

EXPLORING TECHNOLOGY TRANSFER INTO SOMALIA BASED ON
THEORY OF DESTRUCTION

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I hereby confirm that I have examined this project paper entitled:

Exploring TT into Somalia based on Theory of Destruction

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DECLARATION

I declare that this thesis entitle “exploring TT into Somalia based on Theory of Destruction”

” is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

Signature :

Name :

Date :

DEDICATION

This Research Paper is dedicated

To my beloved family who have been my constant source of inspiration. They have given me the drive and discipline to tackle any task with enthusiasm and determination.

Without their love and support this project would not have been made possible.

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ABSTRACT

In the Era of technology, an effective TT becomes a competitive method in enhancing the development of the country to grab the right opportunity, enhance the economy, and achieve sustainable growth. Through the observation of the researcher, there weren't many researches about this issue. For that reason, this study conducted to explore the perception ease of use of technology in Somalia by using theory of destruction. The researcher was collected a total of 207 respondents from Hargeisa Somalia through online questionnaire distribution. The data analysis for the questionnaire was conducted by using IBM SPSS Statistics Version 20 in order to identify the relationship between the potential variables. The finding of the results provide as a reference to any aspect that would like to transfer or apply technology in Somali.

CHAPTER 1

INTRODUCTION

1.1 Background of the study

It is well known that TT represents a major role in the economic and industrial development of any country. It appears that developing nations and under developing countries can improve their production and efficiency levels through the procurement of practical knowledge and skills. The efficient transfer of technology allows such nations to utilize their natural and human resources effectively by input and output transformation through building up their technological abilities by importing and adopting foreign technology (Jafarieh, 2001).

It is addressed also that TT is vital strategic variable that should be assimilated into the country's development planning of any developing countries. As the experiences of some African countries during the past decades demonstrate, these countries could upgrade their productivity level, enhance the skills of their labor forces, and accelerate the process of industrialization through the adoption, adaptation, and absorption of imported technologies.

TT has identified high-productive techniques so in several cases motivated technical revolution in developing countries. The gaining of foreign Technology can also contribute to increase competitiveness in the domestic as well as the global markets for these countries. However, while the development of indigenous

Technology should be encouraged, TT can be considered as a vital process of industrialization for developing countries. In other words, industrialization is a process of acquiring technological capabilities in the direction of consistent technological change.

TT is an important alternative that should assist the upgrade of both economic development and international peace. Yet, the condition is not as simple as it looks. The absence of the skilled labor force is the main challenge. However, this resource is available in some countries in Africa, but a lot of them aren't. Social cultural, and political factors are also in some times inhibiting this transfer. Multinational organizations accelerate the technological transfer, though they create additional problems in some cases. Thus it's crucial to test all of these factors accurately to identify and determine effective strategy for technological and economic growth (Jafarieh, 2001).

Due to the current issues in Somalia, the private sectors could be an agent of change and filling the gap of the absence of central government technological activities for the last two and half decades. Entrepreneurs, business organizations and suppliers acquire significant power in Somalia because being the primary agents in the delivery of services that would normally be provided by government including education, power, water, and telecommunications made them gain the trust of the public and the awareness of their customers and that make the Somali people highly entrepreneurial ,on the other hand these whose came back from the abroad highlight and excitedly mention regarding to the “unlimited opportunities” and the important of transferring Technology into Somalia nowadays to conquer the poverty and achieve sustainable development and human capital (Jones, 1975)

United States Agency for International Development (USAID) is the partnership of Somali economic growth program and assist Somalian government in the form of economic growth and work side by side with the local government along with the private sectors, to stimulate economic growth and stabilization issue in Somaliland and Puntland(Stephen Hadley and Sharmarke Farah, 2014). (USAID) working nature featuring to enhance enabling environment to generate more productive employment and optimize the investment environment. This program launched in Somalian in April 2011 and expanded to Puntland middle of 2012 where

in June 2013 measured economic growth opportunities in south and central Somalia in order to set the future strategies of stabilizing issues supporting the economic growth by strengthen the livestock, agriculture and upgrade producing the energy.

Meanwhile, after USAID supplied wind farm in Hargeisa (the capital city of Somaliland) establishing local wind farms was the hotter topic among the entrepreneurs in Somaliland.

1.2 Problem Statement

Technological activities in Somalia still aren't full filling, despite steady growth is visible which make it a primary concern of the country's development in the research aspect and the business organizational sectors. Several attempts have been made to transfer technology however, the challenge is the mechanism of destructing the outdated technology and adaption process of the new technology.

Meanwhile, a large number of researches have been conducted for the barriers of development as general, or in TT specifically in order to determine the problems that faced by the entrepreneurs regarding to transfer technology into Somalia, nevertheless the critical challenge is the ability of Somalian people to accept the new technology and neglect the outdated one through the theory of destruction.

1.3 Research Question

The intend of this research questions is to figure out a better understanding of acceptance of the new Technology , obstacles of transferring it and influence of this Technology on the development in Somalia thus, it will demonstrate how this will be successful.

- i. What are the factors that influence the acceptance of new tech in Somalia?
- ii. What are the level of relationship between the independent variables and dependent variable by TT in Somalia?

What is the most factors that affect the perception ease use of TT?

1.4 Research Objectives

The main objective of this research is to explore, identify and analyse the factors and obstacles of destruction and acceptance of TT as these outcome blow demonstrates it.

1. To explore factors that influence the acceptance of new tech in Somalia (Descriptive statistic)
2. To identify the level of relationship between the independent variables and dependent variable by TT in Somalia.
3. To analyze the most factors that affect the perception ease use of TT.

1.5 Limitations of the research

The main limitation of this study is the inability to include some important variables, which seem related directly to the technological transfer, such as to what extent does the destruction process can be successful in both private and governmental sectors.

It will carry on the ability of Somalian person or user to adapt with the technology. However, the entire question of data collection suffers from finding a way to quantify the above aspects. In some instances, information from different sources show different figures for a specific Indicator.

1.6 Summary

TT from the developed countries to the developing countries in addition to the under developing countries is significant alternative that contribute to support the upgrade of both economic development as well as the sustainable growth. Through the theory of destruction, the out dated technology along with the acceptance of new one, it can be able to achieve successful Technological transfer into Somalia. In this Chapter the researcher has identifies the research problems and discusses the research questions in addition to the research objectives, thereby to analyze the destruction the outdated technology and acceptance of the new one is the target.

CHAPTER 2

LITERATE VIEW

2.0 Theory of destruction in technology transfer

Creative destruction in TT discussed the product and process of innovation mechanism by which new production units replaces outdated ones(Caballero, 2008).

Destroying something in order to rebuild something new and better is Schumpeter's ideology which led him to establish the theory of creative destruction. Although some individuals or markets will be in suffer as consequences of the destruction such as the markets that offer the out dated technology that needs to substitute. Nevertheless, the overall process replacing the old technology into the modern and latest, generates a lot of new opportunities that could be beneficial for any individual or business organizations that has affected negatively by the destruction process and they can be so rewarded by the new outcomes. However, one of the most vital experience of the capitalism is when the markets left alone do not provide any innovative products and replacement which inhibit technological and economic growth (Caballero, 2008).

The process of creative destruction over the long run, contribute more than 50 per cent of productivity growth. Readjustment typically declines during recessions at business cycle frequency and this add a major cost to declines. The practice of creative destruction can have pure short- and long-run of economic concerns. The concept of technological regimes describes the technological environment in which the enterprise functions (Caballero, 2008).

Technological changes as the key source of productivity growth. The technological organization classifies features of the learning process. The nature and sources of knowledge bases linked to the innovative process of the enterprise happening in the group of production. Activities such as the “entrepreneurial” which makes the innovative entrance easier while the “routine” one facilitates innovations of those indigenous to industry (Skare & Biberic, 2015).

The innovation role in TT is especially important to entrepreneurs. It implies the mechanism of moving from poor and less useful ideas to entirely revolution of change and develop base on the Technology that they transfer from the overseas, which is useful and beneficial to the society in the country. The notion of “creative destruction” linked to Schumpeter describes the paradoxical situation where the pacing of innovations in an economy is proportional to the pacing to which business subjects belonging to the same economy decline (Mayhew 1980). Schumpeter differentiates innovation in a general sense as an entrepreneurial innovation (Skare & Biberic, 2015).

According to Schumpeter, an entrepreneur gives contribution to an innovation not only by using other’s innovations, but introducing new ways of production, new products and new forms of organization. These innovations require the same level of knowledge and courage as the process of development, in general (Lee, 2002).

The obvious determinants of new Technology adoption are the benefits received by the user and the costs of adoption. In many cases these benefits are simply the difference in profits when the new Technology takes place. In the case of consumers, of course, the benefits are the increased utility from the new good, but

may also include such “non-economic” factors as the enjoyment of being the first on the block with a new good. However, students of the diffusion of Technology have highlighted other less obvious factors that may be no less important in the determination of the demand for new technologies. These are the availability of complementary skills and inputs, the strength of the relation to the firm’s customers, and the importance of network effects (Hall & Khan, 2002).

Technology for any reason is a tactical and strategic game. No one wants to give up Technology superiority, as this also relinquishes to the recipient economic and social superiority as well. So there should be no illusion regarding the strong vested interests in Technology denial/transfer (UNFCCC, n.d.).

Africa here must build key tactical skills – strategic skills should be mustered in the context of the first framework such as skills to analyze and appreciate the climate change and transfer of Technology rationale. They must understand why this is important to developing country partner, and they should be able to measure their gains or advantages.

The industrial processing in Somalia lately has been considered by changes manifested in the increase of significance and volume of production in technologically intensive activities (i.e. in industries of a low or lower technological level). Such changes express the need of undertaking activities to change the structure of the process industry of the republic of Somalia in the direction of raising the competition and the ability to import products with a higher added value, having in mind that Somalia is a poor and open developing economy which has to import goods if it wants to achieve economic growth and wealth.

2.1 The Technology destruction theory and Acceptance Model

The Technology destruction and acceptance model is crucial factor in Technology Transfer. The ideal measures users' behavioral intention to adopt and use the diversity of technological products. As determining actual Technology use is difficult, normally behavioral intention is used as a reliable predictor of actual use (Nichols, 2006). Hence, to maximize a system's usage, it needs to stimulate strong behavioral intentions to use the system. Behavioral intention is influenced by people's attitude towards using the Technology in this theory. At the meantime, two principles are effected by the attitudes towards the Technology which are perceived ease of use and perceived usefulness. Perceived usefulness is "the degree to which a person believes that using a particular Technology would enhance his or her job performance (Davis,1989) perceived ease of use, on the other hand, is defined as "the degree to which a person believes that using a particular system would be free of efforts. The social-processes determinants added to the model are the subjective norm, voluntariness, and image(Park, 2009)

2.2 Sources of Competitiveness and economic development

Economic growth relies on the buying power and market size in addition to other inter connecting range of investments, funds, and capital ventures. One of the major arguments about the poor countries is that they might never follow the development method of industrialized nations due their inability of attracting sufficient capital as development fuel cycle stated (Nurkse, 1953) who tested and pursued to figure out the brutal circle of the poverty in under developing nations. The economist from Norway Erik S. Reinert added advanced in detail Nurkse's method about the growth specified global modern dynamics (Caballero, 2008).

Information absence on the competitor's side give an entrepreneur its competitive advantage for engaging with bigger markets and also achieve monopoly status in particular markets, or market divisions for some time. On top of that it

permits the monopoly in the market for ordering high prices though, the products are outdated ones. In higher level financial development is neither flexible nor undeviating. Interchange of production peers, which generated through new values and knowledge, cause the repeating environment of socio-economic development and institutional alteration. These cycles are referred to as 'techno-economic models' (Freeman and Louçã, 2001).

Methods rise due to the massive investment in particular fundamentally latest discoveries of Scientifics and their commercialization attendant, in addition to the wide usage of matching technologies considered by rising production. Remarkable economic based forms in history, models stay for roughly half a century initially developing in a narrow technological scope, until it is provided several different opportunities by the Technology regarding of usage and became inexpensive in order to allowing nearly all industries to shortly rise outputs.

The durable techno-economic ideal, 1971 the phase of information and telecommunication technology, included discovery of the computer chip. There will be massive growth of the ICT and its clarifications for the next two decades and the search new technological solutions will remain.

That will reduce new answers and make productivity growth possible for instance, huge investments on TT and its adaption process, moreover the quick spread of knowledge and technologies particularly in the world of development indicates that the productivity, rising from a certain technology will not enhance boundlessly. As the Technology expands and As competition tightens its potential, output will decline in inverse proportion to the spread of Technology (Skare & Biberic, 2015).

Nevertheless, some progress in the telecommunications sector and public policy has observed in Somalia lately, the association among the scope of the country, and its possible consequences for financial growth, while the other sectors remain unclear. Despite the general conclusion of the notional literature is that the weaknesses of low economic balance any possible gains the argument of certain investigators states that there are no different from large states, hence the former

should receive the same political advice as further suitable sight appears being that minor and meager nation isn't just slighter forms of huge nations, but at the same time, the challenge of accepting the new Technology and neglecting the outdated ones is very hard and complicated for small and poor nations comparing to the large nations (Skare & Biberic, 2015) .

Mainly, procedures of evolution and globalization conveyed new imaginary and applied challenges in the TT agendas (Samuelson and Audretsch, 2004). The small countries get effected by these process in the form of economic development. For example, various slight shift of economic experience uneven economic growth at home despite their successes at export markets (Stiglitz and Godoy 2006; Stiglitz 2001; Piech and Radoševic 2006). New window will be opened by all of these consequences where small nations will be able to figure out and exploit technological windows of opportunity (Perez 2001).

2.3 Case Studies of Creative Destruction Technology in Africa

Since the middle of eighties, some African countries have implemented technological transfer in the economic segment change to a huge scope. This change was aimed at reforming and specifying control of state and World Bank operational alteration strategies (SAP), but were attended through supplementary strategies that made the entry and exit restrictions easier as well as interest and capital controls, the renovation of controlling and regulatory structures in the banking sector. Whereas the economic benefits of SAP generally continued to be debated among economic professionals (Nyantakyi, Sy, & Kayizzi-mugerwa, 2015).

The settlement of such policies in the financial sector, have led to the appearance of more effective private institutions of deposit-taking that are straight way directing economic resources into more productive parts, easing risk allocating and supporting private sector development. Even though Sub-Saharan Africa may delay behind much comparing to the rest of the world in the platform of technological revolution through creative destruction for instance, 66% of Sub-

Saharan Africa's people don't have bank accounts, a World Bank addressed, however a huge potential for Technology to be used to convey financial services to the societies that banks usually wouldn't trace due to high operating costs for a low profit return. Certainly, while the 2015 World Bank Findex reports found only 2% of population have account using mobile money worldwide.

Currently, there are undergoing programs by the international community toward the region, which include launching some international banks subsidiaries, but its known that banks will not be simply provided by regimes especially in Somalia as those resources simply don't exist, thus the more that people can work to bring up financial institutions through TT the better.

2.4 TT and Innovation System in South Africa

South Africa consider as moderate revenue emerging marketplace with a rich supply of natural resources and well-progression of monetary, legal, infrastructure, energy, and transportation typical interchange which is consider among the biggest in the world, latest communication supportive and effective distribution of goods to main town centers throughout the county. Technological transfer activities were dynamic from 2004 to 2008 as South Africa earned the welfare of macroeconomic constancy and a global supply, despite in the second half of 2008 the process started to slow down because of the world financial crisis influence on the prices of goods and services. Yet, unemployment still high and outdated structure appears growth. Major global TT cohorts of South Africa besides some African countries include the United States, Germany, China, Japan, Spain, and the United Kingdom. The main exporting commodities are corn, diamonds, fruits, gold, metals and minerals, sugar and wool.

More than one-third of the value of the country's imports involved in Technology and transport machinery. High and sustained growth is among the most important goals of South African policy makers by importing chemicals, manufactured goods, and petroleum. The most important factors in economic growth and competitiveness is new knowledge, innovation and technical change where there is no doubt of the significant of TT. To produce product and process innovations that are competitive on the global market and Technology policy is usually coupled to

market failure, i.e. market will fail to provide sufficient resources to R&D, hence the policy issue is to foster technological advance and harness it. Social return to R&D exceeds the private return, since R&D has characteristics of a public good. There are essentially two forms of failure in the market that procedures purpose to resolve Firstly, limitations in the monetary market (usually because of the informational irregularities), and also market failures increasing from knowledge rollovers innovation results are highly unclear and it is essentially composite by nature, on the other hand Innovation procedure objects to accomplish the timidity and ruthless deficits in the companies or their operating environment.

It is obvious that innovation performance effects the characteristics of innovation system. The public support instrument cannot consist of a single set of activities as the evidence shown. In a similar way as innovation is complex process, the support system is characterized by density their id different organizations with different function and objective that should, however, operate in a corresponding mode in order to achieve a model of accepting Technology and destruct the outdated ones.

2.5 Somalian Government and Regulation toward Technology Transfer

The government rules and procedures can have a powerful impact on the adoption of technology, frequently through the capability of a government to sponsor a Technology through network possessions. Measures toward the economic could affect similar to market structure, hence the impact of rules is regularly to exclude entrance and award equally representatives in enormous market shares, decreasing inducements for reducing costs of innovation yet, in various matters rising the advantages from innovation because of to the slight amount of companies in the marketplace.

Although there are issues on TT against the Somalian government due to the low and steady encouragements from them to enhance this sector. Many practical studies in the healthcare sector emphasized the regulation role in the diffusion sector

(Hall & Khan, 2002). The influence of the delivery of health insurance on the adoption of new medical procedures in which by providing repayment for the usage of advanced and costly procedures as a substantial insurance system usually accepts adoption of new methods and techniques of treatment (Hall & Khan, 2002).

2.5.1 Rules and regulations toward TT

It is acknowledged for the Somalian government to relax and fully control in monopoly way its commands on import rules where sustain the payments and stabilize necessary on the Technology Transfer. Due to the strict import policy might make it difficult to import and transfer new Technology into the nation, therefore entrepreneurs sever from strict obligations, high tax and tariffs during transferring the technological products where New technologies often challenge current legal systems in modern methods and substitute the growth of the law (Stephen Hadley and Sharmarke Farah, 2014).

2.5.2 Corruption and TT

Corruption is a major barrier in transferring technology. It increases the cost of contracts, projects and technological transactions, it limits the nation's income due to the manipulation of the tax and tariffs on Tech products.

Any region and social environment dominated by corruption leads into an ignorance of the quality and professionalism where it will be harmful to society and the economy. Thus, it will undermine the rule of law, which makes it easier to conduct transactions and contracts that has not justified economically. If the lay public tenders not on who provides the best service at the price the most appropriate, but on who pays the most tempting bribes. There are several studies and research included many countries has proven that as corruption increases, the lower national income and development.

Corruption of the negative impact on economic development, and Technology Transfer. These organizations have had to take action and to make efforts to reduce the spread of corruption and connect the granting of loans and make investments to take effective action by States concerned to curb corruption.

A notable feature of the Somalian economy, which needs special attention regarding to the corruption, relying mainly on the renter income-strong oil revenues and financial surpluses in the public sector foreign remittance institutions. It rentier income properties that result from owning state sources of this income and devolves to the public treasury, or for some of the ruling classes, automatically and without the consent or cooperation of other parties in the community, as is the case in the income tax, and therefore does not pass in being accountable channels. Fmazation product of the complexity of state agreements with third parties away from transparency and public scrutiny, especially with the presence of family and authoritarian regimes in many Arab countries. Thus, the ownership of the rentier returns and disposition become an important element in strengthening the power system and enable it to allocate huge sums to protect itself and to perpetuate his rule.

There is no doubt that such a situation is the lack of transparency and accountability spaces between the ruler and the ruled and justified doubts about the legitimacy of the government and weakens state institutions and lead to the spread of corruption and more repression and restrictions on public freedoms and human rights.

Corruption is may not be the only reason for the failure Somalian economic growth in spite of the enormous potential, but in view of the wide spread in all walks of life is the most important obstacles.