

# **INCORE Occasional Paper**

August 2002

***Triad in Crisis:  
The Important Relationship of Humanitarian, Intervention and  
Reconstruction Organisations,  
The International Business Community,  
and Societies in Conflict***

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As the Westphalian norms of sovereignty increasingly give way to demands for intervention, and trade barriers increasingly disappear in the face of globalization, the involvement of humanitarian, intervention and reconstruction organisations (HIROs)<sup>i</sup> and the international business community (IBC)<sup>ii</sup> in conflict societies will only increase. UN Secretary-General Kofi Annan recently declared, “State sovereignty, in its most basic sense, is being redefined by the forces of globalization and international cooperation.”<sup>iii</sup> This international cooperation is evidenced by the fact that HIROs operate in virtually every society in conflict (SIC)<sup>iv</sup>, with more than 3,000 non-governmental organisations alone having officially registered partnerships with the United Nations.<sup>v</sup> There are untold thousands more that operate independently of the UN, and the benefits of their work is indispensable to SICs. Few question the growth of globalization, and the IBC is in fact operating in many conflict-torn societies. As of 2000, transnational corporations (TNCs) operate in more than 70 countries with a security risk for businesses rated medium, high or extreme.<sup>vi</sup> Clearly, these two groups have vested interests in operating within SICs. Despite this common involvement, the extent of the relationship between HIROs and the IBC, and their individual or collective impact on SICs, are relatively new issues. This discussion paper will highlight the importance of further examining the criticisms, challenges and potential contributions of this crucial relationship.

Despite the mutual presence of humanitarian, intervention and reconstruction organisations (HIROs) and the IBC in many of the same societies in conflict (SICs), their relationship could be described as tumultuous at best. The international business community (IBC) in general, and many TNCs specifically, are often seen as predatory and accused of plundering the people and resources of conflict-torn areas. Watchdog agencies and governments have increasingly illustrated some of the negative impact the IBC have had on societies in conflict. Evidence, especially in the natural resources sector, does indicate unethical and even detrimental practices by some TNCs in search of profits with little regard for local peoples.<sup>vii</sup> HIROs have argued that conflict, if not initiated by such predatory investment, is at the least propagated by it. TNCs in search of nothing more than gains in profit have in fact hindered or negated gains achieved in the conflict mitigation or resolution process, and their mere presence is often seen as counterproductive by many humanitarian, intervention and reconstruction organisations.

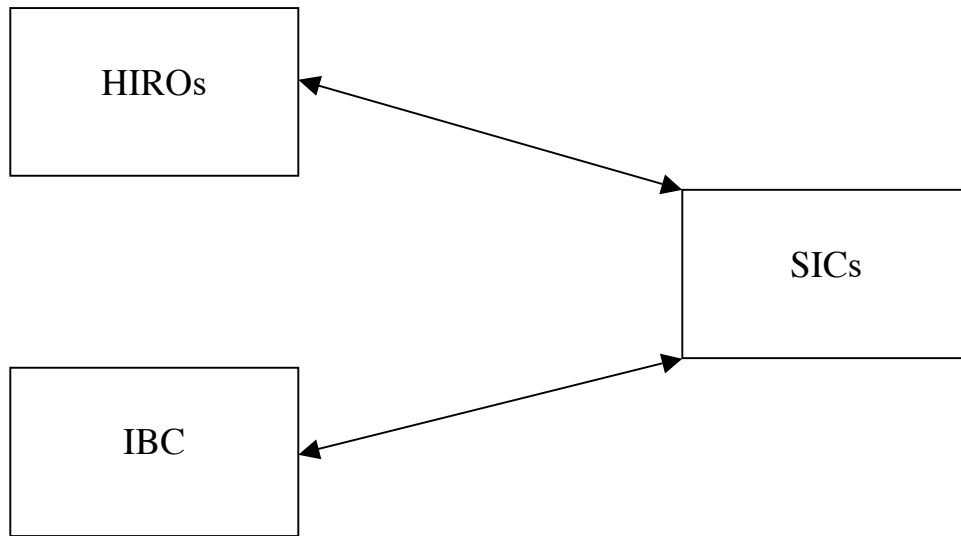
In short, many SICs and HIROs operating within them are suspicious of the international business community. This impression, coupled with attention on the negative effects of unbridled globalization, has created a general feeling of distrust towards the IBC.

Retorts from the IBC often state that they have never claimed to invest for humanitarian or altruistic reasons; that they are not in the business of humanitarian aid or conflict resolution. While often advertising benevolent or benign intentions, few businesses will deny that their primary concern is the bottom line. All claims of striving for “corporate social responsibility” aside, the fact of the matter is that any TNC that is not in the “business of business,” and its requisite pursuit of profits, will soon find itself out of business.<sup>viii</sup> And the enormous global market ensures the continued involvement of the international business community in SICs: “Today, only about 4% of the world’s GNP is military related; 96% of the international business community provides civilian products and services. Most of these business sectors have a vested interest in stability and peace.”<sup>ix</sup> Societies ending, or emerging from, conflict, are in a sense completely rebuilding themselves in whole or in part, and thus need many of the civilian products and services the IBC can provide. Thus, from a business perspective, societies in conflict (SICs) are an untapped market with little or no competition for market share; an opportunity many TNCs do not wish to pass up.

In response to allegations of instigation or inflammation of conflict, most TNCs argue that sources of conflict often exist prior to their investment. Moreover, in cases where their investment may have had visible negative impact, TNCs frequently claim these outcomes as unintentional, or that their involvement was but one factor in a combination of harmful governmental, societal or economic reasons. Another response from the IBC is that the positive effects of their investment in human and capital resources at the local level is downplayed or overlooked by assumptions of inherent negative impact. Few business plans explicitly call for negative feedback from the market, and many in the international business community (IBC) claim that responsible investment strategies are often made otherwise due to many circumstances beyond their control.

Much of the attention placed on humanitarian, intervention and reconstruction organisations and the IBC has been on their individual impact (positive and negative) on conflict-torn societies. Governments, funders, and the media have evaluated the impact of humanitarian, intervention and reconstruction organisations on SICs for several years now. While there are indications that HIROs can in fact make conflict situations worse, the overwhelming majority of assessments indicate a positive impact. As mentioned earlier, the impact of the international business community on SICs is garnering more attention, with preliminary results indicating a necessary yet not always positive relationship for the SICs. As a result, calls for “corporate social responsibility” are being made from many institutions and SICs themselves. However, this neophyte concept is rather amorphous both in definition and in practice, and further research into both areas is needed. The individual relationships the IBC and HIROs have with societies in conflict (SICs) has indeed been garnering more attention, although further inquiry is certainly needed.

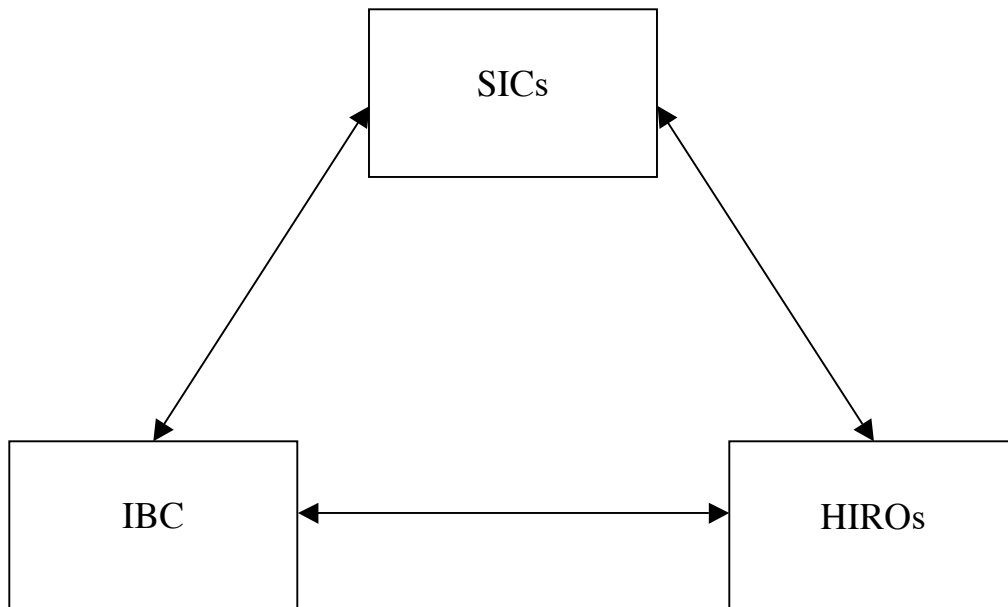
Yet comparatively little attention has been placed on the direct relationship between the triad of SICs, humanitarian, intervention and reconstruction organisations (HIROs), and the IBC. Given many of the structural overlaps, it seems business investment would inherently be intertwined with humanitarian and reconstruction investment, and communication and cooperation between the two would take place regularly. However, early indications suggest that this is the exception rather than the rule. The prevalence of distrustful and often antagonistic relationships between HIROs and the international business community (IBC) indicates a perceived assumption that the two groups are incompatible. Societies in conflict (SICs) obviously maintain relationships with HIROs and the IBC, yet the latter two groups do not actively pursue relations with one another. The relationship between the three groups may be depicted as such:



The gulf between HIROs and the IBC notwithstanding, their relationship may in fact be one of strange bedfellows. The best solution for a conflict-torn society requires the cooperation and coordination of HIROs and the IBC. Few argue that humanitarian, intervention and reconstruction organisations can or should support a conflict-torn society forever, yet even fewer argue that business investment is the sole remedy. Humanitarian, intervention and reconstruction organisations (HIROs) are often the first responders to a conflict, yet rarely possess resources or funding to remain for the long-term, while international businesses are unable/unwilling to invest in the short-term but usually possess the resources for long-term investment. A society in conflict needs responsible humanitarian investment in the short-term to assist in the mitigation and reduction of conflict, enabling itself to build the foundation for political and societal reconstruction and thus reducing its dependency on HIROs. However, such a society also desperately needs long-term responsible business investment in the rebuilding of its economy. Foreign investment is an intricate factor in the reconstruction process, and one could argue that many differences (real or perceived) are rooted or compounded by economic destitution and disparities among rival factions in many societies in conflict (SICs). The

general importance of HIROs and the international business community (IBC) to SICs is perhaps ubiquitous knowledge, yet the extent of their current relationships, and the possibilities from increased collaboration, is not.

Although often seeming at odds, HIROs and the IBC in fact need one another; and societies in conflict (SICs) desperately need the responsible behavior and cooperation of both. The power of this partnership is slowly being realized, highlighted by the UN's creation of the Global Compact for responsible business investment in conflict-torn areas. During the initiation of the Compact, UN Secretary-General Kofi Annan stated that "Thriving markets and human security go hand in hand; without one, we will not have the other."<sup>x</sup> While non-binding, this contract does at the least illustrate the UN's understanding of the important role responsible business investment can have in the rebuilding of SICs. Moreover, organisations and companies attempting to facilitate responsible business investment by the international business community (IBC) are beginning to emerge. The potential for a positive relationship between the IBC and humanitarian, intervention and reconstruction organisations is further evidenced by the recent creation of organisations that focus solely on increasing cooperation between them. As a society begins to rebuild itself, it needs the services of many HIROs as well as the products of many TNCs. Thus, a more beneficial relationship for all would look like this:



While this may seem like a rather intuitive approach, current practice indicates that such cooperation is not so easily achieved. The IBC is seen by many societies in conflict (SICs) as putting profit above responsibility regardless of the cost to them, and many HIROs view the IBC as anathema and impediments to their own missions in SICs. Recently, humanitarian, intervention and reconstruction organisations as a group have been accused of running "caravans" not devoid of profit concern themselves, with some

moving from SIC to SIC based on public relations or funds, and not necessarily progress.<sup>xi</sup> With increasing amounts of outside criticism, animosity and distrust run rampant within this triad itself. Overcoming this distrust is even more imperative since the time-span of conflicts is actually increasing; more than two-thirds of the major intra-state conflicts in 2001 have lasted 8 or more years.<sup>xii</sup> As the duration of involvement between HIROs and the international business community (IBC) in SICs increases so does their impact, either positive or negative.

Given the increase in their involvement of, and duration in, societies in conflict (SICs), the international business community (IBC) and humanitarian, intervention and reconstruction organisations (HIROs) and are at a crossroads; and may choose further distrust or increased collaboration. It is essential that the relationship between HIROs and the IBC take the more positive route, and much more research as to the means by which this end can be achieved is needed. As the importance of HIROs and the IBC to SICs increases, a better relationship between the former two would only increase the benefit to the latter. The converse also holds true; continued distrust between HIROs and the IBC will only delay or detract from the rebuilding process of SICs. If the international business community, and humanitarian, intervention and reconstruction organisations could in fact cooperate and coordinate investment, the likely impact on societies in conflict would be exponentially more positive than the additive investment done separately by each group. Thus, further research into all aspects of this relationship would undoubtedly add to the understanding, and hopefully, facilitation of better relations and impact within this important triad.

### **Key Conclusions:**

- The presence of humanitarian, intervention and reconstruction organisations (HIROs) and the IBC in SICs has been established for some time, and the duration of their involvement in each society in conflict (SIC) is increasing; yet little cooperation and coordination between the two groups exists.
- Despite attention as to the impact of the international business community (IBC) and HIROs on SICs, further examination needs to be conducted on the relationship between HIROs and the IBC, and thus, on the triad as a whole.
- While societies in conflict (SICs) do benefit from individual relationships with HIROs and the IBC, collaboration between all three groups would create even greater benefit for all.

### **Key Questions:**

- 1) What is the current status of the relationship between humanitarian, intervention and reconstruction organisations (HIROs) and SICs? Is it always a positive one? To what extent is HIRO involvement driven by concerns for profit or availability of funds?

- 2) What is the current status of the relationship between the international business community (IBC) and SICs? What is the extent of the impact of IBC investment in societies in conflict (SICs) in conflict prevention, mitigation and resolution? To what extent does “negative” investment in SICs create and/or propagate conflict? How do we best measure this impact?
- 3) How can humanitarian, intervention and reconstruction organisations (HIROs) and the IBC improve their individual practices and relationships within SICs? What are the current obstacles, and how might these be removed?
- 4) What is the current status of the relationship between HIROs and the international business community (IBC)? How could increased cooperation benefit the individual missions and practices of the two groups?
- 5) What impact would an increase in collaboration between HIROs and the IBC have on SICs? What are the best indicators to measure this impact?
- 6) How might increased collaboration between the triad of HIROs, the IBC, and SICs, be best achieved? What are the necessary steps towards increasing this collaboration? What are the impediments?

## Resources

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Lund, Michael S. *Preventing and Mitigating Violent Conflicts: A Revised Guide for Practitioners* (Washington, D.C.: Creative Associates International, April 1997).

Nelson, Jane. *The Business of Peace* (London: International Alert, Council on Economic Priorities and the Prince of Wales Business Leaders Forum, 2000).

Schmid, Alex P. *Thesaurus and Glossary of Early Warning and Conflict Prevention Terms* (London: Forum on Early Warning and Early Response, 2000).

United Nations, *Business Partners* and *The Global Compact*, [www.un.org/partners/business](http://www.un.org/partners/business) and [www.globalcompact.org](http://www.globalcompact.org) respectively.

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<sup>i</sup> Given the various organisations involved with the many aspects of assisting a society in conflict in rebuilding, there is still some confusion as to the best terms to use when describing such involvement. For the purposes of this essay, “humanitarian organisations” are defined as those agencies concerned with the “umbrella term covering the provision of emergency aid or relief needed for basic survival—food, water, shelter, sanitation, health care and sometimes the creation of safe havens for the protection of civilian groups” (Lund, 1997:3-180). An example of a humanitarian organisation would be the International Red Cross. The term “intervention” and affiliated agencies is an amorphous term. Here, the act of intervention refers to “a move by a state or an international organisation to involve itself in the domestic affairs of another state, whether the state consents or not” (Hoffman, 1993:88), with the understanding that there are various types such as “preventative, curative, de-escalating and escalating” (Glasl, 1997:148-49). It is not within the scope of this essay to cover all aspects of intervention, but for the purpose of its argument an appreciation for the various components is assumed. A peacekeeping force by the UN or OSCE could be considered an example of intervention under this definition. The term “reconstruction” and affiliated agencies, refers to the ‘economic, political and social re-building of post-conflict societies, including the initial attempts during the mitigation process. An organisation primarily concerned with reconstruction, such as the World Bank, would be an example of a reconstruction organisation. For the purposes of this paper, the humanitarian, intervention and reconstruction organisations (HIRO’s) are assumed to possess distinctive-enough missions in their involvement, yet frequently overlap or even combine in practice, to warrant their consideration as one group.

<sup>ii</sup> The international business community (IBC) is considered the overarching sector, whereas TNCs are the most common group within this sector. An understanding of the dichotomy is needed because there are

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businesses that invest in conflict societies in some fashion (capital or otherwise) without practicing business along the same lines as a TNC.

<sup>iii</sup> Kofi Annan, Address of the Secretary General to the UN General Assembly, 20 September, 1999. General Address 9596.

<sup>iv</sup> The term “societies in conflict” will be used for this paper, largely for the sake of brevity. This term will represent societies where conflict exists or has recently subsided; many are beginning to argue that conflict never truly disappears and can reemerge. Thus, a society may indeed be “in conflict” even though visible violence is thought to have ended, as physical violence is not the sole component of conflict. While encompassing all structural components, and people, of a conflict-torn society is impossible, the term SICs will refer to all domestic structures and persons for the purpose of relating them as a group to the other two groups (HIROs and the IBC) discussed.

<sup>v</sup> Shashi Thardoor, Interim Head of UN Department of Public Information, in a speech at the conference “NGOs Today: Diversity of the Volunteer Experience,” United Nations, New York, 10-13 September 2001.

<sup>vi</sup> Outlook 2000: Regional Risk Forecast, Control Risks Group, page 7, 1999, as found in Nelson p. 5).

<sup>vii</sup> Reports of the IBC’s involvement worsening or even creating conflicts have been occurring with more regularity. Organisations such as Human Rights Watch ([www.hrw.org](http://www.hrw.org)) and Global Witness ([www.globalwitness.org](http://www.globalwitness.org)) have been noted for providing examples of such negative impact.

<sup>viii</sup> “Corporate social responsibility,” or CSR, is the term used recently to describe more ethical practices by the IBC. Issues such as child labor, environmental damage, and instigation or propagation of conflict would fall under this term. Many in the IBC have begun to publish reports on how they’ve initiated or improved CSR within their global practice. Although some corporations have indeed made visible progress, many HIROs and SICs are crying foul and pointing out that some in the IBC are using CSR as a façade to continue unethical and predatory business. Practices. Regardless of one’s stance on this issue, it does illustrate two key points; the IBC is trying to adopt the concept of responsible behaviour (or at least the appearance of it), and distrust between the IBC and HIROs is still quite strong.

<sup>ix</sup> *The Business of Peace*, page 5.

<sup>x</sup> Kofi Annan, <http://www.un.org/partners/business/>

<sup>xi</sup> Michael Ignatieff, “Nation-Building Lite,” *The New York Times*, 28 July 2002.

<sup>xii</sup> Taylor B. Seybolt, *2002 Yearbook*, Chapter 1, Stockholm International Peace Research Institute (SIPRI). Those with more than 100 casualties are defined as major conflicts.