Conflict Transformation and the Corporate Agenda – Opportunities for Synergy

Luc Zandvliet

1. Introduction

When originally written six years ago, the opening of this chapter made the point that it is unlikely that many corporate managers would read a chapter titled *The Role of Business in Conflict Transformation*. Not much has changed since. Most company managers would initially regard this topic as irrelevant to their operations, imposed by the outside world, and likely to distract them from their core business. Of course, managers think about the impact of conflict on their business. Some possibly even consider the secondary impacts their activities have on conflict, for example through the provision of revenues to authorities that are part of it. However, most companies do not see a role for themselves in conflict transformation. As a result, even though discussions about conflict transformation frequently focus on companies, they generally occur without the participation of those companies.

A close look at how companies operate within countries that are in, or just coming out of, conflict reveals that many international companies are, in reality, already involved in conflict transformation practices. However, companies do not view their actions in terms of "peace and conflict". Rather, they consider their actions in terms of business sense as they serve to reduce risk exposure to the company and provide a more constructive working environment. Companies are unresponsive when approached with a conflict transformation agenda because conflict transformation is not linked to the business case.

This divide between the conflict transformation community and the corporate community is remarkable, in spite of the significant overlap between a company's interest in establishing a stable and peaceful working environment and the conflict transformation agenda.[1] So why is it that, generally speaking, companies and conflict transformation advocates have difficulties engaging with each other within this debate? Exploring the answers to this question is the starting point of this chapter. In order to address this query, it is necessary to gain an understanding of how companies view conflict transformation and what leverage companies have in relation to their project cycle. It is then possible to discuss some options that are available to both companies and conflict transformation advocates to increase their engagement and become more strategic in working together in areas of mutual interest and joint concern.

1 For clarity, this chapter is based on experience working with international companies that want to be, and be seen to be, responsible companies that impact their context of operations positively.

2. The Disconnect between Corporate and Conflict Transformation Actors

Think tanks, multilateral organisations and other policy groups increasingly discuss the potentially positive role of the business community in conflict transformation. Companies themselves are notably absent from this debate. Even companies that have publicly committed to principles of corporate social responsibility and signed up for initiatives such as the Global Compact[2] are wary of terms such as "peacebuilding" and "conflict transformation". A lack of shared definitions of these terms, unclear mutual expectations and the companies' perceived role in the conflict contribute to this divide.

Many managers question why they, as corporate entities, should be involved in discussions about conflict transformation. After all, many would argue, they are there simply to set up a factory or drill a hole in the ground for extraction: inherently neutral activities. However, although these *activities* are neutral, many companies do not realise that their impact is never neutral. Some people – or parties to a conflict – gain from the corporate presence, and others do not.

Most companies assume that their experiences operating in a context of conflict are entirely due to external factors such as the absence of an effective government or high rates of unemployment among youth. However, an analysis based on over forty site visits, mostly to companies working in the extractive industries,[3] demonstrates that the majority of the conflict dynamics that companies face on a local level are directly related to ways the implementation of their own policies interacts with the existing context of conflict.

The misunderstanding among managers about their own role relative to a conflict often leads them to see conflict as a phenomenon over which they have no control, which in turn leads them to feel there is little justification for their involvement in its resolution. There are several facets of this:

- *Lack of a shared definition of conflict*: Companies largely define conflict as countries at war with one another. For example, when asked if they work in zones of conflict, more often than not companies will respond, "Zones of conflict? No, we only work in countries such as Nigeria, Nepal and Venezuela; we don't work in conflict areas." In reality, there are stable and relatively peaceful working environments in places known for their conflict dynamics such as Colombia, Sudan or Pakistan, while at the same time there are very challenging contexts in "stable" countries such as Tanzania, the Philippines or Mexico. Obviously, this lack of a clear definition of conflict makes it difficult to start a constructive discussion about the role of companies in conflict transformation.

2 See www.unglobalcompact.org.
3 Conducted in the Corporate Engagement Project by CDA Collaborative Learning Projects since 2000; see www.cdainc.com/cdawww/project_profile.php?pid=CEP&pname=Corporate Engagement Project.

- *Different definitions of the scope of conflict transformation*: Most corporate managers generally think of conflict transformation as macro-level issues: nationwide conflict or long-standing issues that they cannot, and should not, try to affect.
- *Different objectives of conflict transformation efforts*: Most corporate managers believe that outsiders consider the loosely-defined notion of peace to be the ultimate objective of conflict transformation. For their part, companies define the opposite of conflict as *stability*, rather than *peace*. Hence, asking companies to become involved in conflict transformation without specifying the objective runs the risk of losing their support.

A final point is that companies are still in the process of becoming accustomed to partnering with the NGO community. A great number of misconceptions exist between the two groups, and many advocacy NGOs and companies accuse each other of exactly the same types of behaviour. They each feel that the other frequently has a hidden agenda, that the other is powerful and always wins, and that the other is not accountable to anybody. Companies believe that NGOs and peace groups are quick to identify how companies contribute to war or conflict. However, once companies express a willingness to change their behaviour, NGOs have little to offer when it comes to providing options for how companies can contribute to conflict transformation while maintaining corporate objectives.

3. Changing Societal Expectations

Despite tension between NGOs and some companies, most managers (informally) acknowledge that NGOs play an important role in helping companies understand changing societal expectations. The expectations are that companies not only conduct activities in a manner that (at least demonstrably) does not fuel conflict but also that they make concerted efforts to increase people's quality of life, including the absence of violence. Companies realise that these demands are persistent and that they need to be ready to meet these expectations. With respect to conflict transformation, the following trends are most notable:

- *An expanding body of operational guidelines and standards related to corporate behaviour.* In addition to existing efforts such as the Extractive Industries Transparency Initiative (EITI) and the Voluntary Principles on Security and Human Rights, guidelines such as the IFC Performance Standards and the OECD Guidelines for Multinational Enterprises are in the process of being updated. Also, the ISO 26000 standard on social responsibility is being drafted. These, and many other initiatives signal a trend towards clearer global expectations about what is, and is not, expected from companies.[4]
- *Emerging clarity on human rights-related responsibilities of companies*. Court cases in the US courts filed under the Alien Tort Claims Act (ATCA) have been instrumental in raising

4 For a succinct overview of these schemes, see CBSR 2009.

awareness in the business community about the legal liability for companies if their activities are linked, directly or indirectly, to human rights violations or conflict. Although no ATCA case has been ruled upon in favour of the plaintiffs yet, cases involving companies such as Unocal and Shell signal that the potential reputational – and financial – damages of being implicated are considerable enough to agree on a settlement. Initiatives such as Red Flags[5] highlight the liability for companies operating in high-risk zones based on a review of existing international law and court cases and provide a tool for companies to alert them to risk that may contribute to human rights abuses. In addition, the Special Representative to the Secretary General of the UN on Business and Human Rights, Professor John Ruggie, presented his first report to the UN Human Rights Council (Ruggie 2008), which defined, among other things, the now widely accepted corporate "responsibility to respect" human rights. The extension of his mandate for another three years, until spring 2011, will likely operationalise the framework presented in his first report and provide clear guidelines of what will be expected from companies.

- *Demonstrating positive corporate impact on human rights, conflict and development.* Increasingly, companies need to demonstrate to their stakeholders (financial providers in particular) that their presence has a positive impact on not only the human rights situation but also the developmental progress of the communities with whom they work. Lending agencies are becoming more and more assertive in their demands for better safeguards with regard to complaints against the company. For example, many banks now conduct a conflict impact assessment as part of their due diligence process. From the same perspective, companies such as BHP Billiton now require all their sites to conduct human rights assessments.
- *From supply-chain responsibility to user-chain responsibility*. The notion that companies need to take responsibility for their own supply chain is fairly well established. This was clear with the display of public outrage over coltan trade fuelling conflict in the Democratic Republic of the Congo and diamond trade providing revenues to warring parties in countries such as Liberia, Sierra Leone and Angola. Companies are also increasingly expected to take responsibility for their user chain. Four categories define *user-chain* responsibility:
  - ☐ ensuring that company-generated revenues do not fuel or finance a war or a conflict economy;
  - ☐ ensuring that the company's products (computers, telephones, aeroplane fuel) are not being used to wage war in ways that violate either International Humanitarian Law (IHL) or international human rights laws;
  - ☐ ensuring that the company's assets (vehicles, helicopters) or infrastructure (buildings, airstrips) are not used by warring parties; and
  - ☐ minimising the legitimacy that the corporate presence provides to warring factions or to governments accused of violating IHL or international human rights law.

5 See www.redflags.info.

> Some companies have already been held accountable for their user-chain responsibility. For example, NGOs successfully urged Shell to stop providing fuel to the Sudanese air force when the air force was accused of indiscriminately bombing civilians.[6]

Obviously, companies are following these trends and are starting to incorporate (future) expectations into their current business practices. As one manager of a leading Canadian oil company observed, “We are already thinking about how our activities today will be viewed by society in fifteen years from now.”

4. Leverage, Impact and Timing

The common perception of outsiders is that a company’s political and economic leverage can be applied to address any kind of conflict at any time. In reality, companies can affect different levels of conflict at different phases of the project cycle. In other words, a company’s ability to effectively transform conflict depends on both *the level* of conflict and *the timing* of their intervention. To determine what type of corporate activity is most appropriate, the conflict levels are defined here broadly as national or macro conflicts, which take place outside the direct working environment of the company, and local or regional conflicts, which take place in the areas where the corporate presence has a direct impact – the “footprint area”.

Companies can impact both levels of conflict, but their ability to do so effectively varies over time. The leverage a company has to impact conflict on a national or macro level *decreases* with time, whereas the leverage it has to affect conflict on a local or regional level *increases* over time.

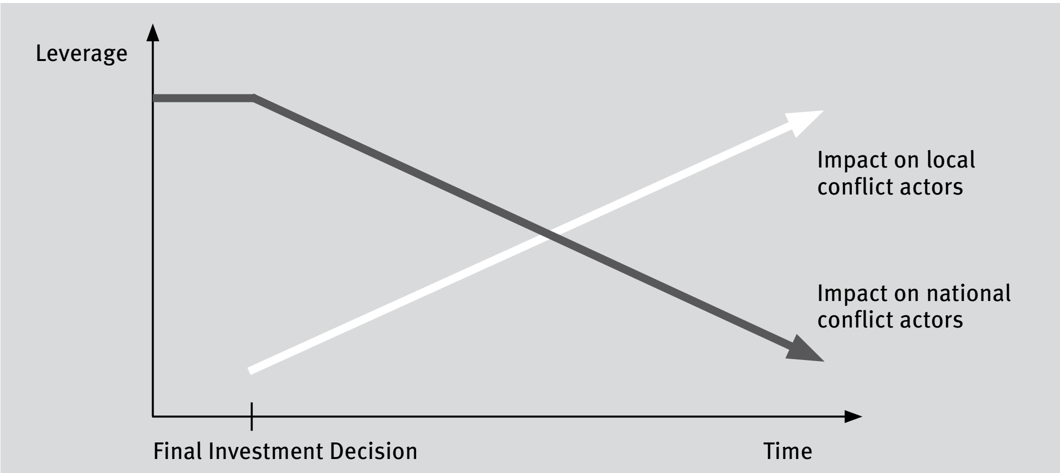
On a macro level, the company has a relatively high degree of leverage or bargaining power over the authorities that want to attract foreign companies *prior to investment*. In this phase, companies can build conditions of investment into their negotiations with a regime. This leverage decreases once the final investment decision (FID) is made and the company starts investing in the country, for example, through the construction of its plants. When a company has already made considerable investments in a country, its ability to influence a government through an implicit threat to “do something” if conditions are not met is relatively low. At that point, the investments that governments sought have been made and it will be relatively easy for a government to attract other companies.

On a local level, a company’s leverage to impact conflict (both positively and negatively) increases with time. This leverage is due to two factors. First, a longer presence on the ground provides the company with a better sense of the local context. Over time, company staff are better able to distinguish the root causes of conflict from its manifestations, to tell apart the constructive thinkers from “the spoilers”, and to distinguish outside from inside conflict

6 From personal discussions with NGO campaigners. For an account that sees both NGO campaigns and market circumstances as influential factors see Human Rights Watch’s *Sudan, Oil and Human Rights*, 24 November 2003, at www.hrw.org/en/node/12243/section/33.

(transformation) actors. Second, the company's ability to use its resources to affect conflict dynamics in its footprint area can increase over time through the provision of employment and contracting opportunities, training of local contractors, economic development projects, conflict workshops, and efforts to attract government services. These are all examples of initiatives that, if properly implemented, could be seen to serve a conflict transformation purpose.[7]

Figure 1: Company Leverage to Affect Conflict Relative to Time



These variations imply the importance of distinguishing between individual companies and the larger business community as a conflict transformation entity. The business community is dynamic and self-organising, not monolithic, when it comes to its capacity to transform conflict. While there is merit in engaging the sector as an organised force (such as in South Africa and in Sri Lanka), each individual company has leverage based on the particular phase in their own project cycle.

5. Existing Corporate Conflict Transformation Activities

In different stages of their project cycle, companies apply different strategies to influence different types of actors and levels of conflict.

- To affect *macro-level* conflict *prior* to their investment, companies can use their contractual force with macro-level actors (e.g. the government) during investment negotiations.

7 For more on local business initiatives for peace, see Killick et al. 2005 and International Alert 2006.

- To affect *local-level* conflict *prior* to investment, companies can use their persuasive power to put pressure on the same macro-level actors. However, their position is weak because they most often do not have a detailed understanding of the local conflict dynamics and because they assume they can shield themselves from local conflict through a security approach.
- To affect *macro-level* conflict *during operations*, companies can encourage governments to change policies, suggest options and enlist diplomatic pressure. In this phase, once operations have begun, the leverage companies have to affect macro-conflict actors is the weakest.
- To affect *local-level* conflict *during operations*, a company's leverage lies largely with local conflict actors such as local communities, politicians, rebels or local governments.

Hence, the ability of a company to play a role in conflict transformation on a macro level is the lowest when the outside pressure to do so is the highest. This inverse relationship coincides with the phase where companies are the most vulnerable and experience the strongest outside criticism from NGOs for operating in areas of conflict.

Table 1: Relationship between Project Phase and Conflict Actors

	Corporate practises affecting macro conflict	Corporate practises affecting local conflict
Prior to investment	Conditional force on macro conflict actors "STRONG POSITION"	Pressure on macro actors to affect local conflict "WEAK POSITION"
During operations	Support/ Encouragement to macro conflict actors "WEAK POSITION"	Constructive engagement with local stakeholders "STRONG POSITION"

Still, companies have an active impact on each of these four sectors. The following subsections present examples of corporate practices that correlate to each category in the matrix described above.

5.1
Corporate Practices Prior to Investment That Affect Macro Conflict

From a business perspective, conflict is an issue of risk management, not social responsibility. In order to make investment decisions easier, companies actively engage with governments to decrease the risk exposure of the investment. The following are some examples of practices to reduce companies' risk exposure by addressing macro-level conflict dynamics:

Make the start of operations conditional

One company negotiated with the government of Sudan to start operations when the Comprehensive Peace Agreement (CPA) was a) signed, b) effective and c) sustainable. The exact definitions of "effective" and "sustainable" are deliberately left open, and the agreement between the company and the government states that both parties must arrive at a consensus to determine the moment for starting operations. This provides the company with the leverage to pressure the government in a way it would not have been able to had it locked itself into a defined starting date.

Another company, operating in Colombia, made its decision for further investment in the country conditional on commitments from the government to reform its security sector. The company has made consistent efforts to encourage the Colombian government to sign up to the Voluntary Principles on Human Rights and Security.

Negotiate revenue transparency

The Canadian energy company Talisman convinced the government of Sudan that providing transparency on revenues flowing from the company – as well as from all other oil companies operating in Sudan – to the government was in the interest of all parties involved. It negotiated permission from the Sudanese government and now makes its revenues public in its corporate responsibility report. Although not a direct conflict transformation effort, this was a first step towards international donors being able to demand greater accountability from the Sudanese government in terms of how it uses its revenues, and could possibly lead to making bilateral assistance conditional on good governance.

5.2
Corporate Practices Prior to Investment That Affect Local/Regional Conflict

Although the ability of companies to work on conflict in the footprint area of their (future) operations is very limited, the following approaches have been tested:

Ensure that communities benefit directly from the taxes paid by the company

Some companies insist that the government establish or reinforce social services in areas where there is no government presence by discussing it during entry negotiations. Others take more direct responsibility. For example, Placer Dome negotiated a tax credit mechanism with the government of Papua New Guinea. As a result, part of the taxes the company would otherwise have paid to the federal government is now used by the company for infrastructure projects in the company's area of operation. This was, in part, a response to local concerns that the revenues generated by gold exploitation would stay in the capital and would not benefit the people most impacted by corporate activities.

Negotiate army behaviour in the company's area of operations

Total has made it clear to the government of Myanmar/Burma that it does not tolerate human rights abuses (typically incidents of forced labour) within the well-defined area of operations for which the company takes responsibility. If incidents are reported by local people, they are immediately investigated and communicated to the highest levels of the government. So far, this system has been effective in the sense that no systematic violations have taken place. Over the years, the company has also enlarged the geographical area for which it takes responsibility, thus physically enlarging the 'safe' area.[8]

Insist that the company hire its own security providers

Many countries insist that corporations use state security providers to secure their staff and assets. In some countries, authorities may feel this is necessary because the company's activities are vital to the country's revenues, and they want to protect national assets (such as mineral deposits). In other countries the military is required to generate part of their own budget by providing paid security services to corporate operations. However, making use of such services on-site can have a negative impact on conflict because state security forces have a reputation for taking a military approach to conflict management. One oil company in Indonesia made an arrangement with the army and the police whereby it would hire people from local communities to guard the gates and provide security on its sites, rather than taking the deterrent approach of a visible presence of the police or the army. Communities have responded positively to this change and they recognise the efforts of companies to take a much more positive approach to conflict resolution. As a result, protests have not escalated to a violent level.

5.3
Corporate Practices During Operations That Affect the Macro-Level Conflict

As noted earlier, the call for companies to have an impact on the conflict at a country level is at its highest when corporate leverage to effect change is at its lowest. In addition to having limited leverage, companies often face a dilemma when they get involved in efforts that could be considered as conflict transformation. For example, a company may openly call upon a government to address peace and conflict issues. Although this approach may be welcomed by advocacy NGOs and the public, it risks conflict with the government and even expulsion from the country.

Another example of the extremely fine lines companies are balancing is the following: one company wanted to support a UN effort to expose military officers of a country in conflict to military officers from other – less authoritarian – regimes. The aim of the exchange was to broaden the perspectives of the officers and to familiarise them with the role of the military in more democratic societies. Although the company supported the idea, it decided not to be associated with the project, fearing it would be accused by advocacy groups of increasing the capacity of a military known to be involved in severe human right violations and warfare.

Despite these dilemmas, some things can be done:

Soft diplomacy or offers of training

Most companies express concerns regarding conflict outside their direct working environment. Some companies provide training on human rights to military officers or suggest to governments

8 Total's approach has effectively created one of the safest areas in Myanmar/Burma. However, as an example of unintended negative consequences of a good effort, there is evidence that the pressure on communities just outside the safe area to provide forced labour has increased, since the military still 'needs' manpower to reach its targets.

that they allow the International Committee of the Red Cross (ICRC) to train the military in International Humanitarian Law.

Legitimise and support the government's own peace and justice efforts

All governments – even the most oppressive regimes – have a department, an ombudsperson or a focus group that deals with peace, justice or human rights. These positions often exist only to pacify international demands and are (deliberately) under-funded to prevent them from properly executing their mandate. Some companies have designed strategies for supporting such departments financially and, equally important, legitimising their work. They set up partnerships with these offices or individuals, support workshops on peace and human rights, and legitimise the officials that are responsible for such activities in front of their own colleagues. Companies justify these actions to authorities that may be wary of such activities by saying they are simply helping the government to implement its own policies more effectively.

5.4 Corporate Practices During Operations That Affect Local-Level Conflict

There are plenty of examples where companies are actively involved in addressing local level conflict. This type of conflict directly affects the business and this is where the company has most options and leverage for addressing conflict dynamics.

On a local level, conflict affecting the company takes several forms. First, there is company-community conflict, mostly resulting from the manner in which the company implements its policies and the behaviour of its staff. Second, there is existing intergroup conflict that can be exacerbated by the corporate presence and which often has a negative impact on the company. Third, there is conflict in which the company becomes a proxy target for local stakeholders to express their grievances with those beyond their reach, such as a far-off government

Companies use different strategies to address these various forms of conflict. Some examples include:

Tripartite partnerships

Some companies use their leverage to encourage governments to take part in tripartite partnerships. These partnerships aim to use government revenues for social services or infrastructure projects that otherwise could be used for activities related to war economies. Tripartite partnerships are between communities, the company and the government. Each party contributes to the partnership in order to implement a programme. For example, to build a road, communities provide labour, the government provides materials and the company provides equipment. Such an approach reduces the risk of local dependency on companies. From a conflict transformation perspective it also provides legitimacy to local authorities in the eyes of local communities and addresses issues around the lack of the presence of the state, which can be a contributing factor to conflict.

Economic development, diversification of the economy and local content plans

Many companies engage in activities aimed at providing local economic opportunities to address local unemployment. They are directly engaged themselves, or indirectly through financing NGOs, in micro-credit programmes that support economic diversification activities (for example, BP Colombia supports palm oil farmers and orange growers in an oil and gas region) or providing electricity to local communities, which can be used for small-scale business activities. Some other companies invite NGOs to train communities in basic business development skills.

Also, an increasing number of companies are taking a more proactive role in ensuring that local people receive maximum benefits from the presence of their company by developing local content policies. These policies specify which types of contracts and jobs can be awarded to local people.

Workshops and training on peaceful coexistence, community cohesion and good governance

In some countries, companies recognise that much of the conflict they face originates from a lack of community cohesion, a lack of civil leaders and outsiders' interference in community affairs. The corporate arrival (and the revenue it helps generate) can exacerbate these schisms in society. Companies such as Sipetrol and Talisman in Colombia provide workshops in this field for local communities, and BP Colombia provides leadership training to civil and public leaders. The objective of these workshops is to assist communities in determining strategies for how they can best contribute to conflict transformation on a local level.[9]

Support for (re)establishing a system of law and order

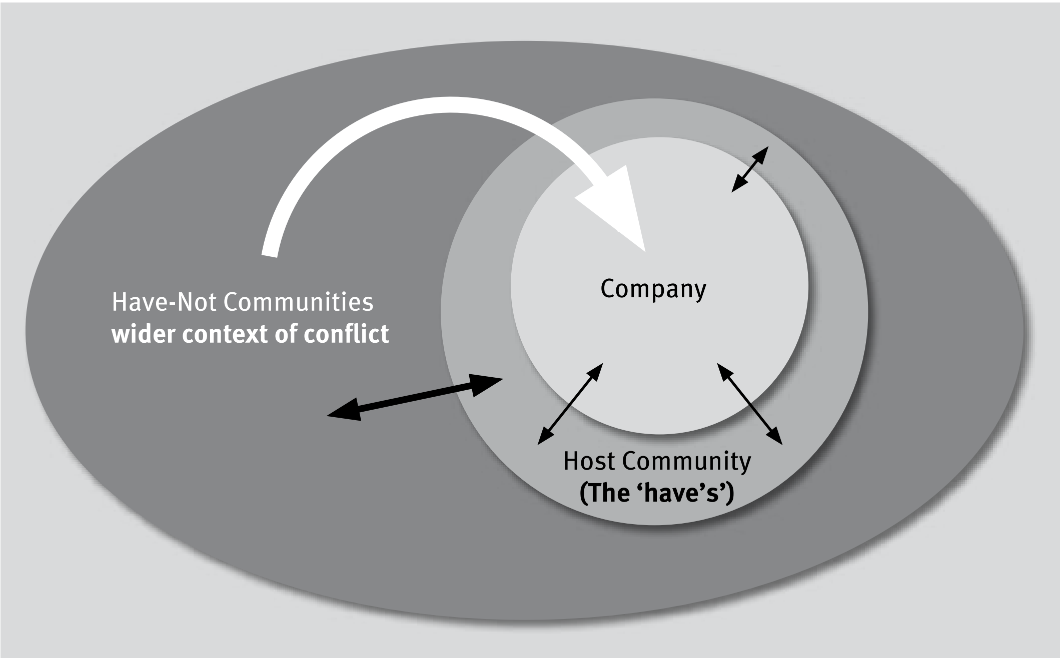
Companies operating in countries where state security forces are known to be heavy-handed often face a dilemma. When they support state security providers (through training or provision of infrastructure) they risk being accused by human rights groups of legitimising a bad regime. On the other hand, companies argue that if they do not engage with these security providers they risk an excessive response from them in the case of an incident. As one company representative stated, "When you do not provide good housing to inexperienced 18-year old soldiers that are homesick and sleep in leaking shelters, you are going to create very unhappy soldiers that become unpredictable. Building a barracks that allows them to sleep in a dry place will likely have a positive impact on how they engage with local communities." In addition, better living conditions for police and other security providers can create a more sought-after posting. In Indonesia this allowed a general manager of a mining company to insist on higher levels of training and performance of security providers. Failure to comply meant that individuals were transferred away from the comfortable barracks.

9 Some 'enlightened' companies make deliberate efforts to create or strengthen social capital through workshops and training. Companies consider increasing social capital as an objective in and of itself, rather than determining with communities how to best use this social capital to address conflict issues. For example, in Colombia, increased training and empowerment enables communities to successfully demand new community development projects from their local government. However, nobody talks about the real issues, such as increasing levels of fear, intimidation and impunity, due to the increased presence of paramilitary groups attracted by the corporate spills. So, the next step for companies may be to also develop strategies to help communities address these negative impacts of the corporate presence.

A focus on shared interest and a common agenda between communities

Many companies implement policies and practices that favour host or neighbouring communities over those groups living further away from the corporate plants. The corporate thinking is that when fence-line communities are satisfied with the corporate benefits they receive, the risk of community actions against the company is reduced. Unintentionally, such an approach creates haves and have-nots which can result in (violent) clashes, not only between these different communities but also between the company and the groups that feel left out (see *Figure 2*).

Figure 2: Creating Awareness of the Wider Conflict Context



Shell Nigeria hired a mediator at the start of one of its pipeline projects. The project crossed an area where various communities were at war with each other. Instead of an exclusive focus on the most apparent and nearby communities, the mediator facilitated a negotiated agreement between all communities based on the population size, the proximity to the area of operation, and the 'nuisance' issues they would experience during construction. Communities that normally would have received the majority of compensation acknowledged the risk of conflict if other communities were left out. The project was implemented without any conflict either between communities or with the company.[10]

10 From personal discussions with the mediator and the Shell project manager responsible for the project. There is, of course, much being written about Shell's less positive role in the Niger Delta (for example, Amnesty International 2009, 4; Human Rights Watch 2002). However, I want to focus here on one example that they got right at the time.

Rewarding peaceful, not violent, behaviour

Some companies engage in costly community development projects but their operational policies and practices leave communities little choice but to use violent tactics. Rewarding positive communities rather than the most obstructive or demanding ones (which is the general practice), responding as swiftly to letters of concern as to road blocks, and legitimising informal leaders in public engagements with the company rather than confrontations are all efforts that reduce the incentive for negative and obstructive behaviour.

6. Options for Change

The examples mentioned above are few, especially in relation to the number of corporations operating in areas of conflict. Many companies still have a long way to go when it comes to making deliberate efforts to transform conflict. This is not because of poor intentions; no manager wakes up in the morning thinking about how he or she can create more conflict or tension. Rather, most corporate managers lack the information, partnerships and creativity to make a more concerted effort towards conflict transformation.

There are two main obstacles or gaps impeding a comprehensive conflict transformation effort. The first is a *relational gap* between companies and conflict transformation groups, and the second is a *content gap*. Addressing these gaps will clarify the role that outside groups can play in developing, with companies, more strategic approaches towards conflict transformation.

6.1 Closing the Relational Gap

The main problem in this area is that stakeholders active in the same conflict transformation or peacebuilding efforts do not speak to each other. Companies and outside groups often focus on their differences, rather than on their mutual interests. Generally speaking, the trust level between corporate entities and most NGOs is low, and both groups challenge each other's observations. However, when asked individually, each group is keen to engage and get to know the other better. The lack of communication between the different actors often results in missed opportunities to join forces for more strategic conflict transformation efforts. At best, stakeholders each do their own thing and work in isolation. At worst, NGOs and companies create conflict among themselves.

Focus on mutual interests of peace and stability rather than on differences

There is much focus in the NGO community on how companies contribute to conflict. However, there is remarkably little creativity put towards helping companies think about how they can use their political and economic leverage most effectively from a conflict transformation perspective. Engagement with the corporate sector must go further, and be more concrete than asking them to "take a role in conflict transformation". The key to engaging with companies is pitching conflict transformation activities in a way that *highlights the business case* for such activities. Stressing the moral duty of companies to impact conflict may resonate with senior management but is likely insufficient to change behaviour throughout the organisation to effectively address conflict.

Define what is, and what can be, expected from companies

A first step in closing the communication gap between companies and the conflict transformation community is to define what is, and what can be, expected from companies. These expectations need to be realistic and feasible for companies to achieve, and they need to be agreed upon by all actors involved. Evidence shows that when expectations are unrealistically high, managers feel that there is no point in aspiring to reach them.

When outside groups establish clear and practical benchmarks, it creates a good starting point for discussions with companies about how they can best operate within a conflict or post-conflict context. The best example of this comes from the European Coalition on Oil in Sudan (ECOS).[11] This is a group of peace and development agencies that has established their own benchmarks for companies that wish to start oil exploration in Sudan. ECOS is discussing these benchmarks with interested oil companies, who have responded positively to such discussions.

Be more strategic in including companies in larger conflict transformation efforts

Many opportunities for strategic collaboration between groups working on conflict transformation and companies have been missed because of a lack of communication. There is virtually no contact between conflict transformation groups, UN agencies or other actors to determine how each group can contribute to conflict transformation. The result is a patchy range of uncoordinated activities. Opportunities to coordinate the activities of these peace actors more strategically could be created by inviting some international corporations to informal working groups aimed at creating synergy between the activities of various stakeholders.

This implies that outside groups need to be more strategic in discussing with the corporate sector what individual companies can contribute based on their leverage and on their current project phase. As was discussed earlier, the corporate sector is not monolithic; each individual company has a different capacity and opportunity depending on the phase of their project cycle.

Start engagement with companies prior to their investment

Obviously, it is of paramount importance for conflict transformation groups to engage with companies prior to their investment decision, as this is the phase where companies have the most leverage to impact conflict at large.

11 See www.ecosonline.org.

Acknowledge when companies get it 'right'

Other than avoiding the risk of reputational damage or loss of staff when companies get it 'wrong', companies perceive there is little incentive for them to get it 'right'. In fact, even the most progressive companies, which are ahead of their colleagues in demanding conflict transformation-related conditions from government, are often criticised when their efforts are not successful. For this very reason most companies openly state they do not want to take the lead in furthering the benchmarks of good corporate behaviour. Rather, they position themselves, as a chief operating officer of a large mining company described it, "just behind the leaders and in their shadow". Obviously, a climate of criticism makes it more difficult for companies to take risks.

6.2 Closing the Content Gap

The main problem here is that companies are remarkably non-strategic in their conflict analysis. Very few companies have an early warning system in place or conduct a comprehensive political analysis. Within the corporate world, it is often assumed that defunct or non-existing government services, combined with high levels of youth unemployment, are the root causes of conflict. At the same time, when companies try to address these issues (for example through the provision of water and electricity) they find that the level of conflict is not significantly affected.

Help companies increase their conflict analysis capacity

Companies assume they have little control over conflict. This explains why most companies, even those that recognise the negative impact of conflict on their operations, are poorly resourced to analyse and address conflict. As a result, companies design community projects with the goal of transforming conflict, but without the proper analysis to determine whether their efforts are indeed addressing conflict.

Help companies become more strategic in their conflict transformation activities

Companies can become more strategic in their activities on two levels. First, virtually all companies engage in community activities that are aimed at reducing conflict between the company and the community. Based on a context analysis, the company will need to ensure that a) its own negative activities are not undermining its positive efforts and b) that its positive efforts are indeed impacting on the conflict. It is still frequently the case that companies engage in community activities based on the assumption that all good efforts will somehow transform conflict.

Second, as discussed above, companies have a variety of leverage opportunities at each level of conflict at various times. Most companies focus on one phase or on one type of conflict without a careful analysis of what they can do at various points in their project cycle. Outside groups can assist companies in becoming more strategic in this respect and in developing opportunities for companies to positively transform conflict *throughout* the project cycle.

Demand that companies and governments implement "best practices"

Advocacy and societal demands have proven to be effective in changing corporate behaviour. Most managers acknowledge that, without external pressure, companies will continue to operate in a business-as-usual mode. It is up to outside stakeholders to keep pushing companies to improve their practices and their efforts to become more proactively involved in conflict transformation. There are two reasons for this. First, no company is homogeneous. In every organisation there are people that find it easier to deal with societal expectations about 'difficult' concepts such as human rights and peacebuilding, and there are those that are more resistant to such concepts. External pressure supports those within the organisation who champion a conflict transformation agenda; it legitimises their case to their colleagues. In fact, some company staff members admit that they sometimes encourage advocacy NGOs to write letters to the company's CEO in order to raise awareness of what are considered 'soft issues'.

Secondly, pressure on the company to behave in a certain manner or to sign up to initiatives such as the Voluntary Principles on Security and Human Rights or EITI strengthens the position of the company in its efforts to demand change from governments. Companies use the pressure they are under to push for changes in how governments spend their revenues, to demand more transparency, and, for example, to discuss security sector reform.

7. Conclusion

Despite their different objectives, the conflict transformation agenda and the business agenda do overlap in areas of common interest. However, so far there has been little concerted effort to strategically focus on these mutual interests. Rather, there has been a tendency, from both sides, to focus on the differences between conflict transformation agencies and companies. This is unfortunate, as it undermines the effectiveness of both groups to make a positive impact on the lives of people who they both claim to support.

A first step towards creating and reinforcing collaboration between all the stakeholders involves removing the obstacles that impede constructive dialogue. There is an opportunity here for the conflict transformation community to start engaging more proactively, more concretely and more strategically with companies. Such engagement is most effective when it concerns a specific conflict or a concrete problem and when engagement is ongoing, rather than consisting of one-off general workshops. Since such processes are, in our experience, most constructive when convened by a third party (a government, the UN, a think tank), companies and conflict transformation groups could jointly take the initiative to approach such bodies and request them to provide their services.

The experiences described in this chapter are based on the work of the Corporate Engagement Project coordinated by CDA Collaborative Learning Projects and reflect our current learning. With regard to the role of business in conflict transformation, we will start to explore in more detail the trade-offs between corporate impacts on the micro and the macro level of conflict. An inevitable part of this discussion will be how to measure impact and how to determine indicators of success. Obviously, unpacking these questions will require a concerted effort of the business, academic and conflict transformation community – and may be a concrete project to bring these various groups together.

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