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Doing Business in a Divided Society: How Business Strategically Adapts to Ethno-Political Conflict

Introduction

For business leaders, the external environment is always an important consideration in commercial success, but what happens when the society in question is struggling to cope with the consequences of inter-communal conflict and a legacy of violence? How does the business community interact with this legacy and how do business leaders adapt their personal and organisational response in the face of both tragedy and hope? The paper offers a preliminary analysis of a 3-year project looking at organisational responses to conflict and transition in Northern Ireland, Kosovo, and the Basque Country. One focus of the project was to explore how organisational actors within a private sector environment, navigate, negotiate and influence the reality of conflict. This work is framed within the emerging body of literature that looks at organisational responses within extreme environments.

Background and Theoretical Approach

Organisational, legislative and community-based conflict and peace building has been the subject of much research on institutional transition. This work includes the importance of good governance processes in establishing peace, pursuing state reconstruction and preventing future conflict (Brinkerhoff and Morgan 2010) and the sectoral challenges of economic regeneration, political participation, and the complex reality of coming to terms with the legacy of past violence (Berg and Schaefer 2009, Bollens 2000, Collier, Hoeffler et al. 2008, Bissessar 2009, Bollens 2011). However, while there is an emerging body of literature which explores the role of management during and post ethno political conflict (Forrer and Katsos 2015, Haufler 2015), this work is noticeably less focused on the role of business communities and leaders within them managing through conflict and transition. Where work does exist, it is

focused on the wider implications of developing a stable economy within fragile and conflict affected states (Ganson & Wennmann, 2015).

Recently, scholarship (Hallgren, Rouleau and De Rond, 2018) has reminded us of the importance of early seminal studies of extreme contexts to management and organizational studies. The usefulness of extreme contexts in surfacing 'hard to get at' organizational phenomenon is further underlined by the increasingly volatile and complex nature of the international environment. Halgren et al (2018) define three distinct extreme contexts within which most of this work has taken place. They dimensionalise 'risky' or 'emergency' or 'disrupted' environments as the three main categories for explanatory work. Interestingly, the research which informs this paper would initially seem to fall within their categorization of a disrupted context 'triggered by extreme events that occur outside the core activities of organisations or communities and are "frequently portrayed as unique, unprecedented, or even uncategorizable" (Christianson et al, 2009 p. 846) (Halgren, et al, 2018 p. 135)'. However, as we will see below, upon closer examination there appears to be an overlap with the associated categorization of 'risky' contexts - characterized by "near-constant exposure to potentially extreme events such that an unusually great degree of emphasis is inevitably placed on the reliability of systems and the particular routines, processes and materials these involve" (p.117). This developmental paper contends that the extended temporal dimension of intractable conflict creates an overlay of contextual conditions that requires organizational actors to cope with 'disruption' and 'risk' simultaneously and requiring those actors to display and make use of significant political skill to manage and lead.

Cases

After 30 years of violent conflict and 3000 deaths, the Good Friday Agreement of 1998 saw Northern Ireland engage in a protracted period of volatile peacebuilding. The Basque Country, emerged from four decades of conflict with the disarmament of the militant organisation ETA in April 2017. More than 1000 people died over the period of violence, including police, civilians and politicians. Around 13,000 people are thought to have lost their lives in the Kosovan war which occurred between 1998-99. Unrest which had come to prominence 10 year earlier, had continued since the

official end of the conflict, especially around the city of Mitrovica. The disputed state of Kosovo officially declared its independence in 2008. All of the cases have experienced, protracted and intractable unrest through extended timeframes. In all, the unrest has been punctuated by individual incidents and atrocities.

Methodological note

The theoretical framework informing this study seeks to explore the experience of business communities within societies in transition from conflict. The research encompassed two main methods of data collection – interviews and witness seminars¹ with a range of participants. Those who engaged with the research included business leaders, managers working in both locations through periods of conflict and peace building, those engaged in urban and economic regeneration, and those active politically in both contexts.

Participation in data collection was secured through a process of snowball referral and the use of existing research networks (Saunders and Townsend, 2016). Individuals were invited to participate and suggest additional invitees from a range of private sector organisations in both Northern Ireland and the Basque Country. Interviews were semi-structured and focused on business development and entrepreneurship during and after conflict. The four witness seminars were arranged in neutral venues², in neutral venues with experienced researchers who had previous familiarity with conflict environments and explored issues of conflict, intimidation, business challenges and attempts to frame the future. The witness seminar format lends itself to discussions on particular issues or topics and the seminars were facilitated on that basis with key topics. All aspects of the data collection adhered to strict ethical guidelines in relation to participant's anonymity, data management and storage. The facilitators had contact with participants beforehand to ensure that the research questions themselves did not raise or provoke difficulty or distress among the participants (Svorenčík & Maas, 2015). Most

¹ Witness seminars, developed as a technique to facilitate the creation of material or insights from recent history, allow for the exploration and focused discussion on complex areas of concern, pivotal moments, and controversial events see for example J Coakley and J. Todd, 'Breaking Patterns of Conflict in Northern Ireland: New Perspectives', *Irish Political Studies*, 29/1 (2014), 1-14..

² In a place without active association to the conflict, or affiliation to a particular political group.

participants were entrepreneurs or owners / CEO's or SME's within the case study areas. All had an interest in the research and were happy to participate. Conditions of anonymity were agreed as some acknowledged the sensitive nature of their contributions and the ongoing perception of risk within the environment.

Preliminary Findings

Preliminary data from the three cases would suggest that those engaged in business and entrepreneurship within environments of conflict were clear about the impact of risky and disrupted contexts on both their professional and their personal lives. Specifically, they identified three main concerns:

An explicit and acute awareness of the political nature of the environment

This finding is interesting and correlates to other recent work on public managers within environments of conflict (Murphy, 2017). An awareness of the potential volatility of the environment - impacting employment, investment and organisational decision making generally, was clear among all participants. Interviewees and witness seminar members were explicit about the intensely political nature of the environment and the need for a heightened awareness of tacit political knowledge about the present and past nature of the conflict and division. Participants reflected on the use of 'partisan' language within 'mixed' environments, an awareness of 'trust' issues with staff, additional concerns around 'fair employment', and the need to as one Northern Ireland participant put it 'to read the rhythm of the conflict throughout the year and at times of particularly heightened tension'. Others commented on the need to be focused on symbolism, how this impacted marketing and the use of colours and national symbols carefully. One Basque participant talked about the significance of the politicisation of the language and the pressure to use or not use Basque / Spanish terminology. All spoke about the trauma of major incidents, the impact on themselves their colleagues and customers.

Connection between political conflict and organised crime,

Ongoing corruption and the translation of armed activity from conflict to organised crime was a significant concern for all participants. This related largely, but not just to the payment of 'protection money', to organised crime syndicates (often more than

one) within different geographical areas. One Northern Ireland participant commented that he was proud of never having paid protection money. Others commented on 'dodging' payment by various means, including casting a 'blind eye' to the loss of building supplies, and making investment decisions based on geographical and political fault lines of division. Ongoing concerns about personal risk and heightened security concerns (especially risk of kidnap) as a decision making factor in their individual behaviours. This went as far as moving to secure housing locations outside cities (within the Basque country). Some Spanish participants commented on their colleagues, who, at periods of particular concern, moved their entire businesses to other parts of Spain and sent their children to boarding school abroad.

Positive contribution to their environment through job creation

Interestingly, many participants felt strongly about the role of business to create stability and opportunity within volatile environments. Participants spoke of their affection for their environments and their responsibility to engage when asked at a political level. While none of them were interested in politics, some participants had covertly acted as brokers between police / governments and insurgent groups.

Discussion

While there is little doubt that ongoing environments of conflict are 'disrupted' environments, the intrusion of more heightened concerns around 'risk' was theoretically and methodologically interesting. Not only were research participants managing after significant acts of disruption which while not isolated, were still shocking and extreme, but participants were also operating in environments which were chronically 'risky' and required for a greater emphasis on activities, behaviours and organisational routines than might have been expected. This meant that 'risk' became a background noise to incidents of significant harm and did not dissipate between or after extreme events. Indeed, chronic risk was itself only heightened by individual atrocities. While at an early stage, this would suggest that research in environments of conflict has the potential to extend and further nuance our categorisation of extreme contexts research in a way that better understands the experience of, and the adaptive nature of doing business in a divided society.

Development Issues

This is an ongoing project and while data collection is advanced, it is not yet complete. With a complete data set and an analysis of data it should be possible to identify mechanisms operating within business communities who are operating in extreme environments, over significant periods of time. Particular issues of interest are adaption when extreme / conflict environments become the norm within a society; the implications of extreme environments for organisational routines; and the role of business communities in engaging in conflict reduction processes.

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