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The Security Bazaar: Business Interests and Islamist Power in Civil War Somalia

APPENDIX: FIELD RESEARCH AND SURVEY METHODS

This paper presents original survey data on the Mogadishu business community, as a first step toward understanding how their identities and interests affect political preferences. The study took advantage of a unique opportunity presented by an exodus of business refugees from Somalia to the Eastleigh district of Nairobi. From 2007-09, intense fighting between Al-Shabaab militias and Ethiopian and African Union forces in Somalia resulted in massive displacement in the Middle Shabelle region of Somalia. Mogadishu became a ghost town, while the Afgooye corridor was flooded with hundreds of thousands of internally displaced persons. Most significantly, tens of thousands of businesspeople from Mogadishu migrated to Nairobi and set up remote offices in the Somali neighbourhood of Eastleigh. Members of all dominant clans in Mogadishu shifted their operations to Kenya on an interim basis to avoid the clashes. So concentrated was this migration that several brand new shopping malls were built in the heart of Eastleigh, creating an overnight economic boom in the neighbourhood. Back in Mogadishu, the markets remained empty. This exodus therefore provided a unique opportunity to sample a widely representative sample of the Mogadishu business community.

The survey data was collected in 2009 from 1,003 new arrivals in Eastleigh that were members of the Mogadishu business community throughout the period under investigation. The criteria for entry into the study was that the respondent must have owned a business in Mogadishu between 2004 and 2006. Each respondent was asked this qualifying question before being admitted into the study. There were no other conditions (e.g. clan, size of business, type of business, age, gender, etc.) that limited entry into the study. Women play an important role

in the Somali economy, and there are many large businesses owned by women. Some industries, especially the *qaat* (a local narcotic) trade, are dominated by businesswomen. Although no effort was made to bias the sample on the basis of gender, 30% of all respondents in this survey are female.

The specific wording of the survey questions was determined through a month-long pilot study, which involved meetings with business owners, Somali academics, and policy analysts and peacebuilding practitioners. The primary objectives of the pilot period were to ensure clarity of the survey questions and protect the security of both respondents and the survey team. This involved three vetting processes: first, draft versions of the survey questions were presented to a select group of businesspeople for commentary; second, the field team and faculty members from the University of Nairobi and the University of Mogadishu held meetings to discuss revised versions of the questions; and third, the final survey text was reviewed by the Centre for Research and Dialogue (CRD-Somalia), a Mogadishu-based research institution that has over a decade of experience conducting social scientific research in Somalia.

The primary concern raised during pilot study was the security of both the research team and the survey respondents. Given the political climate in Somalia, direct questions about the business community's political activities would alarm respondents about the purpose of the study and put the survey team at risk. Moreover, because the Islamic courts were associated with the militant group, Al-Shabaab, there were potentially serious legal consequences for those members of the business community that had financed the ICU. Members of the business community were acutely aware that Al-Shabaab had been blacklisted as a terrorist organization,

and that financing the group could result in the freezing of assets and criminal charges. The questionnaire was developed with attention to these ethical considerations.

The survey was administered by a team of five trained Somali field researchers from a range of clan backgrounds. The fact that respondents were physically located in Eastleigh during this peak period of fighting simplified the issues related to security of both the participants and the research team. The field team began by identifying key blocks and shopping malls in the commercial district of the Eastleigh neighbourhood of Nairobi, which had heavy concentrations of Somali businesspeople. Over a course of six weeks, each of the five trained interviewers began by selecting a random starting point within the fixed survey area, and then walked from that location, door to door, seeking to speak to the owners of the business, with an objective of up to 7 interviews per day. As such, the survey technique employed may be viewed as simple random sampling of business owners in the Eastleigh, a neighborhood that was the locus of the Mogadishu business community at the time. However, because we were not able to formally measure the extent of exclusion bias arising from the choice of neighborhood, this technique should be regarded as a convenience sample (N=1,003) of the larger business community of Mogadishu.

Accordingly, not represented in the survey were those that were too poor or vulnerable to leave, as well as those few that were powerful enough to stay. It is possible that persons with strong clan affiliations may have also been able to remain in Mogadishu; however, strong clan affiliations also facilitated departure from the line of fire. However, these exclusions do not substantively undermine the goals and objectives of this particular study. On the one hand, businesspeople that were so poor that they could not change their own circumstances were also

unlikely to be able to affect the level of political change that this study addresses. These poorest businesspeople lack the ability to influence political outcomes in a civil war competition. While a survey of the urban poor in Mogadishu might reveal other interesting insights, this particular class of businesspeople are not in fact the agents of social change with which this research is concerned.

On the other hand, members of the business community who were powerful enough to remain in Mogadishu during heavy fighting have a profound ability to affect their political circumstances. These individuals often have their own private militias and strong clan networks, and are able to maintain their business concerns amidst the active conflict. Ideally, they would have been included in the survey. Nonetheless, their exclusion does not significantly impact the study for two key reasons. First, the number of businesspeople in this class is a small handful, so their inclusion in the survey would not have made a significant statistical difference in the overall data. Second, the research involved in-depth interviews with these exact elite businesspeople, and included a review of the preliminary results of the survey. The insights and political preferences of this class are therefore addressed through qualitative research.[1]

All prospective respondents were assured of their personal anonymity in the process of acquiring their consent to participate in the study. Before each questionnaire was administered, the interviewer began with the following statement:

> "I am helping to conduct an academic survey of the challenges faced by the Mogadishu business community during different historical time periods. All of the questions are "multiple choice" – A, B, C – and are about general public opinion only. Your answers are

[1] With respect to investigating the role of clan politics in business, it would be ideal to collect exhaustive survey data on the clan identities of all the major shareholders from all of the large countrywide corporations across Somalia, rather than relying on self-reporting by the CEOs of these corporations. Unfortunately, such an investigation would have raised a number of ethical and security concerns, as these businesses do not readily disclose the details of their internal organizational structures.

> 100% anonymous, and your answer sheet will be mixed up with 1,000 other answer sheets. I will not write down your name or any other identifying information. We are only trying to make some general statistics. You don't have to participate, but we would be grateful if you would help us. The goal is to understand how different systems of government (TNG, TFG, ICU) have affected business success in the past. We have absolutely no questions about current events in Somalia, and we have limited our study up until 2006 only. There is no government involvement at all."

The specific survey questions were designed to collect political and social information about the business community, without putting either the survey team or respondents at risk. The dependent variable, *Political Preference,* is specified as the political system that the respondent felt was most favourable to his or her material interests. The specific question is as follows:

What system of government did you feel was the most favourable (or least damaging) to economic growth for your business?

a. The TNG government in 2000-2004
b. The TFG government in 2004-2006
c. The ICU government in 2006
d. My business is best with no government at all.

The polychotomous variable *Political Preference* offered respondents four possible alternative choices. The first choice was the Transitional National Government (TNG), which governed from 2000-04 on the basis of clan-based division of power. Because it was the predecessor, rather than competitor to, the TFG and ICU, the TNG was chosen to serve as the residual category in the analysis.

The second choice for *Political Preference* was the Transitional Federal Government (TFG), the internationally-recognized government that operated almost entirely in exile in Kenya from 2004-06. Throughout the TFG's tenure, the Mogadishu business community continued to pay

protection moneys to warlords, the majority of whom were members of the new parliament, while also being extorted at militia checkpoints along the major trading routes.

The third option, the Islamic Courts Union, emerged as a parallel authority to the TFG in 2006. The TFG remained the *de jure* political authority, but all *de facto* power rested with the ICU. After expelling the TFG warlords, the ICU dismantled warlord protection rackets and checkpoints, and began formal taxation of businesses, including taxing shipments at the newly re-opened Mogadishu port.

Finally, because some Somali businesspeople thrive under conditions of political anarchy, they might prefer to manage insecurity in their own way. That is, they may determine that hiring their own private security forces is less expensive than buying into any formal political structure. Therefore, the fourth option available to respondents was to prefer no government at all.

A more ideal question for the dependent variable would have been "Which of the following political alternatives do you like best?" However, there were two problems with this wording. First, the question asks about past events, and responses were therefore necessarily retrospective. It would have been more ideal to have run a several iterated surveys of the business community between 2004 and 2006, with the same participants throughout the study. This is work for a future project. Second, inquiries about political preferences and activities in Somalia are inherently dangerous, and can lead to physical reprisals. Business respondents during the pilot phase counseled that the question could not be more directly worded about actions and choices without endangering the respondents and the research team.

The two primary independent variables under investigation are *Warlord Security Costs* and *ICU Security Costs,* which are questions 4 and 5 in the survey below. Both *Warlord Security*

Costs and *ICU Security Costs* were measured on the same ascending five-point ordinal scale of: (1) none, (2) low, (3) average, (4) high, and (5) very high. Note that the survey marks 1 as "very high" and 5 as "none"; this scale was inverted for the analysis, to improve the readability of the results.[2] These two questions measured the respondents' recollection of the overall amount he or she paid. In the pilot phase, the first draft of the two questions asked businesses to simply estimate their taxes under the TFG and ICU respectively. However, business owners reviewing the survey design found this language confusing because the TFG did not implement a formal system of government taxation; rather, business taxes were paid directly to individual warlords. The Somali word for "warlords" in the survey is *qab-qablayaasha*, which was widely used by members of the business community to describe who they were paying taxes to under the reign of the TFG. During the TFG period, both warlord taxes and extortion at militia checkpoints constituted the business community's overall security costs. In contrast, the ICU government charged formal taxes at ports and markets, and cleared militia checkpoints. Under the ICU, taxes alone were constitutive of the business community's security costs. The survey questions were drafted to reflect these considerations.

Three additional binary independent variables were also included to test the role of identity on political preference: *Islamic trust*, *Support for Islamic Law*, and *Clan trust*. The survey presented the following statements about clan and Islam in business, and asked businesspeople to respond on a five-point ordinal scale ranging from strongly disagree to strongly agree; responses were then recoded into binary variables.

[2] The variable *Size of Business* was also recoded in the inverse for the same purpose.

The variable *Islamic trust* is based on the following question, using strongly agree as 1 and all other responses as 0:

> A good Muslim is more likely to respect my property rights and contracts than a person who doesn't follow their religion.

The variable *Support for Islamic Law* is based on the following question, and uses strongly agree as 1 and all other responses as 0.

> Islamic law is a good way to regulate transactions between business partners.

The variable *Clan Trust* is based on the following two questions, which ask the respondent whether they agree or disagree with the following statements:

> It is more costly and difficult to conduct business with members of other clans than it is to work with my own clan.
>
> A person within my clan is more likely to respect my property rights and contracts than a person from another clan.

The *Clan Trust* variable uses agree and strongly agree as 1 and all other responses as 0. Alternative specifications using the interval-level variables were also tested for each independent variable; these tests produced no significant changes in any of the overall conclusions presented in this paper. The independent variables were re-coded in this way to improve the readability of the regression results.

Importantly, the Somali word for clan, *qabiil*, is an enormously complex and nested concept. All Somalis have multiple layers of clan identity, and the word qabiil can connote either major clan or sub-clan identity, depending on the context. Given the extent of clan violence in Somalia, asking direct questions about clan requires caution. Over the course of the pilot study, the survey team determined that the least volatile way to determine attitudes towards clan was

to ask about levels of trust, while deliberately leaving the interpretation of the concept of clan open to the respondent, based on his or her own understanding and experience of how clan operates in daily life.

The survey did also collect data on the specific clan identities of each respondent, but these were not included in the estimation. The reason for this is specific clan identities are multilayered and responses could not be standardized in a coherent way. Some respondents only indicated their major clans, while others identified by their sub-sub-sub-clan. Members of the dominant Hawiye clan in Mogadishu consider their sub- and/or sub-sub-clan divisions as the most relevant in- and out-group categories (especially between the Habr Gidir-Ayr and the Abgal), whereas a non-Hawiye in Mogadishu may identify as only Darod or Isaaq.

Two problems emerge from this. First, to standardize clan identities at any given layer of sub-clan affiliation would strip the concept of its analytical utility, as the salient level of identity is contingent on social context. Second, to seek out the narrowest layer of clan identity would make the sample size of each group too small relative to the N to make generalizations. As such, rather than forcing respondents to define clan categories using an artificial framework, the questions included in the estimation hone in on how clan, however the respondent understands this concept in his or her everyday interactions, affects social trust.

While the language of these survey questions was designed for clarity and mitigation of security challenges, some questions also created challenges for the analysis. Specifically, the question used as the dependent variable presents a statistical problem in the estimation. Specifically, defining *Political Preference* as recollection of economic wellbeing under a given political system could have exaggerated the effect independent variables such as security costs

on the dependent variable. Moreover, because the survey asks respondents to recollect past events, there is also a possible causal feedback between respondents' political preferences and their perceptions of relative security costs. This endogeneity problem can be addressed in part by using instrumental independent variables.[3] To address this, I ran an alternative estimation in which the security costs variables were manually instrumented and then regressed in the multinomial logit model. The same variables were used to instrument both *Warlord Security Costs* and *ICU Security Costs*.[4]

In this alternative estimation, seen in Table 3, the significance levels for the instrumented variables remained high, and in places showed even greater robustness. High *Warlord Security Costs* remained positively correlated with preference for the ICU, and high *ICU Security Costs* continued to be negatively correlated with ICU support. However, in the instrumented variables model, a one-level increase in perceived *ICU Security Costs* makes one 52% less likely to favour the ICU and 94% more likely to prefer no government at all. Also, a one-level increase in perceived *Warlord Security Costs* made one 44% less likely to support the TFG, 94% more likely to support the ICU, and 2.3 times more likely to prefer no government at all. In the instrumented model, high security costs were more strongly correlated with preference for no government. While the instrumented independent variables do not fully resolve the issue of endogeneity, the alternative estimation shows that the statistical significance of both the security costs variables remain robust.

[3] There is useful discussion in the economic voting literature about endogeneity and retrospective economic assessments, which have application here. See Christopher Wlezien et al. "Economic Perceptions and Vote Choice: Disentangling the Endogeneity" *Political Behaviour* Volume 19, No.1 (March, 1997).

[4] In the alternative estimation, a total of 25 instruments were selected, including: size of business, gender, education level, and type of business (trading, telecommunications, energy, small business, small industry, and mira dealing). Additional instruments included responses to public opinion questions on social trust.

TABLE 3: Multinomial Logit Analysis with Instrumented Independent Variables

Independent Variables:	Dependent Variable: Risk Ratio Multinomial Logit Coefficient (Standard Error)		
	TFG	ICU	Prefer No Gov't
General Social Indicators:			
Male	1.145 .135(.253)	.837 -.177(.190)	1.469 .385(.207)
Size of Business	1.233 .209(.162)	1.230 .207(.128)	.837 -.177(.133)
High School	.454** -.788(.327)	.562* -.576(.303)	.480*** -.733(.266)
University	.714 -.336(.532)	1.882 .632(.401)	.617 -.481(.451)
Religious Education	.540** -.615(.314)	1.042 .041(.278)	.456*** -.783(.255)
Identity and Ideology:			
Clan Trust	.749 -.288(.246)	.716* -.333(.194)	.799 -.223(.195)
Islam Trust	.965 -.034(.380)	.482*** -.728(.242)	1.311 .271(.316)
Like Islamic Law	.633* -.456(.239)	.926 -.076(.188)	.711 -.340(.194)
Security Costs:			
ICU (instrumented)	1.015 .015(.314)	.486*** -.720(.235)	1.944** .664(.335)
Warlord (instrumented)	.567* -.567(.300)	1.947*** .666(.226)	2.356*** .857(.291)
Constant	1.248(1.257)	-.462(.928)	-6.674(1.848)****

Standard Error indicated in parentheses. Number of observations= 1003. *p<.10, ** p<.05, *** p<.01, **** p<.001. Residual category: Preference for TNG.

Survey Questions

TAXES AND COSTS QUESTIONS:

From 2004-2006 under the reign of the warlords in Mogadishu, how high were your financial losses due to insecurity and taxes?

1. Very high
2. High
3. Average
4. Low
5. None

In 2006 under the Islamic Courts, how high were your taxes?

1. Very high
2. High
3. Average
4. Low
5. None

What system of government did you feel was the most favourable (or least damaging) to economic growth for your business?

1. The TNG government in 2000-2004
2. The TFG government in 2004-2006
3. The ICU government in 2006
4. My business is best with no government at all.

AGREE OR DISAGREE QUESTIONS:

State whether you agree or disagree with the following statements (1 is Strongly Agree, 2 is Agree, 3 is Neutral, 4 is Disagree, and 5 is Strongly Disagree):

It is more costly and difficult to conduct business with members of other clans than it is to work with my own clan.

A person within my clan is more likely to respect my property rights and contracts than a person from another clan.

A good Muslim is more likely to respect my property rights and contracts than a person who doesn't follow their religion.

Islamic law is a good way to regulate transactions between business partners.

GENERAL SOCIAL INDICATORS:

What was the size of all your business interests from 2004-2007?

1. Large (+ USD$350K/year)
2. Medium (= USD$50K - $350K/year)
3. Small (< USD$50K/year)

Male or Female? _____

Education? (Please circle all that apply)

1. Formal – up to secondary
2. Formal – advanced degree
3. Informal - religious
4. None