

# What options for business?

## Working around, in or on armed violence

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Many companies do business in some of the most violent countries or cities of the world. Yet, what do we know about the options they have to deal with violence? This article explores how companies work around, in, or on armed violence and points to several entry points for a more direct role for business in armed violence reduction and prevention (AVRP) programmes.<sup>1</sup>

1. This analysis is inspired by Jonathan Goodhand, *Violent Conflict, Poverty and Chronic Poverty*, Chronic Poverty Research Centre Working Paper No. 6, University of Manchester, Manchester, 2001, pp.30-31. AVRP programmes are frequently distinguished along three lines. *Direct programmes* address the instruments, actors and institutional environments enabling armed violence; *indirect programmes* address 'proximate' and 'structural' risk factors giving rise to armed violence; and *broader development programming*, while not having prevention and reduction of armed violence as a primary or even secondary objective, can nevertheless generate meaningful dividends. These three categories are not necessarily mutually exclusive or pursued in isolation of one another. See Organization for Economic Cooperation and Development (OECD), *Armed Violence Reduction: Enabling Development*, OECD, Paris, 2011.



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Many companies do business in some of the most violent countries or cities of the world. Yet, what do we know about the options they have to deal with violence? This article explores how companies work around, in, or on armed violence and identifies several entry points for a more direct role for business in armed violence reduction and prevention (AVRP) programmes.

Most mainstream companies work around armed violence which means that they withdraw or temporarily cease activities as a result of armed violence. Companies adjusting operations in

this way, therefore, do not see an interest to engage on the reduction or prevention efforts directly. However, companies can be extremely hesitant to withdraw. As they operate in a competitive market, their own withdrawal represents an opportunity for a competitor to enter the market. This potential substitutability of commercial actors highlights the importance for companies with a generally reputable record in violent settings to stay on because the alternative would be opening the door to un-checked profit-makers that purposefully deviate from responsible practice. Another argument can be made regarding the temporary closure of business: While bigger companies may have the resources to withstand episodes of closure, prolonged disruption of production or trading can place the survival of small and medium-sized enterprises (SMEs) at risk.

Companies can also decide to work in situations of armed violence and attempt to minimize the effect of armed violence on their operations and activities. For bigger companies, this means paying for protection to private security companies, which can be a substantial cost factor. SMEs are una-

ble to afford protection or spread risks in the same way as large investors. Crime victimization surveys in Jamaica have shown that smaller companies pay a higher share of their revenues (17 per cent) for security in comparison to a medium-sized (7.6 per cent), and large companies (0.7 per cent).<sup>2</sup>

Furthermore, studies from the United Kingdom and Australia have highlighted that small retail businesses are the most vulnerable to victimization, including in terms of the financial and psychological cost of crime.<sup>3</sup> Working in armed violence is therefore much more problematic for SMEs than for multinational corporations.

Business can also work on armed violence, which means that it can take various roles to affect the key drivers. As a businessman from Colombia put it: “It is not true that we all sit with our arms crossed, that nothing is being done, or

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2. United Nations Office on Drugs and Crime (UNODC) and the World Bank, *Crime, Violence, and Development: Trends, Costs and Policy Options in the Caribbean*, UNODC and World Bank, Vienna and Washington D.C., 2007, pp. 48-49.

3. British Chamber of Commerce (BCC), *Setting Business Free from Crime: A Crime Against Business*, BCC, London, 2004. Santina Perron, *Crime Against Small Business in Australia: A Preliminary Analysis*, Australian Institute of Criminology, Canberra, 2000.

that everyone is living in Miami”.<sup>4</sup> Case evidence from the literature on business and peacebuilding also shows that business can work on the drivers of armed violence by building bridges between different communities and between state and society, engaging directly in talks with belligerents, providing good offices and information, acting as a pro-peace constituency, paying for (part of) a peace process, assisting in the delivery of humanitarian aid, strengthening local economies, building trust, fostering accountability, and limiting access to conflict financing.<sup>5</sup> Business representatives can also act as facilitators between conflicting parties if they are perceived as apolitical and have no stakes in the outcomes of the negotiations.<sup>6</sup>

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4. Angelika Rettberg, *Business-Led Peacebuilding in Colombia: Fad or Future of Country in Crisis?*, Crisis States Programme Working Paper 58, London School of Economics, London, 2004, p.21.

5. For a diverse set of case studies on business engagement in peacebuilding see Banfield et al, *Local Business, Local Peace*, above note 19; Jane Nelson, *The Business of Peace: The Private Sector as a Partner in Conflict Prevention and Resolution*, The Prince of Wales Business Leaders Forum, International Alert, Council on Economic Priorities, London and New York, 2001, pp. 73-140; Derek Sweetman, *Business, Conflict Resolution and Peacebuilding*, Routledge, London, 2009, pp. 41-47.

6. Salil Tripathi and Canan Gündüz, *A Role for the Private Sector in Peace Processes? Examples and Implications for Third-party Mediation*, Centre for Humanitarian Dialogue, Geneva, 2008, p.25.

Following these reflections on the role of business in, around and on armed violence, what can be potential entry points for a more direct role for business in AVRP programmes? To start dealing with this question, we need to recognize that AVRP is a multi-stakeholder process. No specific actors – from business to government to the local community – can reduce or prevent armed violence on its own. The reliance on programming to affect change is supported by the realization among donors that “potentially violent tensions or on-going violence are increasingly insusceptible to one-time external mediation or local conflict resolution”.<sup>7</sup> What is more, the trend has also moved away from implementing ‘blue print’ programmes everywhere in the same fashion, because this disregards context specific issues.<sup>8</sup> Placing business within broader AVRP programmes also resonates with the trend towards ‘constructive accompaniment’ which is lending expertise and advice to locally-shaped and guided plans and processes.<sup>9</sup>

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7. Chetan Kumar and Jos de la Haye, ‘Hybrid Peacemaking: Building National Infrastructures for Peace’, in *Global Governance*, Vol. 18, No. 1, 2011, p.13.

8. Ganson and Wennmann, *Operationalizing Conflict Prevention as Strong, Resilient Systems*, above note 52, p. 2.

9. Jennifer Milliken, *What the Peacebuilding*

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## Reducing violence and building peace is not the task or responsibility of any single actor. It is everybody’s work.

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For businesses, the implications are that the focus is much less on the company’s stand-alone contributions to AVRP programmes – a health clinic, a new play-ground, or a school – but on how corporate contributions can strengthen multi-stakeholder efforts on AVRP in a specific context. For instance, the Bogota Chamber of Commerce clearly locates its efforts within the broader AVRP programmes and understands its contribution in the areas of information generation to objectively assess security conditions, participating in the formulation of community safety programmes, and develop models for strengthening institutional competencies to enhance community safety.<sup>10</sup>

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*Community Can Contribute to Political Transitions in North Africa and Beyond*, Paper 4. Geneva Peacebuilding Platform, Geneva, 2012, p.12.

10. International Centre for the Prevention of Crime (ICPC), the World Bank, Bogota

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No actor is likely to reduce or prevent armed violence on its own but by finding the right entry points for business into multi-stakeholder approaches.

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There may be two concrete entry points for a more direct role for business in AVRP programmes. The first is about costing the effects of armed violence, and the second about data-gathering and analysis through observatories.

Better knowledge on the magnitude and distribution of the costly consequences of armed violence on companies would be an important tool to forge business cohesion and convince stakeholders that conflict or criminal violence is making them lose money. Improving costing techniques – such as accounting, modelling, or contingent valuation approaches – would be important to better communicate the cost of armed violence to

Chamber of Commerce (BCC), and Instituto Sou da Paz (ISP) *Public-Private Partnerships and Community Safety: Guide to Action*, ICPC, World Bank, BCC, ISP, Montreal, Washington D.C., Bogota, São Paulo, 2011, p. 9.

business, especially with regards to the money made or saved through AVRP programmes.<sup>11</sup>

Work on costing could be an important contribution to strengthen efforts by other stakeholder to establish ‘pro-peace’ or ‘anti-violence’ constituencies and campaigns. Lining up private sector support behind such efforts is often complicated because companies are not necessarily aware of the magnitude of costly effects of armed violence on their operations. While different sectors and companies are affected differently by armed violence – some may even gain from insecurity – existing costing methods are not yet fine grained enough to associate costs to specific sectors or companies.<sup>12</sup> A promising innovation using accounting approaches – a balance sheet of the various cost factors – have been applied to health sector costs of armed violence.<sup>13</sup> Sectors particularly sensitive to the effects of armed violence

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11. For a review of costing techniques see Geneva Declaration Secretariat (GDS), *Global Burden of Armed Violence*, GDS, Geneva, 2008, pp. 91-97.

12. GDS, *Global Burden of Armed Violence*, above note 2, pp. 91-97.

13. WHO, *Manual for Estimating the Economic Costs of Injuries due to Interpersonal and Self-directed Violence*, WHO, Geneva, 2008.

include retail, tourism, financial services, and aviation.<sup>14</sup>

The second point connects to the fact that finding quality data and situational intelligence in violent places is as much a challenge for business as it is for development, government, or community actors. This is why the model of ‘observatories’ could be a point of convergence to nurture multi-stakeholder partnerships that strengthen local capacity for data generation and analysis, as well as evidence-based policy making. Observatories are ad-hoc or permanent mechanisms, networks or institutions that monitor a specific development (e.g. violence, disasters, and quality of life). Depending on their mandate, observatories can have the function to generate data, provide analysis, and give advice to decision-makers to strengthen evidence-based policy-making.<sup>15</sup> They are widely used, especially in Latin America.

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For armed violence reduction strategies, observatories are a stra-

14. Global Peace Index, *The Study of Industries that Prosper in Peace – the ‘Peace Industry’*, Global Peace Index, Sydney, 2008, pp.14-18.

15. Elisabeth Gilgen and Lauren Tracey, *Contributing Evidence to Programming: Armed Violence Monitoring Systems*, GDS, Geneva, 2011.

tegic multiplier within a country. Specifically, business could contribute to the following functions of observatories:

- To commence and drive a discussion at the city or national level about the role of data in and monitoring of policy making;
- To pool professionals in data generation and analysis within a country; and
- To organise a pilot effort to generate locally the data necessary to conduct an armed violence baseline analysis or an environment scanning at the subnational level.

In the urban setting of mega-cities, big international companies can also be the main driver of observatories. One of the most ambitious and private sector-led initiative in this field is the Operations Centre of the City of Rio de Janeiro. Designed by I.B.M. at the request of Rio’s mayor, the Operations Centre is a city-wide system that integrates data from some 30 agencies, all under a single roof.<sup>16</sup>

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16. N. Singer, ‘Mission Control, Built for Cities: I.B.M. Takes “Smarter Cities” Concept to Rio de Janeiro’, *New York Times*, 3 March 2012.

Observatories could become a convergence point for business, donors, and national stakeholders. Business investment and participation in observatories could be an important connector on AVRP programmes. Observatories address for all actors the information, data and analysis needs in contexts of limited or bad information. What is more, information gathering and analysis processes are useful themes to initiate a multi-stakeholder process in a specific location.

In the final analysis, reducing violence and building peace is not the task or responsibility of any single actor. It is everybody’s work. It is not necessarily about stand-alone corporate projects as contributions to AVRP programmes. No actor is likely to reduce or prevent armed violence on its own but by finding the right entry points for business into multi-stakeholder approaches – such as in efforts to cost violence or improve data and situational intelligence – is a promising avenue.

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