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**Influence of Internal Capabilities on the Performance of Micro and Small
Enterprises (MSEs) in Mogadishu, Somalia**

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Abstract

Purpose: The main aim of this study was to determine the influence of internal capabilities on the performance of Micro and Small Enterprises (MSEs) in Mogadishu, Somalia

Methodology: The research paper adopted a descriptive research design. The target population in this study was undefined given that the number of MSEs in Mogadishu, Somalia operate under no regulatory framework. The researcher used snowballing sampling techniques, where one MSEs was requested to introduce the researcher to another MSE until the sample size of 120 MSEs was reached. The collected data was then subjected to analysis using descriptive and inferential statistics. The researcher included statistical tools such as SPSS and MS Excel to provide a comprehensive description of the data. The findings were presented using tables.

Findings: The findings revealed that financial, marketing and HR capabilities had a positive and significant influence on performance of MSEs in Mogadishu, Somalia. Where, financial capabilities ($\beta=0.547$) had the highest statistical influence, followed by marketing capabilities ($\beta=0.428$) and lastly HR capabilities ($\beta=0.415$).

Unique Contribution to Theory, Practice and Policy: The study recommended that owners of Micro and Small Enterprises (MSEs) prioritize investing in skill training and the recruitment of expert professionals to bolster the knowledge base and capabilities of their enterprises. The study findings discuss a deeper understanding of the determinants of MSE performance, and how this knowledge can be translated into targeted actions by business owners, policymakers, and other stakeholders. This not only supports the practical application but also illustrates its value in informing policies that promote the growth and sustainability of MSEs in the region.

Keywords: *Internal Capabilities, Performance, Micro and Small Enterprises*

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INTRODUCTION

According to Teece (2018), internal capabilities can be defined as the unique resources, competencies, and strengths possessed by an organization that contribute to its competitive advantage and ability to achieve its strategic objectives. These capabilities are inherent within the organization and are developed and nurtured over time. In the context of the current study, performance was the measuring indicator of how effectively MSEs in Mogadishu, Somalia achieve their desired strategic goals. There are different measures of organizational performance but this study focused mainly on net profits and customer satisfaction (Jeilani, 2019). MSEs are categorized as small-scale businesses or economic units that operate on a smaller scale in terms of investment, resources, and workforce compared to larger businesses. They contribute to employment and income generation, poverty reduction, and fostering entrepreneurship. They are often involved in diverse sectors, such as retail services, manufacturing and agriculture. Additionally, they comprise of approximately 1-50 employees (Adan & Kising'u, 2018).

MSEs play a significant role in the economic landscape of Somalia. Due to the country's history of conflict and limited formal employment opportunities, entrepreneurship and small-scale enterprises have become vital for livelihoods and economic growth. Mahadalle and Kaplan (2017) indicates that they are the backbone of Somalia's economy, providing employment, income generation, and contributing to poverty reduction. They are also crucial in fostering economic resilience, particularly in rural areas and among marginalized populations. MSEs in Somalia also encompass a wide range of sectors, including retail, food services, agriculture, handicrafts, telecommunications etc. This diversity reflects the entrepreneurial spirit and adaptability of Somali business owners.

However, they also experience poor performance and some even collapse hence making it impossible for them to play their vital role. Other challenges that these businesses experience include limited access to capital and credit facilities, inadequate infrastructure, political instability, weak regulatory frameworks, and security concerns. Additionally, there is a need for business development services, skills training, and market linkages to enhance their competitiveness (Jeilani, 2019). It is therefore, important to conduct a study which identifies the internal capabilities that influence their performance with a goal to suggest recommendations which would lead to improved performance.

Problem Statement

It is widely acknowledged in the realm of business research that internal capabilities, such as financial management, marketing strategies, and human resource management, serve as critical determinants in shaping the performance outcomes of Micro and Small Enterprises (MSEs). Effective deployment of these capabilities should drive MSEs towards achieving better productivity, profitability, and market presence. Despite this relationship, the on-ground situation in Mogadishu reveals a contrasting narrative. Recent data and trends suggest that numerous MSEs in Mogadishu are grappling with underwhelming performance metrics. For instance, a preliminary survey conducted in 2022 indicated that over 60% of MSEs in the city reported stagnant or declining profits over the past year, while another 45% acknowledged facing significant challenges in penetrating or sustaining their market positions (Abdinur and Karcioğlu, 2023). This declining trajectory of MSEs' performance is not merely a statistic but represents a dire concern for local entrepreneurs, investors, and the broader Mogadishu

economic fabric. For local entrepreneurs, especially, this indicates not just potential business failures but also the loss of livelihoods, given the centrality of MSEs in providing employment and income to a vast segment of the population. This problem lies not in the acknowledgment of the challenges but in the scarce empirical evidence delineating how specific internal capabilities are influencing these outcomes for MSEs in Mogadishu. While studies (Adan and Kising'u, 2018; Ali and Isak, 2019) have underscored the significance of financial, marketing, and HR capabilities, the unique socio-economic and geopolitical context of Mogadishu necessitates a localized understanding. There exists a clear knowledge gap: How, and to what extent, do these internal capabilities impact the performance of MSEs in this specific region?

LITERATURE REVIEW

Empirical Review

Financial capabilities encompass various financial management skills and resources that can significantly impact the performance and sustainability of MSEs. According to Kiros (2020) research, adequate access to funding sources including loans, grants, or equity investments, can enable MSEs to invest in their business operations, expand their businesses and weather financial challenges. Caprina (2021) study also established that MSEs with strong financial capabilities are more likely to engage in effective financial planning and budgeting. This may involve setting realistic financial goals, allocate resources efficiently, and monitor their financial performance regularly in order, to avoid incurring additional business costs and manage their cashflows.

Adan and Kising'u (2018) study reviewed the effect of financial development on financial performance of MSEs in Mogadishu, Somalia. The study revealed that lack of financial infrastructures hindered smooth running of MSEs operations in Mogadishu. It also highlighted that there was limited information on the challenges facing small businesses in Somalia which hinder the success of all the strategies employed by various stakeholders.

Ali and Isak (2019) study sought to establish the relationship financial management practices and financial performance of service companies in Somalia. The results showed that excellent application of financial management practices including working capital management practices and investment decisions had a positive relationship with financial performance. This was clearly observed in form of increase in capital, financial competence of skilled managers, effective decision-making and increased company's profits.

Further, Abdinur and Karcioğlu (2023) research also highlighted that effective handling of organizational and financial data in business management requires the utilization of high-quality accounting information systems (AIS). However, most SMEs in Somalia have been sluggish to embrace such information systems. The research results found that high management support and employees' competence had a positive and significant influence on adoption of AIS use in SMEs while perceived ease of use had no effect on adoption of AIS use. This was mainly attributed to the fact that accountants and AIS users in these SMEs were not apprehensive about making errors when using AIS and they also perceived AIS as user-friendly and straightforward to interact with in SME settings. Therefore, these results show that there is need for the management of SMEs to sensitize their employees on the importance of gaining sufficient expertise in use of AIS, so as to increase their productivity and improve accuracy in their financial records.

Marketing capabilities refer to the skills, resources, and strategies that a business uses to promote its products, understand its customers, and compete in the market (Morgan, Feng & Whitler, 2018). These capabilities, according to Riswanto (2021) research, are integral to performance of MSEs since they enable MSE owners to understand their markets, effectively reach their target audience, differentiate themselves from competitors, and drive revenue growth. Chiarelli (2021) also noted that MSEs that invest in improving their marketing capabilities are better positioned to achieve sustainable success and withstand market challenges.

Bull (2017) study aimed to determine how market and entrepreneurial orientation influence performance of SMEs in Ethiopia. The research observed that SMEs that adopt a market-oriented approach are more customer-centric as they focus on understanding customer needs and behaviors. By conducting thorough market research analysis, these SMEs are able to develop products/ services that align with customer demands, leading to higher customer satisfaction. Additionally, information obtained through effective studying of market trends enable businesses to make informed decisions, adapt to changing market conditions, and identify new opportunities.

Mahadalle and Kaplan (2017) research also found that entrepreneurial characteristics such as having clear vision for the MSEs in Somalia ensures that entrepreneurs set specific goals and strategies for growth. In addition, passionate entrepreneurs are motivated to persevere through challenges and work diligently toward achieving their vision. Entrepreneurial competencies such as innovativeness and creativity were also found to be positively related to overall business performance.

Further, Gichichi, Mukulu and Otieno (2019) study showed that favorable marketing conditions, such as efficient distribution networks and increased demand for agricultural products lead to higher sales and revenue for MSEs Agribusinesses in Kenya. Availability and affordability of agricultural inputs such as seeds, fertilizers and adoption of modern agricultural technologies have a positive contribution to boosting production and profitability. Additionally, adequate infrastructure for transportation, storage and processing of agricultural goods help to reduce post-harvest losses and ensures product quality.

HR capabilities involves the skills, knowledge, expertise, and attributes of the people who work within an organization (Alene, 2020). Moses and Sharma (2020) study found that organizations that hire individuals with the necessary skills and qualifications ensures that the workforce is well-equipped to contribute effectively to attaining its goals. Ismail (2018) study discovered that a skilled and motivated workforce, along with effective HR management practices, can contribute to increased productivity and overall business success. Therefore, MSEs that prioritize development of their human capital are better positioned to achieve sustainable growth and competitive advantage in their respective markets.

Engidaw (2021) study also outlined that managerial factors have a significant relationship with performance of MSEs in Ethiopia, whereas, workplace factors had no significant relationship with performance. It was also observed that shortage of female personnel could also have been a barrier to improved performance of MSEs. Thus, the study recommended that MSE CEOs and managers should increase the number of female employee and prepare training plans to improve their entrepreneurship and marketing skills.

Moreover, Alene (2020) study revealed that the education level, previous entrepreneurial experience and business training skills are key determinants of performance of women entrepreneurs in Ethiopia. Entrepreneurs possessing advanced educational qualifications are anticipated to make more effective decisions in management of their businesses, thus reducing the probability of failure. Consequently, prior entrepreneurial experience and tailored training programs provides business owners with expertise skills necessary to recognize and seize business opportunities. They also enable them to evaluate market shifts and master competitors' moves.

Ibrahim (2020) study also established that SMEs in Somalia employ about 80% of the labour force however, these SMEs do face challenges related to adequacy of resources and this makes it hard for them to own capabilities that would enhance their level of efficiency in its operations. As a result, most of these SMEs opt to outsource most of their logistic management practices so as to increase their overall performance. and meet their strategic objectives.

Based on the reviewed studies, it is clear that internal factors have a significant contribution on performance of small businesses not only in Somalia but also in countries like Philippines, Ethiopia, Kenya. However, the studies have also outlined that despite their efforts to improve their internal capabilities, most of these businesses do not have adequate resources that can effectively enhance the level of efficiency in all their operations. Therefore, this supports the need for this study to go ahead and examine how internal capabilities can influence performance of MSEs in Mogadishu, Somalia.

Conceptual Framework

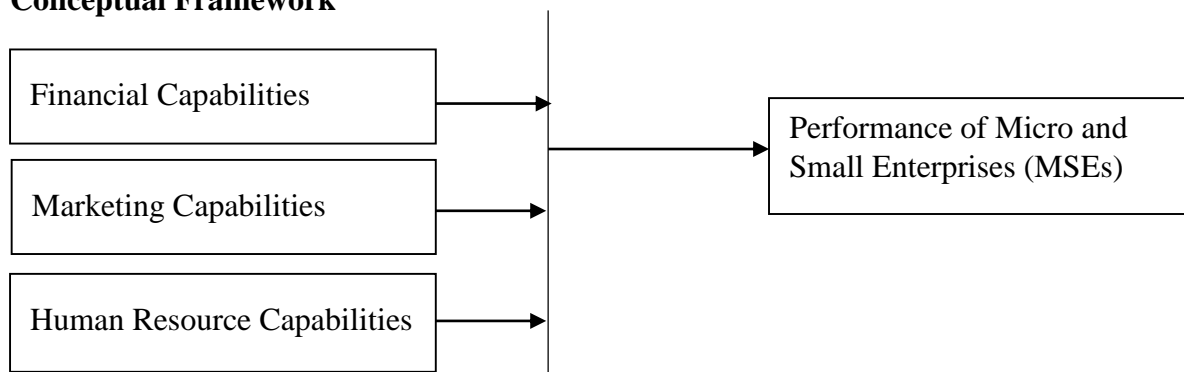


Figure 1: Conceptual Framework

METHODOLOGY

The research paper adopted a descriptive research design. The target population in this study was undefined given that the number of MSEs in Mogadishu, Somalia operate under no regulatory framework. Thus, the unit of analysis was the MSEs in Mogadishu while the unit of observation was the CEOs in the MSEs in Mogadishu. Moreover, the researcher used snowballing sampling techniques, where one MSEs was requested to introduce the researcher to another MSE until the sample size of 120 MSEs was reached. The research utilized a structured questionnaire that was used to collect primary data from the CEOs of the 120 MSEs in regards to internal capabilities and their performance. The collected data was then subjected to analysis using descriptive and inferential statistics. The researcher included statistical tools such as SPSS and MS Excel to provide a comprehensive description of the data. The findings were presented using tables.

RESULTS AND DISCUSSIONS

The results revealed that 59% of the respondents were male and the remaining 41% were female. The academic qualification results also showed that most of the respondents (37%) had diplomas, 33% had a bachelor's degree, 24% had a certificate and 6% had a master's degree. In addition, the business ownership results also revealed that 30.7% of the respondents owned their businesses for 11-15 years, 25% owned their business for 6-10 years, 20.5% owned for 15-20 years, 14.8% owned for 1-5 years and 9.1% owned for over 20 years.

Table 1: Descriptive Statistics for Financial Capabilities

Statements	Strongly disagree	Disagree	Moderately agree	Agree	Strongly agree	Mean	Std Dev
I use up-to-date accounting software to create and maintain business budgets.	4.55%	14.77%	22.73%	35.23%	22.73%	3.57	1.13
I oftenly review and update business budgets to reflect changes in business operations.	2.27%	9.09%	19.32%	46.59%	22.73%	3.78	0.98
I do thorough consultation to assess the feasibility of taking loans or credit for business expansion and investment purposes	6.82%	12.50%	26.14%	30.68%	23.86%	3.52	1.18
I employ effective debt management strategies to minimize the financial risks associated with debt obligations.	3.41%	10.23%	25.00%	40.91%	20.45%	3.65	1.03
I am aware of all the tax laws and regulations applicable to MSEs in Somalia	2.27%	6.82%	26.14%	37.50%	27.27%	3.81	0.99
I have managed to effectively comply to tax requirements pertaining to record keeping and timely tax filing.	9.09%	6.82%	27.27%	39.77%	17.05%	3.49	1.13
Overall Average						3.64	1.07

The results showed that 80.69% of the respondents agreed that they use up-to-date accounting software to create and maintain business budgets. Whereas, 19.32% disagreed with this statement. The findings also indicated that 88.64% of the respondents agreed that they oftenly review and update business budgets to reflect changes in business operations. In addition, 11.36% disagreed with the second statement. The results also disclosed that 80.68% of the respondents agreed that they do thorough consultation to assess the feasibility of taking loans or credit for business expansion and investment purposes. Consequently, 19.32% disagreed with the third statement.

The findings also outlined that 86.36% of the respondents agreed that they employ effective debt management strategies to minimize the financial risks associated with debt obligations. Whereas, 13.64% disagreed with the fourth statement. The results also highlighted that 90.91% of the respondents agreed that they are aware of all the tax laws and regulations applicable to MSEs in Somalia. Additionally, 9.09% disagreed with the fifth statement. The results also

found that 84.09% of the study participants agreed that they have managed to effectively comply to tax requirements pertaining to record keeping and timely tax filing. Whereas, 15.91% disagreed with the sixth statement. Moreover, the overall average of the responses was 3.64 which was greater than the expected mean of response in the five-point likert scale of 2.5. This implied that the highest percentage of the respondents are aware and employ the financial capabilities assessed by this research to influence performance of MSEs.

Table 2: Descriptive Statistics for Marketing Capabilities

Statements	Strongly disagree	Disagree	Moderately agree	Agree	Strongly agree	Mean	Std Dev
I conduct thorough market research to identify customer needs and preferences before introducing a new product or service.	7.95%	11.36%	19.32%	32.95%	28.41%	3.63	1.23
My employees utilize innovative skills to develop new products/services that meet the changing demands of our target market	4.55%	12.50%	29.55%	30.68%	22.73%	3.55	1.11
I invest in different digital marketing channels to promote our products and services.	4.55%	6.82%	25.00%	38.64%	25.00%	3.73	1.06
My employees utilize effective communication skills to engage and interact with our customers and enhance brand loyalty.	6.82%	14.77%	29.55%	20.45%	28.41%	3.49	1.24
I employ effective digital initiatives to timely address customer complaints or inquiries and ensure customer satisfaction	5.68%	9.09%	25.00%	36.36%	23.86%	3.64	1.12
My employees are consistent in following up with our customers so as to maintain long-term relationships and encourage business referrals	4.55%	10.23%	21.59%	36.36%	27.27%	3.72	1.11
Overall Average						3.63	1.15

The findings in table 2 highlighted that 80.68% of the respondents agreed that they conduct thorough market research to identify customer needs and preferences before introducing a new product or service. Consequently, 19.31% disagreed with this statement. The results also disclosed that 82.96% of the respondents agreed that their employees utilize innovative skills to develop new products/services that meet the changing demands of our target market. On the other hand, 17.05% disagreed with the second statement. The results also indicated that 88.64% of the respondents agreed that they invest in different digital marketing channels to promote our products and services. Additionally, 11.37% disagreed with the third statement.

The findings also outlined that 78.41% of the respondents agreed that their employees utilize effective communication skills to engage and interact with our customers and enhance brand loyalty. In addition, 21.59% disagreed with the fourth statement. The findings also showed that

85.22% of the respondents agreed with that they employ effective digital initiatives to timely address customer complaints or inquiries and ensure customer satisfaction. Consequently, 14.77% disagreed with the fifth statement. The results also found that 85.22% of the study participants agreed that their employees are consistent in following up with our customers so as to maintain long-term relationships. Whereas, 14.78% disagreed with the sixth statement. Furthermore, the overall average of these responses was 3.72 which was greater than 2.5. This meant that majority of the targeted participants are aware and utilize the marketing capabilities examined by this research to influence performance of MSEs.

Table 3: Descriptive Statistics for HR Capabilities

Statements	Strongly disagree	Disagree	Moderately agree	Agree	Strongly agree	Mean	Std Dev
I use recruitment channels to attract potential candidates and source for the required skills and competencies for a job position.	11.36%	14.77%	21.59%	31.82%	20.45%	3.35	1.28
I ensure the recruitment process is fair and unbiased to create a diverse and inclusive workforce	3.41%	6.82%	23.86%	36.36%	29.55%	3.82	1.05
I invest in training and career development programs to improve employees' skills and boost their job morale.	6.82%	6.82%	23.86%	36.36%	26.14%	3.68	1.14
I use the available performance indicators to recognize and reward employees for their contributions and achievements in the business	7.95%	10.23%	29.55%	30.68%	21.59%	3.48	1.17
I invest in inclusive talent acquisition strategies to identify and nurture employees' talents for critical roles within the business	9.09%	10.23%	26.14%	31.82%	22.73%	3.49	1.21
I invest in a positive work culture and work-life balance programs so as to retain valuable talent in the business	7.95%	12.50%	20.45%	31.82%	27.27%	3.58	1.24
Overall Average						3.57	1.18

The findings in Table 3 disclosed that 73.86% of the respondents agreed that they use recruitment channels to attract potential candidates and source for the required skills and competencies for a job position. Additionally, 26.13% disagreed with this statement. The results also revealed that 89.77% of the respondents agreed that they ensure the recruitment process is fair and unbiased to create a diverse and inclusive workforce. Whereas, 10.23% strongly disagreed with the second statement. The findings also disclosed that 86.36% of the respondents agreed that they invest in training and career development programs to improve employees' skills and boost their job morale. Consequently, 13.64% disagreed with the third statement.

The results also outlined that 81.82% of the respondents agreed that they use the available performance indicators to recognize and reward employees for their contributions to the business. In addition, 18.18% disagreed with the fourth statement. The findings also showed that 80.69% of the respondents agreed with that they invest in inclusive talent acquisition

strategies to identify and nurture employees' talents for critical roles within the business. Whereas, 19.32% disagreed with the fifth statement. The results also indicated that 79.54% of the study participants agreed that they invest in a positive work culture and work-life balance programs so as to retain valuable talent in the business. Additionally, 20.45% disagreed with the sixth statement. Moreover, the overall average of these responses was 3.57 which was greater than 2.5. This implied that most of the targeted participants are aware and utilize the HR capabilities examined by this research to influence performance of MSEs.

Table 4: Descriptive Statistics for Performance of MSEs

Statements	Strongly disagree	Disagree	Moderately agree	Agree	Strongly agree	Mean	Std Dev
The net profit of the business has increased in the past five years.	7.95%	11.36%	15.91%	37.50%	27.27%	3.65	1.22
The net profit of the business has exceeded the targeted net profit in the past five years.	6.82%	12.50%	17.05%	34.09%	29.55%	3.67	1.22
The customers base of the business has increased in the past five years.	4.55%	7.95%	15.91%	39.77%	31.82%	3.86	1.1
The customers base of the business has exceeded the targeted customer base in the past five years.	5.68%	9.09%	19.32%	34.09%	31.82%	3.77	1.16
Overall Average						3.74	1.18

The findings in Table 4 indicated that 80.68% of the respondents agreed that the net profit of their businesses had increased in the past five years. Whereas, 19.31% disagreed with this statement. The results also revealed that 80.69% of the respondents agreed that the net profit of their businesses had exceeded the targeted net profit in the past five years. In addition, 19.32% disagreed with the second statement. The findings also disclosed that 87.5% of the respondents agreed that the customers base of their businesses had increased in the past five years. Consequently, 12.5% disagreed with the third statement.

The results also outlined that 85.23% of the respondents agreed that the customers base of their businesses had exceeded the targeted customer base in the past five years. Additionally, 14.77% disagreed with the fourth statement. The overall mean of responses was 3.74 which was greater than 2.5. This showed that the highest percentage of the respondents agreed that the performance of their MSEs had improved.

Table 5: Correlation Results

Variables		Financial Capabilities	Marketing Capabilities	HR Capabilities	Performance
Financial Capabilities	Pearson Correlation	1	.731**	.638**	.535**
	Sig. (2-tailed)		0.000	0.000	0.000
Marketing Capabilities	Pearson Correlation	.731**	1	.655**	.431**
	Sig. (2-tailed)	0.000		0.000	0.000
HR Capabilities	Pearson Correlation	.638**	.655**	1	.442**
	Sig. (2-tailed)	0.000	0.000		0.000
Performance	Pearson Correlation	.535**	.431**	.442**	1
	Sig. (2-tailed)	0.000	0.000	0.000	

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

The correlation results indicated that financial capabilities had a positive and significant relationship with performance of MSEs ($r=0.535$, $p=0.000$). The findings also found that marketing capabilities had a positive and significant association with performance of MSEs ($r=0.431$, $p=0.000$). Similarly, HR capabilities and performance of MSEs were positively and significantly correlated ($r=0.442$, $p=0.000$). Therefore, according to these results, it is observed that the internal capabilities discussed have a positive contribution on performance of MSEs in Mogadishu, Somalia.

Regression Results

The regression analysis was conducted to determine the statistically significant influence of internal capabilities on performance of MSEs in Mogadishu, Somalia. The regression results comprised of the model fitness, Analysis of Variance (ANOVA) and regression coefficients

Table 6: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.551	0.304	0.279	0.56489

a Predictors: (Constant), HR capabilities, Financial Capabilities, Marketing Capabilities

The model fitness results highlighted that the coefficient of determination (R-square) was 0.551. This revealed that financial, marketing and HR capabilities explained 55.1% of the changes in performance of MSEs. It also implied that financial, marketing and HR capabilities are key determinants of performance of MSEs in Mogadishu, Somalia.

Table 7: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.695	3	3.898	12.217	0.000
	Residual	26.805	84	0.319		
	Total	38.5	87			

The ANOVA results outlined that the calculated F statistic of 12.217 was greater than the f-critical value 2.713 obtained, and the reported p-value of (0.000) was less than 0.05 significance level. This demonstrated that the overall model of regression was statistically significant and financial, marketing and HR capabilities were found to be good predictors of growth of performance of MSEs in Mogadishu, Somalia.

Table 8: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.584	0.372		4.262	0.000
	Financial Capabilities	0.547	0.093	0.535	5.878	0.000
	Marketing Capabilities	0.428	0.097	0.431	4.43	0.002
	HR Capabilities	0.415	0.091	0.442	4.569	0.001

a Dependent Variable: Performance

b Predictors: (Constant), HR capabilities, Financial Capabilities, Marketing Capabilities

The regression coefficients findings indicated that the Beta coefficient for financial capabilities was ($\beta=0.547$) and the reported $p=0.000$. This demonstrated that financial capabilities had a positive and significant influence on performance of MSEs in Mogadishu, Somalia. The Beta coefficient for marketing capabilities was also found to be ($\beta=0.428$) and the reported $p=0.002$. This meant that marketing capabilities also had a positive and significant influence on performance of MSEs in Mogadishu, Somalia. Moreover, the Beta coefficient for HR capabilities was also found to be ($\beta=0.415$) and the reported $p=0.001$. This implied that HR capabilities had a positive and significant influence on performance of MSEs in Mogadishu, Somalia.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

The findings revealed that financial, marketing and HR capabilities had a positive and significant influence on performance of MSEs in Mogadishu, Somalia. Where, financial capabilities ($\beta=0.547$) had the highest statistical influence, followed by marketing capabilities ($\beta=0.428$) and lastly HR capabilities ($\beta=0.415$). From the findings, the study concludes that financial, marketing and HR capabilities significantly influence on performance of MSEs in Mogadishu, Somalia.

The study recommended that owners of Micro and Small Enterprises (MSEs) prioritize investing in skill training and the recruitment of expert professionals to bolster the knowledge base and capabilities of their enterprises. It also emphasized the significance of adopting an integrated approach, ensuring that the internal capabilities are in harmony with the overarching business strategy for enhanced performance. Staying abreast with the latest trends and developments in key areas such as finance, marketing, and HR was underscored as essential

for maintaining competitiveness in evolving business landscapes. From a governmental perspective, there was a call to simplify regulatory processes, minimizing administrative hindrances and allowing MSE owners to channel their efforts towards capacity-building. Furthermore, the onus is on policymakers to design and implement policies that offer easier access to financial resources tailored for MSEs, including avenues like microfinance, grants, and concessional loans.

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