

SCENARIO EXERCISE

Country profile: Kaboom is a country located in Central Asia. It went through a severe civil war during 1980-1990. The civil war also escalated to clashes with the neighboring Stanistan.

In 1990, a tenuous peace was made. However, tensions still remain high between different ethnic groups. Kaboom is a multiethnic society, but the members of the two main ethnic groups cannot live in the same cities, towns or villages.

The tough Cake-minority, which receives considerable support from the neighboring Stanistan, and the ruling Pastry-majority are still debating over governance structures, power and especially of land rights decades after the peace was made. According to the Cake-minority, the Pastry-majority is trying to kick them out from their land and destroy their businesses. The members of the Cake-minority have lived in Kaboom for centuries.

On the other hand, according to the Pastry-majority the members of the Cake-minority are just Stanistans henchmen who can't acknowledge their defeat and loss of power that happened over 20 year ago. Their continued criticism and lack of cooperation only limits the economic development of Kaboom, says the Pastry-majority.

Kaboom has a population of approximately 30 million. Due to its communist history, where education was prioritized, most of the working-age population has at least some level of vocational degree. Currently, however, the unemployment rate is high at 35 %. The youth are disproportionately unemployed. The population in general is also quite young: over 40 % of the population is under 35 years old.

Kaboom is a democratic country but its political representation (e.g. ministers and members of the parliament) are disproportionately from the country's wealthy elite. The Prime Minister's personal fortune is larger than the Kaboom's economy as a whole. Most of the parliamentarians are related to one another as well as the CEOs of Kabooms largest companies.

Despite structural challenges, Kaboom's population values entrepreneurial activity, desires to develop and wants to build a more prosperous future for Kaboom. Kaboom is a resource abundant country with lot of renewable and non-renewable resources. Unfortunately, due to poverty, illegal logging has become a major problem. The average salary of a Kaboomer is 290 EUR per month and many are willing to work for even less.

Situation 1: *Corporate director Maarit Kuosmanen works in a Finnish shoe company and she is currently looking for a place to establish a new production line in Kaboom. Kuosmanen has an option to either build a new factory or rent an already existing, suitable building. Kuosmanen and her shoe company are first-timers in Kaboom.*

Situation 2: *Construction company Shanty Town Ltd provides housing solutions tailored to developing countries. The Shanty Town CEO has visited many times in Kaboom and the company has managed to establish partnerships with local construction and raw-material company Abracadabra Ltd. Together with Abracadabra, Shanty Town Ltd aims to sell its wood and concrete housing solutions by using the Kaboom's natural resources. The owner of the Abracadabra is a member of the Cake-minority.*

How would you advise corporate director Maarit Kuosmanen or the Shanty Town CEO?

- What kind of problems might these companies face?
- What are the benefits for doing business in Kaboom?
- How could these companies benefit from a conflict-sensitive approach?
- What are the main issues to consider?