

SOMALI BUSINESS REVIEW

Publication of SIMAD UNIVERSITY | Vol. # 8 | Issue # 4 | October-December 2015





QLFM-520Q

CURIN



VISION

QURXIN



DESIGN

DAABICID



PRINT



Leading Printing Press in Somalia

K4, Mogadishu, Somalia
 +252 850 555 / 593 2333
 +252 (0) 61 721 7770 / 69 021 7770
 info@somprint.so
 www.somprint.so

CONTENTS

SOMALI BUSINESS REVIEW

2 BUSINESS OPPORTUNITIES IN THE WATER SECTOR IN SOMALIA

Somalia is a country located in the horn of Africa and it shares border with Ethiopia, Kenya and gulf of Aden.

4 MOGADISHU COMPANIES AND GUERRILLA MARKETING TECHNIQUES

The name Guerrilla originally describes a group that uses a violent approach...

6 THE EFFECT OF EMERGING EPOS TECHNOLOGY ON CUSTOMER SERVICE IN RETAILER SHOPS IN SOMALIA

Electronic Point of Sale (EPOS) Technology refers for recording sales in retail shops

8 ONLINE LEARNING SYSTEM: THE VIRTUAL ENABLEMENT

In this article we will study the importance of online learning system

10 BOOK REVIEW: THE MILLIONAIRE NEXT DOOR BY STANLEY AND DANKO

Thomas Stanley and William Danko started their research in 1970s....

12 THE NEED FOR INTELLECTUAL PROPERTY-RIGHTS PROTECTION TO PROMOTE INNOVATION IN SOMALIA

Globally, in the twenty first century,

14 PROMOTION OF YOUTH ENTREPRENEURSHIP THROUGH GRANTS

The youth entrepreneurship is defined as the "practical application of enterprising qualities,

16 THE WISDOM BEHIND ELIMINATION OF INTEREST (RIBA) IN FINANCIAL TRANSACTIONS

Interest or Riba has been dated back to almost 3,000 years and many languages with different words have been used for interest...

Editorial

The businesses are changing and growing faster, there are a lot of people who are coming back to the country to start out their businesses, a lot of businesses were started in different sectors, and markets are looking to be busy for serving the customers.

Even though the unemployment of the country is high, as there are a lot of unemployed individuals, Some organizations are helping out the youth to start and operate their businesses to fight with the unemployment by providing training and grants these caused a lot of youth to improve their livelihoods and get a source of income.

Given that Somalia has been at war from the early nineties, the water division infrastructure is broken down and will have to be rebuilt and reformed to serve the people of Somalia. There are opportunities in the supplying water sector materials range from small hand well digging to complex drilling borehole of services, to take advantage from the opportunities in the market for the water sector materials, it's good to get the stocks needed for the water supply.

In this issue covers articles that address business opportunities focusing on some sectors of the market and the new technologies used for the businesses to enhance their recording. Islam is a religion presenting a system for the welfare of the society and prohibits a system where people earn income without putting work or efforts so we provided an article about the Wisdom Behind Elimination of Riba in Financial transactions.

EDITORIAL TEAM

Chief Editor

Nasra Ahmed Mohamed

Production Manager

Abdikarim Muhudiin

Operation Editor

Mohamed Muse Hassan

Editorial Board

Dr. Mohamed Ibrahim

Dr. Bashir Abdisamed Hared

Dr. Amina Omar Mohamud

Design and Layout

Daaus Advertising Agency

Mogadishu, Somalia

+252 1 856669 | +252 619906669

info@daaues.so | www.daaues.so

Printing Production

Somprint Ltd.

Mogadishu, Somalia

+252 1 850555 | +252 617217770

info@somprint.so | www.somprint.so

BUSINESS OPPORTUNITIES IN THE WATER SECTOR IN SOMALIA

ABDISAMAD ABDULAHI ABDULLE

1.0 INTRODUCTION

Somalia is a country located in the horn of Africa and it shares border with Ethiopia, Kenya and gulf of Aden. Given that this country has been at war from the early nineties, the water division infrastructure is broken down and will have to be rebuilt and reformed to serve the people of Somalia. There are many drilling companies currently active in Somalia. These companies undertake drilling works for many donor agencies and international



NGOs operating in the area. These companies are in need of supply of materials for their drilling operations. It is this current situation that provides a very promising area of investment in the water sector in Somalia.

2.0 CURRENT MATERIALS USED IN THE WATER SECTOR

In Somalia, like many other countries in this region, groundwater is abstracted by use of the materials include; electrical submersible pumps, bentonates, GI pipes, and generators. Hand pumps are used where there are shallow wells. Only a few systems are wind or solar powered. At the side of pumps there are several pump models in use including; Franklin, CRI, Caprari and Grundfos. However, there is no firm that supplies sufficiently these products in Somalia. All must be shipped from abroad such as UAE and surrounding countries. It is impossible to service pumps locally and many times, people are forced to replace a whole unit when actually only say the motor has a problem. There is need for pump dealers and suppliers who can stock and offer after sales service here in Somalia.

On the other hand, there is a strong need to supply drilling materials such as casings, bentonite, CMC, etc. The unavailability of drilling materials always causes delay to drill even one borehole and it may take 1- 2 months to drill it. Sometimes, the drilling

material must be shipped from abroad such as UAE and takes at least 1 month to arrive at the country. To be able to overcome this problem, a contractor requires the availability of stock in the market and this is a real opportunity to supply those materials sufficiently.

3.0 WATER WELL DRILLING COMPANY IN SOMALIA

In Somalia, due to the prevailing peace and a renewed interest by the numerous international donor organizations and NGOs in the area to sponsor water development projects, more than 20 water well drilling companies are active now and they mostly drill many boreholes across the country. These companies work under a condition in which a little or no materials and spare parts are available in the country to complete projects. These companies are potential customers for this industry when it comes to supply drilling material (casings, bentonite, CMC,) and other project materials such as electrical submersible pumps, GI pipes, and generators.

In drilling a borehole, every company needs to a stock approximately 200m of plain PVC casings, PVC screens together with 240m of 2-inch GI pipes (Class C), an electrical submersible pump and 25 KV generator. The total cost of which will be about US\$ 23,800. It is this current status quo that provides a very promising area of investment with a high profit.

4.0 OPPORTUNITIES

The opportunities in the supplying water sector materials range from small hand well digging to complex drilling borehole of



services. The list below serves to highlight the most apparent opportunities in this area;

- Supply of drilling bids
- Supply of bentonite
- Supply of submersible pumps
- Supply of gravel pack
- Supply of Galvanized Iron Pipes
- Supply of PVC casing
- Supply of Drilling fluids
- Supply of generators

5.0 CONSTRAINTS

The main constraints to the development of private business are well demonstrated below.

- Somali passport has yet to be recognized officially by international community;
- The central government lacks funds to provide required services and infrastructure
- There is lack of necessary managerial/ entrepreneurship skills and understanding.
- The transportation infrastructure is very poor
- There are no banks that provide letters of credit for export/ import
- Lack of adequate working capital
- Lack of insurance services

CONCLUSION

In order to take advantage from the existing opportunities in the market especially, the opportunities in the supply of water sector materials the recommendation is to invest the supplying of the following stocks. 1) Pumping systems (Submersible pumps complete with motor drop cable and control panel 3kw up to 18kw) 2) Generators (Lister petter, Cummins, perkings, Deutz models) 3) Drilling materials (Bentonite, G I Pipes, Casings, Drill bids). In addition to that the above highlighted materials and borehole equipment was tested in the market and it showed a great demand. The most common materials and equipment were PUMPS, Pipes and well accessories. There are many manufacturers that can be used as a vender these manufacturers include franklin, CRI, and Caprari.

MPS
rldwide.



MOGADISHU COMPANIES AND GUERRILLA MARKETING TECHNIQUES

ABDIRIZAK MOHAMED AHMED

INTRODUCTION

The name Guerrilla originally describes a group that uses a violent approach to achieve the implementation of their belief and ideology. Then opponents are often a tremendous force consisting of more people and resources such as weapons or money. The Guerrilla fighter's only advantage is the fact that they only know where and when they will strike. The research deals on an unconventional way of promoting a product to the market. This is the essence of guerrilla marketing but its effectiveness is a question that needs to be answered systematically by going through the relevant existing literatures available to the researcher. The topic points to the correlation of the marketing technique to consumer's buying habits and it may cover historical information for clarification and verification purposes (Morrow & Smith, 2000).

Guerrilla Marketing is differentiated among other generally accepted promotional tools therefore, this tool can be titled 'outbox' marketing. With unconventional, unusual and inexpensive approaches of Guerrilla marketing strategy, it gives an opportunity for smaller companies with limited resources to reach their target group and to stay on a competitive and lucrative position. When a Guerilla campaign is organized, an investment of creative ideas remunerates the companies with more success than massive financial investment.

A knowledgeable manager knows if pricing, advertisement or distribution is crucial for the growth of his/her business (Gupta & Steenburgh, 2008). Levinson, (1983) made the term "guerrilla marketing" known as a philosophy for small and start-up companies to successfully market their products and services with a small amount of money. This study was guided by the theory. Furthermore, according to Hutter & Hoffmann (2011) the three effects that distinguish guerrilla marketing from traditional marketing, namely surprise, diffusion and low cost effect.

TECHNIQUES OF GUERRILLA MARKETING:

Word-of-Mouth (WoM): is one of the most important effects of guerrilla marketing. The idea of the marketing method is to use spectacular and unexpected marketing activities to make people start talking about the company or brand. WoM takes place when a customer becomes aware of a product that a company markets and then tells five to ten people about it.

When the concept buzz marketing first started it was just an oral communication; nowadays the buzz is in all social media like Facebook, Twitter and MySpace that have been involved in creating buzz marketing. Buzz marketing has become a very effective way, because individuals find it easier to trust friends and family than an ordinary promotion of a product (Dye, 2001).

Viral marketing creates a chain effect unlike WoM. Viral marketing is similar to WoM; but the difference is that when a consumer becomes aware of the viral marketing activity, he or she tells five to ten people about it and then they tell another five to ten people, and so on. This chain is like a virus that spreads the information very fast.

Ambient marketing, the clients were requiring something different for their campaigns, which made the agency come up with something new. The agency started to place the ads on unusual places like on the floors, petrol pump handles and on the back of toilet doors; this became the characteristic of ambient marketing (Luxton & Drummond, 2000).

Ambush marketing is that a company acts as if they are sponsor to an event, but they are not. At the same time, they get the same benefit as if they are the official sponsors. In other words, the ambushers are avoiding the costs of a sponsor, but at the same time they want to mislead the customers to make them believe that the company is a sponsor (Mazodier., 2009).

HOW GUERRILLA MARKETING EFFECTS CONSUMER BEHAVIOR?

It is impossible for consumers to pay attention to this vast amount of advertisements; furthermore, studies show that they are increasingly getting better at avoiding and ignoring traditional promotion (Dahlé, 2009). When consumers stop paying attention to the marketing messages they are exposed to and an increase in the marketing budget only results in a larger amount of ads that will be ignored, the companies need to find different ways to reach their customers. The service companies of this country have undergone many changes such as failure and distraction which have been negative effect on the customer's behavior. The problem identified by the researchers is that since the establishment of many companies in Mogadishu, the companies has been exposed to major changes, such as ambient marketing, ambush marketing or

buzz marketing, or use non-traditional marketing methods.

Other studies have shown that a strong attitude towards a brand affects brand consideration, purchase intention and brand choice, all key factors from a company’s point of view to acquire and maintain customers (Park, MacInnis, Priester, Eisingerich&Jacobucci, 2010).

According to Cottea, Coulterband &Moorec (2005), if consumers perceive ads as being credible, it is more likely that they form a positive attitude towards the ad. Furthermore, a positive attitude towards the ad will lead to a positive attitude towards the brand; credible brands may also increase the consumer’s perception of the quality attached to the brand. This, in turn adds consumer value to the brand.

Advertising creativity is the ability to generate fresh, unique and appropriate ideas that can be used as solutions to communication problems. By appropriate, they mean that the creative advertising must also be relevant to the target market. Thus, it is not enough to design a creative ad; it must be communicating the right message to the target audience (Belch & Belch, 2009).

The use of guerrilla marketing tactics is believed to have an effect on consumer behavior.

RECOMMENDATIONS

This study investigates Guerilla marketingdesire in Mogadishu. Guerilla marketing is a new concept which mainly begun its use in 1980s ensuing low sales for major in companies in the world, but now after they have approached this advanced marketing tool, their sales volume boosted, their market share has improved. So firms should improve their marketing by establishing and crafting Guerilla marketing tool which will enable them to reap profits from customers as long as this method greatly affects the buying behavior. Firms should establish credible advertisement so that their newly amazing advertising could positively impact the

consumers to buy the advertised product, and most of the companies need Guerrilla marketing to gain more costumers which leads high profitability.

CONCLUSION

Generally, based on the results of the study, researchers can conclude that guerilla marketing is an important mechanism for getting profit as it affects and attracts the behavior of consumers. The message conveyed to the audience needs to be clear and effective. If the consumer does not understand the message in a short amount of time then the concept should be re-evaluated. When most of the companies use guerrilla marketing will lead to get more customers that generate for companies more revenue and the people will get jobs because of the circulation of money and purchasing power parity, but most of the companies make ad and hasn’t effect the behavior of the customer because they use traditional marketing.

So, companies in Mogadishu are in dire need for Guerrilla Marketing and the companies in will encourage tomaking guerilla marketing which leads credible advertisement that increases retaining the existing customers and attracting new once.



THE EFFECT OF EMERGING EPOS TECHNOLOGY ON CUSTOMER SERVICE IN RETAILER SHOPS IN SOMALIA

YAHYE ABUKAR AHMED

1. INTRODUCTION

Electronic Point of Sale (EPOS) Technology refers for recording sales in retail shops through a computer terminal, using a laser scanner at the cash register to read bar codes on the packages of the items sold. It is the point at which a customer makes a payment to the merchant in exchange for goods or services and merchant will also normally issue a receipt for the transaction. Historically, In 1992 Martin Goodwin and Bob Henry created the first point of sale software that could run on the Microsoft Windows platform named IT Retail. This is a replacement of early electronic cash register (ECR) which is proprietary software and was limited in function and communications capability (Eugene Mosher, 2012).

Electronic point of sale can be very useful in the retailer's shops and restaurant business to improve their productivity and performance in merchandise control and customer satisfaction through EPOS Technology. The electronic point-of-sale substitutes over the traditional cash register which customers pays the money to cash counter.

In Somalia this technology is being introduced by the NABAD retail shop which was established in Mogadishu at 2012. It has branches in Hargeisa, Puntland and various places in Mogadishu offering a wide variety of food, cosmetics, electrical product, house-cleaning items, beverages and household artifacts organized into aisles along with shelf space reserved. When a customer has shopped, he or she came to the NABAD EPOS terminal; a cash counter scans the product through bar card reader which connected to a minicomputer in the store, where a database of product information is stored as a shown in the figure.

Electronic point of sale can be very useful in the retailer's shops and restaurant business to improve their productivity and performance in merchandise control and customer satisfaction through EPOS Technology. The electronic point-of-sale substitutes over the traditional cash register which customers pays the money to cash counter.

In Somalia this technology is being introduced by the NABAD retail shop which was established in Mogadishu at 2012. It has branches in Hargeisa, Puntland and various places in Mogadishu offering a wide variety of food, cosmetics, electrical product, house-cleaning items, beverages and household artifacts organized into aisles along with shelf space reserved. When a customer has shopped, he or she came to the NABAD EPOS terminal; a cash counter scans the product through bar card reader which connected to a minicomputer in the store, where a database of product information is stored as a shown in the figure.

The main purpose of this article is to demonstrate EPOS Technology and to identify the impact of a new electronic point of sale (EPOS) system on the Somali business's performance; a



Electronic Point of Sale (EPOS) Technology in NABAD

case is presented regarding a NABAD retailer. The remaining of this article are mainly organized into five sections, in section I how EPOS work will be highlighted, section II details the benefits of EPOS in retailer's shop, Security issues of point-of-sales devices will also be discussed.

2. HOW NABAD'S EPOS SYSTEM WORK?

Normally, Electronic Point of Sale systems comprise a computer hardware, peripherals and suited software to handle a point of sales environment. There are many different kinds of EPOS software, the NABAD's system consists of keyboards, printers and display monitor. When a customer finishes shopping, all product will be put on the cycling tray and the following sequence of events take place:

- The code number on the product is read by a barcode scanner,
- The Barcode number is sent to the branch computer by the EPOS terminal,
- Branch computer uses the number to search the stock file for the products details (price and description) and sends it back to EPOS terminal,
- The stock level for the product is updated by the branch computer to show that one has been sold,
- The product's price and description are displayed at the EPOS terminal and printed on a receipt,
- The total products processed so far are added to the new product price sold,

- And it can print out receipts and vouchers for customers

HOW EPOS SYSTEM WORKS

As the above figure illustrates, there are two main components; one is peripherals and the other is a branch computer which means the server that stores the products details. As there is no many branches in Mogadishu NABAD's EPOS system has only one server to manage the sales transactions and provide accurate pricing information.

3. THE IMPACT OF USING EPOS SYSTEM IN NABAD'S SHOP

NABAD uses Electronic Point of Sale (EPOS) technology to improve product performance in order to add value the service provided to the end customer. Furthermore, EPOS can simplify the job of employees by providing the details of stock and ordering, also it serves comprehensive reporting for marketing and accounting purposes. The following points indicate how NABAD utilized their EPOS System to improve their business.

» ELIMINATE HUMAN ERROR

EPOS Technology cuts down staff errors on counting, saving business money in the long term and keeps their pricing consistent. In other words they can easily change pricing based on other information in their business.

» FASTER TRANSACTIONS

With their scanning items increases throughput of customers at the cash register. At busy times this reduces the chances of a customer seeing a long line and not making a purchase. In addition to an EPOS system enables transactions to go through quickly and seamlessly to the database.

» ACCURATE RECORD KEEPING

Accurate capture of the exact item detail being sold in daily sales transactions and volumes of stock. These reports can be printed at any time of the day and can be broken down into various details such as, who served the customer, what was bought, receipt number etc. Also, in a case of producing reports for your auditing and accounting purposes, it is quickly and easily produces reports.

» CUSTOMER GROWTH AND LOYALTY

NABAD offer loyalty points to their customers through features available on EPOS systems which essentially reward customers for shopping at the store. The EPOS tracks each purchase and assigns points for the total value of the sale as well as over time. This, while it builds loyalty and increases the likelihood that the customer will shop in the store again, similarly increases sales by increasing the average transaction and number of visits.

» PURCHASE ORDERS

EPOS system monitors Nabad's stock levels and alerts them to purchase new stock when inventory items are running low. Purchase orders can be generated for individual or multiple items easily and they can be tracked from order date to when the goods are received.

» PROMOTIONS

When NABAD is considering or is already running various promotional offers, EPOS system can help them to track how fruitful the sales is. Therefore, a business can determine which promotions are worthwhile doing and which are not.

4. WHAT ARE NABAD OWNERS' BIGGEST CHALLENGES WITH EPOS SYSTEMS?

The manager said "Today NABAD relies on Electronic Point of Sale (EPOS) technology to process transactions, print receipts, and take orders. Unfortunately, NABAD can't totally eliminate EPOS downtime, but as owners can minimize it. The following are the major challenges we faced"

» DEMANDING TRAINING STAFF

Training new and existing staff on using EPOS system is often seen as very expensive, undermining profitability and a time-consuming task by a business due to having just one or a limited number of staff trained on using the EPOS system upon installation and .

» HIGH MAINTENANCE COSTS

In Somalia EPOS maintenance service is not available, and EPOS systems nearing the end of their useful life are seven to ten years old and largely proprietary in nature. Most legacy EPOS systems operate on an MS DOS or proprietary platform and run software applications dependent on the EPOS hardware. If any problem appears during daily operation about hardware and software or users do not perform as expected, the cost of maintenance is so high due to the sending to the nearest branch maintenance company as Dubai located.

» USER ERRORS

Because of the complexity of electronic point of sale systems, if a user enters incorrect information or launches the wrong application, EPOS systems may become unpredictable or fail to process transactions correctly. When EPOS systems fail, the whole customer experience grinds to a halt.



ONLINE LEARNING SYSTEM THE VIRTUAL ENABLEMENT

MUDATHIR AHMED MOHAMUD, ABDIRIZAK NOR ADOW, ABDULAHI ABDI MOHAMUD AND ISMAIL MOHAMED ALI

ABSTRACT

In this article we will study the importance of online learning system that involves learning of the students via modern technologies where much work of learning and teaching is now done in online environment. Online learning system is a web-based application that allows students to conveniently access learning resources as online through Web-connected device, such as a computer, laptop.

INTRODUCTION

Informally, online learning encompasses all aspects and processes of education that use World Wide Web as a communication medium and supporting technology. There are many other terms for online learning; some of them are online education, virtual education, Internet-based education, E-learning, and education via computer-mediated communication.

Online learning has become a very important part of educational technology for learners; it provides access to information and knowledge sources that are geographically unlimited. Moreover it enables a number of opportunities for personalized learning with clear advantage of classroom independence. On other hand, lecturers and students who cannot come class session can communicate effectively via online media using numerous possibility for online learning tools.

CAMPUS BASED LEARNING

Campus learning or classroom-based system is not as convenient as online learning. we identified below given, as part of the problems and weaknesses associated with this system.

- **Uncomfortable learning environment:** one of the primary benefits of online education is there is no physical class sessions.
- **Lack of repetitions:** - online learning system enables students to retrieve what they have just learned from their computers and they can repeat it anytime.
- **Paying costs above the fees:** - travel expenses, papers and other required materials maximize the total cost of the traditional physical classroom learning.

ONLINE LEARNING SYSTEM

Many definitions of online-learning system are found in the literature but maybe the best is what (www.bluejeans.com, accessed 2016) defines it, "Online learning is a virtual learning environment that encourages interactive and collaborative learning without the need for a physical classroom". The website also indicates the use of internet as medium for learning anytime anywhere

Online learning system is more useful for Students and lectures, and whole the university. Students can access what teacher posts



the page, and can go through the lessons of that course. Universities using this system provide easy and convenient method of teaching for the lecturers where interaction between learners and instructors is becoming continuous thereby comprehending and digesting the learning contents more comfortably.

The utilization of discussion and chats are examples of online learning tools. Online learning system allows students and lectures to login the page and then exchange information about lessons the lectures posts the lesson and the students can view that lesson even the student can select the available courses and there are assignments and quizzes.

So that system interprets the students need toward the course and what the course needs to fulfill like assignments quizzes and even students can see marks about the quiz so they learn directly online.

ONLINE LEARNING SYSTEM (OLS): BENEFITS AND CHALLENGES

although many educational practitioners still stick traditional learning settings, Online learning system provides a great alternative. Learning can happen irrespective of time and location. Online learning system is inexpensive; the cost of space, transportation, and traditional learning infrastructure is eliminated. So it is almost free. It can be said that OLS encourages a shift from teacher-centered learning to learning-centered learning where students take the major responsibility of learning on their convenience.

One question that can arise, is how can OLS be benefited in Somalia. The answer is easy. Other people have benefited from OLS and Somalia is no exception. It is right that certain challenges, such as the availability of internet and the preparedness of educational practitioners, may hinder the use of OLS here in Somalia, but there are workable solutions. Yes, Internet is not good, but you may agree with us that its availability is getting

better and better especially in the last two years. The trend is forward, faster and affordable broadband internet may soon knock at our doors. One can argue the disadvantage of internet but the truth is we cannot stop the use of it.

The proliferation of Internet-enabled devices such as laptops and Smartphone is another factor that can simplify the use of OLS. We are getting deeper into the digital age and those who were born amid of this age are catching up with the convoy. So learning via digital devices is more suitable for our young generations.

CONCLUSION

Online learning system is an important and fast growing segment

of educational technology specially in countries like Somalia. It largely overlaps with the field of campus learning, but it must be noted that learning represents only one aspect of education. Online learning system covers many other educational services, such as teaching, authoring, assessment, and collaboration. There are a lot of technological issues involved there, but it must be never forgotten that the ultimate goal of online learning system is increasing the learning opportunities and efficiency, not the technology itself. In learner-centered design of online learning, educational workflows determine desired goal of online systems and quality of service provided to the learners is crucial to success or failure of any such a system.

ID	CourseName	Level	Duration	Description
1	C#	Level One	Two Months	for programming
2	Jsp	Level Two	Four Months	For additional programming
3	Android	Level Three	Three Months	For mobile programming

“ Online learning system is a web-based application that allows students to conveniently access learning resources as online through Web-connected device, such as a computer, laptop.

BOOK REVIEW: THE MILLIONAIRE NEXT DOOR BY STANLEY AND DANKO

BASHIR ABDISAMAD HARED

Thomas Stanley and William Danko started their research in 1970s to understand why some people are very rich while the vast majority of the people are at survival. Their research, which has taken 25 years of admiration and astonishment, was built on a body of statistics and case studies. The results of the studies do not make hollow promises. Instead, it profiles people who have already become millionaires. The research has been put in a book that becomes one of the bests selling in the west. This book review is intended to summarize the main results for the readers to save their precious time and for the benefits of the young Somali generations to understand the wealth habits and the financial cultures of the rich people, millionaires, billionaires, consumers, hyper-consumers, etc.

According to the book of Stanley and Danko, many people who earn high incomes are not rich, the authors warn. Most people with high incomes fail to accumulate any lasting wealth. They live hyperconsumer lifestyles, spending their money as fast as they earn it. In order to accumulate wealth, in order to become rich, one must not only earn a lot (good offense) but also has to develop economical habits (good defense) for better future for him/her and for the offspring. Most books focus on only one side of the wealth equation: spending less or earning more. It's refreshing to read a book that makes it clear that both are required to create a comparatively well-off level of wealth.

High-income spenders usually end up to a difficult life. According to Stanley and Danko, those people who earn high income usually live at some point of time in a very good life, what about the future? Sure they have the money now to fund their hyperconsumer lifestyle, but it may come the day they have to face a very difficult way of life due to low-income and frugal folks to acquire wealth. They need to learn to play financial "offense" as well as financial defense.

Eighty percent (80%) of the millionaires surveyed are first-generation rich, which means they are the ones who created the wealth not inherited. According to Stanley and Danko, this fact is contrary to the previous opinions that perceived those who would have wealth were inherited from their parents. Similarly, 20% of millionaires surveyed were retired in their early ages, 50% of millionaires own a business which means the largest wealth is usually created from business.

The Millionaire Next Door is a flawed classic. It offers a fascinating description of the wealthy, but it is poorly organized, repetitive, and dull. A patient reader will be rewarded with a glimpse at what it takes to become a millionaire, but I think it can be helpful and it could have been something more. According to Stanley and Danko seven common denominators among those who successfully build wealth were discovered:



1. Millionaires live well below their means. In general, millionaires are frugal (economic and prudent). Millionaires usually own the habit of taking extraordinary steps to save money. They don't live lavish lifestyles. They're willing to pay for quality, but not for image.
2. Millionaires allocate their time, energy, and money efficiently, in ways conducive to build wealth. They budget

everything of their life, specifically their daily transportation, telephone expenses, refreshments, tips, etc. Similarly, they plan their investments. The authors note that "there is an inverse relationship between the time spent purchasing luxury items such as cars and clothes and the time spent planning one's financial future". In other words, the more time someone spends buying things that look good, the less time they spend on personal finance.

3. Millionaires believe that financial independence is more important than achieving high social status. In other word, millionaires usually do not have fancy cars, houses, dresses, etc. They drive humble and domestic model cars and they keep them for years. Because of the importance of this issue, the authors devoted an entire 31-page chapter about how millionaires shop for cars.
4. The parents of the millionaires did not provide economic outpatient care. That is, most millionaires were not financially supported by their parents. The authors' research indicates that "the more amounts adult children receive from their parents, the fewer they accumulate, while those who are given fewer pocket money usually accumulate more".
5. The adult children of the millionaires are economically self-sufficient. This part of the book is fascinating and useful to the parents. I suggest every one of us read and try to implement it for better economic preparation of our children. Stanley and Danko strongly believe that giving more pocket money to the adult children damages their ability to create their independent and successful life.
6. Millionaires are proficient in targeting market opportunities. According to the Stanley and Danko "very often those who supply the affluent become wealthy themselves". The authors demonstrated that the best ways to make money is to sell products or services to those who already have money. The authors list a number of occupations they feel have long-term potential in this area. I suggest you to read and see those occupations for better future plan.
7. Millionaires chose the right occupation. Stanley and Danko opine that "self-employed people are four times more likely to be millionaires than those who work for others". Authors did not give magic list of specific business areas from which wealth can be easily derived and people can be successful with any type of business, however, most millionaire owners make their money in normal industries. They sell shoes, clothes, oil, electronics and other equipments. They're dentists, medical doctors, engineers, accountants. In other words, they work on normal businesses. To conclude, Stanley and Danko surveyed a pool of millionaires, attempting to find the common connections among them. They discovered that millionaires live below their means. They budget. They plan their investments. They spent more time on thinking as well as on planning. They let their adult children make it on their own. This book introduces several key concepts, including degrees of wealth accumulation. This is one of just a few books to cover both sides of the wealth equation: saving money and earning money.



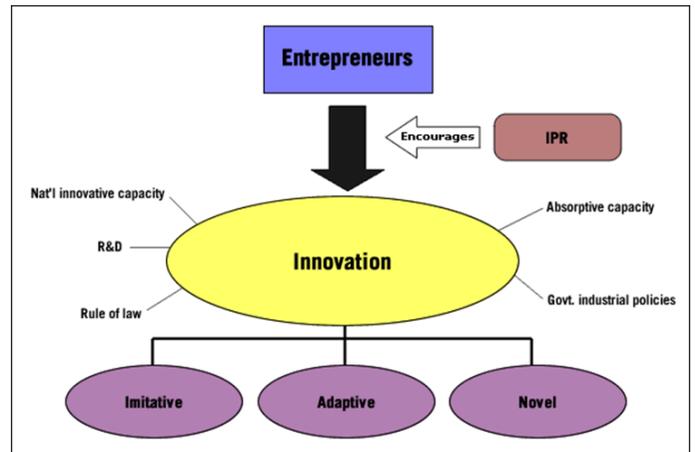
THE NEED FOR INTELLECTUAL PROPERTY-RIGHTS PROTECTION TO PROMOTE INNOVATION IN SOMALIA

ABDIWAHAB ISAK HASSAN, ABDIRAZAK OSMAN MOHAMUD, ZAINAB ALI KASIM

ROLE OF IPR FOR INNOVATION

Globally, in the twenty first century, the systematic work manners of the various industries around the world are dramatically changing as it began in the mid twentieth century when the businesses imitated develop mainly on the innovation and design processes. With the advent of globalization, new ways of information flow began to be adopted. Information technology had helped rapid development in different disciplines. Growing range creation of better designs, embracing up-to-date business methods and invention of modern technologies increased the bulk of intellectual properties immensely.

The use of intellectual property rights to stimulate innovations of various kinds is perhaps the finest institutional arrangement that is fussy to innovation as a social phenomenon. It is then normally refers to these rights as intellectual property rights (IPRs), which embraces types of rights such as patents for inventions, trade secrets, copyrights, trademarks and design rights, together with newer ones such as breeding rights, mask work rights and database rights. These rights are referred to the legal rights granted with the aim to protect the creations of the property. These rights are there as a grant to safeguard the interest of individuals as well as firms who struggle to create new products or ideas. Thus, they should be permitted to benefit from those creations.



This concept of intellectual property rights deduce that one individual has played an ample role in the invention of a product or idea, such that they should be granted control over the use of that property. Legal guidelines are then arranged to make sure that they can reap their profits with the allowed time given since they have some level of control over that property.



HOW INNOVATION IN SOMALIA SUFFERS FROM INFRINGEMENT?

Innovation is a key driver of economic growth. It has long been recognized that competitive markets may not provide adequate incentives for innovation. Given the presumed role of innovation in promoting economic growth, academics and policy makers have thus focused attention on the design of institutions to promote innovation. Intellectual property, such as patents and copyrights, are optimal mechanism to protect it. Intellectual property is designed to create incentives for research and development investments by granting inventors exclusive rights to their innovations for a fixed period of time.

In the World, Organizations struggle to come up with new ideas, products or process and government grant patents to organization which gives them the legal right to stop others using their invention. Its existence may be enough to deter competitors Buying for time (20 years) in which an inventor can develop a market to the product or process.

In Somalia, innovative individuals create new ideas and turn into a ventures. Within a short period, competitors imitate and copy that business. Just like, Mogadishu cars, Bajaj, Soomaal (Milk), and etc, have now become public free of charge that hundreds of rigid people use it, while the entrepreneurs of these businesses

have been driven out of the market. This led that rate of imitation in a new business has grown up which discouraged innovation. When a new invention appears, it is common sense that, if the innovation is any good, it should be available to all from a welfare point of view. But if all the new inventions became accessible to public free of charge, the firms will not have a sufficient incentive to innovate due to the cost of creating and developing a new invention being too expensive.

CONCLUSION AND RECOMMENDATION

Due to the reduction and declining innovations in Mogadishu, there will be decay in economic growth as well as the developments of the country. The Chamber of commerce in Mogadishu is not working properly when compared to world chamber of chambers of commerce which means, in turn, the protection of property rights framework doesn't exist. Therefore, in order to gain a smooth and constant economic growth and use of R&D efforts; there must be an incentive for the innovation in Mogadishu. Which tool is most important to induce and encourage the entrepreneurs in Mogadishu? Recent studies have shown that Innovative firms as well as entrepreneurs in Mogadishu are demanding the protection of their innovation, and considered that Intellectual property rights such as patents could be the most effective tool for promoting innovation. Giving patents to entrepreneurs will lead to the enhancement of innovation, nevertheless of patent costs.



PROMOTION OF YOUTH ENTREPRENEURSHIP THROUGH GRANTS

NASRA AHMED MOHAMED

INTRODUCTION

The youth entrepreneurship is defined as the “practical application of enterprising qualities, such as initiative, innovation, creativity, and risk-taking into the work environment (either in self-employment or employment in small start-up firms), using the appropriate skills necessary for success in that environment and culture” (Schnurr and Newing, 1997).

The promotion of youth entrepreneurship is fundamental to the achievement of Millennium Development Goals (MDG) 8, Target 16 which focuses on developing decent and productive work for youth. This has a significant effect of bringing back the alienated and marginalized youth into the economic mainstream thereby addressing some of the socio-psychological problems and delinquency which occur due joblessness (White and Kenyon, 2000). Youth entrepreneurship also promotes innovation and resilience as it encourages young people to find new solutions, ideas and ways of doing things through experience-based learning (OECD, 2001; White and Kenyon, 2000).

In Somalia, Some profit and non-profit organizations support the youth by providing them training and giving grants to improve the livelihood of the youth and create jobs. The promotion of youth entrepreneurship can also create peace and stability because the youth are the most that are at risk and violent, an organization named SHARDO is one of the non-profit organizations who support the youth at risk through grants by starting enterprises to the youth after presenting their business plans. It was questioned by some of the youth who received the trainings and grants for how it influenced their lives.

ENTERPRISE TRAINING

The youth received an entrepreneurship training before starting their businesses, the youth indicated that the trainings provided helped the enterprises of the youth and that they got an idea of establishing plans and managing businesses.

From the analysis of the findings, it emerged that those strongly agreed were on being aware of the customer needs, able to prepare a marketing plan for the business, and able to prepare a business plan. Those agreed were on able to market the products due to the training and carry daily bookkeeping of the business transaction. It is concluded that entrepreneurship training impacts on business growth and that they can manage their business effectively due

to the trainings provided.

LIVELIHOOD IMPROVEMENT

Livelihood is defined as young people’s capabilities/capacities to generate and maintain their means of living, to enhance their well-being and still be able to withstand shocks and stresses.

The youth’s living conditions changes when they get a source of income, which will give them a chance to support their lives and their families by helping the youth and giving them a chance to be independent also helps the stability of the country.

The youth are the ones who are most populated in the country and are the ones that the different groups using, this promotion helps them to be busy of developing their lives, even though there are still a lot of unemployed youth but the support of all agencies and individuals for young people in Somalia keeps them to feel ownership and responsible, which gives ability to practice and be independent.

THE INFLUENCE OF GRANTS FOR YOUTH ENTERPRISES

Start-up grants particularly aim to promote the establishment of new enterprises of students or young unemployed jobseekers by securing their livelihood during the time estimated for starting and stabilizing the business. Though increasingly super-



seded by loan schemes, the use of grant-based schemes is still a quite common approach to stimulate entrepreneurship and start-up activity among young people in different countries. However, as White and Kenyon (2001) point out, the issue of grant finance for self-employment ventures is a vexed one, many experts believe that programmes should help young people deal more directly with the problem of access to finance, rather than providing them with non-refundable funds or free money, On the one hand, it can

be an important aid for people who have been rejected from other conventional forms of finance.

The grants that some of the youth questioned in Mogadishu received were to start and operate a business after having training on entrepreneurship and business plan development. The youth were unemployed, at risk and not had a basic education, starting the enterprise was a significant option to them and to their households of which they started supporting their families and controlling their enterprises independently, it is a job opportunity and sense of ownership, it gives the other youth a chance to be employed because if the business expands the individual managing the business should employ another one or two as it grows.

CONCLUSION

Even though entrepreneurship is not cure for all society's social ills, it is argued that it has potential benefits. An obvious, and perhaps significant, benefit of entrepreneurship is that it creates employment for the young person who owns the business. Many experts believe that this could bring back the alienated and marginalized youth into the economic mainstream (Curtain, 2000; White and Kenyon, 2000). There may also be a direct effect on employment if new young entrepreneurs hire fellow youth from the 'dole' queues (Curtain, 2000).

The youth that has been promoted by the international organization through local ones received a great chance an enhanced their living conditions, its significant by supporting the violent youth, it will directly increase peace and stability and decrease the violence and risks. Even though some researchers stated that it is not a good option, I believe that providing the young ones for non-refundable money is a great opportunity to promote young entrepreneurs especially in Somalia.



THE WISDOM BEHIND ELIMINATION OF INTEREST (RIBA) IN FINANCIAL TRANSACTIONS

AHMED MOHAMED DAHIR

INTRODUCTION

Interest or Riba has been dated back to almost 3,000 years and many languages with different words have been used for interest. The early people were acquainted with interest with all types and putting them into practices mercilessly among them. Prohibition of interest in financial transactions is not unique to Islam but also other revealed books.

Riba is an Arabic word, derived from the verb raba that literally means 'to grow' or 'expand' or 'increase' or 'inflate' or 'excess'. Technically, Riba refers to the 'premium' that must be paid by the borrower to the lender along with the principal amount as a condition for the loan or for an extension in its maturity. In terminology of fiqh, riba means an increase in one of two homogeneous equivalents being exchanged without this increase which is being accompanied by a return.

Islam is a religion presenting a system for the welfare of the society and prohibits a system where people earn income without putting work or efforts. Islam encourages a business of commodities and does not allow an exchange of precious goods with inferior goods of same goods with excess.

CLASSIFICATION OF INTEREST (RIBA)

The Riba is categorized into two groups and the prohibition applies to all forms of it and can be named into: 1) Delay interest (Riba al Nasiah) is akin to conventional interest on lending and borrowing. This kind of riba was experienced in the pre-Islamic period in the Arabian Peninsula and Islamic scholars and jurists prefer to use the term riba al-Nasia(delay interest). Delay interest has two meanings. One of them is interest known by Arabs in the early period before Islam, and the other is time increase which is taken in return for postponing debt in a barter transactions. 2) Excess interest (Riba al fadl) means an increase which is taken in exchange of the same sort of commodities with each other. Excess interest generally arises from the trading of goods of ribawi. The ribawi goods are generally commodities that can be a medium of exchange like gold, silver, wheat, barley, dates and salt.

THE WISDOM BEHIND PROHIBITION OF RIBA (INTEREST)

The major reasons behind prohibition of interest include, injustice and exploitation, creation of materialistic society, discouragement of entrepreneurship, impediment of healthy economic development, disparities of income, and discouraging partnership.

Riba is a type of injustice and exploitation. It guarantees lenders return without involvement in risk. It takes advantage of a man's inferior economic position, breeds hatred, jealousy and ill-will towards the rich and finally this behavior kills the spirit of cooperation in the society and discourages people from doing mercy to each other.

Banks are motivated to exploit as much as possible man's inherent greed to spend beyond their means by offering credit which will result in negative repercussion. Riba nurtures a materialistic society and people must work harder and harder and may do exercise unethical business practices in order to repay their bank debt. Consequently, this leads to less emphasis on the family and social relations among the people which ultimately leads to social ills.

Lenders collect more wealth without exerting much effort through interest-based financing. Money by itself is not part of capital. It is a medium of exchange or a store of value and cannot be utilized for fulfilling human needs directly. It can only be used for acquiring goods or services, which have a fundamental use. Entrepreneurial skills along with the productive use of money are the essential factors in converting it into capital. The lenders of the money have no input in the conversion process and thus, they do not deserve a reward. Riba encourages the creation of wealth with no effort from its provider at the cost of borrower.

Lending which generates negative effects on production is confined to established businesses with known creditworthiness and adequate security (collateral) not profitability. Banks are not willing to test new and unproven methods of production, especially for small scale enterprises and agriculture. Riba discourages innovation since potential entrepreneurs without security to pledge are denied credit.

The lender takes advantage of the need of the poor borrower for money by charging interest, which adds to the burden of the borrower. As a result, the rich becomes richer and the poor becomes poorer. Thus, riba increases wealth inequality among the members of the society. Lacking collateral and established economic standing, poorer segments of the economy are at an economic disadvantage when competing for credit to finance economic activities. As a result, wealth and income disparities increase among the society members, which generate envy and hatred among the society.

A loan provides a fixed return to the lender regardless of the outcome of the borrower's course of action. From an Islamic point of view, it is much fairer to share in the profits and the losses. The supplier of capital has the right to a return, but this return should be equivalent to the risk and effort involved in the project for which the finances are supplied.

CONCLUSION

Interest prevents people from undertaking real economic activities. This happens when somebody with money is allowed to earn more on the basis of interest becomes it is easy for him to earn more money on the basis of interest without exerting himself to real economic activities. It also found that riba is unjust, destined to destruction, degrades and trims down persons who indulge in taking it. Riba generates various evils like moral, economic and social evils.

SIMAD UNIVERSITY

Center for Postgraduate Studies

Intakes **January**
May
September

SIMAD Programmes

Master of Science in Networking and Data Communications

Master of Science in Banking & Finance

Master of Science in Marketing

Master of Science in Supply Chain Management

Master of Public Policy

Master of international relations and Diplomacy

OUM Programmes

Master of Business Administration (MBA)

Master of Project Management (MPM)

Master of Information Technology (MIT)

Master of Information Technology & Networking (MITN)

Master of Software Engineering (MSE)

Master of Education (MED)

Launching Ceremony Of The Institute Of Modern Languages



SIMAD UNIVERSITY
The Fountain of Knowledge and Wisdom

 P.O. Box 630
Mogadishu, Somalia

 info@simad.edu.so
pr@simad.edu.so

 +252-964242
P.O.Box :345

 www.simad.edu.so