

„You can think about corporate social responsibility in conflict zones as CSR+”

Interview with Diana Klein
International Alert

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CSR WeltWeit: International Alert has been one of the first NGOs to take up the Business and Conflict issue. What was the initial reason why the issue gained importance and finally international public attention?

Diana Klein: What we call ‘peacebuilding,’ is an interdisciplinary field, combining many different approaches, and working with a multitude of actors, in order to maximise a positive impact. International Alert had recognised the importance of economic



actors both in conflict and in peace some time ago and began to raise awareness on the issue. Other actors, primarily human rights organisations are also concerned with the issue, especially the often negative impact of large corporations in particular conflict contexts, as well as the role of natural resources exploitation and revenue management in fuelling conflict. At the same time, the 90s saw a ‘boom’ in peace processes, bringing up the question of potential positive role of businesses in peace.

CSR WeltWeit: What are International Alert’s priorities in this field?

Diana Klein: We work with a wide range of economic actors from small enterprise owners to CEOs of multinational corporations, to help them ensure their business operations do not fuel conflict, and can contribute to building peace. Our priorities reflect the priorities of people affected by a particular conflict, which we try to match to our potential and to our resources. For instance, in the Caucasus, SMEs (small & medium sized enterprises) have a great potential to contribute to peace through cooperation across the conflict divide, hence our priority there is to support businesspeople trading with each other. In Sri Lanka, many business people are familiar with corporate social responsibility (CSR) - but they do not necessarily think about how their activities may exacerbate existing conflicts, or create new ones. So we work with businesspeople to develop models of CSR that will increase the positive impact of business on peace. In Colombia, our priority is to work with the extractive sector (oil, mining & gas), assisting corporations in reducing their negative impact on the

conflict. These are just a few examples to show that the scope and scale of our work with economic actors depends on each particular conflict context.

CSR WeltWeit: In what way can or should companies that operate in conflict zones contribute to the promotion of peace? Does the size, type or branch of a company make a difference in how companies implement a conflict sensitive approach? For example, do you notice that the approach of small and medium sized enterprises differs from that of global players?

Diana Klein: These are two questions really. There are those who argue that companies have no responsibility to promote peace, given that the business of business is business. We recognise that the primary aim of businesses is profit; however making profit in a conflict-affected environment is different, and often difficult. Whether a company is small or large, its mere presence and operations will have an impact. Companies should at the minimum reduce the negative impact they are having on the conflict, i.e. 'do no harm.' This they can do by better understanding the context; how it affects them; and how they affect it in turn.

Whether and how companies actually can contribute to peace is another matter. We believe that there rarely ever are situations in which companies won't be able to contribute to peace in some way. For instance a small business caught up in an active warfare, induced by a geopolitical situation- there is very little such a business could do, apart from adaptation, closing down, scaling down...But even in these instances, even very minimal functioning economy can create a pocket of stability, help people cope with conflict and keep their livelihoods, and given them hope. Importantly, licit, stable and responsible business activity can serve as an encouraging example to others.

CSR WeltWeit: Is corporate responsibility in conflict zones to be interpreted differently from that in peaceful circumstances?

Diana Klein: Yes. You can think about this as 'CSR+': on the one hand, corporate responsibility itself can be a contribution to peacebuilding: for example, in conflict-affected countries where labour relations are difficult and tensions between workers and entrepreneurs feed into the wider conflict (as is the case in Colombia for example), providing decent work conditions, respecting labour rights and promoting peaceful dispute resolution within one's company can in themselves help tackle this conflict issue.

In addition however, if corporate responsibility is a company's way of responding proactively to environmental, social, economic and political challenges in the communities and societies where they operate, then violent conflict throws up a whole host of challenges companies do not have to face in peaceful circumstances: communities may be estranged by war, and the workplace may be one of the few places where they meet and interact peacefully, if this is encouraged in the right way by a company. War may have injured and maimed many, so disability may be more of a challenge for employees than in peaceful situations; and so on.

CSR WeltWeit: The importance of cooperation between state, economy and civil society is emphasized especially regarding efforts to create sustainable peace. To what extent do these different actors complement each other? Can you name an example that you find especially noteworthy in this regard?

Diana Klein: Ideally the actions of these three would complement each other, as each brings unique capacities and strengths to the table. In reality, in many conflict affected and conflict prone countries, there is a great deal of animosity either between civil society and government, civil society actors and businesses; or all three. This mistrust may have been brought about by the wider conflict itself. One laudable effort, in a very complex context is the example of the Colombia Guidelines Initiative. This initiative brings together large corporations active in Colombia, civil society organisations – many of them very critical and often oppose the companies' actions – and government, in an effort to improve the conduct of companies in areas where the rule of law is weak and insecurity high. The initiative focuses in particular on companies' practices in employing private security providers, or cooperating with public security forces. This is an area where human rights violations frequently occur, and where companies risk becoming complicit in others' misconduct (see www.redflags.info for more details).

CSR WeltWeit: How can conflict-sensitive business practices help avoid negative impacts of companies on conflict, and maybe also reduce the costs that conflict creates for companies?

Diana Klein: These are two sides of the same coin. If the company recognises and subsequently reduces its negative impact on the conflict, after some time, the violence in the area may subside, in turn reducing the transaction costs that the particular company previously had. Often such costs incurred by operating in a conflict environment are seen as 'sunken costs', simply absorbed and not spelled out. It may be a taboo to talk about them, or employees may think 'this is how you have to do business around here.' This also includes

indirect costs as well, for example opportunity costs, slowed growth rates, disrupted supply chains and markets, loss of consumers.

Conflict-sensitive business practice will help first and foremost to understand the situation the particular company is in- analysing risks and impacts of the conflict on the company and of the company on the conflict context, which is many times overlooked. This will help companies design mitigating measures that can minimise the negative, and maximise the positive impacts.

CSR WeltWeit: If a company wants to adopt a conflict-sensitive approach, what are the most important steps in this process? Are there, from your experience, typical difficulties that every company will have to deal with, and if so, how can they be overcome?

Diana Klein: Understanding is the first step. The second is acting upon that understanding. And the third one is doing it all over again, since conflicts are very dynamic and it is vital that the company has procedures and mechanisms in place that will help it to renew its understanding periodically and to adjust its activities. In being conflict-sensitive, a company needs to adopt certain ways of working: open and transparent dialogue with communities and other stakeholders; seeking to 'do no harm' in the first instance; and willingness to change practice fundamentally, as opposed to a PR exercise, or a temporary measure.

The most typical difficulties are: first, making the business case for conflict-sensitivity. While we have been presenting the business case on a global level and many company people we interact with see the logic and the rationale; the financial benefits of peace, i.e. 'peace dividends' are not that obvious and rarely ever immediate. Company personnel is diverse (engineers, lawyers, economists, etc...) and people are incentivised to make a profit, not to be sensitive to dynamics some feel lie outside a company's remit. Ultimately people's performance is measured in financial terms and if they cannot make the business case with their superiors, conflict-sensitivity gets sidelined or it will not be adopted by the company at all.

Second, a shift in mindset: move from viewing conflict merely as a 'political risk' and something to shield from as much as possible, to taking a good hard look at one's own operations and understanding that company-conflict relations are a two-way street.

Third, adequate resources, expertise, time and partnerships: conflict-sensitivity requires all these. Building partnerships can be difficult, time-consuming and frustrating at times, but it

pays off as no one company will have all the required expertise in-house to be conflict-sensitive. If a company makes the decision to integrate conflict-sensitivity in its operations, this needs to be reflected in its strategy, its budget and its staffing.

CSR WeltWeit: If a company wants to learn more about adopting a conflict-sensitive approach, who would you recommend to contact and what are useful sources of information?

Diana Klein: There is a vast amount of local and international organisations that work to address conflict and build peace, so the best place to start is directories where you can find an organisation in your area (try <http://www.eplo.org/index.php?id=45> or <http://www.gppac.net/page.php?id=1481>).

In addition, websites of the following global initiatives will offer more information about conduct of business in conflict situations:

The UN Global Compact www.unglobalcompact.org

Voluntary Principles on Security and Human Rights www.voluntaryprinciples.org

Kimberley Process www.kimberleyprocess.com

Extractive Industry Transparency Initiative EITI <http://eitransparency.org>

Red Flags www.redflags.info

International Alert www.international-alert.org

About Diana Klein

Diana Klein is Project Manager with International Alert's Economy & Peace team, where she leads on Alert's strategic engagement with multinational companies; outreach to and mobilisation of the domestic private sector in countries where Alert works; and strengthening policy and practice of the international aid community to integrate conflict-sensitivity in economic recovery efforts in countries emerging from conflict.