CSR Snapshot #4 - Conflict-sensitive good business practices

Conflict contexts come in various forms. There may be pockets within so-called fragile states where a stable working environment exists, while conversely there may be pockets of conflict within “stable” countries. From a company perspective, conflict can be divided into two broad categories: macro-level conflict (sometimes pre-dating the arrival of the company), which is related to the wider social and political context not necessarily related to the company presence, and local-level conflict, which is more directly related to the company’s presence or as a result of company activity. A company should be aware of any existing or possible conflict before its arrival so that it can avoid unwittingly being drawn into it. Conflicts do happen and should be seen and used as a way toward progress. They only become a threat when they cannot be resolved.

Why does conflict matter to companies?

- Management time consumed by social issues
- Community investment does not guarantee goodwill
- Risk losing ability to operate
- Company actions could cause or exacerbate conflict within and between communities
- Increased security issues
- Reputational risks on an international scale
- Reduced access to credit
- Risk of costly blockages, strikes and shutdowns
- Potential loss of life, projects, capital and/or assets
- Risk of losing Government advocacy support

Macro-Level Conflict

Companies have little to no control over macro-level conflict. Such conflict can create an unstable business environment or may pose reputation and divestment risks, and growing reliance on security forces can increase human rights risks. Yet companies have various means to limit impacts related to macro-level conflict. At times, in highly conflictive environments, it is advisable to avoid conducting mining operations at all.

Before investing in a country experiencing conflict, companies should conduct a **conflict-impact assessment** as part of an investment decision. A company’s leverage with host governments is highest before deciding to invest. Companies can make investment conditional on government commitments by negotiating a greater government/public security presence in the operating area or insisting that the government implement the Voluntary Principles on Security and Human Rights. Companies have successfully offered training for state security providers on the use of force, subsidized the posting of prosecutors to the area and provided other incentives to support local law and order systems. At the same time, companies should be careful to avoid assuming government responsibilities.

It is especially critical to gain and maintain acceptance in fragile states. Having good company-community relations often helps the company to prevent and manage conflict.

“Doing Nothing” vs. “Neutrality”

Taking a non-interference approach is not the same as doing nothing. It requires political awareness not only of the context, but also of the fact that the company can affect the situation. Neutrality also requires access to information to manoeuvre sensitivities and avoid the company being seen as supporting or endorsing the status quo. Especially when the status quo is seen as unfair, such an approach could make corporate assets a target.

Local-level Conflict

Companies can more easily deal with local conflict with communities or between communities. Conflict between groups or between the company and communities is often predictable and preventable. Local communities often suffer equally from conflict, if not more, than the company does. Monitoring the quality of relationships may suggest the possibility of conflict, but it may also point toward finding solutions.

An important first step is to understand how a company can avoid inadvertently feeding into conflict dynamics. Conducting a dividers and connectors analysis is a practical way to assess intergroup conflicts and how these are related to operational activities. As an alternative, a relationship matrix can be prepared, which gives a pictorial representation of the quality of relationships between all actors and groups. That matrix can also be useful in deciding priorities for establishing relationships. Identifying reference communities and potential respected intermediaries would also be useful.

Second, companies should eliminate any incentives for local groups to behave in a destructive manner. As an example, you are advised to avoid the following behaviours:

- responding quickly to roadblocks but not responding to letters;
- paying more to land owners who “hold out” than to those who sell their land sooner; and
- publicly overruling decisions of lower-ranking staff in the face of public protest.

Companies should also increase engagement with positive actors that represent broader interests. In addition, companies can provide mechanisms for addressing issues constructively. This may be via ongoing engagement (i.e. building and maintaining relationships) and a community conflict-resolution mechanism.

Dividers and Connectors Analysis

All societies have elements that can divide people into subgroups ("dividers") and elements that can connect people across subgroups ("connectors"). When these divisions are fuelled or these connectors are undermined, societies can fragment. Conversely, when connectors are reinforced and dividers are overcome, people find ways to live side-by-side and to address common problems.

Dividers can exist between generations (youth versus elders), leadership (elites versus elected representatives), locals versus non-locals, vocation (fishermen versus farmers), etc. Examples of connectors include shared concerns about violent youth, public spaces where opposite sides in a conflict can meet, and infrastructure shared by all parties to the conflict.

Third, companies should get the "no brainers" of company-community relations right. The following approaches seem straightforward, yet they predictably lead to conflict when not followed. Companies should strive to:

- follow through on promises and commitments;
- avoid hiring "outsiders" for work "locals" feel entitled to;
- pay local contractors on time;
- ask permission from landowners when entering land;
- monitor contractor behaviour to ensure that it is respectful;
- be, and be seen, as a company that listens and is transparent;
- ensure that driving behaviour is seen as careful;
- address complaints related to the impacts of the influx of people; and
- engage with representatives who are respected and seen as legitimate (who are not always the most vocal).

Early Warning Indicators of Potential Conflict

- Absence of regular communication between the company and community
- Presence of groups with interest in creating conflict
- Increase in community demands and hostile tone
- Disproportionate reactions to incidents
- Signals that the company is perceived as taking sides
- People stand at the company's gate because of dissatisfaction with complaint-resolution process
- Trends in theft levels and increasing company reliance on armed security providers
- Critics get greater local support

Weak regulatory/governance framework/context
A periodic analysis of complaints received will show the degree to which grievances are due to company approaches or, alternatively, due to external factors.

Key Success Factors

- Approach communities as partners in preventing and managing conflict with the company, rather than as a risk factor.
- Ensure that benefits are distributed across communities, not only to "host" communities or those that present the most apparent threat to company operations.
- Community perceptions determine reactions. Analyze and ask how people feel about the company, don't assume that all good company efforts will add up to reduced conflict overall.
- Recognize the importance of intangibles like building trust, respect and a sense of neighbourliness. Failing to do so explains why communities who have received many material benefits may still hold grievances against the company.
- Draw a line on what constitutes unacceptable behaviour and be clear about your expectations. Distinguish violence based on grievances from that associated with criminal behaviour and develop separate strategies for both.

Dos and Don'ts

DO

- Create dialogue space and develop and maintain relationships.
- Monitor the quality of relationships using indicators (trust, respect, communication, mutual understanding, conflict resolution, goal compatibility, balance of power, focus, frequency, stability and productivity.
- Establish routines.
- Personalize encounters for more constructive engagement.
- Focus on shared interests between/within communities.
- Implement a community grievance mechanism.
- Analyse dividers and connectors before entering an area. (Another complementary "Do" would be: mapping the various risks associated with the company's activities (environment, HR, etc.).
- Provide conflict resolution training to front-line staff.
- Identify and legitimize constructive leaders who advocate a non-violent approach.
- Work with local government entities.

DON'T

- Create "haves" and "have nots"
- Reward violence or negative actions.
- Only meet when there is a "need"
- Leave space (e.g. by not engaging) for opportunistic outsiders to manipulate communities
- Seek only short-term solutions driven by production targets

International guidelines

Established in 2000, the Voluntary Principles on Security and Human Rights are a set of principles designed to help extractive sector companies anticipate and mitigate risks related to the deployment of public and private security, such that operation can be protected without excessive force or human rights abuses. Visit voluntaryprinciples.org for more info.

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