

From War to Unethical Practices: Evidence of Social Trauma's Entrepreneurial Consequences

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Abstract

*In 2003 the whole of Cyprus entered into the European Union and even though North Cyprus is considered European Union soil, it is a de-facto state within "invisible enclave" that is not recognised by the World and *acquis communautaire* is not currently applied in North Cyprus. Thus, this situation creates a secluded and compelling environment for not only the Cypriot Turks but for entrepreneurs as well. The paper aims to shed light on an academically untouched region with a unique synthesis of different interdisciplinary perspectives; social-psychology and business ethics; specifically social trauma; large-group identity confusion, and unethical practices. The paper is based on a qualitative analysis of interviews (N=40), personal observations and relevant secondary data investigating Cypriot Turk business-people's accounts of different influences on their business life within a business ethics framework.*

Key Words: Business ethics, social trauma, Cyprus, siege mentality, looting, unethical practice, entrepreneur,

1. Introduction

There has been a good deal of research on the business ethics practices of companies in advanced market economies (e.g., Spence & Lozano, 2000; Scholtens & Lammertjan, 2007); however to date no research found on business ethics in traumatised societies. In this article, Cypriot Turks are examined as a post-war society, where social trauma became chronic as a result of political consequences. There are number of ethnic groups in Cyprus; the two main ethnicities are Cypriot Turks (18%) and Cypriot Greeks (77%) (US Department of State, 2004). In 1878, Great Britain occupied until 1959, Great Britain withdrew and negotiations between two major ethnicities resulted with the establishment of the independent Republic of Cyprus in 1960. The situation soon became very fragile as a result of nationalist movements from both the Greek and the Turkish ethnic groups, and three years after the establishment of the Republic, the island was in a state of civil war (Thompson et al. 2004). After 1963 many Cypriot Turks were forced to retreat into 39 isolated enclaves and they were dependant on support from Turkey (Morag, 2004; Volkan, 1979; Ramm, 2006).

During those times, most of the Cypriot Turks immigrated to the North. The war continued until 1974 and resulted with Turkey's intervention as one of the three guarantor countries of the Republic of Cyprus alongside Greece and Great Britain. This lead to the creation of the "Green Line" which is the neutral zone still guarded by the United Nations troops and since 1974 Cypriot Turks live in North Cyprus and Cypriot Greeks live in South Cyprus. Cypriot Turks declared their independent state in 1983 in North Cyprus which is unrecognised to date whilst Cypriot Greeks continue to administer Republic of Cyprus. At the current state, Nicosia is the only divided capital in the World which is the capital of Cyprus for both North and South administrations and for the previously established 'Republic of Cyprus' (Akansoy et al. 2000). Currently, the Island of Cyprus is considered as EU soil without the EU *acquis* in North Cyprus and the Island is still under cease-fire since 1974. (Lacher & Kaymak, 2005).

This paper aims to investigate the business ethics conduct of Cypriot Turk entrepreneurs from their own accounts through an exploratory and inductive research. Although there are different dimensions of social trauma, this article particularly focuses on looting and siege mentality.

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2.1. Ethics and Business

According to Lewis (1985), even during 1980s the term ‘business ethics’ was defined in 254 various articles, books and textbooks in 308 different ways (Lewis, 1985). Therefore, instead of giving several definitions, it is more useful to provide the definition that is used in this particular research. Ethics evaluates human conduct and how human beings essentially are supposed to behave, particularly towards each other (Honderich, 2005). Business ethics is the application of the ‘ethics’ concept defined above into the business environment. According to Jones (1991) an ethical decision is the one which is both legal and morally acceptable to the larger community (Jones, 1991, p367). Conversely, an unethical decision is defined as a decision that is either illegal or morally unacceptable to the larger community (Jones, 1991, p367). What is legal is not necessarily ethical; they are not synonymous (Bommer et al, 1984). However, the legal dimension of ethics is an important element in ethical decision-making.

Managers do not act lawfully just because of the legal consequences of unlawful behaviour, but also because of society’s perception of “illegal” and the societal demand of obedience to morality. Business related crimes frequently cannot be prosecuted because it is difficult to understand the intricacies of the offence. Moreover, usually since the harm is not physical but rather economic or psychological, the case may be given low priority in prosecution. This results in relatively light prosecution against the relatively large personal or corporate financial rewards. Therefore, it can be concluded that a manager who does not perform a business-related crime, does not perform it because of the moral force behind the law and not because the existence of the law itself (Bommer et al. 1987).

Most social observers believe that in many societies, there is a major negative moral change and businesspeople, public figures and politicians are engaged in ethical violations; this is a commonality in the world of sports, religion, business, politics and academia (Fassin, 2005). In many of the transition economies such as Eastern-European countries, China and Russia as a result of the absence of regulations, entrepreneurs build fortunes in considerably short times without ethical considerations and it is a fact that the size of the business influences business ethics (Fassin, 2005; Wu, 2002). Even though North Cyprus is not a transition economy, it is a developing country with structural deficiencies in the system and taking advantage of this situation is common as it is in transition economies.

2.2. Chronic Social Trauma: Siege Mentality and “Invisible Enclave”

Ethnic, national or religious groups can be considered large-groups. When a traumatizing event such as destruction by war, war-like conditions, terrorism or oppression by a dictator occurs, it results with large group regression in the existence of group members sharing certain anxieties, expectations, behaviours, actions, and thought patterns (Volkan, 2004). Sztompka, 2000 defines trauma in large groups as a “collective phenomenon, a condition experienced by a group, community, or a society as a result of disruptive events culturally interpreted as traumatizing” (Sztompka, 2000, p458).

When a large-group experiences a massive traumatising experience such as war, war-like conditions or deteriorating political system; there is an identifiable enemy or oppressor group that intentionally causes pain, helplessness and suffering on its victimized large-group. In such cases, the impact on the large-group is different in many ways compared to naturally or accidentally caused catastrophic disaster or sudden loss of a leader. The group members’ experience “shared humiliation, shame, dehumanization and guilt, inability to be assertive and identification with the oppressor”. This leads to a complicated large-group mourning process causing transgenerational transmission of trauma. (Volkan, 2006, p2).

The “enemy” group destroys the environment of the victimized group as a result of differences in their large-group identity when a massive trauma occurs as a result of war or a war-like situation as it was in Cyprus.

The trauma’s impact on members of the society may last for a very long time in this type of situation and this is referred as Post Traumatic Stress Disorder (PTSD). However large-groups are made up of individuals and when a society responds to massive trauma, the response reflects the extent of individual responses. (Volkan, 2008, p212). Impact of trauma on a society is referred as Societal PTSD (Rice & Benson, 2005).

Once a large-group starts to respond to trauma, this shows itself in societal, cultural or political processes. Even though the majority of the group members work on the healing process, if helplessness still continues then five major psychological phenomena can be experienced;

1. A shared sense of shame, humiliation, dehumanization and guilt
2. A shared inability to be assertive
3. A shared identification with the oppressor
4. A shared difficulty or even inability to mourn losses
5. A shared transgenerational transmission of trauma (Volkan, 2006, p14; Volkan, 2008, p213).

The trauma that Cypriot Turks experiences, started when they were forced to live in enclaves during 1963-1974 under the influence of emotions such as; humiliation, shame, victimisation, survivor's guilt and inability to mourn. They became identified with the oppressor, they could not mourn to their losses, and they became part of transgenerational transmission of trauma. This eventually damaged the feeling of "us" within the large-group they belong as a result of turning the aggression felt for the oppressor towards themselves, and caused divisions within the society in North Cyprus leading to large-group identity confusion. (Volkan, 2008, p215). Large-group identity confusion that Cypriot Turks experience today is mainly related with a social-political-psychological phenomenon called "siege mentality" in an altered form (Volkan, 2008, p215). It is altered as a result of looting which is explained later on. Siege mentality is the feeling that "one's own society is surrounded by a hostile world or the rest of the world has highly negative intentions towards one's own society" (Bar-Tal & Antebi, 1992). In large-groups with siege mentality, no one can have a position change for better without being humiliated and being jealous by its fellow group members as this positive change disturbs the unhealthy large-group identity which is based on masochism, humiliation and helpless anger. When siege mentality continues even after the disappearance of the traumatic event, the unhealthy society tries to pull the positively changing individuals or entities back to the crowd that feels shame and humiliation as in the case of North Cyprus. (Volkan, 2008, p216).

Cypriot Greeks are recognised as a legitimate state by the World; whereas Cypriot Turks are only recognised by Turkey. The reality of unrecognition by the World states created an "invisible enclave" for Cypriot Turks which acted as a continuation of the previous enclave years. Still embargoes on Cypriot Turks continue and they cannot have typical human rights; this leads to the feeling of being second class world citizen. International posting is done through Turkey; Cypriot Turks cannot participate in any international sports events. Moreover, there are no direct flights to North Cyprus; there is no foreign investment; it is impossible to trade with foreign countries directly and the international community does not recognise passport and travel documents that North Cyprus authorities issue; this is evidence that they have no large-group identity that is legitimately recognised by the World. (Volkan, 2008, p203; Cyprus Turkish Chamber of Commerce, 2007). After being in physical enclaves for 11 years; since 1974, Cypriot Turks still continue to live in an invisible, psychological enclave (Volkan, 2008).

3. Methodology

This research is conducted in North Cyprus, with Cypriot Turk entrepreneurs whose parents were also born in Cyprus to ensure any impact of nativity i.e.; either themselves or their families were Cyprus nationals prior to 1974 and therefore experienced the war; as the specific perspective that the data analysed through is social trauma. The European Commission's definition was adopted before approaching the SMEs and a list was derived based on their employee numbers to ensure an unbiased way of short-listing them. Medium enterprises employ less than 250 people; their turnover does not exceed €50 million and/or their annual balance sheet total does not exceed €43 million. Small enterprises employ, less than 50 people, with a turnover and/or annual balance sheet total not exceeding €10 million. Micro enterprises employ less than 10 people, and their turnover and/or annual balance sheet total does not exceed €2 million. (EU Commission Regulation, 2003). Later on, the shortlist reduced to 40 participants through social networking based on their voluntarism to participate to the research. The organisations that participated are located in three major cities of North Cyprus out of a total number of five; Lefkosa (Nicosia), Girne (Kyrenia) and Gazi Magusa (Famagusta).

Randall and Gibson, 1990 suggests compiling the list of participating companies from related business associations (Randall & Gibson, 1990). This was followed in this research and the list was derived from Turkish Cypriot Chamber of Commerce and Cyprus Turkish Chamber of Industry. The members' distribution numbers in those cities of the associations mentioned above were approximately proportional with the distribution numbers in this research.

The primary data were gathered mainly through in-depth interviews, personal observations and photographs; and employment of these enabled between-method triangulation. Main themes of the interview questions were general information about the participants' background and their businesses; their opinions, definitions, observations, experiences and practices related to business ethics; their views on the limitations of being a business-person in North Cyprus; their definition of identity, experiences during and after the war as an individual and as a business-person.

Secondary data also acted as a confirmation agent of the data gathered from participants; thus reduced the limitations of qualitative studies on generalizability. When primary and secondary data were being compiled an inductive approach was adopted which helped to capture various elements multi-dimensionally. This created a productive study considering the fact that this research was the first one in its specific interdisciplinary literature. The researcher aimed to conduct the research without passing judgement based upon her personal cultural context (Marshall & Rossman, 1989).

4. Data Analysis and Findings

Collected data were analysed with two computer softwares; Nvivo and SPSS. Specifically ethnographic content analysis was employed for visual data analysis; for analysing individual stories socio-cultural narrative analysis was used and lastly, for in-depth understanding of the main statements and the settings these are constructed were analysed through discourse analysis (Grbich, 2007). When the data were further examined using the existing literature, results confirmed the strong existence of social trauma in North Cyprus.

The decade when most of the participant companies were established was 1980s which is the same decade as 1983 when Cypriot Turks declared their independency which resulted in unrecognition. 80% of them experienced shelling or bombing during the war in 1963-1974. The remaining 20% mainly represents young entrepreneurs who were born after 1974. 52.5% were forced to immigrate from the South where they lived during 1963-1974, and 67.5% were being captive during the same period. These experiences definitely have impact on the way people live and do business today.

There was a consensus among the respondents regarding the factors that have vital impact on business transactions and regarding the main influences on ethical practices. The translation from Turkish into English is made by the researcher who is fluent in both languages and to eliminate any issues caused by translation, a native Cypriot Turk who is an English Language and Literature expert, translated the responses back to Turkish again. Data presented in this article are only a couple of the more than 100 quotations on social trauma and unethical practices derived from the primary data collection. The quotes from the interviewees are coded based on the sequence they have been interviewed and their gender, therefore PM06, for instance, stands for participant-male-06.

In Cypriot Turks, siege mentality that was mentioned previously was altered as a result of vast opportunities they had after the intervention in 1974. During that time, Cypriot Greeks who immigrated to the South left their lands and valuables behind. After 1974, the economic balance among the Cypriot Turks changed very significantly. Most of the poor or middle income families became very wealthy, and wealthy families became poor or middle income, with no property or land. (Volkan, 2008).

PM06: "We all became "parvenu". After war, everyone had psychological problems." Participant PM06 points out the psychological problems that came with sudden wealth and defines everyone in Cypriot Turk society as a person who suddenly achieved great wealth and does not know what to do with it. Besides Cypriot Turks who found valuables, the ones who immigrated from the South and certain people who had connections with influential people of that time, benefited from the situation by receiving a permit to settle in those houses and lands left by Cypriot Greeks.

The reality of looting and sharing the land disrupted the siege mentality and instead it created jealousy and selfishness between the members of the society. (Volkan, 2008, p216). Most of the observers of the Cyprus Conflict have missed that political connections are, in fact, still very important in enjoying wealth and privileges in North Cyprus. The group within the North Cyprus population, being as socio-economic elites of the Cypriot Turks, enjoys the benefits of having political connections. The most important benefit that they enjoy is getting land. However, this unequal distribution of property created a problem; political allegiance led to wholesale redistribution of the properties. (Lacher & Kaymak, 2005).

Traumatic events such as war cause massive trauma and under the impact of trauma, where emotions such as; humiliation, shame, victimisation, survivor's guilt and inability to mourn exist, large-group identity confusion is experienced. One of the reflections of large-group identity confusion is to direct the aggression felt for the oppressor towards one's own society; therefore this aggressive process damages the feeling of "us" and divides unity within the society. When this division is further fed by disrupted siege mentality as in the case of Cypriot Turks, selfishness and jealousy take over. In North Cyprus, selfishness, jealousy and unjust practices created divisions within Cypriot Turks. *PM03: "We have cronyism; when they come to power every government appoint their partisans. If every government appoints their partisans to a high position who are incapable / unknowledgeable how is this going to work."*

Navaro-Yasin wrote "in the experiences in which I have immersed myself in Northern Cyprus, there is no space where 'culture' is not already and all the time politicized." (Navaro-Yasin, 2003, p121). It is evident from data collected that "looting culture" which causes unjust practices further promotes divisions within the society; this division is also confirmed by the politicians. At the moment in North Cyprus, opposing political parties are perceived as if they have different large-group identities (Volkan, 2008).

Politicization of every aspect of life and unjust practices originating from "looting culture" by the people in power does not provide a constructive environment for the society. *PM16* shows the extent of how looting and unethical practices by people with power impacts on their ethical practices. *PM16a: "First of all, there is no government support, just the opposite; there are many issues where they create obstacles; things that limits us to compete with certain people. For example, yesterday we brought in merchandise, it was looted in customs. Someone gets one piece, someone else gets another piece and you cannot say anything. If you say something you cannot get your merchandise out of customs or instead of paying 3 you pay 5 to get it. You have to obey; the people there can loot your goods. They just take it, they say I am taking this, they take it and go. To whom you will complain about it? If you complain them to their supervisors, he/she says give me two pieces as well and I will take care of it"*

Hardin's (1999) perspective is very much applicable to North Cyprus. Assuming that trust is a reasonable factual expectation; people sometimes inductively assert that "the sun will rise tomorrow morning because, after all, it has always risen every morning that we can remember". The same inductive way, members of society can trust that some governmental bodies and agents will continue to act corruptly, be incompetent on what they do and will lie. (Hardin, 1999, p25). *MR16b: "... I know that one night, personally the minister has been woken up, the law has been edited, and the next morning it has been presented to the Council of Ministers and got approved. It was about business. I know that for one person they changed the law and can change it again."* Cases like the one told by *MR16b* supports Hardin's 1999 perspective; these cases can inductively increase scepticism and division among society even more.

Synthesis of the current literature and data supports that looting altered the siege mentality of an already traumatic society, Cypriot Turks. Instead of going through a healing process, as a result of "invisible enclave" looting continued and developed into a culture. Returning back to the answer of the main research question of this paper, it is evident that one of the most important factors that impact Cypriot Turk business-people's daily business practices is this looting culture and unjust system established throughout the years which Cypriot Turks very commonly refer as "Düzen".

5. Conclusion

The significant impact of this situation on businesses is also confirmed by this research. However, according to Volkan (2008) Cypriot Turks are still not aware of this symbolic invisible enclave in their daily lives; yet they refer to the invisible enclave as "isolation" and they talk about limitations they experience in travel, sports and the like.

The main conclusions that can be drawn from this study are as follows; more than 30 years of unrecognition, which some of the participants partially blamed their people for, resulted due to the war in Cyprus. War and "invisible enclave" which followed it impacted tremendously on the social psychology of Cypriot Turks. According to the participants who included some of the very well-known business association members and reputable business-people, unethical business practices in North Cyprus is the outcome of a system referred to as "Düzen" that was created after the war. It is evident that looting culture has a significant impact on the creation and continuity of it.

However; it is undeniable that people who experience war highly likely suffer from traumatic experiences. Taking into consideration that individuals are the basic building blocks of a society, any kind of unhealthy psychological state of an individual does reflect to others, and since societies are made up of individuals, a mass trauma results with an unhealthy societal functioning.

Healing process can take long years and it has certain stages that a society should pass until it becomes healthy. (Volkan, 2004). However, misuse of power by the government officials further encourages the “invisibility” of Cypriot Turks. Every stable, established system needs some kind of motive, a push, to be corrected or developed. The biggest example is EU accession countries; they change their laws and regulations so that they get accepted by the EU. In Cypriot Turks’ case, it is becoming free from their enclave; this can act as a motive for the government and society to change for the better. Without the necessary chance given to North Cyprus to come out of their invisible enclave, there will be no significant motive to change for the better. Consequently leading to the continuation of the distorted system which will continue to push business-people on ethical issues and promote unethical business practices mentioned in this paper.

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