

# The Role of the Business Community in Reconciliation and Peace-building

Written by Salma Yusuf

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SALMA YUSUF, FEB 24 2012

Is there a change of heart among the business leaders? Can the business community change to create an environment from which both business and the community can mutually benefit? Times have changed and so have the motivations of the business sector. Traditionally, it was widely accepted that businesses and multinational corporations were driven by profits alone. However, with the turn of the century it has become increasingly apparent that businesses do in fact have a social conscience. As Harvard Business School professor Rosabeth Moss Kanter[1] has documented, doing the right thing has begun to permeate the corporate boardroom. Admittedly, though social justice and the advancement of peace has not yet evolved to occupying centre-stage in the corporate agenda, a significant development is that businesses are no longer averse to the idea. In recent years, there has been acknowledgement within the business sector that the credibility of its operations can be strengthened by subscribing to altruistic ideological pursuits and embracing its latent social role.

The challenge now is to promote awareness on how the notions of social justice and peace could in fact be profitable which would in turn lead to it becoming a priority in the business agenda. This would involve minimizing the risk associated with entry of businesses in war-torn areas with uncertain futures. Under these circumstances, there appears a proclivity today to venture forth where a decade ago business would have feared to tread.[2]

A potential nexus that needs to be highlighted as crucial to the development of sustainable peace and reconciliation is the need for economic prosperity in post-war contexts and the role of the businesses in such a national endeavour. In countries such as Sri Lanka, the need for economic prosperity or at least movement away from abject poverty and economic hopelessness is pivotal to moving towards reconciliation and peace building if the spirit of peace is to not falter and be extinguished.[3] It is the private sector that can provide in the long-term for economic growth opportunities, jobs and wealth creation.

The recognition of such a nexus has been underscored in the policies of world bodies such as the World Bank and United Nations which have begun to entrench in its vocabulary the idea that the private sector should be coupled with the non-governmental sector under the label of 'civil society.' Both institutions have realized the role of the private sector in the generation of wealth and economic opportunities.

The second challenge then is how to induce the entry of the business sector at the initial stages following the end of terrorism as is relevant to the current context of Sri Lanka, being only three years since the dawn of peace. Possible ways of stimulating such an inducement is to develop commitment within the international private sector to envision that investment abroad would also be an investment in social change. Closely related to this is the need to cultivate a positive attitude towards state structures, administrative structures, public service and international institutions. Hence, this ought to be integral to Sri Lanka's foreign policy strategy which would necessarily involve both direct bilateral and multi-lateral engagement with relevant foreign powers and world bodies.

Commentators such as Rosabeth Moss Kanter points out that conventional attitudes of the private sector towards the social sector was 'as a dumping ground for spare cash, obsolete equipment, and tired executives, today smart companies are approaching it as a learning laboratory.' Herein therefore lies the context for the emergence of 'a

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partnership between private enterprise and public interest that produces profitable and sustainable change for both sides.’[4]

Seeking to raise awareness and develop national momentum on the subject, Sri Lanka hosted its first National Conference on the Role of the Business Community in Reconciliation on January 24, 2012. Convened by the Lakshman Kadirgamar Institute of International Relations and Strategic Studies, the conference attracted CEOs of leading companies with investments or companies interested to invest in the north and east. Asanga Abeygoonasekera, the Executive Director of the Kadirgamar Institute in his opening address remarked on the need for a reprioritizing of the state agenda in the post-war situation from military aims to socio-economic and political aims. To illustrate this he noted that globally the world has spent US \$1 trillion on defence but only \$100 billion on development. Alluding to affirmative and conflict-sensitive approaches taken in countries like Australia for example, in the telecommunications company Telstra, where a policy of including and employing underprivileged indigenous people was adopted, he urged Sri Lankan companies to embark on such a paradigm in their operations so that they implement policies that ensures the inclusion of LTTE cadres and other war-affected persons and groups in the economic growth and development activities of the country.

Prof Rohan Gunaratna, Head of the International Centre for Political Violence and Terrorism Research, Singapore noted that the backbone of the Sri Lankan government was its economy and this was reflected by the fact that attacks on key economic targets such as the Central Bank in Colombo and the Katunayake airport by the terrorists were a part of its strategy to cripple the country. Gunaratna went further to identify four key aspects as necessary for the national strategy of the business community in reconciliation and peace-building. First, livelihood and income generation activities; second, infrastructure development in the North and other conflict-affected areas; thirdly a need for the business community to engage directly with individuals and communities in war-affected regions of the country and finally, to ensure that all endeavours undertaken embrace the vision of preventing economic stagnation which has been at the root of most political conflicts.

Reflecting on the work of the Central Bank in the conflict-affected areas of the North and East of the country, the Governor of the Central Bank, Ajith Nivard Cabraal highlighted the challenges of attracting investment into and maintaining existing investment in the regions. He recorded the 1-2 percent loss in growth that had resulted from the withdrawal of the GSP+ concession, delay in the International Monetary Fund's contributions and attacks on the Central Bank building in Colombo. He went further to recall criticism that the Sri Lankan administration was warned that a counter-terrorist operation would cost the country significantly. However, he stated that the defeat of the terrorist movement proved to be one of the most critical investments towards the future of the country. The 60,000 + loans granted and utilized in the former conflict regions is indicative of the opportunities for rapid economic development in the impoverished sections of the country. Worthy of note are the drop in poverty levels which was 15 percent in 2009 and were recorded as 8 percent in the year 2011; the generation in livelihood opportunities in the field of vocational training; facilitation of new bank lending schemes via the Central Bank to the former conflict regions of the country; the rapid infrastructure development programmes in the North and East of the country including those of roads, bridges, electricity, schools and hospitals; and the projected investment amounting to 251,000 Sri Lanka Rupees by the private sector in Sri Lanka.

Highlighting the attractiveness of investing in the North of the country, the Government Agent of Jaffna, Imelda Sukumar pointed out the availability of rich natural resources in the region such as limestone, land, groundwater, sea salt, fisheries and agriculture that could be tapped into in order to create industries, income generation and livelihood opportunities. Additionally, the market demand for produce and jobs is increasing with the return of formerly displaced persons to their original habitats. Thirdly, there exists potential for the development of tourism-related infrastructure as Jaffna is gaining increasing currency as a tourist destination, both by locals and foreigners.

The Secretary General of the Ceylon Chamber of Commerce, Harin Malwatte, speaking at the event called on the need for further strengthening of already built infrastructure and rebuilding of dilapidated infrastructure as essential to attracting both foreign and local investment. Stressing the importance of focusing on post-conflict national governance issues, he declared the Chamber's support of public-private partnerships and ventures as crucial to the future economic growth and development of the country.

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Although engagement of the business community has been acknowledged as essential for peace-building by both the World Bank and the United Nations, a system of rewards to lure early private sector entry has yet to be devised.[5] Further, it is advisable to involve the private sector in the larger work of formulating post-war recovery strategy as it will help to generate ownership of the process and in turn sustainability of outcomes. This would require innovative thinking by both the public and private sectors. The challenge therefore lies in finding new means to make such engagement attractive by establishing appropriate economic and non-economic incentives for investment.

The identification of the benefits of early involvement for private businesses in post-war, uncertain and fragile contexts need to be brought to the forefront in any discourse on the role of the business community in reconciliation and peace-building. First, it is a test of the resilience of the sector's ability to navigate adverse conditions and establish suitable conditions for economic proclivity. Second, it can play a crucial self-serving role in shaping of the market for decades to come by securing preferential rights for early entrants and contributing to developing the legal and regulatory framework in which they will have to operate.

Although a growing number of companies throughout the world are involved at the early stage of war-to-peace transitions, few will be able to sustain their involvement, absent extraordinary profits, unless initiation of the rule of law and institutions practicing good governance soon follow. For this reason there is a business interest in promotion of the rule of law and the development of open markets as a means for creating an environment conducive to doing business.[6] Sri Lanka's strategy of building and strengthening a public-private sector partnership to create economic growth in Sri Lanka's north and east is visionary. Such a creative enterprise is likely to ensure future long term stability and peace.

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[1] Harvard Business Review, May-June 1999

[2] Allan Gerson, The Private Sector and Peace, Summer Fall 2000, Volume VII, Issue 2, The Brown Journal of World Affairs

[3] Allan Gerson, see footnote 2

[4] Rosabeth Moss Kanter, From Spare Change to Real Change: The Social Sector as Beta Site for Business Innovation, Harvard Business Review, May-June 1999

[5] See, for example, President James Wolfensohn in the World Bank's Comprehensive Development Plan of 21 January 1999: "It is absolutely clear that domestic and foreign private investment is the key to economic growth and employment."

[6] Peace Building: The Private Sector's Role, The American Journal of International Law, Vol 95, No. 1, Jan 2001, 102-119