Strategising for Business Sustainability Across the Conflict Spectrum in the East African Community

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ABSTRACT

In areas experiencing conflict, it is common to assume that businesses cannot thrive. However, businesses can still succeed during all phases of conflict. After reviewing books, journal articles, field manuals, and online sources on conducting business in conflict-ridden markets, this study emphasises the importance of careful planning and design to ensure a business project’s resilience and sustainability. The study also highlights that risk inversely affects supply and directly influences the demand and price of commodities. Entrepreneurs who understand this fundamental concept should be able to establish a firm during any phase of conflict and contribute to the peacebuilding process. The paper recommends that the business community in the East African Community (EAC) collaborate to influence political elites to implement the EAC protocols fully.

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INTRODUCTION

It may look evident that business activities cannot be without peace and stability; however, this is only sometimes true, and there is evidence that some businesses thrive best during conflict and lose momentum immediately after peace and stability are established (Forrer et al., 2012). Business amateurs usually take more significant risks to trade in rare commodities during the conflict, and they get rich fast. As the conflict tends towards peace and stability, they must gain resilience to sustain themselves or close altogether. Such a phenomenon is familiar to business firms that do not have strategies to survive or remain resilient after establishing peace and stability in a conflict area. It also implies that such firms are not contributing or even interested in establishing peace and stability in their market of operation.

During the 1980s and most of the 1990s, Uganda, specifically the border areas with Sudan (now South Sudan) and Zaire (now Democratic Republic of Congo-DRC), were adverse conflict areas with refugee and internally displaced people predicaments on either side of the borders. However, this did not prevent businesses from operating profitably in the three neighbouring countries (Titeca, 2009). The citizens of the area took advantage of the weak state authorities to operate a “shadow economy” locally known as “Magendo” that thrived in cross-border smuggling of goods and services. Ugandans, who had a civil war going on their country, actually profited most. They were able to establish successful business enterprises in Uganda, Zaire and Sudan (Titeca, 2009). However, when Uganda stabilised and state authorities established and strengthened, most of the rich businesspersons ceased operations. A few that managed to survive and operated after peace and stability were restored in Uganda struggled to sustain their businesses (Pugh et al., 2004; Titeca, 2009). The approach to business where there is no formal taxation amidst scarce resources could be an explanation for the success of such crude business operators. The unfortunate part is that most do not plan to survive beyond the temporary favourable market environment.

The East African region is one of the hotspots on the continent of Africa; the conflicts in Somalia, South Sudan, Sudan, Eastern Democratic Republic of Congo (DRC), Ethiopia and Mozambique are prominent examples (AU PSC, 2022; Davis, 2022). In each of those conflict areas, indeed, businesses are booming (Little, 2007; Meagher, 1990; Pugh et al., 2004; Titeca, 2009; Vwakyanakazi, 1991). Still, it is unclear if all the booming businesses survive and remain resilient after restoring peace and stability.

Research shows that businesses can contribute to building peace in conflict areas and simultaneously be the source of conflict, especially where there is intense competition for resources (Forrer et al., 2012; Suriyankietkaew et al., 2022; Vernon, 2016). Stability can be fostered through creating employment and offering services that the local population require. Small and Medium Enterprises (SMEs) are particularly vital in playing the role of peacebuilding. This is because SMEs usually employ and provide vast opportunities for young and energetic community members who could easily be absorbed into conflict (Suriyankietkaew et al., 2022). For instance, in northern Uganda, after the long Lord’s Resistance Army (LRA) civil war (1987-2006), several business enterprises and civil society organisations emerged to contribute to the peacebuilding process (Maracine, 2020; Omach, 2016). Nevertheless, even during the insurgency, some businesses, and non-governmental organisations (NGOs) operated effectively. Some of them ceased when the war ended, while others who are resilient continue operating to date (Maracine, 2020).

Sustainability is a term that describes the ability to continue to function without a decline in the quality and quantity of outputs. In the context of a firm, it refers to the ability of that organisation to continue its cardinal functions without degradation in the nature of the products and operations. In comparison, the term resilience refers to the ability to withstand shocks or sudden
changes by retaining standard functionality and functions (Cabot, Venton C.; Fitzgibbon, C.; Shitarek, T.; Couler, L.; Dooley, 2012; Claveria et al., 2017; World Bank, 2013). Put in another way; resilience is maintaining sustainability after the impact of a shock or change on the organisation.

The concept of conflict is a continuum, meaning it is a range starting from peace degrading into conflict and post-conflict. The conditions under the spectrum/continuum vary in terms of the intensity of the expressed violence by the people in a given geographical location (Military Strategy, 2001; The Joint Doctrine & Concepts Centre, 2008). The prevailing conflict condition poses challenges of different magnitudes to businesses. It is up to the entrepreneurs to devise means of sustaining their firm to ensure it stays resilient in the face of the challenges presented.

This paper argues that a good business firm should effectively contribute to establishing peace and stability by strategising to survive (that is, resilience) before, during and even after conflicts. A good firm is part of the community in all phases of the conflict spectrum, irrespective of the associated risks, contributing to the peacebuilding process.

This paper is intended to highlight the strategies available to business firms to survive and effectively sustain themselves across the spectrum of conflict. The article discusses the conflict spectrum, business sustainment design (the military approach), and business sustainment before, during and after conflict and proffer recommendations for potential business firms in the East African Community (EAC). This work is based on a literature review, harnessing the vast number of articles on conflicts and business sustainment and the author’s experience and observations as a citizen and resident of the EAC.

**The Concept of Conflict Spectrum/Continuum**

*Figure 1* presents a conceptual view of the conflict spectrum. The spectrum ranges from conditions of peace and stability (green) to onset of conflict/pre-conflict (yellowish green) to direct conflict (red), and after that, transiting through a gradual reduction in violence/conflict as stability and peace are reinstated by way of peace making and peacebuilding. During the peace and stability phase, most businesses thrive and operate usually. Conflict may ensue anytime, and internal and external players will try to prevent it from escalating into a direct conflict where violent exchanges occur, not only among the belligerents but also impacting the general population in the conflict area. Peace brokers usually attempt to end the conflict through peace talk negotiations and agreements, and when successful, violence will be reduced, and the journey of peacebuilding will commence. During peacebuilding, the belligerents engage in disarmament, demobilisation, reintegration, and reconciliation (DDRR) processes. This continuous process is interlinked with the re-establishment of stability and peace (Herrera, D.; Pena, 2022; Humphreys & Weinstein, 2007; Theidon, 2007).

It should be noted that the conflict spectrum is not composed of discrete parts. Instead, each piece is linked to the other. In complex conflicts, it may also be possible to have all the components present simultaneously in the same country, only varying in the provinces and intensity. For instance, in the Democratic Republic of Congo (DRC), the current conditions in the capital, Kinshasa, differ from those in the eastern and northern provinces.

*Figure 1: A conceptual representation of the conflict Spectrum.*

| Peace & Stability | Conflict Prevention | Direct Conflict | Peacebuilding | Stability |

Most countries that go through conflicts were initially peaceful and stable. Conflicts usually emerge for several reasons, from ethnic, social, economic, and political to religious. The disputes typically start as structural or cultural conflict; at this stage, there is always an opportunity to resolve such disputes before they go into full-blown direct conflict. This stage is referred to as
the conflict prevention phase (Bercovitch, 2019; Smidt, 2020). Peace negotiators are the most active during this phase, and their interest is to prevent the conflict from escalating to the next stage of decisive actions.

When there is direct conflict among the belligerents, dialogue may continue, but there is also a possibility that one side will be defeated through direct fighting. This is usually rare because when the root cause of a conflict is not addressed, the physical defeat of an opponent will postpone the conflict, which will later re-emerge (Munyua, 2015). So, only when the underlying issues are addressed will the conflict be temporarily terminated. This is also called negative peace; there is peace, but with time, it is likely to relapse back to conflict. Positive peace is achieved when all or a good percentage of the underlying issues are addressed; in this case, the opposing party remains hopeful that the problems will be handled entirely (Diehl, 2016; Galtung & Fischer, 2013; Herath, 2016). This will mark the beginning of the stabilisation phase of the conflict spectrum.

During stabilisation, the belligerents have a standing peace agreement, and efforts are underway towards reconstruction and rehabilitation. Within this phase, several local and external players will be involved to ensure there is no resumption of conflict. These efforts build confidence and establish a stable community and economy. The transition from conflict to peace and stability is a process that takes time, and it usually involves adjusting the nation’s security sector to address the underlying causes of the conflict (Herrera, D.; Pena, 2022; Linke, 2020; McFate, 2010; Theidon, 2007). The state institutions and other social structures could be more substantial during this phase. The government and partners will gradually ensure the consolidation and stabilisation of these elements.

The business community can be part and partial of the process from conflict prevention, termination, and stabilisation phases. Nevertheless, this will require the business community to strategies remain agile and contribute positively towards the desired objective/condition of peace and stability.

**Business Sustainment Design/Plan**

Before investing in any market, an entrepreneur must ensure proper investment design. The design process may vary from one type of company to another; however, what is common to all is an estimation or assessment process, which may also be called an appreciation or feasibility study. If we are to borrow from the military, an estimate or appreciation of the situation is conducted before going to war (Ministry of Defence, 2019; The Joint Doctrine & Concepts Centre, 2008; Weeks, 2007). This process involves meticulous evaluation of the operating environment (market), the mission to undertake and own capability, and the competitors and other challenges in the theatre (market). The planner then generates suitable courses of action (COA) (the options available to join the war successfully, defeat the enemy and the challenges therein) and concludes by deriving a final decision on the best COA to undertake (Ministry of Defence, 2019; NZ Ministry of Defence, 2017). The in-text references quoted above will be used for the rest of the discussions under this section. They provide well-structured details on the different steps or stages of the planning process as applied in the military. However, in this article, the discussion is presented in prose to enable the readers to discern the best way to internalise it while comparing it to other methods used for business design.

A good entrepreneur will only make an investment decision with thorough planning. Businesses that eventually fail often do not thoroughly go through the design process; they undertake hasty decisions based on hearsay business opportunities. True, sometimes they succeed, but it is never wise to establish a firm based on luck alone. The first thing an entrepreneur must do is to thoroughly evaluate the market regarding the available opportunities, the laws governing businesses there, the expected returns, and when the company is likely to strike even. Study the political, socio-cultural, and economic conditions in the market. Identify the
significant actors in the market in terms of political, social, and cultural leaders that the community respects. These individuals will facilitate or disrupt the establishment and protection of your business. However, in a conflict environment, try to avoid supporting one belligerent over the other as much as possible. This will be a recipe for a bad start, and the business may never survive in an environment involved in political contestation (Lanzolla & Markides, 2021; Prabawanti & Rusli, 2022).

After surveying and assessing the market environment, the entrepreneur embarks on self-evaluation. During this stage, the entrepreneur analyses their desired interests in the market vis-à-vis the available capacity, resources/capital, calculated risks, the plan for contingencies in case the market environment changes and other pre-establishment procedures/protocols. Self-evaluation may be done concurrently with an evaluation of the competitors and other challenges in the market environment. The concept of self-evaluation or mission analysis focuses on the entrepreneur; it attempts to analyse the desired intent to the minute details and what it takes to achieve it. It also concerns analysing the rules of operations in the market, constraints, freedoms, and restraints that one has to go through as an entrepreneur. This evaluation process must also consider what may happen in the near and far future; that is, to consider what contingencies are available if the situation changes from the pre-current one. Self-evaluation usually goes hand-in-hand with evaluating the competitors and other challenging factors in the market environment. It is essential to know the potential and real competitors in detail: their capability, what they can do, how they usually operate, their weaknesses and how they can be exploited for our success (Center for Army Lessons Learned, 2022; UK Ministry of Defence, 2013). There could also be other factors in the market that require close attention, such as the socio-culture of the population, the likes and dislikes of the people, the infrastructure, the transportation system and the associated challenges, the process of registering a business and the associated must have documents, tax regimes in the country and so on. The entrepreneur should be able to match their capability and capacity to these challenges and develop preliminary approaches for entering the new market.

The entrepreneur may also do a SWOT analysis of the competitors, one at a time. In other words, get to know the strengths and weaknesses of the potential competitors in more detail. The opportunities for out-competing the competitor, but also consider how they may stifle your progress (threats). This means the planners must also try to predict how the competitors will respond to their entry into the market—this would be the competitors’ potential courses of action (COAs). Besides the competitors, there are other challenges that the entrepreneur must consider. This may include obtaining an operating license, accommodation, which may involve the acquisition of land and construction works, challenging infrastructure such as that in DRC, entanglement in an existing conflict, poor reception by the community and so on are some of the key obstacles the entrepreneur must evaluate. The entrepreneur must also consider all these challenges vis-à-vis their assessed capability and capacity when developing options for joining the market.

Developing courses of action (options) must consider all the other previous stages of the planning process. It must consider the market environment, the entrepreneur’s self-evaluation, the potential competitors, and the different challenges in the market. This evaluation will facilitate correctly identifying available options to access and resiliently succeed in the market. The entrepreneur must also consider the competitors’ SWOT analysis results and assess them against available opportunities (Center for Army Lessons Learned, 2022; The Joint Doctrine & Concepts Centre, 2008; UK Ministry of Defence, 2013). This will help identify the best option from the two to three feasible options. The COAs are developed based on known business principles. This is to ensure the possibilities designed are valid and applicable as approaches to implementing successful business plans. The
principles of business operations may include factors like knowing the market and the competitors, having well-qualified employees, ensuring quality service and products, having clearly defined goals, marketing, organisation that is structured to ensure goal achievement, ensuring proper accounting and capital management, and understanding the protocols and systems in the market (Indeed Editorial Team, 2023). The options/COAs must be tested against these factors or those designated by the business proprietors and planners as cardinal. This stage of the analysis should generate several options, at least two of them that can be taken to the next step for further evaluation against each other and against the potential responses from the competitors in the market.

In the military, the possibilities/options are subjected to “wargames”; these are dry runs or plays of the alternatives with some planning team members acting on the side of the competitors. This “game” aims to enable the planners to identify gaps they failed to see during the planning process and adjust their COAs to fix them. The options may also be evaluated against each other to determine the most suitable given the prevailing situation in the market. The options will also be subjected to tests against the predicted COAs of the competitors, at least two of them—most likely and the most devastating or dramatic. The most likely competitor COA can be expected of any business competitor in a standard, peaceful society. However, the most devastating COA is unlikely but may occur; for instance, launching direct attacks that may involve killing employees. Such a COA is possible in conflict areas such as Somalia and Eastern DRC, and the planners should consider it a likely competitor option.

The last stage is to make the final investment decision. It must be noted that agility and flexibility are cardinal to enable quick adjustments during market shocks. A Prussian commander, Helmuth Van Moltke, once said, “No plan survives the first contact with the enemy” (Mombauer, 2001). The reflection on this statement is that however good a plan may be, it will constantly be challenged; the most flexible and agile entrepreneur will keep afloat using their intuition with the original and the re-evaluated design and plan. The design and the plan must be constantly revisited and re-evaluated to stay up-to-date with changes in the market environment—this is called iterative planning.

BUSINESS SURVIVAL AND SUSTAINMENT STRATEGY ACROSS THE CONFLICT SPECTRUM—THE CONCEPTUAL FRAMEWORK

Several studies have been conducted on business sustainability and resilience; however, most of them are based on market environments that are conflict-free or peaceful. Nevertheless, the assumption is that the same factors apply in conflict environments. For instance, Singleton (2023) identified and argued that five elements are vital for sustaining businesses: a systematic approach to leadership, cooperative collaboration, strategic planning, social responsibility and focusing on relevant products and services. When coupled with harnessing the experience of others and increasing one’s ability to sustain businesses in a competitive market, these factors are vital tenets of establishing and successfully maintaining a business enterprise (Singleton Jr, 2023). In emerging markets like the ones in Eastern Africa, these tenets are fundamental because of the unpredictable conditions in some unstable countries, which also influence the conditions in the more stable countries. For example, when the Allied Democratic Forces (ADF), a terrorist group, intruded into Uganda from eastern DRC, attacked Lhubiriha secondary school, and killed innocent students, businessmen, and women in the Kasese district of Uganda and east DRC got a shock they did not expect. Tourists who usually flock to the area cancelled their visits, and supplies going to the border areas from Uganda were halted for some time (Musoke, 2023). Such shocks will require an entrepreneur who employs systematic planning and leadership, collaboration with the business community and previous experience to resurface and continue to survive.
In addition to strategic planning, business sustainability, experience and education, there should be adequate financial resources and networking. Key to these are formulating pre-start-up and long-term strategies to address opportunities, risks and goals required to sustain the business (Heath III, 2021). Besides, the entrepreneur should have self-motivation, unrelenting zeal for customer service, and well-planned marketing strategies to survive longer (Smith, 2021). These traits will make the entrepreneurs and their businesses part of the society and can positively contribute to establishing peace and stability in conflict areas. For instance, in 2003, the Somali business community played a significant role in the peace process held in Nairobi, Kenya, which paved the way for the African Union to deploy forces in Somalia in 2007. They argued that their community had members from all the warring clans, and they could influence the political elites to think of peace, which worked (The New Humanitarian, 2003).

Personal traits such as the determination to persevere, believing in the self, being conservative with money, and always planning for the unexpected (Harris, 2020; Sanchez, 2020; Son, 2017), together with systemic approaches to attract and retain the next generation of customers using strategic processes, transparency, accountability and protection of interests of stakeholders, and using current technology to support business operations and progress (Coy, 2019) are also significant. The art of using knowledge processes of creation, absorption, and exploitation of social media outlets to progress performance and development is equally vital. These should be the focus of the organisation’s employers and employees (Haynes, 2018). It is also essential to carefully select where the business project is established. This will contribute to the project’s marketing, customer satisfaction and security (Dobson, 2018).

Barriers to success are group factors (culture, especially the group’s attitude), lack of financial muscle, lack of community support and inadequate education and training. Strategies for success are the opposite, such as adequate capital, research and training, and having a passion for doing business (Stroud, 2016). Solis also argued that sustainability factors are motivation, management skills, proactive leadership, positive energy, dedication and passion, and understanding the value of the business’s employees (Solis, 2016).

This paper argues that business firms can make investment decisions and commence operations at any stage of the conflict continuum. Risks are always there even after establishing peace and stability; they only vary in intensity across the conflict spectrum. Besides, the laws of commerce relating to demand, supply and price fluctuations will also apply. The graph below conceptualises the relationship between risks, demand, supply, and price of commodities rated on an arbitrary scale of 0 to 12.

**Figure 2:** The author’s simplified conceptual depiction of the relationship between Demand, Supply, Risk and Commodity prices (Costs) within the conflict spectrum for non-war materials.
The graph shows that risks, demand, and price of commodities are directly proportional to each other but inversely proportional to supply across the conflict continuum. During conflict prevention stages, risks, demand, supply, and price of commodities are all moderate—a point of equilibrium is established (red ring). This is the transition phase from peace and stability to direct conflict. As direct battles ensue, risks will heighten, and the demand and price of commodities will also increase because the supply of items has decreased due to market instability. During peacebuilding and stabilisation phases, risks are lowered, and the supply of commodities starts to increase, causing demand and costs to drop. Demand and price/costs are directly proportional to each other and inversely proportional to the supply. Risk is a subjective factor that may increase or decrease the production of certain commodities. A case in point is the risk of producing things prevalent during the peace and stability phases. During direct conflict, the production or supply of war materials will likely shoot up because of increased demand for such items, and the graph curve will change accordingly.

In sum, a business firm, micro or multinational, can join the market in a given area at any phase of the conflict spectrum. The strategy to survive and sustain operations will depend on several factors, including but not limited to the ones outlined below:

- Ethical conduct of business. Avoid cheating or corruption; it will dent your reputation forever.
- Abiding by the local and international laws.
- Engaging with the community (employ locals across all ethnic groups and ensure corporate social responsibility).
- Respecting the religious, social, and cultural norms of the community.
- Paying your due taxes to the state and the local authorities.
- Cooperating with the business community for a common pro-peace and development voice.
- Supporting the peace process as a neutral and impartial partner by sharing information that can bring belligerents to the negotiating table.
- More importantly, always have a contingency plan and cushioning strategy for your business (Barney, 1991; Forrer et al., 2012; Suriyankietkaew et al., 2022; Twin, 2023).

**Recommendations for Business Firms in the East African Community**

Across the different phases of the conflict, there are usually large sums of money in circulation. These are in the form of donor support to the belligerents or through non-governmental organisations (NGOs) that support the vulnerable community. During such a period, business opportunities are many, but the associated risks are also high. It is a double-edged sword; if one is to succeed, one has to plan well and do an honest business that should outlive the conflict period. Many poorly designed companies profit during such conflict periods, and when peace and stability ensue, they close or relocate to another conflict zone (Ballentine & Nitzschke, 2005; Chen, 2017). A good business firm should establish itself to stay and be part of the community for posterity. Make the community part of the business to the point that it feels the gains and losses of the business project.

The business community should take advantage of the EAC protocols and push for full implementation by partner state governments. Despite the signed protocols, trade and non-tariff barriers exist among EAC common borders, and the business community can play an essential role in lifting those barriers.

Most partner states legitimately curtail imports and try to promote exports. A good business firm can get around this by establishing branches in each of the EAC partner states and producing commodities for the respective local markets irrespective of the conflict status in the country. This will also ensure a cushioning effect if one
branch performs poorly in a given evaluation period. Kenya Commercial Bank (KCB) already does this with footprints in all the EAC partner states.

The business community may also consider exploring the virtual or cyber environment. Some businesses flourish well, irrespective of the conditions on the ground environment. This is because their presence is virtual, and they can operate from anywhere in the world. For instance, a mobile money operator in Rwanda only needs to have SIM Cards from Uganda, Kenya, Tanzania, and any other countries operating mobile money services to send and receive money at local rates from those other countries. In Rwanda, such a business person requires a ground space of only 1 m x 1 m to operate this international financial service.

**CONCLUSION**

It is vital for entrepreneurs to carefully design and plan their business projects and constantly revisit the plan to ensure the project is sustained and remains resilient for posterity. This should be the ideal irrespective of the prevailing conflict conditions in the area of operation.

A conflict spectrum or continuum is an amorphous condition that cannot be discretely categorised. The component phases of peace and stability, conflict prevention, direct conflict, peacebuilding, and stabilisation may occur concurrently. These phases were created to enable comprehension of the concept and facilitate the correct selection of approaches for those entering a new market environment.

The ability to sustain a business project is based on extrinsic and intrinsic factors. Extrinsic factors are those within the market environment where the business is located. They include good customer service, business leadership and administration, respecting the laws, culture, and religion of the community, communing with other firms in the market, careful selection of the project’s location, appreciation of employee value and adequate capital, among other factors. The intrinsic factors are personal to the entrepreneur: determination, passion for the project, education, and training, self-motivation, and social relationship with others. These factors may only sometimes be applicable, but having a good number of them can guarantee the sustainment and survivability of a business project.

This paper recommends that the entrepreneurs in the EAC should consider investing in all the partner states to get around the non-tariff barriers imposed by the governments of the EAC, venture into the virtual environment where the barriers are limited, and form a strong business community to advocate for the full implementation of the EAC protocols. But more important is to ensure the business project established in any of the partner states becomes part of the local communities by gaining and maintaining their support.

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business-community-demands-role-peace-process


