Issue Paper

The Role of Business in Conflict Resolution and Peace Building

This paper is one of a series of Issue Papers based on preliminary findings from the site visits and consultations carried out by the Corporate Engagement Project (CEP). CEP is a collaborative learning project involving multinational corporations that operate in areas of socio-political tensions or conflict.

Based on visits to companies’ field site operations, CEP identifies and analyzes the challenges for corporations that recur across a wide range of different companies and contexts. From the patterns that emerge, CEP develops practical management tools to managers for supporting stable and productive relations in the societies where corporations work.

The Project is based on two fundamental premises:

1. Inevitably, corporations become a part of any context in which they operate. Companies’ day-to-day activities have impacts on the societies where they work. These impacts can be either positive or negative, but, in a context of social or political tension, never neutral.

2. Most companies channel their interactions with local communities through community relations programs, often related to the objective of conflict management. However, daily operational interactions with communities such as compensation policies, hiring policies or stakeholder consultation are equally, if not more, important in establishing the terms by which communities view the impact of the corporation on their lives.

This paper is a working document, not a final product of the Project. Rather, its purpose is to elicit further thinking, experience, ideas and suggestions. Additional site visits and consultations are being carried out to encourage further engagement, challenge, and refinement of the ideas presented here.

More information on CEP can be found at http://www.cdainc.com.

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Think tanks, multilateral organizations and other policy groups are increasingly discussing the potential positive role of the business community in conflict resolution and peace-building.

There are two problems with the current debate around this:

First, much of this debate is falsely based on the assumption that companies operating in conflict areas are neutral actors, separated from and unrelated to the environment of violence in which they operate. This assumption is untrue. As with all third party actors that enter the context of a conflict, corporations become part of that context, and therefore part of the conflict. Warring parties corroborate that the manner in which companies conduct their business is a factor in the conflict itself. Companies can only play a positive role in conflict resolution or peace building once they are seen by communities as not to be contributing to the conflict. (This idea is addressed throughout the Corporate Engagement Project; specific ways that company operations fuel conflict and options for avoiding these impacts can be found in the other CEP Issue papers.)

Second, companies themselves are notably absent from this debate about their own role in peace building. Despite the fact that many companies have publicly committed to principles of corporate social responsibility, for the most part companies see active peace building and conflict resolution to be outside the sphere of their responsibility. This paper discusses three questions around this:

- How do companies perceive their current role in conflict resolution and peace building?
- Why do companies see peace building and conflict resolution as not their responsibility?
- What options exist for involving companies in these public discussions of their potential positive role in conflict resolution and peace building?

**How do companies perceive their current role in conflict resolution and peace building?**

- **Companies are already involved.** Most companies rightfully claim that they are already involved in aspects of conflict mitigation activities on a daily basis, whether through community relations campaigns, development initiatives, or local partnerships.

- **Companies prefer to focus their efforts on the local working environment.** Companies find it easier to define their role as “peace-makers” in terms of the local communities in which they operate, since they have the greatest political and economic leverage there. Companies do not consider such local efforts to be political acts and therefore feel comfortable with them. Local efforts are more tangible actions that show direct results for the company in lowering the costs of their operations.

- **Companies favor peace and stability.** The majority of large multinational companies that work in conflict zones prefer their working environment to be stable and peaceful. The reputational risks, legal risks and opportunity costs for operating amidst conflict are...
considerably higher than for operating in stable environments. This is particularly true for companies that make long-term investments in a country.

- **Companies want to leave a positive legacy.** They acknowledge that their ability to contribute to a stable and peaceful environment is increasingly linked to their bottom line, since establishing a positive legacy is critical to a company’s ability to obtain future contracts.

Why do companies see peace building and conflict resolution as not their responsibility?

- **Companies view conflict resolution and peace building as part of the political domain.** Therefore, they see it as something from which they should remain separate and neutral, as outsiders in a country.

- **Companies do not see conflict resolution and peace building as part of corporate social responsibility.** Outsiders may assume that corporations that are committed to CSR are therefore also committed to conflict resolution and peace-building. However, company representatives see CSR as distinctly different from peace-building in that CSR is related to their core operations and peace-building is not. Often, companies are more comfortable adhering to pre-defined codes of conduct than proactively engaging in peace building.

- **Companies think conflict resolution is too big a job.** They think corporate involvement in peace-building means establishing peace in countries that are at war. The terms “peace” and “conflict” are unclear for most corporate managers, and companies generally think of them as macro-level issues, referring to nationwide conflict, or longstanding issues that they cannot, and should not, try to affect.

- **Companies do not think they have core capacities for peace building or conflict resolution.** Companies are committed to preventing conflict to the best of their abilities. But they are often unsure what is expected of them in peace-building, and think that typical conflict resolution such as actively negotiating between warring parties is better left to professionals, while the company maintains its focus on conducting its business in a ‘neutral’ manner.

What are options for involving companies in public discussions about their potential positive role in peace-building and conflict resolution?

Most corporate managers recognize the local manifestations of conflict in the company’s direct working environment. They often use different terms than “peace” and “conflict” to discuss these same issues, acknowledging that "localized social tensions" or "stable working environments" are relevant to their business operations. Therefore, in order to promote company involvement in peace-building and conflict resolution, it is helpful to begin on the local level, since that is where companies are most comfortable and can have the most impact. The following steps could be followed to do this:
† **Gather further empirical insight into how business activities and conflicts interact.**
There is very little practical data about how business activities may either lessen conflict or exacerbate conflict. The roles and responsibilities of companies need to be grounded in empirical evidence and based on real experiences.

† **Document best practices on a local level.** There is insufficient awareness and recognition by outsiders of the achievements of some companies on the local level. Documentation of best practices will help other companies to see that there are practical ways for them to become involved in supporting stability and peace.

† **Develop stronger links between policy and practice.** Outsiders such as policy makers do not sufficiently interact with local corporate managers, and the policy suggestions are often unrealistic for dealing with conflict situations on the ground. Establishing venues and links between policy makers and practitioners will increase a mutual understanding of terminology, expectations, and possibilities for further cooperation.

† **Incorporate conflict impact assessments into feasibility studies.** Companies do not build the critical internal support necessary to deal with tensions or conflict until conflicts are already manifest in damage to company property, kidnapping, or other tangible effects. By then, conflict has escalated too much for corporations to be helpful.

**Conclusion**

We have not encountered a company that has made peace-building an intrinsic part of its company policy. Company commitment to peace-building on a macro level is generally dependent on specific well-placed individuals within the company that have a personal investment in a particular context. Alternatively, companies opt to withdraw from contexts when they believe they morally cannot justify staying and they do not see a way to positively influence conflict on a macro level.

A first step in addressing the role of business in conflict resolution and peace-building is to identify which aspects of a company's daily activities have a positive, or negative, impact on conflict. Based on this awareness, companies can develop practical options that will help them to avoid worsening inter-group relations, and instead will promote just social and political structures locally, without making them into “peace” agencies or political players. Using locally-applicable solutions, companies can deploy their expertise and influence to address conflict on a broader level, and can simultaneously lower the risks, and possibly the costs, of doing business in areas of tensions or conflict. Their experiences on the local level can be fed into broader discussions of the role that companies can play in conflict resolution and peace-building on a larger scale.