Business, peace, and world politics: The role of third parties in conflict resolution

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Abstract With the growing role of the private sector in global politics comes increasing challenges and opportunities, an example of which is conducting business in pre- and post-conflict environments. While the extant business literature discusses the work these actors can do to reduce tensions in conflict zones, the role of these actors is notably absent in studies of conflict resolution. In this article, I offer an overview of the findings on conflict resolution processes by scholars in the field of political science. I then draw from business scholarship and offer an overview of the positive contributions the private sector can and does make toward peace. I conclude by highlighting the problems of having disjointed approaches and offering a conceptual framework for how these distinct approaches can be combined to generate a more comprehensive understanding of conflict resolution.

1. Introduction

Business and politics are linked to the extent that one cannot be extracted from the other. Since the colonial days of the British East India Company and Cecil Rhodes, large companies have engaged in political activities away from their home country. With the spread of globalization, this linkage has only grown more common. Yet with the increasing roles of the private sector in global politics come increasing challenges and opportunities. One of those includes conducting business in pre- and post-conflict environments. Corporations are increasingly recognizing the challenges posed by operating in conflict-prone environments (Kolk & Lenfant, 2010). As exit from environments experiencing conflict is not always desirable or feasible, corporations are increasingly being called upon to proactively engage in collaborative practical action to advance peace. For example, in 2013, the United Nations Global Compact launched Business for Peace as a leadership platform to assist companies in implementing responsible business practices that contribute to peace in conflict-affected and high-risk areas. There is a proliferation of advice and practical guides for companies operating in such environments, such as the UN’s (2013) Global Compact, OECD’s (2011) Guidelines for Multinational Enterprises, International Alert’s multitude of country specific publications, as well as stakeholder and industry-led initiatives. These suggest that corporations have the desire and capability for action.
if given the know-how (Ganson, 2011). Indeed, risk management firms spend significant resources predicting and preparing for possible violence (Aon, 2015; Haufler, 1997). While there are cases when corporations have succeeded in preventing conflict from erupting (such as Tesco’s mechanisms for addressing labor grievances in South Africa) and helped to solidify peace (as in the transformation of the coffee industry in Rwanda), some corporations remain bystanders to atrocities and human rights abuses (as in Talisman Energy’s experiences in Sudan). Fort (2007) shows corporations need not be removed from the peace process, as there is a positive correlation between commerce, peace, and engagement. Capitalism, according to a Forbes report on corporate responsibility, can now sit side by side as a partner with the peace movement (Guthrie, 2014).

The Swedish Institute of International Affairs distinguishes among the phases of conflict during which third-party actors may help to promote peace: peacemaking, peacekeeping, and peacebuilding (Andersson, Evers, & Sjöstedt, 2011). Peacemaking involves efforts to separate the warring parties and find ways for them to work out their disagreements, such as the U.S. and EU-led mediation of the peace conference that generated the Dayton Peace Accords. Following such agreements, peacekeeping seeks to maintain truces among factions after a peace accord has been adopted. Peacebuilding activities are preventative in nature, helping address the various social and economic causes of conflict and creating an atmosphere for peaceful dispute resolution. The focus of this article is on the first of these categories: making peace after violent conflict has arisen. While public and private third parties have roles to play in each stage of creating peace, the literature on peacemaking within political science is one of the more robust and developed areas of research. This is also the arena where we are likely to be able to observe third-party engagement as well as the greatest costs for inaction. As Fort (2015) highlights, however, we must not think only actors in conflict zones deal with the issue of peace, since technologies and practices can spread and can have a broader impact on peacebuilding than we might initially think.

While practitioners have embraced the concept of corporations working for peace and the business literature discusses the work these actors can do to reduce tensions in conflict zones (Getz & Oetzel, 2009; Oetzel, Getz, & Ladek, 2007), the role of these actors is notably absent in studies of conflict resolution. In this article, I offer an overview of the findings on conflict resolution processes by scholars in the field of political science. I then draw from business scholarship and offer an overview of the positive contributions the private sector can and does make toward peace. I conclude by highlighting the problems of having disjointed approaches and offering a conceptual framework for how these distinct approaches can be combined to generate a more comprehensive understanding of conflict resolution.

2. The challenge: Peace and conflict since WWII

Conflict management, like conflict, spans both history and the globe. It is as old as conflict itself. In 1492, following Columbus’ discovery of the West Indies, a delimitation of the Spanish and Portuguese spheres of exploration was desired. European imperial rivalries and colonial pressures made clear that conflict would soon arise over the land claims of Spain and Portugal (Elliott, 2006). In May of 1493, after vigorous petitioning by both Spain and Portugal, the Vatican acted to set a boundary between their respective spheres of interest (Davies, 1996). Pope Alexander VI issued a decree that established an imaginary line running north and south through the mid-Atlantic. Spain would have possession of any unclaimed territories to the west of the line, and Portugal would have possession of any unclaimed territory to the east of the line. The New World was thus neatly bifurcated by the sole authority of a third party (Davies, 1996).

There are other examples of third-party actors stepping in to help resolve conflict throughout history. In 1905, Theodore Roosevelt offered to act as an intermediary between the claims of Russia and Japan over interests in northern China and Korea (Roosevelt, 1985). Japanese and Russian delegates met with the president on board a U.S. naval ship in Oyster Bay and later in Portsmouth, New Hampshire. For his mediation efforts, President Roosevelt became the first American to receive the Nobel Peace Prize. Roosevelt later arbitrated a dispute between France and Germany over the division of Morocco. These actions possibly helped to postpone a world war.

Corporations can also play important roles in conflict management. For example, Energoinvest, a Bosnian construction company, restored its pre-war partners to rebuild the country’s infrastructure; Komatsu is a Japanese company that has helped to create educational programs in Cambodia and Afghanistan to raise awareness about landmines; and ArcelorMittal is a Luxemburg mining company that engages with a diverse range of stakeholders in Liberia’s post-conflict environment.
(United Nations, 2010). In addition, many corporations have partnered with international organizations to develop innovative strategies for dealing with the many challenges of operating in conflict zones. The telecommunications company Ericsson is partnered with the UN Office for the Coordination of Humanitarian Affairs, Save the Children, the World Food Program, and International Red Cross to provide telecommunications during disaster and emergency relief operations (Ericsson, 2010). Similarly, NGOs like the Future Ways Program at University of Ulster in Ireland worked with businesses to hire half Catholics and half Protestants as a way of promoting de-stigmatization and reconciliation (Eyben, Keys, Morrow, & Wilson, 2001).

Each of these activities exemplifies the varied roles third parties can have in the conflict resolution process. I define a third party as an outside actor that chooses to become involved in a dispute and has a preference for deescalating the dispute that exceeds their preference for one side’s victory. Conflict management can include a variety of actors, including nation-states, coalitions of states, regional or international organizations, and individuals (Dixon, 1996). I do not exclude third parties that prefer that a certain disputant prevails, but this preference is not as strong as that for conflict resolution (Butterworth, 1978). Conflict managers are not required to be neutral or unaligned with a disputant; however, the third party does not overtly join the conflict on the side of a disputant.

3. The political science perspective

Most conflict resolution scholars, this author included, traditionally distinguish between four main types of conflict managers (Melin, 2013): international organizations (e.g., the United Nations), regional governmental organizations (e.g., the Arab League), individuals (e.g., former United States President Jimmy Carter), and states (e.g., New Zealand). States are the most common conflict manager. Conflict management works differently across actor types. Of particular note, the motivations of states for offering conflict management assistance differ from those of the other actors. States carefully consider when and where they become involved, and often consider the strategic benefits when deciding whether to take on the role as conflict manager (Melin, 2013). Potential gains include establishing a reputation as a peacemaker (as have Norway and Sweden) and enhancing the state’s influence in the dispute’s outcome, either by changing an unfavorable situation or maintaining a favorable status quo. Understandably, states are more likely to take up the role of conflict manager if it will expand their influence, resources, and power.

International organizations (IOs) are known to have both direct and indirect effects on conflict resolution. IOs often have peaceful dispute resolution as a part of their charters and offer mechanisms for parties to resolve their differences. Indirectly, IOs have been shown to encourage multiparty talks but not bilateral negotiations between members (Shannon, 2009). The impact that an organization has on generating peace is at least in part determined by its institutional setup and the characteristics of its member states (Hansen, Mitchell, & Nemeth, 2008). Such organizations are known to get particularly hard-to-resolve cases (Bercovitch & Gartner, 2006), which is especially the case for regional organizations (Gartner, 2011). However, when controlling for the challenges they face, research attests to the positive ways both actors contribute to dispute resolution.

International relations scholarship examines the varied roles actors outside a dispute may play in a dispute. They may join a conflict as a disputant, may express preferences for seeing a certain side prevail, may act to resolve the conflict, or may play a role that is somewhere in between. It is necessary to distinguish between the two primary roles third parties have in ongoing disputes. First, third parties may join a conflict as an additional disputant (Heldt & Hammarström, 2002; Melin & Koch, 2010; Most & Starr, 1980; Siverson & Starr, 1991), and a state’s expectation of possible third-party assistance is shown to influence their decision to go to war (Blainey, 1973; Gartner & Siverson, 1996). Any such tie, even a third party’s affinity for one actor over another, can influence the outcome of a crisis, regardless of whether or not they actually intervene (Favretto, 2009).

The second role the actors play, the role of conflict manager, focuses on helping disputants deal with the information asymmetries and credible commitment problems that often lead to conflict (Beardsley, 2011). Conflict management constitutes any course of action taken by a non-disputant aimed at either preventing the further escalation of the conflict or resolving it completely (Butterworth, 1978; Dixon, 1996). Conflict management represents an attempt to do something about reducing, limiting, or eliminating the level, scope, and intensity of violence in conflict and building a structure where the need to resort to violence in future conflicts is controlled (Deutsch, 1973; Maoz, 2004). Management activities are varied, spanning from verbal condemnation of a conflict to direct military intervention (Regan, 2000). Broadly
speaking, the numerous tools available for conflict prevention, management, and resolution can be grouped into four different categories: (1) unilateral, which involve conflict management without the consent of the disputants, such as military intervention; (2) bilateral, which involves direct talk between the disputants, such as negotiation; and (3) multilateral, which takes place with the consent and cooperation of the disputants, such as mediation or adjudication. These methods may be either binding, as is adjudication, or nonbinding, such as mediation. Each approach may be suited to different conflicts and each has different consequences that entail different costs and resources and may be effective under different circumstances. Actions may include verbal calls for resolution, offers to mediate the conflict, and military intervention, all of which do not require the consent of the disputants themselves.

The role of third parties as conflict managers has only recently become a focus of international relations scholarship. The tools actors use to help prevent and resolve violent conflict vary widely (see Figure 1).

Third-party interventions, especially mediation, have become increasingly a topic of study (see Beardsley, Quinn, Biswas, & Wilkenfeld, 2006; Bercovitch, 1997; Greig, 2005; Regan & Stam, 2000). Unlike sanctions or military intervention, a prerequisite to the occurrence of mediation is the acceptability of mediation to all involved parties. An often-cited definition of mediation highlights this characteristic, describing mediation as “a reactive process of conflict management whereby parties seek the assistance of, or accept an offer of help from, an individual, group, or organization to change their behavior, settle their conflict, or resolve their problem without resorting

Figure 1. Variation in conflict prevention and resolution tools

Source: Based on the Third Party Intervention data (Frazier & Dixon, 2006) and the International Conflict Management data (Bercovitch, 1999).
to physical force or invoking the authority of the law” (Bercovitch & Houston, 1996, p. 11).

The majority of the research on mediation focuses on the determinants of successful mediation (Kleiboer, 1996; Mack & Snyder, 1957; Ott, 1972; Pruitt, 2002; Regan, 2000). Although it remains unclear which management efforts are the most effective and why, there are various explanatory variables that reappear throughout the literature. These include characteristics of the mediator, characteristics of the conflict, and characteristics of the disputants. The mediation literature is not the only conflict management literature to focus on the effectiveness of third-party efforts. Similar debates exist in the economic sanctions literature (Hufbauer & Schott, 1983; Li, 1993; Martin, 1993) and work on military interventions (Regan, 1996). It remains unclear which management efforts are the most effective and why, and the different methods of management are rarely considered together.

Authors also consider the third party’s decision to manage a conflict. The majority of the research looks at the determinants of military intervention. Authors cite the presence of a ready military option (Allison, 1973), the distance of the state from the intervener (Pearson, 1974), strategic interests (Yoon, 1997), disputant regime type (Schmidt, 2004), major power status (Gent, 2003), attacker demands (Werner, 2000), and how ‘solvable’ the conflict is (Terris & Maoz, 2005). More recently, a similar research agenda is appearing in the mediation literature, examining the mediator’s decision to mediate (Beardsley, 2011; Kydd, 2006; Savun, 2008) and the implications of this process for long-term peace (Beardsley, 2011).

Notable exceptions to the absence of links between the corporate world and peace do exist, albeit at a much broader level, focusing on the relationship between trade and peace rather than on the specific roles of businesses. Scholars show that trade can increase peaceful bilateral relationships through several avenues, including offering nonmilitary ways of communicating resolve (Gartzke, Li, & Boehmer, 2001) and forcing leaders to choose between economic stability and political goals (Gartzke & Li, 2003). While others have highlighted the role of the private sector in conflict prevention as a shift in global governance resulting from the use of natural resource revenues to finance conflict (Haufler, 2001), there is no work assessing and comparing the roles of private actors in conflict prevention and resolution.

While much of the above scholarship focuses on the aforementioned category of actions taken to end violent conflict through peacemaking, the broader question explored by scholars of how trade may be an important condition that fosters peace moves beyond this focus. Activities that help prevent conflict through addressing various social and economic causes of conflict and creating an atmosphere for peaceful dispute resolution help to build peace (Andersson et al., 2011). These same factors can be important in the process of peacekeeping as well. Thinking of linkages between economic stability and peace is an important step for preventing conflict and may shed additional light on issues that link both peacemaking and long-term peacebuilding.

Despite the increased attention scholars are paying to peacebuilding and peacemaking, the vast majority of this literature focuses on the roles state actors and international organizations play in this process. As Pigman (2013) highlights, many global and transnational firms function as diplomatic actors in ways that are analogous to nation states, and their roles are only growing. We know little about what role transnational corporations play in terms of preventing the outbreak of violence or resolving conflicts. Academics within the social sciences that explore the role of corporations explore their role in fair trade and human rights (Macdonald & Marshall, 2013), promoting order (Reno, 2004), and public accountability (Koenig-Archibugi, 2004). The notion of corporate accountability may have implications, however, for preventing violent conflict. This area has begun to attract the attention of business scholars, and findings show that ethical behavior reduces the likelihood of violence (Fort, 2007, 2015).

4. The business perspective

Business scholars have not been silent on the shifting roles of private firms in a globalized world economy. Businesses are often faced with difficult choices and tradeoffs when conducting operations in volatile environments, and academics, International Organizations, and trade groups offer analysis and advice for making ethical choices and contributing to peace. Generally speaking, there are three mechanisms by which the private sector can contribute to conflict prevention: “through its core business activities, social investment programs, and engagement in policy dialogue and civic institution building” (Nelson, 2000, p. 45). In exceptionally high-risk environments, businesses may engage in “preventative diplomacy, fact-finding, and mediation missions” (Nelson, 2000, p. 45). Often, such engagement takes the form of public-private partnerships, involving NGO groups with expertise in conflict resolution, such as International Alert. These partnerships target corruption, poverty, and
social inequality—some of the main causes of conflict (Bennett, 2002).

Corporations have a range of available mechanisms for addressing conflict, some of which are aimed at resolving the conflict directly and some of which are aimed at preventing conflict through addressing its causes. Conflict resolution tactics may include lobbying or publicly speaking out against violence (Lieberfeld, 2002). Companies may in fact reach out to conflicting parties directly to actively mediate, arbitrate, or facilitate negotiations (Ballentine & Nitzschke, 2004). For example, Anglo-American Mining Company is seen as facilitating negotiations between the ANC and the South African government (Lieberfeld, 2002). Conflict prevention tactics may include human resource policies aimed at relieving social tensions, supporting small businesses through microfinance, avoiding business with those who facilitate conflict (Collier, 2007), and engaging in philanthropic activities aiding victims of conflict (van Tulder & Kolk, 2001). Often, these activities are conducted along with NGO, IGO, or local partners, as these actors can help provide knowledge, skills, and access (Doh & Teegan, 2003).

Business scholars have examined the factors and circumstances that might push businesses into responding to the outbreak of violent conflict and the ways in which companies respond. In a study of 471 multinational and local firms across 80 countries, Oetzel and Getz (2012) explore this question using survey and archival data. They conclude that local stakeholder pressure increases direct responses to violent conflict, using tactics meant to stop violence, and international stakeholder pressure increases indirect responses, which are meant to address the root causes of violence. Characteristics of the firm and the industry do not affect corporate responses.

5. Moving forward

Preliminary evidence suggests there may be a shift in the way corporations deal with conflict: the very actors that have often been viewed as exacerbating tensions are now engaging in both commerce and peacemaking (Fort & Schipani, 2003). Given the high costs corporations face in the event of political violence, being proactive in facing these threats is imperative (Aon, 2015). While the interests are clear, however, private sector capabilities in this arena are less so (Ganson, 2011).

A recent report on the role of private actors in preventative diplomacy (Eskandarpour & Wennmann, 2011) offers evidence that private actors have a comparative advantage in this realm. Many of the emerging practices in the fields of armed violence reduction, peace mediations, and human rights protection offer significant opportunities for private actors to strengthen preventative diplomacy. As Ganson (2011) highlights, corporations have the capabilities for conflict prevention through stopping predatory behaviors, minimizing negative impacts, creating positive externalities, and being peacemakers and peacebuilders, but these skills must be fostered.

In fact, failing to account for the role that corporate actors play is likely to create a bias in research on conflict resolution. Scholarship on different actors and their mechanisms for conflict resolution have thus far remained exceptionally isolated from one another. To adequately understand the current conflict resolution environment, there is a need for a holistic approach to the conflict management process. The substitutability framework developed by Most and Starr (1984, 1989) offers warnings of the problems associated with failure to integrate actors, their actions, and the associated outcomes. Actors have a wide array of available options for approaching any range of policy issues, since any cause may have a number of effects and any effect can stem from several causes (Morgan & Palmer, 2000). Different conflicts may lead to similar responses (as in mediation efforts by the U.S. with Israel and Egypt in the 1970s, by the Vatican in the Falkland conflict between Argentina and the UK in 1982, and by Congo with Burundi and Rwanda in 1966), and there are multiple ways to respond to similar conflicts (as was the case of the UN observers sent in 1992 to Yugoslavia compared to the later NATO military intervention in Kosovo). The framework of substitutability is applicable to third-party reactions to conflict: economic sanctions, diplomatic efforts, grass roots programs, and military operations are substitutable foreign policy instruments, all of which can be triggered in response to conflict.

Research that fails to address the issue of substitutability in conflict resolution risks producing inaccurate results and unconvincing conclusions. Adequate analysis of the complex decision process involved in choosing a response to conflict requires the inclusion of the various instruments available and is essential for the comparison of policies (Palmer & Bhandari, 2000). Accounting for substitutability captures some of the complexity of actor choices omitted in much of the existing research and reflects intuition of how policy is made (Morgan & Palmer, 2000). Studies of conflict resolution that do not include all possible actors and actions have dire results on the accumulation of knowledge (Starr, 2000, p. 129):
Focusing on only one [actor] would mean a failure to provide full coverage of the possible outcomes and lead to incomplete results that fail to cumulate (or even make sense when compared). The results would fail to capture the theory or model being tested (as only part was being tested). And [...] focusing on only one possible outcome (the successful outcome that is observed) leads to the logical problems that exclude the study of sufficient relationships. This critique shows that failure to consider substitutability can account for the weakness of many empirical findings and failure to better understand conflict management outcomes (see also Most & Starr, 1989).

The problems associated with the failure to recognize substitutability are endemic in the conflict management literature. Existing studies examine policies of military intervention (see Regan, 1996), diplomatic approaches (see Bercovitch, 1999; Kleiboer, 1996; Mack & Snyder, 1957; Ott, 1972; Pruitt, 1981), and economic sanctions (see Hufbauer & Schott, 1983; Li, 1993; Weiss, 1999) independent of one another. Similarly, much of the scholarship on corporate activities focuses exclusively on the actions of one corporation. Conflict management efforts rarely occur in isolation, and yet they are treated as such in a majority of the existing literature. It is unclear how different conflict managers work together both theoretically and in practice. If the outside party is truly interested in resolving the conflict, it will likely employ different conflict resolution tactics until the conflict is resolved. For example, the United States and European Union used economic sanctions, mediation, and eventually military intervention to help end the bloody conflict that arose during the breakup of Yugoslavia. Citing the eventual bombing of Bosnia as the reason for the end of the conflict ignores the possibility that earlier sanctions and mediation may have paved the way for a successful NATO bombing campaign.

6. Conclusion

The purpose of this article is to highlight research in the fields of political science and business on the topic of third-party conflict resolution. While both disciplines approach conflict resolution with distinct foci, merging the findings from these studies is both warranted and desirable. Moving forward requires scholarship that offers a systematic study of the roles that the aforementioned diverse actors play in preventing and resolving violent conflict. More systematic analysis is necessary to understand how corporations can be constructively engaged in volatile conflict environments. Understanding the roles these actors play and the outcomes of their efforts will enable us to encourage future involvement where opportunities for engagement might otherwise be missed. Increasing our knowledge and understanding of the corporate role in promoting peace generates important evidence useful for encouraging positive corporate involvement into the future, as well as useful tools for evaluating conflict resolution efforts.

References


