



# Operationalizing peace through commerce: Toward an empirical approach

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## KEYWORDS

Business and peace;  
Corporate  
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MNCs;  
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**Abstract** Most scholars would agree that the goal of business is to create value. Yet, can there be anything more valuable than peace? This article tackles the following research question: How can, or do, businesses advance peace? It explains why peace through commerce is a topic worthy of study and sets out an empirical approach to operationalize it. The implementation of that approach remains in the future, but in this article, I seek to examine the contours of a possible approach. The proposed study will demonstrate how some businesses have already begun to move toward advancing peace and will give direction for how businesses could follow suit in the future. With both a content analysis and a panel data analysis, there would be data to help determine an index for peace through commerce, which would contribute a great deal to the existing body of literature. The proposed study will help scholars and practitioners alike understand the relationship between business and peace better.

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## 1. Can—and do—businesses advance peace?

Most scholars would agree that the goal of business is to create value (Griffin, 2016; Prahalad & Ramaswamy, 2004). Yet, can there be anything more valuable than peace? Colonialism teaches the possible negative ramifications of a business taking over the role of the government in a country. What about the positive impacts? Are there things

that businesses have done or can do that will actually make the world a better place? Just as any nation must look toward the positive future rather than dwell on the past, this article tackles the following research question: How can, or do, businesses advance peace? There are many ways in which this is actually possible, and recently scholars have begun to argue that the only way is to rethink the whole system—by considering peace through commerce. If multinational corporations (MNCs) are the most powerful economic actors in the world (Goodwin, 2005), this article posits that it is important that they advance peace and take care of

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people who belong to the community in which they operate, especially if the government is not doing this job.

## 2. Theoretical foundations

Throughout much of R. Edward Freeman's work on stakeholder theory (Freeman, 1984, 2000; Freeman, Harrison, & Wicks, 2007) and Timothy L. Fort's work on peace through commerce (Fort, 2007; Fort & Gabel, 2007; Fort & Schipani, 2007), there is a particular theme which scholars must face: Times have changed and there is a need to rethink the way we have viewed business in the past. A new approach is necessary because the landscape of business has changed due to globalization and technology. The field of business is known for its cutting edge innovation, allowing firms to stay ahead of the established competition and excel as risk-taking entrepreneurs. Peace through commerce is just that: innovative, timely, and quite possibly the key ingredient for a firm to gain competitive advantage.

Multinational corporations have the resources and power to help improve the economic, social, and political systems in which they operate (Goodwin, 2005; Lawrence & Weber, 2014). In fact, 53 of the 100 largest economies in the world are MNCs (Carroll, 2004). There is a need for more research into corporate responsibility (CR) actions that are beneficial to business while effectively contributing to the communities abroad in which they operate (Visser, 2008). By viewing society as the ultimate stakeholder, MNCs can capitalize on emerging markets in any developing country through poverty alleviation actions (Steen, 2007) and thus contribute to peace building (Fort & Schipani, 2004). Additionally, CR actions such as poverty alleviation can build trust in firm-stakeholder relationships with the result of improving firm performance (Fort, 2007). This article explains why peace through commerce is a topic worthy of study, and sets out an empirical approach to operationalize it. The implementation of that approach remains in the future, but in this article, I seek to examine the contours of a possible approach.

## 3. Demonstrating peace

Peace is a difficult construct to empirically test because it is more aspirational than most constructs and has several implicit components such as human development, happiness, and a negative relationship with violence (Sen, 2011b). To simplify, I will use the reduction of violent conflict as the indicator

for peace and use the Human Development Index (HDI) as an indicator for reduction of poverty.

Much of the existing peace through commerce literature emphasizes the fact that businesses do not *need* to advance peace, but that many already do and emphasize that they *can* (Oetzel, Westermann-Behaylo, Koerber, Fort, & Rivera, 2010). Many businesses do not establish peace as a 'hypergoal'—a set of specifiable goals applicable to all publically owned, for-profit corporations independent of their purpose, type, business, or legal governance (Dunfee & Fort, 2003). Keeping in mind the history of the British East India Company in the 1800s, the United Fruit Company in the early 1900s, and the ethical scandals of the early 2000s, it is important to emphasize that this study proposes that ethical business behavior can lead to peace (Fort, 2010). Specific examples of these behaviors include fostering social harmony in the community through tolerance education CR programs in Poland, which built capability of voice for community citizens; engaging in track-two diplomacy in post-apartheid South Africa, which de-escalated conflict and promoted mutual understanding; and adopting voluntary principles on security and human rights (Fort & Schipani, 2004; Oetzel et al., 2010).

While the aforementioned behaviors exist, I am not arguing that businesses do not have unethical business behaviors, but rather that they can do good things—thus the bias in this research is inherent. The first proposition is therefore about possibility (Fort & Schipani, 2004).

- *Proposition 1: There can be a positive relationship between ethical business behavior and peace.*

## 4. Poverty alleviation and ethical welfare economics

Poverty alleviation is important because it can build peace (World Bank, 2011). To clarify, global poverty is quite possibly the world's biggest challenge because it has so many other implications, such as terrorism and violence. It denies people basic human rights, opportunities, and choices (Sen, 1999). Around the world, over one billion people live on less than US \$1 per day, measured by purchasing power parity (ppp), and another two billion live on between \$1–\$2 a day (Sachs, 2005). They cannot meet basic survival needs such as clean water, health care, food, shelter, clothing, or education (Sen, 2011a).

Poverty is defined in several different ways with various ways to measure it. Most definitions commonly accepted in the academic and international

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