

# Communication and Conflict Resolution

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*The researcher discusses two cases which illustrate the significance of the intention and message in providing solutions to problems. The process of communication and the importance of negotiations require skills to ensure that the end is met. This can be beneficial and problematic as inevitably differences rise and there can be a chance of polarization. But for the success of any programme there are certain prerequisites which have been highlighted in this article*

A measure of the topicality and popularity of any subject on the Net is the number of results appearing when one uses a search engine. 8, 500,000 results appeared for the theme of Communication and Conflict Resolution skills and 8, 120,000 for just Communication and Conflict Resolution. That's an awesome number for a seemingly abstract topic but it underscores the increasing relevance of communication in the diverse fields of Politics, Economics and Business and in just ordinary human interaction and relationships.

The word 'seemingly' has been deliberately used as the impact of Communication can not be discounted in the modern world. The various media and modes are so pervasive that little can be kept a secret. Thus its proper use is vital to settling disputes and informing people objectively. Everyone agrees on the futility of conflict, but, time and again, the attempt to break the pattern fails. According to M.K.Das<sup>1</sup>, the words make an oxymoron because the role of communication is to preempt conflict. There is no need for this after the event. Two areas in particular need focus – one, personnel policies which form part of Corporate Governance and the other, permitting the staff to know the state of affairs and ensuring transparency in access to information.

It is meaningful to look at this topic and discover where Communication has effected positive changes and where it has failed but could have been successful. This has been illustrated with the help of political and

economic/ business examples which could help in comprehending the prerequisites of communication in resolving conflicts.

## **Political 'Word power'**

Impression and Perception play a large role in persuading people to pursue a given path. When words combine with their reality, it is a forgone conclusion that the objective of moving people to action will be attained. In the early 1980s when the Cold War was at its peak, no one could even envisage that in less than a decade the Soviet Empire would crumble. But it happened largely because, of 'Perestroika', 'Glasnost' a corrupt Communist state and the pressure of American might. 'Perestroika' mirrors the power of an idea well expressed as well a form of democratizing the Communist régime. When Gorbachev used it, he did so by going to the people directly in an effort to reform the Soviet State.

The perestroika reforms began the process that led to the dismantling of the Soviet-era command economy and replaced it with the Western market type of economy. Though the process arguably exacerbated already existing social and economic tensions within the Soviet Union, and no doubt helped to further nationalism among the constituent republics, as well as social fragmentation, it also helped to begin the unraveling of the Soviet Union and refashioned the contours of the current world.

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During the same period, Asia witnessed change in the form of Corazon Aquino who was able to articulate the aspirations of the Filipinos by unseating the dictator, Ferdinand Marcos and ushering in democracy in her home land. Her ammunition comprised of words and peaceful pressure. It was the first revolution to be fully televised and was influenced by her. Later on, inspired by the People's Power revolution, autocracies were toppled all over – the Soviet Union, Eastern Europe, and Latin America (Beech 2009). The power of the word rather than the sword or its modern equivalent had won.

In the contemporary era, the onset of cable and satellite TV has meant that the glare of spotlight would be on the words and actions of leaders. Increasingly, important persons are accessible via Face book, Widgets and Blogs and their actions are open to all. Connectivity, Twitter, and the Mobile news have meant that there is no time gap or delay. This is the 'Instant Age' and the chances of conflicts can only increase and not decrease, because of these pressures.

Whether it be the Indo-Pak imbroglio or the Palestine-Israeli question, or the Al-Qaeda there are enough and more lessons from the earlier era when a conflict was finally laid to rest. But it is essential that certain factors be present to ensure success. This is evidenced by the way the Satyam matter was solved in India.

### **Breakdown in the world of Finance**

The start of 2008 was not a very auspicious one for the world of finance. The system had begun to experience the worst financial crisis since the Great Depression in the 1930s. Many financial institutions went bust by mid year including the Lehman Brothers, one of America's leading companies. It had been a well known investment bank which was suffering huge losses by 2007-2008. The US Treasury Secretary, Paulson was keen to have Barclays the British bank take over a part of Lehman. But the UK authorities had reservations about Barclays acting as the white knight for the Wall Street bank and would only agree to a deal on stringent terms. In particular, the British Chancellor of the Exchequer, Alistair Darling wanted to know what Barclays was letting itself in for with Lehman – an institution nursing huge losses from the US sub-prime mortgage market – and whether Paulson was prepared to sweeten the deal with US taxpayers' cash. Barclays also knew it would need US taxpayer funds if it were to proceed with the takeover of an institution which had billions of pounds of outstanding trades that needed to be

guaranteed before any takeover could be completed (Elliot 2009)

Unfortunately, Paulson could not give Darling the assurances he had been seeking and – with just a hint of bitterness – said he wished the chancellor had raised his questions earlier. Darling later said that the Americans had always known about London's misgivings, which had been expressed countless times during the course of a weekend that turned a slow-burn financial crisis into a full-blown global economic crash (Clark 2009).

Even at that late stage, Darling and colleagues at the Bank of England and the Financial Services Authority believed the Americans would come up with an eleventh-hour rescue for Lehman. Had Paulson known what would happen next, it is likely that he would have opted for state ownership rather than allowing the bank to collapse. Up until 15 September 2008, the message of the year-long financial crisis was that governments would always offer a bailout to banks in trouble: Darling had nationalised Northern Rock seven months earlier, while Paulson had orchestrated a takeover of Bear Stearns. In the case of Lehman Brothers, it was different. There was a communication gap which became evident later. The Americans thought that the British would do a rescue mission while the Brits in turn believed that the Yanks would intervene.

The communication failure had been seen earlier, in 2007, when the crisis was incipient and the markets were still booming. There had been a proposal for an international response if there was any collapse of a global bank. But the talks had foundered due to lack of American co-operation ((Elliot 2009)).

When the Lehman Brothers crashed, Sir John Gieve, the then deputy-governor of the Bank of England held the US authorities responsible. "It was a catastrophic error. It caused a loss of confidence in the [US] authorities' ability to handle the financial crisis which really did change things and proved hugely costly," he said. (Howlett 2009)

Paulson's first problem was the reluctance of Wall Street to finance a lifeboat. With every institution raking up hefty losses, there was no appetite for deals. But that presented a second problem, because the UK authorities had said they were only prepared to sanction a Barclays bid for Lehman if there was a hefty financial guarantee, provided either by the private sector or the US treasury. The Bank of England was particularly

hostile to Barclays going ahead without a guarantee. It thought UK banks were seriously short of capital and that Barclays was taking on far more than it could chew. This proved to be a barrier in the negotiations. . Paulson has since sought to blame Darling for the breakdown, while the Chancellor said that he was never presented with a deal and he could not forget that many British banks were in a precarious state.

The failure of the American government to stall the Lehman Brothers and the subsequent crash is more glaring when one views the Indian Government's action pertaining to the Satyam issue in 2008-2009.

The disaster that was Satyam sent shockwaves around the outsourcing world. In short, India's fourth-largest outsourcing services provider inflated the amount of cash it said was on its books by \$1bn (£680m); incurred a \$253m liability on funds personally arranged by its chairman and founder, Ramalinga Raju; overstated quarterly revenues for the period ending 30 September 2008 by 28% and overstated earnings by \$125m. These revelations led to a crisis of confidence about whether the company would continue, and placing question marks over India as a premier destination for outsourcing IT services.

Prior to the revelations that emerged, Satyam counted 185 of the Fortune 500 companies among its portfolio of around 600 clients, which included international brands such as General Electric and Nestlé. In the UK, companies such as Birds Eye and BP were affected.

Satyam undertook a variety of IT jobs, which included project-based programming to running business-critical systems such as those offered by SAP and Oracle. So when the conflict between Raju and the government and company arose, it almost certainly required a government bail-out. In contrast to the general bureaucratic lethargy, the Manmohan government responded speedily. It expressed itself clearly, forming an excellent three- member board to overlook Satyam's transformation and revival. In a media statement published in the Times of India, Kiran Karnik, one of three new board members, said: "Everybody who has interacted with the Indian IT industry is well aware of the high standards of transparency and governance. There has been one very tragic, unfortunate case but that does not mean the industry is under a cloud." (Fergusson 2009)

The former Accenture partner Brian Sommer, who, in December 2008, had advocated that Satyam be bought out, says: "Payroll waits for no one. I expect to see a

short-term injection of cash by the Indian government to keep it going while the new board of directors figure out what to do."

Satyam's government-appointed board asked for buyers to acquire the company and went over bids submitted for a 51 per cent stake in the outsourcing company. Tech Mahindra won a bidding auction for the fraud-hit Satyam Computer Services, in a deal that could lift the mid-sized outsourcer into the top tier of local software services firms. Satyam said Tech Mahindra agreed to buy a 31 per cent stake at Rs 58 per share — a 23 per cent premium to Satyam's last closing price — edging out bids from engineering conglomerate Larsen & Toubro, which had been seen as a front-runner, and U.S.-based outsourcing firm Cognizant Technology Solutions.

The two cases illustrate the significance of the intention and message in providing solutions to problems. The process of communication and the importance of negotiations require skills to ensure that the end is met. This can be beneficial and problematic as inevitably differences rise and there can be a chance of polarization. But for the success of any programme there are certain prerequisites –

- Aim and intention
- Profile of Target Group
- Method or Methods to influence them
- Reasons and purpose for their support
- Timing of communication

Niall Ferguson wrote 'Booms and busts are products at the root of our emotional volatility. The financial system reflects what we human beings are like, as well as exaggerating the differences between people'. The crisis of 2008 and the recession raised a lot of questions from ordinary people to monarchs like Queen Elizabeth II. The complexity of the system and the divisions indicate that the field of behavioural finance has become more important and requires clarity, common sense and patience. The failure of various systems can be attributed more to human error or greed rather than just a systemic flaw.

It behoves everyone to examine the process of resolving the problems and disputes. Be it the conventional battle between management and unions or a looming economic crash or a failing polity the process of negotiations is a useful one.

### **The power of Negotiations**

An important part of the programme to reduce

problems is to embark on Advocacy campaigns to make people aware of the issue and the need to resolve it.

This will mean involving everyone

- 1 Inform
2. Persuade
3. Motivate
4. Initiate and move into action

The message will have an impact not immediately but over a period of time. So the message has to be repeated in different ways so that there will be a visible change in the perception of the problem. It has been estimated that it can from ten to fifteen years to bring about change in perception.

Any group or organization negotiates a strategy to gain something. The four basic steps of the process – Preparation, Evaluation of Alternatives, Identifying Interests and Making Trade-offs can help in averting any escalation of conflicts. Communication is the main element of negotiation skills as the issue is dealt in a positive way. Sometimes there is a need for Third party negotiations to bring about a solution. Of the techniques devised for interaction Simulation and Role play are popular ways of reaching out to the other side and seeing their point of view. The problem is addressed – not the personality or personalities. There is an emphasis on win-win solutions (Newstrom 2007).

An interesting example of negotiation is of Bhutto at the Simla Agreement in 1972 when the Pakistanis had to deal with the issue of 90,000 odd Pakistani POWS in India. Having won the war, India under Indira Gandhi could have rubbed in their nose. It opted for a more conciliatory way which coincided with Bhutto's own approach of getting them back without giving in to India.

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<sup>1</sup> These ideas are derived from M.K.Das, the first Editor of Indian Express, Kerala and later the New Indian Express, Kerala.

<sup>2</sup> Source M.K.Das

His daughter wrote in her autobiography that he was able to restore Pakistani esteem after their defeat purely by his confidence and power of communication. He obtained the territory captured by the Indians in the war first and then the return of the POWS without succumbing to the demand made by many Indians to retain the land won by their army. The agreement was the basis of subsequent bilateral talks and kept a shaky peace despite the Kargil war and various terrorist attacks.

It is vital for the communicators to think of their audience, their lives and how to convince them. The former has to place themselves in the skin of the audience. Here body language is extremely important – no display of arrogance or ignorance .In contrast, eye contact and a confident and friendly demeanour can win attention.

It has been contended that while there has been a lot of talk on emphasizing the value of communication in India, there has, in reality been little or no implementation. The current crisis in Air India is a pointer to that - the target of cost cutting measures has been to cut salaries. Little attempt has been made to engage the employees in the task and involve them in the process. So personnel policies are downgraded. Closer home, the Coca Cola/ Plachimada example serves as a communication failure wherein no effort was made to educate the public about the issue. The fact that the Kerala government had invited the company to a drought prone area was itself glossed over. <sup>2</sup>

To sum up, recognition of how communication can stave off a crisis as well resolve festering ones requires a commitment to implement the process and the requisite training in skills, and patience. Just as a story is worth a thousand axioms, a communication is worth a thousand dreams and can bring about peace and prosperity.