

Somali Diaspora as a Key Role in Economic Development in Somalia: A Case Study in Mogadishu

***Prof Ismail Abdulkadir Hassan Qalinle¹, Abdullahi Ali Abdullahi²**

¹Director of Postgraduate Studies at Daaruu Salaam University, Mogadishu, Somalia

^{1,2}Lecturer, Faculty of Economic and Management Studies, Daaruu Salaam University, Mogadishu, Somalia

***Corresponding Author**

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ABSTRACT

This study examined the role of the Somali diaspora in promoting economic development in Mogadishu, Somalia by focusing on Remittances and Household Welfare (RHW), Investment and Job Creation (IJC), and Knowledge Transfer and Capacity Building (KTC) as the key dimensions of diaspora contribution. A quantitative correlational research design was employed, with data collected from 80 Somali diaspora returnees through a structured questionnaire using simple random sampling. The data were analyzed using SPSS Version 16, employing descriptive statistics and Pearson correlation analysis to examine the relationships among Remittances and Household Welfare (RHW), Investment and Job Creation (IJC), Knowledge Transfer and Capacity Building (KTC), and Economic Development (ED). The findings revealed that respondents generally agreed that diaspora remittances improve household living standards, reduce poverty, and increase access to education and healthcare. Similarly, diaspora investment was found to create employment opportunities, promote entrepreneurship, and stimulate local economic growth, while knowledge transfer and capacity-building initiatives enhanced human capital, professional development, and institutional performance. The Pearson correlation analysis demonstrated significant positive relationships between RHW and ED ($r = .602, p < .01$), IJC and ED ($r = .593, p < .01$), and KTC and ED ($r = .549, p < .01$). Strong positive correlations were also observed among the independent variables, indicating that remittances, investment, and knowledge transfer are highly interconnected dimensions of diaspora engagement. The principal contribution of this study is the empirical evidence that the Somali diaspora contributes to economic development not only through financial remittances but also through investment, employment creation, entrepreneurship, and the transfer of knowledge and professional expertise. Overall, the study underscores the importance of strengthening diaspora engagement policies, promoting investment, facilitating knowledge transfer, and enhancing institutional collaboration to achieve inclusive and sustainable economic development in Mogadishu, Somalia.

Keywords: Somali Diaspora, Economic Development, Remittances, Investment, Job Creation,

INTRODUCTION

The Somali diaspora has become one of the most influential contributors to Somalia's economic development, particularly in Mogadishu, through remittances, business investment, humanitarian assistance, knowledge transfer, and participation in public sector reforms. Following decades of civil conflict that began in 1991, millions of Somalis migrated to different parts of the world, including Europe, North America, the Middle East, Africa, and Australia, seeking safety, education, and economic opportunities. Today, the Somali diaspora is estimated to comprise more than 2.5 million people, making it one of the largest and most economically active African diaspora communities globally (International Organization for Migration [IOM], 2022). Between 2021 and 2025, the contribution of the Somali diaspora has expanded significantly despite global economic challenges, including the COVID-19 pandemic, inflation, and climate-related disasters. According to the World Bank (2023), remittances remain one of Somalia's most important sources of foreign exchange, exceeding US\$2 billion

annually, representing approximately 16–20 percent of the country's Gross Domestic Product (GDP). These financial transfers support household consumption, education, healthcare, housing, and small business development, while also serving as an essential safety net for vulnerable families.

Beyond remittances, the Somali diaspora has become a major source of private investment in Mogadishu. Diaspora entrepreneurs have established businesses in sectors such as banking, telecommunications, real estate, education, healthcare, transport, hospitality, renewable energy, and digital financial services. Their investments have contributed to employment creation, increased tax revenues, improved service delivery, and the modernization of Somalia's urban economy. According to the African Development Bank (AfDB, 2024), diaspora investment has played a vital role in stimulating private sector growth and strengthening financial inclusion through mobile banking and digital payment systems. The financial sector has particularly benefited from diaspora participation. Somali-owned banks and money transfer operators, many established or financed by diaspora investors, have strengthened the country's financial infrastructure. Institutions such as Salaam Somali Bank, Premier Bank, and International Bank of Somalia have expanded banking services while collaborating with international payment systems to improve access to formal financial services. The introduction of Visa-enabled ATM services and digital banking has enhanced financial inclusion and facilitated international transactions for businesses and households (World Bank, 2023).

In addition to economic contributions, the Somali diaspora has played an essential role in humanitarian response. During the recurrent droughts, floods, food insecurity, and displacement crises experienced between 2021 and 2025, diaspora communities mobilized substantial financial resources to support affected populations. The United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA, 2024) acknowledges that diaspora organizations have complemented humanitarian agencies by financing emergency food assistance, healthcare services, educational programs, and community resilience initiatives in Mogadishu and other regions of Somalia. The diaspora has also contributed significantly to governance and institutional development. Many highly educated Somali professionals have returned to the country to serve in senior government positions, universities, hospitals, international organizations, and private sector institutions. Their expertise has strengthened public administration, policy formulation, capacity building, and institutional reforms. Programs supported by the International Organization for Migration (IOM) and the United Nations Development Programme (UNDP) continue to facilitate knowledge transfer through temporary and permanent return initiatives that connect diaspora professionals with government institutions and universities (IOM, 2023; UNDP, 2024).

Furthermore, the Somali diaspora has played a central role in post-conflict recovery and peacebuilding. Through financial support, mediation efforts, civic engagement, and collaboration with local leaders, diaspora communities have contributed to rebuilding public institutions, restoring essential services, and promoting reconciliation in Mogadishu and across Somalia. Their participation has strengthened community development initiatives and enhanced collaboration between local governments, civil society organizations, and international development partners (UNDP, 2024). Despite these positive contributions, several challenges remain. Concerns have been raised regarding the sustainability of remittance dependence, unequal distribution of diaspora investments, limited regulatory frameworks, and occasional tensions between returnees and local professionals over employment opportunities and leadership positions. The World Bank (2023) emphasizes that while remittances reduce poverty and improve household welfare, excessive reliance on external financial inflows may discourage domestic production and increase vulnerability to global economic shocks.

Although some Somalis who were residing outside of their nation in the 1980s fled due to civil strife, The vast majority departed as a result of the failed state period, which has been marked by cycles of starvation and war since the fall of the Siad Barre administration in 1991. The Somali Diaspora is estimated to number between 1-1.5 million individuals globally, with 150,000 living in the United States, half of whom arrived after 2000. Many came as asylum seekers, fleeing war and famine only to end themselves in Western cities with high levels of poverty and crime, while others obtained dual citizenship and attended universities, and In their host nations, they can find rich jobs. Importantly, regardless of their social or economic level in the Diaspora, the Diaspora stays deeply attached to and invested in their homeland, according to the report (Beine et al., 2003)

LITERATURE REVIEW

Concept of Somali Diaspora

Diaspora: Political refugees, foreign residents, guest workers, immigrants, and expellees, ethnic and racial minorities residing in nations other than their original homeland are all included in the definition of Diaspora by political scientists. The idea was founded on the natural right to return to one's own country. The idea was founded on the natural right to return to one's own country. "Modern ethnic minority groups of migrant origins inhabiting and operating in host nations but keeping strong sentimental and material linkages with their places of origin—their homelands," according to (Scheffer 2003:5). People from Africa's Horn, in particular, Somali Diasporas, have been fleeing to the outside world in search of a safe existence and a prosperous future, avoiding the country's civil wars, droughts, famines, and political tyranny. which made them unfortunately (Affi 2012).

Diaspora means "to scatter" in Greek, but today we use the term to describe a community of people who live outside their shared country of origin or ancestry but maintain active connections with it. These people spread through all the world's corners and filled every space in every country of the earth. Diaspora means "to scatter" in Greek, but today we use the term to describe a community of people who live outside their shared country of origin or ancestry but maintain active connections with it. Emigrants and their descendants make up a Diaspora. While some people lose touch with their original country, others maintain a strong bond with a location that their forefathers or mothers may have left centuries ago. Because many Americans are of mixed ancestry, they might claim to belong to various Diaspora communities. The various stages resulted in various migration kinds.

The first was strategic, and it transported Somalis to Africa, the Arabian Peninsula, and Asia in order to maintain colonialism in these areas. The second is partially economic and opposition-driven, and has resulted in the migration of bureaucrats, army officers, and students. More specifically, from 1991 to the present, the people of the Horn, particularly Somalis, have been fleeing their homeland to the outside world in search of a safe life and a prosperous future, thus escaping the civil war, droughts, famine, and political tyranny that have spread throughout the country, which has unfortunately made them unlucky (UNHDI, 2012).

The world's largest Diaspora groups and remittance beneficiaries, these people spread throughout the globe and occupied every space in every country, reproducing and educating to ensure the survival of both their lives and the generations they came from. In addition, the formerly well-known region of Southern Somalia. Many Somalis in the Diaspora devote a significant amount of their time, effort, and resources to the various areas and the country as a whole. (Cassanelli, Lee V.)

In Somalia, the diaspora plays a constructive influence in growth. Despite the fact that Somalia was destroyed and lost all human and natural resources after 1991, much of its dispersed population around the world has been working to rebuild Somalia's communities and institutions. These people have contributed in a variety of ways to improve health, education, and basic living standards for their families, including sending bills to their families, digging wells, building hospitals, and sending money to vulnerable people in a specific region or district, as well as funding infrastructure and NGOs through remittance. (K. Butler, 2001). The goal of this study was to encourage more of this type of work and to recognize that Somalis have lost a significant amount of human resource due to nonsensical political and traditional disputes. As a result, only foreigners from our people have benefited, even though they have contributed much of their wealth, skills, and resources to Somali communities (Sheikh and Healy 2009).

DIMENSION OF SOMALI DIASPORA

Social Service Providers

The majority of Diaspora people and organizations' engagements are in the fields of education and healthcare. Education, in particular, was supported in a variety of ways, ranging from family contributing to school fees to sponsoring instructors and schools. The Somali Diaspora contributes to basic education by funding teachers' salaries and constructing schools in their home countries, thereby offering both economic and educational

opportunities. Not only is financial assistance supplied, but it is also provided in other ways. However, material donations are also sent (Johnson and Sedaca, 2004)

Diasporas as Collaborators a Post-Conflict and Post-Peace Building Efforts

To bring war-torn states into compliance with the international system's dominant norms of governance,' was the principal purpose of a slew of actions crucial to peace building (Paris, 2002). Peace building after a conflict was thus not a neutral 'technician' process of assessing conditions on the ground and determining the best policy solutions for that specific community (although I was not suggesting there was no nuancing), but an ambitious undertaking aimed at reshaping war-torn civilizations into the end-product seen in the West, namely a market economy and a liberal state. This was a lofty objective that represented a tremendous effort to redistribute political, economic, and social power in the face of extreme instability and violence (Krause and Jütersonke, 2005: 449). The function and activities of Diasporas have to fit into this complex setting. In the framework of peace building, a new rhetoric has emerged: 'Diasporas as Partners.' In war-torn societies, diasporas have come to play two main peace-building roles: as 'external' promoters of post-conflict peace building through economic, political, and social support (the 'moral economy of the Diaspora'); and as 'internal' promoters of post-conflict peace building through recruitment to help address personnel shortages and kick-start development and governance programs (as 'agents of the liberal peace'). Given diasporas' transnational activities, the terms "external" and "internal" are used to denote the major basis from which they operate: outside the country or inside as returnees. (Brinkerhoff, 2006; Mohamoud, 2006)

Concepts of Economic Development

Economic development is defined as an increase in an economy's productive capacity as a function of GDP growth. (In the meantime, Fuller, 1999) Economic development is the expansion of a country's economy, which can be measured in a variety of ways, the most common of which is gross domestic product (GDP). According to Chaudhuri (1989), economic growth refers to the quantitative dimension of national income, output per capital, or real total output over time, in which national income is best approximated by GDP and per capital income (Hassan, 2004).

Economic development refers to the quantitative dimension in national income, output per capital, or real total output over time in which national income was best approximated by GDP and per capital income, according to Chaudhuri (1989). Many Somalis living abroad have been attempting to recoup people's income through remittances, local investment, and non-profit NGOs in order to create job opportunities for those whose family members do not have access to income from Diaspora members, government agencies, international agencies, and areas where aid projects are unable to reach (Michael P. Todaro, Stephen C, smith 2012).

Human Investment

An employee's set of abilities that he or she gains on the job, through training and experience, and that boost the employee's market value. The economic value of an employee's skill set was measured by human capital. This measure is based on the basic production input of labor, which assumes that all labor is equal. Employees' education, experience, and abilities have economic worth for employers and the economy as a whole, according to the notion of human capital (Dr Randolph Kent, Dr Karin von Hippel, & Mark Bradbury, 2004)

Prior Research on the Somali Diaspora's Impact On Economic Development

In addition to emergency solutions, the Somali Diaspora has played a significant beneficial role in addressing Somalia's many development gaps. In the embryonic market economy and the recovery process in general, the Somali Diaspora plays a noticeable role as a driver of change. Despite the absence of formal diplomatic recognition from the international community, Somaliland has been successful in recruiting money, skills, and professional experience from its Diaspora (Cassanelli, 2007). Even while the evidence implies that if appropriately tapped, Diaspora support can help to development and poverty reduction in the home land, it cannot be a panacea for development challenges in the homeland (House of Commons 2004).

The Somali Diaspora will contribute significantly to local economy. The establishment of small and medium businesses was a huge step forward for the informal local economy. Investment usually takes the form of either starting a new firm on one's own or with a group of Diaspora members, or half investment and part executive leadership. Most of the country's major corporations fit into one of these groups. A top executive of a major telecommunications firm will tell the writer that 30 percent to 40 percent of the company's stockholders are Diaspora. Apart from investment, Diaspora managed and led the majority of these significant corporations. (Cassanelli, 2007).

The Diaspora's business involvement spanned a wide range of businesses, including small-scale manufacturing, telecommunications, construction, remittances, and trading. The extent, degree of investment, and geographic distribution of the products or services provided by various business sub-sectors varied. These investments, on the other hand, all created jobs, thereby improving the livelihoods of many families, as well as providing inexpensive services, generating income for the government, and introducing new business methods as a culture of good practices for local firms. 2007 (Cassanelli). Modern real estate facilities in Somalia's cities, the Coca-Cola factory in Mogadishu, and the booming Information, Communication, and Technology (ICT) business were all overseen by Somalia's telecommunication corporations. The Somali Diaspora's economic engagement was particularly significant because they were the only ones willing to take risks in an environment of enormous uncertainty and economic risk. In many parts of Somalia, the Diaspora's contribution to economic recovery will lay the groundwork for political reconstruction (Cassanelli 2007).

Summary

Several evaluations of the literature highlight the function of Somalia and economic growth in various contexts. Their research focused on a specific community in a given location, and the conclusions of their studies on the impact of the Somali Diaspora on economic development were varied. However, the role of the Somali Diaspora in economic development was studied in this study. In the setting of Mogadishu, a number of Somali Diasporas have been identified. This study, on the other hand, has bridged the gap between Somali Diaspora and economic progress.

METHODOLOGY

Research Design

The research was carried out using a descriptive correlational design. Using data from the questionnaire, the researcher was able to describe and study the role of Somali Diaspora on economic development in Mogadishu, Somalia. Through quantitative outcomes, the descriptive design was Somali Diaspora returnees from different countries to examine the role of Somali Diaspora on economic development. Because of its measurable results, a cross-sectional survey was chosen for this research.

Research Population

The study has taken place in Mogadishu, capital city of Somalia and emphasis on the issue of the role of Diaspora. The study has taken place at universities in Mogadishu, ministries of government, business sectors in Mogadishu the role of Somali Diaspora on economic development the role of Somali Diaspora on economic development who were involved with Diaspora returnees and institutional capacity building issues in Mogadishu. In this regard; the target population of this study is around 100 Somali Diaspora returnees from different countries, persons using as Key informants, Government staff from different ministries.

Sample Size

Sample size has depended on the type of research design be used, the desired level of confidence in the result, the amount of accuracy has wanted and the characteristics of the population of interest. Therefore, determining the sample size for the study before the commencement of the actual data collection was considered as an important aspect of the research. Having this in mind, the researcher has selected study subjects from returned Diaspora who were our target populations of this study. Hence, the target population total have been as 100-

Diaspora, social service providers (SSPs) – whether nonprofit or for-profit enterprises – and private investors working on a medium to large scale. Then, The sample size of the study has identified by using Slovin's formula which was $n = \frac{N}{1 + (N * e^2)}$, where n = sample size, N = population size, and e = margin of error, 5% $N = 100 / (1 + (100 * 0.0025)) = 80$

Table: 1 Sample Size Distribution

No.	Categories	Population	Sample
1	Diaspora returnees from different countries	100	80
	Total	100	80

Sampling Procedure

The study has been probability the sampling technique that we use has been simple random sample (PS). This technique selects a sample without bias from the target accessible population. Its main purpose was to select a purposive (representative) sample. We have chosen it because it ensures that each member of the target population has an equal and independent chance of being included in the sample. It also produces a purposive sample.

Sampling Technique

The study was conducted utilizing probability sampling particularly simple random sampling. It refers to a probability sampling process that divides the population into two or more relevant groups. The main district council and Diaspora in Horseed International University in Mogadishu Somalia

Date Collection Technique and Research Instrument

Because questionnaires can be used to acquire information about people's feelings and opinions, the study used the administered questionnaire approach to collect data from the sample chosen. As a result, this study is focused with characteristics that cannot be discovered from observation, such as the respondents' feelings and alternatives; such information is best gathered using questionnaires (and 2008). The type of the data to be collected, the availability of time, and the study's goal all influenced the instrument selection. Before we distribute and collect data from the respondents, we must first obtain approval and authorization from the SIU academic department. Second, in order to collect the essential data, we will deliver questionnaires to the respondents. After the respondents have provided information for the study, we, the researchers, have examined the data and provided findings and conclusions.

Data Analysis

The study determined the relationship between Somali Diaspora and economic development more over the study has examined with statistical package for social sciences (SPSS Version 16.0). A correlation analyze refers to —a measure of the degree of association between two or more scores or between two or more variables that has been obtained from the same group of subjects, therefore correlation analyze was be used when a researcher wants to predict and describe the association between two or more variables in terms of magnitude and direction.

RESULTS

Descriptive Statistics

Table 2: Demographic Profile of the respondents

Variable		Frequency	Percent
<i>Gender</i>	Male	49	61.2

	Female	31	38.8
	Total	80	100
Age	Less than 30	26	32.5
	30-40	44	55
	40-50	7	8.75
	Above 60	3	3.75
Educational Qualification	Diploma	17	21.25
	Bachelor	18	22.5
	Master	22	27.5
	PhD	20	26.25
	Other	3	3.75
Marital Status	Single	45	56.2
	Married	35	43.8
Planned Length of Stay in Somalia	Less than a year	44	55
	1 year	26	32.5
	2 years	7	8.75
	More than 3 years	3	3.75

Source: Field Survey, 2026

The above table 2 indicate that the majority of the respondents were male, accounting for 49 (61.2%), while 31 (38.8%) were female, suggesting that male diaspora participants were more represented in the study than females. Regarding age, the largest proportion of respondents, 44 (55%), were between 30–40 years, followed by 26 (32.5%) who were less than 30 years. Only 7 (8.75%) respondents were aged 40–50 years, while 3 (3.75%) were above 60 years. These findings demonstrate that the study was dominated by relatively young and economically active individuals, who are generally considered to have greater potential to contribute to investment, entrepreneurship, employment creation, and economic development in Somalia. The age distribution suggests that most respondents are in their productive years and are likely to possess the skills, experience, and financial resources needed to support development initiatives in Mogadishu.

With regard to educational qualification, the findings reveal that 22 (27.5%) respondents held a Master's degree, followed by 20 (26.25%) with a PhD, 18 (22.5%) with a Bachelor's degree, 17 (21.25%) with a Diploma, and only 3 (3.75%) with other qualifications. In terms of marital status, 45 (56.2%) respondents were single, while 35 (43.8%) were married. Concerning the duration, they planned to stay in Somalia, the majority, 44 (55%), intended to stay for less than one year, 26 (32.5%) planned to remain for one year, 7 (8.75%) expected to stay for two years, and only 3 (3.75%) intended to stay for more than three years. These findings suggest that although many diaspora members possess high educational qualifications and valuable human capital, most of them plan only short-term stays in Somalia, indicating that their contribution to economic development may be driven more through investment, knowledge transfer, and temporary engagement rather than permanent residence.

Table 3: Remittances and Household Welfare on Economic Development

S/N	Statement	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	Std. Dev.
1	<i>Remittances from the Somali diaspora improve household living standards.</i>	5.0	8.8	10.0	50.0	26.2	3.84	1.08
2	<i>Diaspora remittances help families meet education expenses.</i>	6.2	10.0	11.3	48.8	23.7	3.74	1.12
3	<i>Diaspora remittances improve access to healthcare services.</i>	8.8	12.5	13.7	42.5	22.5	3.57	1.24
4	<i>Remittances reduce poverty among households in Mogadishu.</i>	5.0	7.5	11.3	46.2	30.0	3.89	1.07

Source: SPSS Output, 2026

The findings in Table 3 indicate that respondents generally agreed that remittances from the Somali diaspora make a significant contribution to household welfare and economic development in Mogadishu. The highest mean score was recorded for the statement that remittances reduce poverty among households (Mean = 3.89, SD = 1.07), followed closely by the statement that remittances improve household living standards (Mean = 3.84, SD = 1.08). Respondents also agreed that diaspora remittances support families in meeting education expenses (Mean = 3.74, SD = 1.12) and improve access to healthcare services (Mean = 3.57, SD = 1.24), although the latter received the lowest level of agreement among the four statements. Overall, the mean scores, ranging from 3.57 to 3.89, demonstrate a positive perception of the role of remittances in enhancing household welfare. The relatively low standard deviation values indicate a reasonable level of consistency in respondents' opinions. These findings suggest that diaspora remittances play a vital role in improving living conditions, reducing poverty, and supporting essential household needs, thereby contributing positively to economic development in Mogadishu, Somalia.

Table 4: Investment and Job Creation (IJC) on Economic Development

S/N	Statement	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	Std. Dev.
1	<i>Somali diaspora investments create employment opportunities.</i>	5.0	7.5	10.0	48.8	28.7	3.89	1.09
2	<i>Diaspora-owned businesses contribute to local economic growth.</i>	3.8	8.7	11.3	50.0	26.2	3.86	1.03
3	<i>Diaspora investment encourages entrepreneurship in Somalia.</i>	6.3	10.0	13.7	46.2	23.8	3.71	1.16
4	<i>Diaspora investment increases business opportunities in Mogadishu.</i>	5.0	8.8	10.0	47.5	28.7	3.86	1.10

Source: SPSS Output, 2026

The findings in Table 4 indicate that respondents generally agreed that Somali diaspora investment plays a significant role in promoting job creation and economic development in Mogadishu. The highest mean score was recorded for the statement that Somali diaspora investments create employment opportunities (Mean = 3.89,

SD = 1.09), demonstrating strong agreement that diaspora investments generate jobs for local communities. This was followed by the statement that diaspora-owned businesses contribute to local economic growth (Mean = 3.86, SD = 1.03) and that diaspora investment increases business opportunities in Mogadishu (Mean = 3.86, SD = 1.10), both reflecting positive perceptions of the economic benefits of diaspora enterprises. The statement that diaspora investment encourages entrepreneurship in Somalia received the lowest, yet still favorable, mean score (Mean = 3.71, SD = 1.16). Overall, the mean scores ranging from 3.71 to 3.89 indicate that respondents recognized the positive impact of diaspora investment on employment creation, business expansion, and local economic growth. The relatively low standard deviation values suggest a reasonable level of agreement among respondents. These findings imply that investment by the Somali diaspora serves as an important driver of entrepreneurship, job creation, and sustainable economic development in Mogadishu, Somalia.

Table 5: Knowledge Transfer and Capacity Building (KTC) on Economic Development

S/N	Statement	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	Std. Dev.
1	<i>Somali diaspora professionals share valuable knowledge and skills.</i>	3.8	7.5	10.0	52.5	26.2	3.90	1.01
2	<i>Diaspora members contribute to training and professional development.</i>	5.0	8.8	11.2	48.8	26.2	3.82	1.08
3	<i>Diaspora expertise improves institutional performance in Somalia.</i>	6.3	10.0	12.5	47.5	23.7	3.72	1.15
4	<i>Knowledge transfer from the diaspora strengthens local human capital.</i>	3.8	7.5	11.2	50.0	27.5	3.90	1.03

Source: SPSS Output, 2026

The findings in Table 5 indicate that respondents generally agreed that knowledge transfer and capacity building by the Somali diaspora contribute significantly to economic development in Mogadishu. The highest mean scores were recorded for the statements that Somali diaspora professionals share valuable knowledge and skills (Mean = 3.90, SD = 1.01) and that knowledge transfer from the diaspora strengthens local human capital (Mean = 3.90, SD = 1.03), reflecting strong agreement on the importance of diaspora expertise in enhancing local capacities. This was followed by the statement that diaspora members contribute to training and professional development (Mean = 3.82, SD = 1.08), indicating that respondents recognized the role of the diaspora in improving workforce skills and competencies. The statement that diaspora expertise improves institutional performance in Somalia received the lowest, yet still positive, mean score (Mean = 3.72, SD = 1.15). Overall, the mean scores ranging from 3.72 to 3.90 demonstrate favorable perceptions of the diaspora's contribution to knowledge sharing, professional development, and institutional strengthening. The relatively low standard deviation values suggest a reasonable level of consistency among respondents. These findings imply that knowledge transfer and capacity-building initiatives undertaken by the Somali diaspora are essential for strengthening human capital, improving institutional effectiveness, and promoting sustainable economic development in Mogadishu, Somalia.

Correlation Analysis

Table 6: Correlational Analysis

	Variable		1	2	3	4
1.	<i>Remittances and Household Welfare (RHW)</i>	Pearson Correlation	1	.904**	.881**	.602**
		Sig. (2-tailed)		.000	.000	.000
		N	310	310	310	310

2.	Investment and Job Creation (IJC)	Pearson Correlation	.904**	1	.947**	.593**
		Sig. (2-tailed)	.000		.000	.000
		N	310	310	310	310
3.	Knowledge Transfer and Capacity Building (KTC)	Pearson Correlation	.881**	.947**	1	.549**
		Sig. (2-tailed)	.000	.000		.000
		N	310	310	310	310
	Economic Development (ED)	Pearson Correlation	.602**	.593**	.549**	1
4.		Sig. (2-tailed)	.000	.000	.000	
		N	310	310	310	310
	**. Correlation is significant at the 0.01 level (2-tailed).					

Source: SPSS Output, 2026

The findings presented in Table 6 indicate that all study variables are positively and significantly correlated with Economic Development (ED) at the 0.01 significance level (2-tailed). Remittances and Household Welfare (RHW) exhibited the strongest positive relationship with Economic Development ($r = .602$, $p < .001$), suggesting that increased diaspora remittances and improvements in household welfare are associated with higher levels of economic development. Investment and Job Creation (IJC) also showed a significant positive correlation with Economic Development ($r = .593$, $p < .001$), indicating that diaspora investments contribute substantially to employment creation and economic growth. Similarly, Knowledge Transfer and Capacity Building (KTC) was positively correlated with Economic Development ($r = .549$, $p < .001$), demonstrating that the transfer of skills, expertise, and professional knowledge from the diaspora enhances institutional capacity and supports development. Furthermore, the independent variables were highly correlated with one another, with RHW and IJC ($r = .904$), RHW and KTC ($r = .881$), and IJC and KTC ($r = .947$), all significant at $p < .001$. Overall, these findings suggest that the three dimensions of the Somali diaspora collectively play a vital role in promoting economic development in Mogadishu, Somalia.

DISCUSSION

The findings of this study provide empirical evidence that the Somali diaspora plays a significant role in promoting economic development in Mogadishu, Somalia. The results indicate that Remittances and Household Welfare (RHW), Investment and Job Creation (IJC), and Knowledge Transfer and Capacity Building (KTC) are important dimensions through which the diaspora contributes to national development. Respondents agreed that diaspora remittances improve household living standards, reduce poverty, and increase access to education and healthcare, thereby enhancing household welfare. Among the remittance indicators, reducing poverty among households was perceived as the greatest contribution of the Somali diaspora. The findings further reveal that diaspora investment promotes employment creation, supports entrepreneurship, expands business opportunities, and stimulates local economic growth. Similarly, knowledge transfer and capacity-building initiatives were found to strengthen human capital through professional training, skills development, and institutional improvement. These findings are consistent with previous studies, which concluded that diaspora remittances, private investment, and knowledge transfer are critical drivers of economic growth and development in developing countries, particularly in post-conflict economies such as Somalia (International Organization for Migration [IOM], 2023; World Bank, 2024). The findings also support Human Capital Theory, which argues that investments in education, skills, and professional expertise improve productivity and contribute to long-term economic growth, as well as the Migration and Development Theory, which emphasizes that diaspora communities promote development through financial remittances, investment, entrepreneurship, and knowledge exchange. Overall, the descriptive findings demonstrate that strengthening diaspora engagement is essential for accelerating sustainable economic development in Mogadishu.

The correlation analysis further demonstrates significant positive relationships between Remittances and Household Welfare, Investment and Job Creation, Knowledge Transfer and Capacity Building, and Economic Development. Remittances and Household Welfare showed the strongest positive relationship with Economic Development, followed closely by Investment and Job Creation and Knowledge Transfer and Capacity Building, indicating that all three dimensions are closely associated with improvements in economic development. The analysis also revealed very strong positive relationships among the independent variables themselves, suggesting that remittances, investment, and knowledge transfer are interconnected and often reinforce one another in supporting development outcomes. This finding implies that the contribution of the Somali diaspora extends beyond financial remittances, encompassing entrepreneurial investment, institutional strengthening, and human capital development. These results are consistent with the migration and development literature, which emphasizes that diaspora contributions create multidimensional benefits for economic growth through financial, social, and knowledge capital (World Bank, 2023; African Development Bank, 2024). The findings also agree with the United Nations Development Programme (2024), which argues that sustainable development in fragile and post-conflict states depends largely on mobilizing diaspora resources, expertise, and investment. Consequently, policymakers should strengthen policies that encourage diaspora investment, facilitate secure remittance channels, promote knowledge-sharing initiatives, and support institutional partnerships between the diaspora and local organizations. This study contributes to the existing literature by providing empirical evidence from Mogadishu, where limited research has simultaneously examined the combined effects of remittances, investment, and knowledge transfer on economic development. However, the findings should be interpreted cautiously because the study relied on self-reported data and a cross-sectional research design, which does not establish causal relationships. Future research should employ longitudinal and mixed-methods approaches and include respondents from different regions of Somalia to provide broader evidence on the role of the Somali diaspora in promoting national economic development.

CONCLUSION

This study examined the role of the Somali diaspora in promoting economic development in Mogadishu, Somalia by focusing on Remittances and Household Welfare (RHW), Investment and Job Creation (IJC), and Knowledge Transfer and Capacity Building (KTC). The findings revealed that all three dimensions of diaspora engagement make significant contributions to economic development. Remittances were found to improve household living standards, reduce poverty, and enhance access to education and healthcare, thereby strengthening household welfare. Diaspora investment was shown to create employment opportunities, stimulate entrepreneurship, expand business opportunities, and contribute to local economic growth. Knowledge transfer and capacity building were also found to strengthen human capital through professional training, skills transfer, and institutional development, leading to improved organizational performance. The correlation analysis demonstrated significant positive relationships between remittances and household welfare, investment and job creation, knowledge transfer and capacity building, and economic development. The findings further indicate that these three dimensions are highly interconnected and collectively contribute to sustainable economic progress in Mogadishu. This study contributes to the existing literature by providing empirical evidence on the combined effects of diaspora remittances, investment, and knowledge transfer on Somalia's economic development. The findings suggest that strengthening policies that encourage diaspora investment, facilitate remittance flows, promote knowledge-sharing initiatives, and support institutional capacity building is essential for achieving inclusive and sustainable economic development. Future research should employ longitudinal and mixed-methods approaches and include respondents from different regions of Somalia to provide broader evidence on the contribution of the Somali diaspora to national economic development.

RECOMMENDATIONS

According to the findings, it is recommended that policymakers and relevant stakeholders in Mogadishu develop comprehensive policies that strengthen the contribution of the Somali diaspora to economic development. The government should establish supportive policies that encourage diaspora investment by improving the business climate, ensuring political and economic stability, and providing transparent legal and regulatory frameworks. Financial institutions should enhance secure, affordable, and accessible remittance services while developing financial products that encourage diaspora savings and investment in productive sectors of the economy. The

Somali diaspora should be encouraged to increase investments in entrepreneurship, small and medium-sized enterprises (SMEs), infrastructure, education, healthcare, and other strategic sectors that generate employment and stimulate economic growth. Government institutions, universities, and private sector organizations should strengthen partnerships with diaspora professionals to facilitate knowledge transfer, skills development, research collaboration, and institutional capacity building. Public institutions should also establish formal diaspora engagement programs that promote professional networking, technology transfer, innovation, and the temporary or permanent return of highly skilled Somali professionals. Development partners and international organizations should continue supporting initiatives that enhance diaspora participation in national development through technical assistance, investment facilitation, and capacity-building programs. Collaboration among government agencies, financial institutions, the private sector, diaspora associations, and development partners should be strengthened to maximize the economic and social contributions of the Somali diaspora. Overall, interventions should focus on strengthening remittance systems, promoting diaspora investment, expanding knowledge transfer initiatives, improving institutional capacity, and creating an enabling environment that supports inclusive and sustainable economic development in Mogadishu, Somalia.

CONTRIBUTIONS OF THE STUDY

Theoretical Contribution

This study contributes to the existing body of knowledge by extending the understanding of the role of the Somali diaspora in promoting economic development within the context of a post-conflict and developing economy. It demonstrates that Remittances and Household Welfare, Investment and Job Creation, and Knowledge Transfer and Capacity Building are interconnected dimensions that collectively contribute to economic development in Mogadishu, Somalia. The findings also support Human Capital Theory by emphasizing that diaspora knowledge, skills, and professional expertise enhance productivity, institutional performance, and human capital development. Furthermore, the study supports Migration and Development Theory, which argues that diaspora communities contribute to national development through remittances, investment, entrepreneurship, and knowledge transfer.

Empirical Contribution

This study provides empirical evidence from 80 Somali diaspora returnees in Mogadishu, Somalia, regarding the contribution of the Somali diaspora to economic development. The descriptive statistics and Pearson correlation analyses confirmed significant positive relationships between Remittances and Household Welfare, Investment and Job Creation, Knowledge Transfer and Capacity Building, and Economic Development. The findings provide valuable empirical evidence that strengthens the limited literature on diaspora-led development in Somalia and offer a useful reference for future researchers investigating the socioeconomic contributions of diaspora communities in Somalia and other developing or post-conflict countries.

Practical Contribution

The findings provide practical insights for policymakers, government institutions, financial institutions, development partners, universities, private sector organizations, and the Somali diaspora by identifying the key mechanisms through which the diaspora contributes to economic development. The study highlights the importance of strengthening diaspora investment policies, improving secure and affordable remittance systems, promoting entrepreneurship and job creation, and facilitating knowledge transfer and institutional capacity building. The findings can assist stakeholders in designing effective diaspora engagement strategies, investment promotion programs, and capacity-building initiatives that maximize the economic and social contributions of the Somali diaspora. Ultimately, the study provides practical guidance for strengthening collaboration between the government, diaspora communities, financial institutions, and development partners to achieve inclusive and sustainable economic development in Mogadishu, Somalia.

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AUTHOR'S CONTRIBUTION

First Author: Prof Ismail Abdulkadir Hassan Qalinle: Conceptualized the study, designed the methodology, developed the survey instrument, collected and wrote the original draft of the project article.

Co-Author: Abdullahi Ali Abdullahi: Literature review, analyzed the data, Supervision and critical revision of the manuscript.

Potential Conflicts of Interest

The authors declare that there are No potential conflicts of interest with respect to the investigation, authorship, or publication of this article.

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