Doing Business and Making Peace?

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A review of research on business-based peacebuilding

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Summary

This report reviews literature on business-based peacebuilding. Two major research questions are in focus in the reviewed literature:

(1) *Why do businesses become involved in peacebuilding?* In this respect, existing research tries to identify key internal and external incentives for companies to participate in peacebuilding.

(2) *How are businesses engaged in peacebuilding?* Existing research answers this question by identifying actors, contributions, outcomes and assessing how businesses can be activated in peacebuilding.

The research reviewed in this report can be characterised as follows:

• Research on business-based peacebuilding is a multifaceted and growing genre

• Research is typically based on case studies, hence making the general applicability of conclusions limited

• Although attempts at theorising business-based peacebuilding has been made, there is no generally accepted theoretical framework

• Evidence tends to be anecdotic

• There is no method for measuring the rate of success in business-based peacebuilding

• Research tends to be normative

• Studies tend to focus on multinational corporations

• The local perspective is lacking, researchers usually apply an external perspective

• There is little research based on the viewpoint and experiences of companies

Introduction

The globalisation of markets and trade has changed the role businesses play in international affairs. More specifically it has opened up new possibilities for corporations to influence the environments in which they operate. One such environment is conflict areas, where the way businesses handle their operations can aggravate or reduce the effects of violent conflict on society. For decades foreign investors and businesses with operations in conflict areas mainly received negative publicity, often accused by critics to exploit the conflict for the sake of profit (Haufler 2006: 1–2).

However, during the last decade positive activities performed by investors and businesses active in conflict zones have received increased attention, both from media and scholars. One of these activities, and the focal point of this review, is business-based peacebuilding. Sweetman (2009) defines business-based peacebuilding as:

> It is business-based in that the action and programs are managed and implemented by business and commercial actors. "Peacebuilding" in this context is used generally to indicate actions that may extend beyond limited conflict resolution (mediation and negotiation) and could also include conflict prevention and post-conflict work (Sweetman 2009: 11).

There is no ongoing debate in the reviewed literature about the definition of business-based peacebuilding. This is not due to a general consensus about the nature of business-based peacebuilding but rather a reflection of that research on business-based peacebuilding is fairly new and splintered and that several methodological issues remain unaddressed.

The first analyses of business action in conflict areas date back to the mid 1990s, and research in disciplines such as economics, conflict studies, corporate social

responsibility (CSR) and international relations have touched upon the issue, but the first major analytical work on business-based peacebuilding was written by Nelson (2000). The report, *The Business of Peace: The Private Sector as a Partner in Conflict Prevention and Resolution*, is the main source of inspiration for the majority of all research that has followed.

This review will investigate contemporary research on business-based peacebuilding, focusing on the various strains of research that followed from Nelson's initiative. Some of the critical findings in related disciplines will also be briefly touched upon, as they provide an important backdrop for the development of research on business-based peacebuilding. For the purpose of this study, the literature reviewed is academic research.

Existing research - a review

Research on business-based peacebuilding does not belong to a single academic discipline like political science or economics. Rather, due to the evolving nature of the field and the complexity of the issues involved it draws inspiration from a number of disciplines, including economics, conflict studies, political science and sociology. This is reflected by the fact that even though the existing literature on business-based peacebuilding is young and fairly limited, there are many other research disciplines that touch upon issues relevant for business-based peacebuilding. However, this review will focus on contemporary research on business-based peacebuilding, only briefly mentioning relevant work in related fields.

In summary, the existing research on business-based peacebuilding displays six key characteristics. First, the field is new, the first major work dating only ten years back,

but during the last few years, research, writing and initiatives in business-based peacebuilding have literally mushroomed. Second, evidence of the significance of business-based peacebuilding in peace processes tends to be anecdotic, and there is a lack of major systematic studies. Third, most research focus on the experience of multinational companies (MNCs). Fourth, non-governmental organisations (NGOs) and inter-governmental organisations (IGOs) have a significant influence on contemporary research, both as producers of research material, and as actors in business-based peacebuilding. Fifth, many aspects of business-based peacebuilding remain unexplored, notably the perspective of businesses themselves and local perspectives. Sixth, much of the research in the area is normative.

Forerunners

In the 1990's the World Bank launched *Economics of Civil War, Crime and Violence*, a research project that utilised econometrics and other economic tools to investigate the role of economic factors for the onset of violent conflict. Other researchers soon began to employ the same tools as the World Bank, spawning a (still ongoing) debate about creed or greed, referring to the relative importance of economic versus other situational factors for the outbreak and course of violent conflict (The World Bank 2010).

A general finding by researchers in the World Bank project was that economic factors, or greed as Collier and Hoeffler (2002) choose to call it, provide more explanatory power for the likelihood of internal violent conflict than grievances such as high inequality, a lack of political rights, or ethnic and religious divisions in society (Collier and Hoeffler 2002: 16–17).

However, the greed model was criticised since it did not provide a causal relationship between economic factors, specifically resource wealth, and conflict.

Nonetheless, the correlation established between resource wealth and probability of civil war triggered interest amongst other researchers. Ross (2003) explored the issue further, concluding that the risk of conflict vary with the type of resource. Diamonds, drugs and other *lootable* resources (referring to resources that are easy to extract, transport and convert into currency) more often lead to non-separatist conflicts. These conflicts typically do not include grievances over the distribution of political power and/or resources, and are therefore more difficult to resolve.

Other researchers adopted different approaches to conflict and economics. For example, a collaborative project between University of California, Berkeley and New York University studied the relationship between poverty and the incidence of conflict, finding that a negative growth shock of five percent increases the likelihood of major civil conflicts by roughly one-half (Miguel, Satyanath and Sergenti 2003: 14–15). Another project examined the economic effects of globalisation, focusing on the relationship between trade and domestic conflict. Contrary to prior conclusions made by traditional trade models, the study found that increased trade may in fact worsen internal conflicts. In particular, as exporters of oil and other natural resources open up their economies, productive resources were diverted to conflict, offsetting the typical gains from increased trade (Garfinkel, Skaperdas and Syropoulos 2005: 22–23).

Research on CSR is also part of the genesis of business-based peacebuilding. CSR initially mainly concerned environmental and labour issues, but the perspective was widened to include society as a whole, including conflict dynamics. NGOs were instrumental in bringing about this change, and today the prevailing view on CSR is that companies should transcend their economic and legal responsibilities and invest in programs that benefit society. The CSR movement was reinforced when the United Nations, together with a group of companies, created the Global Compact.

The organisation has created guidelines for business behaviour and functions as a node for businesses interested in CSR. In the context of violent conflict and peacebuilding, CSR works as a set of guidelines for companies which can be divided in three steps: (1) compliance with the law, (2) actively working to negate any harmful effects of business in the conflict area, and (3) engaging in peacebuilding (Nelson 2000: 28).

However, the value of CSR has been called into questions by several critics. It tends to focus on responsibility rather than practical ability to positively contribute. There is great variation in how and if companies apply CSR policies, and there is a concern that CSR measures are only held viable as long as business is good, or as long as business and CSR are synchronised (Goulborne 2003). Similarly, some companies may choose to only adopt CSR policies that have added value in the form of media attention or advertising, and ignore more important but less visible measures (Hoyos and McNulty 2003: 8).

Contemporary research on business-based peacebuilding

Although research on business-based peacebuilding is splintered, it is possible to discern a few key themes in the reviewed literature. First, there is some research that concentrates on the incentives for business-based peacebuilding, examining how and why companies are motivated to participate in peacebuilding. Second, there are some studies that focus on how norms affect companies and their role in conflict zones. Third, some research investigates actors in business-based peacebuilding, mainly focusing on why some businesses seem to perform better as peacebuilders than others. Fourth, one strand of research deals with the field's methodological problems, in particular the lack of theorising and systematisation.

The first major work on business-based peacebuilding was the report *The Business of Peace: The Private Sector as a Partner in Conflict Prevention and Resolution*, written by Jane Nelson and published by The Prince of Wales Business Leaders Forum, International Alert and Council on Economic Priorities. According to Nelson, the willingness of companies to participate in peacebuilding efforts should increase since:

> …recent developments in international humanitarian and human rights law have increased the risk of transboundary litigations for companies accused of human rights abuses and complicity in such abuses. At the same time the growth in the activities of non-governmental pressure groups, the international media and the internet, has increased the risk of reputation damage for companies accused of human rights abuses or complicity in conflict situations (Nelson 2000: 15).

Nelson continues by listing seven factors, illustrating the changing context of business, that work as incentives for companies to get involved in peacebuilding:

(1) Privatisation, decreased government ownership has increased the influence of the private sector.

(2) Liberalisation, the opening of markets to foreign investment. Although most of the capital flows between OECD countries, investment in the world's poorest countries is steadily increasing.

(3) Emerging markets, investment in countries in political transition is increasing, particularly in infrastructure, energy, mining and other strategic industries which have potential for conflict.

(4) Technological change, which has both positive and negative effects. It empowers companies and civil society, but is also utilised by adverse forces like terrorists and crime syndicates.

(5) Increased societal expectations, NGOs and the public in general increasingly demand that both governments and companies be held accountable for their actions.

(6) Global competiveness, tougher competition and transboundary markets require companies to be more aware of the competition, whilst also being responsive to a social agenda.

(7) Changing governance structures, new concept of governance emerging which includes a wider range of actors, and new responsibilities, capabilities and expectations for the involved actors (Nelson 2000: 16–17).

Nelson's work on incentives for business-based peacebuilding has since been built upon, with other researchers exploring different aspects of incentives for business-based peacebuilding. One such aspect is the marketing of the costs of conflict. Companies have different types of costs associated with being active in conflict zones, these include security, property damage, opportunity costs (related to suspension of work/reduced sales opportunities), personnel costs, litigation costs, reputation costs and so on (Nelson 2000: 22–23). Rettberg (2004) argues that costs must be actively marketed to the private sector. Demonstrating the costs of conflict to the private sector, and matching specific contexts with specific companies, is crucial in order to get them involved in the peace process (Rettberg 2004: 48–49).

A different view on the incentives for companies to participate in peacebuilding pinpoints three global trends. First, as the nature of war has shifted from interstate to intrastate, the costs associated with warfare have increased for companies. Second, national security measures have come to include businesses. Third,

preventing the outbreak of violent conflict is a concern for global governance, which also includes corporate governance (Wenger and Mockli 2003: 2).

Other researchers claim that there are economic rationales for businesses to promote peace since there is a reciprocal relationship between business and peace. Put differently, conflict is bad for business (Fort and Schipani 2004: 20–25). In addition, four strategies through which companies can contribute to fostering peace in societies are proposed:

> …business can contribute to peace in at least four ways: (1) by fostering economic development; (2) by exercising track two diplomacy; (3) by adopting external evaluation principles such as transparency and supporting a legal system, i.e., a "rule of law"; and (4) by nourishing a sense of community both within the company and in the areas where the company is located (Fort and Schipani 2004: 26).

These strategies are based on conclusions made by previous studies of trade and social interaction during, and before war, as well as research on the growth of transnational actors that challenge the state's control in a number of areas and functions (Fort and Schipani 2004: 25–26).

In an assessment of the new environment for peacebuilding and the adherent incentives for private sector involvement, Berdal and Mousavizadeh (2010) argue that while there are economic rationales for companies to participate in peacebuilding, private actors must be balanced by other components in the peacebuilding process for the following reasons:

> (1) Engaging the private sector in peacebuilding efforts is not a generic solution to the many challenges facing societies recovering from violent conflict. There is no evidence that economic activity and cooperation between former

enemies automatically leads to enduring peace. Quite the opposite, ignoring the realities of the political economy risks destabilising society.

(2) The inherent instability of post-conflict societies implies that businesses' involvement cannot only be guided by economic rationales. It also needs to support the work towards political stabilisation, something which may require more than CSR-programmes. While this can create tensions between what the political process requires and what businesses are prepared to offer, in the long-term the interests of businesses and those of peacebuilding are essentially the same.

(3) War alters the fundaments of society and the economy, it forces the affected communities and businesses to adjust in innovative ways to meet the needs of local populations for products and services. These entrepreneurial coping mechanisms typically provide a better starting point for stimulating domestic economic activity than externally designed solutions. Placing focus on the local context creates, as London School of Economics professor David Keen puts it, "disincentives for violence and positive incentives for peace".

(4) Since foreign state-backed macro investments have become more and more common in zones of conflict, analysis of the private sector's involvement in peacebuilding needs to start including this added dynamic (Berdal and Mousavizadeh 2010: 52–53).

Further, some researchers claim that private sector involvement in peacebuilding not only needs to be balanced, but is overrated. Barbara (2006) argues that there is a misplaced focus on the positive economic contributions businesses can make to peacebuilding processes in the literature. Therefore, the political implications of

peacebuilding engagements require more study. In particular, a common misperception is to regard the private sector as an apolitical economic actor. In the cases where businesses are acknowledged to have political interests, these are typically defined as technocratic (rule of law, regulations etc.) and therefore viewed as having low impact on the political process of peacebuilding (Barbara 2006: 585).

Barbara (2006) also notes that the international community's positive view on the private sector bestows the latter with political clout when participating in peacebuilding and nation building policy discussions. Consequently, the private sector is in an excellent position to have its interests catered for when strategic policy decisions are made in nascent states, or states recovering from violent conflict. There is no guarantee that the interests of the businesses involved are compatible with those of the conflict-affected communities and the creation of a legitimate state authority. It is in this respect that an unambiguous recognition of the political dimensions of business-based peacebuilding is most relevant to the capacity of the private sector as a peacebuilder (Barbara 2006: 586–587).

Another theme in the reviewed research on business-based peacebuilding is the relationship between norms and companies' participation in peacebuilding measures. In this respect, research on industry self-regulation provides with interesting perspectives on when and why businesses choose to engage in peacebuilding efforts. Through the development and implementation of international norms, it is argued that companies have become more prone to engage actively in peace processes. The emergence of CSR norms, and the linkages made between development, environment and conflict are of particular significance for this development. Norm entrepreneurs such as the World Bank and the UN have propelled this development since they "have sought to both raise the profile of the discussion of corporate conflict prevention and institutionalize anti-corruption and

conflict prevention policies" (Haufler 2006: 15). Since these policies increasingly rely on the private sector for implementation, norm-setters like the UN and the World Bank have effectively made companies agents in conflict prevention (Haufler 2006: 15–16).

In line with the argument that changing norms elicit new behaviours, other researchers observe that a number of global trends have fundamentally changed the way business is done. For instance, the state is no longer the exclusive provider of collective goods and security, but rather works as a kind of manager of interdependencies, including businesses. Also, businesses operate in a public space, with adhering expectations and requirements from law, civil society movements, customers, shareholders and other companies. These conditions, as well as companies' internal development of values and moral standards, work as motivators for companies to contribute to peace and security (Deitelhoff and Wolf 2010: 9)

As the political world has grown more complex, the private sector has become increasingly involved in areas previously reserved for states. Specifically, whereas companies for long have been involved in standards for labour, the environment and other technical areas, they are now increasingly participating in policymaking relating to human rights, corruption, equity and conflict. In other words, the importance of businesses as actors in political processes such as conflict resolution and peacebuilding has increased. Not only are they partaking in these processes but are also implementers, and to some extent enforcers, of new norms (Haufler 2006: 15).

Actors in business-based peacebuilding, or more specifically how different types of business may fill different roles in the peace process, is the third theme in the reviewed literature.

Extractive industries are the most commonly discussed type of company in the research on business-based peacebuilding, mainly since they have high costs and few exit options. High costs implies that the cost of the initial investment as well as the maintenance of operations is high, whereas the lack of exit options is a consequence of the business being bound to the location of the resource, and the cost of relocating/abandoning being very steep. These factors comprise powerful incentives for this type of companies to protect their operations from conflict and other political risks (Sweetman 2009: 119–120).

Some researchers have investigated how businesses in the finance sector can act to help prevent conflict and build peace. A functioning finance sector plays an important role in economic growth and can through its various functions contribute to stabilise societies recovering from violent conflict. Financial firms are able to channel their resources to activities that promote dialogue, safeguard human rights and other public goods which may be drivers of conflict (Switzer and Hussels 2004: 21).

Another function that the finance sector is well-suited to perform is to collect information on the situation in the country at hand. Private financial institutions have a range of products, and thus need to cope with different risks and uncertainties. In order to successfully deal with the risks and uncertainties on complex markets such as those of past or present conflict zones, access to the correct information is vital. For financial firms, conflict related information is of high value since the conflict may become a material risk to an investment. In this respect, financial firms can serve as information brokers, enhancing both their own capacity to monitor risk and uncertainties for their business, and develop products and services to share this information with other actors directly involved in the peace process (Switzer and Hussels 2004: 24–26).

Greater financial transparency is also suggested as a peace-promoting measure. In short, Guaqueta (2002) argues that since the financial sector has access to more information than any other actor, it can play an important role in peacebuilding. Specifically, Guaqueta posits that "Identifying and cutting the financial flows that fuel wars can debilitate combatants' financial and war making capabilities, thereby increasing their incentives to negotiate peace accords." (Guaqueta 2002: 8)

Aside from draining wars on money, by improving transparency the financial sector can help ascertain that the right people get the right money in peacebuilding efforts. The UN, the European Union, the Council of Europe, the Organization of American States (OAS), the Organization for Economic Cooperation and Development (OECD) and various regulatory initiatives by organisations such as the Basel Committee on Banking Supervision, have agreed on general standards to increase financial transparency (Guaqueta 2002: 8).

Most studies on actors in business-based peacebuilding refer to multinational companies rather than local businesses. Only a few studies have explored the significance of local businesses in national and regional peace processes in Colombia (Rettberg 2004) and Sub-Saharan Africa (McNeil et al 2010). For example, in 2009 the Swedish Institute of International Affairs and Social Entrepreneurship Forum conducted a study on the business sector's role in preventing conflicts and poverty in Sub-Saharan Africa (Kenya and Rwanda). The study found that businesses can help prevent conflicts, primarily by facilitating communication and creating interdependencies in society, across the entire spectra of ethnicity, religion or other potentially dividing factors. Another interesting conclusion was that since most people are employed by, or run, local small businesses, those businesses serve as a good starting point for peacebuilding measures (McNeil et al 2010: 11).

Other researchers that have examined companies' role in peacebuilding conclude that apart from the economic boon of the presence of foreign businesses, companies can add other values that may help prevent conflict by reducing various intercommunal tensions and creating economic opportunities for marginalised groups. In particular, the presence of businesses can contribute with non-discrimination, fighting harassment, implementing equal pay and comparable worth, assisting with child care (allowing parental leave rather than only maternal leave), training (both in skills required for the job and in order to reinforce compliance with company policies) and mentoring to share competence, information and experience that would otherwise not be available (Fort and Schipani 2004: 153–166).

Even though businesses have progressed towards becoming more or less independent actors in peace processes, this development has been, and still is, facilitated by various partnerships between businesses, governments, NGOs and IGOs. These partnerships have helped businesses understand the role they play in areas like human rights, equity and violent conflict, as well as helped setting standards for behaviour. One groundbreaking partnership was the "Voluntary Principles on Security and Human Rights". The agreement was pioneered by the governments of the United States and the United Kingdom, and was signed by a number of major companies in extractive industries (including for example Texaco, Chevron, BP, Royal Dutch/Shell and Freeport McMoRan). Research has demonstrated that these types of partnerships help businesses understand their capacity to participate in, and influence, peace processes. To some extent they also function as forums for exchanging experiences and best practices between businesses and NGOs/government agencies/IGOs (Bennett 2001: 7–10).

The fourth and final theme in the reviewed literature is methodological development. This is a considerably underdeveloped area in research on business-

based peacebuilding. Thus, this is not so much a theme in the sense that there are many studies dealing with the issue, it is more of a theme in the sense that there is a considerable lack of development in the area.

Of all the reviewed literature, there is only one contribution which proposes a comprehensive theoretical model of business-based peacebuilding together with a systematisation of evidence. The study in question, by Deitelhoff and Wolf (2010), suggests a method to measure corporate governance contributions that are relevant to peace and security. In short, the model aims to measure governance contributions, defined as intentional and voluntary measures to regulate societal problems, that "directly or indirectly address the level of violence in an environment characterized by imminent, ongoing or only very recently terminated interactions of physical violence." (Deitelhoff and Wolf 2010: 13). However, the study focuses on the output dimension, which is policies and not impact (the former being the extent to which business behaviour contributes to resolving the problems at hand). This highlights the lack of analytical tools to define and measure success in business-based peacebuilding, ultimately answering the question whether business-based peacebuilding is worthwhile (Deitelhoff and Wolf 2010: 14).

In virtually all cases examined by Deitelhoff and Wolf (2010), it is found that businesses do not directly contribute to peace and security via organising and using force to maintain order. Rather, they spend their resources on various indirect contributions like promoting equity, fighting corruption and implementing social programmes. These activities are typically presented as CSR measures rather than peace and security initiatives. Four clusters of factors explaining the likelihood that a given business will contribute to peace and security are derived from the examined case studies:

(1) Company characteristics: a company's level of engagement can be linked to its size, culture, reputation sensitivity, product characteristics and organisational interfaces.

(2) Production characteristics: production facilities in a conflict zone and human resources.

(3) Conflict characteristics: proximity (distance between the violent conflict and the corporation's base of operations and assets) and intensity (level of violence).

(4) Societal and political environment in home and host state: political and regulatory environment in home and host state, societal environment in home and host state (activity of civil society, consumer awareness etc.) and the market environment (Deitelhoff and Wolf 2010: 205–218).

Finally, although not specifically examining business-based peacebuilding, the EU has recently launched a major research project that should be mentioned. The project, named Polinares, aims to "examine how tension and conflict may undermine future global peace and economic development, and to explore new modes of behaviour which promote an appropriate balance between competition and collaboration." (European Union 2010). While the project does not investigate business-based peacebuilding specifically, one of its aims is to produce novel approaches to collaborative solutions, particularly for public and private actors in extractive industries that are active in zones of conflict. Consequently, this research project may have a significant impact on the development of research on business-based peacebuilding, as well as raise the awareness of companies and governments concerning companies' involvement in peace processes.

Examples of cases of business-based peacebuilding

The table below lists a number of instances where companies have been, or are, involved in peacebuilding. The table is by no means a complete list of peacebuilding activities that involve companies, but serves as an illustration of what type of case studies that are examined in the reviewed literature.

Table 1 Cases of business-based peacebuilding

Country/Region	Company	Sector
Afghanistan	China Metallurgical Group Corporation	Mining
Angola	Coca-Cola	Beverages
Azerbaijan	Statoil	Oil/Gas
Balkans	ABB	Construction
Colombia	Indupalma	Palm oil extraction
Egypt, Israel & Palestine	TUI	Tourism
Israel & Palestine	Studiosus	Tourism
Kosovo	DHL	Logistics
Nigeria	CNL Nigeria (Chevron)	Oil
Nigeria	Shell	Oil
Nigeria	ExxonMobil	Oil
Nigeria	Statoil	Oil
Northern Ireland	Oracle	Education
Northern Ireland	Bombardier Aerospace	Aviation
Sri Lanka, Turkey, Mexico and other regions	REWE Touristik	Tourism
Sudan	ExxonMobil/Chevron/Petronas	Oil
Sudan	Talisman	Oil
Sudan	Lundin Oil	Oil

Challenges for research

Partly due to that research in this field is relatively new, there are a number of challenges for research in business-based peacebuilding. Sweetman (2009) summarises the current status of the field's development:

> At this point, business-based peacebuilding is promising as a supplement to traditional peacebuilding and conflict options, but there are important analytical contributions that must be made before business-based peacebuilding can be a regular tool for conflict resolution practitioners (Sweetman 2009: 60).

Business-based peacebuilding severely lacks theorising, a deficiency that is hampering the development of research in this area. Since business-based peacebuilding encompasses a number of academic disciplines, a theoretical framework needs to envelop these in order to be able to create a coherent overview of the field (Deitelhoff and Wolf 2010: 225). In addition, a theoretical framework is critical in order to derive tools for measuring the various aspects of business-based peacebuilding. For example, at present there is no method for measuring the rate of success in peacebuilding when companies are involved, nor is there a tool for evaluating the direct or indirect impact of companies' efforts in peace talks (Sweetman 2009: 27).

Developing theoretical tools for measuring the impact of business-based peacebuilding is particularly important since it would determine the usefulness of companies in conflict zones, and make it possible to devise strategies for improving the performance of business-based peacebuilding. In other words, a validated method for measuring the impact of business-based peacebuilding would be relevant for the business community, conflict practitioners and policy makers.

Also, the perspective of businesses is lacking in the literature. Even though businesses have displayed increased interest in participating in various peacebuilding measures, partly due to the evolution of CSR and increased public awareness, there are no major research programmes dealing with the central issues in business-based peacebuilding from the perspective of companies (Davis 2010: 222–223).

Experience from case studies suggest that some businesses make for better peacebuilders than others, typically attributed to what exit options that are available and the amount of capital invested. Consequently, extractive industries have been frequently criticised for their involvement in conflicts (few exit options, high investment) while other industries, like tourism or mobile telecommunications, are regarded as better suited for peacebuilding measures. However, the argument works both ways since industries that are "stuck" in a conflict zone due to few exit options and high investment, have powerful incentives to contribute to peace, since ongoing conflict is more costly, and would therefore make for motivated partners. Whatever the case, work needs to be done in order to validate which industries are preferable and why (Berman 2006: 28–32).

With the exception of one study (see Deitelhoff and Wolf 2010), the method of inquiry in the reviewed literature is case-studies. The predominance of case-studies and lack of systematisation implies that no general conclusions can be made with regards to the contributions of business-based peacebuilding to peace processes. The study by Deitelhoff and Wolf is an important step towards a more comprehensive understanding of business-based peacebuilding, but additional research is required to validate its results.

Another challenge for research is to map how widespread business-based peacebuilding actually is. The examples included in table 1 are cases used in the

reviewed literature, but there is no organisation or function that actively monitors instances of business-based peacebuilding. This is not only a problem of doing inventory of past and present business-based peacebuilding and setting up a mechanism to monitor developments. Businesses must also be convinced to report their efforts, something which will be difficult to resolve since many measures that qualify as peacebuilding are regarded as sensitive information by most companies. Related to this is another research problem, namely that there is little data on failed attempts of business-based peacebuilding. There are no incentives for companies to report failures. This taken together with the lack of tools to evaluate business-based peacebuilding makes it difficult to improve current approaches.

While there are a number of incentives and disincentives for companies to participate in business-based peacebuilding, as discussed by for example Nelson (2000), Barbara (2006) and Deitelhoff and Wolf (2010), there is a tendency to neglect to examine the amicability of companies. Put differently, not all companies participate in business-based peacebuilding with a benign intent. Such companies may pull out at any given time or by other means cripple efforts to create peace and/or rebuild post-conflict societies. It is imperative that researchers and practitioners are cautious of this when developing tools and programmes for peacebuilding and reconstruction (Sweetman 2009:137–138).

The perspective of local businesses is typically lacking in current research. Scholars touching on the issue tend to focus on the conflict itself and not business-based peacebuilding. For instance, in analyses of conflicts in Nigeria related to the extraction of oil, the role of companies is discussed, but principally from a conflict perspective, see for example Ikelegbe (2007) or Idemudia (2007).

There are some, for example Rettberg (2004), who point out that local business can play an important role when rebuilding societies torn by war. The local private sector has usually maintained economic influence and political contacts during the conflict, it has relatively large financial resources, and has (or knows where to find) skilled local labour (Killick, Srikantha and Günduz 2005: 4–5). Nonetheless, contemporary research tends to focus on multinational corporations and external models of business-based peacebuilding, making the local perspective an important avenue for further research.

In most states experiencing internal conflict, or recovering from it, there is a problem with economic governance. In such situations, companies can destabilise the political balance and hamper economic recovery. Therefore, there is a need for researchers to investigate whether, how and by whom economic activities should be regulated in scenarios where the state is unable to enforce regulation. With regards to business-based peacebuilding, this involves examining how the private sector can improve the effectiveness of self-regulation and how to create a fair playing field that eases the burden of small local business actors (Ballentine 2004: 15–16).

Finally, the increased blurring of traditional home and host states comprise another challenge for research. Traditionally companies' home states have been the OECD world, but with globalisation an increasing number of multinational corporations have their home state outside the OECD. How these businesses chose to position themselves in discussions about their political role, why they engage or do not engage in peacebuilding, as well as what standards and policies they adopt and enforce when operating in conflict zones has rarely been investigated (Deitelhoff and Wolf 2010: 216).

Conclusions

This review has demonstrated that business-based peacebuilding is a relatively new and splintered area of research. Consequently, there are a number of important contributions that need to be made to help business people better understand the dynamics of the relationship between business activities and conflict, give conflict practitioners new tools in their work with conflict prevention and resolution, and to allow academics advance research on business-based peacebuilding. With this in mind, one of the most important finds of this review of research is the lack of a comprehensive theoretical framework and adhering tools to evaluate the impact of business-based peacebuilding measures. Consequently, companies cannot determine the return of their investments in conflict prevention, peacebuilding or related activities, which may make them less inclined to commit to conflict zones and become a positive presence.

Further, there is a lack of a systematisation of scientific efforts in the genre. Specifically an inventory of cases studies, including both successful and unsuccessful peacebuilding initiatives, would provide a basis for deriving theoretical tools that can be used to measure the rate of success of various peacebuilding measures. Creating an overview would also help researchers identify trends and relationships between a range of variables of interest, like type of company, geographic features, type of conflict and so on.

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