DETERMINANTS OF FOREIGN DIRECT INVESTMENT IN PUBLIC SERVICE IN MOGADISHU, SOMALIA

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ABSTRACT

The current globalization pressure which external pressure of trade and investment liberalization and globalization were relatively strong, funds from foreign countries are very important to support economic situation in emerging economy in Somalia, therefore, the competition for foreign fund in emerging market cannot be avoidable. Among FDI welcome developing counties are trying to change their infrastructure, increase incentive, and create good climate and policies for investment in order to attract FDI. Therefore, the Somalia government is working on a more attractive incentive package to encourage foreign investors by implementing new policies and incentive, without setting proper policies Somalia government could benefit the FDI. The general objective of this study was to examine the determinants of foreign direct investment in public service in Somalia. To find out the effects of Market-Seeking on foreign direct investment in Mogadishu, Somalia. To establish the effects of Resource-Seeking on foreign direct investment in Mogadishu, Somalia. To determine the effects of Efficiency-Seeking on foreign direct investment in Mogadishu, Somalia. A descriptive survey focuses on the research design and is concerned with addressing the particular characteristics of a specific population of subjects, either at a fixed point in time or at varying times for comparative purposes. The target population of this study was conducted employee of sea port, airport, public hospitals and road buildings in Mogadishu. The selected number of individuals were as a representative of the whole population under study. The formula which was used this study was Slog van's formula which is states the sample size of employee in Mogadishu seaport, Airport, Public hospitals and Road building. Data collection methods used included questionnaire. The data collected was analyzed using the software called Statistical Package for the Social Sciences (SPSS) and results shown in terms of frequency distribution and percentages. A regression model will be applied to determine the relationship between market seeking, resource-seeking and efficiency-seeking as the independent variables and Foreign direct investment as the dependent variable. Researcher recommends Government should establish foreign investment policies that can guide government to give foreign companies the activities that home investors cannot or that need huge amount of capital that is difficult to home business people. Government should make training and integration of the human resource of the country. This is to enable citizenry acquire skill; education and exposure that would enable them contribute positively to economic growth wherever they find themselves employed either with the foreign or domestic firms and whichever sector they are in.

1. INTRODUCTION

1.1 Background

Foreign Direct Investment (FDI) in emerging economies has been phenomenal and has contributed to the overall economic growth of a country. According to the World Investment Report (2011), emerging economies together attracted more than half of global FDI inflows in the year 2010. As international consumption and international production has been shifted to emerging economies, MNCs are increasingly investing in both efficiency- seeking and market-seeking projects in these emerging countries. There are various empirical studies which show that there is positive relationship between FDI and Economic Growth and FDI is a key component of the world's growth engine, hence countries try to create favorable conditions to attract more FDI inflow into their economies. (Adhikary 2011; Bhavanet.al 2011; Azam 2010).

Africa's inability to attract FDI is troubling because it presents a potential solution to the continent's growth and development challenges. FDI provides the needed capital for investment, brings with it employment, managerial skills and technology and at the end accelerate growth and development [3, 4]. The role of FDI is quite critical in Africa given the fact that poverty levels are generally high while domestic savings and income remain extremely low as income is mainly channeled to consumption expenditure. These factors coupled with the unpredictability of foreign aid flows, the low share of Africa in world trade and the high volatility of short-term capital flows calls for the need to attract different forms of FDI inflows.

Most countries in Africa have undertaken significant steps to attract FDI. First, countries in the region have adopted FDI-specific regulatory frameworks to support their investment related objectives. As pointed out by UNCTAD [2, 5], by 1998 45 out of 53 countries in Africa had established FDI –specific regulatory framework. The changes included the setting up of investment promotion agencies and facilities, and establishment of specialized schemes to attract investment such as export processing zones (EPZs).

Somali Diaspora has begun to come back to Mogadishu and start new business like restaurants, hotels and new builds that that indicates developments and need foreign investments in the country. Somalia will introduce several initiatives including establishment of the foreign direct investment.

The FDI will be established under the Minister of relations and international investment to drive solutions to attract, motivate and retain the FDI needed for a high-income economy.

The Foreign direct investment will started by 2011 when the Turkey's government announced the humanitarian aid to Somali people by supporting the basic needs and economic areas such as building hospitals ,schools, and Aden ade international airport.

1.2 Statement of Problem

The current globalization pressure which external pressure of trade and investment liberalization and globalization were relatively strong, funds from foreign countries are very important to support economic situation in emerging economy in Somalia, therefore, the competition for foreign fund in emerging market cannot be avoidable. Among FDI welcome developing counties are trying to change their infrastructure, increase incentive, and create good climate and policies for investment in order to attract FDI. Therefore, the Somalia government is working on a more attractive incentive package to encourage foreign investors by implementing new policies and incentive, without setting proper policies Somalia government will not benefit the FDI.

The present study is trying to examine the relationship of government policies to FDI, and the overall impacts to FDI at the macro level as well as the promotion activities at during the past two decades in order to synthesize and provide key lessons from the Somalia experience on utilizing FDI as a tool for economic development. The study is trying to explain a shift of investment policy of Somalia. The study adds to the existing literature on determinants of FDI by empirically examine the response of FDI inflows to government policies and investment agreements. It is first attempt to test empirically the significance of government policies in FDI flows in Somalia. It broadens and refines the analysis of the impact of government policies on FDI. There is a wide range of government policies that affect firms' FDI decision via their effects on market imperfections. Further, the study aims to evaluate the roles of investment policies and a new strategic shift of Somalia government to FDI attraction.

1.3 Objective of Study

1.3.1 General Objectives

The general objective of this study will be to examine the determinants of foreign direct investment in public service in Somalia.

1. **1.3.2 Specific Objectives**
2. To find out the effects of Market-Seeking on foreign direct investment in Mogadishu, Somalia.
3. To establish the effects of Resource-Seeking foreign direct investment in Mogadishu, Somalia.
4. To determine the effects of Efficiency-Seeking on foreign direct investment in Mogadishu, Somalia.

2. LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the literature related to the purpose of the study. The chapter addresses the theoretical review, conceptual Framework, review of variables, empirical review, critique of existing literature review, summary and research gap.

2.2 Theoretical Framework

The following section presents the related theories of foreign direct investment. This study is anchored on three major theories namely Transaction cost Theory, Production cycle theory of Vernon and Internalization theory.

2.2.1 Transaction costs theory

As an academic discipline, International Business has its roots in the transaction costs theory. Given the central position that the transaction costs concept has in the development of International Business theory, the explanation of transaction costs in this section includes its central proposition as well as subsequent extensions and critiques of the framework.

The transaction costs approach started with the work of Coase (1937) and his theory on the nature of the firm. He argued that the boundaries of a firm are determined by the relative costs of carrying out a transaction within a firm‘s hierarchy or on the open market. Although the work of Coase did not deal with international firms specifically, his transaction costs framework has subsequently been applied to the question of international production by Hymer (1960) and others. Hymer was the first to address the question of why firms carry out activities outside their home countries rather than through arm’s length agreements. Hymer‘s (1960) pioneering PhD dissertation is seen by many as the start of International Business as an academic discipline in its own right. His contribution was recognized by Dunning &Pitelis (2008) as follows:

2.2.2 Production Cycle Theory of Vernon

The product life-cycle theory is an economic theory that was developed by Raymond Vernon in response to the failure of the Heckscher-Ohlin model to explain the observed pattern of international trade. The theory suggests that early in a product's life-cycle all the parts and labor associated with that product come from the area in which it was invented. After the product becomes adopted and used in the world markets, production gradually moves away from the point of origin. In some situations, the product becomes an item that is imported by its original country of invention. A commonly used example of this is the invention, growth and production of the personal computers.

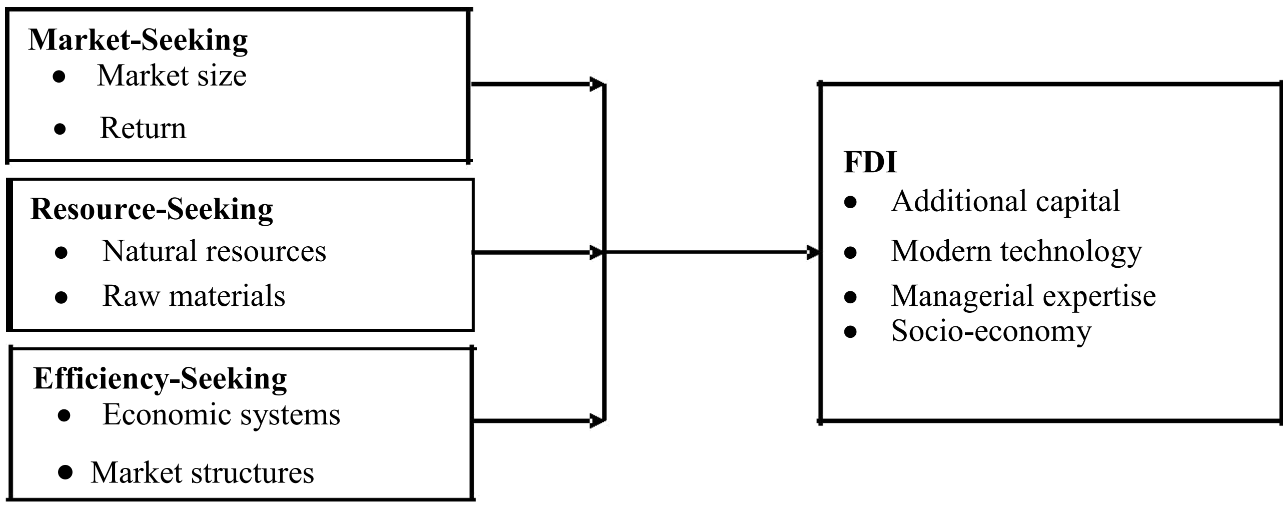
2.2.3 Internalization Theory

Some of the proponents of this theory are Caves (1971), Buckley and Casson (1976) and Dunning (1993). The theory posits that companies have an incentive to bypass imperfect market in the intermediate product (Buckley and Casson, 2009). For example if an imperfect market is likely to take advantage of the supply of raw materials to a UK company, this company may bypass that by making the supply of the raw materials part of its business (backward integration), unless cost margins do not allow the company to internalize. There may also be incentives for companies to forward integrate, for example, if a company decides not only to manufacture a product but retail it as well. For example, Blue Skies Limited (Appendix L) are not only producing fresh juice in Ghana, but are also retailing the product, in addition to supplying fresh fruits to European retailers (Osei, 2011).

This theory, as far as the study of FDI is concerned explains why a company may enter an international market by investing significant resources to have management control or influence over one or more of its value chains rather than outsourcing them (Buckley and Casson, 2011; Cavusgil, *et al.*, 2008). For example, a company may acquire an overseas company solely to market and sell its products manufactured in the home country.

2.3 Conceptual Framework

According to Young (2009), conceptual framework is a diagrammatical representation that shows the relationship between dependent variable and independent variables. A conceptual framework shows the relationship between independent and dependent Variables.



Independent variables **Dependent variable**

Figure 2.1 Conceptual Framework

2.3.1 Market-Seeking

It is stated that where the FDI motive is market-seeking, the main drivers of FDI will be large market size, per capita income and significant opportunities for growth (Campos and Kinoshita, 2010; Brouthers, *et al*., 2008). There is an assumption that the investment decisions may be affected by more than one motive. In this regard, Barthel, *et al*., (2011) state that traditionally FDI to developing countries such as Ghana could be attributable to resource-seeking and efficiency-seeking motives. This presents a case of interrelatedness among the FDI motives (also see Bitzenis, *et al*., 2007). A typical example of a UK company affected by multiple motives is Blue Skies Holding Limited (Appendix L) as revealed in an interview in 2010 conducted as part of this study [more information on the interview is contained in the methodology chapter]. The interview confirmed that though their decision to invest in Ghana and Egypt were initially primarily influenced by the need for fruits to be supplied to the European markets, their investment in South Africa was influenced by the quest for fruits for the European markets, as well as the possibility of selling some of the products to the local market. It can therefore be said that their motives were both resource-seeking as well as market-seeking. This example demonstrates that companies may have multiple motives in investing in a particular country.

The interrelatedness of the four FDI motives does not mean they are the same or could be treated as one variable. Therefore, following the examples from the extant literature, these motives (resource-seeking, strategic asset-seeking, efficiency-seeking and market-seeking) have been treated as individual variables to ascertain how they relate with the OLI variables (Campos and Kinoshita, 2010; Riedl, 2010; Acquaah, 2009; Brouthers*, et al*., 2008; Buckley*, et al.*, 2008; Roberts, et al, 2008).

2.3.2 Resource-Seeking

Resource-seeking motive is strongly linked with the quest for natural resources or raw materials for the purposes of backward integration. It is believed that FDI to Africa is generally resource-seeking or market-seeking (Khadaroo and Seetanah, 2009). This, for example, explains Chinese investment decisions in countries such as Zambia, Peru and Kazakhstan for copper, iron ore and oil respectively (Buckley, *et al.*, 2008). It is believed that political factors, poor institutions and lack of rule of law do not necessarily have significant influence on a company's decision to invest in a resource-rich country. This is because alternative locations might not be available to the investor or are generally limited (Cantwell*, et al*, 2010). Historically resource-seeking has been the most important motive of FDI (Bitzenis, *et al.*, 2007). This current research, in addition to establishing how resource-seeking relates with other FDI determinants also confirms if resource-seeking is the most important motive for the UK companies. Below is another type of resource companies seek when they invest abroad – strategic asset.

2.3.3 Efficiency-Seeking

The efficiency-seeking motive is theoretically associated with the internalization variable, which is cost reduction (Reidl, 2010). Therefore where the investor seeks to achieve efficiency, the transaction cost involved in investing in Ghana will be a paramount factor to be considered. However, the cost of investment in a country is also influenced by other location and ownership variables. For example, the level of physical and financial infrastructure can influence cost of investment (Khadaroo and Seetanah, 2010). It may therefore be said that the efficiency-seeking motive is closely related to other motives of FDI. According to Bitzeniset *al*., (2007), efficiency-seeking motive may involve the structuring of market-seeking or resource-seeking motive to ensure that investors benefits from investment in geographically different countries. They continue that the objective of efficiency MNCs is to locate in countries where they can take advantage of factor endowments, institutional arrangements, cultures, economic systems and policies and market structures to enable them to reduce cost and become more efficient. The next section presents the fourth motive for FDI.

2.3.4 Foreign Direct Investment

Foreign Direct Investment is one of useful resources, as FDI brings not only additional capital to the Somalis economy, but also modern technology managerial expertise and more industries, products, and jobs. FDI plays more and more important role in socio-economy of Vietnam. Thus, there is a notable need to attract FDI inflows. To do this, it is useful to be aware clearly of important factors determining FDI in Vietnam for authorities to focus on using the following factors to achieve economic growth and development in Vietnam, for example market, infrastructure, human capital, and trade openness, etc. However, it may be due to the lack of data and information in Vietnam, there is not many studies on determinants of FDI in Vietnam. Furthermore, cross-section or panel data are used in the most of former studies. Time series data is offered as an alternative approach to arrest the relationship between FDI inflow and its determinants. On the other hand, those determinants may change over time (Dunning). Thus, studies determinants of FDI should be conduct usually; more especially location-related determinants should be taken interest in.

3. RESEARCH METHODOLOGY

3.1 Research Design

A descriptive survey focuses on the research design and is concerned with addressing the particular characteristics of a specific population of subjects, either at a fixed point in time or at varying times for comparative purposes.

3. 2 Analytical Model

A regression model will be applied to determine the effects of each of the variables with respect to financial performance. Regression is concerned with describing and evaluating the relationship between a given variable and one or more other variables. More specifically, regression is an attempt to explain movements in a variable by reference to movements in one or more other variables.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where Y: is the foreign direct investment.

X_1: is the Market seeking.

X_2: is the resource seeking.

X_3: is the Efficiency-Seeking

$\mathcal{E}$**:** Error term.

α**:** Intercept.

βi:coefficient of the independent variables

4. RESEARCH FINDINGS AND DISCUSSION

4.1 Study variables Findings

The following presents the findings on the various study variables.

4.1.1 Market-seeking on foreign direct investment

The study required to investigate the effects of Market-seeking on foreign direct investment. Table 4.1 summarizes respondents' level of agreement on how market-seeking affects foreign direct investment. Most of the respondents agreed that the foreign direct investment made by the foreigners might differ as shown by a mean of 2.47. Also most of the respondents agreed to the fact that market-seeking significantly affect the foreign direct investment to be used, reporting a mean of 2.56. Market-seeking can increase the investment fund and the number of employee that needs FDI reported a mean of 2.64. It was clearly indicated that market-seeking significantly affects the foreign direct investment. It is stated that where the FDI motive is market-seeking, the main drivers of FDI will be large market size, per capita income and significant opportunities for growth (Campos and Kinoshita, 2010; Brouthers, *et al*., 2008).

Table 4.1 Market-seeking on foreign direct investment

Statement	N	Mean	S.D
The foreign direct investment influences by the market size of the host country.	45	2.80	1.408
The drivers of the FDI can be market size opportunities.	45	2.47	1.290
Market size can increase the investment fund and the number of employee that needs FDI.	45	2.98	1.438
Market size has a significant the FDI techniques.	45	2.56	1.341
The FDI are more interested in the profitability and the growth of the hosted country.	45	2.64	1.401

4.1.2 Resources seeking on foreign direct investment

The study sought to establish the effects of Resources seeking on foreign direct investment. From the findings indicated in table 4.2 most of the respondents agreed that the lack of proper policies toward FDI in the host country will be benefit to FDI companies with a mean of 2.42 being obtained. The results also conquer with the findings on the question that was asked whether the Resource seeking and lack of proper policies will increase level of profit that FDI earned. The findings on this question obtained a mean of 2.47. This is because alternative locations might not be available to the investor or are generally limited (Cantwell, *et al*, 2010). Historically resource-seeking has been the most important motive of FDI (Bitzenis, *et al.*, 2007). Resource seeking associated with the project is greater, The findings show that Turkey FDI companies are risk takers because they invested unsecure country like Somalia and FDI drivers are resource seeking obtain a mean of 2.51 and 2.60 respectively.

Table 4.2 Resources seeking on foreign direct investment

Statement	n	Mean	S.D
FDI drivers are resource seeking.	45	2.73	1.321
Lack of proper policies toward FDI in the host country will be benefit to FDI companies.	45	2.60	1.372
Resource seeking and lack of proper policies will increase level of profit that FDI earned.	45	2.51	1.290
The natural resources are the attractiveness of the FDI opportunistic in the hosted country.	45	2.47	1.254
Turkey FDI companies are risk takers because they invested unsecure country like Somalia.	45	2.42	1.438

4.1.3 Efficiency seeking on foreign direct investment

The study sought to establish the effects of Efficiency seeking on foreign direct investment. Respondents agreed that the FDI companies are oriented bye efficiency seeking policies as represented by a mean of 2.38, most of the respondents agreed that the level of payment system have no or small effect on foreign direct investment as showed by a mean of 2.53 and a mean 2.73 were obtained on the question whether FDI companies good for employee benefits, The level of physical and financial infrastructure can influence cost of investment a mean of 2.38. The findings of these studies are uncertain, since the relationship between efficiency seeking and foreign direct investment is found to be significantly positive (Farragher et al, 2001). This reasoning suggests a positive relationship between efficiency seeking and foreign direct investment.

Table 4.3 Efficiency seeking on foreign direct investment

Statement	**n**	**Mean**	**S.D**
The FDI companies are oriented bye efficiency seeking policies.	45	2.53	1.471
How about the level of payment system.	45	2.82	1.482
FDI companies good for employee benefits.	45	2.82	1.386
FDI has no any discrimination in there employee.	45	2.73	1.468
The level of physical and financial infrastructure can influence cost of investment	45	2.38	1.319

4.1.4 Foreign direct investment

A number of questions were asked to determine how foreign direct investment was conducted in Public areas in Mogadishu, Somalia. Respondents agreed that the FDI has a significant to the host obtaining a mean of 2.89. The respondent agreed that FDI can increase the opportunity ad growth of the hosted country obtaining a mean of 2.82 and similarly a mean of 2.78 the FDI will gain the host country managerial skills and experiences were respondent agreed. Hence countries try to create favorable conditions to attract more FDI inflow into their economies. (Adhikary 2011; Bhavanet.al 2011; Azam 2010).

Table 4.4 Foreign direct investment

Statement	N	Mean	S. D
The FDI has a significant to the host	45	2.82	1.35
FDI can increase the opportunity ad growth of the hosted country.	45	3.22	1.29
The FDI companies in Somalia will enjoy the lack of rule of low	45	3.40	1.35
The FDI will gain the host country managerial skills and experiences.	45	2.78	1.38
FDI companies will bring to the host country the modern technology and will increase socio- economy of the society.	45	2.89	1.33

4.2.1 Model Summary

Model summary is a summery that describes how far the independent variables explain the dependent variables that mean the greater R value has the great number the greater independent variables explain with dependent variable. In order to test the research, a standard multiple regression analysis was conducted using foreign direct investment in public services as the dependent variable, and the three determinants of foreign direct investment: Market-Seeking, Resource-seeking and Efficiency-seeking as the predicting variables. Tables 4.13, 4.14 and 4.15 present the regression results. From the model summary in table 4.12, it is clear that the adjusted R_2 was 0.482 indicating that a combination of Market-Seeking, Resource-seeking and Efficiency-seeking explained 48.2% of the variation in the foreign direct investment in public services.

Table 4.5 Model Summary

Model	R	R_2	Adjusted R_2
1	. 720	.518	.482

4.2.2 Correlation Analysis

Pearson Bivariate correlation coefficient was used to compute the correlation between the dependent variable (foreign direct investment) and the independent variables (Market-Seeking, Resource-seeking and Efficiency-seeking). According to Sekaran (2008), this relationship is assumed to be linear and the correlation coefficient ranges from -1.0 (perfect negative correlation) to +1.0 (perfect positive relationship). The correlation coefficient was calculated to determine the strength of the relationship between dependent and independent variables (Kothari, 2013). From table 4.14, the results generally indicate that independent variables (Market-Seeking, Resource-seeking and Efficiency-seeking) were found to have positive significant correlations on foreign direct investment at 5% level of significance. There was a strong positive and highly significant correlation between Efficiency-seeking and foreign direct investment ($r = .510$, $P > 0.05$). There was a strong positive and highly significant correlation between Resource-seeking and foreign direct investment (r =

.531, P < 0.05). There was a strong positive and highly significant correlation between Market-Seeking and foreign direct investment (r = .595, P < 0.01). The results imply that Market-Seeking, Resource-seeking and Efficiency-seeking significantly influenced foreign direct investment for merchandise companies in Mogadishu, Somalia.

Table 4.15 Correlation

		Market-Seeking	Resource-seeking	Efficiency-seeking	foreign direct investment
Market-Seeking	Pearson Correlation	1	.339*	.405**	.510**
	Sig. (2-tailed)		.023	.006	.000
	N	45	45	45	45
Resource-seeking	Pearson Correlation	.339*	1	.367*	.531**
	Sig. (2-tailed)	.023		.013	.000
	N	45	45	45	45
Efficiency-seeking	Pearson Correlation	.405**	.367*	1	.595**
	Sig. (2-tailed)	.006	.013		.000
	N	45	45	45	45
foreign direct investment	Pearson Correlation	.510**	.531**	.595**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	45	45	45	45

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

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

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The general objective of this study was to investigate the determinants of foreign direct investment in public service in Mogadishu, Somalia. Specifically; this study investigated the effects of Market seeking, Resource-Seeking and Efficiency-Seeking on foreign direct investment in public service in Mogadishu, Somalia. The study employed a survey research design in data collection. This research employed quantitative data collection method whereby data was gathered by the use of closed ended questionnaires which were self-administered. Factor analysis was used to assess the validity and Cronbach alpha to assess reliability of the questionnaire. Multiple regression analysis was performed to assess the relationship between the dependent variable (foreign direct investment) and the independent variables (Market seeking, Resource-Seeking and Efficiency-Seeking) and to test the research on the determinants of foreign direct investment in public service in Mogadishu, Somalia with specific focus on the public service in Mogadishu, Somalia.

5.1.1 Market Seeking

Different authors have tried to define market-seeking. It is stated that where the FDI motive is market-seeking, the main drivers of FDI will be large market size, per capita income and significant opportunities for growth (Campos and Kinoshita, 2010; Brouthers, *et al*., 2008). Thus, public service their decisions based on the different ways of defining market-seeking. The foreign direct investment decisions of public service was influenced by the market-seeking as the results of Barthel, *et al*., (2011) suggest that the foreign direct investment made by the foreigners for public service might differ. It was clearly indicated that market-seeking significantly affects the public service.

5.1.2 Resource-Seeking

Public services therefore generate profits by taking advantage of resource-Seeking (Cantwell*, et al*, 2010). Resource-seeking motive is strongly linked with the quest for natural resources or raw materials for the purposes of backward integration (Van Horne & Wachowicz, 2001). The foreign direct investment decisions of public service was influenced by the resource-Seeking in this case, the lack of proper policies toward FDI in the host country will be benefit to FDI companies (Bitzenis, *et al.*, 2007).

5.1.3 Efficiency-Seeking

The efficiency-seeking motive is theoretically associated with the internalization variable, which is cost reduction (Reidl, 2010). The findings of these studies are uncertain, since the relationship between efficiency-Seeking and foreign direct investment decision is found to be significantly positive (Farragher et al, 2001). This reasoning suggests a positive relationship between foreign direct investment decision and efficiency-Seeking.

5.2 CONCLUSIONS

Foreign direct investment decision has a strong positive and highly significant correlation on market-seeking, resource-seeking and efficiency-seeking. Foreign direct investment has been seen as an important decision made by governments with the aim of maximizing stakeholder value. In order to accomplish this objective, governments and investors are supposed to use suitable techniques when evaluating their projects in order for them to be able to come out with sound decisions. These can be used in helping governments and investors in making decisions on project to undertake. Based on the findings of this study, the following conclusions were drawn. The results reveal that Resource-seeking and efficiency-seeking have significant and positive effects on foreign direct investment, while market-seeking have insignificant effects on foreign direct investment with specific focus on the for public service in Mogadishu, Somalia.

5.3 Recommendations

Based on the findings of this study and the conclusions drawn, the following recommendations were made:

1) Government should establish foreign investment policies that can guide government to give foreign companies the activities that home investors cannot or that need huge amount of capital that is difficult to home business people.
2) Government should make training and integration of the human resource of the country. This is to enable citizenry acquire skill; education and exposure that would enable them contribute positively to economic growth wherever they find themselves employed either with the foreign or domestic firms and whichever sector they are in.
3) The data is incomplete because the researcher did not apply to all parts of Somalia so that it is recommended that future researchers should do the same research to other parts of the country.

4) The study also explored the fact that in the long term, the government of Somalia could collaborate with existing companies to explore ways to develop new desirable assets which will attract quality FDI and not just about the quantity of FDI.
5) Government should build and maintain the economic infrastructures that can ease the foreign direct investment activities.
6) The government could ensure economic stability and review the salary structure of public service workers where there is capacity in order to improve the purchasing power and the market size.

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