Research Square

Preprints are preliminary reports that have not undergone peer review.
They should not be considered conclusive, used to inform clinical practice,
or referenced by the media as validated information.

The Role of Entrepreneurship Development in Reducing Poverty in Post-Conflict Settings: Evidence from Mogadishu, Somalia

Abdullahi Hussein Sharif
SIMAD University
Abdulkadir Abdullahi Sharif
SIMAD University
Abdulkadir Mohamed Abdullahi
SIMAD University
Ahmed Mohamed Hussein Enow
ahmedmxeenow@gmail.com

SIMAD University

Research Article

Keywords: Poverty reduction, entrepreneurship development, job creation, income generation, Mogadishu, Somalia

Posted Date: July 7th, 2026

DOI: https://doi.org/10.21203/rs.3.rs-10138972/v1

License: This work is licensed under a Creative Commons Attribution 4.0 International License.
Read Full License

Additional Declarations: No competing interests reported.

The Role of Entrepreneurship Development in Reducing Poverty in Post-Conflict Settings: Evidence from Mogadishu, Somalia

Abstract:

Entrepreneurship is widely recognized as a key driver of economic growth, employment creation, and social development, particularly in developing and post-conflict contexts. This study examines the impact of entrepreneurial development on poverty reduction in Mogadishu, Somalia, with a specific focus on the differential effects of small and medium-sized entrepreneurship. The study employs a quantitative research design, utilizing a convenience sampling technique. Data were collected from 92 respondents, comprising owners of small and medium-sized enterprises (SMEs) and aspiring entrepreneurs, through structured questionnaires. The data were analyzed using SmartPLS to assess both the measurement model and the structural equation model. The results reveal a significant positive relationship between the development of medium-sized entrepreneurship and poverty reduction, indicating the crucial role of medium-sized enterprises in generating employment and enhancing income levels. However, the development of small entrepreneurship did not show a statistically significant effect on poverty reduction. These findings suggest that medium-sized enterprises have a greater capacity to contribute to sustainable poverty reduction in the study context. This study contributes empirical evidence from Somalia, a fragile and under-researched context, by distinguishing between the poverty-reduction effects of small and medium-sized enterprises. The findings offer valuable insights for policymakers and development practitioners seeking to design targeted SME-support interventions to alleviate poverty.

Keywords*:* Poverty reduction, entrepreneurship development, job creation, income generation, Mogadishu, Somalia

1. Introduction

Entrepreneurship has increasingly been positioned as a central policy instrument for poverty reduction, employment creation, and inclusive economic growth, particularly in developing and post-conflict economies. Micro, small, and medium-sized enterprises (MSMEs) are often portrayed as engines of livelihood generation, social mobility, and economic resilience, especially where formal labor markets remain weak or exclusionary (Abisuga-Oyekunle et al., 2020; Sutter et al., 2019). In sub-Saharan Africa and fragile states, entrepreneurship is frequently promoted not only as an economic strategy but also as a social response to structural unemployment, institutional fragility, and multidimensional poverty (Ajide & Dada, 2023; Hashim & Gaddefors, 2023).

However, recent studies increasingly challenge the assumption that entrepreneurship uniformly translates into poverty alleviation. While empirical evidence suggests that SMEs can contribute to income generation and employment, the magnitude, sustainability, and inclusiveness of these outcomes remain contested (Alvarez & Barney, 2014; Arasti & Mohammadkazemi, 2020) A growing body of literature argues that much entrepreneurial activity in low-income contexts is necessity-driven, informal, and survival-oriented, offering limited potential for long-term poverty exit or structural transformation (Goel & Karri, 2020; Morris et al., 2020). This critique is particularly salient in post-conflict and institutionally weak environments, where entrepreneurs face severe constraints related to finance, infrastructure, governance, and market access (Agwu & Emeti, 2014; Kunle, 2022).

The COVID-19 pandemic has further complicated the role of entrepreneurship in developing economies. Rather than serving as a straightforward pathway to resilience, many small enterprises experienced heightened vulnerability, business closures, and income shocks, exposing the precarious foundations upon which much informal entrepreneurship rests (Abdelkafi & Refas, 2021; Owenvbiugie & Edokpolor, 2021). This has prompted renewed debate on whether entrepreneurship represents a solution to poverty or merely a coping mechanism that shifts economic risk from the state to individuals (Cumming et al., 2021; Morris & Tucker, 2021). Consequently, recent studies call for a more differentiated understanding of entrepreneurship, one that distinguishes between enterprise size, growth orientation, institutional embeddedness, and innovation capacity (Soluk et al., 2021; Sutter et al., 2019).

Within this evolving discourse, increasing attention has been given to the heterogeneity of the MSME sector. Evidence suggests that medium-sized enterprises, growth-oriented firms, and innovation-driven ventures are more likely to generate stable employment and income gains than micro and subsistence enterprises (Andaregie et al., 2022; Gherghina et al., 2020). Conversely, microenterprises often remain trapped in low-productivity equilibria, limiting their poverty-reducing impact despite widespread prevalence (Ayalu et al., 2023; Liedholm & Mead, 2013). These findings underscore the importance of moving beyond aggregate SME analysis toward more nuanced, context-specific examinations.

In Somalia, and particularly in Mogadishu, entrepreneurship has emerged as a dominant livelihood strategy amid prolonged conflict, weak state institutions, and limited formal employment opportunities. While existing studies provide evidence that small entrepreneurship contributes to income generation and poverty alleviation (Abdullahi et al., 2021), there remains limited empirical differentiation between small and medium enterprises and their respective development impacts. Moreover, the post-COVID context, coupled with ongoing institutional constraints, raises critical questions regarding the sustainability and scalability of entrepreneurship-led poverty reduction strategies (N. Ahmed & Kim, 2020; Daka & Siad, 2022).

Against this backdrop, this study critically examines the role of entrepreneurship in poverty alleviation in Mogadishu, Somalia, with particular emphasis on distinguishing the effects of small versus medium-sized enterprises. By integrating recent theoretical debates and post-pandemic realities, the study seeks to contribute empirically grounded, context-sensitive insights into when, how, and for whom entrepreneurship can function as an effective pathway out of poverty in fragile and developing economies.

2. Literature Review

2.1 Entrepreneurship and Poverty Reduction: Conceptual and Empirical Debates

Entrepreneurship has long been promoted as a mechanism for poverty reduction through employment creation, income generation, and economic inclusion, particularly in developing and fragile economies (Bruton et al., 2013; Sutter et al., 2019). MSMEs are often viewed as catalysts for inclusive growth because of their capacity to absorb labor, foster local value chains, and operate

in contexts where large firms are absent (Abisuga-Oyekunle et al., 2020; Gherghina et al., 2020). However, the relationship between entrepreneurship and poverty reduction is neither linear nor uniform, and recent literature emphasizes the need to disaggregate entrepreneurship by firm size, growth orientation, and institutional context (Alvarez & Barney, 2014; Arasti & Mohammadkazemi, 2020).

Empirical studies across Africa and Asia demonstrate mixed outcomes. While some research finds a positive association between entrepreneurship and poverty alleviation (Ajide & Dada, 2023; Tekola & Gidey, 2019), others argue that much entrepreneurial activity in low-income settings is necessity-driven, informal, and characterized by low productivity, limiting its poverty-reducing potential (Hashim & Gaddefors, 2023; Morris & Tucker, 2021). This divergence suggests that the poverty impact of entrepreneurship depends critically on enterprise size and growth capacity, a distinction that underpins the hypotheses of the present study.

2.2 Small Entrepreneurship Development and Poverty Reduction (H1)

Small entrepreneurship, particularly micro and small enterprises, dominates the economic landscape of developing countries and is frequently associated with self-employment and subsistence income generation (Liedholm & Mead, 2013; Tambunan, 2019). Numerous studies report that small enterprises contribute to household income stabilization and short-term poverty mitigation by providing livelihoods to marginalized populations (Ayalu et al., 2023; Geremewe, 2018). In Somalia, (Abdullahi et al., 2021) found that small entrepreneurship plays a role in income generation and basic poverty alleviation, especially in the absence of formal employment opportunities.

However, a growing body of critical literature questions the extent to which small entrepreneurship leads to sustainable poverty reduction. Several studies highlight that small enterprises often operate under severe constraints, including limited access to finance, weak managerial capacity, low technological adoption, and poor market integration (Agwu & Emeti, 2014; Atiase & Botchie, 2018; Kunle, 2022). These constraints frequently trap small entrepreneurs in low-return activities, resulting in what Morris et al., (2020) describe as “poverty-preserving entrepreneurship.”

Moreover, post-COVID evidence suggests that small enterprises are particularly vulnerable to economic shocks, with many experiencing business closures or income losses, thereby undermining their poverty-reducing role (Abdelkafi & Refas, 2021; Owenvbiugie & Edokpolor, 2021). Meta-analytical and systematic reviews further caution that while small entrepreneurship may alleviate extreme deprivation, it rarely facilitates upward mobility or long-term poverty exit without supportive institutional frameworks (Arasti & Mohammadkazemi, 2020; Chliova et al., 2015). These findings imply that the relationship between small entrepreneurship development and poverty reduction may be weak, conditional, or context-dependent, warranting empirical re-examination as proposed in H1.

2.3 Medium Entrepreneurship Development and Poverty Reduction (H2)

In contrast, medium-sized enterprises are increasingly recognized as more effective drivers of poverty reduction due to their higher productivity, greater employment capacity, and stronger integration into formal markets (Gherghina et al., 2020; Južnik Rotar et al., 2019). Studies across Africa, Asia, and Europe consistently show that medium enterprises generate more stable jobs, offer better wages, and contribute more substantially to GDP growth than micro and small firms (Hossin et al., 2022; Tekola & Gidey, 2019).

Empirical evidence indicates that medium enterprises are better positioned to benefit from economies of scale, access formal finance, adopt innovation, and withstand economic shocks (Ahmad et al., 2020; Tülüce & Doğan, 2014). These characteristics enhance their capacity to generate sustained income and employment effects, which are central to durable poverty reduction (Islam, 2016; Tiwari et al., 2013). In developing and post-conflict contexts, medium enterprises often act as anchors within local economies, stimulating supply chains and creating multiplier effects that extend beyond direct employment (Daka & Siad, 2022; Nyello et al., 2015).

Recent scholarship further suggests that medium entrepreneurship aligns more closely with opportunity-driven entrepreneurship, which Alvarez & Barney, (2014) argue that it has greater poverty-alleviating potential than necessity-driven ventures. Post-COVID analyses reinforce this distinction, showing that medium-sized firms exhibited greater resilience and adaptive capacity compared to smaller enterprises (Abdelkafi & Refas, 2021; Soluk et al., 2021). Consequently,

several authors advocate policy shifts away from indiscriminate support for microenterprises toward targeted strategies that enable firm growth and graduation into medium-scale operations (Nor, 2024; Sutter et al., 2019).

Despite these insights, empirical evidence from fragile states such as Somalia remains limited. Existing studies often aggregate MSMEs, obscuring the differential impacts of enterprise size on poverty outcomes (Abdullahi et al., 2021). This gap justifies the formulation of H2, which posits a significant relationship between medium entrepreneurship development and poverty reduction.

Overall, the literature reveals a nuanced and contested relationship between entrepreneurship and poverty reduction. While small entrepreneurship may offer short-term income support, its capacity to drive sustained poverty reduction appears limited without structural transformation and institutional support. In contrast, medium entrepreneurship demonstrates stronger and more consistent poverty-reducing effects through stable employment, productivity gains, and economic spillovers. However, empirical evidence distinguishing these effects in post-conflict and low-income contexts remains scarce. Addressing this gap, the present study empirically tests H1 and H2 within the context of Mogadishu, Somalia, contributing to a more differentiated understanding of entrepreneurship-led poverty reduction.

3. Research methodology:

3.1 Research design

This study aims to evaluate the impact of entrepreneurship development on poverty reduction in Mogadishu, Somalia. A convenience sampling method was employed to gather data from a sample size of 92 respondents, comprising SME business owners. The research adopted a quantitative approach, utilizing structured questionnaires to collect data. The Convenience sampling was selected for its ability to quickly and efficiently gather data from readily available respondents (Mweshi & Sakyi, 2020). The sample consisted of 92 individuals, including: SME business owners and Aspiring entrepreneurs. Data were collected using structured questionnaires designed to capture relevant information (Mweshi & Sakyi, 2020), on entrepreneurship activities and their impact on poverty reduction.

3.2 Questionnaire design

The questionnaire was adapted and modified from instruments used in previous studies found in the literature (Abdullahi et al., 2021; Nor, 2024). It explored key aspects such as the role of SMEs in generating employment, increasing income, and reducing overall poverty. The researchers employed a two-stage process to validate the survey instrument before distributing it to the respondents, ensuring the items were easily understood and suitable to measure the variables (Kareem et al., 2019). First, they consulted academic experts in the field (Ahamad & Ariffin, 2018). Secondly, they conducted a pilot study to identify potential issues that could impact the quality and validity of the findings, by exploring, examining, refining, and evaluating the measurement tools and procedures (Kareem et al., 2019).

3.3 Data Analysis

The data collected were analyzed using Smart PLS to test the structural equation model and the measurement model. Smart PLS was selected as it would readily demonstrate whether entrepreneurial practices could address the issue of poverty (Popoola et al., 2018). This analysis encompassed the following steps: Evaluation of the Measurement Model, which entailed assessing the reliability and validity of the constructs employed in the model. Composite reliability and Cronbach's alpha were calculated to ascertain internal consistency. Convergent validity was assessed utilizing Average Variance Extracted, while discriminant validity was determined through the Fornell-Larcker criterion and examination of cross-loadings (Tran et al., 2020). Assessment of the Structural Model involved examining the hypothesized relationships between entrepreneurship development and poverty reduction. Path coefficients, t-values, and p-values were calculated to determine the significance of these relationships. The coefficient of determination was used to evaluate the model's explanatory power (M. Y. Ahmed et al., 2023).

3.4 Research Model

This research used quantitative methodology. A structural equation model was employed to examine the relationship between small and medium enterprises and poverty reduction. The focus of the study was on entrepreneurs' perceptions of their entrepreneurial activities and their influence on poverty reduction. See figure 1.

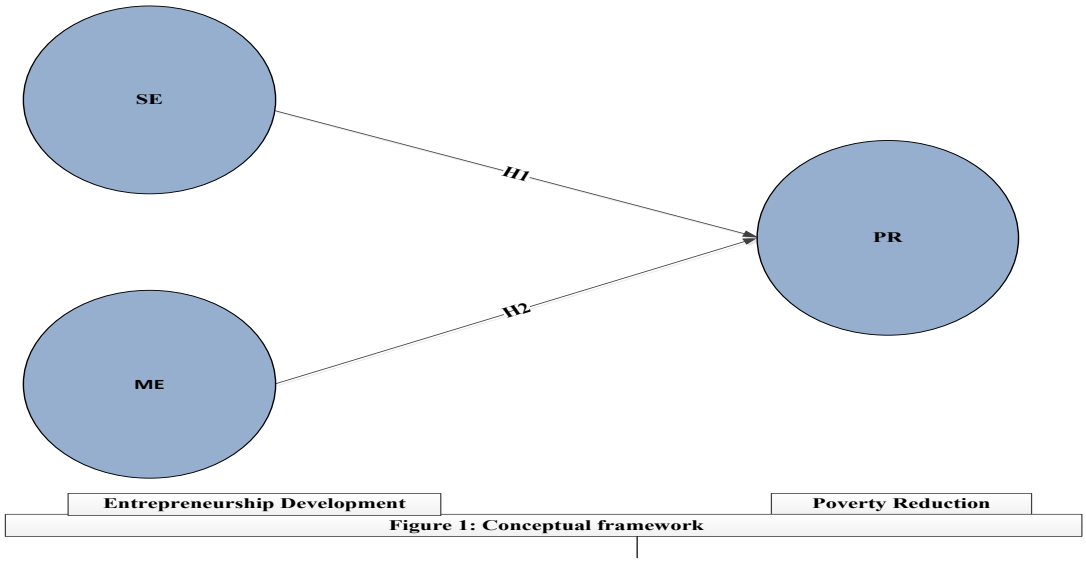


Figure 1. Research model. Source: by authors

The research model presented in Figure 1 is based on the study's objectives, hypotheses, and the existing literature (Abisuga-Oyekunle et al., 2020; Liedholm & Mead, 2013; Oyelana et al., 2015). The research model predicts the testing of two hypotheses, which are outlined in Table 1.

Table 1: Hypothesis tested in the study.

H1 Small entrepreneurship development has a significant relationship with poverty reduction
H2 Medium entrepreneurship development has a significant relationship with poverty reduction

4 Findings of the study

4.1 Demographic information

As shown in Table 2, the respondents were predominantly male (71%), with females representing 29%, reflecting a gender imbalance likely influenced by prevailing social norms. Most respondents were young adults, with 51% aged 22–26 and 32% aged 27–31. The sample was relatively well educated, as the majority held a bachelor's degree (66.30%) or postgraduate qualification (28.30%). Most participants were unmarried (79.30%) and had limited business experience, with 83.70% reporting 0–5 years of experience. Finally, 46.70% of respondents were business owners,

while 53.30% were employees, indicating representation from both entrepreneurial and employed groups.

Table 2: Demographic Information

Characteristics	Frequency	Percentage
Gender Male	65	71%
Female	27	29%
Age (17- 21 years old)	10	11%
(22-26 year old)	47	51%
(27-31 year old)	29	32%
(32-36 year old).	6	6%
Education Primary	2	2.20%
Secondary	3	3.30%
Bachelor's	61	66.30%
Postgraduate	27	28.30%
Marital status Single	73	79.30%
Married	19	20.70%
Business experience 0-5 years	77	83.70%
6-10 years	13	14.10%
11-15 years	2	2.20%
Business ownership Owner	43	46.70%
Employee	49	53.30%

4.2 **Assessment of the Measurement Model**

A confirmatory factor analysis was conducted in SmartPLS4 to assess the psychometric qualities of the instruments. During the assessment, values for "composite reliability (CR)" and "Cronbach's α" were collected to determine the reliability of the questions across all constructs. Based on Cronbach's α and composite reliability (CR) values greater than 0.70, Table 3 presents a comprehensive overview of all reflective measures. Furthermore, the data indicated that factor loadings greater than 0.70 were present in every item used to examine the variables. Similarly, the "average variance extracted (AVE)" for the latent variables was greater than 0.50 for each study variable, as shown in both Table 3.

Table 3: Factor loadings, Reliability, and Validity

Constructs	Factor loadings	CR	AVE	Cronbach's α
Medium Entrepreneur				
ME1	0.856	0.912	0.720	0.903
ME2	0.894			
ME3	0.837			
ME4	0.808			
ME5	0.845			
Poverty Reduction				
PR1	0.893	0.937	0.758	0.936
PR2	0.851			
PR3	0.858			
PR4	0.887			
PR5	0.858			
PR6	0.873			
Small Entrepreneur				
SE1	0.916	0.879	0.785	0.863

SE2	0.861
SE3	0.879

NB: CR: composite reliability; AVE: average variance extracted.

To determine whether or not the research was discriminantly valid, the authors utilized the Fornel-Larcker criterion. There is a comparison made between the AVE root square and each inter-construct correlation. According to Fornell & Larcker, (1981) for a concept to be able to pass the discriminant validity test of the model, its average variance extracted (AVE) must be higher than its squared correlation with any other construct. The criteria for selecting the discriminant validity approach in this study are demonstrated in Table 4, which indicates that the Fornell-Larcker conditions are met and that there are no cross-loadings surpassing the corresponding factor loadings.

Table 4: Inter-construct correlation (Fornell-Larcker Criterion)

Construct	ME	PR	SE
ME	**0.848**		
PR	0.786	**0.870**	
SE	0.791	0.655	**0.886**

NB: Bold refers to the AVE square root.

Researchers have indicated that the Heterotrait-Monotrait ratio is the most reliable measure for assessing discriminant validity when utilizing SmartPLS4 (Henseler et al., 2015). The analysis presented in Table 5 shows that the HTMT values for the entire model examined in this study were below the recommended threshold of 0.9, suggesting adequate discriminant validity.

Table 5: Heterotrait-Monotrait Ratio (HTMT)

Construct	ME	PR	SE

ME		
PR	0.845	
SE	0.888	0.722

Source: process done by the author from PLS-SEM.

Assessment of the Structural Model

The researchers employed the Bootstrapping technique to analyze the structural pathways, using 5,000 sub-samples to assess the hypothesized connections. Various statistical measures, including the ß-coefficient, the t-value, and the p-value, were considered to validate the hypothesized associations. Additionally, the coefficient of determination was utilized throughout the entire procedure to determine the overall fitness of the model. As can be seen in Figure 2, the independent variables, namely small entrepreneurship development and medium entrepreneurship development, account for 62.1% of the variation in poverty reduction (R^2 = 0.621). The results of the study's path analysis, presented in Table 6, indicate that medium entrepreneurship development has a significant positive relationship with poverty reduction (β = 0.716, p = 0.000). In contrast, small entrepreneurship development does not show a significant relationship with poverty reduction (β = 0.089, p = 0.299).

Table 6: Hypothesis Testing Results

Hypotheses	Relationship	Beta (β)	STDEV	t-value	p-values	Findings
H_1	ME > PR	0.716	0.090	7.962	0.000	Accepted.
H_2	SE > PR	0.089	0.086	1.039	0.299	Rejected.

Source: process done by the author from PLS-SEM.

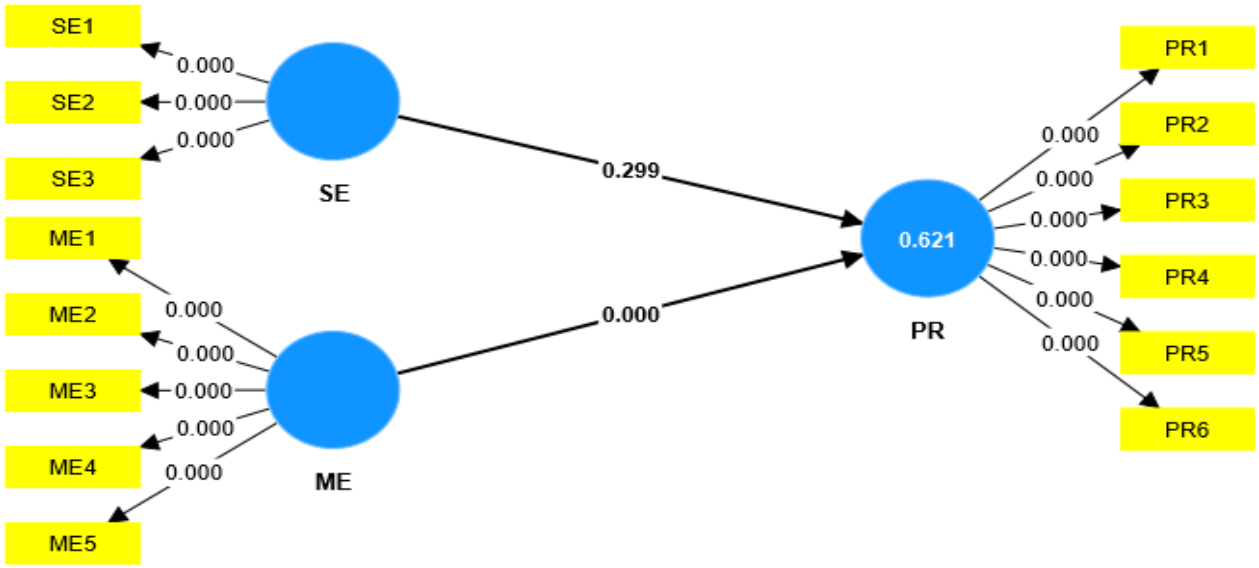


Figure 2 Structural Model

Discussion and conclusions

Entrepreneurship development is widely recognized as the backbone of numerous economies, both in developed and developing nations, and plays a pivotal role in poverty alleviation initiatives. Nevertheless, the informal nature and lack of comprehensive economic measurement of these enterprises in Sub-Saharan Africa pose challenges in fully assessing their impact (Idam, 2014). This study investigated two primary objectives: the role of small-entrepreneurship development in poverty reduction in Mogadishu, Somalia, and the relationship between medium-entrepreneurship development and poverty reduction. The findings suggest that small entrepreneurship development does not demonstrate a significant relationship with poverty alleviation in Mogadishu, which aligns with several findings reported in the literature. Research studies by Abdelkafi & Refas, (2021); Owenvbiugie & Edokpolor,(2021) have found that the growth of small entrepreneurs, while contributing to employment creation, often has a limited impact on poverty alleviation.

In Nigeria, the jobs generated by small entrepreneurs were frequently low-paid and unstable, limiting their influence on reducing poverty(Agwu & Emeti, 2014). Similarly, in Ghana, small entrepreneurs faced challenges such as limited access to finance, skills training, and business development support, hindering their ability to achieve long-term sustainability and constraining their potential to alleviate poverty(Atiase & Botchie, 2018). Studies in Pakistan revealed that the majority of small entrepreneurs operate in the informal sector, experiencing organizational,

managerial, and financial limitations that lead to persistent poverty and inequality despite the growth of small businesses (Ahmad et al., 2020). Likewise, in Indonesia, the increasing number of small entrepreneurs has had a limited contribution to poverty reduction, as they continue to confront various problems and barriers affecting their competitiveness and capacity to generate sustainable livelihoods.

Previous research has suggested that while entrepreneurs can contribute to the overall social welfare of a community, they may not have a significant impact on economic development(Ghani et al., 2017). Small-scale entrepreneurship can provide opportunities for social mobility and potentially alleviate extreme poverty, but only if it is properly maintained, improved, and invested in (Meshack et al., 2022). The findings indicate that small entrepreneurship development did not significantly relate to poverty reduction in Mogadishu, Somalia. This suggests that simply establishing small businesses may be insufficient to achieve goals such as industrial growth, job creation, wealth generation, poverty alleviation, community empowerment, inclusive development, and innovation (Cumming et al., 2021).

Nonetheless, the Somali business environment exhibits significant deficiencies, stemming from an inadequate conceptually inclusive policy framework and the lack of direct and tangible pro-poor innovation policy mechanisms (Kunle, 2022). These factors have hindered the ability of small entrepreneurs to make a substantial contribution to poverty alleviation in the region. Lack of business skills, access to capital, and effective marketing are additional key challenges faced by small business owners, which have increased poverty levels and crime rates due to business deterioration (Mokayode et al., 2016). The findings of this study indicate that while small entrepreneurship development has the potential to alleviate poverty, realizing this potential heavily depends on the presence of a conducive policy environment, access to resources, an adequate skills base, and effective support systems for small business owners.

In contrast, while small entrepreneurship development in Mogadishu has not significantly impacted poverty reduction, a significant relationship exists between medium entrepreneurship development and poverty reduction. Medium-sized enterprises often have greater access to capital, technology, and skills, enabling them to achieve higher levels of productivity and expansion. This suggests that policies and programs aimed at fostering the growth and expansion of medium-sized

enterprises through initiatives such as access to financing, business training, and infrastructure development can lead to a broader economic growth poverty reduction. This result is consistent with previous research that suggests medium entrepreneurship development is significant to achieve economic growth, job creation, and poverty alleviation. For instance, the case of Bangladesh illustrates how the growth of the ready-made garment industry, dominated by SMEs, has been a major driver of economic development and poverty reduction in the country (Hossin et al., 2022). Likewise, small and medium-sized enterprises in India employ a substantial workforce of approximately 60 million individuals, and they account for a significant share of the nation's manufacturing output and exports. These SMEs represent nearly 90% of the country's industrial units and contribute approximately 40% of the overall value added in the manufacturing sector (Das & Das, 2014).

Furthermore, research conducted in the United States by Audretsch and Thurik has found that the development of SMEs has been a key catalyst for employment generation and economic growth, leading to a positive impact on reducing poverty levels in various communities (Abisuga-Oyekunle et al., 2020). Likewise, a study in the United Kingdom by Blackburn and Smallbone has demonstrated that the growth of SMEs has been instrumental in creating job opportunities, improving the standard of living, and reducing poverty in different regions of the country (Ajide & Dada, 2023). Medium-sized businesses have traditionally played a significant role in the economic growth of both developed and developing nations, as they are better positioned to provide primary and secondary sources of income and alleviate high levels of poverty, particularly in developing regions (Gherghina et al., 2020).

Policymakers and development practitioners in Mogadishu should therefore focus on implementing initiatives that support the growth and scaling up of SMEs. This could include measures such as improving access to financing, providing targeted business training and mentorship programs, and investing in infrastructure development to facilitate the expansion of small and medium-sized businesses. By fostering the development of the entrepreneurship sector, Mogadishu can unlock greater economic potential and contribute to sustainable poverty reduction. Specifically, supporting the growth and expansion of medium-sized enterprises through initiatives such as access to financing, business training, and infrastructure development can lead to the

creation of more job opportunities, increased productivity, and broader economic growth - all of which can contribute to reducing poverty and improving overall living standards in communities.

The findings of this study suggest that promoting the development of medium-sized enterprises may be a more effective strategy for achieving sustainable poverty reduction in Mogadishu, compared to the common focus on micro, small, and medium enterprises. However, the research was limited to Mogadishu and the participants were from the local municipality, which may restrict the broader application of the findings of the study. Additionally, entrepreneurs in Mogadishu face numerous challenges, like those encountered by entrepreneurs globally, including issues related to security, economic, and political instability. Additionally, these entrepreneurs face a shortage of technical and financial assistance, which restricts their capacity to obtain loans or investments from commercial banks owing to ineffective regulations and a lack of trust. As a result, these constraints and limitations undermine the entrepreneurs' performance and their ability to spur economic growth and wealth distribution, which could potentially contribute to poverty reduction.

Ethical Approval

The study was conducted in accordance with accepted ethical standards for social science research. Ethical approval was obtained from the relevant Centre for Research and Development at SIMAD University before data collection. Informed consent was obtained from all participants involved in the study. Participation was voluntary, and respondents were assured of anonymity and confidentiality.

Conflict of Interest

The authors declare no competing interests.

References:

Abdelkafi, R., & Refas, S. (2021). Out with the Old or Out with the New: The Uncertain Role of Entrepreneurship in Developing Countries in the Post-COVID-19 Context. *Theoretical Economics Letters*, *11*(05), 1002–1019. https://doi.org/10.4236/tel.2021.115064

Abdullahi, A. M., Khelghat-Doost, H., & Hassan, M. S. (2021). The Impact of Small Entrepreneurship Development on Poverty Alleviation: Empirical Study from Mogadishu, Somalia. *Journal of Somali Studies*, *8*(2), 33.

Abisuga-Oyekunle, O. A., Patra, S. K., & Muchie, M. (2020). SMEs in sustainable development: Their role in poverty reduction and employment generation in sub-Saharan Africa. *African Journal of Science, Technology, Innovation and Development*, *12*(4), 405–419.

Agwu, M. O., & Emeti, C. I. (2014). Issues, challenges and prospects of small and medium scale enterprises (SMEs) in Port-Harcourt city. *European Journal of Sustainable Development*, *3*(1), 101.

Ahamad, N. R., & Ariffin, M. (2018). Assessment of knowledge, attitude and practice towards sustainable consumption among university students in Selangor, Malaysia. *Sustainable Production and Consumption*, *16*, 88–98.

Ahmad, N., Nafees, B., & Rasheed, A. (2020). Credit Redistribution by Listed Manufacturing Firms in Pakistan and the Moderating Role of Financial Depth. *Business & Economic Review*, *12*(4), 1–20. https://doi.org/10.22547/ber/12.4.1

Ahmed, M. Y., Gele, A. A., Hussein, H. A., & Abdullahi, A. M. (2023). Exploring the Determinants of Public Trust in Government in Somalia: An Empirical Analysis. *International Journal of Sustainable Development and Planning*, *18*(11), 3389–3399. https://doi.org/10.18280/ijsdp.181105

Ahmed, N., & Kim, S.-H. (2020). Developing small and medium-sized enterprises in Islamic developing countries: Exploring the influential factors for Egypt. *Asian Economic and Financial Review*, *10*(6), 670.

Ajide, F. M., & Dada, J. T. (2023). Poverty, entrepreneurship, and economic growth in Africa. *Poverty & Public Policy*, *15*(2), 199–226.

Alvarez, S. A., & Barney, J. B. (2014). Entrepreneurial Opportunities and Poverty Alleviation. *Entrepreneurship: Theory and Practice*, *38*(1), 159–184. https://doi.org/10.1111/etap.12078

Andaregie, A., Worku, A., Getachew, B., Fentahun, Y., & Astatkie, T. (2022). Determinants of micro and small enterprises'(MSEs) growth in northwest Ethiopia. *Development in Practice*, *32*(1), 39–51.

Arasti, Z., & Mohammadkazemi, R. (2020). Poverty and entrepreneurship: a systematic review of poverty-related issues discussed in entrepreneurship literature "Poverty and entrepreneurship: a systematic review of poverty-related issues discussed in entrepreneurship literature." In *Management and Sustainable Development* (Vol. 16, Issue 2).

Atiase, V., & Botchie, D. (2018). *Does Managerial Training have any impact on the performance of MSE Managers? Empirical evidence from Ghana*.

Ayalu, G., Abbay, A. G., & Azadi, H. (2023). The role of micro- and small-scale enterprises in enhancing sustainable community livelihood: Tigray, Ethiopia. *Environment, Development and Sustainability*, *25*(8), 7561–7584. https://doi.org/10.1007/s10668-022-02359-7

Bruton, G. D., Ketchen Jr, D. J., & Ireland, R. D. (2013). Entrepreneurship as a solution to poverty. *Journal of Business Venturing*, *28*(6), 683–689.

Chliova, M., Brinckmann, J., & Rosenbusch, N. (2015). Is microcredit a blessing for the poor? A meta-analysis examining development outcomes and contextual considerations. *Journal of Business Venturing*, *30*(3), 467–487. https://doi.org/10.1016/j.jbusvent.2014.10.003

Cumming, D., Johan, S., & Uzuegbunam, I. (2021). An anatomy of entrepreneurial pursuits in relation to poverty. In *Business, Entrepreneurship and Innovation Toward Poverty Reduction* (pp. 21–40). Routledge.

Daka, E., & Siad, S. A. (2022). Entrepreneurship and the innovation ecosystem policy: A case study in post-conflict Somalia. *African Journal of Science, Technology, Innovation and Development*, *14*(2), 577–584. https://doi.org/10.1080/20421338.2021.1879349

Das, S. S., & Das, A. (2014). India shining? A two-wave study of business constraints upon micro and small manufacturing firms in India. *International Small Business Journal*, *32*(2), 180–203. https://doi.org/10.1177/0266242613488790

Fornell, C., & Larcker, D. F. (1981). Evaluating Structural Equation Models with Unobservable Variables and Measurement Error. In *Source: Journal of Marketing Research* (Vol. 18, Issue 1).

Geremewe, Y. T. (2018). The role of micro and small enterprises for poverty alleviation. *International Journal of Research Studies in Agricultural Sciences*, *4*(12), 1–10.

Ghani, E., Kerr, W. R., & O'connell, S. (2017). Spatial determinants of entrepreneurship in India. In *Entrepreneurship in a Regional Context* (pp. 133–151). Routledge.

Gherghina, Ștefan C., Botezatu, M. A., Hosszu, A., & Simionescu, L. N. (2020). Small and medium-sized enterprises (SMEs): The engine of economic growth through investments and innovation. *Sustainability*, *12*(1), 347.

Goel, S., & Karri, R. (2020). Entrepreneurial aspirations and poverty reduction: the role of institutional context. *Entrepreneurship and Regional Development*, *32*(1–2), 91–111. https://doi.org/10.1080/08985626.2019.1640484

Hashim, H., & Gaddefors, J. (2023). The value of entrepreneuring in the context of multidimensional poverty. *International Journal of Entrepreneurship and Innovation*, *24*(2), 88–104. https://doi.org/10.1177/14657503231156338

Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*, *43*(1), 115–135. https://doi.org/10.1007/s11747-014-0403-8

Hossin, M. M., Azam, M. S., & Hossain, M. S. (2022). SMEs in Bangladesh: Concept, Status, and Contribution in Economic Development. *Journal of Nawabganj Govt. College*, *2*(1).

Idam, L. E. (2014). Entrepreneurship development in Nigeria: A review. *Journal of Business and Management*, *16*(1), 1–7.

Islam, T. (2016). *Microcredit and poverty alleviation*. Routledge.

Južnik Rotar, L., Kontošić Pamić, R., & Bojnec, Š. (2019). Contributions of small and medium enterprises to employment in the European Union countries. *Economic Research-Ekonomska Istraživanja*, *32*(1), 3296–3308.

Kareem, H. M., Aziz, K. A., Maelah, R., Yunus, Y. M., & Dauwed, M. (2019). Organizational performance in Iraqi SMEs: Validity and reliability questionnaire. *Academy of Accounting and Financial Studies Journal*, *23*(6), 1–16.

Kunle, M. A. (2022). What are the causes of small business failure in Burao, Somaliland? *African Journal of Business Management*, *16*(2), 32–41.

Liedholm, C. E., & Mead, D. C. (2013). *Small enterprises and economic development: the dynamics of micro and small enterprises*. Routledge.

Meshack, A., Orji, M. G., & Ogechukwu, N. G. (2022). Poverty Reduction in Awka Metropolis: The Role of Entrepreneurship Productivity. *Economit Journal: Scientific Journal of Accountancy, Management and Finance*, *2*(4), 244–262.

Mokayode, A. O., Adu, E. O., & Ibrahim, S. I. (2016). Exploring Challenges Faced by Small Business Owners on Poverty Reduction in Rural Eastern Cape, South Africa. *Studies of Tribes and Tribals*, *14*(1), 37–43.

Morris, M. H., Santos, S. C., & Neumeyer, X. (2020). Entrepreneurship as a solution to poverty in developed economies. *Business Horizons*, *63*(3), 377–390.

Morris, M. H., & Tucker, R. (2021). Poverty and entrepreneurship in developed economies: Re-assessing the roles of policy and community action. *Journal of Poverty*, *25*(2), 97–118.

Mweshi, G. K., & Sakyi, K. (2020). Application of sampling methods for the research design. *Archives of Business Review–Vol*, *8*(11), 180–193.

Nor, A. I. (2024). Entrepreneurship Development as a Tool for Employment Creation, Income Generation, and Poverty Reduction for the Youth and Women. *Journal of the Knowledge Economy*, 1–24.

Nyello, R. M., Chalu, H., & Kitindi, E. G. (2015). *Economic Opportunity for Economic Development: The Linkage between Extractive MNCs and SMEs: The Case of Extractive Firms in the Gas Sector in Tanzania*.

Owenvbiugie, R. O., & Edokpolor, J. E. (2021). IMPACT OF CORONAVIRUS DISEASE (COVID-19) ON SMALL SCALE BUSINESSES IN EDO STATE. NIGERIA. *Sokoto Educational Review*, *20*(1 & 2), 50–64.

Oyelana, A. A., Adu, E. O., Olusola, E., & Professor, A. (2015). Small and Medium Enterprises (SMEs) as a Means of Creating Employment and Poverty Reduction in Fort Beaufort, Eastern Cape Province of South Africa. In *J Soc Sci* (Vol. 45, Issue 1).

Popoola, M. A., Brimah, A. N., & Gbadeyan, R. A. (2018). *Entrepreneurship practice: As a means of poverty reduction in Southwestern Nigeria*.

Soluk, J., Kammerlander, N., & Darwin, S. (2021). Digital entrepreneurship in developing countries: The role of institutional voids. *Technological Forecasting and Social Change*, *170*, 120876.

Sutter, C., Bruton, G. D., & Chen, J. (2019). Entrepreneurship as a solution to extreme poverty: A review and future research directions. *Journal of Business Venturing*, *34*(1), 197–214.

Tambunan, T. (2019). Recent evidence of the development of micro, small and medium enterprises in Indonesia. *Journal of Global Entrepreneurship Research*, *9*(1). https://doi.org/10.1186/s40497-018-0140-4

Tekola, H., & Gidey, Y. (2019). Contributions of micro, small and medium enterprises (MSMEs) to income generation, employment and GDP: Case study Ethiopia. *Journal of Sustainable Development*, *12*(3), 46–81.

Tiwari, A. K., Shahbaz, M., & Islam, F. (2013). Does financial development increase rural-urban income inequality? Cointegration analysis in the case of Indian economy. *International Journal of Social Economics*, *40*(2), 151–168.

Tran, T. T. T., Watanabe, K., Imamura, K., Nguyen, H. T., Sasaki, N., Kuribayashi, K., Sakuraya, A., Nguyen, N. T., Bui, T. M., Nguyen, Q. T., Truong, T. Q., Nguyen, G. T. H., Minas, H., Tsustumi, A., Shimazu, A., & Kawakami, N. (2020). Reliability and validity of the Vietnamese version of the 9-item Utrecht Work Engagement Scale. *Journal of Occupational Health*, *62*(1). https://doi.org/10.1002/1348-9585.12157

Tülüce, N. S., & Doğan, İ. (2014). The impact of foreign direct investments on SMEs' development. *Procedia-Social and Behavioral Sciences*, *150*, 107–115.