

Money makers as peace makers?

The role of business in conflict transformation

1. Introduction

In the literature, there are different perceptions of the role that local business plays in conflicts. On the one hand, the 'economies of war'-literature stresses the profit-seeking role of business, prolonging war and triggering violence (Kaldor & Vashee 1997; Kaldor 1999; Keen 1998; Wennmann 2007). Concentrating on multinational companies, NGO activities and campaigns mainly stress how business in conflict contexts fuelled violent conflicts (Le Billon 2000; Bennett 2002; Global Witness 2002; Smillie 2002; Swanson 2002; Le Billon 2005; Böge et al. 2006). Most of these investigations evolved around the role of multinational firms in the extractive industries as well as the financial sector (Winer 2002; Bray et al. 2004; International Alert 2006; Joras 2008).

On the other hand, the economic recovery literature stresses the relevance of private business in the overall liberal peace paradigm (Chandler 2004), an approach that was also labelled 'peace through trade'. This body of literature highlights the real or potential contributions of companies for preventing, settling and transforming conflicts (namely Del Castillo 2001/2008 and more general Nelson et al. 2000; Haufler 2001; Champain 2002; Wenger/Möckli 2002; Switzer/Ward 2004). Looking at what business 'could' or 'should' do, these publications have put forward ideas as well as practical examples of private companies' support to peace (see e.g. Banfield et al. 2006). Empirically, there are different examples of peace support projects that have been realized by or in partnership with the private sector. Yet, there is still little academic research in this field and knowledge on the positive impacts as well as factors that influence corporate support to peace is scant. This is especially true when comparing this literature to the literature of the 'economies of war' approach, that frames companies as the 'spoilers'.

Therefore, the aim of the conference is to contribute to this discourse of real and potential contributions of companies in conflict transformation and to shed light on the relevance of business in peace processes. The aim is to have an actor's perspective, taking into account different actors from big business to local business, and then also look at different instruments, how actors could be held accountable for their behaviour in conflict contexts. The target audiences are businesses, the administration, and NGOs, with a special focus on Swiss actors. For swisspeaces' Business & Peace project, the relevance of business in transformation processes is central. Since 2004, the question of the role of private actors in conflict and peace is tackled in different research projects, which led to the formulation of different policy briefs.

The overarching question of the conference therefore reads: *What are the contributions of international and local business actors to a sustainable peace and stable economic development?*

2. Keynote: "Peacebuilding – any of your business?"

The aim of the keynote speech is to 'sketch the terrain'. The mere involvement of business in transformation processes is a puzzle. A survey among members of the Global Compact conducted in 2008 indicated that companies are in different ways negatively affected by violent conflict. For example through direct attacks on communities surrounding their companies, physical attacks on their employees, unintentional damage to company premises, kidnapping of employees and direct attacks on the company. Aside from the mere violence that has an impact on companies, such situations also pose challenge for business conduct: conflict decreases predictability, limits the guarantee of contract, increases transaction and transport costs, disrupts labour and good markets, puts a company's physical assets and staff in danger and contract and property rights are not enforceable (Mihalache 2008, 7; Global Compact 2010, 6; Channell 2010, 2).

Furthermore, changing the perspective from the company as a subject to business as an object in a conflict context, companies might have to engage with conflict parties. Thus, in conflict or post-conflict situations, it might be difficult not to become indirectly implicated in human rights abuses. Companies may provide financial or material means that facilitate violence either through direct transactions, through inadequate supply-chain management, or extortion payments. And last but not least, just the simple influx of large sums of revenues may lead to corruption both in the private and public sector. Thus, especially conflict and post-conflict situations pose specific challenges for business to on the one hand just do their core business in a 'do no harm'-way, but on the other hand, to think about possibilities how to 'do good' in a situation of conflict.

Keynote Speaker:

- Hugo Slim, Malachite Group, UK

Guiding questions for the keynote

- What positive and negative roles can companies play in a peace process?
- Why are some companies more endangered to trigger conflict than others?
- What kinds of initiatives have been established to tackle company's behavior in conflict zones?
- In how far are local communities and local business actors involved in these initiatives?

3. Panel 1: "Companies: Conflict Sensitive Engagement?"

Multinational enterprises in conflict zones operate in interaction with three other relevant actors: the home state of the enterprise, the host state of its activities, and the local communities (Ratner 2001, 452). Today, the companies (or the investors) 'only' need to comply with host country law that is often far below home state standards or not enforced, because governments have neither the interest nor the resources to monitor corporate behaviour. Because of this, different voluntary initiatives have been established (Extractive Industries Transparency Initiative, Global Reporting Initiative, Voluntary Principles on Security and Human Rights, etc.). However, despite efforts to enhance the private sector's capacity to make a positive contribution and to mitigate the negative impact of their operations, these initiatives have not been widely embraced or did not have the expected effect (Burghardt 2009, 4). Thus, the specific action of an individual company remains most relevant.

One of the reasons why companies only rarely address the issue of conflict transformation and peace building is because conflict is mainly perceived as a risk for the company, from a risk

management perspective. The aim of the first panel is to take the example of three Swiss companies as best cases. They will present their approach to conflict sensitive business practice in different regions. Switzerland is home to different multinational companies, however, most of the national income is generated by small and medium enterprises. Often, they have to address challenges differently than multinational companies. This is why the experiences of two multinational companies is mirrored by one Swiss medium sized company.

Panellists:

- Daniel Bloch, Chocolats Camille Bloch SA
- Ulrich Grauert, Danzer Group

Guiding Questions for panel 1

- What positive roles can companies play in a high-risk setting?
- Why are some companies more endangered to influence these settings than others?
- What kinds of initiatives have been established to tackle company's behavior in conflict zones and why are they part of it?
- In how far are local communities and local business actors involved in these initiatives?

4. Panel 2: "Local Businesses: Collective Action for Peace?"

Most of the scientific literature on the topic of business in conflict transformation concentrates on the role and relevance of multinational companies and the problems that arise because of the legal void they are operating in (Banfield et al 2003, Williams 2008, Carbonnier 2009, Christiansen 2006). Interested in sustainable peace and economic recovery, it is however not these actors only that are relevant. Rather, for a sustainable peace, local medium size businesses play a crucial part in influencing the peace process. Contrary to multinational companies, they can often not leave a conflict area and 'do business' elsewhere. There are different examples where local business tried to play a promoting role in peace activities (International Alert 2006).

These kinds of initiatives have been supported in different post-conflict contexts because they have proven to be successful in some cases like South Africa or Northern Ireland. Generally, collective initiatives have gained ground because they address several difficulties when engaging with business actors. For example, they address the free-rider problem; it is not an individual business actor that shoulders the costs and risks that come with contributing to peace promotion. Furthermore, it is claimed that one of the central factors for business to have an effect on peace building is to act in unity (Mizurchi 1992, Rettberg 2007).

The impact of these initiatives remains however mixed. It seems like it depends strongly on the role that business actors play in the conflict in general. If they are a relatively neutral actor, initiatives are likely to be more successful. If business actors are strongly liked with one conflict party, then their impact might be less relevant in the overall peace process. The leverage that business actors can have might also depend on the overall relevance of economic issues in the conflict causes or differently, in the relevance of economic reforms in a peace process. In the second panel, the initiatives taken in Nepal, Sri Lanka, Israel/Palestine, and Cyprus will serve as different examples of peace building initiatives of local business.

Panellists:

- **Iyad Joudeh, Solutions for Development Consulting Co., Occupied Palestinian Territory**
- **Padma Jyoti, Jyoti Group of Companies, Nepal**
- **Constantinos Lordos, Lordos Organisation, Cyprus**
- **Manique Mendis, Rainbow Resources Lanka Ltd, Sri Lanka**

Guiding questions for panel 2

- What are the determinants, advantages or disadvantages of collective business activities?
- Who is taking part in these initiatives and why?
- How are these initiatives integrated in a broader peace building effort?
- In how far were they successful?

4. Panel 3: "Perspectives: Engaging Business for Peace?"

As indicated above, there are no instruments to hold multinational companies with headquarters in Europe or America accountable for what they do in third, often developing countries. Globalization created a governance gap "between the scope and impact of economic forces and actors, and the capacity of societies to manage their adverse consequences" (Ruggie 2008, 189). These governance gaps are especially problematic in situations of conflict, as monitoring mechanisms of the state and the civil society are even more restricted. Governments in these countries are often themselves involved in violent acts and thus prone to human rights abuses, and the civil society as a watchdog is often weak or even inexistent.

Therefore, different organizations have developed different strategies to make multinational companies more accountable. A growing number of civil society actors stress the need and also the possibility to use law enforcement for social change; however until today, there are no international legal instruments available. As an alternative, different actors either use the strategy of 'naming and blaming', with the aim to pressure companies based on their reputation in the wider public: "The essence of that methodology (...) is our ability to investigate, expose, and shame." (Roth 2004, 76). A more recent strategy is also that the triangle of actors, the state, NGOs and companies join together in multi-stakeholder initiatives "where NGOs, multilateral and other organizations encourage companies to participate in schemes that set social and environmental standards, monitor compliance, promote social and environmental reporting and auditing, certify good practice, and encourage stakeholder dialogue and social learning." (Utting 2001, 61). Furthermore, companies themselves more and more introduce corporate self-regulation. The role of governments, either home or host remains unclear in this debate; still there are also governmental initiatives in this field.

In the last panel, the aim is to bring together Swiss actors that are active in establishing more accountability of business in conflict zones, discuss the different strategies and also address the coherence of the different actors.

Panellists:

- **Hans-Peter Egler, SECO**
- **Christine Kaufmann, University of Zürich**
- **Andreas Missbach, EvB**

Guiding questions for panel 3

- What are the advantages/disadvantages of the different instruments?
- Are some of these instruments better suited for specific contexts?
- What are the gaps that can not be addressed through these instruments and where still action would be needed?

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