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Business and Peace: Sketching the Terrain

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ABSTRACT. Our goals in this article are to summarize the existing literature on the role business can play in creating sustainable peace and to discuss important avenues for extending this research. As part of our discussion, we review the ethical arguments and related research made to date, including the rationale and motivation for businesses to engage in conflict resolution and peace building, and discuss how scholars are extending research in this area. We also focus on specific ways companies can actively engage in conflict reduction including promoting economic development, the rule of law, and principles of external valuation, contributing to a sense of community, and engaging in track-two diplomacy and conflict sensitive practices. We conclude by developing a set of future research questions and considerations.

KEY WORDS: peace-building, track-two diplomacy, economic development, conflict-sensitive business practices

During an academic presentation on the ways in which business might enhance peace, a political science professor said to one of the authors of this article, "I came to this presentation almost angry, because if there is one thing we in political science have killed, buried, and heaped enormous amounts of dirt on is that countries don't fight if they trade. But what you are proposing is different from that old argument. You are setting out specific principles by which certain kinds of economic activity can foster peace. That's new and that's interesting. And there's a good chance it's right."

This comment points out some dimensions of the ambiguity inherent in the academic scholarship, now about 10 years old, which tries to show how business can lead to peace. On the one hand, businesses would seem to be some of the worst possible candidates for fostering peace. Was not colonialism all about using commercial institutions to not only settle lands in South Africa, China, India (by the British), and via fur-trading in Canada and the Northern United States by the French? Spain, Portugal, and many others also used business to claim more territory. In addition, companies have also had their own armies or close association with governments so that armies were readily available to protect colonizing interests against native peoples (or competing colonizers) who did not support their interests. The argument that these kinds of business interests promote peace is unlikely to gain much traction. Nor do examples where businesses exploit local populations, literally dump environmental waste on political opponents, or encroach on local customs.

Like the skeptical political scientist at the academic presentation, many view the idea that trade leads away from war as without merit. Anthropologist Keeley (1996), sharing this skepticism, argues that while it may be true the countries do not shoot at each other while they are trading, history is littered with examples of how trade does not prevent war. Germany and the Soviet Union traded right up until the time Nazi troops poured over the border in 1939. The United States and Japan traded with each other right up to Pearl Harbor. If trade could prevent war, then World War II – or World War I for that matter – should have never occurred.

Thus, it is quite fair to raise a worried eyebrow when hearing enthusiastic claims of how business might foster peace. At the same time, businesses do have the ability to contribute to peace. Businesses have the capability of getting rival factions to work together on a common project, even if that project simply is about making money. Companies in Northern Ireland (e.g., through the Future Ways program hosted by the University of Ulster in Northern Ireland), for instance, intentionally hired half Catholics and half Protestants to provide them with the experience of working together with that otherwise hated "other." The Center for World Religions, Diplomacy and Conflict, at George Mason University, does similar kinds of work with respect to Israelis and Palestinians. Businesses also provide jobs that can dampen poverty. Thus, certain kinds of business behavior may contribute to the good of peace without repeating the actions that may sow the seeds of resentments that could fuel the animosities leading to war. One significant argument has been that "ethical business behavior" leads to peace rather than to war (Fort, 2007a, 2008; Fort and Schipani, 2003).

A highly interdisciplinary field of research has developed to explore the linkages between business and peace, and to explore the argument that ethical business behavior can contribute to peace in particular. Thus, this stream of research is not solely based on formal moral theory but draws also from anthropological, political, and economic indicators of behaviors that tend to mitigate violence and then linked to how those indicators strongly overlap with generally agreed upon business ethics principles. In the past decade, there have been at least 10 academic conferences promoting research in this domain. Several books and articles have been published on peace through commerce and the role of business in resolving violent conflict (Fort, 2008; Fort and Schipani, 2004; Nelson, 2000). Two business publications have put forward special issues on Peace Through Commerce (Fort, 2009; McIntosh et al., 2007) as well as three law journal-based publications (Fort and Gabel, 2007; Fort and Schipani, 2002, 2003). The Association to Advance Collegiate Schools of Business established a Task Force on Peace Through Commerce and recently issued a report on business education and peace (Woo, 2006).

Consistent with the business ethics literatures, the peace through commerce literature has focused on the descriptive (e.g., Is there a correlation between ethical business practices and a reduction in violence?), the normative (e.g., What actions can businesses take to contribute to sustainable peace?), and to a lesser extent the instrumental (What benefits might accrue to business (and society) through the pursuit of peace?). The normative literature, at it relates to peace, is largely aspirational in nature – choosing to focus on peace as a potential goal for business as compared to a duty or obligation for business to pursue peace.

In other words, the argument arising out of the literature is not that businesses *should* promote peace, but that given the overlap between nonviolent attributes and consensus ethical actions: (a) ethical businesses *already* are conducting actions that contribute to peace, (b) knowing the potential consequences of such behavior provides an additional motivation to be ethical, (c) it simply becomes a choice as to whether businesses wish to proceed in these areas, and (d) if they do, they may not have to radically transform their practices as much as one might think when first hearing about a connection between business and peace (Fort, 2007a, 2008; Fort and Schipani, 2003). Scholars making these connections have straightforwardly invited empirical researchers to refine these connections and so an aim in this article is to present the interdisciplinary integration made to date in a way that provides an entry point for scholars to take on that opportunity.

Based on these ideas, our goal in this review is to summarize the existing literature on the role business can play in creating sustainable peace. As part of this discussion, we review the ethical arguments and related research made to date by Fort and colleagues, and discuss how other scholars are extending this research and what the implications are for business ethics. We conclude by developing a set of future research questions and considerations.

Why peace through commerce is important to business

An increase in conflicts and the rise in globalization

One reason that peace through commerce is important to business is the prevalence of conflict around the world. In 2008, according to the Heidelberg Institute for International Conflict Research

(HIIK), there were 345 ongoing conflicts; 254 intrastate, and 91 interstate conflicts. Of the intrastate conflicts, 49.6% of these conflicts were characterized by sporadic or continuous violence while only approximately 10% of the interstate conflicts were characterized by violence. Moreover, the number of conflicts observed per year has risen more or less continuously from 81 in 1945 to 345 in 2008 (HIIK, 2008).

In today's post-9/11, globalized world, cultural differences are increasingly amplified by the ever growing internet and media connectedness. Similarly, contests for resources are intensified by growing consumerism and increasing energy needs. At the same time, improving technology and transport encourages business to seek out new markets and supply sources. As a result, firms may more frequently find themselves in the cross-fire or even in the cross-hairs of a conflict, forced to consider issues and strategies far beyond prior experience. This possibility is not limited to military contractors or extractors of natural resources who may be located in potential conflict zones; industries as varied as consumer products companies, manufacturers, and financial services firms have been increasingly targeted by activists and threatened with boycotts (Clifford, 2008; Ransom, 2008). Given this reality, the impact of violent conflict on the success of business, ethical strategies for dealing with such impact, as well as the ability of business to assist in conflict mitigation and promoting peace, are becoming important areas of study for business ethics scholars.

As we consider various strategies for business to promote peace in conflict situations in this article, we will do so based on the continuum in Figure 1 which captures the conflict intensity and the role of business in responding to conflict generally. We recognize, however, that individual conflicts have unique characteristics, causes, and life cycles; factors that all affect how firms should respond in any particular case (Getz and Oetzel, 2009). Thus, Figure 1 depicts the varying intensity of conflicts on a continuum. The response of businesses to conflict – whether focused on promoting economic development, enhancing the rule of law, or contributing to community development, may be more or less appropriate given the stage of the conflict with firm involvement (Getz and Oetzel, 2009; Oetzel et al., 2007). For instance, attempts to reduce the conflict are not appropriate for track-two actors, such as firms in the private sector, at the height of a conflict when there is an outbreak of violence (Getz and Oetzel, 2009; Wenger and Möckli, 2003).

Many of the same activities carried out to limit losses and manage risks on the right of the continuum might be engaged more conscientiously, it is claimed, to a stronger or lesser degree, in order to promote sustainable peace. These activities include: (1) promoting economic development; (2) promoting the rule of law and principles of external valuation; (3) contributing to a sense of community, (4) engaging in track-two diplomacy; and (5) engaging in conflict-sensitive practices and risk assessment (see Table I). Indeed, this set of recommendations currently stands as the starting point for research around what businesses can do to foster peace. For the rest of this article, we use these recommendations as a way to understand three sets of issues: (1) The essential dimensions that arise in attempting to see the ways in which business might contribute to peace, (2) The interdisciplinary literature that has addressed these issues to date, and (3) What future research questions seem most important for further consideration given the state of the area of inquiry.

What is peace?

The arguments made to date about the relationship between business and peace can integrate deontological and utilitarian arguments, but the structure of the argument has been teleological. It assumes that peace is a good. The overall concept of peace is accepted and praised universally. War may be necessary at times, and it may produce its own sets of heroes and examples of courage, but religions, philosophers, and others hope for times of peace. The desire for peace is a human aspiration, but it is one shared by our primate cousins as well. Franz deWaal's studies, including *Peacemaking Among Primates* (1989), demonstrates that many creatures learn sophisticated peacemaking mechanisms to resolve conflict and minimize violence.

An aspirational approach to business ethics builds upon the social and communal nature of human beings that is also central to business. The common values business relies on for value creation and the

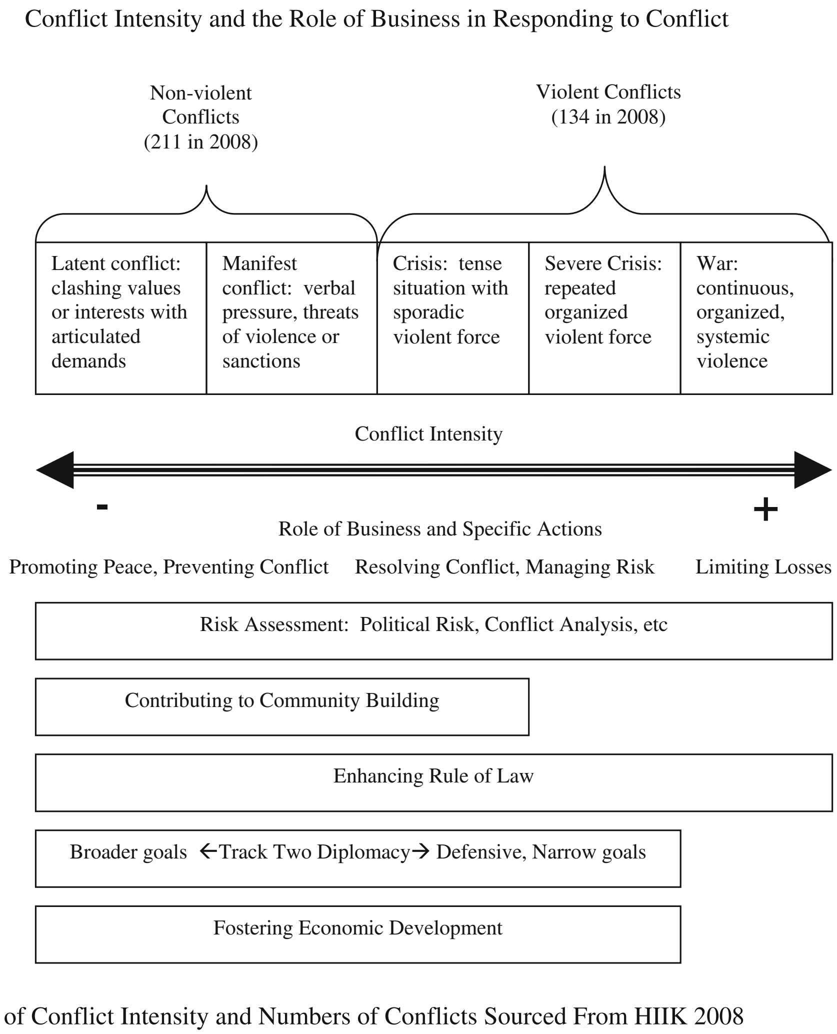

Figure 1. Conflict intensity and the role of business in responding to conflict.

efficient exchange of resources are largely consistent with these notions (e.g., overall humans strive for social interaction, keeping commitments, reconciliation) (Fort, 2007a; Frederick, 1995). The idea of peace through commerce is consistent with this aspirational approach in which peace serves as a natural goal (one of many) for human activity – including business activity. Dunfee and Fort (2003) suggest that peace can serve as a hypergoal of business. Unlike hypernorms, which are morally required of business, hypergoals serve as overarching aims to which all business can aspire. To the extent that there is agreement on peace as a universal human aspiration, it can serve as a hypergoal for business (Dunfee and Fort, 2003, p. 613). By setting peace as a hypergoal, businesses are encouraging employees to act in ways that are consistent with basic human values and motivations. Such actions might lead to activities that help create sustainable peace. If there is a relationship between ethical business behavior and peace, it is hard to imagine why executives, managers, and employees would not be excited about the potential positive impact of their activities and be motivated to act ethically (Fort, 2007a).

In the peace studies literature, a distinction is often made between negative peace (the absence of violence) and positive peace (the absence of violence coupled with social justice) (Stephenson, 1999). However, this is often just the starting point for various understandings of peace. The notion of sustainable peace starts with the absence of violence but also includes an ongoing sense of stability

TABLE I

Business actions for promoting peace

How business can foster peace	How action promotes peace
Fostering economic development	Positive economic spillovers (providing jobs, promoting local investment) (Fort and Schipani, 2004) Partnerships between private sector and NGOs can provide complementary skills, competencies and capabilities to engage in social change and build peace (Oetzel and Doh, 2009) Positive operational spillovers in developing countries (technology transfer, knowledge diffusion, management practices) (Spencer, 2008) Purposefully and strategically promoting development through investment (Buckley and Ghauri, 2004; Fort, 2008; Oetzel et al., 2007)
Adopting principles of external valuation	Adopt international codes of conduct regarding labor practices, supply chain management, environmental standards, etc. (Emmelhainz and Adams, 1999; Getz, 1990; Kolk and van Tulder, 2002; Steelman and Rivera, 2006; van Tulder and Kolk, 2001)
Contributing to a sense of community	Demonstrated empirical connections between voice-protected workplaces and more social harmony (Spreitzer, 2007) Corporations can impact peace when their internal policies promote gender equity or at least protect women from harassing situations (Dworkin and Schipani, 2007)
Engaging in track-two diplomacy	South African business leaders met with African National Congress leaders and changed the political culture (Lieberfeld, 2002)
Engaging in conflict sensitive practices/risk assessment	Occidental Petroleum, Cerrejon, and NGO Partnerships in Colombia (Guaqueta, 2008)

within a particular community or society (Dunfee and Fort, 2003). Others have suggested broader notions of peace that include justice, participatory government, and voice as well as racial, ethnic, and gender equality (e.g., Peck, 1998). The protection of basic human rights (and ultimately economic, social, and political rights) is also associated with the creation of sustainable peace (Fort and Schipani, 2004, p. 49).

While an ongoing sense of stability may be important to notions of sustainable peace, stability itself is not sufficient. Dictators throughout history have used less than peaceful means in an effort to create social, economic, or political stability. In order to use a modern example, China's authoritarian regime is criticized for engaging in human rights abuses and severely limiting individual religious and political expression in the name of maintaining a peaceful and harmonious society (the U.S. Department of State, 2007). Perhaps the most basic and common use of the term is that peace is the absence of bloodshed. In terms of the academic literature on peace through commerce, Fort and others have maintained the use of this minimalistic definition. They acknowledge that there may be a more robust definition that they may be willing to embrace. For instance, Ghandi argued that the most sinister type of violence is poverty. That may be true, but in the initial steps of exploring whether there is a connection between peace and business, the early stages of this field have limited the definition of violence to occurrences of bloodshed while remaining open to a broader definition. In order to focus the scope of our arguments and create a common starting point for our analysis, we use the most fundamental definition of peace as the absence of bloodshed. However, many of our arguments may apply to more expansive and diverse understandings of peace as well.

The history of business: the good and the bad

While nation states have traditionally been the societal institution most thought of as responsible for issues of war and peace, business has historically also been involved in various aspects of violent conflict (Nelson, 2000). For example, an often cited example is the British East India Company's role in the expansion of the British Empire. In particular, in the battle of Plassey in 1757, the British East India Company's private army defeated the last Nawab of Bengal in armed conflict. This defeat is considered a key turning point in the development of British rule in India (Robins, 2007). Similarly, the British South Africa company used the firm's armed forces to take over diamond mines in Africa to further both state and firm interests (Thomas, 1996). Beyond the historical links between state interests and business profit seeking that characterized colonialism, modern day oil and gas firms have been criticized for their involvement in countries with repressive regimes (e.g., Burma), the environmental impacts of their operations, and their involvement with governments and groups that are involved in human rights abuses (Reed, 2002). In the 1990s, Shell was criticized heavily for what many observers suggested was the company's complicity with human rights abuses and violence related to Shell's Nigerian subsidiary, the Nigerian government, and the Ogoni people (Wheeler et al., 2002).

Peace scholar Appleby (2000) argues that in the face of the loss of traditional ways of life, religious fundamentalists are provided with a cause to resist global, economic development, and they seize on the anxieties produced by foreign expansion to claim that the country's true faith must be protected, even by violent means. Is this the kind of business that leads to peace?

In his chilling book, *Confessions of an Economic Hit Man*, Perkins (2004) goes even further to argue that businesses become the agents of first-world countries to bankrupt other countries for political maneuvering. Based on his own shenanigans, he says that first-world countries, especially the United States, will support major international loans to an emerging market country in exchange for allegiances to the United States and also market-kinds of capitalist policies (the so-called Washington Consensus). One of the conditions is that much of the money flows to foreign business interests, the country's economic structure is further weakened, and to get out of the economic morass, the country becomes even more dependent on the kind of aid that binds them to American political policies. In Perkins' analysis, businesses become enriched hit men for geopolitical maneuvering.

Although business can act as a powerful force for economic growth and development, research has shown that business activity may at times exacerbate the duration, intensity, and character of civil conflicts around the world (Ballentine and Sherman, 2003; Banfield et al., 2006, p. 18). It is important to recognize that "there are many people whose interests are well served by the smooth functioning of markets, but there are also groups whose established interests may be hurt by such functioning. If the latter groups are politically more powerful and influential, then they can try to see that markets are not given adequate room in the economy" (Sen, 1999, p. 120).

As the examples above show, business has a history of being linked to violence. Despite this history, there are also examples of business working to reduce conflict and promote peace. The Colombian subsidiary of GM, GM Colmoteres, partnered with a nonprofit organization to train and employ former members of paramilitary groups as a way to reintegrate them into society. GM was awarded the U.S. Department of State's Award for Corporate Excellence in 2006 for this program. In commending GM for this program, it was noted that the company's efforts will have a lasting positive impact on the ongoing peace process in Colombia.

However, the impacts that any one business can have on supporting or undermining peace are often not so direct and dramatic. Through both strategic and tactical choices, businesses have an impact on the conditions necessary for peace in the areas in which they operate. In addition, most businesses benefit from conditions of stability and peace that are often taken for granted in business operations and decision making.

The rationale and motivation for business to engage in conflict resolution and to act in ways that promote peace

Globalization and the impact (good or bad) of business operations in conflict zones

Consistent throughout business research is the recognition of shifts in global commerce and societal interactions including a decrease in the power of the nation state, an increase in the power of multinational corporations and nongovernmental organizations, and increasing societal expectations of business (i.e., overall an expansion in what is considered a business responsibility) (Andriof and McIntosh, 2001; Bakan, 2004; Chua, 2004; Korten, 1995; Matten and Crane, 2005). The globalization of commerce (e.g., production, distribution, and sales) coupled with technological and communications advances have greatly expanded the interaction between peoples with various cultures, customs, and traditions (Friedman, 2005). This interaction has resulted in new sources of value creation and learning as well as points of contention and conflict.

Business is inextricably linked to factors and forces that either promote or discourage sustainable peace (Anderson, 2008; O'Neill, 2008). Commerce, while still largely local and regional, is increasingly global (Friedman, 2005). As the competitive environment intensifies, firms are willing to venture anywhere in the globe to obtain the resources needed to create their products and services. Simply by operating in areas of the world where conflict is more likely to occur (e.g., based on path-dependent historical factors, rampant corruption, or high levels of injustice and inequality in a society) businesses are faced with a host of decisions that could have an impact on the creation and maintenance of peace. We traditionally think of conflicts as occurring between countries. However, more and more conflicts are not between nation states but between armed groups within a country or region (Nelson, 2000). This shift makes it difficult for outside observers to identify the issues and parties to a conflict or potential conflict. This might especially be true of businesses that likely lack the experience and expertise to deal with issues of conflict. Even in regions of relative peace, businesses can unintentionally find themselves involved in conflict. For example, private sector firms operating in parts of South America have found their employees the targets of kidnapping for ransom by guerilla or criminal groups (*The Economist*, 2006).

One of the main drivers of globalization is the continual search by multinational corporations for access to less expensive factors of production. The transition of manufacturing and extractive work to distant parts of the globe typically involves large investments in facilities, equipment, and training. These substantial investments make decisions about operating in conflict zones (or potential conflict zones) all the more challenging. For example, should a multinational corporation operate in a country where there is a repressive regime?

Through their operations at home and abroad, businesses can have a positive or negative impact on communities, governments, and society overall (Bies et al., 2007; Fort and Schipani, 2004). The interaction among a multinational enterprise and companies and institutions within a host country often result in spillover effects. For example, such spillovers might involve technology transfer, knowledge diffusion, and the spread of organizational practices from a multinational enterprise to a local company in a host country (e.g., Spencer, 2008). While much of the research on spillovers is related to strategic and organizational issues (e.g., the spread of technological innovation) similar spillovers might occur with regard to all types of organizational practices. Developing countries often lack the background institutions residents of the United States and much of Europe take for granted such as established systems of property rights, market intermediaries, consistent regulations, and employment agencies (Khanna and Palepu, 1997). Perhaps through positive spillovers multinational enterprises could help develop the background institutions of society that support the peaceful and efficient exchange of goods and services. This might be particularly important with respect to what DeGeorge (1993) calls constraining background institutions that limit corporate action such as a well-developed legal system that shows respect for human rights, unions, and investigative journalism.

While the interaction of businesses, governments, and other types of organizations holds the potential for positive spillovers, there is also the potential for negative spillovers. A multinational firm acting unethically, taking advantage of suppliers and customers, undermining local governments, and trying to subvert the rule of law, might result in negative spillovers and the promotion of conditions that are conducive to conflict. Through a lack of know-how and experience in dealing with complex societal issues in host countries where conflict is possible or likely, businesses might inadvertently operate in ways that could increase tensions (Banfield et al., 2005; Nelson, 2000).

The distribution of resources within a society can be a source of tension – particularly in societies with large income and wealth disparities. Business involvement and support for elites can add to social anxiety (Mair and Marti, 2007). Businesses often need the support of the elites within a society in order to secure the resources and legitimacy needed to operate. If the benefits of economic development (e.g., tax collections, administrative fees, philanthropic contributions) are not distributed in an equitable fashion, then the result can be an increase in tension and potentially conducive to conflict (Nelson, 2000). However, there is a limit to the influence, which businesses can have over how resources are ultimately distributed. In addition, it is often difficult to determine whether the resources provided by elites (e.g., land, labor) were secured from the less wealthy members of society through violent, unjust, or coercive means.

Another area of concern is the ability of businesses, (particularly large multinationals) to influence the political process locally and nationally (Rivera et al., 2009). Given the resources they provide to local governments (e.g., taxes and fees) and the resources they consume or produce (e.g., oil), it is not hard to imagine the potential influence of a large multinational operating in a developing country. Resource inequities create the potential for actions by multinationals to have a disproportional impact on policy issues that impact business interests and local communities (Korten, 1995). Business involvement in the political process without legitimacy and transparency can increase tension and distrust between governments, members of society, and business (Rivera et al., 2009).

Businesses cannot help but have an impact on a number of the factors that are associated with conflict and sustainable peace within a society or communities – even if they are not aware of their impact. Recognizing the potential implications of their actions on factors related to peace might encourage firms to shape their actions in such a way as to maximize positive spillovers and minimize negative spillovers. A discussion of the ideas of peace through commerce at the organizational level might make managers aware of the potential impacts of ordinary business behavior even if peace is not an express organizational goal.

Peace is advantageous for business

A central argument in the peace through commerce literature has been that there is a reciprocal relationship between business and peace (Fort and Schipani, 2004). Following Dwight Eisenhower's warning about the military–industrial complex, do not businesses profit from war? In order to be sure, a powerful sector of business does profit from war, but other sectors profit from peace and stability, not war and disruption. Tourism, telecommunications, finance, retail sales, and transportation are all often harmed by war, not benefited from it. Therefore, there is a practical incentive for businesses to see more peace and less war. It is more difficult for businesses (in general) to operate in areas where there is conflict and violence. Businesses rely on stable and efficient background institutions such as markets for goods and services, stable regulatory systems, and effective courts that enforce property rights (DeGeorge, 1993; Khanna and Palepu, 1999). Such background institutions are unlikely to operate properly (or exist at all) in areas of open conflict. For example, in Somalia, a country which has been ravaged by years of violent conflict, profiteers take advantage of the lack of an effective government and police force by appropriating public property and leasing it for private gain (Gettleman, 2007). Excluding the minority of businesses that profit from conflict and chaos, the creation of sustainable peace is in the best long-term interest of business overall (Nelson, 2000).

Assumptions of stability in traditional economic and management research might be unwarranted. As global markets develop for goods and services, firms are expanding into all corners of the world. The creation of sustainable peace might help businesses reduce their exposure to the political risk related to operating in conflict prone areas (Oetzel et al., 2007). In addition, the spread of sustainable peace might result in the creation of new markets in areas once off limits due to conflict. Companies operating in areas experiencing violent conflict face the potential for the loss of physical, financial, and human resources, and threats to their reputations and goodwill in regions where relationships tend to be very important (Nelson, 2000). For example, during a conflict, firm buildings, machinery, and supplies may be confiscated by governments or militia groups for military purposes (Tripathi, 2005). Beyond direct security costs and the suspension of production, businesses face the opportunity cost of funds related to lost investment opportunities (Nelson, 2000). The direct threat of violence to employees perhaps provides a very direct incentive for businesses to consider the idea of peace through commerce. For example, during the first half of 2007, over 100 oil workers were kidnapped by rival militant groups from various oil projects in Nigeria (O'Rourke, 2007). Kidnappings and violence directed toward oil companies operating in Nigeria has created dangerous working conditions for employees, increased the costs of production for oil companies, and reduced the quantity of oil produced. Businesses also potentially face litigation costs associated with conflict. Stakeholders have filed a number of suits in the United States under the Alien Tort Claims Act claiming corporate wrongdoing during conflicts by multinational companies operating in Burma (Tripathi, 2005) and Africa (Heil, 2002). Such cases, even if successfully defended, will likely have tremendous financial and reputational costs.

Businesses rely on relationships with stakeholders to create value and ultimately to survive (Freeman, 1984). These relationships can be severely strained by conflict situations. To the extent that stakeholder relationships are vital for business, a peaceful environment where stakeholder dialogue is possible is important as well. A key aspect of any stakeholder relationship built on trust is reputation. Businesses, particularly those operating in conflict-prone areas, need to maintain goodwill and legitimacy with various stakeholders (e.g., home and host governments, local communities, employees, financiers, suppliers, customers). Being associated with conflict can result in severe reputation costs for a firm (Nelson, 2000). This is especially the case in a global marketplace where highly organized and sophisticated stakeholder groups can use technology to expose corporate behavior (both good and bad) anywhere in the world to public scrutiny in real time. However, firms should also consider the potential reputational gains associated with taking a positive action to further sustainable peace.

Thus, the mechanism of peace through commerce creates a reinforcing cycle that is beneficial to business (an unexpected payoff for business) and the societies in which they operate (Fort and Schipani, 2004). To date, we lack comprehensive studies definitively demonstrating this payoff and the mechanisms through which it could be realized. But the argument has face validity and is consistent with other arguments in stakeholder and business ethics research.

Businesses face changing expectations

The expectations society has for businesses are constantly changing – especially for large multinational corporations. Consumers, regulators, and nongovernmental organizations are demanding changes in corporate behavior with respect to product characteristics, environmental sustainability, and ethical business practices (Vogel, 2006). There are also changing conceptions of the role corporations should play in society. With globalization and the rise in power of transnational corporations, there are new challenges and new roles for business that were previously thought to be the domain of nation states (Backer, 2005; Scherer et al., 2006; Waddock, 2005). For example, corporations and their industry groups are now frequently involved in the creation and implementation of social programs and environmental standards and various forms of self-regulation (Scherer et al., 2006, p. 506; Steelman and Rivera, 2006).

Regardless of their size or global reach, all firms need to obtain resources from the stakeholders in the various societies in which they operate (Pfeffer and Salancik 1978). As such they cannot be immune to the changing demands of these constituencies. Businesses that want resources from societies need to perform in ways that these societies find acceptable. In terms of ethical conduct and social actions toward stakeholders, the bar for business is constantly rising. Stakeholder demands for better working conditions for employees, reduced environmental impact associated with firm operations, and greater gender and racial diversity within businesses are constant. In addition, various corporate stakeholders have demanded improved corporate governance mechanisms that attempt to promote ethical behavior and eliminate corruption (e.g., the Sarbanes-Oxley Act of 2002). An interesting example is the call for businesses to become engaged in not only limiting their own direct impact on global warming but in reversing it. Because of the size of the issue, businesses are being asked by governments and nongovernmental organizations to take responsibility beyond any current legal mandate. In response to this call, business are responding with a variety of different political and policy actions (Kolk and Pinkse, 2007). A similar call for corporate responsibility beyond the requirements of the law came during the apartheid regime in South Africa (Lamb et al., 2005).

Businesses are also expected to respond to the differing demands of the stakeholders in the various parts of the world in which they operate. Different societies, cultures, and countries might have different understandings of what is acceptable business behavior (DeGeorge, 1993; Donaldson and Dunfee, 1999; Rivera et al., 2009). For example, a summary of research of corporate citizenship in Africa (Visser, 2006) notes that notions of corporate social responsibility (CSR) or corporate citizenship may be different in Africa in part due to the continent's colonial past and the issue of racism. There are also specific ethical issues business must face related to apartheid and post-apartheid reconciliation (Visser, 2005). The AIDS epidemic also creates challenges related to worker rights to healthcare in Africa (Visser et al., 2006). Companies operating in post-communist Europe might also face different perspectives on corporate behavior. In Poland, for example, many citizens distrust businesses and are wary of social programs conducted by private businesses. This is in part due to concerns related to the transfer of state controlled assets to private firms after the fall of the communist system (Lewicka-Strzalecka, 2006). McCarthy and Puffer (2008) argue that the values associated with commerce in a capitalistic society with well-developed background institutions (e.g., strong property rights) may be incompatible with traditional Russian values related to business that were developed under tsarist and socialist systems.

Despite differences in value systems and demands from stakeholders, there is movement toward global convergence on certain standards for business behavior. For example, Gregory (2006) notes the growing convergence on corporate governance standards and enforcement mechanisms (e.g., the use of transparency and disclosure as a regulator mechanism) in markets around the world. Much of this convergence has been driven by the development of global codes of conduct aimed at modifying corporate behavior. Governments, nongovernmental organizations, business, and other stakeholders have created dozens of codes of conduct (e.g., The OECD Guidelines for Multinational Enterprises, The CERES Principles, the Fair Labor Association: Workplace Code of Conduct) in the last three decades (Haufler, 2001; Leipziger, 2003). There are also efforts by the United Nations and other nongovernmental organizations to codify norms for transnational corporations – in part as a way to develop a structure of transnational regulation of business activities for entities beyond the reach of national regulation (Backer, 2005). An example of a growing global consensus is the near universal condemnation of bribery. The U.S. Foreign Corrupt Practice Act of 1977 (FCPA) outlawed the then common practice of the U.S. firms making questionable payments to foreign government officials and set off a global reconsideration of the practice. Subsequently the FCPA has been followed by the Organization for Economic Co-operation and Development (OECD) recommendations for eliminating bribery and the United Nations Convention Against Corruption which extended the condemnation of bribery globally (Ashforth et al., 2008, pp. 674–675).

As society's expectations for business are constantly changing, and in some areas (e.g., bribery) moving toward a global convergence, it is possible stakeholders will demand that business act in ways that have the potential to support peace. If societies around the world believe that businesses could play a positive role in creating sustainable peace it is not hard to imagine calls for such involvement. The thought of adding a new business ''responsibility'' for peace might make executives cringe. Businesses might be fearful that third parties might hold them accountable for the success or failure of their efforts with respect to creating sustainable peace even though any one business might realistically have little impact and control over many of the world's conflicts.

Instead of making business responsible for peace, the idea is to help businesses see the role that they can play in furthering peace – in creating more just and peaceful societies by starting with their own organization and the communities in which they work. To the extent that firms want to meet the changing demands of stakeholders there is an incentive for them to encourage managers and employees to engage in ethical business behaviors. The thought that ethical business behavior might lead to a reduction in violence in the world might encourage them to take these practices seriously. Besides the benefits to the firm (e.g., improved stakeholder relations, additional attention from socially responsible investment organizations), a side benefit of engaging in these ethical behaviors might be a contribution toward reducing violence in the world (Fort, 2007b).

How ethical business behavior might foster peace

The contributions business can make to foster peace

While some business ethicists may quarrel with the ways in which businesses produce their profits, few would deny that profitability is a central function of business. One of the clearest expositors of this argument is William Frederick who calls this function an ''economizing'' function of business. Business takes resources and converts them into usable products in a fashion not unlike metabolism and photosynthesis (Frederick, 1995). Profit is a measurement of the success of business efficiently conducting this work, and in doing this work, businesses produce jobs and economic development.

At the same time, studies by the World Bank and the United Nations demonstrate that poverty is clearly linked to violence. Two reasons given for this are that without economic development, the quest for basic subsistence can be so severe that violence may be the only way to secure it. Also, poverty-stricken countries tend to have large numbers of unemployed who are susceptible to the overtures of militants who want to challenge the status quo. In a more nuanced analysis, Collier (2003) has shown that one of the best predictors for a civil war is if the main export product of a country is an undifferentiated commodity. Thus, to the extent that businesses can differentiate the economic profile of a country beyond extraction, they move the country away from a trait correlated to violence.

Countries with commitment to rule of law also tend to be less violent, especially with respect to issues of corruption. Studies show that those countries that are the most corrupt are also the countries that are most prone to resolve disputes occurring within the country by violence (Fort and Schipani, 2003). Similar studies show benefits to peace of protection of contract rights, property rights, and promotion of dispute-resolution mechanisms. Few ethics scholars will dispute that obeying the law is a good idea, unless that law is itself clearly unjust. Indeed, many of the ''ethical scandals'' during the last 10 years have been examples of breaches of the law. Writing in the *New York Times*, Prentice (2002), a business law professor at the University of Texas, argued that the Exxons and the Worldcoms of the world did not demonstrate the need for ethics training as much as they demonstrated a clear disregard for the laws already in place.

Therefore, economic development, an ethical and business good, correlates with peace as does another ethical and social good, obeying the law. The third connection between attributes of peaceful societies and business ethics is in the conception of community. There are two aspects of this, both connected to peace. The first is conventional CSR or corporate citizenship. To what extent are companies environmentally responsible and culturally sensitive to their host communities? The U.S. Secretary of State's Award for Corporate Excellence recognizes the U.S. companies whose work abroad is so beneficial that it improves diplomatic relations between the United States and the host country. Corporate social responsibility behaviors are regularly practiced in these examples, and it is common sense that they would improve respectful relationships.

Perhaps of more interest is the way that companies themselves are constructed as companies themselves. Fort and Schipani (2004), drawing on Fort's (2001) study on the ethical reasons businesses should be structured as ''mediating institutions,'' note the overlap between characteristics of nonviolent societies and ethical business organizations. The anthropological research of peaceful societies insists that a central attribute is to have regular face-to-face interaction among people in the organization and voice for all members. If an organization is large, people lose a sense of relational connection with others and their behavior becomes less accountable. Hierarchy and obedience to rules, often not understood, replace essential human interaction in large organizations and in such instances, as Kelly (2000) argues, individuals become caricatures rather than humans and even then, more easy to demonize and to attack.

This argument was central to Fort's study on businesses optimally being mediating institutions. To the extent that businesses become too large or, if large, do not consciously allow for sub-groupings so that individuals can find a sense of community correlating to their neurobiological limits for processing human relationships, they lose their empathic concern for others and with that, the importance of their own ethical actions (Fort, 2001). A central reason for this is the importance of voice, a key aspect of democracy also often cited as being connected to sustainable peace. Similarly, gender equity is correlated with peace. In short, central aspects commonly recommended for ethical business communities (e.g., sizes that enhance community, voice, gender equity, human rights) correlate with attributes of nonviolent societies. The argument is that if peace is a goal and if we have some knowledge of the attributes of societies that lead to peace rather than to war, we then have some models of what kinds of practices might be adopted to foster a business contribution to peace as well. Thus, to make the argument of how business contributes to peace, one does not have to choose the "right" philosophical approach. One simply needs to replicate the attributes associated with peace. Serendipitously, those attributes correlate quite well with the recommendations often made by business ethicists of how businesses should behave. These behaviors come from a variety of philosophical points of view; by placing them in the service of the aspiration goal of peace, what becomes clear is that there is another reason for businesses to consider being ethical: it makes bloodshed less likely. A more mindful pursuit of ethical behavior, drawn from many different sources well known in the field already, is more likely to produce peace. Fort's argument thus is that businesses do not need to make wholesale changes in what their purposes are; it is simply that by realizing that ethical business can make a powerful difference (reducing likelihood of violence), business leaders may more seriously follow the ethical practices they already know they should adopt.

To date, the primary set of recommendations that have been offered for how business can contribute to peace have been as follows: (1) fostering economic development, (2) adopting principles of external valuation and obeying the rule of law, (3) contributing to a sense of community, (4) engaging in track-two diplomacy, and (5) engaging in conflict sensitive practices and risk assessment. We now discuss each of these areas in more detail, reviewing specific research streams and literatures in each category (see Table I for a summary of some of this research).

Fostering economic development

Empirical studies have shown that there is a significant association between economic growth and development and the reduction of violent conflict (Rogers and Ramsbotham, 1999; Stewart, 2002). Economic growth has the potential to increase the standard of living of individuals, to enhance business opportunities for foreign and local firms, and to contribute to long-term peace and stability in a country. Although the causal relationship between development and peace is likely to be multidirectional, economic factors are considered to be root causes of many of the violent conflicts in the world (Humphfreys, 2003; Rogers and Ramsbotham, 1999; Stewart, 2002). For this reason, improving economic conditions and economic freedoms are considered critical to long-term peace and stability (Fort and Schipani, 2004; Humphfreys, 2003; Rogers and Ramsbotham, 1999; Sen, 1999; Stewart, 2002).

Promoting economic development remains a difficult and challenging goal since development is not simply a matter of increasing business activity or raising per capita incomes in a country. As Sen (1999) has argued, poverty is largely a function of capability deprivation and the lack of economic freedom rather than the result of low incomes. By capability deprivation, Sen (1999, p. 87) refers to deprivations in skills, education, access to the market, labor mobility, freedom to work, etc., which are intrinsically important (unlike low income, which he argues, is only instrumentally significant) to sustainable development. Inequalities in resources, economic opportunities, and the freedom to participate in the market not only fuel violent conflict but also perpetuate the cycle of poverty.

Assuming then that increasing economic development in underdeveloped regions is critical to peace and stability, how can businesses contribute to economic development? The case of Northern Ireland offers one example where collaboration among businesses served as a catalyst for positive change. In 1994, companies in the Northern Ireland Confederation of British Industry (CBI) published an article called ''Peace – A Challenging New Era,'' (later called the peace dividend paper) that became a watershed event in the peace process. In this document, the CBI proposed the importance of peace for the business community, arguing that the conflict in Northern Ireland had led to increased security costs for the private sector, a commercial image problem that affected foreign investment and tourism to the region (Banfield et al., 2006, p. 439). According to the CBI, the conflict also led to the ''emigration of some of Northern Ireland's brightest young people, including many would-be entrepreneurs'' (Banfield et al., 2006, p. 439). The CBI further argued that if the violence ended in Northern Ireland, the more than $1.4 billion spent on law, order and protective services could be reinvested in other sectors (Banfield et al., 2006, p. 439).

In a real-world test of the peace dividend thesis, a ceasefire agreement was reached in August 1994 resulting in a period of nonviolence where tourism rose 20% in a year and unemployment dropped to 11.5%, its lowest level in 14 years (Banfield et al., 2006). Over the following six months, ''$48 million in new investment ventures were announced'' (Banfield et al., 2006, p. 439). ''In 1996, two years after the peace dividend paper was published, the CBI joined with six other trade and business organizations to create the Group of Seven (GoS). The GoS included the CBI, the Hotel Federation, the Institute of Directors, the Northern Ireland Chamber of Commerce and Industry, the Northern Ireland Growth Challenge, the Northern Ireland Economic Council and the Northern Ireland Committee of the Irish Congress of Trade Unions'' (Banfield et al., 2006, p. 439).

The case of Northern Ireland not only illustrates the relationship between economic development and peace and stability, but also demonstrates the power that actors outside the government can play in promoting peace. Businesses can provide powerful incentives for persuading parties to a conflict to come to the negotiating table. By demonstrating the shared economic costs of continuing a conflict as well as the shared benefits of reaching a peace agreement, businesses can motivate those involved in the conflict to seek mutually beneficial resolution to their dispute. In the case of Northern Ireland, the benefits resulting from peace were substantial. ''By 2001, as peace was taking hold,'' the unemployment rate was ''down to 6.2%, reaching a record low of 4.6% in 2005'' (Banfield et al., 2006, p. 443). This compares with a 17.2% unemployment rate during the ''Troubles,'' one of the most violent periods in the Northern Ireland conflict (Banfield et al., 2006, p. 442).

In addition to demonstrating the costs of the conflict and the benefits of peace, businesses can promote economic development, peace, and stability in a variety of ways. One of the most basic contributions that businesses can make to promote peace is through their normal business operations (Fort and Schipani, 2004). To the extent that poverty contributes to conditions of conflict, businesses that provide jobs, local investment, and positive economic spillovers more broadly, may indirectly stave off political unrest and violence. Individuals who are gainfully employed have a vested interest in maintaining peace and stability in the country where they work. In contrast, those who are unemployed may be more likely to join armed conflicts.

The private sector can also assist in building and transferring capabilities and skills to individuals in the communities where they operate (Oetzel and Doh, 2009). This can happen in a variety of ways including through partnerships with NGOs, employee training, and philanthropic work in the community. Businesses have an instrumental incentive to build capabilities in the countries where they operate since they need an educated and skilled workforce from which to hire employees and to source needed supplies. Aside from this short-term benefit to businesses, raising the skill and capability levels in a community can also provide greater economic freedom and opportunity for people. This, in turn, may raise the value and likelihood of peace and stability since people with economic opportunities have more to lose if conflict arises.

While there is certainly a rationale for business involvement in promoting economic development and peace, the theoretical treatment of this issue in the management literature is relatively underdeveloped. Until recently, the conceptualization of the role of business in development is that businesses' impact on economic development is generally seen as a by-product, or spillover effect, of normal business activities rather than an intended or conscious strategic objective (Oetzel and Doh, 2009). Only in the last 5 years or so have scholars in management begun to focus greater attention on the business sector's potential for promoting business and economic development and to suggest strategies for how multinational firms could purposefully promote development in countries where they do business (Buckley and Ghauri, 2004; Fort, 2007b, 2008; Fort and Schipani, 2007; Oetzel and Doh, 2009; Oetzel et al., 2007; Teegen et al., 2004). There is ample opportunity for management scholars to extend the existing study on the role of business in promoting development and fostering peace.

Adopting principles of external valuation

According to scholars across the fields of management and economic development, mutual trust between trading partners is a necessary condition for a market economy to thrive and grow (Fort, 2007a; Sen, 1999, p. 263). Trust between trading partners is facilitated by increased transparency in economic transactions and through the creation and support of key institutions that support the market economy in a country (Fort, 2007a; Fort and Schipani, 2007). Fort (2007a) refers to this as the establishment of hard trust. Hard trust is built through coercive institutions and institutional pressures that involve the enactment of standards, regulations, and laws that enhance trust in business. In order to be effective, mechanisms must be in place to ensure that these laws and regulations will be properly enforced and compliance can be verified. This is critical because without the coercive pressure of the law, there is little reason to believe that business will be self-regulating (Fort, 2007a, p. 155; United States Institute of Peace, 2007).

A study of entrepreneurship in Colombia illustrates the importance of hard trust for promotion development and supporting business. In an examination of the impact of political turmoil on the survival of 730 Colombian entrepreneurial ventures from 1997 to 2001, researchers (Sine and Shiatt, 2008) discovered that in areas of high political turmoil and violence, entrepreneurs had a difficult time obtaining capital. The authors also found that increased instability and violence led firms to increase business planning. Over time, this increased planning tended to create rigidities and organizational inertia as plans tended to become locked-in (Sine and Shiatt, 2008). The authors conclude by underscoring the important role of the state in effectively maintaining order, protecting personal safety, and thereby creating environments that support entrepreneurial activity (Sine and Shiatt, 2008).

Enhancing the credibility and quality of the rule of law in a country is closely tied to reducing corruption and social and political conflict (Fort, 2007a). Of particular concern is government transparency that is aimed at minimizing corruption and enhancing the rule of law (Fort, 2007a). One company or individual working alone, particularly one that is relatively small in economic size and influence, is unlikely to have a dramatic impact on reducing corruption and promoting greater transparency in a country. Companies can work with other firms and organizations to limit corruption in their sphere of influence and support efforts to reduce corruption and enforce anti-bribery laws. Since research has demonstrated a correlation between high levels of corruption in a country and violent conflict (Fort and Schipani, 2004), contributions such as these can have a substantial impact on the general environment of business and the promotion of peace.

One of the principal challenges associated with minimizing corruption and increasing transparency is that collective action is required to create change. Recognizing this challenge, researchers have identified international codes of conduct as one mechanism for generating positive social change (Getz, 1990; Kolk and van Tulder, 2002; van Tulder and Kolk, 2001). This research, rooted in the ethics and CSR literatures, involves "any agreements, declarations, or guidelines proposed or published by an international organization which make recommendations or rules about the behavior of MNEs" (Getz, 1990, p. 569). Codes of conduct may be applied to a range of multinational activities. For example, codes of conduct may suggest labor standards related to the use of child labor (Kolk and van Tulder, 2002), environmental standards (Nash and Ehrenfeld, 1997; Steelman and Rivera, 2006), health and safety issues related to individual products (Steelman and Rivera, 2006), and global issues such as the protection of human rights (Emmelhainz and Adams, 1999). The credibility of codes of conduct depends on three main factors that are consistent with the notion of hard trust. The number and size of the governments that have adopted them or the companies that have subscribed to them, the nature of the substantive provisions of the code, and the quality of the monitoring mechanisms used to enforce firm compliance with the codes (Rivera and deLeon, 2008).

In the absence of third-party verification, or a global governance mechanism for monitoring firm compliance, the potential for voluntary codes of conduct to succeed is questionable. Research has shown that voluntary environmental programs, for instance, are not effective without third-party certification of performance (Rivera and deLeon, 2008). Multinational business activities and international agreements on business practices clearly extend beyond the jurisdiction of any one country's border. As such, an international monitoring mechanism is necessary to establish firm compliance with global agreements. Designing such a system that could be agreeable to the majority of countries in the global system would arguably be a Herculean task. Currently, there are no easy solutions to the regulatory vacuum in global governance.

Contributing to a sense of community

Businesses that contribute to a sense of community are essentially building real trust between themselves and their stakeholders. For real trust to take hold, the firm must go beyond rhetoric and mere compliance with laws and regulations. Real trust is built on the notion that moral values make business sense and that there is a social interest in business acting properly (Fort, 2007a, p. 165). The scholarly research on CSR captures the idea of real trust and recognizes that the firm does not operate in isolation of other groups in society. The firm is part of a closely connected community that includes the schools that educate its employees and employees' children, the healthcare industry, the law enforcement community, the government, including its role in providing basic infrastructure and access to utility services, among many others.

The incentive for firms to build real trust may be driven by instrumental, relational, and/or moral motives (Aguilera et al., 2007; Fort, 2007a). Instrumental rationales for engaging in CSR tend to focus on the financial incentives or other self-interested reasons for doing so. Aguilera et al. (2007) suggests that firms will follow CSR policies when ''CSR initiatives are directly related to greater competitiveness of the firm, as in the case of protecting corporate reputation'' (Aguilera et al., 2007, p. 845). By engaging in CSR, firms may achieve greater competitiveness because of cost savings, differentiation advantage, or because of a desire to address stakeholder pressure (Aguilera et al., 2007; Davies et al., 2003; Freeman and McVea, 2001; Logsdon and Wood, 2002). Firms may adopt conflict reduction strategies or CSR policies more broadly as a way of minimizing and/or managing firm risk; both financial and reputational (Aguilera et al., 2007; Oetzel et al., 2007).

Businesses with relational motivations are concerned about other organizations in their stakeholder network (Aguilera et al., 2007; Freeman, 1984). Pressure from consumers, employees, NGOs, or other firm stakeholders may motivate businesses to work toward peace in countries where they operate. To the extent that the firm's efforts to build peace foster a stable business environment and long-term investment options, shareholders can also benefit. There is also increasing awareness that firms, particularly foreign firms, must have a ''social license'' to operate in a region or country (Gunningham et al., 2003). A firm's social license may be a function of its perceived (and real) compliance with industry norms and regulations. Efforts to promote peace may enhance a firm's reputation and confer its social license to operate.

Firms may be motivated by moral imperatives to work toward peace in countries where they operate (Aguilera et al., 2007; Getz and Ladek, 2006). Getz and Ladek (2006) argue that businesses may have an obligation to engage in violent conflict resolution in situations where business may have contributed to or benefited from the conditions that lead to conflict. The moral obligation to respond is particularly acute when businesses have the capacity, opportunity (e.g., timing, geographic proximity, etc.), and resources. When capacity exists or can be developed and business has a moral rationale for engagement, then business has a moral obligation to become engaged in responding to violent conflict (Getz and Ladek, 2006).

Thus, there are multiple corporate citizenship kinds of contributions that corporations may be able to make in the communities in which they operate. Another set of reasons for business to have an impact on peace relates to the kind of community the corporation itself is. Drawing upon evidence related to democracy – and specifically the aspect of voice that characterizes democracy, Gretchen Spreitzer has demonstrated empirical connections between voice-protected workplaces and more social harmony (Spreitzer, 2007). Along similar lines, Dworkin and Schipani (2007) have argued that because of evidence demonstrating correlations between gender equity and nonviolence, corporations can have an impact on peace to the extent that their internal policies similarly promote gender equity or at least protect women from harassing situations (Dworkin and Schipani, 2007). To the extent that organizational structure replicates ''mediating structures,'' anthropologists such as Fabbro (1978) and Kelly (2000) suggest that such face-to-face interactions also seems to be correlated with attitudes that make violence harder to commit (Fort and Schipani, 2004).

Engaging in track-two diplomacy

While most of the literature relating to peace through commerce concerns how business can make positive social and economic contributions to society through normal business operations, some corporations have gone beyond these types of efforts and engaged in track-two diplomatic efforts (Montville, 1992). Scholars from political science, international business, and management, among others, have noted that at times corporations can play a mediating role between groups in conflict (Fort, 2007a; Fort and Schipani, 2007, p. 367; Galtung, 1996; Miall et al., 1999; Montville, 1992; Oetzel et al., 2007). Firms that are able to serve as credible brokers can be official actors with the political space and flexibility necessary to take steps toward resolving their conflict (Fort, 2007a; Williamson, 1983).

The track-two diplomatic efforts to resolve the conflict between the ruling National Party and the African National Congress (ANC) in South Africa illustrate the valuable role that non-state actors can have in resolving conflict. After growing concern about the increasing political risks facing businesses in South Africa, not the least of which was the cutoff of international capital in response to the government's repressive tactics in response to the township uprisings, four business executives, five high ranking ANC leaders, and several journalists agreed to meet to further conflict resolution by improving understanding and relationships between groups (Lieberfeld, 2002). According to research on this case (Lieberfeld, 2002), track-two functions changed the political risks and rewards in South Africa by legitimating the negotiation option, breaking the taboo on talks with the enemy, building latent support for official talks, and stimulating pro-negotiation NGOs and political parties. The South African case illustrates the utility and perhaps the necessity of an expansive civil society for effective track-two diplomacy. Unofficial initiatives are successful in so far as they contribute to changes in the political cultures on each side in ways that make the parties more receptive to negotiation.

Researchers offering a framework for conceptualizing how firms can respond to violent conflict in countries where they operate suggest that companies can work unilaterally or in collaboration with other organizations to address these issues, and can target their efforts to have a direct or indirect impact on the conflict (Oetzel et al., 2007). Framing a firm's strategic options in this way reveals the wide array of possible interventions. For example, companies can work alone to directly reduce conflict by bringing the parties to the conflict to the negotiating table. In general, only large firms with substantial economic power and political influence are likely to adopt such tactics. For small firms with less economic and political influence, collaborating with other organizations to directly impact violence, or the potential for violence, may be a more viable approach.

One way that businesses can promote peace through collaborative efforts is through participation in global multilateral agreements (GMAs). GMAs are generally voluntary agreements designed to address how business is conducted in an industry and how products are made. For example, the Kimberley Process is designed to eliminate the trade in so-called conflict diamonds. In diamond-rich countries facing violence and civil war, profits from diamond sales can be used to fund the conflict. Eliminating the diamond trade from these countries can dramatically eliminate the amount of funds available to sustain a conflict. Firms may also modify their human resource policies so that hiring practices do not exacerbate existing religious, ethnic, or racial tensions and that manifestations of these tensions in the workforce are effectively managed.

A growing body of research has focused on the increasingly important role that NGOs are playing in countries around the world, and more specifically on MNE–NGO partnerships formed to achieve mutual objectives (Bornstein, 2004; Doh and Teegen, 2003; Oetzel and Doh, 2009; Teegen et al., 2004). Private sector–NGO partnerships can provide each type of organization with complementary skills, competencies, and capabilities (Oetzel and Doh, 2009). NGOs provide opportunities for firms to achieve the necessary legitimacy and social contacts needed to engage in social change and peace building (Oetzel and Doh, 2009; Westley and Vredenburg, 1991). For their part, private sector organizations can provide the management expertise, access to capital, international business networks (particularly in the case of MNEs), and other resources that NGOs may lack.

Engaging in conflict-sensitive practices and risk assessment

By virtue of their presence, even with policies of neutrality or noninterference in political issues, corporations located in areas of conflict or potential conflict have an impact and change the environment on the ground (O'Neill, 2008). Corporations can inadvertently contribute to tensions on the ground, for example, through the impact of the distribution of resources and employment to some groups and not others, or through the legitimization impact of choosing to work with certain community leaders over others (Anderson, 2008). Because of this, scholars, NGOs, businesses, and international organizations have been working together to develop guidelines and tools for corporations working in potential conflict zones to improve their assessment of risks and analysis of tensions contributing to hostilities, in order for corporations to better manage their impact in a way to reduce, rather than exacerbate, conflict.

As one early example, the United Nations Global Compact developed its Business Guide to Conflict Impact Assessment and Risk Management (2002). It provides a list of questions for businesses to ask during the pre-investment and pre-operational stage, as well as the operational stage. It also provides a stakeholder analysis tool which includes suggestions for identifying and engaging key stakeholders. The four impact areas addressed are Human Rights, International Humanitarian Law, Labor, and the Environment.

Because the UN Global Compact's guide was a general risk assessment tool rather than a detailed manual to guide managers in the field as well as at corporate headquarters, the Conflict Sensitive Business Practice (CSBP) was developed as a manual to provide guidance for extractive industries (International Alert, 2005). The extractive industries are particularly relevant when the role of business in conflict areas is discussed, not only because of the location of much of the remaining untapped natural resources in weak governance zones, but also because of the enormous scope of the investments, operations, and technology as well as the long timespan involved in tapping those resources (O'Neill, 2008). The CSBP has three parts: (1) a Screening Tool that takes corporate managers through a 2-week desk-based research process to deliver final results in a simple matrix form to guide investment decisions as well as further in-depth analysis; (2) the Macro Risk and Impact Assessment tool that takes corporate managers about 3 months to complete, integrating desk-based research along with interdepartmental brainstorming and limited stakeholder consultations; and finally, (3) the Project-Level Risk and Impact Assessment, which involves corporate as well as field managers in a 12–24-month process conducting comprehensive analyses of conflict dynamics and thorough stakeholder consultations. The benefit of completing the entire CSBP is to provide the company with the full picture of how it heightens or decreases its risk in the country along with providing a "social license" to operate (Guaqueta, 2008).

International Alert tested the CSBP in a pilot project in Colombia in 2005–2006 with Cerrejon, the largest open-pit coal mine in Latin America, OxyCol, the Colombian subsidiary of Occidental Petroleum, Ecopetrol, the Colombian state-owned oil company, and Fundacion Ideas para la Paz, a local peace NGO (Guaqueta, 2008). Such cooperation between business, government, and NGOs may have been quite rare until recently. However, the companies were willing to enter into this pilot because of (1) the increasing international attention that extraction industry operations had received, including in the U.S. courts under the Alien Torts Claims Act; (2) the prior problems in Colombia with extortion and attacks; (3) previous issues with public/private security forces; (4) legal and environmental risks; and (5) the impact on corporate reputation given the raising standards for CSR. The CSBP process ended up helping the companies understand more fully the impact of their operations on the root causes of conflict and the potential to promote peace, as well as finding ways to control the risks inherent in operating in a conflict zone. It also ended up changing the way the businesses thought about violent conflicts from considering them to be mainly security incidents to be handled confidentially by security departments staffed by former military, to understanding them as dynamic struggles over power and economics, requiring interdisciplinary and interdepartmental social, political, and economic analysis (Guaqueta, 2008).

The Colombian case example above the power that companies can have to manage their impacts on conflict zones using risk assessment and conflict analysis tools. More study is currently being undertaken by academics, IGOs, NGOs, and businesses to develop specific tools applicable to other industries. While it may be too early to assess empirically the success of such conflict-sensitive business practices in promoting peace or reducing conflict on a macro level, there is ample opportunity for management scholars to analyze other case study examples where businesses in conflict zones are managing their risks and impacts.

Future directions

The concepts outlined in this article suggest a broad research agenda that may include several streams of inquiry, In order to begin with, although our focus has been on business actions that may foster peace, we recognize (and discussed earlier) that business can contribute to, and financially benefit from, conflict. What mechanisms are available to prevent or stop businesses from contributing to conflict? Would conflict-sensitive business practice evolve into voluntary industry standards, or would it be necessary to mandate such behavior? If regulation is the most important tool, should a supranational body like the World Trade Organization then adopt and enforce such standards and how would that work in practice? What can we learn from the ethics research about how to address this challenge? Other legal mechanisms, such as greater enforcement of the Alien Tort Claims Act, may be more appropriate and/or effective.

Another important avenue for future research is to investigate the ethical and contextual factors that may affect businesses' willingness and ability to contribute to peace. It has been well documented that managerial beliefs and values affect the types of strategies and practices that they adopt (Hambrick and Mason, 1984; Wiersema and Bantel, 1992). How do different ethical beliefs and approaches affect the likelihood that managers will engage in peace-building efforts? In terms of contextual factors, the country context may influence a firm's ability to engage in peace building. Researchers can examine how changes in the level and/or type of peace through commerce strategies are associated with country and regional context variables such as levels of democracy, policy network style, wealth per-capita, level of state intervention in the economy, ethnic and religious diversity, and geographic location. The characteristics of the conflict such as the conflict's duration and intensity are also likely to influence firm responses (Getz and Oetzel, 2009).

Next, to the extent that businesses are engaged in activities aimed at promoting peace, it is crucial to understand which strategies and tactics are effective at doing so and under what conditions. Well-intentioned firms may adopt practices that are ineffective at achieving their objective or worse, have unexpected negative consequences on the communities and countries in which they operate. Research on business and the natural environment, for example, has tended to show that firms with the lowest environmental performance will be the most likely to participate in voluntary environmental programs (Rivera and de-Leon, 2004). For this reason, simply recommending that firms adopt codes of conduct or engage in conflict-sensitive businesses practices is not sufficient to ensure that these actions will have a positive effect.

There is also the question of whether or not firm efforts to address conflict and promote peace create financial or reputational benefits for the firm, or other tangible or intangible benefits. The motivation of some managers may depend upon such a relationship. Corporate environmental and social responsibility scholars have addressed related issues extensively exploring the associations between firm actions, environmental/social performance, and firm profitability. Findings, particularly regarding the relationship between these strategies and firm profitability still vary widely with some strategies showing a positive relationship and others finding no relationship at all (Margolis and Walsh, 2003). To date, there have been no studies, to our knowledge, analyzing corporate efforts to reduce violent conflict.

Yet another area for future research is to better understand that firm-level factors that influence which companies are more (or less) likely to engage in peace through commerce efforts. Initial empirical studies can focus on how the level of corporate peace through commerce activities is linked to variations in basic firms' characteristics such as, size, ownership, industry, nationality, multinational scope, financial indicators, R&D budget, and top management team qualities, and composition. A related question here involves identifying how these firms' characteristics are associated with the adoption of specific types of peace through commerce strategies.

The research in business and peace presents opportunities for greater theoretical contributions regarding how and why firms might engage. Peace has long been a central concern of ethics, but there are multiple definitional issues that should be clarified. Whether a business should be admired for aspirationally aspiring to peace or whether businesses have a duty to pursue it has been almost entirely unaddressed to date. The authors hope that this article will spur business ethicists to address these and other related questions. One could, indeed it would be a fruitful research effort to develop, sketch how and which ethical frameworks seem to be more conducive to peace than others. For now, however, it is simply worth noting that it would be surprising to hear business ethicists complain about a business that was (a) profitable, (b) followed the rule of law, (c) was a respectful corporate citizen, and (d) constructed its organization to foster voice, egalitarianism, gender equity, and community. These traits also characterize peaceful societies and so, by aiming for peace, these ethical practices become even more important. This is so central to the argument made by Fort and others that it is worth expanding beyond these scholars to consider the management implications of these approaches further.

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