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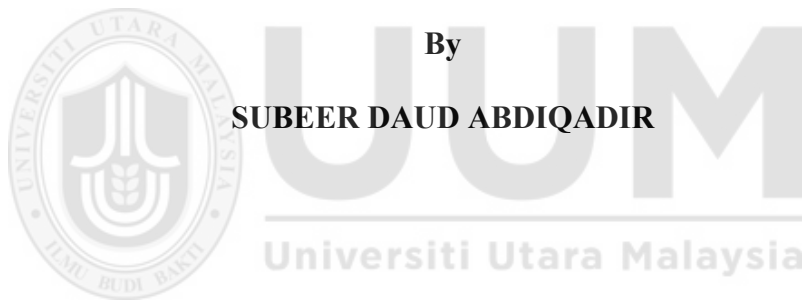
**THE ROLE OF SUPPORT SYSTEM ON START-
UP SUCCESS IN HARGEISA, SOMALILAND**



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**MASTER OF SCIENCE MANAGEMENT
UNIVERSITI UTARA MALAYSIA
August 2024**

**THE ROLE OF SUPPORT SYSTEM ON START-UP SUCCESS IN
HARGEISA, SOMALILAND**



By

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**Thesis Submitted to
School of Business,
University Utara Malaysia,
in Partial Fulfilment of the Requirement for the Master of Science
Management**



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ABSTRACT

Start-ups are pivotal to fostering economic development, generating employment, nurturing eco-innovation, and pioneering new markets. Their contributions are especially vital in emerging economies, such as those in the African continent. However, start-ups face significant challenges in their quest for sustainability and survival, with failure rates alarmingly high, ranging from 50% to 95%. Using Hargeisa Somaliland, a developing region where start-ups grapple with many obstacles, this study endeavours to shed light on the efficacy of their support systems. Therefore, it is crucial to recognise the need to assess the critical support services that enable Start-up success. This thesis attempts to determine which start-up-related essential support services, such as technology, market, finance, and soft support, contribute the most to its success. Primary data were collected from 123 respondents to the distributed questionnaire for 200 newly registered start-ups in the last five years engaged in Electronics, Boutiques/clothes shop/tailoring, Transport, Supermarket and Retail shops through structured questionnaires using stratified random sampling techniques. This study aims to underscore the significance of technology, finance, and soft support in the success of start-ups, while market-related support did not have a significant impact. The study's result shows a significant negative relationship between the variables understudies in this research. These insights not only build upon existing literature by elucidating the role of these supports in propelling start-up success. However, it also shows how each type of support does not contribute to the Start-up's success in the specific context of Somaliland.

ACKNOWLEDGEMENTS

I begin by acknowledging the blessings of Allah, the Most Merciful, whose guidance and grace have been integral to the successful completion of this research.

I am deeply thankful to Allah for granting me the opportunity, patience, wisdom, and strength to accomplish this thesis. I extend my heartfelt appreciation to the University of Utara Malaysia for providing me with a conducive environment to pursue my academic aspirations at a distinguished management university. It is an honour to join the ranks of UUM alums.

My sincere thanks go to my beloved supervisors, Dr. Hafinas Binti Halid and Dr. Yusmani Mohd Yusoff, for their invaluable guidance and unwavering support. I also want to dedicate a special tribute to my parents. My father has been a pillar of financial and emotional support, inspiring me with his resilience and dedication. In contrast, my mother's love and support have been a constant source of strength.

I am grateful to Daud Abdiqadir Muhammad and Fadumo Muhammad Bade for their endless inspiration and support. Additionally, I want to thank my siblings, Wahib Daud and Mustafe Daud, Abdikadir Daud for their invaluable support and prayers.

Lastly, I appreciate the encouragement and support of my sisters, Filsan Daud, Shadia Daud, Amira Daud, and Samira Daud, throughout my academic journey. Thank Allah, the Most Merciful, for guiding and supporting me throughout my research. I am genuinely thankful for the opportunity and strength given to me to complete this thesis. I also want to thank the University of Utara Malaysia for providing an excellent environment for my academic pursuits. I am proud to be a part of the UUM alums.

TABLE OF CONTENTS

PERMISSION TO USE	ii
ABSTRACT	iii
ACKNOWLEDGEMENTS	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF FIGURES	ix

CHAPTER ONE: INTRODUCTION 1

1.1 Background of the Study	1
1.2 Problem Statement	5
1.3 Research objectives	7
1.4 Research Questions	7
1.5 Scope of The Study	7
1.6 Significance of The Study	9
1.7 Definition of Key Terms	10
1.8 Organization of the Study	11

CHAPTER TWO: LITERATURE REVIEW 13

2.1 Introduction	13
2.2 Start-ups	13
2.2.1 Defined start-up	15
2.2.2 Types of Start-ups	15
2.3 Start-up success	16
2.4 Support Service	18
2.4.1 Finance-related Support	20
2.4.2 Market-related Support	22
2.4.3 Technology-Related Support	23
2.4.4 Soft-related Service	24
2.5 Underpinning Theory	25
2.5.1 The Resource-Based View (RBV) Theory	25
2.6 Summary	27

CHAPTER THREE: RESEARCH METHODOLOGY	29
3.1 Introduction	29
3.2 Research Framework.....	29
3.3 Hyposthesis Development.....	30
3.3.1 Financial-related Support and Start-up Success.....	31
3.3.2 Market-related Support and Start-up Success	33
3.3.3 Technology-related Support and Start-up Success	34
3.3.4 Soft-related Support and Start-up Success	35
3.4 Operation Definition	36
3.5 Research Design.....	38
3.5.1 Population, Sample, Sampling Technique.....	39
3.5.1.1 Population	39
3.5.1.2 Sample Size	39
3.5.1.3 Sample Technique	40
3.6 Questionnaire design	41
3.7 Research measurement.....	43
3.8 Data Collection.....	46
3.9 Data Analysis Technique	47
3.9.1 Descriptive Analysis	47
3.9.2 Reliability Test.....	48
3.9.3 Mean Analysis	48
3.9.4 Inferential Analysis.....	49
3.9.4.1 Pearson Correlation Analysis	49
3.10 Chapter summary	50
 CHAPTER FOUR: DATA ANALYSIS.....	 52
4.1 Introduction	52
4.2 Data Processing.....	52
4.3 Response rate	53
4.4 Scale of Measurement	53
4.4.1 Reliability Test.....	53
4.5 Descriptive Analysis	54
4.5.1 Demographic Variables	54
4.5.2 Mean Analysis	57

4.5.2.1 Dependent Variable Mean Analysis	57
4.5.2.2 Mean Analysis Dependent Variable	58
4.6 Inferential Analysis	61
4.6.1 Pearson Correlation Analysis	61
4.7 Summary of Hypotheses	62
4.8 Chapter Summary.....	63
CHAPTER FIVE: DISCUSSION AND CONCLUSION	65
5.1 Chapter overview	65
5.2 Recapitulation of the Study's Findings	65
5.3 Discussion	67
5.3.1 Relationship between finance-related support and Start-up Success in Somaliland, Hargeisa	67
5.3.2 Relationship between market-related support and Start-up Success in Somaliland, Hargeisa.	68
5.3.3 Relationship between technology-related support and the Start-up Success in Somaliland, Hargeisa.	69
5.3.4 Relationship between soft-related support and Start-up Success in Somaliland, Hargeisa.	70
5.4 Contributions and Implications of the Study	71
5.5 Limitation of study	72
5.6 Suggestions for Future Research.....	73
5.7 Conclusion	73
REFERENCES.....	74

LIST OF TABLES

Table 3.1	Questionnaire sources	45
Table 3.2	Cronbach's Alpha Measurement	48
Table 3.3	Mean Measurement	49
Table 3.4	Mean Measurement	49
Table 3.5	Correlation Measurement	50
Table 4.1	Response Rate	53
Table 4.2	Reliability Test	54
Table 4.3	Demographic Analysis	55
Table 4.4	Dependent Variable Mean Analysis	58
Table 4.5	Independent Variable Mean Analysis	59
Table 4.6	Independent Variable Mean Analysis	60
Table 4.7	Independent Variable Mean Analysis	61
Table 4.8	Correlation Analysis	62
Table 4.9	Summary of Hypotheses Testing	63
Table 5.1	Correlation Analysis	66

LIST OF FIGURES

Figure 1.1 Startup Ecosystem Report 2024	3
Figure 3.1 Research Framework	29



CHAPTER ONE

INTRODUCTION

This research aims to determine the relationship between finance, market, technology, soft-related support, and start-up success in Somaliland, Hargeisa. This chapter will provide and discuss the background of the study, problem statement, research questions, research objectives, the scope of the study, the significance of the study, key definition of terms, and organisational of thesis.

1.1 Background of the Study

The term “start-up” has gained global recognition, with millions of new companies emerging annually. These start-ups, with their job creation and innovative products, contribute significantly to national economies. Their impact on the country’s economy is evident in the creation of new production and employment opportunities (Audretsch & Acs, 1994). However, their influence is not limited to national borders. Start-up businesses, as global engines, stimulate economic growth worldwide, making them critical drivers of the global economy (Jonek-Kowalska & Wolniak, 2021)

Furthermore, Ghezzi & Cavallo (2020) highlighted that start-ups are the epitome of entrepreneurship and innovation. They stand out from traditional enterprises due to their dynamic market development, often achieved through modern technologies, new financial models, market access, consumer relations, and communication (Faria et al., 2021; Spender et al., 2024). Entrepreneurship, small businesses, and start-up culture are the driving forces behind economic wealth and growth, and they also play a significant role in addressing the issues and challenges

outlined in the Sustainable Development Goals (SDG) of the United Nations (Bosma et al., 2020).

According to Pavlovic et al. (2019), European start-ups and small businesses are responsible for 99% of the economic development in one continent. According to the World Bank's 2019 research, small and medium-sized enterprises (SMEs) create 70% of the jobs in emerging countries. The report predicts that by 2030, there will be a need for 600 million jobs. Consequently, promoting the growth of small and medium-sized enterprises (SMEs) has been a primary focus for many governments across the globe. Several studies have investigated the impact of start-ups on economic development, employment creation, and wealth generation. Small and medium-sized enterprises (SMEs) generate substantial wealth through tax revenues, exports, and local economic growth (Al-Haddad et al., 2019).

From an economic point of view, start-ups are very valuable accelerators for innovation and societal development. Their invention and growth indicate the potential for sustained advancement in local entrepreneurship, resulting in a significant influence and recognition of development in the community. Additionally, Jonek-Kowalska & Wolniak (2021) stated that they serve as the foundation for more dynamic local economic growth by attracting new investors from various sectors and generating employment opportunities. Over the years, well-established start-ups have contributed to increasing income levels and generating growth in socio-economic dimensions (Cockayne, 2019; Skawińska et al., 2020). Previous research, like the one conducted by Aldianto et al. (2021), has indicated that the establishment and growth of start-ups not only enhance entrepreneurial activities but also encourage resilience against external threats, promote technological advancements, facilitate market expansion, and broaden the support system for

growth. Several companies have succeeded in recent years, while others have failed because they could not overcome various obstacles (Skawińska et al., 2020). According to Bednar and Trinova (2017), start-ups are characterised by their ability to identify exceptional ideas for business, their increased need for cash, and their intense focus on advancements. However, start-ups are also considered high-risk ventures that require individuals who are more willing to take risks, such as innovative thinkers and entrepreneurs. Governments have recognised the pivotal role of start-ups in fuelling national economic development and have taken swift action to support their growth and success despite the many challenges they encounter (Kee et al., 2019).

Country	City	Global Rank	Total Score
Handuras	Tegucigalpa	863	0.162
	San Pedro Sula	1,245	0.06
Iran	Tehran	393	0.861
	Mashhad	1,301	0.04
	Shiraz	1,304	0.04
Iraq	Erbil	653	0.28
	Baghdad	930	0.137
Ivory Coast	Abidjan	696	0.249
Madagascar	Antananarivo	1,007	0.112
Malawi	Lilongwe	1,269	0.05
Mali	Bamako	614	0.314
Montenegro	Podgorica	1,131	0.078
Mozambique	Maputo	1,123	0.08
Myanmar	Yangon	505	0.476
Nepal	Kathmandu	482	0.526
Nicaragua	Managua	1,255	0.05
Oman	Muscat	739	0.221
Palestine	Ramallah	1,038	0.105
Saint Kitts and Nevis	Charlestown	1,039	0.105
Seychelles	Victoria	219	2.118
Sierra Leone	Freetown	1,147	0.076
Somalia	Mogadishu	663	0.273
	Hargeisa	762	0.204

Global Startup Ecosystem Index 2024			
Rank	City	Rank Change (from 2023)	Total Score
734	Kazan, Russia	-107	0.226
735	Warwick, United Kingdom	+131	0.225
736	Longview, United States	new	0.225
737	Krasnodar, Russia	+308	0.224
738	Bucaramanga, Colombia	+47	0.224
739	Muscat, Oman	+292	0.221
740	Stoke-on-Trent, United Kingdom	new	0.221
741	Plymouth, United Kingdom	+56	0.220
742	Monroe, United States	-76	0.217
743	Davao City, Philippines	+208	0.216
744	Oradea, Romania	-124	0.214
745	Astoria, United States	+27	0.212
746	Las Cruces, United States	-16	0.212
747	Evansville, United States	+62	0.212
748	Andorra la Vella, Andorra	-79	0.212
749	Jodhpur, India	+28	0.211
750	Bari, Italy	+258	0.211
751	Shelton, United States	-108	0.211
752	Groton, United States	+60	0.210
753	Peterborough, Canada	+8	0.209
754	Ostrava, Czechia	-146	0.208
755	Ipswich, United Kingdom	+32	0.208
756	Cancun, Mexico	-104	0.207
757	Aspen, United States	-3	0.207
758	Guwahati, India	+62	0.206
759	Heraklion, Greece	new	0.205
760	Joussau, Finland	-37	0.204
761	Redding, United States	-69	0.204
762	Hargeisa, Somalia	+80	0.204
763	Lakeland, United States	-154	0.204
764	Manizales, Colombia	+11	0.203
765	Garden City, United States	new	0.203
766	Orléans, France	+37	0.203
767	Tilburg, The Netherlands	+128	0.203

Figure 1.1

The Global Startup Ecosystem Index Report 2024

The data above shows that Hargeisa, Somalia, has a StartupBlink Score of +80 and a rank of 0.204. StartupBlink conducts quarterly assessments of more than 150,000 start-ups, evaluating them according to traction, investment, and number of employees. The SB Score provides an in-depth evaluation of a start-up's worldwide position and standing within its local ecosystem, region, industry, and sub-sector. For Hargeisa, this implies that the start-ups in the city are being acknowledged and rated based on these criteria, highlighting their competitive position not only locally but also on a global scale.

According to the Start-up Ecosystem Report (2024), start-ups in African countries face a wide range of challenges and successes in the constantly evolving field of entrepreneurship. The obstacles previously identified and encountered by start-ups worldwide are equally prevalent in Somaliland, indicating the persistence of similar issues across the entire continent. Start-ups face enormous obstacles to their growth and sustainability due to limited access to investment, infrastructural constraints, regulatory difficulties, skills shortage, and market fragmentation. Nevertheless, in these difficulties, African start-ups demonstrate exceptional perseverance and creativity.

The Hargeisa (Capital of Somaliland) has significantly improved its rankings in the Start-up Ecosystem Report, 2024, by moving up more than 80 positions out of the 1200 cities mentioned. This progress can be attributed to their impressive capacity for innovation, addressing local needs, and contributing to social impact and sustainable development goals. Collaborative ecosystems, including incubators, accelerators, and co-working spaces, are essential in providing resources to start-ups. These ecosystems encourage collaboration and knowledge exchange among start-ups (Bosma et al., 2019). In addition, the extensive use of mobile technology has

empowered start-ups to access neglected communities and develop inventive solutions (World Bank Group, 2018). African start-ups are overcoming significant obstacles and receiving international recognition and investment. This highlights their ability to stimulate economic development and social advancement in the region. The United Nations Office on Drugs and Crime (UNODC) report (2023) indicates that Somaliland's financial sector operated primarily on an informal basis, with traditional banking systems, such as Hawala, needing more involvement. In Hargeisa, Somaliland, start-ups are directly impacted by challenges such as restricted access to banking institutions and finance, which limit their ability to address critical aspects of their performance, including competitor analysis, customer research, and product development. With adequate financial resources, start-ups can invest the necessary tools, technologies, and expertise to conduct a comprehensive competitor analysis, understand customer needs, and develop innovative products or services.

1.2 Problem Statement

According to the Danish Institute for International Studies (2021), the Hawala business model in the financial sector in Somaliland faced challenges during the COVID-19 pandemic period lockdown. The pandemic has highlighted the fragility of the current monetary system. The report also states that hawala (Remittance) dropped from \$92 to 72 million dollars in 3 months (Jan.2020 to Apr.2020), while growth in the start-up business sector dropped drastically from \$138 to \$97 million during the same period. However, despite this decline, there is still significant potential for growth in the start-up sector, which plays a crucial role in economic growth, job creation, and innovation in Somaliland. Van Scheers (2016) stated that in developed economies, there is a positive view on start-ups due to their innovative-driven ideas

and encouraging entrepreneurial activities. This emphasis on innovation is inspiring, even in the face of the high failure rates, with almost 75 % of start-ups failing in the first five years of their launch in Ireland, and 90% in countries such as India (Kalyanasundaram, 2018). Despite the risk and failure that can occur in business, particularly in Ireland (Central Bank of Ireland, 2019), the potential for change and innovation in start-ups is significant.

Hence, the Somaliland Economic Forum report (2023) states in Somaliland, the challenges, such as insufficient resources, limited awareness of available support systems, lack of relevant knowledge and skills, inadequate networking opportunities, and restricted access to essential information and opportunities, hinder the sustainable growth of start-ups in the region. According to the Somaliland Central Bank financial report (2023) states, although the government has implemented various initiatives and support programs to address these challenges, there remains a critical gap in understanding the specific types of support crucial for start-up success in Somaliland, particularly within the entrepreneurial landscape of the capital city, Hargeisa. These support systems include technology-related, market-related, finance-related, and soft-related support.

The research also emphasizes the potential impact of this study, which aims to bridge the gap by examining the impact of different types of support, including technology-related, market-related, finance-related, and soft-related support, on the success of start-ups in Hargeisa, Somaliland. By gaining insights into the role of these support systems within the start-up ecosystem, policymakers, stakeholders, and support organisations can tailor interventions and strategies to meet the needs of start-ups better, foster their growth, and ultimately contribute to the sustainable economic development of Somaliland.

1.3 Research Questions

The following research questions are as follows:

- i. Does finance-related support positively relate to the Start-up Success in Somaliland, Hargeisa?
- ii. Does market-related support positively relate to the Start-up Success in Somaliland, Hargeisa?
- iii. Does technology-related support positively relate to the Start-up Success in Somaliland, Hargeisa?
- iv. Does soft-related support positively relate to the Start-up Success in Somaliland, Hargeisa?

1.4 Research objectives

The objectives of the study are:

- i. To examine the relationship between finance-related support and start-up success in Somaliland, Hargeisa.
- ii. To examine the relationship between market-related support and start-up success in Somaliland, Hargeisa.
- iii. To examine the relationship between technology-related support and start-up success in Somaliland, Hargeisa.
- iv. To examine the relationship between soft-related support and start-up success in Somaliland, Hargeisa.

1.5 Scope of The Study

This individual-level research delves into the pivotal role of support systems in the success of start-ups in Hargeisa, Somaliland. The study population encompasses all

start-ups in Hargeisa, Somaliland, which represent eight sub-districts: Koodbuur, 26 June, Ga'an Libah, Ahmad Dhegeh, Mohamoud Haibe, Waaheen Market, Gobonimo Market, and Jig-Jiga Street Market. These sub-districts represent a variety of business ventures. The primary focus lies in examining the relationships between various forms of support and start-up success within the region during 2023. As of December 31, 2023, there were a total of 200 start-ups operating across all districts in Hargeisa, the capital city of Somaliland. The comprehensive study focuses on four particular aspects of support: finance-related support, market-related support, technology-related support, and soft-related support. This comprehensive approach ensures a thorough understanding of the support systems that underpin the success of start-ups, thereby contributing to the growth and sustainability of businesses in Hargeisa.

The rationale behind these specific factors stems from their critical importance in the growth and sustenance of businesses within Hargeisa. In a rapidly expanding city, the prosperity of numerous residents is contingent upon the success of these start-ups. Consequently, it is essential to comprehend the influence of these support mechanisms on the development of start-up ventures. Through careful investigation and analysis, this study aims to shed light on the complex relationships between the identified support forms and start-ups' success in Hargeisa, Somaliland. The potential impact of this research is significant, as it can lead to the improvement of the region's entrepreneurial ecosystem by providing valuable insights that can enlighten policymakers, stakeholders, and entrepreneurs by demonstrating these relationships.

1.6 Significance of The Study

The significance of this study extends across multiple dimensions, offering valuable benefits to various stakeholders. Firstly, for aspiring start-up entrepreneurs in Hargeisa, Somaliland. The research serves as a vital resource in preparing them for the challenges of launching and sustaining a business. The study not only enhances entrepreneurs' understanding of their typical challenges but also empowers them with valuable guidance on effective problem-solving techniques. This gives them the essential knowledge and resilience to negotiate every aspect of the start-up journey, instilling a sense of confidence and capability.

The results of this study offer practical recommendations for policymakers and government bodies in Somaliland. By addressing the unique obstacles faced by start-ups in Hargeisa, Somaliland, these suggestions can guide policy-making efforts towards creating a more conducive environment for start-ups. This, in turn, can lead to increased economic growth and job creation in the region.

Moreover, this study adds to the current information base regarding strategies for addressing start-up enterprises' obstacles in Somaliland. The study enhances our comprehension of the entrepreneurial dynamics in the region by expanding on prior research and providing new insights specific to the context of Hargeisa. This promotes academic discussion and establishes the foundation for future research endeavours and practical interventions to assist start-up ecosystems in similar situations.

In summary, this study's significance is derived from its multifaceted contributions to the entrepreneurial landscape of Hargeisa, Somaliland, and beyond. By empowering start-up entrepreneurs, informing policy-making efforts, and enriching academic inquiry, the research has the potential to catalyse significant

positive change, drive economic growth, and foster innovation in the region, instilling a sense of hope and optimism.

1.7 Definition of Key Terms

The following key terms were utilised in the study and have been defined below:

As defined by Sharifi & Hossein (2015), a start-up is a growing business initiating operations to transform into more substantial entities (Blank, 2012).

1.7.1 Start-up success

Start-up success is the ability of a firm to survive or to sustain in business based on financial and non-financial performance over the past five years (Durda and Krajcik, 2016; Lussier and Pfeifer, 2001; Yaacob et al., 2014).

1.7.2 Finance-related Support

Finance-related support refers to the government and government-owned institutions providing monetary assistance to start-ups. This assistance includes support schemes, facilitating connections with financiers, and direct support in financing innovation projects undertaken by entrepreneurs when establishing or improving their businesses (Alfredsson, 2003; Dwivedi and Mishra, 2013; Heydebreck et al., 2000).

1.7.3 Market-related Support

Market-related services are support services that include assistance with the marketing of products and technologies, the search for customers and suppliers, and the launch of new products (Kee et al., 2019; Heydereck et al., 2000). Market-related services are defined in this study as support services that include marketing products

and technologies, searching for customers and suppliers, and facilitating new product introductions (Heydebreck et al., 2000).

1.7.4 Technology-related Support

Technology-related services refer to the provision of technological support for the implementation and administration of research and development, technological advisory services, the identification of research and development collaboration partners, and the provision of infrastructure that creates a favourable environment for the development of start-up businesses. According to several studies (Kee et al., 2019; Akinruwa et al., 2013; Heydebreck et al., 2000), technology-related services include technological consulting, the ability to provide the infrastructure that fosters the development of start-up businesses, and the availability of technology support for the execution and management of R&D.

1.7.5 Soft-related Support

Kee et al., (2019) defined general types of support, which include seminars and the provision of information, education and training programmes, and consulting. These services commonly assist start-up enterprises in establishing a network and improving their expertise.

1.8 Organization of the Study

This thesis comprises five chapters.:

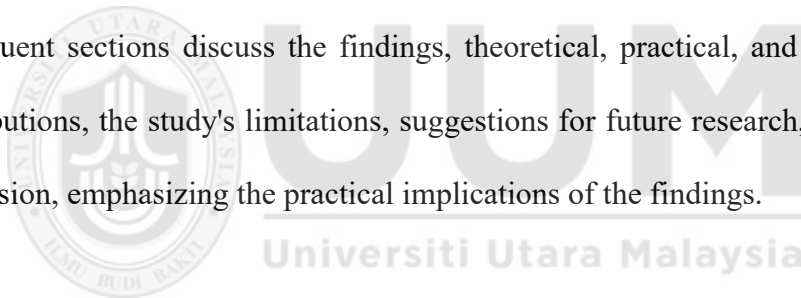
Chapter 1 discusses the study's background, problem statement, objective, research questions, and significance as a direction for the entire study.

Chapter 2 lays a solid foundation for the study by presenting a comprehensive analysis of the existing literature. This chapter delves into the fundamental theories and variables that underpin the study, examining factors such as financial, market, technological, and soft skills support.

Chapter 3 ensures the study's credibility by illustrating the thorough methodology used. This chapter discusses the design, research hypotheses, variables, sample, procedure, measures, data collection, and analysis in detail.

Chapter 4 presents and discusses the survey's data analysis results and detailed study findings. Discussions were made to determine the links among variables.

Chapter 5 summarizes the findings based on the research questions, and the subsequent sections discuss the findings, theoretical, practical, and methodological contributions, the study's limitations, suggestions for future research, and the study's conclusion, emphasizing the practical implications of the findings.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the relevant literature leading to the development of the research model. Previous empirical findings relating to each variable were explored as well. Furthermore, this chapter also discusses the underlying theory, the development of hypotheses, and the establishment of the research framework. However, the economic landscape of Hargeisa, Somaliland, is symbolic of resilience and entrepreneurial spirit, where start-ups form the backbone of its growing economy. These entities are not only pivotal in driving innovation and employment but also in shaping the socio-economic fabric of the region. The role of support systems comprising government interventions, private sector initiatives, and community networks in the success of these start-ups is a subject of increasing scholarly interest, particularly in contexts characterised by unique challenges and opportunities like Hargeisa. This literature review explores the connection between support systems and start-up success in Hargeisa, drawing on various empirical findings and theoretical frameworks that shed light on similar economies.

2.2 Start-ups

According to Jonek-Kowalska & Wolniak, (2021), new business launches strongly demonstrate entrepreneurs and innovators. The concept of start-ups can be defined in terms of the occurrence of one of the following scenarios, as per Schumpeter (1960): the introduction of a novel product that consumers have not yet utilized, the addition of fresh attributes to an existing product, a new market where the industry had not previously operated, the adoption of a new manufacturing technique that had not

been tried before in the relevant sector, the acquisition of new sources of production materials, and the introduction of a new organizational structure within a particular industry.

Hence, Robbins et al., (2021) state that an essential prerequisite for the emergency of innovation is the novelty or significant enhancement of a product, process, organizational structure, or marketing approach within the company. Moreover, the essential concept linked to innovation is that of an inventive business entity or start-up, defined as one that has launched a new product, process, organizational structure, or marketing strategy within a short timeframe (up to three years). A key feature of an inventive business start-up is its capacity to obtain, gather, utilize and advance knowledge in innovation. The inclusive character of innovation promotes extensive knowledge exchange and dissemination, consequently boosting innovation at a macroeconomic level and facilitating dynamic economic growth (Bellantuono et al., 2021). The study prioritized innovation because start-ups thrive on developing distinctive solutions that satisfy unfulfilled demands, establish a competitive edge, and promote market leadership rather than duplicating existing products or services.

Other businesses recognize start-ups for the exceptional innovation that drives their persistence from the moment the business concept is developed. Ryu et al. (2021) asserted that start-ups provide innovative products and services that are frequently tuned to a specific customer need that is only sometimes realized. Due to such focus, it allowed start-ups to expand their reach faster than traditional companies in dynamic new markets. Frequently, as part of their market expansion, they adopt innovative business models (Kollmann et al., 2015; Yun et al., 2020) and extensive reliance on technology since it is the most efficient to attract a wider pull

of customers interested in innovative concepts. As a result, start-up activity is concentrated in modern technology sectors such as IT, telecommunications and modern financial mediums (Marzec et al., 2020).

2.2.1 Defined start-up

Sharifi and Hossein (2015) define *start-up businesses* as newly established enterprises that aim to grow into larger firms (Blank, 2012). Pickernell et al., (2013) define *start-ups* as recently founded enterprises that have been in operation for less than four years. In this study, start-up success refers to the ability of a company to maintain its operations for the previous five years, including both financial and non-financial performance metrics (Durda and Krajcik, 2016; Lussier and Pfeifer, 2001; Yaacob et al., 2014).

2.2.2 Types of Start-ups

To establish a successful start-up in the contemporary world, where innovation is highly regarded, more is needed to possess a solid idea. In order to comprehend the varied terrain of start-ups, it is crucial to analyse the six unique categories of start-ups. Every kind possesses distinct attributes, difficulties, and possibilities that play a vital role in determining its path of growth and total achievement. This literature study will explore these six groups in detail, offering insights into their distinctive characteristics and the factors that impact their expansion and long-term viability.

Start-ups can be classified into six main types based on their motives: lifestyle start-ups, small business start-ups, scalable start-ups, buyable start-ups, prominent companies, and social start-ups (Blank & Euchner, 2018). Lifestyle start-ups capitalise on the founder's way of life as a commercial opportunity, while small

business start-ups involve individuals working for themselves, such as freelancers. Scalable start-ups are characterised by their dominant market position, while buyable start-ups entice more giant corporations to acquire them, especially in the online or app development sectors. Prominent company start-ups introduce new product lines within existing businesses, and social start-ups, whether for-profit or non-profit, aim to create positive change in the world at any scale. Establishing a suitable strategy is crucial to ensure the successful development of a start-up company. At least four methods are commonly employed for company development: lean start-up, canvas, design thinking, and agile (Silva et al., 2020; Bocken & Snihur, 2020; Sarooghi et al., 2019).

2.3 Start-up success

Despite the limited availability of Hargeisa-specific literature, global research on start-up ecosystems can provide significant insights. These broader perspectives can be adapted to gain a more comprehensive understanding of the entrepreneurial landscape in Somaliland, including its distinctive characteristics and distinctions. This method enables a thorough examination that considers both universal principles and local nuances, allowing for a more personalised comprehension of the start-up environment in Hargeisa. Start-ups in Hargeisa exhibit remarkable resilience, flourishing despite the challenges of limited access to initial funding and the obstacles presented by a developing economy. Sharifi & Hossein (2015) and Pickernell et al. (2013) offer a comprehensive analysis of start-up dynamics, while Durda and Krajcik (2016) & Lussier and Pfeifer (2001) discover success measures and challenges, providing a comparative perspective for examining Hargeisa's ecosystem. Moreover, the significance of small and medium-sized enterprises

(SMEs) in fostering economic growth, as emphasised by influential studies conducted by Acs & Audretsch (1990), Bhutta, Rana & Asad (2008), & Al Haddad et al., (2019), provides a foundation for comprehending the influence of support systems on the success of new businesses.

This research examines several aspects of support systems, including financial support, technological support, market support, soft skills, and policy-driven analysis. It analyses how these aspects impact the growth and long-term sustainability of start-ups in Hargeisa. This review aims to analyse the existing literature on the impact of support systems in similar markets. Its goal is to identify the characteristics that drive the success of start-ups, thus contributing to the discussion on how to promote entrepreneurial ecosystems in developing economies. This research aims to provide practical knowledge and suggestions for policymakers, investors, and entrepreneurs in Hargeisa who are ready to utilise the power of start-ups to drive economic transformation.

Despite government initiatives, progress in promoting start-up activity still needs to be improved, particularly evident in the informal sector's performance. The macroeconomic environment significantly influences start-up expansion opportunities, with less favourable conditions constraining employment prospects. Limited information on the small business sector's structure exacerbates challenges, hindering effective solutions. Concurrently, start-ups play a crucial role in creating employment opportunities, often outpacing larger ones. Governments and the private sector have increasingly assisted in new and established firms' ventures and worked to minimize failure rates (Carter & Auken, 2006; Savlovski & Robu, 2011). In Somaliland, the success of start-ups is crucial for the region's economic development and job creation. Key factors influencing start-up success include access to resources,

regulatory support, and an understanding of market dynamics. These elements are vital for fostering a sustainable entrepreneurial ecosystem in Somaliland, driving economic growth and prosperity (Hashim, 1999; Durda & Krajcik, 2016).

Assessing start-ups' success entails analyzing various financial and non-financial indicators. Financial success can be gauged through profitability and business growth (Omri et al., 2015; Fisher et al., 2014), while non-financial metrics might include the company's impact on society or the environment (Lussier & Halabi, 2010). A hybrid approach combining these metrics offers a comprehensive view of start-up performance, accommodating challenges such as maintaining accurate financial records (Gerba & Viswanadham, 2016). In addition, metrics such as total assets, profitability, sales volume, return on investment (ROI), capital employed, market share, total number of employees, employee attrition, customer satisfaction, productivity, and delivery time are taken into account. According to Gerba & Viswanadham (2016), researching start-ups in Somaliland could provide significant insights into their performance and success. To boost support for start-ups in Somaliland and contribute to a thriving and sustainable economic future, authorities and stakeholders should prioritise these variables and measurement methodologies. Therefore, by understanding these factors and implementing supportive policies and interventions, stakeholders in Somaliland can foster an environment conducive to the sustained growth and success of start-up businesses, thereby contributing to the region's economic prosperity and social well-being.

2.4 Support Service

According to a study conducted by Brooksbank (2008), government involvement plays an essential role in encouraging the growth of new businesses in the start-up

ecosystem. Curran & Storey (2002) emphasised a range of government support services, including direct advising services and formal assistance, such as identifying commercial activities, providing training, doing market research, advertising, and implementing innovative technologies (Bennet & Robson, 2003). Nevertheless, the absence of adequate government support for start-ups has contributed to their failure in Somaliland, as demonstrated by scenarios (Saleh & Ndubisi, 2006). In contrast, Kee et al., (2011) claimed that the primary concern is not the absence of government support but rather the accessibility of support programs. Furthermore, Ng & Kee (2017) underscored that numerous small and medium-sized enterprises (SMEs) encounter operational challenges and need help to remain informed about new developments, which require government intervention in financial grants and infrastructure provision. Kee et al., (2011) found that most small and medium-sized enterprises (SMEs) depend on private sponsors or self-funding for financial support, market penetration, and customer acquisition. This is due to the complex financing application procedure preventing them from accessing comprehensive assistance. Kee, Yusoff, & Khin (2019) conducted a study that revealed that technology-related, finance-related, and soft-related supports have a substantial correlation with the success of start-ups. However, market-related support did not exhibit a significant correlation with start-up success.

The government in Somaliland still needs to provide substantial assistance to start-up entrepreneurs. Unlike the Malaysian government, which initiated programs in 2012 that specifically targeted financing, technology transfer, and infrastructure development (SME Corp., 2014), Somaliland's initiatives in these areas are restricted. In 2013, for instance, Malaysia implemented 139 funding initiatives to support start-ups. They also collaborated with the private sector on 15 more

programs, which amounted to RM8.5 billion. Somaliland requires a similar degree of investment and participation. In 2010, SME Corporation in Malaysia conducted a total of 269 projects, with the main focus being on improving the availability of finance for start-up businesses (SME Corp., 2014). In addition, a range of training programs were implemented, including the 1-InnoCert certification program to improve innovation capacity, the SME Competitive Rating for Enhancement (SCORE) system to evaluate competitiveness, university internships to foster an entrepreneurial culture, and the National Mark-of-Malaysia Brand certification to enhance the promotion of products and services (SME Corp., 2018).

Nevertheless, a more profound comprehension of Somaliland's distinct initiatives and strategies that foster and bolster start-ups is required (Audretsch, 2004). Many start-ups in Somaliland encounter difficulties in obtaining financial assistance because they lack collateral and have insufficient documentation to support their loan applications (Haron et al., 2013). Therefore, it is essential to understand the specific support that leads to the success of start-ups in developing countries. In order to determine this support, it is crucial to possess a thorough comprehension of the start-up ecosystem, specifically in terms of recognising the roles of support systems such as technology-related support services, market-related support services, finance-related support services, and soft-related support services (Kee et al., 2019; Heydebreck et al., 2000).

2.4.1 Finance-related Support

Financial assistance is the most crucial resource for the development and survival of start-up companies. The effectiveness of finance-related support interventions in protecting start-ups may be attributed to their inherent character. It is a protective

barrier, enabling start-ups to engage in developmental operations without directly facing possible risks. Start-ups depend heavily on funding to build their firms, improve production capabilities, and recruit people (Haron et al., 2013). Start-ups often need more complex financing obstacles than larger, established businesses (Beck & Demirguc-Kunt, 2006). Finance-related services encompass assistance in acquiring external sources of financing, such as venture capital funds and direct financial support (Dwivedi & Mishra, 2013; Heydebreck et al., 2000). These services typically involve financial assistance from the government and government-owned institutions. They include different support programs, negotiation with lenders, and direct funding for innovative projects carried out by entrepreneurs when starting or expanding their businesses (Alfredsson, 2003; Dwivedi & Mishra, 2013; Heydebreck et al., 2000).

In Somaliland, there is a pressing need for the government to improve finance-related services by enhancing start-up businesses' access to finance to facilitate their development and growth. Similar to the challenges faced by start-ups in Malaysia, many start-up businesses in Somaliland encounter difficulties in accessing funding institutions, resulting in prolonged loan processing times (SME Corp., 2015). Financial assistance is essential for the success of both established companies and start-ups, exhibiting a substantial influence on corporate performance. According to the research conducted by Akinruwa, Awolusi, & Ibojo (2013), financial support contributes to around 25% of the overall success rate in small firms. Kee et al., (2011) emphasise additional major obstacles SMEs encounter, including insufficient consultation via informal networks, ineffective policy communication to local firms, and difficulties in finding chances for economic development. Although the government provides support, start-ups in Somaliland may encounter obstacles in

getting these resources, highlighting the broader challenges of efficiently using funding.

2.4.2 Market-related Support

Market-related services, such as marketing consultancy, product and technology promotion assistance, and access to customer and supplier networks, are crucial for start-up enterprises. Opportunities for market entry, commercialisation, and distribution, including trade fairs and exhibitions, are also included in essential services (Heydebreck et al., 2000; Kaufmann and Tödtling, 2002). These market-related services are essential for start-ups to position their products and technologies in the market effectively. In Hargeisa's start-up landscape, many failures stem from an inability to seize high-value market opportunities promptly and respond effectively, as well as from being underprepared (Ahmad & Seet, 2009). Temtime and Pansiri (2004) further highlight poor customer service and inadequate marketing analysis, contributing to start-up failures.

In order to successfully promote their products or services, start-ups in Hargeisa must thoroughly comprehend business and market-related expertise (McKelvey & Lassen, 2013). Therefore, there is a pressing need for market-related support services, including marketing consultancy, assistance with product marketing and technology, the establishment of customer and supplier networks, and facilitation of opportunities in the local market (Heydebreck et al., 2000; Kaufmann & Tödtling, 2002). These services are crucial for helping start-ups in Hargeisa navigate the complexities of the market landscape, identify potential partners, and effectively launch new products or services. Hence, the following hypothesis is proposed to

explore the impact of market-related support services on start-up success in Hargeisa.

2.4.3 Technology-Related Support

Technology-related services play a crucial role in the growth of the start-up ecosystem in Hargeisa. These services, which include the transfer of technology and collaboration, have the potential to stimulate creativity among start-up enterprises (Intarakumnerd & Ueki, 2009). By forming alliances between commercial agencies, public bodies, industry participants, and institutions, technology-related services can improve operational processes and methodologies, consequently strengthening company activities (SME Corp., 2014). These services' main elements include promoting technological collaboration for research and development (RandD), simplifying the transformation of knowledge into commercial products, and offering financial incentives such as RandD subsidies to promote technological progress (Gill & Kharas, 2015).

In the context of Hargeisa, technology-related services include providing necessary support for carrying out and managing research and development (RandD), offering technological advice, helping to find partners for RandD collaboration, and creating infrastructure to promote a favourable environment for the growth of start-ups (Akinruwa et al., 2013; Heydebreck et al., 2000). However, similar to challenges faced in Malaysia, entrepreneurs in Hargeisa may encounter limitations in accessing and acquiring these services, often due to inadequate capital for technology adoption and business development (Kiatgan & Almsafir, 2013; Zulkifli-Muhammad et al., 2010). Therefore, it is imperative to explore the potential impact of technology-related support services on start-up success within the unique context of Hargeisa.

2.4.4 Soft-related Service

Soft-related services encompass a broad range of assistance, such as seminars, distribution of information, educational programs, and consultancy, as defined by Katz & Gartner in 1988. These services generally assist new enterprises in establishing connections and improving their knowledge and skills. *Human capital* is defined as an entrepreneur's knowledge, abilities, and behaviours that contribute to the growth and performance of businesses (Becker, 1964). In start-ups, ignoring the importance of a strategic human capital strategy is a big reason why some Studies show that around 23% of start-up failures happen because they need the right people on their teams. This significant statistic highlights the critical importance of assembling a capable and cohesive team to ensure the success of a start-up. According to a study by CB Insights, issues related to team composition and dynamics rank as one of the top reasons for start-up failures, following lack of market need and running out of funds. Human resource practices are crucial for the day-to-day operations of an organization. It is widely believed that these practices are key to long-term success and staying ahead of competitors.

In the Horn of Africa, Somaliland declared independence from South Somalia in 1991. Even though it is not officially recognized internationally, Somaliland has governed itself since then. This decision has affected Somaliland's human resource situation, particularly in education and international trade, because it is not recognized as a separate country. Somaliland's workforce may need more skills for success, like those that could come from collaborating with other countries. Mitigating this challenge requires adopting a healthy human resource solution tailored specifically for start-ups. By recruiting appropriate candidates for distinct roles and establishing efficient processes, start-ups can retain their top performers

and reduce the risk of failure. Commitment to training and a clear progression path is essential to engage and retain personnel. Training does not have to be expensive; what matters is that employees have opportunities for advancement. Employee satisfaction greatly benefits from a mentoring program. Cost-effective ways to train staff include cross-training, encouraging conference attendance, and organizing in-house sessions led by subject matter experts. Start-ups can also provide opportunities for their staff to network with industry experts.

2.5 Underpinning Theory

2.5.1 The Resource-Based View (RBV) Theory

The continuous extraordinary performance of numerous organisations has been associated with the unique capabilities of managing resources to attain a competitive advantage (Nemli Caliskan, 2010). According to Barney (1991), the organisation's resources can be divided into three categories: human, physical, and organisational capital. In addition, many researchers established that resources such as financial and technology development functions are the foremost practical tools contributing to competitive advantage and organisational performance (Boselie et al., 2005; Paauwe & Boselie, 2003). Hence, organisations can use it to generate financial value for the people who comprise the workforce (Jackson et al., 2014).

RBV theory posits that firms can achieve a competitive advantage and improve performance by leveraging unique resources and capabilities (Barney, 1991).

1. Finance-Related Support and Start-Up Performance: Within RBV, financial resources are crucial for acquiring other necessary resources and capabilities. For start-ups in Hargeisa, access to finance-related

support can mean the difference between scaling operations effectively or struggling to meet market demands. This support enables these entities to invest in innovative technologies, skilled personnel, and market expansion activities, enhancing their performance.

2. **Market-Related Support and Start-Up Performance:** Market-related support encompasses knowledge about customer needs, market trends, and competitive landscapes. For Hargeisa's start-ups, such support helps identify unique market niches or underserved customer needs. By aligning their resources to meet these needs, start-ups can develop distinctive competencies that improve their market position and performance.
3. **Technology-Related Support and Start-Up Performance:** Technology is a critical resource under RBV, offering start-ups the tools to innovate and improve operational efficiencies. In Hargeisa, where technological adoption can be a game-changer, start-ups with access to technology-related support are better positioned to develop proprietary processes or products, enhancing their performance and competitive advantage.
4. **Soft-Related Support and Start-Up Performance:** Soft-related support, including mentorship, training, and network building, is vital for developing a start-up's strategic capabilities. In Hargeisa, such support can help start-ups navigate the complexities of doing business, including understanding local regulations and cultural nuances, which are crucial for ensuring sustained performance. By integrating these forms of support, start-ups in Hargeisa can build a robust resource base that aligns with RBV theory, enabling them to enhance their performance

significantly. These resources and capabilities can provide the foundation for a sustainable competitive advantage in Somaliland's emerging economy, fostering not only the growth of individual start-ups but also contributing to the region's broader economic development.

This RBV-based analysis underscores the importance of a supportive ecosystem for start-ups in Hargeisa. It highlights how financial, market, technology, and soft supports are intertwined with the performance of these enterprises within the unique context of Somaliland's economic landscape.

2.6 Summary

This chapter focuses on the literature on factors that influence start-up success. This study examines four distinct dimensions of success performance in start-ups that have been extensively discussed in previous research. These dimensions additionally incorporate soft-related support, technology-related support, market-related support, and finance-related support. This chapter critically analyses the economic development of Hargeisa, Somaliland, and the function of start-ups, highlighting their potential as catalysts for growth, innovation, and social mobility. Synthesising various scholarly perspectives emphasises these entities' significance in job creation and income generation, especially within developing economies. The literature review underscores the critical challenges faced by start-ups in Hargeisa, including limited access to finance, skilled human capital, and a supportive regulatory environment. The review also points to the exacerbated impact of global crises, such as the COVID-19 pandemic, on these fragile ecosystems.

Acknowledging the instrumental role of SMEs in economic advancement, the chapter suggests a multifaceted approach to bolstering their growth. It advocates for

financial assistance, policy reforms, and infrastructural development to nurture a conducive business environment. Emphasising the importance of innovation and entrepreneurship, the chapter calls for enhanced technology adoption and market access support.

The chapter articulates that start-ups are pivotal for Hargeisa's economic prosperity and social progress. Overcoming the enumerated challenges necessitates collaborative efforts from government, the private sector, and international allies. Strategic support and leveraging SMEs' inherent strengths are essential for fostering Somaliland's dynamic, inclusive, and sustainable economic landscape.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology adopted for investigating the essential role of support services in the success trajectory of start-ups in Hargeisa, Somaliland. The approach is comprehensive, covering the research design, selection and development of instruments, identification of variables, questionnaire development, data collection procedures, and analysis techniques. This structured methodology aims to systematically gather and analyse data, thereby elucidating the influence of various support dimensions such as technology, market, finance, and soft support on the success of start-ups.

3.2 Research Framework

This study's research framework is built upon the theoretical foundations of RBV theories, explicitly focusing on the relationship between support services (financial-related support, related support, market-related support and soft-related support) and start-up success in Somaliland.

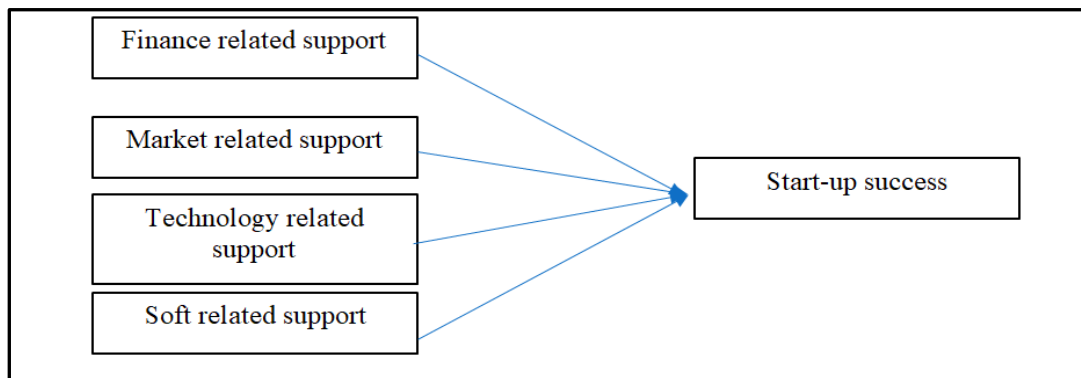


Figure 3. 1
Research Framework

Employing the Resource-Based View Theory initially developed by Wernerfelt in 1984. This theoretical framework bases its core concept on the idea that an organization must identify tangible and intangible assets to produce a competitive edge in the market. On the contrary, Wernerfelt (1984) stated that organizations that do not undertake such a strategy would need help remaining competitive in their respective market. In addition, according to Alonso and Bresson (2016), the Resources-Based View theory permits an organization to sustain its viability within a highly competitive market. The authors further state that if a company has diverse tangible or intangible resources such as finance, technological enhancement of product development, market relations, and institutional engagement, they prove to increase growth. Therefore, for Start-Ups, these components were deemed incremental to their success and sustainability.

3.3 Hypothesis Development

This study is designed to investigate the pivotal roles that support systems play in the success of start-ups in Hargeisa, Somaliland. Recognizing the critical importance of comprehensive support for early-stage businesses, this research focuses on identifying and evaluating the various dimensions of support that contribute to start-up growth and sustainability. Specifically, it examines the impact of financial assistance, market access and opportunities, technological resources, and soft support services such as seminars, educational training, and administrative guidance on the trajectory of start-up performance. Central to this investigation is the hypothesis that a multifaceted support ecosystem, encompassing financial-related, market-related, technological-related, and soft-related support, is crucial for overcoming the myriad challenges start-ups face. The hypothesis posits that the effectiveness and integration

of these support services significantly influence the success rates of early-stage companies in Hargeisa, Somaliland. By elucidating the variables that impact start-up success, this study aims to offer insights into the design and implementation of support systems that foster a conducive environment for entrepreneurial endeavours. Moreover, the hypothesis under examination contends that the comprehensive availability and accessibility of governmental and non-governmental support systems directly correlate with the success and sustainability of start-ups in Hargeisa, Somaliland. Through this lens, the following sections will delve into the formulation of the hypothesis, setting the groundwork for a systematic inquiry into the support mechanisms that fuel start-up success in this emerging entrepreneurial landscape.

3.3.1 Financial-related Support and Start-up Success

In recent years, the growing start-up ecosystem in Hargeisa, Somaliland, has attracted significant attention from researchers interested in understanding the factors contributing to entrepreneurial success in emerging markets in the region. A critical aspect of this research focuses on the impact of financial-related support on start-up performance, which encompasses a range of mechanisms, including grants, loans, venture capital, angel investments, and government subsidies.

Remarkable findings from previous studies. Substantial scholarly research demonstrates a strong and favourable correlation between financial assistance and the success of new businesses. One seminal work in this area was done by Chehreh et al., (2024) who developed a model to improve the performance of start-up accelerators. On the other hand, Naz et al., (2019) research investigated how financial institutions and loan providers determined structural capital and financial networking positively and significantly impact the start-up's financial sustainability.

Their research highlights the dynamic role of financial support in strengthening start-up success by providing essential resources for growth and innovation and overcoming the initial barriers to market entry. In addition, Sheikh and Wepukhulu (2019) conducted research in Kenya, namely in the Nairobi region. The results determine that structural capital provides a base for future growth and helps develop the company on an efficient and effective trajectory.

However, these findings hold particular relevance in the context of Hargeisa, Somaliland. The city's entrepreneurial ecosystem is nascent, with many start-ups grappling with challenges related to access to capital, market penetration, and the development of sustainable business models. In this setting, financial support emerges as a crucial lever for enhancing start-up performance, facilitating not just the survival but the thriving of new ventures in a competitive marketplace. Drawing on these insights, the following hypothesis is proposed for the specific context of Hargeisa, Somaliland:

H1: Financial-related support is positively related with the success of start-ups in Hargeisa, Somaliland

This hypothesis is predicated on the understanding that financial support is pivotal in enabling start-ups to navigate the early stages of business development, from product development to market entry and scaling. The infusion of financial resources helps bridge the gap between concept and execution, allowing start-ups to leverage new opportunities, mitigate risks, and position themselves for long-term success. However, the evidence from previous research underscores the importance of financial support in enhancing start-up performance. For Hargeisa, Somaliland, fostering an environment where financial resources are more accessible to start-ups

can be a game-changer, propelling the local economy forward through innovation, job creation, and economic diversification. As such, policymakers, investors, and other stakeholders in the entrepreneurial ecosystem of Hargeisa should prioritize mechanisms to provide robust financial support to start-ups, recognizing its critical role in catalyzing entrepreneurial success.

3.3.2 Market-related Support and Start-up Success

Hargeisa, as the capital and commercial hub of Somaliland, presents a vibrant but challenging environment for start-ups. The city's growing entrepreneurial ecosystem is characterized by a mix of traditional markets and emerging sectors, with significant opportunities for innovation and growth. However, start-ups in Hargeisa often need help with market access, customer acquisition, and competition. However, regarding market access and expansion, Jones and Williams (2019) demonstrated that start-ups that receive support in identifying and accessing new markets exhibit higher growth rates., suggesting that targeted market access initiatives can significantly contribute to start-ups' success. This finding is particularly relevant to the Hargeisa market, where understanding local consumer dynamics is key to business expansion and sustainability. In another study for customer discovery and validation, Smith et al., (2021) highlighted the importance of structured customer discovery programs in achieving product-market fit. In Hargeisa's context, where the market is dynamic and diverse, customized customer discovery and validation support can guide start-ups to better align their offerings with local needs and preferences, enhancing their market penetration and performance.

The start-ups need an excellent strategy and guidance regarding their marketing dilemma. Zhang and Li (2018) state that start-ups receiving tailored

marketing support reported significant sales revenue and market share increases. This underscores the value of adaptive and culturally resonant marketing strategies for start-ups in Hargeisa, where leveraging digital marketing and understanding local consumer culture can be pivotal for success. The hypothesis is grounded in the understanding that market-related support encompassing market access, assistance in marketing products, customer engagement, marketing strategy, networking, and strategic marketing plays a vital role in the performance of start-ups. This is particularly true in the unique and evolving market of Hargeisa, Somaliland, where start-ups face both opportunities and challenges characteristic of emerging markets. The cited studies provide a solid foundation for arguing that such support can significantly impact start-up growth, sustainability, and success in this context.

The following is the hypothesis statement:

H2: Market-related support positively related to the success of start-ups.

3.3.3 Technology-related Support and Start-up Success

Technology-related services are essential for the development of start-ups in the Hargeisa ecosystem. These services, which include technology transfer and collaboration, are anticipated to stimulate innovation in start-up ventures (Intarakumnerd & Ueki, 2009). Technology-related services are projected to improve operational processes and methods, bolstering business activities through partnerships among private agencies, public entities, industry players, and institutions (SME Corp., 2014). Fostering technology collaboration for research and development (RandD), facilitating the commercialisation of knowledge, and providing financial incentives such as RandD grants for technology advancement are all critical components of these services (Gill & Kharas, 2015). In the context of

Hargeisa, technology-related services include the provision of essential support for the execution and management of R and D, the provision of technological consultancy, the facilitation of the identification of RandD cooperation partners, and the provision of infrastructure to promote the growth of start-ups (Akinruwa et al., 2013; Heydebreck et al., 2000). Nevertheless, entrepreneurs in Hargeisa may confront similar obstacles to those encountered in Malaysia, such as the inability to access and acquire these services due to a lack of capital for business development and technology adoption (Kiatgan & Almsafir, 2013; Zulkifli-Muhammad et al., 2010). Consequently, it is essential to investigate the potential influence of technology-related support services on the success of start-ups in the distinctive context of Hargeisa.

The hypothesis is as follows:

H3: Technology-related support positively related to the success of start-ups.

3.3.4 Soft-related Support and Start-up Success

Grant (1991) states that a knowledge support approach adds a new dimension to an organization's Resource-Based View. It strengthens the necessity of knowledge capital, such as Soft-Related support, for new businesses to face the challenges in the market and enhance sustainable growth. Hence, Kee et al., (2019) defined Soft-related services as general types of support comprising seminars and information provision, education and teaching programs, and consulting. These services typically assist start-up businesses in developing a network and in enhancing their know-how.

It is widely believed that these practices are essential to long-term success and staying ahead of competitors. In the Horn of Africa, Somaliland declared independence from South Somalia in 1991. Even though it is not officially

recognized internationally, Somaliland has governed itself since then. This decision has affected Somaliland's human resource situation, particularly in education and international trade, because it is not recognized as a separate country. Somaliland's workforce may need more skills for success, like those that could come from collaborating with other countries. Mitigating this challenge requires adopting a healthy HR solution explicitly tailored for start-ups. By recruiting appropriate candidates for distinct roles and establishing efficient processes, start-ups can retain their top performers and reduce the risk of failure. Commitment to training and a clear progression path is essential to engage and retain personnel. Training does not have to be expensive; what matters is that employees have opportunities for advancement. Employee satisfaction dramatically benefits from a mentoring program. Cost-effective ways to train staff include cross-training, encouraging conference attendance, and organizing in-house sessions led by subject matter experts. Start-ups can also provide opportunities for their staff to network with industry experts.

The following is the hypothesis statement:

H4: Soft-related support positively related the success of start-ups.

3.4 Operation definition

3.4.1 Start-up success

Start-up success is the ability of a firm to survive or to sustain in business based on financial and non-financial performance over the past five years (Durda & Krajcik, 2016; Lussier & Pfeifer, 2001; Yaacob et al., 2014).

3.4.2 Finance-related Support

Finance-related support refers to the government and government-owned institutions providing monetary assistance to Start-up. This assistance includes support schemes, facilitating connections with financiers, and direct support in financing innovation projects undertaken by entrepreneurs when establishing or improving their businesses (Alfredsson, 2003; Dwivedi & Mishra, 2013; Heydebreck et al., 2000).

3.4.3 Market-related Support

Market-related services are support services that include assistance with the marketing of products and technologies, the search for customers and suppliers, and the launch of new products (Kee, et al., 2019; Heydereck et al., 2000). Market-related services are defined in this study as support services that include marketing products and technologies, searching for customers and suppliers, and facilitating new product introductions (Heydebreck et al., 2000).

3.4.4 Technology-related Support

Technology-related services refer to the provision of technological support for the implementation and administration of research and development, technological advisory services, the identification of research and development collaboration partners, and the provision of infrastructure that creates a favourable environment for the development of start-up businesses. According to several studies (Kee, et al., 2019; Akinruwa et al., 2013; Heydebreck et al., 2000), technology-related services include technological consulting, the ability to provide the infrastructure that fosters the development of start-up businesses, and the availability of technology support for the execution and management of RandD.

3.4.5 Soft-related Support

Kee, et al., (2019) defined general types of support, which include seminars and the provision of information, education and training programmes, and consulting. These services commonly assist start-up enterprises in establishing a network and improving their expertise.

3.5 Research Design

The essence of research design is to provide a general plan of how the researcher conducts the study to answer the questions raised in the research study (Sekaran & Bougie, 2013). Research collects and analyses data to solve a research problem (Sekaran & Bougie, 2013). Research design can also be regarded as a scheme that serves as a usual guide to the researcher in his/her effort to generate data for the study (Asika, 2018). However, this study utilizes a quantitative analysis approach and a descriptive research design to examine the influence of support systems on start-up success in Hargeisa, Somaliland.

The research delves into various factors affecting start-up performance, including finance, market dynamics, technology, and soft skills. The researchers developed a questionnaire based on existing literature, employing Likert 5-point and 7-point scales, and distributed the survey links through Email and Social media platforms. After collecting the data online through the questionnaire method, the data collected from the final questionnaire was analyzed using SPSS software.

3.5.1 Population, Sample, Sampling Technique

3.5.1.1 Population

According to Ngechu (2004), a population is a well-defined set of people, services, elements, events, groups or households being investigated. Since the research intends to achieve different objectives, this research population target is the newly registered businesses in the last five years in Hargeisa, Somaliland, in order to provide appropriate findings in assessing the Role of support services on start-up success in Hargeisa, Somaliland.

3.5.1.2 Sample Size

A sample is a subgroup of a target population that the researcher sets out to study to make generalizations about such a target population (Creswell, 2012). Based on the methodological framework and sampling strategy detailed for the study on the role of support systems in start-up success in Hargeisa, Somaliland, the researcher has opted for probability sampling techniques for primary data for this study. Stratified random sampling was employed to draw a proportion of a population so that each member has an equal chance of being selected. A sample drawn at random is unbiased in the sense that no member of the population has any more chance of being selected than any other member. According to a recent Ministry of Trade Industry and Tourism (MOTIT) report, 200 businesses registered in the last five years in Hargeisa, Somaliland (MOTIT, 2023). These start-ups were operating in different sectors such as Electronics, Boutiques/clothes shops/tailoring, Transport, Supermarkets, Retail Shops and Services (shoeshine/barbershop/salon/ stationary), which were registered by the Ministry of Trade Industry and Tourism. Therefore, Krejcie and Morgan's (1970) sampling table was used as a guideline and shows the optimal sample size to

be 132 for a population of 200. Hence, using Krejcie and Morgan's (1970) rule of thumb, this study's sample size is 123, with a confidence level of 95 percent and a margin error of 5 percent.

The minimum sample size determined for this research is 123 Start-up.

3.5.1.3 Sample Technique

The researcher uses sampling techniques to determine the size of the sample on which the study was carried out. The sample may not have an exact composition of a population, but an appropriate sampling technique will reduce sampling error (Gay 7 Diehl, 1960). Sampling techniques are broadly classified into probability and non-probability techniques (Sekaran, 2003).

Mugenda and Mugenda (1999) explain that the target population should have some observable characteristics, so the researcher intends to generalize the study results. This study focuses on the entrepreneurial landscape of Hargeisa, Somaliland, by examining business owners and partners across all business categories within the city. Hargeisa, the capital and largest city of Somaliland, stands out for its vibrant market, extensive malls, and comprehensive availability of business services, making it an ideal location for this research. According to statistics provided by the Ministry of Trade and Tourism, Hargeisa boasts the highest number of business registrations among towns in Somaliland, signifying its pivotal role in the region's economic activities (MOTT report, 2023). The target population is the specific population about which information is desired; the researcher has opted for probability sampling techniques for primary data. Simple random sampling was employed to draw a proportion of a population so that each member has an equal chance of being selected.

In this study, the target population were startups operating in Hargeisa Town. According to the two institutions that the data is being obtained from, Hargeisa municipality and the Ministry of Trade Industry and Tourism, the target population of the study is 200 businesses registered in the last 5 Years (MOTT report; 2023) presently operating in different sectors such as Electronics, Boutiques/clothes shops/tailoring, Transport, Supermarket, Retail Shop and Service (shoeshine/barbershop/salon/ stationary) which were registered by the two institutions of Hargeisa municipality and Ministry of Trade Industry and Tourism.

Such a trend may indicate a surge in entrepreneurial activity and possibly reflect an improvement in economic conditions within the specified timeframe. Relating online registration data from the Ministry of Trade and Tourism is a key methodological choice. This approach ensures that the research is grounded in verifiable data, offering a quantifiable measure of entrepreneurial engagement in Hargeisa. However, this data might only capture part of the entrepreneurial landscape, particularly informal businesses or those registered through other means.

3.6 Questionnaire design

This study employed the Questionnaire as the instrument for data collection because De Vaus (1991) and Esterby-Smith et al., (2002) stated that questionnaires are the most efficient in collecting data and are often used by researchers in the studies. Sekaran and Bougie (2010) further declare that this instrument provides an effective data collection method which allows researchers to quickly examine and measure the outcome of their research requirements and goals. Moreover, Fowler (2013) states that the most critical issue for researchers while conducting research is to control cost

and use Questionnaires efficiently; as noted by Aaker and Day (1995), survey questionnaires are cost-effective and straightforward to manage.

The Questionnaire is comprised of 6 sections. Initially, it addresses the question design to gauge the respondent's demographic information; then, the survey focuses on four primary dependent variables of support: finance-related, technology-related, market-related, and soft-related support analysed through a 7-point Likert scale. In the finance domain, the survey examines the impact of funding, financial assistance, loans, and access to banking institutions on the sustainability and growth of Start-up. It aims to understand how these financial resources aid in the foundation and expansion of new business ventures. The technology section evaluates assistance in executing innovation projects, technological consulting, and the dissemination of technological knowledge, aiming to assess the influence of technology support on start-up innovation and operational efficiency.

Market-related support assesses the importance of marketing assistance, establishing business contacts, finding business partners, and identifying market needs and opportunities. This segment seeks to quantify the significance of market engagement and penetration support for Start-up. The survey also explores the availability and effectiveness of soft-related support, including seminars, educational and training opportunities, business consulting, and assistance in developing innovation strategies and business plans. This is aimed at gauging the impact of non-technical support on start-up success.

Start-up success is measured using several quantitative indicators, such as profitability, growth, achievement of intended goals, survival rate, customer satisfaction, personal satisfaction of entrepreneurs, networking, business reputation, and employee growth. These indicators provide a complete perspective on the

elements that define the success of a start-up, encompassing financial performance, market expansion, subjective satisfaction levels, and public perception. This comprehensive study aims to gain a thorough understanding of how various types of support contribute to the success of start-ups in Hargeisa. The study aims to provide valuable insights that can inform policies and support systems to create a more dynamic start-up ecosystem.

The questionnaires were meticulously crafted with a focus on simplicity and clarity, ensuring respondents could easily comprehend them and swiftly provide their answers without undue strain on their time. The language employed in the questionnaires is straightforward, and the questions are kept concise to streamline the filling process, thereby respecting the participants' valuable time. These questionnaires are intended primarily for collecting primary data, where respondents will furnish written responses. These responses will subsequently undergo thorough analysis by researchers, serving as the foundation for formulating meaningful findings and insights. The choice of questionnaires as the primary data collection method is underpinned by their reliability and appropriateness for the targeted respondents.

3.7 Research Measurement

All dimensions of the variables in this study were measured on two different Likert scales.

For Independent Variable: Each question is carefully designed to offer response options such as **"Very low importance," "Low importance," "Neutral," "Moderately important," "Very important,"** and **"Extremely important."** These options provide a nuanced spectrum for respondents to express their perspectives

accurately. Ultimately, the researcher will leverage the accumulated responses to gauge the Degree of Strength across various dimensions, contributing to a comprehensive understanding of the subject matter.

For Dependent Variables: A Likert scale format was employed to facilitate ease of response, offering a spectrum of options from **"Not at all Satisfied "** to **"Very Satisfied"** for each question.



Table 3.1
Questionnaire sources

Variable	Construct	Items	Cronbach's alpha	Sources
Independent variables	<u>Finance</u>			
	Need for information on local finance assistance Problems related to information on financial assistance Need for assistance with financing of innovation projects Problem related to financing innovation projects Assistance on financial support Assistance in restructuring / rescheduling loans Funding access to government financial assistance (ministry) Funding access to SME NGO's Funding access to banking institutions Funding for specific programs projects Funding opportunity from other sources (from Inter-government Authority on development, NGO's and African Union programs, etc.)	11	0.990	Used by Kee, et al., (2019) and adapted from Heydebreck et al. (2000) and Knockaert, Vandenbroucke, and Huyghe (2012).
	<u>Market</u>	7	0.982	Used by Kee, et al., (2019) and aadapted from Heydebreck et al. (2000) and Knockaert, Vandenbroucke, and Huyghe (2012).
	<u>Technology</u>	9	0.988	Used by Kee, et al., (2019) and aadapted from Heydebreck et al. (2000) and Knockaert, Vandenbroucke, and Huyghe (2012).

	Assistance in developing a new product or application Assistance to provide information on availability of technological support Assistance on technological support application process			
	<u>Soft</u> Seminars Education and training Business consulting Assistance in generating new ideas Assistance in developing an innovation strategy Assistance in developing and preparing a business plan Assistance in identifying competitors and potential customers Assistance to obtain licensing advice / procedure Assistance on legal consulting services Assistance to apply for certification ministry of trade and relevant institutions	10	0.985	Used by Kee, et al., (2019) and aadapted from Heydebreck et al. (2000) and Knockaert, Vandenbroucke, and Huyghe (2012).
Dependent variable	<u>Success of Start-up:</u> Profitability Growth Reach intended goals Survival Customer satisfaction Personal satisfaction Networking Reputation / business image Increase in number of employees	9	0.947	Used by Kee, et al., (2019) and adopted from Yaacob et al. (2014), Yankov, Ruskov, and Haralampiev (2014), and Weber and Zulehner (2010)

3.8 Data Collection

This study collected data during scheduled breaks, such as prayer or tea time, to maximize participation. Moreover, to collect data for this study on the impact of support systems on start-up success in Hargeisa, Somaliland. The research instrument is designed to incorporate proven measurement tools, a thorough review of relevant literature, and input from actual respondents. Initially, the study employed an existing, validated measurement tool to assess all variables pertinent to

the study. This includes surveying eight key market hubs in Hargeisa to understand the types of support systems Start-up require to achieve their goals. The primary objective of this study is to explore the factors influencing start-up success and identify the specific support needs of these businesses. To this end, the success metrics are examined using profitability, achievement of intended goals, and stakeholder satisfaction with various support categories, including financial, market, technological, and soft support. This study used self-administered questionnaires, consisting of two sections: the first collected personal information, and the second focused on items and variables, as discussed in Chapter 2.

3.9 Data Analysis Technique

The Statistical Package for Social Sciences (SPSS) was implemented to thoroughly examine the data, which was based on a quantitative framework. SPSS was highly beneficial due to its ability to clarify complex relationships between variables, providing detailed insights into the underlying structural dynamics that contribute to the success of start-ups.

This methodological approach follows the study's exploratory nature, enabling a rigorous process of testing hypotheses to determine causal connections between support services and start-up outcomes. Data analysis was divided into two distinct categories: descriptive and inferential statistics. The inferential statistic was conducted with a significance level of 5%, a widely accepted parameter in statistical analysis, as Sekaran (1992) stated.

3.9.1 Descriptive Analysis

According to Holcomb (2017), descriptive analysis is a tool for organizing and summarizing study data. It calculates demographic information such as gender, race,

age, marital status, education level, income range, length of service, and workstation where they were located. This test computes the frequency and percentage distributions.

3.9.2 Reliability Test

The reliability test used in this research study measures consistency and stability. Cronbach's alpha is a reliability coefficient that evaluates how closely the variables correlate (Sekaran & Bougie, 2016). In addition, the value of Cronbach's alpha indicates the reliability of the results. The results are considered trustworthy when the score of Cronbach's alpha is high. SPSS version 28 is utilized to generate the test results.

Table 3.1
Cronbach's Alpha Measurement

Cronbach's Alpha	Strength of Association
$a > 0.9$	Excellent
$0.7 < a < 0.9$	Good
$0.6 < a < 0.7$	Acceptable
$0.5 < a < 0.6$	Poor
$a < 0.5$	Unacceptable

Source: Streiner, 2003

3.9.3 Mean Analysis

The goal of the mean analysis is to find the data's average. This analysis will be utilized to view the man statistics for the dependent variable, employee job satisfaction.

Table 3.2
Mean Measurement

Mean Score	Interpretation of Mean Score
1.00 - 2.00	Low
2.01 - 3.00	Moderately Low
3.01 - 4.00	Moderately High
4.01 - 5.00	High

Source: Nunnally, 1997 for 5-point Likert scale

Table 3.3
Mean Measurement

Mean Score	Interpretation of Mean Score
1.00 – 1.85	Very Low
1.86 – 2.71	Low
2.71 – 3.56	Moderately Low
3.57 – 4.43	Not Relevant
4.43 – 5.28	Moderately High
5.29 – 6.13	High
6.14 – 7.00	Very High

Source: Nunnally, 1997 for 7-point Likert scale

3.9.4 Inferential Analysis

In this study, inferential statistics were used. To assess correlational strength, Pearson's Product Moment correlation coefficient (r) was calculated by testing the relationship between independent and dependent variable.

3.9.4.1 Pearson Correlation Analysis

Pearson correlation is employed to investigate the correlations between the success of start-ups and variables such as finance-related, technology-related, market-related, and soft-related factors. In addition, it served as an explanation for the strength and direction of the association between variables in this study.

Table 3.4
Correlation Measurement

Size of Correlation	Interpretation of Correlation
.90 to 1.00 (-.90 to -1.00)	Very high positive (negative) correlation
.70 to .90 (-.70 to -.90)	High positive (negative) correlation
.50 to .70 (-.50 to -.70)	Moderate positive (negative) correlation
.30 to .50 (-.30 to -.50)	Low positive (negative) correlation
.00 to .30 (-.00 to -.30)	Negligible correlation

Source: Mehmet et al. (2016)

3.10 Chapter summary

This chapter describes the methodology used to study how support services affect Start-up in Hargeisa, Somaliland. The technique was meticulously designed to objectively analyse how technology, market, financing, and soft support affect start-up outcomes. The study uses a quantitative method with an explanatory and descriptive analysis design to reduce biases and accurately examine the association between support services and start-up success. The research population and sample size were carefully chosen to encompass a variety of Hargeisa-recognized Start-up actively involved in incubation. A purposive sample of 132 Start-up ensures a representative cross-section of Hargeisa's entrepreneurial environment, improving the study's generalisability and applicability to entrepreneurship research. The data-gathering instruments, such as questionnaires, are developed for clarity, simplicity, and understanding. A Likert scale refines data collecting, allowing a nuanced assessment of support service importance, accessibility, and satisfaction.

For data analysis, the study used SPSS, demonstrating its methodological competence. This approach allows for a detailed examination of complicated variable connections, adding empirical insights to start-up support mechanism knowledge. For respondent confidentiality, voluntary involvement, and the most significant study

integrity, ethics were paramount throughout the research procedure. These ethical commitments boost the study's reputation and ethics. The methodology chapter laid the groundwork for studying support services' impact on Hargeisa, Somaliland Start-up. The methodological framework has been carefully aligned with the study's goals, from research design and sampling to data collection and analysis. This connection ensures that the research adds to the academic entrepreneurship debate and provides policymakers, support organisations, and Hargeisa Start-up with practical insights. The methodological framework set in this chapter will enable a robust analysis of the data collected in the following chapter, revealing how support services affect start-up success.

This study carefully collects and analyses data on support services to challenge entrepreneurial ecosystem assumptions and offer actionable ideas for improving support systems. The results of this analytical approach can guide start-up development, support service optimisation, and policy formation, helping Hargeisa's start-up ecosystem flourish sustainably.

CHAPTER FOUR

DATA ANALYSIS

4.1 Introduction

This chapter's goal is to discuss the testing and examination of the collected data for this study. Initially, the analysis involves a data processing procedure. Subsequently, through the Statistical Package for Social Science (SPSS) software version 29, reliability and data validation are normally generated by conducting a reliability test. Subsequently, demographic analysis and descriptive analysis were undertaken to generate preliminary findings that would help conduct inferential analysis.

4.2 Data Processing

The data analysis process began after the survey was concluded. The data was initially collected through an online survey administered using Google Forms. Subsequently, the collected data was transferred to the Microsoft Excel application to be compatible with the Statistical Package for Social Science (SPSS) version 27, which is used as a tool for analysis. Before generating the correlation analysis, prior analysis is deemed necessary through SPSS version 27, such as reliability test analysis, demographical analysis and descriptive analysis to ensure the validity of the collected data and serve as a foundation for the hypothesis testing generated through inferential analysis.

The quantitative data was garnered online and transferred from Google Forms. According to Arnold (2018), these tests will help explain the inter-relationship between the variables under study and discern the different correlations between Start-up's Success and the various support sources such as Finance-related,

Technology-related, Market-related and Soft-related concerning Start-ups in Hargeisa, Somaliland as stated in the research framework.

4.3 Response rate

According to Yusup et al., (2015), it is practical to employ an over-sampling approach to minimize the eventual undelivered questionnaire and partially answered questions. Therefore, this study attempted to address all 200 newly registered businesses in the last five years. Hence, from the 200-questionnaire distributed, a total of 125 were returned. Subsequently, after the data was prepared and cleaned, two questionnaires missed crucial responses, such as demographic and partial independent variable responses. In conclusion, the final tally of the usable questionnaire was 123 questionnaires.

Table 4.1
Response Rate

Questions	Number	Percentage
Returned Questionnaires	125	100%
Usable Questionnaires	123	98.4%
Unusable Questionnaires	2	1.6%

4.4 Scale of Measurement

4.4.1 Reliability Test

According to Ghazali (2013), a Reliability test is a tool that evaluates the consistency of different variables indicators stated in a research instrument such as a questionnaire survey. When a stable participant's answers to the questionnaire are deemed consistent, it is said that the answers to the questionnaire questions are reliable and not random, as each question measures the same elements in the study. Cronbach Alpha, determined by the reliability test of the data collected from the

participants listed below, indicates that all independent and dependent variables are in the range $\alpha > 0.9$, which is deemed Excellent according to Streiner's (2003) scale measurement.

Table 4.2
Reliability Test

Variables	Cronbach's Alpha (α)	N of Items
Start-up Success	0.947	9
Technology-related Support	0.988	9
Market-related Support	0.982	7
Finance-related Support	0.990	11
Soft-related Support	0.985	10

4.5 Descriptive Analysis

4.5.1 Demographic Variables

The table below illustrates the demographic data collected through the survey questionnaire, which includes the following markers of the study participants: Age, Gender, Marital Status, Education Level, Position, Location, Established Year, Number of Employees, Family business, and Business Category.

Table 4.3
Demographic Analysis

Items	Frequency	Percentage
Age		
21 - 30 years	45	36.60%
31 - 40 years	54	43.90%
41 - 50 years	20	16.30%
51 -60 years	4	3.30%
Gender		
Male	79	64.20%
Female	44	35.80%
Marital Status		
Single	55	44.70%
Married	66	53.70%
Divorced	2	1.60%
Education		
High School	80	65.00%
Diploma	1	0.80%
Bachelor's degree	32	26.00%
Post-graduate	10	8.10%
Position		
Business Owner	107	87.00%
Business Partner	14	11.40%
Other	2	1.60%
Location		
Twenty-six-June	32	26.00%
Gobonimo Market	9	7.30%
Waaheen Market	29	23.60%
Ga'an-Libaah	9	7.30%
Mohamoud-Haybe Market	14	11.40%
Jig-Jiga Street Market	10	8.10%
Kood-Boor	11	8.90%
Ahmed-Dhegeh Market	9	7.30%
Established Year		
2019	70	56.90%
2020	26	21.10%
2021	17	13.80%
2022	8	6.50%
2023	2	1.60%
Number of Employees		
Less than 5	110	89.40%
10 – 15	13	10.60%
Business is Family business		
Yes	10	8.10%
No	113	91.90%
Business Category		
Retail Market	10	8.10%
Clothing retailers	20	16.30%
Information technology	2	1.60%
Agriculture	8	6.50%

Items	Frequency	Percentage
Service provider (Electricity and Water)	41	33.30%
Food and Beverages	32	26.00%
Education and training	5	4.10%
Manufacturing related service	2	1.60%
Healthcare	3	2.40%

Regarding Age, most respondents' demographics were from the age bracket of 31 - 40 years, valued at 43.9% (n=53), followed by the category of 21 - 30 years, which recorded 36.60% (n=45). Hence, as stated by Azoulay et al. (2020), there is a high tendency for entrepreneurial success rate among entrepreneurs aged between 21-40 years old.

Moreover, age brackets of 41 to 50 and 51 to 60 years old accounted for 16.30% (n=20) and 3.30% (n=4) of respondents, respectively. In an aspect of Gender, remarkably, the majority of respondents stated their Gender as Male 64.20%(n= 79), while the rest of respondents stated as Female 35.80% (n= 44). Regarding Marital Status, most of the respondent indicated their status as Married 53.7% (n=66), while the Single category amounted to 44.7%(n=55), and the Divorced category registered .6% (n=2). Regarding educational accomplishment, the highest percentage of respondents held a High School, 65.00% (n=80) or a Bachelor's degree, at 26.00%(n=32) of the sample. They were followed by those with a Postgraduate degree with 8.10%(n=10). A smaller ratio of respondents possessed a Diploma Certificate, .80%(n=1) of the sample.

In an aspect of the Position which specifies their level of responsibility within the organization, most of the respondents stated to be the Business Owner 87.00% (n=107), While the rest declared their Position as Business Partner 11.40% (n=14) and Other 1.60% (n=2) respectively. Moreover, when asked about the location of their business almost 83.8 % (n=103)- {Twenty-six-June 26.00%(n=32),

Gobonimo Market 7.30%(n=9), Waaheen Market 23.60%(n=29), Mohamoud-Haybe Market 11.40%(n=14), Jig-Jiga Street Market 10%(n=10) and Ahmed-Dhegeh Market 7.30%(n=9)}- are located at shopping centers, while 16.2 % (n=20) -{Ga'an-Libaah 7.30%(n=9) and Kood-Boor 8.90%(n=11)- are in housing areas. However, when asked about the year of establishment of their business, notably, the majority of the respondents stated the years of 2019, 2020,2021 with respectively 56.90%(n=70), 21.10% (n=26), and 13.80%(n=17), while the rest noted the year of 2022 6.50%(n=8) and year 2023 1.60%(n=2). Concerning the Number of Employees, the respondents were presented with two categories: less than 5 and 10 – 15 employees, and the respondents' answers stated 89.40%(n=110) and 10.60%(n=13), respectively. Additionally, the respondents were asked whether the "Business is a Family business." The majority of the respondents answered in the negative with "No," 91.90%(n=113), while 8.10%(n=10) said "Yes."

Finally, when asked to state their business industry, the respondents listed the following industry: Retail Market 8.10% (n=10), Clothing retailers 16.30% (n=20), Information technology 1.60% (n=2), Agriculture 6.50% (n=8), Service provider 33.30% (n=41), Food and beverages 26.00% (n=32), Education and training 4.10% (n=5), manufacturing-related service 1.60% (n=2), and Healthcare 2.40% (n=3).

4.5.2 Mean Analysis

4.5.2.1 Dependent Variable Mean Analysis

As stated in the research methodology, the scale of measurement for Mean analysis for the dependent variables exhibits varying ranges of values from a minimum value of 1.00 to a maximum value of 5.00. The success of the Start-up variable ranges from a minimum value of 2.11 to a maximum value of 2.70, with respective individual items' standard deviation of a minimum of 0.792 and a maximum of 0.970. Similarly,

the group mean is 2.44.63, while the group standard deviation is established at 0.71188. Therefore, according to Nunnally's (1997) mean measurements scale, the dependent variable individual items and group items are located in the mean range of 2.01 - 3.00, which is considered Moderately Low.

Table 4.4
Dependent Variable Mean Analysis

Success of Start-up Items	Mean	Standard Deviation	Group Mean	Group Standard Deviation
Profitability	2.30	0.839	2.4463	0.71188
Growth	2.32	0.793		
Reach intended goals	2.11	0.812		
Survival	2.70	0.819		
Customer satisfaction	2.56	0.888		
Personal satisfaction	2.36	0.860		
Networking	2.54	0.792		
Reputation of business image	2.63	0.970		
Increase in number of employees	2.50	0.862		

4.5.2.2 Mean Analysis Dependent Variable

In this research, the measurement scale for Mean analysis for the independent variables exhibits varying ranges of values. The Technology-related variable ranges from a minimum value of 1.00 to a maximum of 7.00.

Table 4.5
Independent Variable Mean Analysis

Technology-related Items/ Scale	Mean	Standard Deviation	Group Mean	Group Standard Deviation
Assistance to execute innovation projects	6.66	1.108	6.6414	1.07856
Assistance of technological consulting	6.63	1.097		
Assistance in search of cooperative partners for innovation project	6.64	1.102		
Assistance in finding additional technological knowledge	6.64	1.117		
Assistance in providing infrastructure	6.60	1.179		
Assistance in protecting innovation	6.63	1.169		
Assistance in developing a new product or application	6.65	1.194		
Assistance to provide information on availability of technology	6.63	1.147		
Assistance on technological support application process	6.69	1.041		

According to table 4.5.a, the individual items vary from a minimum of 6.63 to a maximum of 6.69 and the standard deviation from the items varies between 1.041 and 1.194. in addition, the group mean is registered at 6.6414 with a standard deviation of 1.07856. Consequently, the mean score for the 7-point Likert scale established by Nunnally (1978), if the mean score is valued between the range of 6.14 – 7.00, is viewed as Very High. Subsequently, in Table 4.5.b below, the same can be inferred from the mean score analysis for the variable of market-related support indicators. The average mean score per item varies from 6.69 to 6.77, with a standard variation between 0.8297 and 1.028. hence, the group mean and standard variation lie at 6.7410 and 0.93969 43, respectively, which is in the range considered very high.

Table 4.5.
Independent Variable Mean Analysis

Market-related Items/ Scale	Mean	Standard Deviation	Group Mean	Group Standard Deviation
Assistance in marketing products or services	6.69	7.69		
Assistance in establishing contacts with other companies	6.72	0.994		
Assistance in search for business partners	6.72	1.028		
Marketing strategy assistance	6.76	1.003	6.7410	0.93969
Assistance in identifying needs and opportunities	6.77	0.922		
Assistance in promoting products and services	6.76	0.897		
Assistance in internationalization of products and services	6.76	0.942		

As per the variables of Finance-related (Table 4.5.c) and Soft-related (Table 4.4.d) support indicators, their mean and standard deviation can be considered Very High as they are in the range of 6.14 – 7.00 as prescribed in the mean scale measured by Nunnally (1978).

Table 4.6
Independent Variable Mean Analysis

Finance-related Items/ Scale	Mean	Standard Deviation	Group Mean	Group Standard Deviation
Need for information on local finance assistance	6.71	1.038		
Problems related to information on financial assistance	6.76	0.942		
Need for assistance with financing of innovation projects	6.67	1.084		
Problem related to financing innovation projects	6.72	1.02		
Assistance on financial support	6.72	1.002		
Assistance in restructuring and rescheduling of loans	6.68	1.027		
Funding access to government financial assistance ministry	6.68	1.119		

Funding access to SME from NGOs	6.72	1.019	6.7147	0.97845
Funding access to banking institutions	6.72	0.996		
Funding for specific programs projects	6.74	1.007		
Funding opportunity from other sources from Intergovernmental Authority and Development, African Unions and NGOs'	6.74	1.031		

Table 4.7
Independent Variable Mean Analysis

Soft-related Items/ Scale	Mean	Standard Deviation	Group Mean	Group Standard Deviation
Seminars	6.67	1.157		
Education and training	6.72	1.02		
Business consulting	6.72	1.002		
Assistance in generating new ideas	6.70	1.063		
Assistance in developing an innovation strategy	6.65	1.138		
Assistance in developing and preparing a business plan	6.63	1.21	6.6659	1.05619
Assistance in identifying competitors and potential customers	6.62	1.184		
Assistance to obtain licensing advice procedure	6.62	1.184		
Assistance on legal consulting services	6.63	1.175		
Assistance to apply for certification from ministry of trade and relevant institutions	6.7	1.086		

4.6 Inferential Analysis

4.6.1 Pearson Correlation Analysis

The Four independent variables in this study were to examine the relationship between each of them and the independent variable indicator namely Success of Start-ups. To achieve the objective, the researcher correlated the group mean of the dependent variable. Success of Start with the independent variables such as Technology-Related, Market-Related, Finance-Related, Soft-Related, and Success of

Start in Hargeisa Somaliland using the Pearson's Linear Correlation Coefficient, as indicated in Table 4.3.

According to Mehmet et al. (2016) correlation interpretation table 3.4 above, the examination of this relationship shows that the Pearson Correlation Coefficient (r) of group means for Technology-Related, Market-Related, and Finance-Related contrasted with that of the indicators for Success of Start-up shows **-0.354**, **-0.314**, **-0.319** which is in the range .30 to .50 (-.30 to -.50) and considered **Low positive correlation** with significance level of $p(<.001)$ and this, while Soft-Related Correlation Coefficient (r) **-0.296** which is in the range Negligible correlation with significance level of $p(<.001)$.

Table 4.8
Correlation Analysis

DV Success of Start	DV Success of Start		IV Technology-Related		IV Market-Related		IV Finance-Related		IV Soft-Related	
	Pearson Correlation	N	Pearson Correlation	Sig. (2-tailed)	Pearson Correlation	Sig. (2-tailed)	Pearson Correlation	Sig. (2-tailed)	Pearson Correlation	Sig. (2-tailed)
	--	123	-.354**	0.000	-.314**	0.000	-.319**	0	-.296**	0.001

4.7 Summary of Hypotheses

All the Hypotheses undertaken in this study were designed to demonstrate the level of relationship between the independent variable and Dependent Variables and are summarised in the table below.

Table 4.9

Summary of Hypotheses Testing

H	Relationship	(r)	P	Decision
H1	Technology-related support → Success of Start-up	-0.354	0.000	Not supported
H2	Market -related support → Success of Start-up	-0.314	0.000	Not supported
H3	Finance -related support → Success of Start-up	-0.319	0.000	Not supported
H4	Soft-related support → Success of Start-up	-0.296	0.001	Not supported

4.8 Chapter Summary

To summarise the study results, the findings of the data analysis from respondents revealed the following:

In the context of demographics, the data revealed that there were more male than female individuals working Star-up businesses in Hargeisa Somaliland, where most respondents are 31-40, demonstrating that married marital status is higher than Single and Divorce persons. Also, the study observed that most start-up workforce and operators are Bachelor and Diploma holders, with 32 26.00% and 80 (65.00%), respectively.

The findings in the Mean Analysis section show that the individual Mean and Group mean for the dependent variable are in the moderately low range of the Nunnally (1978) scale for mean score measurement. In contrast, the individual Mean and group Mean have significant differences in Nunnally's (1978) scale for mean score measurement, which is considered Very High.

About the results of the inferential analysis, the independent variable of Technology-Related, Market-Related, and Finance-Related contrasted with that of the indicators for the Success of Start-up shows a Correlation Coefficient (r) of -

0.354, -0.314, -0.319. Moreover, the Soft-Related Correlation Coefficient (r) -0.296, which is in the range of Negligible correlation while all the variables are in significance level of below $p(<.001)$.



CHAPTER FIVE

DISCUSSION AND CONCLUSION

5.1 Chapter overview

This chapter concludes the whole chapter of the research study and highlights the theoretical, practical, and policy implications. Furthermore, this chapter also analyses the details examined in chapter four, in which the study's limitations and recommendations for future researchers are identified during the study process.

5.2 Recapitulation of the Study's Findings

This study investigates the relationship between finance-related, market-related support, technology-related support, soft-related support and start-up success in Somaliland, Hargeisa. To achieve the objectives of this study, this research aims to answer the following three research questions:

- i. Does finance-related support positively relate to the Start-up Success in Somaliland, Hargeisa?
- ii. Does market-related support positively relate to the Start-up Success in Somaliland, Hargeisa?
- iii. Does technology-related support positively relate to the Start-up Success in Somaliland, Hargeisa?
- iv. Does soft-related support positively relate to the Start-up Success in Somaliland, Hargeisa?

Based on Table 5.1, the description for these hypothesis testing are:

Table 5.1
Correlation Analysis

Hypothesis	Variable Relationship	r	P	Interpretation	Decision
H1	Technology-related support → Success of Start-up	- 0.354	0.000	Low positive correlation	Reject H1
H2	Market -related support → Success of Start-up	- 0.314	0.000	Low positive correlation	Reject H2
H3	Finance -related support → Success of Start-up	- 0.319	0.000	Low positive correlation	Reject H3
H4	Soft-related support → Success of Start-up	- 0.296	0.001	Negligible correlation	Reject H4

Foremost, the technology-related support hypothesis showed a low correlation, negatively influencing a start-up's Success. Also, table 5.1 shows the correlation coefficient for Technology-related support on the Success of Start-up is negatively significant because the probability value was 0.000 ($p < 0.01$) and the path estimate was -0.354 (H1 Positively substantial). Therefore, the result of Technology-related support on the Success of Start-up is negative, and the hypothesis is *Rejected*.

The subsequent hypothesis showed that market-related support negatively and significantly influences the Success of start-ups. In Table 5.1, the testing of market-related support on the Success of Start-up is significant because the probability value was 0.000 ($p < 0.01$), and the path estimate was -0.314 (H2 Positively substantial). Therefore, the result of market-related support on the Success of Start-up is negative, and the hypothesis is *Rejected*.

Moreover, the hypothesis showed that Finance-related support has a Low negative correlation and a significant influence on the Success of start-ups. In Table

5.1, the result of Finance-related support on the Success of the Start-up present is substantial because the probability value was 0.000 ($p < 0.01$), and the path estimate was -0.319 (H3 Positively significant). Therefore, the result of Finance-related support on the Success of start-ups is a negative correlation, and the hypothesis is Rejected. Finally, the last hypothesis in Table 5.1 tests the impact of Soft-related support on the Success of Start-up, and it shows a negatively negligible correlation with significance because the probability value was 0.001 ($p < 0.01$) and the path estimate was -0.296 (H4 positively negligible significant). Therefore, the hypothesis is rejected due to its negative insignificant significance.

5.3 Discussion

This section provides thorough explanations for all the relationships examined in this study. The explanations assist in answering five research questions. The four research questions were tested via the three hypotheses. In the following sub-sections, a discussion of the hypotheses is presented to shed some light on the reasons behind the findings of this study.

5.3.1 Relationship between finance-related support and Start-up Success in Somaliland, Hargeisa

According to the result of the inferential analysis, the correlation coefficient was used to define the relationship between finance-related support and start-up success in Somaliland. The result shows there is a relatively negative relationship between the two variables. Hence, as Kelly et al., (2015) stated, due to financial crises such as inflation, recession. etc., these financial environment changes present a variety of consequences on business, nonetheless Start-up. According to Wang, and Schøtt,

(2020). In some case, when start-ups are undertaken without funding, and if a similar startup draws financing, then improvement or growth and financing are even negatively related. This suggested that financial able entrepreneurs with less strategy to set-up proper structure for their start are prone to copy less fortune start-ups business concepts. Hence finance capability imposed an array of controls and management of cash flow and credit control and demanded a clear understanding of the financial stressors. Moreover, an entrepreneur who wishes to endeavour in business requires a greater sense of managing cash flow because it drives growth (Haneberg, 2019). Subsequently, Nikolić et al. (2018) express that start-ups require the least a minimum application of financial concepts such as Invoicing billing and, therefore, impose on entrepreneurs to engage or hire financially experienced staff.

Thus, in the current study, the demographic data clearly reflects this effect. In Somaliland, Start-up, most respondents have a lower understanding of the conventional financial concept as they possess lower-tier education combined with their relative youthfulness.

5.3.2 Relationship between market-related support and Start-up Success in Somaliland, Hargeisa.

Mostly there is a substantial link between start-ups and success; however, the role of the founders becomes critical and influential in the start-up market development process. One of the underlying notions of entrepreneurship is a focus on the characteristic of the market. Start-ups process implies value creation and appropriation led by entrepreneurs in an uncertain environment (Mishra and Zachary, 2015). Likewise, the finding of Market-related support relationship to the Start-up Success in Somaliland, Hargeisa, shows an apparent disconnect between the two

variables as their relationship is deemed harmful. This is because, in Somaliland, start-up failure is mainly due to a lack of or inability to acknowledge opportunities and adapt to market demand. As Ahmad and Seet (2009) view in their finding, Start-up operators who do not identify market opportunities and threats need to prepare to adapt to market environment changes.

Therefore, Temtime and Pansiri's (2004) research findings state that inadequate customer service is not only a factor in failure but, more importantly, in the under-developed world, diversification of goods and services has little room for growth as most of the population still struggle to afford essential goods and services. Hence, the data show that in Hargeisa Somaliland, most Start-up businesses choose to operate in the Food and Beverage and Service provider (Electricity and Water).

5.3.3 Relationship between technology-related support and the Start-up Success in Somaliland, Hargeisa.

The relationship between technology-related support and Start-up Success in this study at Hargeisa in Somaliland shows a negative relationship. This result can be explained as issues with technology and infrastructure access. Kelestyn et al. (2017) state that the digitalisation of business processes poses a significant challenge for start-ups since it demands product and service specifications and competency in the digitalisation process. There has been a lot of discussion recently about the impact of technology on business (Asante, 2013). Based on this research, it can be said that a company's success is due lack of impact and importance of information technology. It is true that more advanced technology has both positive and negative impacts on business, especially in terms of allowing for improved production and sales, but it also poses a threat to all employees who specialize in areas related to technological

advancements. The introduction of new technology can create some difficulties. Unfamiliar aspects of new technology can be a hindrance to business. Employees may find it difficult to adapt to rapid technological changes. Information theft is also a major issue. Without proper security measures in place, malicious attackers can easily access sensitive company information, which can have disastrous consequences. The introduction of new technologies can increase operational costs. Hence, in Hargeisa Somaliland, the digitalisation infrastructure and accessibility to the digital sphere is minimal among Start-up and local customers due to knowledge and financial capabilities.

5.3.4 Relationship between soft-related support and Start-up Success in Somaliland, Hargeisa

This research also tested the level of soft-related support (networking, mentoring, raising awareness, education, training, consultancy, problem-solving skills and acquiring learning capabilities) needed to start the business in Somaliland Hargeisa. The result has shown a relatively negligible significance of the Soft-related support concerning the success of start-up because the majority of Start-up operators' enterprises are from the age categories of 21 up to 30 and 31 to 40 years old, with the majority possessing High school level of education operation is food and beverage sector. Observations about this phenomenon has to be made through policy initiatives. An example of a government initiative such as the initiative undertaken by the European Commission in 2011, to modernize the education system, emphasizing an increase in the number of graduates and strengthening the links between education, research, and businesses to further promote innovation in the continent (Leten, Landoni & Van Looy, 2014).

Hence, while Soft-related support provided through government policies is constructed to strengthen Start-ups to generate optimistic results through the ease of mentorship and knowledge-based support, these can also create significant barriers and undermine overwhelming Competition (Chambers and O'Reilly, 2022). As the proponents of government policy, such as Arnold, 2021 and Thomas (2017), stated, all governments emphasize and advocate for implementing policies that incubate Start-up growth. However, while most start-up operators have relatively low education and are in business that provides necessities, those destined to benefit from such support often need help with increased government bureaucracy.

5.4 Contributions and Implications of the Study

This research demonstrates that those under study are only some of the major contributors to the success of a start-up. Although significant previous research conducted in Asia generally stipulates that these variables are a major contributor to the success or the sustainability of the future growth of start-ups (David et al., 2021; Islam et al., 2018; Garg & Shivam, 2017). However, other researchers stated that while these factors are essential, they can contribute negatively to start growth. For example, finance-related support is also susceptible to managing finance even if it is available to them from different funding sources (Williams, 2018); this reflects the lack of experience, which can indicate its success or failure.

As stated by Patel (2021), another indicator of success and failure for Start-up growth is Competition, which plays a fundamental and significant role in determining success and failure because a higher number of established Start-up, mostly with similar business ideas, are deemed to compete for the same target customer, while customer lack of literacy is high in third-world countries.

The effect of government strategy on start-up success is acknowledged to contribute to Start-up's success and failure. While policies are constructed to strengthen start-ups to generate optimistic results through the ease of mentorship and knowledge-based support, these can also create significant barriers and undermine overwhelming Competition (Chambers & O'Reilly, 2022). As the proponents of government policy, such as Arnold, 2021 and Thomas (2017), stated, all governments emphasize and advocate for implementing policies that incubate Start-up growth. However, those destined to benefit from such support often need help with increased government bureaucracy.

In Hargeisa Somaliland, it is paramount that institutions and governments establish and adopt a policy of capacity-building training held for start-up ownership and management, as well as promote clear financial guidelines and support mechanisms to diversify the dynamics of entrepreneurial start-ups.

Therefore, further investigation is needed to identify the factors that impact the start-up's success regarding support services' role in achieving growth in Hargeisa-Somaliland.

5.5 Limitation of study

The limitations detected throughout this research can be attributed to the factor of analysis, which has limited the scope of analysis. Hence, the result cannot be generalised. Secondly, the available data in the context of questions should be limited as most questions in the questionnaire were open-ended. This shows the need for in-depth responses to understand respondents' intended answers.

5.6 Suggestions for Future Research

The Start-up in Hargeisa Somaliland challenges this norm of conventional assumption. It shows different results in terms of growth and fulfils a wide range of roles, depending on the socio-economic environment in which they are embedded. Therefore, future research must assess in-depth analysis of other factors contributing to its growth. Factors deemed promising in this research are education level, socio-economic factors and consumer needs and wants.

5.7 Conclusion

This study was undertaken in Hargeisa Somaliland to examine the role of support systems in Start-up businesses from various sectors such as electronics, healthcare, retail, telecommunication, and service providers. Etc. The main objective of this research is to investigate to what extent an impactful relationship exists between technology-related support, finance-related support, market-related support, and soft-related support concerning start-up success.

Hence, this research finds that each independent variable (Technology-related support, Finance-related support, Market-related, Soft-related support) has a significantly negative relationship with the dependent variable (Start-up Success). Therefore, it can be inferred from this finding that in the context of start-up success, the support mentioned above system is less critical than what has been shown in other studies conducted in different parts of the world. Consequently, the Start-up sector is rapidly growing with the economy of the country. Its success and failure of Start-up in Hargeisa Somaliland is quite elusive from the average parameter used for evaluation. It may be due to other factors such as education level, competitiveness in the market, customer needs and wants, which might provide other contextual findings.

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