

# GOVERNANCE

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## The role of the private business sector in conflict management: lessons from Guatemala

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The private business sector is increasingly deemed a partner in areas that hitherto were in the exclusive domain of the state. In fields such as sustainable development, protection of human rights or the fight against HIV/AIDS, private businesses are more and more often asked to join governmental organizations to support their efforts. The area of peace and security is one of the more recent fields in which companies are considered a potential partner. Entrepreneurs are hoped to engage in conflict management, with activities laying both in their immediate core competencies but also outside. Potential activities include the implementation of conflict-sensitive business practices, support to community development, engagement in conflict diplomacy or early investments in post-conflict settings.

Some of these ideas are justified with the moral impetus while others are reasoned by the argument that since most companies are self-interested in a stable and peaceful environment, they should also support activities aiming to install peace and prevent conflicts from turning violent. The argument about the corporate self-interest in peace seems compelling. But although there are some practical experiences with corporate support to conflict-management, there is overall little knowledge about how the private sector perceives violent conflict and peace processes and under which circumstances they may be willing to support efforts to maintain or re-establish peace.

The presentation seeks to shed some light on how national private companies perceive civil wars and peace processes, in order to better assess the potentials and limits of business support for conflict management. In a first part, the background and theoretical arguments are developed. It is assumed that although violent conflicts

are generally detrimental for private companies (costs of war), peace and peace process may also result in political, social and economic changes that are unfavourable for business (costs of peace). These changes may undermine corporate support for peace processes and the corporate willingness to partner in conflict management.

In a second part (case study), the role of the private business sector in the civil war and the peace process in Guatemala and the differences between branches and sectors are examined (1996-2002). It will be explained that although the private sector favoured an end to the violence in form of a truce, it opposed a more comprehensive peace processes, aiming to address the root causes of the civil war. The entrepreneurs acknowledged that an end to the violence is beneficial for their business, but they considered a negotiated settlement with the leftist insurgency as unfavourable to their interests. Two major reasons are identified as key for this position. First, the violent conflict did only result in mild costs for companies (low costs of war); secondly, the guerrilla group URNG originally intended to negotiate business-sensitive themes in the peace talks, such as a comprehensive land reform and changes in the constitution on the role of private property (high costs of peace). This corporate position vis-à-vis long-term conflict mitigating reforms is reflected in all stages of Guatemala's civil war, covering the conflict phase, the conflict-settlement period as well as the period of post-conflict reconstruction.

In a concluding third part, policy implications are deduced and the consequences for Public-Private Partnerships and corporate engagement in the context of peace and security are discussed.