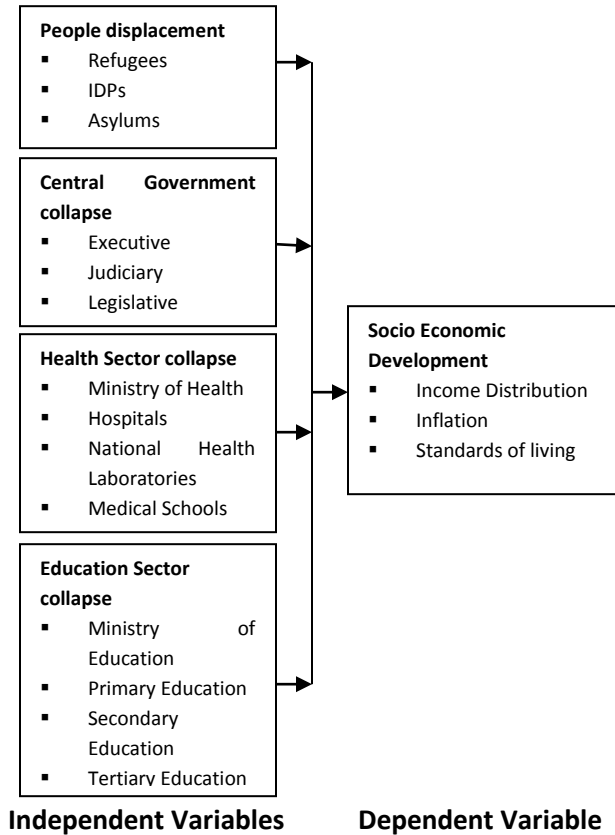
defend a large area, something that is much less likely in weak states that cannot sustain a military apparatus. David Keen elaborates on the economic incentives for warfare and argues that there is more to war than simply "winning." In some instances, it could be more beneficial for certain parties to prolong war, so long as they are in control of economic resources or power positions. This can become common in states with weak rule of law where violence becomes privatized. Elite groups within weak states attempt to harness economic agendas and resources within a given civil society and are motivated to create private profit by mobilizing violent means. Keen continues by citing various possible economic functions of violence.

Unlike Collier, Keen does not attribute conflict to be driven more by greed than by grievance; he stresses how the two forces interact so that greed generates grievances and rebellion, which in turn legitimizes further greed. Keen uses the conflict perpetuated by Milosevic in Serbia as an example of how an extended, endless conflict is preferable to one with a definitive end and a clear winner. Milosevic controlled the media to create grievances among the Serbian population, rally them together, and create a common enemy following NATO bombing. The small group of elites surrounding Milosevic perpetuated conditions that warranted international sanctions in order to better control trade and loot resources. Milosevic realized sanctions were necessary to facilitate the profitable black market transactions that were being made by those closest to him. Had he demobilized or embraced a more peaceful policy, the sanctions would have been lifted and his economic advantage would have disintegrated. This is what Keen was referring to in his argument that greed and grievance are often tied together and interact with one another. In this way, Milosevic's initial desire for power spurred him to create grievances amongst the Serbs that created the popular support



for his sanction-warranting policies to further his economic and political power – the use of grievances to produce further greed.

**Conceptual Framework**



**Figure 1: Conceptual Framework**

**People Displacement**

The number of internally displaced people (IDPs) has dramatically increased since the cold war, outnumbering refugees (HAYNES, 2008). Currently, more than 25 million people have been uprooted within their own country as result of conflict and human rights violations. Internal displacement does not occur as a result of individual ‘choice’ per se and constitutes a situation of non-freedom (in terms of agency and opportunity) as IDPs have ‘been forced or obliged to flee or to leave their homes’ (United Nations Office for the Coordination of Humanitarian Affairs, UNOCHA, 2004).

If freedom and expansion thereof, constitutes human development, we can argue that development has not occurred during the process of forced displacement and has consequently led to capability deprivation. Certainly, this is the reasoning employed by Weiss et al (2006) who reaffirm that displacement is evidence in itself of the unique vulnerability IDPs experience. Internal displacement presents a serious challenge for human development practitioners aiming to enlarge freedoms amongst IDP populations, whose root cause is one of non-freedom.

Burma provides a unique and interesting example of large-scale protracted internal displacement which has resulted from decades of civil war, human rights violations, an authoritarian government and failed economic policies (Lanjouw, 2000).

Forced displacement in Burma is a form of capability deprivation because displacement is a product of force (or unavoidable risk) not individual agency – IDPs have been denied freedom to stay where they were. Additionally, opportunity freedom has been constrained since there was no other alternative but to relocate and so decision made were not the result of ‘free’ choice) (Lanjouw, 2000).

Additionally, since IDPs’ freedom from forced displacement (a fundamental human right) has been violated, this has implications for their freedom (opportunity) to achieve various functioning’s (for example, forced displacement can cause property and land to be abandoned which can inhibit the ability to be well sheltered and/or the ability to be well nourished because of loss of crops etc.). Consequently, it is possible to see how the process of displacement not only inhibits the agency aspect but also the opportunity aspect of capability through an inability to achieve certain

valuable functioning and capabilities (Lanjouw, 2000).

### **Central Government Collapse**

Somalia has lacked a national government since the fall of Siad Barre's dictatorship in 1991. Rival factions immediately plunged the country into civil war in failed attempts to install themselves as the new national government. U.S. and UN humanitarian and military intervention from 1993 through 1995 failed to restore peace. In fact, the Somalis united against the foreign presence and eventually forced the U.S. to withdraw. From 1995 through 2005 episodes of criminal behavior and violence occurred, but not at the levels seen when factions vied to control a single government (Ministry of Security somalia, 2011).

However, in February of 2006 the Transitional Federal Government (TFG), which had been created in exile two years earlier, entered southern Somalia. Opposition to the TFG bolstered support for the Islamic Courts Union (ICU) which itself became a defector government in some areas of southern Somalia, including the former capital, Mogadishu. In December, Ethiopia invaded, overthrew the ICU, and installed the TFG in the former capital (Ministry of Security somalia, 2011).

Some theorists (Hobbes, 1996; Buchanan, 2000) have argued that without a government, the society would plunge into a war of all against all, the result of which would be a life that is "nasty, brutish, and short." In the absence of a complete government, standard economic theory still predicts that many public goods and more complex market transactions would not be provided.

Due to the collapse of the central government, one regions in the north, Somaliland, declared themselves independent states. After Barre's government collapsed in 1991, rival warlords plunged the country into civil war, each attempting

to install himself as the new dictator. After the UN withdrew in 1995, the prospect of a new national government being installed diminished, and so did the fighting

### **Health Sector Collapse**

Poverty is both a consequence and a cause of ill health. Ill health, malnutrition and high fertility are often reasons why households end up in poverty, or sink further into it if they are already poor. Illness in a breadwinner and the consequent loss of income can undermine a poor household's ability to cope financially. Out-of-pocket payments for health services especially hospital care can make the difference between a household being poor or not. The basic function of a health system is to ensure that providers deliver health services to patients. Any breakdown in the health system means poor health care delivery to the people and increased suffering and poverty (Mariam, 2001).

Health is a key determinant of economic growth and development, while ill health is both a cause and effect of poverty. Aside from the serious consequences for social welfare, ill health deprives developing countries of human resources and the high cost of ill health reduces economic growth and limits the resources governments have available for investment in public health. As a result, improving health in developing countries is essential in order to reduce poverty, providing more care options in underserved areas is to increase the number of Health Centers Community Health Centers have been proved to be a successful way to provide care to the underserved (Wolf, 2011)

Good health is an important development outcome in its own right. Illness brings suffering, and healthier lives are likely to be longer and more fulfilling. Health improvements can contribute to economic development through improved productivity as Better health can make workers more productive, either through fewer days off or

through increased output while working. Improved health of family members will have a similar impact through reducing time lost to caring for dependants, Improved learning: Improved nutrition and reduced disease, particularly in early childhood, leads to improved cognitive development, enhancing the ability to learn. Healthy children will also gain more from school, having fewer days absent due to ill health. Enhanced learning through either of these mechanisms will add to human capital, which is an important determinant of economic growth (Lewis, 2009).

### **Education Sector Collapse**

Education is widely accepted as a leading instrument for promoting economic growth. For Africa, where growth is essential if the continent is to climb out of poverty, education is particularly important (N.Ssewanyana, 2007) . The main asset of the poor is human capital. Human capital development, particularly education and training is a critical ingredient for a country's sustainable socioeconomic development and poverty eradication (UNDP, 2010). A successful poverty eradication strategy would require full and proper development of human capital through equitable education policies. (World Bank, 2007)

This indicates that any breakdown in the education sector will deprive the country of its productivity as there will be a decline in the necessary skills that would increase people's capacity to produce more effectively and efficiently.

## **METHODOLOGY**

This study adapted a descriptive survey method, in which both qualitative and quantitative approaches were used. The study targeted 600 residents from different households in Hodan district in Banadir region Mogadishu, Somalia. This population was chosen since they were most affected by in terms of economic development. The total sample size for this study was obtained using the formulae developed by Cooper and Schinder, (2013) together with Kothari and Gang, (2014). The sample size was 240.

$$n = N / 1 + N (\alpha)^2$$

Where: n= the sample size,

N= the sample frame (population)

$\alpha$ = the margin of error (0.05%).

$$n = 600 / 1+600(0.05)^2 = 240$$

## **RESEARCH FINDINGS**

### **Analysis of Objectives**

In the research analysis the researcher used a tool rating scale of 5 to 1; where 5 were the highest and 1 the lowest. Opinions given by the respondents were rated as follows, 5= Strongly Agree, 4= Agree, 3= Neutral, 2= Disagree and 1= Strongly Disagree. The analyses for mean, standard deviation were based on this rating scale.

## People Displacement

**Table 1: People Displacement**

	N	Mean	Std. Deviation
Political instability has led to majority of foreign investors going back to their country.	165	3.15	1.601
Some areas in Mogadishu are underdeveloped due to desertion of key business partners.	165	2.74	1.126
Militants has led to displacement of people from their homes leaving area underdeveloped.	165	4.13	1.033
Clan politics has led to rivalry in business displacement	165	3.79	1.152
Valid N (listwise)	165		

The first objective of the study was to establish the effects of people's displacement on economic development in Somalia. Respondents were required to respond to set questions related to people's displacement and give their opinions. The statement that political instability has led to majority of foreign investors to go back to their countries had a mean score of 3.15 and a standard deviation of 1.601. The statement that some areas in Mogadishu are underdeveloped due to

dissertation of key business partners had a mean score of 2.74 and a standard deviation of 1.126. The statement that militants has led to displacement of people from their homes leaving are underdeveloped had a mean score of 4.13 and a standard deviation of 1.033. The statement that clan politics has led to rivalry in business had a mean score of 3.79 and a standard deviation of 1.152.

## Central Government

**Table 2: Central Government**

	N	Mean	Std. Deviation
Lack of government structures creates disorder and lawlessness.	165	3.36	.891
Lack of trade policies has hindered international trade.	165	4.22	1.586
Insecurity has led to foreign investors fleeing the country.	165	4.00	.716
Lack of government curriculum has affected education sector.	165	3.59	.716
Valid N (listwise)	165		

The second objective of the study was to establish the effects of central government displacement on economic development in Somalia. Respondents were required to respond to set questions related to central government collapse and give their opinions. The statement that lack of government structure creates disorder and lawlessness had a

mean score of 3.36 and standard deviation of 0.891. The statement that lack of trade policies has hindered international trade had a mean score of 4.22 and a standard deviation of 1.586. The statement that insecurity has led to foreign investors fleeing the country had a mean score of 4.00 and a standard deviation of 0.716. The

statement that lack of government curriculum has affected education sector had a mean score of 3.59

and a standard deviation of 0.716.

### Health Sector

**Table 3: Health Sector**

	N	Mean	Std. Deviation
Lack of proper health care has led to spread of contagious diseases	165	3.36	.891
Health sector collapse has contributed to malnutrition among young children	165	4.22	1.586
Lack of proper healthcare has led to the death of both skilled and unskilled workforce.	165	4.00	.716
Lack of health facilities has led to the high cost of healthcare.	165	3.59	.716
Valid N (listwise)	165		

The third objective of the study was to establish the effects of health sector on economic development in Somalia. Respondents were required to respond to set questions related to health sector and give their opinions. The statement that lack of proper health care has led to spread of diseases had a mean score of 3.36 and a standard deviation of 0.891. The statement that health sector collapse has contributed to malnutrition among young

children had a mean score of 4.22 and a standard deviation of 1.586. The statement that lack of proper healthcare has led to the death of skilled and unskilled workforce had a mean score of 4.00 and a standard deviation of 0.716. The statement that lack of health facilities has led to the high cost of healthcare had a mean score of 3.59 and a standard deviation of 0.716.

### Education Sector

**Table 4: Education Sector**

	N	Mean	Std. Deviation
There is high number of unskilled workforce	165	3.36	.891
There is lack of proper planning on schools development	165	4.22	1.586
Schools are not fit for all ages of school going children	165	4.00	.716
Lack of infrastructure has led to poor academic standards.	165	3.59	.716
Valid N (listwise)	165		

The fourth objective of the study was to establish the effects of education sector on economic development in Somalia. Respondents were required to respond to set questions related to education sector give their opinions. The statement that there is high number of unskilled workforce had a mean score of 3.36 and a standard deviation

of 0.891. The statement there is lack of proper planning on schools development had a mean score of 4.22 and a standard deviation of 1.586. The statement that schools are not fit for all ages of school going children had a mean score of 4.00 and a standard deviation of 0.716. The statement that lack of infrastructure has led to poor academic

standards had a mean score of 3.59 and standard deviation of 0.716.

### Economic Development

**Table 5: Economic Development**

	N	Mean	Std. Deviation
The displacement of people has discouraged foreign investors	165	3.36	.891
Lack of governance structures has hindered economic decisions	165	4.22	1.586
Lack of professionals has derailed prudent bilateral decisions	165	4.00	.716
Unfavorable economic environment has led to the closure of banks	165	3.59	.716
Valid N (listwise)	165		

The statement that the displacement of people has discouraged foreign investors had a mean score of 3.36 and a standard deviation of 0.891. The statement that lack of governance structures has hindered economic decisions had a mean score of 4.22 and standard decision of 1.586. The statement lack of professionals has derailed prudent bilateral decisions had a mean score of 4.00 and a standard deviation of 0.716. The statement that unfavorable economic environment has led to the closure of banks had a mean score of 3.59 and a standard deviation 0.716.

### Correlation Analysis

Pearson Bivariate correlation coefficient was used to compute the correlation between the dependent variable (Poverty Reduction) and the independent variables (education policy development, entrepreneurship development, education infrastructure and education technology development). According to Sekaran, (2015), this relationship is assumed to be linear and the correlation coefficient ranges from -1.0 (perfect

negative correlation) to +1.0 (perfect positive relationship). The correlation coefficient was calculated to determine the strength of the relationship between dependent and independent variables (Kothari and Gang, 2014).

In trying to show the relationship between the study variables and their findings, the study used the Karl Pearson’s coefficient of correlation (r). This is as shown in Table 5 below. According to the findings, it was clear that there was a positive correlation between the independent variables, people displacement, central government, health sector and education sector and the dependent economic development. The analysis indicates the coefficient of correlation, r equal to 0.679, 0.374, 0.451 and 0.607 for people displacement, central government, health sector and education sector respectively. This indicates positive relationship between the independent variable namely people displacement, central government, health sector and education sector and the dependent variable economic development.

**Table 6: Pearson Correlation**

Economic Development	People Displacement	Central Government	Health Sector	Education Sector
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People	.679**	1			
Displacement	.000				
	165	165			
Central	.374**	.530**	1		
Government	.000	.000			
	165	165	165		
Health Sector	.451**	.547**	-.209**	1	
	.000	.000	.000		
	165	165	165	165	
Education Sector	.607**	.409**	.486**	.183*	1
	.000	.000	.000	.000	
	165	165	165	165	165

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

### Coefficient of Determination (R<sup>2</sup>)

To assess the research model, a confirmatory factors analysis was conducted. The four factors were then subjected to linear regression analysis in order to measure the success of the model and

**Table 7: Coefficient of Determination (R<sup>2</sup>)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795 <sup>a</sup>	.632	.616	1.07123

a. Dependent Variable: Economic Development

b. Predictors: (Constant), Education Sector, Health Sector, Central Government Collapse, People Displacement

The model explains 63.6% of the variance (Adjusted R Square = 0.616) on economic development. Clearly, there are factors other than the four proposed in this model which can be used to predict Economic Development. However, this is still a good model as Cooper and Schinder, (2013) pointed out that as much as lower value R square 0.10-0.20 is acceptable in social science research.

This means that 63.6% of the relationship is explained by the identified four factors namely people displacement, central government, health sector and education sector. The rest 36.4% is explained by other factors in the economic development not studied in this research. In summary the four factors studied namely people

predict causal relationship between independent variables (people displacement, central government, health sector and education sector), and the dependent variable (Economic Development).

displacement, central government, health sector and education sector, or determines 63.6% of the relationship while the rest 36.4% is explained or determined by other factors.

### Analysis of Variance (ANOVA)

The study used ANOVA to establish the significance of the regression model. In testing the significance level, the statistical significance was considered significant if the p-value was less or equal to 0.05. The significance of the regression model is as per Table 8 below with P-value of 0.00 which is less than 0.05. This indicates that the regression model is statistically significant in predicting factors of economic development. Basing the confidence level at 95% the analysis indicates high reliability of the results obtained. The overall Anova

results indicates that the model was significant at F = 14.461, p = 0.000.

**Table 8: ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	294.008	4	98.502	145.053	.000 <sup>b</sup>
	Residual	183.604	160	1.148		
	Total	477.612	164			

a. Dependent Variable: Economic Development

b. Predictors: (Constant), People displacement, Central government, Health Sector and Education Sector

relationship between sustainable performance and the four variables investigated in this study.

**Multiple Regression**

The researcher conducted a multiple regression analysis as shown in Table 9 so as to determine the

**Table 9: Multiple Regressions**

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	6.247	1.598		4.038	.000
	People Displacement	.371	.051	.500	3.236	.000
	Central Government	.152	.071	.132	3.129	.000
	Health Sector	.140	.067	.124	6.106	.000
	Education Sector	.316	.041	.444	4.747	.000

a. Dependent Variable: Economic Development

The regression equation was:

$$Y = 6.247 + 0.371X_1 + 0.152X_2 + 0.140X_3 + 0.316X_4$$

Where;

Y = the dependent variable (Economic Development)

X<sub>1</sub> = People Displacement

X<sub>2</sub> = Central Government

X<sub>3</sub> = Health Sector

X<sub>4</sub> = Education Sector

The regression equation above has established that taking all factors into account (People displacement, Central Government, Health Sector and Education Sector) constant at zero economic development was 6.247. The findings presented also shows that taking all other independent variables at zero, a unit

increase in people displacement will lead to a 0.371 increase in the scores of economic development; a unit increase in central government collapse will lead to a 0.152 increase in economic development; a unit increase in health sector will lead to a 0.140 increase in the scores of economic development; a unit increase in education sector will lead to a 0.316 increase in the score of economic development. This therefore implies that all the four variables have a positive relationship with people’s displacement contributing most to the dependent variable.

From the table we can see that the predictor variables of people’s displacement, central government collapse, health sector and education



sector got variable coefficients statistically significant since their p-values are less than the common alpha level of 0.05.

### Results of Hypotheses Testing

#### 1) Hypothesis 1

The first research hypothesis, H01: there is no statistically significant influence of people's displacement on economic development in Somalia.

( $\beta = 0.500$ ;  $t = 3.236$ ;  $p \leq 0.05$ ) was rejected and conclusion made that there was a statistically significant influence of people's displacement on economic development in, Somalia.

#### 2) Hypothesis 2

The second research hypothesis, H02: there is no statistically significant influence of central government on economic development in Somalia ( $\beta = 0.124$ ;  $t = 3.129$ ;  $p \leq 0.05$ ) was rejected and

conclusion made that there was a statistically significant influence of central government on economic development in Somalia.

#### 3) Hypothesis 3

The third research hypothesis, H03: there is no statistically significant influence of health sector on economic development, Somalia ( $\beta = 0.331$ ;  $t = 12.730$ ;  $p \leq 0.05$ ) was rejected and conclusion made that there was a statistically significant influence of health sector on economic development in Somalia.

#### 4) Hypothesis 4

The fourth research hypothesis, H04: there is no statistically significant influence of education sector on economic development in Somalia ( $\beta = 0.444$ ;  $t = 7.747$ ;  $p \leq 0.05$ ) was rejected and conclusion made that there was a statistically significant influence of education sector on economic development in Somalia.

**Table 10: Hypotheses Testing**

Research Hypothesis	$\beta$	t	Sig.	Comments
H <sub>0</sub> 1: People displacement does not have a statistically significant influence on economic development in Somalia.	.500	7.236	.000	Reject H <sub>0</sub> 1
H <sub>0</sub> 2: Central government collapse does not have a statistically significant influence on economic development in Somalia.	.132	2.129	.000	Reject H <sub>0</sub> 2
H <sub>0</sub> 3: Health sector does not have a statistically significant influence on economic development in Somalia	.124	2.106	.000	Reject H <sub>0</sub> 3
H <sub>0</sub> 4: Education sector does not have a statistically significant influence on economic development in Somalia	.444	7.747	.000	Reject H <sub>0</sub> 4

### CONCLUSION

The study concluded the following:

#### Influence of People Displacement on Economic Development

The study concluded that there was a statistically significant influence of people displacement on economic development in Mogadishu, Somalia.

### **Influence of Central Government Collapse on Economic Development**

The study concluded that there was a statistically significant influence of central government collapse on economic development in Mogadishu, Somalia.

### **Influence of Health Sector Collapse on Economic Development**

The study concluded that there was a statistically significant influence of health sector collapse on economic development in Mogadishu, Somalia.

### **Influence of Education Sector Collapse on Economic Development**

The study concluded that there was a statistically significant influence of education sector collapse on economic development in Mogadishu, Somalia.

### **RECOMMENDATION**

The study recommended the following:

- On people displacement, the study recommended that Somalia government should

create harmony for all people with different views to express their views.

- On central government collapse, the study recommends that Somalia government should be accepted by all.
- That Somalia government should invest heavily in health infrastructure for the health sector to make contribution to economic growth.
- The Somalia government should put in place strong education infrastructure for schools and colleges.

### **SUGGESTION AREAS FOR FURTHER STUDIES**

This study focused on political factors affecting economic development in Mogadishu, Somalia. Since only 63.6% of results were explained by the independent variables in this study, it is recommended that a study be carried out on other factors on economic development in another country. The research should also be done in other government corporation or private sector and the results compared so as to ascertain whether there is consistency on poverty reduction.

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