



Research Article

**ISLAMIC ASSET-BACKED FINANCING MODES AND GROWTH OF
MANUFACTURING BUSINESSES IN MOGADISHU- SOMALIA**

Sharmarke Mohamed Ali¹, Ayub Muktar Adan¹ and Hanan Abdulhadir Abdullahi¹

Faculty of Economic and Management Science, Salaam University, Mogadishu, Somalia

ABSTRACT

This study was carried out to examine the relationship between Islamic asset-backed financing modes and growth of the manufacturing businesses in Mogadishu, Somalia. It was conducted under three specific objectives namely; (i) to examine the relationship between Murabaha financing and growth of the manufacturing businesses in Mogadishu, Somalia, (ii) to examine the relationship between Ijarah financing and growth of the manufacturing businesses in Mogadishu, Somalia and (iii) to examine the relationship between Istisna financing and growth of the manufacturing businesses in Mogadishu, Somalia. The researcher adopted a correlational research design. Data was collected by use of closed ended questionnaires from 136 respondents who were selected out of a total population of 209 by use of a simple random sampling technique. Pearson's correlation coefficients were used to establish the relationship between the study variables. The correlations revealed that; (i) there is a strong positive relationship between Murabaha financing and growth of the manufacturing businesses in Mogadishu ($r = .744$, Sig. value < 0.01), (ii) there is a strong positive relationship between Ijarah financing and growth of the manufacturing businesses in Mogadishu ($r = .540$, Sig. value < 0.01) and (iii) there is a strong positive relationship between Istisna financing and growth of the manufacturing businesses in Mogadishu ($r = .719$, Sig. value < 0.01). Consequently, the study concluded that provision of Islamic asset-backed financing modes can facilitate growth of the manufacturing businesses in Mogadishu. This implies that attention should be paid to Islamic asset-backed financing modes in efforts geared towards growth of the manufacturing businesses in Mogadishu.

Keywords: Islamic Asset-backed financing, Murabaha, Ijarah, Istisna, Growth of Manufacturing Businesses

1. INTRODUCTION

Growth of manufacturing businesses is widely acknowledged as one of the major contributors to economic growth across all countries of the world (African Development Bank, 2021). For instance, the rapid structural transformation of the emerging economies of East Asia could not have been achieved without the contributions of their vibrant manufacturing businesses (Junankar, 2019). Mbah and Okoli (2020) also stressed that growth of the manufacturing businesses leads to the creation of both forward and backward links, which in turn can accelerate economic expansion. It can also help emerging countries fight poverty and raise living standards (Musiita et al., 2023).

In recognition of the vital importance of the manufacturing businesses, governments across the globe have instituted numerous reforms and policies aiming at enhancing their growth. However, despite these efforts, achieving sustainable growth of the manufacturing businesses remains an enduring challenge around the world (UNIDO, 2020). Despite their critical role in enhancing economic growth and job creation, the manufacturing businesses in Somalia are also struggling with several challenges that limit their growth. The businesses continue to remain sluggish with almost 80% of them operating on a small scale in units like fish-canning, meat processing, mineral water, and stone processing (Intellectap, 2022). In areas like Mogadishu, manufacturing businesses are classified as small since they are engaged in production of a limited variety of light items that cannot significantly contribute to economy (Mohamed, Isak & Roble, 2019). The manufacturing businesses in this area have also been one of the hardest-hit businesses during the conflict years and contribute only 10 percent to the nation's Gross Domestic Product (Abdullahi, 2021). Furthermore, because of their limited production capacity, the businesses in the manufacturing sector in Mogadishu deliver only 2% of formal employment in approximately 35 establishments and account to only 0.1% of the country's exports (Abdullahi, 2021).

Despite the above challenges, Mogadishu's manufacturing businesses remain both viable and critical to the country's economic recovery and long-term development. Consequently, the government put in place several policy measures to enhance their growth. For instance, in 2012, the country officially embraced an Islamic financing system and even passed a Law on Islamic Banks in October 2012. Islamic financing is in this case a financing system that is based on the principles of Islam (Aslam & Haron, 2021). Rahmani and Avdukic (2022) also stated that Islamic finance is a type of finance system that adheres the principles of Islamic law i.e. Shari'ah. There are various Islamic finance modes that are used in Islamic financing. The current study focused on Asset-backed financing modes where an Islamic financial institution provides assets to business enterprises through financing modes like Murabaha, Ijarah and Istisna (Global Islamic Finance Report, 2016). The study used asset-backed financing instead of asset-based financing since manufacturing industries use this kind of financing as the next best alternative for acquisition of the necessary tools and equipment that enables them to meet their operational needs and hence achieve sustainable growth (Rofiq & Hasbi, 2021).

The Islamic financial industry in Mogadishu has also progressed and has recently reflected signs of growth with the number of registered and operating commercial banks doubling in the past couple of years, reaching 13 banks as of the end of April 2023 (World Bank, 2023). The public's confidence in the Islamic financial system also increased, as signaled by domestic assets of the sector which more than tripled in the

last five years from USD 394 in 2018 to USD 1.3 billion in 2022, equivalent to 15.4 percent of GDP (World Bank, 2023). Financing to the private sector such as manufacturing businesses also increased to USD 400 million in 2022, growing by 25 percent from the previous year. Asset-backed financing dominated the financing portfolio of the banks and represented 25 percent of private sector financing (World Bank, 2023). It is unfortunate that the registered growth in the Islamic banking system has not been accompanied by growth in some of the key beneficiaries of Islamic asset-backed financing such as the manufacturing businesses. It is against this background that the study sought to examine whether there is any statistically significant relationship between Islamic asset-backed financing and growth of the manufacturing businesses in Mogadishu, Somalia.

Statement of the Problem

Manufacturing businesses in Mogadishu, Somalia are suffering from a problem limited growth reflected by limited scale of production even when they are provided with Islamic asset-backed financing which is expected to guard against it. The problem is evidenced in surveys conducted by Abdullahi (2021) and Mohamed, Isak and Roble (2019). For instance, they contribute only 10 percent to the Somalia Gross Domestic Product, provide only 2% of formal employment in approximately 35 establishments and account to only 0.1% of the country's exports (Abdullahi, 2021). Besides, more than 80% of manufacturing businesses in Mogadishu are classified as a small since they can only produce some light items that cannot significantly contribute to economy (Mohamed, Isak & Roble, 2019).

Sadly, the above problem continues to be there even when the manufacturing businesses are one of the priority sectors that have been receiving Islamic asset-backed financing amounting to USD 83 million from the different Islamic financial institutions in the country (Central Bank of Somalia, 2021). The researcher was bothered by this kind of financing that was not accompanied by growth of the manufacturing businesses. It is feared that if this problem is not addressed, many manufacturing businesses are likely to remain sluggish which would further limit their contribution towards employment and overall economic development of Somalia. The question that remains unanswered is whether there is any statistically significant relationship between Islamic asset-backed financing modes and growth of the manufacturing businesses in Mogadishu, Somalia hence justifying the need for the study. The study used asset-backed financing since manufacturing industries use this kind of financing as the next best alternative for acquisition of the necessary tools and equipment that enables them to meet their operational needs and hence achieve sustainable growth (Rofiq & Hasbi, 2021).

Objectives of the study

- i. To examine the relationship between Murabaha financing and growth of the manufacturing businesses in Mogadishu, Somalia
- ii. To examine the relationship between Ijarah financing and growth of the manufacturing businesses in Mogadishu, Somalia
- iii. To examine the relationship between Istisna financing and growth of the manufacturing businesses in Mogadishu, Somalia

Hypothesis

The subsequent hypotheses formed the basis of this investigation:

- i. There is no statistically significant relationship between Murabaha financing and growth of the manufacturing businesses in Mogadishu, Somalia
- ii. There is no statistically significant relationship between Ijarah financing and growth of the manufacturing businesses in Mogadishu, Somalia
- iii. There is no statistically significant relationship between Istisna financing and growth of the manufacturing businesses in Mogadishu, Somalia

2. LITERATURE REVIEW

Theoretical Review

The study was guided by two Theories of Growth namely; endogenous and exogenous growth theories. Exogenous growth theory as proposed by Solow in 1956 suggests that growth is driven by the accumulation of various factors, such as physical capital, labor, and population growth. This theory operates under the assumption of constant returns to scale and conditional convergence. According to this current theory, growth is believed to be driven by a steady pace of technological progress, which is considered to be exogenous. The exogenous growth theory suggests that technological advancements are considered to be exogenous, which means that they are determined outside of the growth model and are not directly involved in the growth process. The theory recognizes the significant contribution of human capital, labor force, and population growth in promoting economic growth, as outlined in the theoretical framework presented by Mankiw, Romer, and Weil (1992).

The endogenous growth theory is often attributed to the works of Romer (1986) and Lucas (1988). Endogenous growth is a theoretical framework that shed light on the mechanisms of economic growth by highlighting the significance of technological advancements and innovation (Onyimadu, 2015). As per Grandy's (1999) perspective, the endogenous growth theory suggests that sustained development is governed by the production process, rather than external factors. According to Onyango and Were (2015), the endogenous growth paradigm suggests that economic development can be improved by implementing policies that promote capital formation, openness, foreign direct investment, competition, innovation, and change. As per Grossman and Helpman's (1991) research, advocates of endogenous growth theory suggest that there is a positive correlation between an improvement in productivity and overall production. It is widely believed that the rise in productivity can be attributed to an increase in innovation and investment in human capital. The current study combined elements from two different theoretical frameworks to examine their influence on the growth of the manufacturing sector in Somalia.

Empirical Review

Murabaha financing and growth of manufacturing businesses

Murabaha is one of the most common methods of funding in the interest-free finance system (Ergün, 2022). The concept of Murabaha is derived from the Arabic word "ribh" and means to earn, make a profit, or add a profit margin on the cost of a good (Bhatti, 2015). In other words, Murabaha, which is an interest-free sales method, is also used as increase, reproduction and profitable sales (Canbaz, 2016). Murabaha is a financial product that has a profitable and term sale process by receiving a product in advance according to the needs and demands of the customer and informing the customer how much it

costs (Yurttadur & Yıldız, 2017). According to the Islamic Financial Services Board (IFSB), Murabaha is defined as a contract offered by institutions that provide interest-free financial services and selling a particular good to a customer on a cost-plus profit margin basis (IFSB-Islamic Financial Services Board, 2021). In this type of contract, participation banks buy an asset, again determined by the customer, from a seller determined by the customer, upon the request and direction of their customers, with the power of attorney given to the customer, and sell it to the customer, who promises to purchase, with the addition of profit (Aktepe & Dereci, 2019).

Ergün (2022) sought to reveal the relationship between Murabaha and macroeconomic variables on the Turkish sample in this study. In the research model, Murabaha is used as a dependent variable, while Gross Domestic Product (GDP), employment rate, and inflation rate have been tested as independent variables within the scope of macroeconomic indicator. A total of 40 quarterly data between 2010-2019 have been analyzed using the Johansen cointegration, VECM Granger and Toda-Yamamoto causality test. According to the findings obtained from the analysis, Murabaha and macroeconomic variables are statistically identical in the long term and move in the same direction together. According to the findings obtained from the Toda-Yamamoto analysis, a bidirectional causality has been found between Murabaha and the GDP and employment rate, which is used as a macroeconomic indicator, while a one-way causality relationship has been found between Murabaha and the inflation rate. The results indicate the existence of a long-run causality relationship between Murabaha financing and various macroeconomic dynamics.

Ijarah financing and growth of manufacturing businesses

Ijarah is one of the main Islamic asset-backed products that stands out as important and unique (Adeinat, Al Rahahleh, & Bhatti, 2019). Ijarah is a leasing or rental arrangement wherein the bank buys an asset and leases it to the customer for a predetermined amount of time (Ehsan Wahla, Hasan, & Bhatti, 2018). Al ijarah comes from the word al ajru which means al awadhi. Ijarah is a contract for the transfer of usufructuary rights over goods and services, through payment of rental wages, without being followed by the transfer of ownership of the goods themselves. Ijarah in the context of sharia banking is a lease contract in which a bank or financial institution leases equipment to one of its customers based on the imposition of a predetermined fee with certainty. Ijarah is therefore a lease-based product in which the usufruct is transferred to the client for a certain period. In this arrangement, the Islamic banking institutions lease vehicles, equipment instruments or other facilities to a client, against an agreed periodical rental (Kalim & Arshed, 2023). Upon completion of the Ijarah period, the vehicle/equipment will be sold at a token amount or gifted to the customer (Rahim & Ahmad, 2015).

The forms of transactions in ijarah in Islamic banking are as follows: a) Ijarah transactions are characterized by the transfer of benefits. So, basically the principle of ijarah is the same as the principle of buying and selling, but the difference lies in the object of the transaction is goods, then in ijarah, the object of the transaction is services. At the end of the lease period, the bank may sell the leased goods to the customer, because in Islamic banking it is known as a lease followed by a transfer of ownership. The rental price and selling price are agreed upon at the beginning of the agreement between the bank and the customer (Ascarya, 2017). The terms of Ijarah are: a) The services or benefits to be provided by the leased asset must be certain and known by both parties; b) Ownership of fixed assets belongs to the lessee who is responsible for its maintenance, so the asset must be able to provide benefits to the lessee; c) The ijarah contract is terminated when the asset in question ceases; d) Provide benefits to tenants. If the asset is damaged within

the contract period, the ijarah contract is still valid (Iswanaji et al., 2021). The pillars and conditions of ijarah that must be fulfilled in the transaction to fulfill the provisions of Islamic law are as follows: a) Contractors, namely tenant, is the party who leases the asset owner is the owner who leases the asset; b) The object of the contract namely rented assets and rental price; c) Sight, namely consent, and acceptance (Al Farisi et al., 2021).

Istisna financing and growth of manufacturing businesses

Istisna is a type of asset-backed financing which fits well with the mission of Islamic finance, i.e. investing in the real economy in a socially responsible manner (Nasucha, Ahmed & Barre, 2019). The word Istisna comes from the Arabic word Sina'a, which means to produce a specific commodity (Habib 2018). Bank Negara Malaysia (2015) define Istisna as "a contract (by) which a seller sells to a purchaser an asset which is yet to be constructed, built or manufactured according to agreed specifications and (to be) delivered on an agreed specified future date at an agreed pre-determined price". This definition indicates that delivery date and price are pre-determined before the Istisna contract is signed between the seller and purchaser. As a general rule, it is not permitted to sell a commodity or asset which is not in the possession of the seller at the time of sale. Istisna is one of the exceptions to this general rule since it helps to meet the financial need of sellers and basic needs (shelter and clothing) of buyers (Nasucha, et al., 2019)

The arguments for Istisna are mostly ideological. Researchers like Hasmawati and Mohamad (2019), Alzoubi (2017) indicated that Istisna is one of the least utilized Islamic financial instruments. Similarly, Hasmawati and Mohamad (2019) found that bankers generally perceive Istisna as a risky mode of financing because of concerns about not meeting product specifications and parameters set by local authority bodies. Looking at 17 participants from 13 banks in Malaysia, Hasmawati and Mohamad (2019) reported that Istisna contracts were withdrawn from the market due to the high benchmark set by the central bank of Malaysia. In other words, some Islamic banks withdrew Istisna from the market not just because of economic considerations but due to legal constraints.

3. METHODOLOGY

Research Design

The researcher based her study on a correlational research design. As observed by Babbie (2007) a correlational research design is the one that involves establishment of the strength of the relationship between the two variables. This design was also taken to be fitting for the study since its major objective was to establish how the three Islamic asset-backed financing modes (Murabaha, Ijarah and Istisna) relate with growth of manufacturing businesses in Mogadishu, Somalia. The study used a quantitative approach. The justification for using this approach is because it enables researchers to use statistical approaches to arrive at more objective and logical deductions (Creswell, 2014).

Study Population

Kombo and Tromp (2011) define a population as a group of individuals, objects or items from which samples are taken for measurement. The researcher physically visited each of the six banks (Dahabshiil bank, Premier Bank, Amal Bank, International Bank of Somalia (IBS), Amana Bank and Salam African Bank) to obtain the record of the manufacturing businesses and their proprietors who were using the three Islamic asset-backed financing modes (Murabaha, Ijarah and Istisna) in Mogadishu, Somalia. Information obtained indicated that Dahabshiil bank serves 43 manufacturing businesses, Premier Bank serves 18 manufacturing businesses, Amal Bank serves 54 manufacturing businesses, International Bank of

Somalia (IBS) serves 14 manufacturing businesses, Amana Bank serves 22 manufacturing businesses and Salam African Bank serves 58 manufacturing businesses. This gave a total of 209 manufacturing businesses using Islamic asset-backed financing modes in Mogadishu, Somalia. These numbers concur with the ones provided by the office of Mogadishu Manufacturers Association (MMA) which also indicated that there are 209 manufacturing businesses using Islamic asset-backed financing modes (Murabaha, Ijarah and Istisna) in Mogadishu, Somalia (MMA, 2023). Proprietors of each of these manufacturing businesses acted as the study population and hence gave a total study population of 209 persons.

Sample Size

As defined by Babbie and Mouton (2006), a sample is a small portion of a study population selected using some systematic procedure for study. Sampling is necessary because the population of interest is large, diverse and scattered over a large geographic area (Kothari, 2004). In this study, a sample of 136 proprietors of manufacturing businesses in Mogadishu, Somalia was selected and these acted as the study respondents. These were selected following the guidance of Krejcie and Morgan (1970) table of determining the sample size.

Sampling Techniques

The researcher selected the 136 proprietors of manufacturing businesses in Mogadishu, Somalia using a simple random sampling technique. A simple random sampling was used because it mitigates bias in selecting the sample, it allows the inference of the sample statistics to the general population parameters, it is free of classification error and it makes data interpretation easy and straight forward (Cooper & Schindler, 2013).

Data Collection Tool

The study used closed questionnaires to collect data from proprietors of manufacturing businesses in Mogadishu, Somalia who were the study respondents.

Data Analysis

Data collected using the research tool was edited, coded and then entered into computer program known as Statistical Package for Social Scientists (SPSS). Using this computer program, both descriptive and inferential statistics (Pearson's correlation analysis) were generated. The Pearson's correlations were used to analyze the relationship between the dependent and independent variables of the study.

Ethical Considerations

The study was conducted following some ethical considerations. First the researcher obtained permission to conduct the study from Mogadishu Manufacturers Association (MMA) in Mogadishu. None of the respondents was included against their will. The researcher also ensured respondents confidentiality by not requiring them to indicate their names or names of their businesses on the questionnaire. Furthermore, all the information provided by the respondents was used for academic purposes only.

4. RESULTS

Background Characteristics of Respondents

Information relating to the background characteristics of respondents is presented in this section. The characteristics presented include, gender, education level and age of the respondents.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	90	74.4	74.4	74.4
	Female	31	25.6	25.6	100.0
	Total	121	100.0	100.0	

Source: Primary Data 2025

The results in Table 4.1 above show that the male respondents were 90 (74.4%) while their female counterparts were 31 (25.6%). This suggests that most of manufacturing businesses in Mogadishu are owned by men. These findings concur with what was reported by International Labor Organization (2020) that women in Mogadishu Somalia have limited entrepreneurial capacity and resources to start and engage in productive activities. This is mainly because, most of the women in Somalia lack ownership and have limited access to productive assets.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secondary Level	52	43.0	43.0	43.0
	Diploma Level	28	23.1	23.1	66.1
	Degree Level	30	24.8	24.8	90.9
	Post Graduate Level	11	9.1	9.1	100.0
	Total	121	100.0	100.0	

Source: Primary Data 2025

Information obtained on education level of the respondents in Table 4.2 above indicate that 52 (43.0%) of the respondents were secondary school certificate holders, 28 (23.1%) were diploma holders, 30 (24.8%) had bachelor's degrees while 11 (9.1%) held post graduate level education. The highest percentage of secondary school certificate holders suggests that most of the owners of manufacturing businesses in Mogadishu have low education levels which might be one of the reasons for its limited growth since people with low education levels are known to have low productivity levels (Nawaz & Kundi, 2010).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	26 – 35 years	22	18.2	18.2	18.2
	36 – 45 years	29	24.0	24.0	42.1
	46 – 55 years	70	57.9	57.9	100.0
	Total	121	100.0	100.0	

Source: Primary Data 2025

The age distribution of respondents as presented in Table 4.3 indicate that 22 (18.2%) of the respondents were aged between 26 and 35 years, 29 (24.0%) were between 36 and 45 years while 70 (57.9%) were aged between 46 and 55 years. Since most of the respondents were in the age bracket of 46 – 55 years, it indicates

that most of the owners of manufacturing businesses in Mogadishu are in advanced age brackets. Such persons would contribute to growth of the manufacturing sector since they are more productive than the young ones because they tend to have accumulated adequate experiences, skills, and knowledge in business (Sawang, 2019).

Objective 1: To examine the relationship between Murabaha financing and growth of the manufacturing businesses in Mogadishu, Somalia

Statement	Strongly Disagree	Disagree	Agree	Strongly Agree	Interpretation
Manufacturing business owners in Mogadishu are required to offer security to get Murabaha financing	10 (8.3%)	12 (9.9%)	92 (76.0%)	7 (5.8%)	Majority agree that security is required for Murabaha financing.
Manufacturing business owners in Mogadishu are allowed to pay for their Murabaha assets in installments	7 (5.8%)	10 (8.3%)	104 (86.0%)	0 (0%)	Majority agree that installment payments are allowed.
The cost of the Murabaha assets is reasonably affordable even to small manufacturing businesses in Mogadishu	5 (4.1%)	88 (72.7%)	28 (23.1%)	0 (0%)	Majority disagree that Murabaha assets are affordable for small businesses.
The Murabaha assets offered to manufacturing businesses are genuine and indeed serve their purpose	2 (1.7%)	12 (9.9%)	103 (85.1%)	4 (3.3%)	Majority agree that the Murabaha assets are genuine and serve their purpose.
Manufacturing business owners in Mogadishu are informed of all terms and conditions involved in Murabaha financing	11 (9.1%)	88 (72.7%)	22 (18.2%)	0 (0%)	Majority disagree that all terms and conditions are clearly communicated.
Correlation between Murabaha Financing and Growth of Manufacturing Businesses	-	-	-	-	Pearson Correlation = 0.744, $p < 0.01$, indicating a strong positive relationship between Murabaha financing and growth of manufacturing businesses.

This table 4.4 provides a concise overview of the results related to Murabaha financing and its effect on the growth of manufacturing business in Mogadishu.

Objective 2: To examine the relationship between Ijarah financing and growth of the manufacturing businesses in Mogadishu, Somalia

Statement	Strongly Disagree	Disagree	Agree	Strongly Agree	Interpretation
Ijarah financing helps manufacturing businesses to get the assets they needed in their businesses	12 (9.9%)	16 (13.2%)	86 (71.1%)	7 (5.8%)	Majority agree that Ijarah financing helps manufacturing businesses get needed assets.
Ijarah financing is easily accessible to manufacturing businesses in our community	11 (9.1%)	88 (72.7%)	22 (18.2%)	0 (0%)	Majority disagree that Ijarah financing is easily accessible.
Ijarah financing is based on the principle of honesty and all partners endeavor to uphold it	0 (0%)	16 (13.2%)	98 (81.0%)	7 (5.8%)	Majority agree that Ijarah financing is based on honesty and transparency.
The rental fees are affordable even to small manufacturing businesses in Mogadishu, Somalia	6 (5.0%)	89 (73.6%)	26 (21.5%)	0 (0%)	Majority disagree that Ijarah rental fees are affordable for small businesses.
The rental fees are usually agreed upon between the banks and manufacturing business owners in Mogadishu, Somalia	15 (12.4%)	78 (64.5%)	28 (23.1%)	0 (0%)	Majority disagree that rental fees are usually agreed upon between banks and business owners.
Correlation between Ijarah Financing and Growth of Manufacturing Businesses	-	-	-	-	Pearson Correlation = 0.540, $p < 0.01$, indicating a strong positive relationship between Ijarah financing and growth of manufacturing businesses.

This table 4.5 provides a concise overview of the results related to Ijarah financing and its effect on the growth of manufacturing business in Mogadishu

Objective 3: To examine the relationship between Istisna financing and growth of the manufacturing businesses in Mogadishu, Somalia

Statement	Strongly Disagree	Disagree	Agree	Strongly Agree	Interpretation
Manufacturing businesses use Istisna financing to get equipment and machinery they need	4 (3.3%)	14 (11.6%)	103 (85.1%)	0 (0%)	Majority agree that manufacturing businesses use Istisna financing for equipment and machinery.
The banks always deliver the Istisna tools and equipment as promised	2 (1.7%)	12 (9.9%)	103 (85.1%)	4 (3.3%)	Majority agree that banks deliver Istisna tools and equipment as promised.
The tools and equipment are delivered in their rightful description	5 (4.1%)	88 (72.7%)	28 (23.1%)	0 (0%)	Majority disagree that the tools and equipment are delivered as described.
Manufacturing businesses are allowed to pay for the tools and equipment in instalments	0 (0%)	32 (26.4%)	87 (71.9%)	2 (1.7%)	Majority agree that businesses can pay in instalments.
There is adequate flexibility in the terms and conditions set by the banks in their Istisna financing	2 (1.7%)	79 (65.3%)	40 (33.1%)	0 (0%)	Majority disagree that there is adequate flexibility in the terms and conditions.
Correlation between Istisna Financing and Growth of Manufacturing Businesses	-	-	-	-	Pearson Correlation = 0.719, $p < 0.01$, indicating a strong positive relationship between Istisna financing and growth of manufacturing businesses.

This table 4.5 provides a concise overview of the results related to Istisna financing and its effect on the growth of manufacturing business in Mogadishu

5. Conclusions

The following are the major conclusions drawn on each of the specific objective of the study.

Objective 1: To examine the relationship between Murabaha financing and growth of the manufacturing businesses in Mogadishu

This was the first specific objective of the study and in this objective, the researcher wanted to establish whether there was any statistically significant relationship between Murabaha financing and growth of the manufacturing businesses in Mogadishu. As a result, the researcher carried out a correlation analysis based on a Pearson's Product Moment technique. The findings indicated that the correlation coefficient between Murabaha financing and growth of the manufacturing businesses in Mogadishu is .744 which is strong and positive. Based on these findings, it was concluded that there is a statistically significant positive relationship between Murabaha financing and growth of the manufacturing businesses in Mogadishu.

Objective 2: To examine the relationship between Ijarah financing and growth of the manufacturing businesses in Mogadishu

This was the second specific objective of the study and in this objective, the researcher wanted to establish whether there was any statistically significant relationship between Ijarah financing and growth of the manufacturing businesses in Mogadishu. As a result, the researcher carried out a correlation analysis based on a Pearson's Product Moment technique. The findings indicated that the correlation coefficient between Ijarah financing and growth of the manufacturing businesses in Mogadishu is .540 which is strong and positive. Based on these findings, it was concluded that there is a statistically significant positive relationship between Ijarah financing and growth of the manufacturing businesses in Mogadishu.

Objective 3: To examine the relationship between Istisna financing and growth of the manufacturing businesses in Mogadishu

This was the third specific objective of the study and in this objective, the researcher wanted to establish whether there was any statistically significant relationship between Istisna financing and growth of the manufacturing businesses in Mogadishu. As a result, the researcher carried out a correlation analysis based on a Pearson's Product Moment technique. The findings indicated that the correlation coefficient between Istisna financing and growth of the manufacturing businesses in Mogadishu is .719 which is strong and positive. Based on these findings, it was concluded that there is a statistically significant positive relationship between Istisna financing and growth of the manufacturing businesses in Mogadishu.

6. Recommendations

Owing to the study findings of this study, the following recommendations are presented. These are also presented in accordance to specific objectives of the study.

Objective 1: To examine the relationship between Murabaha financing and growth of the manufacturing businesses in Mogadishu

The study revealed that there is a statistically significant positive relationship between Murabaha financing and growth of the manufacturing businesses in Mogadishu. However, despite the existence of this relationship, it was found out based on 88 (72.7%) of the respondents that the cost of the Murabaha assets is not reasonably affordable to small manufacturing businesses in Mogadishu. Providers of Murabaha financing in Mogadishu therefore need to address this by adopting a reasonably fair pricing mechanism which is affordable even to small manufacturing businesses in Mogadishu.

It was also found out based on 88 (72.7%) that manufacturing business owners in Mogadishu are not informed of all terms and conditions involved in Murabaha financing. Providers of Murabaha financing in Mogadishu therefore need to be more transparent and hence disclose to their clients all the terms and conditions involved in Murabaha financing since this is one of the key principles of Islamic asset-backed financing.

Objective 2: To examine the relationship between Ijarah financing and growth of the manufacturing businesses in Mogadishu

The study revealed that there is a statistically significant positive relationship between Ijarah financing and growth of the manufacturing businesses in Mogadishu. However, despite the existence of this relationship, it was found out based on 88 (72.7%) that Ijarah financing is not easily accessible to manufacturing businesses in Mogadishu. Providers of Ijarah financing in Mogadishu therefore need to address this by trying as much as possible to make Ijarah financing easily accessible to manufacturing businesses in Mogadishu. This can be done by for instance charging reasonably fair rental fees on Ijarah assets to the business owners since 89 (73.6%) of the respondents indicated that the rental fees are not affordable to small manufacturing businesses in Mogadishu Somalia.

Furthermore, it was found out based on 78 (64.5%) of the respondents that the rental fees are not usually agreed upon between the banks and manufacturing business owners in Mogadishu Somalia. It is therefore recommended that the Ijarah rental fees should be agreed upon through a negotiation process between the banks and the clients so that the clients do not look at such fees as being expensive and exploitive.

Objective 3: To examine the relationship between Istisna financing and growth of the manufacturing businesses in Mogadishu

The study revealed that there is a statistically significant positive relationship between Istisna financing and growth of the manufacturing businesses in Mogadishu. However, despite the existence of this relationship, it was found out based on 88 (72.7%) of the respondents that Istisna financing tools and equipment are rarely delivered in their rightful description. Providers of Istisna financing in Mogadishu therefore need to address this by ensuring that Istisna financing tools and equipment are always delivered in their rightful description.

Furthermore, it was found out based on 79 (65.3%) of the respondents that there is limited flexibility in the terms and conditions set by the banks in their Istisna financing. Providers of Istisna financing in Mogadishu therefore need to address this by trying as much as possible to be flexible in their Istisna financing by for instance being tolerant towards their customers for delays in clearing their obligations when they face some financial difficulties.

Areas for Further Research

The study proposes the following areas for further research

- future researchers may conduct studies to establish the contribution of other variables such as musharakah and Qardhul hasan that affect growth of the manufacturing businesses in Mogadishu apart from asset-backed financing
- Future researchers may also conduct their studies using a qualitative or mixed approaches since the current study was based on a purely quantitative approach.

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