

# **BU3016: Contemporary Issues in Business**

**2018**

## **Assessment Cover Sheet for the Individual Essay**

**Assessment Due Date: 2nd November 2018**

**Please complete the following:**

**I confirm that this assignment which I have submitted is all my own work and the source of any information or material I have used (including the internet) has been fully identified and properly acknowledged as required in the school guidelines I have received.**

<b>Module Tutor</b>	Stephen Murray
<b>Student Number</b>	G20698339
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The aims of goal nine developed by the United Nations are set to reduce obstructions to business enterprise, improve economic stability, education accessibility and other deep-rooted societal issues. Focusing on the island nation of Madagascar situated off the east coast of southern Africa, which is listed as one of the least developed countries in the world by UNCTAD (2018), this essay analyses how the aims of goal nine will improve the issues currently facing the country with a particular focus on infrastructural investments and how they will improve both innovation and industry.

The social, environmental, economic, and educational issues facing Madagascar, primarily due to infrastructural inadequacies, will be explored, after which suggestions shall be presented with the aim of rectifying such issues. Meanwhile, the successful implementation of the aims of goal nine are expected to simultaneously achieve improvements in related goals.

Madagascar is one of the poorest countries in the world (World Food Programme, 2018), with a GNI per capita of \$400 (World Bank, 2018) which immediately demonstrates the current poverty-stricken circumstances of the country's citizens, whose quality of life is considerably stagnated. Comparing this to other countries in the world, Madagascar remains 218th in ranking out of 229 countries and territories according to the CIA World Factbook (2018).

Upon initial research, the principal issue that is identified as negatively affecting the functionality of the country's economy and the lives of its citizens is Madagascar's primitive system of roads, especially between rural settlements, larger towns and the few cities in the country, thus demonstrating a major infrastructural issue (Financial Times Life, 2018) that remains the primary reason for the country's economic stagnation.

The fact that the country is crippled by its lack of roads makes it difficult to transport goods from the inland countryside to the coastal regions for exportation, thus inhibiting the population's ability to conduct efficient and sustainable enterprise (BBC Two, 2012). Investment in the construction of roads remains key to the development of business productivity and as a result, directly initiates economic growth, greater opportunities for workers, as well as improvements in salaries, general living standards and by retrofitting industries with sustainable technologies, Madagascar will leapfrog over other industrialised nations (FAO, 2017). The development of a system of roads linking to the capital city of Antananarivo will greatly improve the ability for inclusive industrialisation to occur through greater efficiency in the transportation of materials, the accessibility of workers in rural regions, and the launch of opportunities for businesses to invest in newer technologies.

Furthermore, despite the importance of enhancing the country's internal connectivity, the primary method of poverty reduction remains economic growth which is dependent upon a country's ability to enter the global marketplace, thus demonstrating the relevance of international connectivity. In this regard, Madagascar struggles from its geographical isolation and difficult accessibility from Europe and North America, although its greater convenience to the bustling economies of India and China highlights an opportunity to develop the country's international trade (BBC News, 2018).

Due to its island location, Madagascar is not accessible by road, therefore importers and exporters will incur greater costs of transportation than they would if they were trading to and on mainland Africa. To combat this natural obstacle, more focus should be placed on directing funds into improving Madagascar's coastal ports, railway networks, and airports. With the improvement of these forms of transportation interconnectivity, the Madagascan economy will be more attractive to foreign businesses to import products, as well as opening up the economy to the exportation of products manufactured domestically to the global market (Chang, 2018). With such improvements in economic accessibility, this will dramatically improve the government's ability to solve its food shortage and malnutrition problems that are particularly prevalent in the southern regions of the country (Smith, 2015).

The World Bank (2016) identifies that the development of a better system of roads for transportation throughout the country is best paired with providing electricity to those rural communities that make up the bulk of Madagascar's population with only 22.9% of the entire population having access to electricity in 2016. With greater accessibility to electricity as a major element of goal nine's infrastructural aims, a higher level of off-farm enterprise has the opportunity to develop which will improve poverty reduction rates (World Bank, 2017), as well as achieving affordable access to the Internet for a greater number of citizens, which itself leads to advanced forms of information and communication (Kimenyi & Nelipher, 2016).

The dependence of Madagascans on the agricultural industry saw its greatest damages between 2005 to 2012 with the deterioration of the profitability of agriculture which demonstrates how the dependence of Madagascar on its agricultural industry is detrimental to its own economic growth (World Bank, 2017). The industrial diversification of the economy bolstered through the implementation of infrastructures such as electricity to rural communities is therefore essential to the sustainment of economic growth (Tankien, 2018) in order to reduce rates of poverty, inequality, and malnutrition.

The development of a better system of roads, in addition to its clear benefits for economic growth, also holds specific advantages in the achievement of quality education for citizens. With greater connectivity via roads, populations from villages will be able to reach schools more easily, thus offering more opportunities to both children and adults to attend schools and universities as Madagascar has a low adult literacy rate of 71.5% in 2012 compared to the likes of China which held an adult literacy of 95% in 2010 (UNESCO Institute for Statistics, 2012). With the development of a new system of roads to connect rural villages and towns, Madagascar's rate of unschooled children will be set to fall (The World Bank, 2018).

With improvements made to greater accessibility to quality education comes clear progression for the achievement of better rates of health and wellbeing as the citizens will understand the importance of maintaining their own and their family's mental and physical health. Greater road connectivity will also allow citizens to reach hospitals and vital health clinics more easily so that larger populations can be injected to prevent fatal diseases from spreading into epidemics (Associated Press, 2017).

Despite the essential requirement for roads in Madagascar to develop economic growth and improve education standards, there does come financial and environmental costs to the implementation of a system of

roads across an entire country. The purchasing of materials for roads will come with large financial costs, and the option of manufacturing such materials in Madagascar itself remains difficult because there doesn't exist the sufficient industry to cope with the manufacturing of the materials for roads on such a large scale.

However, a suggested approach to resolve this issue is to implement localism/regionalism which would involve all members within a region of the country working together to develop their own system of roads through the utility of resources such as small businesses, regional councils, and local labour. This approach reduces the scale of the project to a local region, allows citizens to concentrate on their specific local needs, and lets regions begin to self-fund and sustainably grow while the national government oversees these different regional road construction projects. The implementation of localist policy is becoming more popular (Chakraborty, 2018), which means that its success in this context is more likely than a nationwide road construction project that doesn't cover local needs and becomes swamped by the enormity of the venture.

In addition to these financial costs, there could also be an immense amount of environmental cost to the project of providing Madagascar with roads. The principal cost of this involves the negative effects on Madagascar's diversity in its fauna and flora. The potential disruption caused to life in the forests and inland regions of Madagascar during the construction of roads could cause the destruction of habitats which counteracts the sustainable goal of the protection of life on land (Fennell, 2006, p294-95).

Another environmental issue is whether the construction of roads will have negative effects on the pollution output by the country as a whole. In addition to combatting climate change and to achieve the climate action goal, the introduction of renewable energy simultaneously with the construction of a system of roads remains the best way of making Madagascar's infrastructure sustainable which is of particular importance to the country as it is expected to rely on its environmental resources and the uniqueness of its ecosystem to drive ecotourism for economic growth. Therefore, the government will need to employ a policy of leapfrogging (Diop, 2017) which would involve Madagascar surpassing industrialised economies in its implementation of renewable sources of energy whilst maintaining the functionality of its economy in order to achieve sustainable development.

Taking inspiration from countries such as Egypt (Oxford Business Group, 2016) and Costa Rica (Organisation for Economic Cooperation and Development, 2016) which have both seen economic growth due to their focused efforts on the development of their tourism sectors, this is something that Madagascar would also be able to enact once its road system is improved (Duffy & Smith, 2003, p119).

Without a good system of transportation throughout the country, tour operators will not be able to offer tourists attractive holidays, thus demonstrating how roads are essential to the development of the ecotourism sector, which holds immense opportunities for Madagascar due to its unique ecosystem (Kramer, 2018). With the bolstering of the economy via ecotourism (Duffy & Smith, 2003, p136-140) after infrastructural improvements, the quality of life of Madagascans will be set to improve and the economic growth projection

heightened from its current 5% growth estimation for 2018 (Styvanley, 2018) as it continues on its upward course (International Monetary Fund, 2018).

One of the worst industries that has sadly increased in popularity over the last few decades in Madagascar is the poaching of endangered species due to their ecological uniqueness (Randrianarisoa, 2018). The poaching industry is a prime example of the desperation of citizens to survive by taking advantage of their country's unique wildlife for their own profit.

Not only is the poaching industry detrimental to the improvement of corruption, security rates, and political risks for companies (Frynas & Mellahi, 2015, p47-8), but it also remains a huge obstacle in the country's aims to develop its ecotourism industry (Actman, 2018) and it considerably adds to the degradation of its valuable natural resources (Robinson et al., 2018, p144-152). Greater institutional stability, via the achievement of goal nine, will provide better job prospects which will divert people's attention away from poaching activities and its profitability, thus working towards the preservation of ecosystems (Holmes et al., 2018, p137-148).

Furthermore, institutional development involves the establishment and funding of the police force which will in turn be better equipped to control and terminate poaching activities in the country (USAID, 2018) along with the reduction in corruption rates in Madagascan institutions which still remain high (Wickberg, 2014). However, only with the successful democratisation and unity of the government will such institutions be able to establish themselves long term (United Nations News, 2018).

As another environmental issue, focusing on the protection of the most vulnerable coastal regions (Harding, 2019, p121-144.) from natural disasters is paramount through the construction of disaster prevention measures to improve the resilience of villages, towns, and cities along the coast which were heavily damaged by Cyclone Enawo in 2017 (Ruttle, 2017). However, with the development of a durable system of roads, this would reduce fatalities from such natural disasters in the future as larger populations would be able to vacate the most vulnerable regions with greater ease.

To conclude, focusing on the achievement of goal nine simultaneously achieves other goals including major improvements in quality education, electricity accessibility, economic growth, efficient enterprise, as well as peace and justice in the society through the establishment of strong institutions. Also demonstrated were some of the potential negative impacts inflicted to life on land as well as setbacks caused to climate action due to widespread infrastructural development.

This essay has taken a three-pronged approach to cover the industry, innovation, and infrastructure elements of goal nine by introducing the development of a comprehensive transportation network involving roads, railways, seaports, and airports to improve domestic and international connectivity. Furthermore, the utility of such infrastructures to initiate sustainable industrialisation and the diversification of the economy for the improvement of social, economic, educational, and environmental issues facing the country has been critically explored.

As we take a look at the future of Madagascar, the projected data from the United Nations regarding the country's looming population boom throughout the 21st century states that the country is set to almost quadruple in size (United Nations Department of Economic and Social Affairs, 2017) which demonstrates the need for swift action. If Madagascar is to avoid returning to a deteriorated and fragile state after its population boom causes strain on its resources, then the industrial and infrastructural developments outlined in this essay should be implemented to effectively utilise the resource of a larger population as well as hold in place the structural and institutional procedures to deal with such a large demographic change and its consequences.

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## Appendix

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