



**Book Title:** *State Fragility, Business and Economic Performance: An Ethiopian Perspective*

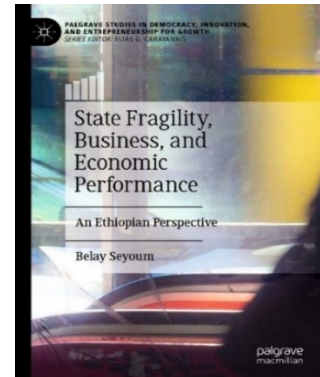
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The presence of civil chaos, political upheaval, and innocent people suffering in many nations such as Haiti, Somalia, Afghanistan, Ethiopia, Iraq, Syria, and many others have been realities of modern times. The unfortunate realities and factual data show that these countries have been in the domain of fragile states for many years and possibly decades due to mismanagement, ineffective leadership, or foreign interferences. The extreme chaos and crisis could have been prevented if the leaders had seen the signs of state fragility and planned strategically to move each country towards prosperity.

The recently published book by Dr. Belay Seyoum, entitled, *State Fragility, Business and Economic Performance: An Ethiopian Perspective*, emphasizes that poverty and unemployment can elevate the risk of conflicts among groups which often lead to a self-reinforcing trend, known as the *fragility trap*, that keeps countries away from political stability and any hope of prosperity. Based on my reading of the book and interview with the author, I can say this is a comprehensive and timely publication which provides specific warning signs of state fragility that should be read by all public and private sector officials in developing and fragile economies. The book offers specific examples of how state fragility can be diagnosed, assessed, and prevented through strategic planning, organizing, leading, and controlling by public and private sector leaders.

The term “state fragility” describes countries that are weak or even deficient in certain core functions that are expected of a genuine government, such as authority, capacity, and legitimacy. For example, “One source of state fragility in Ethiopia is its weak public institutions” which “have been open to abuse by powerful groups” (Seyoum, 2024, p. 41). Consequently, there are moral and ethical failures since Dr. Belay Seyoum explains that “Ethiopians have endured decades of large-scale human rights violations at the hand of their own government” (2024, p. 45), as some police officers and government officials of such fragile states tend to behave as though they are above the law by wrongfully punishing innocent individuals to retain power. Fragile states that are not

strategically developed can easily become failed or collapsed states where extremists, war lords, and/or populist figures become key figures. As explained in this book, “Populism has a polarizing effect as it pits one group against another thus incentivizing socioeconomic actors to undermine democratic institutions for partisan political gains,” thereby inflaming ethnic conflicts throughout the country (Seyoum, 2024, p. 31).

The book offers insights from fragile states that have overcome instability through high economic growth and greater equality using inclusionary strategies that engage all diverse groups and stakeholders within a nation. Additionally, the author outlines the role of entrepreneurship in economic growth and poverty alleviation which can be used by public and private sector leaders in fragile states. Overall, the answers to such topics as the following questions are provided by the author:

1. What is state fragility and how to measure it?
2. Why is state fragility important to study?
3. What are the specific indicators to measure state fragility?
4. Is Ethiopia a fragile state? If so, what are the fundamental causes of state fragility?
5. How fragile nations can transition out of state fragility?
6. What is the role of entrepreneurship and industrialization in state fragility?

As can be seen from the general nature of the topics covered, this book offers a multidisciplinary analysis of state fragility that can be put into practice by a nation’s leaders. This book discusses the nature of state fragility and highlights the non-political factors that drive it. The growing number of countries with weak capacity to carry out basic governance functions, like keeping local people and businesses safe, is leading to unacceptable levels of human suffering. As the author explains, “State fragility in Ethiopia is a byproduct of several factors: Factionalized elite and ethnic politics, ethnic federation, poor leadership, and weak institutions as well as moral and ethical failures,” (Seyoum, 2024, p. 54) which have resulted in political instability, communal violence, and continued insecurity in many parts of the country. Based on institutional theory, the book explores how weak institutions within a nation can easily become a source of state fragility that undermines social cohesion and broader economic progress.

The author closely examines the role of entrepreneurship and industrial policy as means to both create and sustain economic and political stability. Strategic trade policy is discussed as a means of increasing incomes and easing tensions. Finally, technology policy is explored as a means of engaging domestic people and global investors in entrepreneurship and innovation to create more local jobs. The inability of states to create relevant policies that benefit the local populations is a huge concern since it leads to “brain drain” as the most educated, skilled, and entrepreneurial citizens migrate to other nations. Facts show that fragile states that have been in social and economic crisis, in 2023, caused more than 100 million people to run from conflict and crisis. One possible explanation for state fragility is the leaders’ and country’s incompetence in economic management where they do not create comprehensive administrative capacity to translate their goals into resource allocation in a strategic manner. This is where education and reliance on experts become important for fragile states.

As the case of Haiti has shown, armed conflict is pushing a growing minority of the global population into a deeper crisis. Additionally, the armed conflicts in Ethiopia and Somalia have resulted in untold suffering and hardship for millions of people in the African continent. Prolonged conflicts in these fragile states have destroyed lives and livelihoods, devastated infrastructure, and

disrupted international supply chains and trade. We also see that conflict and instability have led to authoritarianism as well as limited supplies and skyrocketing inflation in food and fuel prices.

In fragile state, we notice that authoritarian constitutions serve as “*window dressing*” that provide lip service to the rule of law and other fundamental freedoms without the actual intention of ever enforcing them. In fragile states, informal rules tend to govern the actions of individuals and organizations as well as the interaction of participants in the development process. In fragile states, conflict leads to institutional voids, consequently people engage in informal partnerships to compensate for these gaps. For example, over the past two decades in Afghanistan, most people went to Taliban to resolve local conflicts since the Afghan government did not have relevant institutions in place to help people in many provinces outside of the capitol city, Kabul. When existing institutions become inefficient and fragmented in a nation, people and informal groups work together to fill these organizational gaps.

State fragility causes severe development challenges due to weak institutional capacity, poor governance, conflict among various ethnic groups, and continued political instability. When states fail, bad actors often become stronger which leads to the population being displaced, human capital depleted, unemployment rising, and the nation’s production and incomes declining.

One fact is that the probability of being poor in today’s world largely depends on whether you are born in a fragile state or not. The good news is that by the year 2030, about 78% of non-fragile states come close to achieving the goal of ending extreme poverty, and only 19% of fragile states are expected to achieve that goal, thereby meeting one goal out of 17 proposed by the United Nations in their Sustainable Development Goals (SDGs).

Facts show that, “Some two billion people and a half of the world’s poor live in countries where development outcomes are impacted by fragility and conflict” (Seyoum, 2024, p. 48). As such, public and private sector leaders in fragile states need to create a strategic plan to transition their nations out of crisis. Strategic planning would require all leaders to create transparency, accountability, and formality. Formal institutions include laws, regulations, and rules that establish the basis for production, exchange, distribution, and education for everyone in the country. Formal institutions should lead to the creation of a stronger government that can exercise its authority, capacity, and legitimacy in a timely manner in foundational functions such as providing universal education for all children.

Basic universal education is an important key to making a fragile state strategically better, stronger, stable, and more prosperous. As of 2019, about 17% of the world’s population remained illiterate compared to 78% in 1820. Sadly, today, millions of children of primary or secondary education age remain out of school because of extreme poverty, political insecurity or conflict, and their gender. Facts also show that half of the 3.5 million refugee children of primary school age do not go to school. Failure to educate young boys and girls not only comes at a high cost to their health and well-being but is estimated to cost the global economy about \$30 trillion in lost earnings and productivity. The book points out that in fragile states, *destructive education* extinguishes peace-creating educational initiatives. Policy makers need to change such negative trends by converting them to *constructive education*, which establishes relevant structures that build peace and stability so all children can get the needed education. One function of the education system should be to mobilize all citizens “based on a strong national identity that is inclusive and open to individuals of any ethnic or religious group, i.e., it is an overarching, group-transcending collective identity” (Seyoum, 2024, p. 62). As socially responsible global citizens all over the world and one human race, “We must teach our children that if they conceive themselves as part of an ethnic group, they have not yet embraced the overarching national identity,” (Seyoum, 2024, p. 62) since

strong associations with disparate cultural identities can threaten social harmony both within and among countries.

Overall, this book is an excellent read for practitioners, professors, students, and researchers of politics, economics, and global trade. Additionally, politicians, public and private sector leaders, and academic researchers who are interested in entrepreneurship, economic and business policy, international trade, and emerging market development can benefit from these concepts since they can be a partner in how fragile states can promote sustainable peace and development.

**Reference:**

- Seyoum, B. (2024). *State Fragility, Business, and Economic Performance: An Ethiopian Perspective*. Palgrave MacMillan: Switzerland.
- Mujtaba, B. G. (2024). State fragility and human development: A focus on Ethiopia interview with Dr. Belay Seyoum. Link: <https://youtu.be/s01WYdB0h2E>

