

Introduction

GOVERNMENTS typically provide stability and security. Armies patrol borders and police maintain order in streets. Judicial systems relocate violent criminals from neighborhoods to jails. To be sure, these responsibilities remain those of the political sector. Yet, in a complex world defined by cross-cutting commercial relationships in addition to geopolitical boundaries, governments are not the only organizations impacting social affairs. With communication technologies and travel capability making global interaction the norm, the institutions responsible for globalization impact a variety of relationships. Corporations shrink the world by commercially linking regions and people that might not otherwise be linked. This book suggests that in doing so, corporations may be able to orient their affairs to contribute to peace.

The claim that business might contribute to peace is not without controversy. As further discussed in chapter 1, there have been many protests against the unfairness of globalization. One view is that corporations are selfish organizations that undermine a sense of citizenship.¹ From this perspective, the notion that business may build peace is startling.

For example, the media and nongovernmental organizations (NGOs) recently focused on a particularly controversial interaction of economic profitability and violence involving the mining of diamonds in Sierra Leone, Angola, and the Democratic Republic of the Congo.² According to some reports, terrorist units have used funds from the sale of conflict diamonds to purchase weapons and other materials essential for carrying on violent campaigns.³ The United Nations has attributed human rights abuses to the Revolutionary United Front (RUF) through its claim that the RUF has coerced children and young teenagers into their fighting forces.⁴ Some NGOs accused De Beers, the South African diamond company, of not being concerned with RUF practices.⁵ De Beers disputes this charge.⁶ The controversy

also affected Belgian businesses that cut and polish the gems⁷ as well as retail giant Tiffany & Co. Tiffany & Co. has responded with a two-page letter to consumers explaining how it has been actively involved with industry groups seeking ways to mark the source of diamonds to prevent conflict diamonds from entering the streams of commerce.⁸ The controversy resulted in “The Kimberley Protocol,” which attempts to formulate a system to track the origin of diamonds to advise consumers of the source of the gems.⁹

Assessing responsibility for the abuses in the diamond trade is an interesting exercise.¹⁰ Even without determining the relative merits of the various charges, it is worth noting how corporations can be held accountable by popular institutions for both direct and indirect involvement in commercial affairs. As further discussed in chapter 1, controversy has also followed the actions of McDonald’s Corporation,¹¹ Wal-Mart Stores, Inc.,¹² and major Western banks.¹³ Corporate sensitivity to popular institutions is one reason why companies such as General Electric Company, Microsoft Corporation, Pfizer Inc., AOL Time Warner, Inc., DaimlerChrysler AG, Cisco Systems, Inc., E.I. duPont de Nemours and Company and Merck & Co., Inc., just to name a few, have adopted extensive community involvement programs.¹⁴ Moreover, some corporations, as detailed in this book, have received awards from foreign policy institutions (for example from the US Secretary of State) for undertaking activities promoting geopolitical harmony.¹⁵

If there is a connection between business and peace, then several interesting things follow. First, fairly standard ethical business practices may reduce bloodshed. Second, the legal rules undergirding corporate governance may be reconsidered to include peace as a governance *telos*. Third, businesses could become a more important dimension of foreign policy. Consider, for instance, the potential benefits of business practices supporting peace in regions such as Bosnia, Ethiopia, Afghanistan, or Indonesia.

Studies, such as the *The Pew Global Attitudes Project, Views of a Changing World*,¹⁶ show that although globalization raises fears, corporations and international trade are viewed generally positively worldwide.¹⁷ This is true even though corporations and trade may be responsible for the globalization that makes people uneasy. This difference may be attributed to a type of collective cognitive dissonance that causes people to separate corporations as the suppliers of

Cambridge University Press

978-0-521-83262-5 - The Role of Business in Fostering Peaceful Societies

Timothy L. Fort and Cindy A. Schipani

Excerpt

[More information](#)

goods they need from their perceptions of the insidious effects of globalization. Even if this explanation is true, however, positive views of corporations and trade provide a foundation for a credible business effort to contribute to a positive goal, such as sustainable peace. Given the importance of reduced bloodshed in a world where access to severely destructive weapons is available to many actors in society, this book offers a way in which the power and efficacy of multinational corporations can contribute to increased global stability and security.

The evidence from *The Pew Report* suggests that corporations have a foundation of credibility to build upon. This offers an opportunity for multinational businesses to build on that credibility. Corporations cross borders. They bring people together for work. They provide important goods and services. If they are able to do this while alleviating concerns about globalization – such as the rich-poor disparity or degradation of working conditions – they can contribute to a sense of satisfaction among constituents that may reduce flashpoints over perceived mistreatment and unfairness. This book elaborates on how corporations might consider this by drawing upon empirical studies that suggest traits linked to peace and stability and linking those traits to potential business practices. In short, we suggest that businesses have credibility around the world and therefore have the potential for contributing to beneficial social practices. This book develops an argument for how corporations can build upon their existing credibility to contribute to what is perhaps the most important corporate social responsibility issue of our time – that of contributing to sustainable peace.

To develop this argument, this book is organized into six chapters, divided into three parts. Part One sets forth an argument for the plausibility of connecting business and peace. Part Two aligns the argument with current governance and ethical scholarship and practice and argues that there are at least four contributions corporations can make to sustainable peace. Part Three considers the issues of gender and ecology to provide a deeper, illustrative look at how business can contribute to sustainable peace.

Part One begins in chapter 1 by considering economic arguments regarding why businesses might be able to contribute to peace as well as why it would be reasonable for businesses to consider stability in orienting their business practices. This chapter provides an empirical study linking corruption to violence. This linkage suggests that

corporations can reduce the possibility of violence by reducing, if not eliminating, corruption in daily work.

Part One continues in chapter 2 by situating the argument in the larger context of a balance of power framework. This chapter examines the literature that argues that democracy, which is a domestic expression of balance of power, is, as frequently asserted, a form of political organization likely to lead to peace and stability. Contemporary political theories suggest that we no longer live in a world with neat divisions of jurisdiction among nation-states, but instead live in an environment where multinational corporations exert independent influence. If this is true, and if it is also true that democracy is a preferable mechanism of organizing society for purposes of achieving sustainable peace, then it becomes important to consider whether corporations can enhance democracy. Our answer is that there are management techniques and moral imperatives that suggest that corporations do effective work while activating voice within their organizations. Because voice is a central attribute of democracy, corporations can make a practical contribution to a larger social goal of stability by being mediators of justice within a new sense of balance of power.

Part Two begins in chapter 3 by examining the current status of corporate governance to determine which models of governance tend to predominate. Following the foundational assessment provided in chapter 2, the corporate governance regimes of Germany, Japan and the USA are further examined. These countries were chosen for examination, in part, both because they are economically powerful countries and also because they have proven to be models followed by other nation-states. This chapter concludes that contemporary governance could accommodate business practices that would facilitate the goal of sustainable peace. In an important sense, this chapter demonstrates that our proposal, while novel, is one that is within the tradition of extant governance regimes and therefore feasible.

Part Two continues with an examination of the goal of peace from the perspective of moral theory in chapter 4. That is, this chapter argues that a teleological goal of businesses attempting to achieve sustainable peace is within the traditions of leading business ethics theories as well as within an integrative possibility of the ways corporations strategically orient their practices. Thus, ethically and strategically, businesses are on firm ground in contributing to sustainable peace. This analysis

continues with an articulation of four contributions corporations can make to sustainable peace. Corporations can make these contributions by fostering economic development, exercising track two diplomacy, adopting external evaluation principles, and nourishing a sense of community.

Part Three begins in chapter 5 by providing an illustrative case in point regarding the importance of gender and voice. This chapter examines worldwide data and finds that countries with practices evidencing higher degrees of gender equity tend to resolve disputes more peacefully than other countries. Conversely, those countries experiencing low degrees of gender equity appear to be more prone to violence. The chapter concludes with a number of practical steps corporations can take to reduce the mistreatment of women. These contributions involve setting clear standards as well as the establishment of programs that may beneficially alter the work (and social) environment.

Part Three continues in chapter 6 with another case example: ecology. This chapter examines how ecological issues impact violence. This issue is analyzed both from the perspective of competition for natural resources as well as from the perspective of how ecological issues may exacerbate already existing ethnic rivalries. This chapter also considers current studies that demonstrate how fierce the competition for oil and water may become in light of current supplies and forecasted demands.

Competition for natural resources (oil and water, for instance), is often thought of as one between nation-states. And, to a large extent, this is an appropriate way to frame the competition. It is important, however, to note that nation-states are not the only entities competing for these resources. Companies also compete. When companies compete, they sometimes do so under the auspices of nation-states and, at other times, independently. In either case, *how* corporations compete is important. Moreover, following research of scholars such as Thomas Homer-Dixon, this chapter examines how the allocation of resources (or the dumping of pollutants) tends to exacerbate ethnic rivalries. That is, the distribution of resources and pollutants is not spread evenly but often reflects established political and social divisions. Thus, ecological dimensions of business behavior can have an impact on the exacerbation of rivalries that can result in violence. Part Three ends with our concluding remarks.

Notes

1. See generally BENJAMIN BARBER, *JIHAD VS MCWORLD: HOW GLOBALISM AND TRIBALISM ARE RESHAPING THE WORLD* (1995).
2. Global Witness, *Conflict Diamonds*, at 1–2, at <http://www.globalwitness.org/campaigns/diamonds/downloads/conflict.pdf>.
3. Ibid.
4. See, e.g. United Nations Mission in Sierra Leone (UNAMSIL), *Sierra Leone – UNAMSIL Background*, at <http://www.un.org/Depts/dpko/unamsil/UnamsilB.htm>; US Bureau of Democracy, Human Rights, and Labor, *Sierra Leone: Country Reports on Human Rights Practices – 2000*, at <http://www.state.gov/g/drl/rls/hrrpt/2000/af/755.htm>.
5. News Advisory, *NGOs Call for an End to Diamond Bloodshed on Valentine's Day*, US NEWSWIRE, February 12, 2001, available at 2001 WL 4139876.
6. Eugenie Samuel, *Diamond Wars*, NEW SCIENTIST, May 25, 2002, at 6.
7. David Buchan, et al., *The Deadly Scramble for Diamonds in Africa*, FIN. TIMES, July 10, 2000, at 6.
8. Letter from Tiffany & Co., “Conflict Diamonds: We Want You to Know” (copy of letter on file with authors).
9. DeBeers, *Leading the Way in Tackling Conflict Diamonds*, at http://debeers.com/html/corp_resp/leading.html.
10. See Thomas W. Dunfee and Timothy L. Fort, *Corporate Hypergoals, Sustainable Peace, and the Adapted Firm*, 36 VAND. J. TRANSN'L L. 563 (2003) (providing an example of one such attempt to characterize the issues of the diamond trade with a view toward corporate strategic practices. Parts of this Introduction are drawn, with permission of the authors, from this article.)
11. See e.g. Laurie Goodstein, *For Hindus and Vegetarians, Surprise in McDonald's Fries*, N.Y. TIMES, May 20, 2001, at A1 (cited and discussed in ch. 1 of this book).
12. Toby Helm, *Bush Protests Off to Early Start*, LONDON DAILY TELEGRAPH, May 22, 2001, at B1.
13. Anthony Faiola, *Argentine Peso Quickly Sinks After Government Lets it Float; Protests Against Economic Changes Turn Violent in Capital*, WASH. POST, January 13, 2002, at A23.
14. See David Hess, Nikolai Rogovksy, and Thomas W. Dunfee, *The Next Wave of Corporate Community Involvement: Corporate Social Initiatives*, 44 CALIF. MGMT. REV. 110 (2002) (reporting on a number of

Introduction

7

corporate community programs and assessing the relative merits and strategies underlying them).

15. See e.g. US Department of State, *2000 Award for Corporate Excellence*, at <http://www.state.gov/e/eb/cba/bs/ace>.
16. THE PEW GLOBAL ATTITUDES PROJECT, VIEWS OF A CHANGING WORLD (2003).
17. *Ibid.*

Cambridge University Press

978-0-521-83262-5 - The Role of Business in Fostering Peaceful Societies

Timothy L. Fort and Cindy A. Schipani

Excerpt

[More information](#)

Cambridge University Press

978-0-521-83262-5 - The Role of Business in Fostering Peaceful Societies

Timothy L. Fort and Cindy A. Schipani

Excerpt

[More information](#)

I | *The plausibility of connecting
business and peace*

Cambridge University Press

978-0-521-83262-5 - The Role of Business in Fostering Peaceful Societies

Timothy L. Fort and Cindy A. Schipani

Excerpt

[More information](#)
