THE EFFECT OF CORPORATE GOVERNANCE PRACTICES ON THE FINANCIAL PERFORMANCE OF TELECOMMUNICATION FIRMS IN SOMALIA

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DECLARATION

This research Project is my original work and has not been presented for a degree in any other institution or university.

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DEDICATION

This project is dedicated to my family, specially my lovely mother Safia, and my husband Mohamed, and all my brothers and sisters.

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LIST OF ABBREVIATIONS

CACG	Commonwealth Association for Corporate Governance
CEO	Chief Executive Officer
EPS	Earnings per Share
GDP	Gross Domestic Product
ICGN	International Corporate Governance Network
ICSI	Institute of Company Secretaries of India
IMF	International Monetary Fund
INGO	International Non-Governmental Organization
NED	Non-Executive Directors
ROA	Return on Asset
ROE	Return on Equity
SCs	State Corporations
SPSS	Software Package for Social Science
UAE	United Arab Emirates
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development

ABSTRACT

Corporate governance has attracted much attention, the world over, both in academic literature and popular press, especially after the failure of some of well-known and respected corporations in the world like Enron case. The objective of the study was to determine the effect of corporate governance practices on the financial performance of telecommunication firms in Somalia. The data obtained was analyzed using frequencies and regression analysis. The study was descriptive targeting all the four telecommunication companies in Mogadishu Somalia. Primary data that was collected through administration of a structured questionnaire measuring such variables as corporate governance index as indicated by size of the company, CEO duality, board composition and number of the board meetings, and financial performance measured by return on assets. Descriptive and inferential statistical analyses were conducted. Multi regression model was used to find the linear relationship between the corporate governance practices and financial performance of telecommunication companies in Somalia.Regression results reveal that there is a positive relationship between dependent variable (Financial performance) and independent variables (number of the board meetings, board composition, size of the firm) and a negative relationship between the financial performance and CEO duality and leverage of the firm. The study recommends that there is need for the government and other partners to formulate a clear standards for corporate governance practices, for setting rules of corporate transparency and disclosure so that it is protected the investor rights specially outsider investors, there is also need for gender balance consideration policy in board members.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The issue of corporate governance has been a growing and important research area for management and finance. According to the definition used by Cadbury (1992), head of the Committee on the Financial Aspects of Corporate Governance in the United Kingdom: “Corporate governance is the system by which companies are directed and controlled”. To extend this definition it can be defined as a system of structuring, operating and controlling a company by fulfilling the long term strategic goals of the shareholders while taking into account the interests of employees, customers, suppliers, the environment and local community, and a proper compliance with all the legal and regulatory requirements (Cadbury Committee,1992).

According to Friedman (2009) definition, Corporate Governance is “the conduct of business in accordance with shareholders’ desires, which generally is to make as much money as possible, while conforming to the basic rules of the society incorporated in law and local customs.” Corporate governance is much broader than just corporate management; it includes a fair, efficient and transparent administration to meet certain well-defined objectives. It is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers, and complying with the legal and regulatory requirements, apart from meeting environmental and local community needs. When it is practiced under a well-laid out system, it leads to the building of a legal, commercial and

institutional framework and demarcates the boundaries within which these functions are performed (Fernando, 1997).

According to ICSI 2003 corporate governance report notes that a adaptation of good corporate governance systems builds confidence among stakeholders, increases future stakeholders, effective governance also reduces the risks and enables board of directors to make effective decisions which ultimately improves the shareholder wealth (ICSI, 2003).

1.1.1Corporate Governance Practices

Corporate governance is the process and structure used to direct and manage the business affairs of the company towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long term shareholder value, whilst taking into account the interest of other stakeholders (Keasey, Thompson and Wright, 1997).

Cornelius and Kogut (2003) defines corporate governance practices as those rules that apply to specific financial markets and organizational forms and establish the rights of owners, and the information and mechanisms at their disposal, to control management and employees. These practices for the firm include the determination of the board of directors and its powers and voting rules, protection of minority investors, the publication of audited accounts, covenants restricting managerial actions such as the sale of assets, and the distribution of profits.

According to the, United Nations conference on Trade and development, 2006, one of the main concerns in relation to the board size, composition and its disclosure is that, apart from of which structure exists in the company, independent leadership within the board must be assured. In terms of the separation of role of the CEO and chairman of the board Some countries would give more emphasis to the need for a clear division of responsibilities between the chairman and the chief executive officer (CEO) Increasingly, codes mention that while a combined CEO/Chair is tolerable the separation of the two is desirable and considered best practice, as it helps to promote a balance of power within the leadership structure.

Another main responsibility of the board of directors is to make sure that shareholders and other stakeholders are provided with high-quality disclosures on the financial and operating results of the company that the board of directors have been assigned with governing it. Almost all corporate governance codes around the world, including the OECD and the ICGN Principles, the CACG Guidelines, the Cadbury Report, and the King II, specifically require the board of directors to provide shareholders and other stakeholders with information on the financial and operating results of a company to enable them to properly understand the nature of its business, its current state of affairs and how it is being developed for the future (UNCTAD, 2006).

1.1.2 Financial Performance

Financial performance refers to the act of performing financial activity. In a general sense, the term refers to what extent does the firm accomplishes its financial objectives. It is the process of measuring the results of a firm's policies and operations in monetary terms.

Company managers use financial indicators to measure, report and improve company's performance. In order to obtain a global measurement of an economic entity at specific point in time it has been confirmed that the evaluation must be based on a balanced multidimensional system which includes both financial ratios and non-financial indicators. A company's financial performance is directly influenced by its market position. Profitability can be decomposed into its main components: net turnover and net profit margin. If a high turnover means better use of assets owned by the company and therefore better efficiency, a higher profit margin means that the entity has substantial market power. Risk and growth are two other important factors influencing a firm's financial performance. Since market value is conditioned by the company's results, the level of risk exposure can cause changes in its market value (Ross et al 1996).

1.1.3 Corporate Governance and Financial Performance

A lot of studies tried to identify and measure the influence of corporate governance on firm's performance. According to Heracleous (2001) study, he mentioned that previous studies have failed to discover a convincing relationship between good corporate governance practices and organizational performance (Heracleous, 2001). Edwars and

Clough (2005), revealed that the connection between corporate governance and organizational performance depends on the dimensional nature of good governance indicating that good governance improves organizational performance and reduces the possibility of poor organizational performance (Edwars and Clough, 2005).

According to Harforda and Maxwellc (2006) study about the relation between the management of cash holdings and corporate governance they found that firms with poor corporate governance have smaller cash reserves, they also found that these firms dissipate their cash reserves more quickly than do managers of firms with stronger governance which indicates poor organizational performance (Harforda, Mansib, and Maxwellc, 2006).

In terms of board structure which consists of board size and board independence, Eisenberg, Sundgren and Wells (1998) and Singh and Davidson (2003) show that board size is negatively related to corporate performance. While on the other hand Zahra and Pearce (1989) and Kiel and Nicholson (2003) show board size is positively related to corporate performance. According to the CEO duality, which is a dual role of the CEO being the chief executive officer and the chairman of the board and its impact of organizational performance, empirical studies by Daliy and Dalton (1993) and Dahya, Lonie and Power (1996) revealed that the CEO duality has a negative impact on corporate performance.

1.1.4 Telecommunication Firms in Somalia

Somalia lies in eastern Africa to the south of the Gulf of Aden. This region is known as the Horn of Africa. The Republic of Somalia was formed in 1960 by the federation of a former Italian colony and a British protectorate. Mohamed Siad Barre held dictatorial rule over the country from October 1969 until January 1991, when he was overthrown in a bloody civil war waged by clan-based guerrillas. After Siad's fall from power, warfare continued and the country lacked an effective centralized government, problems that persisted into the 21st century.

The public telecommunications system was almost completely destroyed or dismantled during the civil war; private companies offer limited local fixed-line service and private wireless companies offer service in most major cities while charging the lowest international rates on the continent. Local cellular telephone systems have been established in Mogadishu and in several other population centers with one company beginning to provide 3G services in late 2012 (The World Fact book, 2012).

The hasty development of technology in Somalia, and people's access to it, comes as several telecommunications companies in Somalia jockey for customers amid the absence of any government-regulated phone or Internet access. The competition to supply phone service has strengthened the nascent revival of Somalia's shattered economy, and it shows that some complex businesses can thrive even in one of Africa's least developed markets. Backed by expertise from China, Korea and Europe—and funded from their own pockets—Somali telecom entrepreneurs are providing inexpensive mobile-phone

services. Users can conduct money transfers via mobile phones and gain Internet access, both wireless functions that aren't widely available in many other parts of Africa.

In Somalia, "the first ones who put in electricity generators in rural areas are the telecom operators," says SvetTintchev, a World Bank expert on the telecom industry in developing countries. "In a way, their leverage goes beyond pure telecom service. "In Somalia, the telecom companies haven't competed only for customers. They have also cooperated with each other to maintain their networks and set prices to ensure that competition doesn't become too cutthroat (Mohamed and Childress,2010).

1.2 Research Problem

Corporate governance has attracted much attention both in academic literature and popular press, especially after the failure of some of well-known and respected corporations in the world like Enron case. Corporate governance issues assume greater significance in corporate form of organization where ownership is separated from management. The World Bank, in 1999, states that corporate governance comprises two mechanisms, internal and external corporate governance. Internal corporate governance, giving priority to shareholders' interest, operates on the board of directors to monitor top management. On the other hand, external corporate governance monitors and controls managers' behaviors by means of external regulations and force, in which many parties involved, such as suppliers, debtors (stakeholders), accountants, lawyers, providers of credit ratings and investment bank (professional institutions/ corporate gatekeepers).

Studies have been done in relation to corporate governance and firm performance found that there is a relationship between corporate governance and firm performance.

Joher (2005), investigated corporate governance structure and its impact on firm performance in Kuala lampur Malaysia and come up with a conclusion that here is a partial relationship between corporate governance and firm performance. The presence of independent non-executive directors, managerial ownership and institutional ownership did not have any significant impact on firm's performance however; the firm size appeared to have significant impact on corporate governance. Bauer et al (2003) conducted a study on the effect of corporate governance on stock returns, firm value and performance in Europe and found no evidence of a relationship between governance and firm valuation in UK. Jensen and Meckling (1976) show that better-governed firms might have more efficient operations, resulting in a higher expected future cash flow stream.

In Somalia, Kawira (2012), examined the relationship between corporate governance and performance of INGO in Somalia the study found that the majority of the INGOs had implemented four corporate governance practices, board size and composition, board meetings, audit committee and transparency and disclosure. The study concluded that all examined corporate governance practices have a weak or insignificant positive relationship with performance. There is a gap on the determination of the impact of corporate governance practices on the performance of profit organizations in Somalia and this study fills that gap. The research question is what is the effect of corporate

governance practices on the financial performance of telecommunication firms in Somalia?

1.3 Objective of the study

To determine the effect of corporate governance practices on the financial performance of Telecommunication firms in Somalia.

1.4 Value of the study

This study will be useful to the Somali telecommunication industry's executives and board members for their role of decision making and enable them to get full information on their current governance practices and to what extent do these practices have an impact on the organizational performance. The study will give the executives and board of directors to make amendments on their strategic goals and objectives to effectively use their resources and hence the firm performance.

This study will also assist the management and board members to get some guidelines for the good governance practices since there are no guidelines for corporate governance practices currently in Somalia.

Additionally the study will help the institutions who want to develop guidelines on corporate governance practices in Somalia since the study is its first kind research in Somalia. The study will also contribute to the body of knowledge and will aid future academic research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the available literature on corporate governance that has been reviewed for the study. Specific areas covered will include the main corporate governance theories, empirical literature on the relationship between corporate governance practices and firm performance, empirical evidence on corporate governance practices and firm performance in Somalia and lastly a brief summary of the literature reviewed.

2.2 Theoretical Review

This study is informed by three theories that relate to corporate governance issues. These theories are agency theory, stakeholder's theory, and stewardship theory as discussed below:

2.2.1 Agency Theory

Agency Theory, developed in the financial economics literature Jensen and Meckling, (1976) and Fama and Jensen, (1983), has attracted organization theorists and strategic management Scholars, resulting in a large number of studies over the last three decades. Agency Theory state that, due to the separation of ownership and control in modern corporations, there is often a divergence of interests between the parties concerned: the principal and the agent (Hoskisson et a., 1999).

The principal-agent theory is probably the most important model of the corporate governance theory. The underlying premise of this model is that shareholders' residual voting rights should ultimately commit the corporate resources to value maximization. According to Jensen and Meckling (1976), the relationship between the owners and the management is defined as the principal(s) (owners or shareholders) employ the agent (Executives and managers) to perform services on behalf of the principals who involves the delegation of some decision-making authority to the agent. According to Brigham and Daves (2004) mentioned that from financial management perspective the primary agency relationships are between shareholders and managers and between shareholders and creditors. However there are other relationships between the shareholders and other stakeholders such as employees, customers, suppliers and the community. Clearly, this theory recognizes the agency problems or costs arising from the separation of ownership and control since both parties are committing to maximizing their own interests.

Daily et al; (2003) argued that two factors influence the eminence of agency theory. First, the theory is simply theoretical and reduces the corporation into two participants being the managers and the shareholders. Second, agency theory suggests that employees or managers in organizations can be self-interested (agency problem). Two agency problems arise under the agency theory either due to adverse selection or moral hazard. Adverse selection, the principal cannot assess if the agent fulfills his ability for the job for which he is being paid, and moral hazard occurs when the principal cannot be sure if the agent has exerted his maximum effort (Eisenhard, 1989). Agency Theory assumes that a human being is rational, self-interested, and opportunistic (Eisenhardt, 1989); a calculating

individual who seeks to attain rewards and avoid punishments, especially financial ones (Donaldson and Davis, 1991).

2.2.2 Stewardship Theory

Unlike agency theory, stewardship theory assumes that managers are stewards whose behaviors are aligned with the objectives of their principals. Stewardship Theory has been framed as the organizational behavior counterweight to rational action theories of management (Donaldson and Davis, 1991 & 1993). This theory holds that there is no conflict of interest between managers and owners, and that the goal of governance is, precisely, to find the mechanisms and structure that facilitate the most effective coordination between the two parties (Donaldson, 1990). Stewardship theory has its extraction from psychology and sociology, Davis, Schoorman and Donaldson (1997) defined stewardship as a person who protects and maximizes shareholders wealth through firm performance because by doing so, the steward's utility functions are maximized. In this standpoint, stewards are company executives and managers working for the shareholders, protects and make profits for the shareholders. Stewardship Theory holds that there is no inherent problem of executive control, meaning that organizational managers tend to be compassionate in their actions (Donaldson, 2008).The steward perceives that the utility gained from interest alignment and collaborative behavior with the principal is higher than the utility that can be gained through individualistic, self-serving behaviors (Davis et al., 1997).

Principally stewardship Theory is concerned with identifying the situations in which the interests of the principal and the steward are aligned (Donaldson and Davis, 1991 and 1993). According to stewardship theory, there are situational and psychological factors that prompt individuals to become agents or stewards. On the one hand, there are situational factors that influence the executive to become a steward. These situational factors refer to the surrounding cultural context, rather than to an organization's work environment. Some of the situational factors that predispose an individual towards stewardship are working in an involvement-oriented management system, as opposed to a control-oriented management system; a collectivistic culture, as opposed to an individualistic one; a low-power distance culture; or when corporate governance structures give them authority and discretion (Donaldson and Davis, 1991). On the other hand, there are psychological factors that prompt the executive to become a steward. Some of these factors include having higher-order motivations, better disposition to identify with the objectives of the firm, value commitment orientation, and greater use of personal power as a basis to influence others (Davis et al., 1997).

2.2.3 Stakeholder Theory

Freeman (1999) defines a stakeholder as any group or individual who can affect or is affected by the achievement of the organization's objectives. Unlike agency theory in which the managers are working and serving the stakeholders, stakeholder theorists suggests that managers in organizations have a network of relationships to serve – this include the suppliers, employees and business partners. He further argued that this group

of network is important other than owner-manager-employee relationship as in agency theory.

2.3 Determinants of Financial Performance

A major and general financial performance indicator is the profitability of the company; four determinants of financial performance indicated below are capital adequacy, management efficiency, leverage and size.

2.3.1 Capital Adequacy

This is Percentage ratio of a financial institution's primary capital to its assets (loans and investments), used as a measure of its financial strength and stability. Capital adequacy requirements are one of the main regulatory tools for an organization. A few studies measure the impact of capital ratio levels on efficiency. Berger and Bonaccorsi di Patti (2006) study the relation between capital ratios and profit efficiency in the US Telecomm industry over the period 1990–1995. Using the para-metric distribution-free approach, they find that higher capital ratios have a negative effect on efficiency. Berger and Mester (1997) find no positive correlation between cost and profit efficiency. Profit efficiency not only does not account of managerial performance but it is also influenced by market power, which is not directly under the control of management. Cost efficiency can thus be considered a better proxy for managerial performance. Moreover, the literature shows that degradation in cost efficiency has negative implications for financial stability, but we have no evidence on the effect of profit efficiency on financial stability.

2.3.2 Management Efficiency

According Palepu and Healy (2008) a firm may produce a relative high profit margin by adopting the efficiency management. Efficiency strategy helps firms to produce the standard, high-volume product or service at the most competitive price to customers, it also help to create higher financial performance for firms competing in the emerging economies, such as China, India etc, as firms can gain a relative advantage because of their lower costs in labor recourse and manufacture (Aulakh et. al, 2000). Laitinen & Toppinen (2006) in their report, found out the cost-management indicators, statically, explain better on the short-term financial performance, than value- added creation, which has an effect on long-term financial performance and turnover growth in the future. They conclude that, cost-efficiency is a prerequisite for the business, and the latest worldwide economic recession is just the best example to confirm the validity.

Performance assessment of companies has been the subject of numerous studies, and several discussions in accounting and management have focused on the matter that which of the performance assessment criteria is more valid. Some people believe that there is no ideal criterion to measure the performance, but, by contrast, there are several assessment methods and each method has some major shortcomings. If such methods are applied to measure the performance and to determine the companies' value, they will not definitely be able to find out the real value of companies.

Generally, the performance measurement criteria are divided into two groups: financial and non-financial criteria (Spigelman, 1994). Non-financial criteria induce production, marketing, administrative, and social criteria while financial proportions are the examples of techniques proposed as financial criteria. Some financial researchers suggest applying combined (financial and non-financial) criteria. However, using such criteria is quite complicated due to the difficulty of determining the type of the criteria, the kind of their correlation, and the weight of each of the criteria (Bacidore et.al, 1997).

2.3.3 Leverage

One can also obtain evidence from the literature that studies the effects of leverage on firms' behavior. Leverage has long been proposed as an efficient way to limit managerial discretion Jensen (2001). Empirically, one sees that more highly leveraged firms charge higher prices and respond more quickly and more strongly to shocks: Chevalier and Scharfstein (1996). Kovenock & Phillips (1997) confirm the results in Kaplan (1989) that firms decrease their investment and show that this effect is stronger in highly concentrated industries.

Prior research is consistent with the control hypothesis prediction that leverage increases reduce opportunistic behavior of managers. Beatty and Weber (2003) suggests that leveraged firms engage in Earnings Management to avoid debt covenant default. Nevertheless, Jelinek (2007) studies the effect of leverage increase on accrual earnings management and concludes that increased leverage is associated with reduced accrual Earnings Management.

Ujah and Brusa (2011) find that both financial leverage and cash flow volatility impact the degrees to which firms manage their earnings. That business cycle and not bond or debt ratings affect firm´s earnings management. Furthermore, they find that depending of what economic group or industry a firm belongs to, their degree and extent of managed earnings varies, where consumer staples and cyclical is the most manipulated industry and transportation and utilities industries are the least manipulated.

Leverage increases constrain the opportunistic behavior of managers due to following reasons: Required debt repayments decrease the amount of cash available to managers for investing in non-value increasing projects. When a firm is highly leveraged, it has to face the strict scrutiny of lenders and its spending are often restricted due to scrutiny of lenders.

2.3.4 Size

The firm size may have a positive impact on financial performance. First, the size of a firm is related to the internal control system. Larger companies may have more sophisticated internal control systems and have more competent internal auditors as compared to smaller companies. An efficient internal control system helps control inaccurate disclosure of financial information to the public. Another important factor in mitigating earnings management and improving the quality of financial reporting is corporate governance (Warfield et al., 2005).

Beasley et al, (2000) report that deceitful companies in technology, health-care, and financial services have less internal audit support and are accompanied by weak corporate governance mechanisms. Therefore, larger firms are more likely to design and maintain more sophisticated and effective internal control systems in comparison to smaller firms, reducing the likelihood of manipulating earnings by management. In addition, firms audited by big 5 also report lower levels of discretionary accruals (Payne and Robb, 2000). Lennox (1999) also finds that the audit reports issued by large auditors are more accurate and more informative; exhibiting that auditor size is positively related to audit accuracy. Heninger (2001) documents a positive association between risk of audit litigation and abnormal accruals. These studies show that large firms are more advantageous than small firms in terms of receiving better audit services from established auditing firms due to larger operating budgets.

2.4 Empirical Review

Aljifri and Moustafa, (2007) study in UAE, the aim of their study was to investigate empirically the effect of some internal and external corporate governance mechanisms on the UAE firm performance (i.e., Tobin's q). The study utilized a sample of 51 firms using the accounting and market data available for 2004. The sample firms are all listed in either the Dubai Financial Market or the Abu Dubai Securities Market. The cross sectional regression analysis was employed to test the hypotheses of the study. The results of the study showed that the governmental ownership, the debt ratio (total debt/total assets), and the payout dividends ratio have a significant impact on the firm performance; whereas the institutional investors, the board size, the firm size (sales), and

the audit type show a non-significant impact. The study concluded that three of the corporate governance mechanisms in the UAE used in the study appears to be strong enough to affect the firm performance. However, the other four mechanisms are found to have a weak effect on the firm performance which could be a result of the significant absence of some aspects of corporate governance practices and lack of enforcement of rules.

A study conducted by, Coleman (2007) examined the effect of corporate governance on the performance of firms in Africa by using both market and accounting based performance measures. Unique data from 103 listed firms drawn from Ghana, South Africa, Nigeria and Kenya covering the five year period 1997-2001 was used and analysis done within the dynamic panel data framework. Results indicate that the direction and the extent of impact of governance is dependent on the performance measure being examined. Specifically, our findings show that large and independent boards enhance firm value and that combining the positions of CEO and board chair has a negative impact on corporate performance.

We also find that CEO's tenure in office enhances a firm's profitability whiles board activity intensity affects profitability negatively. The size of audit committees and the frequency of their meetings have positive influence on market based performance measures and that institutional shareholding enhances market valuation of firms. Finally, results point out that both country and sector characteristics influence the impact of governance on corporate performance. For enhanced performance of corporate entities,

we recommend a clear separation of the positions of CEO and board chair and also to maintain relatively independent audit committees.

Esther (2011) Study examined how Corporate Governance affects performance in commercial state corporations in Kenya. The objective of the study was to identify the relationship between financial performance, board composition and size. The study used descriptive survey design. The target population for this study was 41 commercial SCs in Kenya as presented by Inspectorate of SCs. Sample of 30 respondents out of 41 were found ideal. Respondents were 30 human resource officers. Data were analyzed through descriptive statistics and multi linear regression technique. Well-governed firms have higher firm performance. Mismanagement, bureaucracy, wastage, incompetence and irresponsibility by directors and employees are the main problems that have made State corporations (SCs) fail to achieve their performance. The poor performance of SCs in Kenya by 1990 led to outflow from central government to parastatal equivalent to 1 percent of the GDP in 1991. The findings were that the board size mean for the sample was found to be ten while a minimum of three outside directors is required on the board. The study thus discloses that there is a positive relationship between RoE and board size and board compositions of all SCs.

According to the study done by Yusoff and Alhaji (2012) which examined the relationship between corporate governance and firm performance for a sample of 813 listed companies representing nine sectors of the main board of Bursa Malaysia from 2009 to 2011. Three corporate governance components used in this study are proportion of non-executive directors (NED), board leadership structure, and board size. Firm

performance is measured in terms of firm earnings per share (EPS) and return on equity (ROE). The study discovered the influence of the three corporate governance measurements on both dimensions of firm performance from years 2009 to 2011 are mixed. The influence of corporate governance on the financial performance of Malaysian listed companies similar to previous studies in Malaysia or in other countries. It can be concluded that although various corporate governance reform has been undertaking in Malaysia since year 2000, the reform has not much effect on financial performance.

In Somalia, Kawira (2012), examined the relationship between corporate governance and performance of INGO in Somalia the study found that the majority of the INGOs had implemented four corporate governance practices, board size and composition, board meetings, audit committee and transparency and disclosure. The study concluded that all examined corporate governance practices have a weak or insignificant positive relationship with performance. For a deep consideration all empirical studies have different conclusions about how corporate governance practices influence the firm performance. This study will add another scenario and will reach a final conclusion of how corporate governance influences firm performance. Locally there is a gap on the determination of the impact of corporate governance practices on the performance of profit organizations in Somalia and this study fills that gap.

2.5 Summary of the Literature Review

The researcher summarized different theories that address the issue of corporate governance. Theories have attempted to address the issue of corporate governance as it can be observed from the literature many researchers have carried out studies to find the

link between corporate governance and firm performance. Based on the empirical studies collected, Esther (2011) who examined the relationship between financial performance, board composition and size? Found that that there is a positive relationship between RoE and board size and board compositions of all SCs. According Coleman (2007) examined the effect of corporate governance on the performance of firms in Africa, realized that large and independent boards enhance firm value and that combining the positions of CEO and board chair has a negative impact on corporate performance.

On the other side Moustafa et al; (2007) study on the impact of internal and external corporate governance mechanisms and firm performance, showed the board size, the firm size (sales), and the audit type show a non-significant impact, Yusoff and Alhaji, who examined the relationship between corporate governance and firm performance found that the reform has not much effect on financial performance. There have been conflicting findings on the relationship between corporate governance and firm performance measured in terms of financial performance however, various scholars have continually underscored the importance of corporate governance in both profit and nonprofit making organizations in Somalia a few research was made based on corporate governance practices a company performance and this study will add great value to the context of Somalia and will add another scenario of how corporate governance practices affect firm performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter the research methodology is presented in the following order, research design, target population, sampling procedure, data collection methods, and instruments of data collection.

3.2 Research Design

This section focused on the research tools the researcher used to reach the ultimate objective of this study. In this study the researcher applied a descriptive research design. Descriptive studies attempt to obtain a complete and accurate description of how frequency a situation, events occurs and it's also useful in determining the relationship between variables. In general a description design is commonly is used to achieve following research objectives: description of phenomena or characteristics associated with a subject population, estimates for proportions of the populations that have these characteristics and, discovery of associations among different variables (Emory, 1980; Robson,2002). The descriptive design was selected in this study because it would allow the researcher to gather numerical and descriptive data to assess the relationship between the investigated variables.

3.3 Population

Population is referred to the entire group of a defined class of people, objects, places or events selected because they are relevant to your research question. The target population

of this study was all the four telecommunication companies in Mogadishu Somalia (Appendix II). The study was a census study since the whole population was taken as an element of the study.

3.4 Data Collection

The study was conducted based on primary data that was collected through administration of a structured questionnaire using the likert measurement scale. The queries in the questionnaire were based on the variables of the study, the independent variables which were the company's corporate governance practices and the dependent variable which is the financial performance of the firm.

3.5 Data Analysis

The study employed descriptive statistical measures such as total score and frequency in determining the customary corporate governance practices in the telecommunication companies. Software package for social science was also used for analysis and summery of the data. To determine the correlation between corporate governance and performance of the telecommunication companies a regression model used:

3.5.1 Analytical Model

The following multi regression model was used to find the correlation between the corporate governance practices and financial performance of telecommunication companies in Somalia.

Financial performance was measured based on profit margin

$ROA= \beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+ \beta_5X_5+ \beta_6X_6+\varepsilon$

Where:

ROA= Financial performance as measured by Return on Asset

$\beta_{0=}$ performance of the company with zero corporate governance practices

X_1 = Number of board meeting

X_2 = Board composition

X_3 = Board size

X_4=Chief executive officer's dual role for the CEO and the chairman of the board (CEO duality)

X_5= Size of the firm measured by the natural logarithm of total assets

X_6= Leverage of the firm as measured by debt to equity ratio

ε = Error term

B_1-B_6 = Coefficients of Independent Variables

Data was summarized and analyzed with the use of computer package SPSS

3.5.2 Test of Significance

Results are said to be statistically significant within the 0.05 level, which means that the significance value must be smaller than 0.05. The significance was determined by R^2 in regression analysis, F-test (ANOVA), and T- test which indicates how many standard error means the sample diverges from the tested value.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter covers data presentation and analysis. The main objective of the study was to determine the effect of corporate governance practices on the financial performance of Telecommunication firms in Somalia. In order to simplify the discussions, the researcher provided tables and figures that summarize the collective reactions and views of the respondents.

4.2 Response Rate

The targeted sample size was 4 participants who were managers from the four telecommunication companies in Somalia. Those filled and returned questionnaires were all the four respondents making a response rate of 100%. According to Mugenda and Mugenda (1999), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. This means that the response rate for this study was excellent and therefore enough for data analysis and interpretation.

Table 4.1: Response Rate

Questionnaires	Frequency	Percent (%)
Response	4	100.0
Non-response	0	0.0
Total	**4**	**100.00**

Source: Research findings

4.3 Company Profile

The study sought to establish the company profile in order to determine whether it had influence on the corporate governance practices and the financial performance of the firm. The company profile included the company name, how long the company has been operating in Somalia, how many branches the company has in Somalia, the companies' major services and if the company has a board of directors.

The findings indicated that most of the telecommunication firms that participated in the study had operated in Somalia for a long time and they were established after the fall of the Somali central government in 1991. Also all of them agreed that they have board of directors who assist in the governing of the firms.

4.4 Board Size and Composition

4.4.1 Number of members serving in the Board of Directors

The researcher wanted to find out how many members were serving in the board of directors.

Table 4.2: Number of members serving in the Board of Directors

Number of years	Frequency	Percentage
Less than 5 members	0	0
6_10 members	2	50
11_15 members	1	25
16 membersand above	1	25
Total	**4**	**100**

Source: Research Findings

The study findings indicated that 50% of the respondents indicated that the number of members serving in their board of directors is between 6-10 members. 25% of the respondents indicated that the number of members serving on their board is between 11-15 members and 16 members and above. Therefore the findings indicated that most of the firms had boards which had six members or more.

4.4.2 Level of agreement with statements on Board size and composition

Please indicate your level of agreement with the following statements using the following rating:

Table 4.3: Level of agreement with statements on Board size and composition

Statements on board size and composition`	Mean	Std.deviation	Skewness	Curtosis
Gender balance is considered in the board members selection and composition	1.93	0.897	0.443	-1.256
Some of the board members are employees of the company or affiliates of the company	4.11	1.692	0.244	-0.462
The company has two-third or more of board members as completely independent non-executive directors	4.40	0.831	0.378	-1.471
Current board members have the required qualification and skills necessary to improve the company's performance	4.62	0.630	0.383	-1.326
New board members are nominated by independent board nomination committee	4.67	0.841	0.314	-0.429
When selecting board members their level of professional qualifications is important and deficiencies in the skills of current board members are considered	4.21	1.043	0.278	-1.402
The company has a predetermined plan secession of each board member and executive director	3.63	1.682	0.147	-0.153
The age and duration that each board member serves in the board affects the financial performance of the firm	3.57	0.992	0.127	-0.132

Source: Research Findings

The researcher found out that the most of the respondents strongly agreed with most of the statements. They strongly agreed that some of the board members are employees of

the company or affiliates of the company with a mean of 4.11 and a standard deviation of 1.692, that The company has two-third or more of board members as completely independent non-executive directors with a mean of 4.40 and a standard deviation of 0.831, that the Current board members have the required qualification and skills necessary to improve the company's performance with a mean of 4.62 and a standard deviation of 0.630, that New board members are nominated by independent board nomination committee with a mean of 4.67 and a standard deviation of 0.841 and lastly that When selecting board members their level of professional qualifications is important and deficiencies in the skills of current board members are considered with a mean of 4.21 and a standard deviation of 1.043.

However the respondents moderately agreed that the age and duration that each board member serves in the board affects the financial performance of the firm with a mean of 3.57 and a standard deviation of 0.992 and also that the company has a predetermined plan secession of each board member and executive director with a mean of 3.63 and a standard deviation of 1.682. They strongly disagreed that Gender balance is considered in the board members selection and composition with a mean of 1.93 and a statndard deviation of 0.897.

4.5 Board Meeting

4.5.1 Number of times in a year the Board meets

The researcher sought to find out the number of times in a year the board usually meet.

Table 4.4: Number of times in a year the Board meets

Period	Frequency	Percentages
Annually	3	75
Semiannually	1	25
Quarterly	0	0
Monthly	0	0
Total	**4**	**100**

Source: Research Findings

The research findings indicated that the most of the boards in the four firms usually meet annually as 75% percent of the respondents agreed so. Also 25% of the respondents indicated that the board usually meets semiannually.

4.5.2 Level of agreement with statements concerning board meetings

The researcher wanted to find out the level of agreement of the respondents with the following statements concerning board meetings.

Table 4.6: Level of agreement with statements concerning board meetings

	Mean	Std. deviation	Skewness	Curtosis
New board members is given an orientation and training before attending the board meetings	4.77	1.027	0.119	-1.226
Board members have the calendar and update events affecting the board meetings	4.56	0.631	0.394	-0.522
Sufficient time is provided during the board meetings for discussion before making board decision	3.69	0.842	0.278	-1.431
Board meeting minutes and records are kept accurately and timely	3.71	1.143	0.263	-1.326

Source: Research Findings

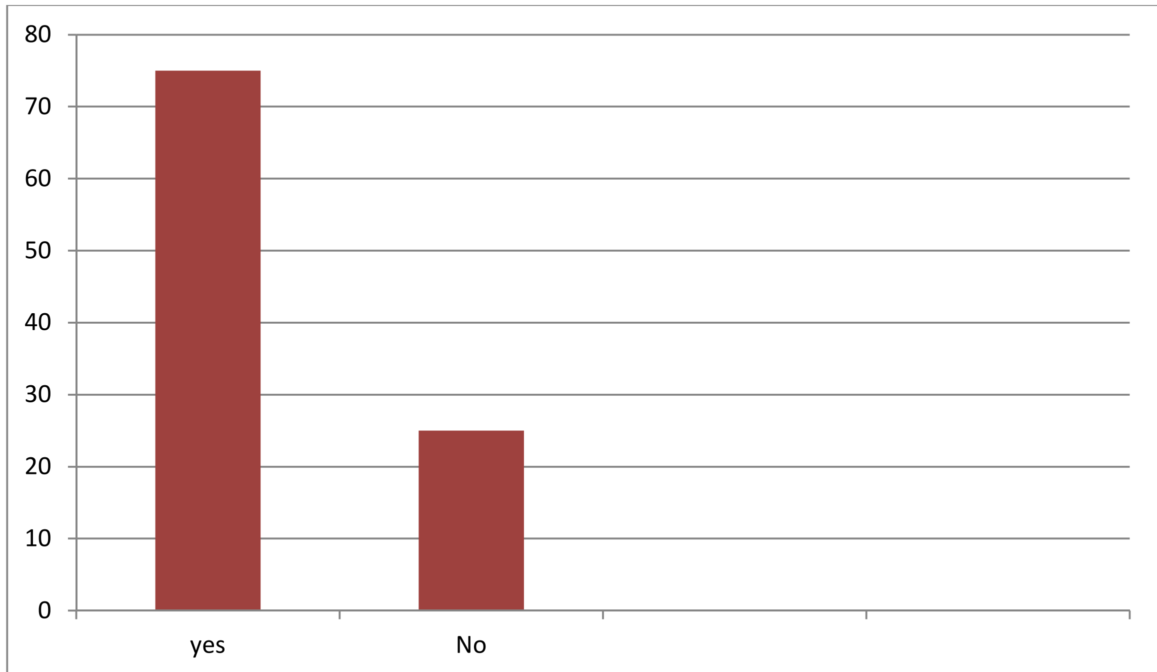
The study findings concerning the board meetings indicated that the respondents strongly agreed that New board members is given an orientation and training before attending the board meetings with a mean of 4.77, also they strongly agreed that Board members have the calendar and update events affecting the board meetings with a mean of 4.56. However they agreed that sufficient time is provided during the board meetings for discussion before making board decision with a mean of 3.69 and also that Board meeting minutes and records are kept accurately and timely with a mean of 3.71.

4.6 CEO Duality

4.6.1 How the Organization is governed

The researcher wanted to find out if the organization is governed by a separate chairman & Chief executive officer.

Figure 4.1: CEO Duality



Source: Research Findings

The study findings indicated that in most of the firms the chairman and the chief executive officer are separated. 75 % of the respondents agreed that they have a separate chairman and chief executive officer. 25% of the respondents are that ones who disagreed that the chairman and the chief executive officer roles are separated.

4.7 Financial Performance

The researcher wanted to find out the level of agreement of the respondents concerning the financial performance of the companies.

Table 4.7: Financial Performance

	Mean	Std. deviation	Skewness	Curtosis
Company's profitability has increased for the last three years	4.31	1.592	0.171	-1.491
The organization currently has audited financial reports	4.40	0.897	0.342	-1.026
The organization is able to achieve objectives within their budgets	3.57	0.730	-0.343	-0.223
Over the past three years, the organization has shown steady, measurable cost reduction	4.69	1.041	0.174	-1.151

Source: Research Findings

4.8 Inferential Statistics

This section presents a discussion of the results of inferential statistics. Correlation analysis was used measure the strength of the relationship between the independent variables i.e. the relationship between CEO duality, size of the board, number of the board meetings, board composition, size of the firm and leverage of the firm. Regression

analysis established the relative significance of each of the variables on the financial performance of the firms.

4.8.1 Correlation Analysis

The Pearson product-moment correlation coefficient (or Pearson correlation coefficient for short) is a measure of the strength of a linear association between two variables and is denoted by R. The Pearson correlation coefficient, R, can take a range of values from +1 to -1. A value of 0 indicates that there is no association between the two variables. A value greater than 0 indicates a positive association, that is, as the value of one variable increases so does the value of the other variable. A value less than 0 indicates a negative association, that is, as the value of one variable increases the value of the other variable decreases.

Table 4.8: Correlation Coefficient of Financial Performance

	CEO duality	size of the board	number of board meetings	size of the firm	Board composition	leverage of the firm
CEO duality	1					
size of the board	0.6135	1				
number of board meetings	0.5297	0.7914	1			
size of the firm	0.7612	0.8321	0.7294	1		
Board composition	0.5136	0.9487	0.3457	0.8971	1	
leverage of the firm	0.6913	0.8163	0.7568	0.8679	0.8827	1

Source Research Findings

The study in table 4.8, show that almost all the predictor variables were shown to have a positive association between them at a significant level of 0.05 and hence included in the analysis. There was strong positive relationship between CEO duality and size of the board (correlation coefficient 0.6135), size of the firm and size of the board (correlation coefficient 0.8321), number of the board meetings and size of the firm (correlation coefficient 0.7294), board composition and CEO duality (correlation coefficient 0.5136).

4.8.2 Regression Analysis

The following are the results of regression analysis.

Table 4.9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.5713[a]	.7685	.7681	.42127

Source Research Findings

a. *Predictors*: (Constant), CEO duality, size of the board, number of the board meetings, board composition, size of the firm and leverage of the firm.

b. *Dependent Variable:* financial performance.

Analysis in table above shows that the coefficient of determination (the percentage variation in the dependent variable being explained by the changes in the independent variables) R square equals 0. 7685, that is, a CEO duality, size of the board, number of the board meetings, board composition, size of the firm and leverage of the firm.

The Analysis of Variance (ANOVA) was used to check how well the model fits the data. The results are presented in table 4.10.

Table 4.10: ANOVA (Analysis of Variance)

Model		Sum of squares	Df	Mean Square	F	Sig.
1	Regression	1.045	3	.123	.695	.008[a]
	Residual	5.102	28	.177		
	Total	6.147	31			

Source Research Findings

a. *Predictors*: (CEO duality, size of the board, number of the board meetings, board composition, size of the firm and leverage of the firm.)

b. *Dependent Variable*: financial performance

The F statistic is the regression mean square (MSR) divided by the residual mean square (MSE). Since the significance value of the F statistic is small (0.008 smaller than say 0.05) then the predictors variables i.e. CEO duality, size of the board, number of the board meetings, size of the firm and leverage of the firms explain the variation in the dependent variable which is financial performance. The regression output of most interest is the following table of coefficients and associated output: associated output:

Table 4.11: Regression Coefficients Results

Model		Standardized		
		Beta	T	Sig.
x1	(Constant)	2.352	1.367	0.091
	Number of the board meetings	0.886	3.194	0.027
	CEO duality	-.337	-3.613	0.018
	Size of the firms	1.271	3.617	0.017
	Board composition	1.173	3.686	0.013
	Leverage of the firm	-0.199	-3.311	0.023

Source: Research Findings

From the Regression results in table above, the multiple linear regression model finally appear as

ROA = 2.352 + 0.886BM- 0.337CD+ 1.271SIZ + 1.173BC – 0.199LEV

Regression results above reveal that there is a positive relationship between dependent variable (Financial performance) and independent variables (number of the board meetings, board composition, size of the firm) and a negative relationship between the financial performance and CEO duality and leverage of the firm. From the findings, one unit change in CEO duality results in -.337 units decrease in financial performance. One unit increase in board composition results in 1.173 units increase in financial performance. One unit change in the size of the firm results in 1.271 increases in financial performance. One unit change in number of board meetings results in 0.886unit increases in financial performance. One unit change in board composition results 1.173 unit increases in financial performance.

4.9 Interpretation of the Findings

This section attempts to provide vivid interpretation of the findings obtained relating to the objective of the study. To establish the effect of corporate governance practices on the financial performance of telecommunication firms in Somalia, a multiple regression analysis was conducted to establish the relative effect of corporate governance to the financial performance of telecommunication firms in Somalia. The results showed a correlation value (R) of 0.5713 which depicts that there is a linear dependence of ROA on number of board meetings, CEO duality, board composition, and size of the firm. ANOVA statistics was conducted to determine the differences in the means of the dependent and independent variables thus show whether a relationship exists between the two. The f statistic of 0.008 implies that financial performance has a significant joint relationship with the board meetings, board composition and size and leverage of the firm which is significant at 5 percent level of significance. This also depicted the significance of the regression analysis done at 95% confidence level.

The regression results show that, when the independent variables have zero values, the dependent value would be 2.354. It is also established that one unit change in CEO duality results in -.337 units decrease in financial performance, One unit change in the size of the firm results in 1.271 increases in financial performance, One unit change in number of board meetings results in 0.886 unit increases in financial performance, and One unit change in board composition results 1.173 unit increases in financial performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to determine the effect of corporate governance on the financial performance of telecommunication companies in Somalia.

5.2 Summary

The study aimed at investigating the effect of corporate governance on the financial performance of telecommunication companies in Somalia.The study concentrated on the following key corporate governance practices; board size and composition, board meeting, CEO duality, On the other hand financial performance was measured by Return on Assets.

The study provided two types of data analysis; namely descriptive analysis and inferential analysis. The descriptive analysis helps the study to describe the relevant aspects of the phenomena under consideration and provide detailed information about each relevant variable. For the inferential analysis, the study used the panel data regression analysis and the Chi-square statistics.

The data was analyzed using statistical measures such as frequencies to determine the prevalent corporate governance practices. The findings were that the majority of the

telecommunication firms had board size and composition, board meetings and separation of the role of the chairman and CEO. On the other hand a simple regression model was used to identify the effect of corporate governance practices on the financial performance. It was established that the number of board meetings, board size and composition, separation of the role of chairman and CEO had a positive impact on the financial performance.

5.3 Conclusion

This paper has considered the effects of corporate governance on the financial performance of the telecommunications firms in Somalia. Corporate governance is essential in the activities of telecommunication firms I Somalia. While studying the corporate governance practices of the telecommunication firms in Somalia it was established that the majority had board of directors with a small board size. In addition the study have realized that the independence of the board is maintained since the board has enough number of non-executive directors, also the findings showed that the roles of the ED or CEO were separated from those of the board's chairperson. In addition, the board meetings are held frequently, free communication is encouraged and information is shared in a timely manner. The study found that, board size and composition, board meetings, CEO duality and size and leverage of the firm, are perceived to be important factors in the company's financial performance.

5.4 Recommendations for Policy

Since there is no publicly rules and regulations for concerning corporate governance practices in Somalia, There is need for the government and other partners to formulate a clear standards for corporate governance practices, for setting rules of corporate transparency and disclosure so that it is protected the investor rights specially outside investors. There is also need for gender balance consideration policy.

The study recommends that the board size and composition be considered since they affect the financial performance of the telecommunications industries. The number of non-executive directors needs to be selected well since they affect financial performance of the telecommunication industries.

The board of directors needs to comprise of well-educated people since they are actively involved in shaping telecommunication firms strategy. The study recommends that non-executive directors be trained on internal corporate governance mechanisms. Ownership concentration needs to be reduced to avoid few people controlling the financial performance of the organization. Employees should be encouraged to be more active in financial management aspects of the telecommunication companies.

Finally, the study recommends that financial monitoring should be done thoroughly by the board of directors. A constitution which clearly indicates how to select and replace the CEO and directors need to be adopted. Telecommunication companies should consider adopting conduct of regular Corporate Governance and financial Audits and

Evaluations. Good Corporate Governance has a positive economic impact on the institution in question as it saves the organization from various losses e.g. those occasioned by frauds, corruption and similar irregularities.

5.5 Limitations of the Study

The researcher encountered various limitations that were likely to hinder access to information sought by the study. The researcher encountered problems of time as the research was being undertaken in a short period with limited time for doing a wider research. However, the researcher countered the limitation by carrying out the research across the telecommunications companies that were selected which enabled generalization of the study findings on the effects of corporate governance and the financial performance of the telecommunication companies in Somalia. The respondents approached were reluctant in giving information fearing that the information they give might be used to intimidate them or print a negative image about the institution especially, financial information. The researcher also met challenges with assuring to the respondents that the information they gave was to be treated confidentially and it was to be used purely for academic purpose.

5.6 Recommendation for Further Studies

This study has reviewed the effects of corporate governance on the financial performance of the telecommunications firms in Somalia. To this end therefore, a further study should be carried out to establish how the telecommunication industries have been able to come up with various strategies, polices and systems to comply with a regulated business

environment. And also the researchers should be able to conduct a similar study in different parts of the continent.

Moreover, a study should also be carried out to establish the challenges the telecommunication companies face. The same study should be carried out in other telecommunication sectors to find out if the same results will be obtained.

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APPENDICES

APPENDIX I:QUESTIONNAIRE

Questionnaire for the study on corporate governance practices and financial performance of telecommunication firms in Somalia.

Dear respondent,

My name is Fatima Mohamed Mohamud, an MSc Finance student from the University of Nairobi. My study requires that I undertake a field study within your organization on the abovementioned subject. I kindly request your assistance in filling in this questionnaire to assist in the achievement of the study objective. Your frank & accurate response is akey to attaining the objective of the study. The results will be used only for research purposes and responses treated with utmost confidence.

Thank you for your cooperation.

Section A: company profile

Q1: Name of the Company..

Q2: How long has this company been operating in Somalia.................... (Years)

Q3: How many branches does this company has in Somalia..................... branches

Q4: what are the company's major services? ....

Q5: Do you have board of directors? Yes [ ] No [ ]

Section B: Corporate Governance Practices

A. Board size and composition

Q6: How many members are serving in the Board of Directors?

Less than 5 [ ] 6_10 [ ] 11_15 [ ] 16 and above [ ]

Please indicate your level of agreement with the following statements using the following rating:

5 – Strongly Agree 4 – Agree 3 – Neither Agree nor Disagree 2 – Disagree 1 – Strongly Disagree

		1	2	3	4	5
Q7	Gender balance is considered in the board members selection and composition					
Q8	Some of the board members are employees of the company or affiliates of the company					
Q9	The company has two-third or more of board members as completely independent non-executive directors					
Q10	Current board members have the required qualification and skills necessary to improve the company's performance					
Q11	New board members are nominated by independent board nomination committee					
Q12	When selecting board members their level of professional qualifications is important and deficiencies in the skills of current board members are considered					
Q13	The company has a predetermined plan secession of each board member and executive director					
Q14	The age and duration that each board member serves in the board affects the financial performance of the firm					

B. Board meeting

Q15: How many times in a year does the Board meet?

Annually [ ] Semi annually [ ] Quarterly [ ]

Monthly [ ] Other [ ] Specify __________

Q16: How many members in the board is required to fill the quorum in the board meetings_____________

Please indicate your level of agreement with the following statements using the following rating:

5 – Strongly Agree 4 – Agree 3 – Neither Agree nor Disagree 2 – Disagree 1 – Strongly Disagree

Q17	New board members is given an orientation and training before attending the board meetings	1	2	3	4	5
Q18	Board members have the calendar and update events affecting the board meetings					
Q19	Sufficient time is provided during the board meetings for discussion before making board decision					
Q20	Board meeting minutes and records are kept accurately and timely					

C. CEO duality

Q21: Is the organization governed by a separate chairman & Chief executive officer? *Choose*

***Yes** or **no** as Appropriate*

Yes [ ] No [ ]

Q22	The responsibilities of the chairman and the CEO are completely independent from one another	1	2	3	4	5
Q23	The separation of the chairman and CEO creates a control and accountability environment which improves companies performance					

Section C: Financial Performance

Q24	Company's profitability has increased for the last five years	**1**	**2**	**3**	**4**	**5**
Q25	The organization is able to achieve objectives within their budgets					
Q26	Over the past three years, the organization has shown steady, measurable cost reduction					

A company document checklist on effects of leverage level of financial performance

Year	2009	2010	2011	2012	2013
Total debt					
Total Equity					

A Company document checklist on Return on Assets as the measure of financial performance.

	2009	2010	2011	2012	2013
EBT					
Total Assets					

APPENDIX II: LIST OF TELECOMMUNICATION COMPANIES IN MOGADISHU SOMALIA

1. Hormuud Telecom Somalia Inc. (HORTEL)
2. NationLink Telecom
3. Somafone Telecommunications Service Company
4. Somtel

APPENDIX III: LETTER OF INTRODUCTION

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MSC FINANCE PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 30/9/2014

TO WHOM IT MAY CONCERN

The bearer of this letter Fatima Mohamed Mohamud

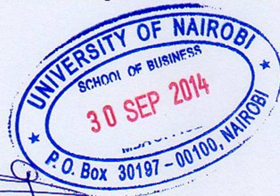
Registration No. D63/68130/2013

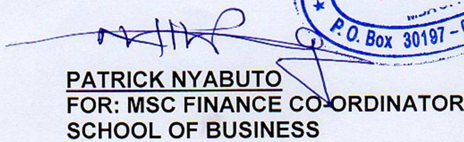
is a bona fide continuing student in the Master of Science (Finance) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a finance problem. We would like the students to do their projects on real problems affecting firms in Somalia. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.





PATRICK NYABUTO
FOR: MSC FINANCE CO-ORDINATOR
SCHOOL OF BUSINESS