

Radboud University



Business in Burundi, mediating institutions or drivers of conflict?

A study of the effects of Dutch SMEs on peace and development in Burundi

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“Conflict, Power and Politics”

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Abstract

This thesis identifies the effects of four Dutch SMEs on development and peace in Burundi. A small-c case study design is used in order to answer the research question. The cases are Dutch SMEs who received a subsidy from the Private Sector Investment fund from the Dutch government. This study finds that the companies in this sample facilitated very limited inclusive, sustainable and broad-based development. The companies did facilitate economic development. None of the companies seemed to contribute to positive peace in Burundi. On the contrary, by not acting conflict sensitive, this study finds that the companies may be fueling conflict in the long run.

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List of Abbreviations

CSR	Corporate Social Responsibility
DGGF	Dutch Good Growth Fund
GDP	Gross Domestic Product
ICC	International Criminal Court
NEA	Netherlands Enterprise Agency (Rijksdienst voor Ondernemen)
NGO	Non-Governmental Organization
PSI	Private Sector Investment project
SLO	Social License to Operate
UN	United Nations

Chapter 1. Introduction

In recent decades, wars and conflict have been connected to more global actors than ever before (Kaldor, 2013). Among these actors are private companies. Globalization has driven businesses across borders and seas to look for opportunities to broaden their markets. The newly connected world not only provides economic opportunities for businesses, it also creates new ways of thinking about peace and development. Stable markets bring opportunities to entrepreneurs around the world, and therefore peace is no longer only in the interest of local actors (Oetzel, Westermann-Behaylo, Koerber, Fort & Rivera, 2010; Sweetman, 2009; Wenger & Mockli, 2003). Along with this trend, a new body of scholarly literature has arisen; business for peace. The tendency within this body of literature is to focus on multinational organizations, corporate social responsibility (CSR), and the potential that businesses bring for peace and development. Less research has focused on the effects of businesses on peace and development; especially lacking in the debate is the role that small and medium-sized enterprises (SMEs) play (Idemudia, 2011; Forrer, Fort & Gilpin, 2012; Fox, 2004). This thesis fills this gap by identifying the effects of Dutch SME companies on development and peace in Burundi.

This study researches both development and peace, arguing that development can lead to peace. This is based on the arguments of numerous authors that development and peace are closely intertwined (Evaldsson, 2005; Kaczmarek, 2017; Lenfant, 2016; Rogers & Ramsbotham, 1999; Ross, 2003; Stewart, 2002). Businesses have considerable potential to contribute to development in developing countries (Oetzel et al., 2010). If development does actually lead to broader peace, businesses can be important actors in peace processes (Evaldsson, 2005; Kaczmarek, 2017; Lenfant, 2016; Rogers & Ramsbotham, 1999; Ross, 2003; Stewart, 2002). The idea that businesses can contribute to peace has been around since the beginning of the twenty-first century, and since then scholarly research has attempted to show *how* businesses can contribute to peace (Oetzel et al., 2010). Yet, scholars have been unable to shift from theorizing to finding evidence that business can do so.

One of the problems with finding evidence of business for peace involves the definition of development. In conflict studies, development concerns improving people's well-being (UN, 2019b). By investing in countries that have experienced or still are experiencing conflict, organizations such as the UN hope to contribute to development and, in the longer run, to peace and stability (UN, 2019b). When an economic definition of development is used, which was a tendency in the literature until the 1990s (Nederveen Pieterse, 2010), measuring the actual contributions that business makes becomes easy. Focusing on economic indicators, such as gross domestic product (GDP), is sufficient for measuring whether enterprises contribute to economic development. However, a rise in GDP may mean that a country's economy is improving; but that does not inherently mean that the people of the country are doing any better. It is important to ask whether everybody benefits from economic improvement in the long run. Development should be broad-based, inclusive, and sustainable. If scholars begin taking such indicators into account, the potential of businesses to development and peace is greater. The effects

of businesses can then also be better measured. It is, however, more difficult than measuring economic indicators alone.

The range of actors involved in facilitating processes of peace is broad. From local actors to large international organizations and governments, the process of building peace can be observed at all levels (Killick, Srikantha & Gündüz, 2005). Various scholars have identified a significant potential for businesses in the peacebuilding process (Kolk & Lenfant, 2017; Lenfant, 2016; Oetzel et al., 2010; Ruggie, 2013; Sweetman, 2009; Wenger & Mockli, 2003); however, the details and the impact of corporate engagement in peace and development in developing countries remains undertheorized (Kolk & Lenfant, 2017; Idemudia, 2011). This thesis contributes to this field of study by way of a qualitative case study that maps the effects of Dutch companies on development and peace in Burundi. This study investigates whether the interference of Dutch SMEs has worsened or improved the violent situation in this African country.

1.1. Structure of the Thesis

The thesis begins by discussing the conflict in Burundi and identifying the research problem. It then moves on to the theoretical framework in Chapter 2. Here, the concepts of peace, development and business for peace are explained. In Chapter 3 the researcher describes and defends the research approach. In the second part of this thesis, the research subquestions are answered in individual chapters. In Chapter 7, the findings are discussed, the conclusions are presented in Chapter 8.

1.2. Conflict in Burundi

Burundi shares a history of ethnic violence with its northern neighbor, Rwanda (Daley, 2006). Burundi has a population of nearly 11 million and is one of the poorest countries in the world: almost 75 percent of the population lives below the poverty line (World Bank, 2018). Burundi is Africa's second most densely populated country and relies heavily on its agricultural sector (World Bank, 2018). Eighty percent of the population relies on the agricultural sector for employment, while that sector contributes to only 40 percent to the country's total GDP (World Bank, 2018).

During colonial times, Burundi was ruled by Belgium (Uvin, 1999). Before Belgian colonization, Burundi was a political and geographical entity (Daley, 2006). However, since the end of the colonial period, the country has been unstable (Daley, 2006). There were six governments between 1962 and 1966. In 1966, the monarchy was abolished, and between 1965 and 1996 the country experienced four *coups d'état*. In 1993, the first democratically elected president was assassinated (Daley, 2006). In addition to this political unrest, the country experienced large-scale ethnic violence, which is often referred to as genocide in the literature (Daley, 2006; Uvin, 1999). Violence based on ethnicity killed 200 thousand people in 1972, and 20 thousand in August 1988. Between 1993 and 2000, another 200 thousand people were killed and more than 300 thousand displaced (Daley, 2006; Uvin, 1999).

Approximately 85 percent of Burundi's population are Hutu, 14 percent are Tutsi, and one percent are Twa (Uvin, 1999). Ethnicity is considered as the main source of conflict, in reaction to the uneven distribution of wealth and power (Newbury, 2001; Ndikumana, 2005; Uvin, 1999). Ethnicity has been instrumentalized by political leaders. This elite executed strategies of exclusion based on whether a person was a Hutu or a Tutsi, and mobilized support on the basis of ethnicity by dehumanizing and demonizing the other ethnicity (Ndikumana, 1998; McClintock & Nahimana, 2008). Education was neglected in the country, with the exception of the southern province of Bururi where the Tutsi oligarchy benefited (Ndikumana, 2005). On the basis of this, the Tutsi elite used strategies of ethnic cleansing to create a military that was wholly Tutsi (Ndikumana, 2005). Ndikumana (2005) argues it is not the existence of ethnic groups in Burundi that has caused the violence. The distribution of resources was structured along these ethnic lines, creating inequality between ethnic groups (Ndikumana, 2005). This inequality has been the source of conflict, Ndikumana (2005) argues, not ethnicity. Stewart (2009) makes a distinction between vertical inequalities, the inequalities between individuals, and horizontal inequalities, inequalities between groups. Such horizontal inequalities especially are a potential source of conflict because they generate powerful motives that leaders can use to mobilize large numbers of people (Demmers, 2012; Steward, 2002; Stewart, 2009). Such mobilization can be accomplished by means of references to common history, language, religion, or by pointing to a group's exploitation (Collier & Hoeffler, 2004; Stewart, 2009). The structural exclusion of the Hutu population from education, economic prosperity, government functions, and even the military may be one of the main sources of the vicious cycle of recurring ethnic violence in Burundi.

After years of such violence, the 2000 Arusha Peace and Reconciliation Agreement for Burundi, also known as the Arusha Accords, marked an important step towards attaining peace (Lemarchand, 2006; McClintock & Nahimana, 2008). The fact that the long, embattled negotiation process ended with a document that took the first steps in depolarizing the political arena was progress (Lemarchand, 2006). It marked the beginning of a power-sharing compromise that would eventually mean the end of civil war (Lemarchand, 2006). However, others argue that the Arusha Accords and the process that led to it were far from successful: though it resulted in an agreement, the process was too replete with barriers to attain real peace (Jooma, 2005; McClintock & Nahimana, 2008). Uneven representation of the ethnic groups, distrust of the mediator, and the fact that important leaders did not participate because peace was not in their interests, weakened the accords (McClintock & Nahimana, 2008). Jooma (2005) argues that the accords focused too much on ethnicity and too little on other socio-economic relations and characteristics that are linked to the conflict: human rights abuses, public sector strikes, inequality in landownership, and so on.

Exclusion and ethnic mobilization remained and fighting by rebel groups continued (McClintock & Nahimana, 2008). In 2003, President Ndayizeye and the leader of the largest Hutu rebel group (Forces for Defense of Democracy), Pierre Nkurunziza, signed a new peace agreement. In 2005, Nkurunziza was elected president of Burundi, and in 2010 he was elected for a second term (BBC,

2018). In 2015, tensions rose to a new high when Nkurunziza announced that he wanted to run for a third term. The Constitutional Court ruled in favor of this decision (BBC, 2018). Nkurunziza won the 2015 elections and began resisting the arrival of peacekeepers of the African Union. Tensions rose again and, in 2017, Burundi became the first country to leave the International Criminal Court (BBC, 2018). A month later, the court began an investigation into crimes against humanity in Burundi (BBC, 2018). In May 2018, Nkurunziza announced a referendum to extend his rule by another sixteen years (BBC, 2018).

In the first half of 2019, when this thesis was written, unrest in Burundi has not lessened. The current government demands that nongovernmental organizations (NGOs) produce lists of their internal ethnic balance to create a 60/40 percent distribution of Hutu and Tutsi identities (East Africa Monitor, 2019). Several NGOs refused to comply and left the country (Crisis Group, 2019b). Businesses that are partly owned by the state also have to comply with the law on producing lists of ethnic identities working at those companies (Van Beemen, 2019). This may not be the case for the companies investigated in this study, nevertheless, ethnicity poses a challenge for all foreign companies operating in Burundi. This study identifies whether, and if so, to what extent, ethnicity was taken into account when jobs were created by the companies in the case study.

If it is handled correctly, companies could fulfill an important role in the peacebuilding process. Yet the question of the business-based peacebuilding debate remains: How to do it right? This thesis contributes to this debate. The relationship between business and peacebuilding is explained extensively in the theoretical framework; however, important to note here is that companies can create opportunities for development and peace by using their influence in the right way. For example, companies can lobby, provide jobs, and secure income for inhabitants of Burundi. In this manner, they can potentially contribute to the reduction of horizontal inequalities between ethnic groups. However, it is not just any business that fosters peace, Fort (2009) argues. Ethical businesses are those that can advance peace since they are committed to ethical and social behavior in the country in which they operate (Fort, 2009).

1.3. Research Questions

The study explores the effects of private companies in processes of development and peace. It uses Dutch SMEs funded by the Private Sector Investment (PSI) program as a case study and identifies their effects on development and peace in Burundi. The PSI-program was created by the Dutch government to stimulate Dutch companies to invest in developing countries (NEA, 2019). Further information on the PSI can be found in Chapter 3. Small and medium-sized companies are firms employing from one up to 249 persons (OECD, 2017).

The main research question of this study is: what is the effect of Dutch SMEs' on peace and development in Burundi? This thesis answers this question by breaking it down into several subquestions across two categories: development and peace.

Development

1. Have the Dutch companies that were part of the PSI-program contributed to development in Burundi? If yes, what type of development was fostered?
2. Was development mostly achieved through the companies' core business or through CSR?

Peace

3. Have these Dutch companies also contributed to peace in Burundi, and to stability and/or reconciliation? If so, how? If not, did they, on the contrary, fuel conflict?
4. Did Dutch companies intend on contributing to peace, stability, or reconciliation?

Together, these subquestions answer the research question. While developing answers to these subquestions, this thesis makes the theorized assumption that, under certain conditions, development can positively contribute to peace. The theoretical substantiation for this claim can be found in the following chapter.

1.4. Relevance

1.4.1. Scientific relevance

Traditionally, much attention has been paid to the negative role businesses can play, and less has focused on the positive impact that businesses can have on peace and stability (Lenfant, 2016; Ruggie, 2013). Within the latter realm, minimal research has focused on the details and the impact of corporate engagement in developing countries in relation to peace, development, and inclusiveness (Kolk & Lenfant, 2017). In times of peace, the private sector can work to prevent conflict from occurring or recurring by limiting the risk of escalation; in times of conflict, it can contribute to reducing both direct and indirect violence (Oetzel et al., 2010; Slim, 2012).

While a growing number of peacebuilding scholars have identified this need to include the private sector in peace research, most of the attention is directed at large companies, primarily multinational enterprises (MNEs). The debate sometimes touches on SMEs, for example, in an indirect sense, as suppliers for large companies or as beneficiaries of large CSR projects, but not as the main object of research (Fox, 2004). Though they have to a large extent escaped scholarly attention, SMEs are interesting firms to investigate in the field of business for peace. The impact that SMEs make on their social environment is significant (Forrer et al., 2012; Fox, 2004). They are the driving force of most economies in terms of employment creation and deliver a substantial contribution to GDP (Forrer et al., 2012; Fox, 2004). The same holds for the CSR literature. While there is a large branch of research that commits itself to CSR, it focuses on MNEs alone and omits the potential of SMEs (Forrer et al., 2012; Fox, 2004). This thesis contributes to reducing this gap in "business for peace" research and hopes to raise scholarly awareness of the role that SMEs may play in business-based peacebuilding.

1.4.2. Social relevance

This thesis is contributing to the concept of public–private cooperation by assessing companies that received a subsidy from the Dutch government. Research on the effects of Dutch companies that received the subsidy to invest in fragile states can contribute to a more substantiated policy and strategy of public–private cooperation. Furthermore, this thesis contributes to the debate on how nonstate actors can contribute to peace. Finally, this study moves away from the theory of businesses for peace alone and examines the real-life effect of business in fragile states. As such, it can identify implications for government policies as regards investing in post-conflict countries.

1.5. Selected Cases

Before continuing, a justification for the particular choice of businesses seems in order. When writing about businesses in Burundi, one cannot continue without mentioning Heineken. Heineken is a Dutch beer company that is very active in Burundi, among other African countries (The Correspondent, 2016; Van Beemen, 2018; Van Beemen, 2019). There are a number of reasons that Heineken or other MNEs were not selected as a research topic. First, Heineken has been substantially researched, not only in the academic literature but also by research journalists (The Correspondent, 2016; Van Beemen, 2018; Van Beemen, 2019). This does not mean that it is less interesting or that the subject has been exhausted, but that, as the decision was made that to “better” contribute to the debate on business-based peacebuilding, it would be of interest to research other companies. Second, much has been written about the role MNEs can play in peacebuilding, and very little has been written about the role SMEs can play. This study is concerned with the kind of business specified in the fourth column of Table 1: SMEs in the international category. To the researcher’s knowledge, this is the first study of Dutch SMEs operating in Burundi.

Table 1: Focus of this thesis compared to other private actors.

Local		International	
Small/Medium	Large	<i>Small/Medium</i>	Large
Local community projects		For example, drill a borehole in the village	
Core business		Provide a secure job, skill/technology transfer, and growth possibilities	
Lobbying and advocating		Use bargaining power with local and, in some cases, international authorities	

Chapter 2. Theoretical Framework

This chapter explores the theoretical concepts raised in the research question of this thesis, starting with the concepts of peace and development and the relation between the two. It then moves to the actors in the peace effort, the resource curse, and, finally, the role of businesses in the peace effort.

2.1. Development and Peace

This thesis provides a new perspective on the impact of Dutch private companies in peace efforts by using development and peace as measurement indicators. This thesis is based on the claim that the extent of contributions to development can indicate levels of contribution to peace. Before considering the theoretical substantiation of this claim, this chapter first defines peace and development, beginning with the former.

2.1.1. Peace

Peace can range from durable, strong peace, to weak, fragile peace where conflict is just around the corner (Webel, 2007). Galtung (1967) introduced three notions of peace: stability, negative peace, and positive peace. The first refers to the idea that peace is the equivalent of stability (Galtung, 1967). It refers to the notions of “law and order” and social order, and the idea that violence can be used to achieve these. It can also refer to peace within a person, a state of mind in which one is at peace with oneself (Galtung, 1967). The other two notions are negative and positive peace. Negative peace refers to the absence of collective violence between human groups, while positive peace is “*a synonym for all that is good in the world community*” (Galtung, 1967: 12). With negative peace, the tendency is not to focus on the causes of conflict, but to control violence (Sandy & Perkins, 2002). Positive peace pays attention to controlling violence, combined with advocating human rights, cooperation between groups, the integration of all groups, and a legitimate state apparatus (Sandy & Perkins, 2002).

Traditionally, peace is seen as the domain of governments, NGOs and the UN (Fort & Schipani, 2004). Ten years ago, the main narrative was that businesses were fueling conflict, while the abovenamed organizations attempted to create stable peace (Fort & Gabel, 2007). However, as communal and social beings, humans value peace as a beneficial state. It is therefore inherent in human nature to strive for peace (Fort, 2007). This claim substantiates the core proposition in the business-for-peace literature, which argues that peace is a goal of all human activity, including business activity (Oetzel et al., 2010). Today, the field of peacebuilding has acknowledged the potential of businesses as peacebuilders based on the premise that peace concerns all actors in societies in which there is conflict (Fort & Gabel, 2007).

Contributions to peace do not have to change companies’ main purposes (Fort, 2001). By acknowledging that undertaking business ethically can reduce the likelihood of violence, business leaders can focus their business on following ethical practices in their daily activities (Fort, 2011). According to Oetzel et al. (2010), businesses have an impact on a number of factors associated with

peace (e.g., economic development, resource extraction, knowledge transfer, and education), whether they desire this or not. By adopting an ethical, critical position, businesses can cope with these issues in a way that contributes to stability. Stability is in turn closely connected to sustainable development (François & Sud, 2006).

2.1.2. Development

Burundi is one of the poorest countries in the world and has been experiencing conflict for several decades (World Bank, 2019a). In this respect, it seems important to delve into the concept of development as it pertains to Burundi, especially since this thesis assumes that development is an important factor to take into account when measuring peace. Since its founding, one of the main goals of the UN has been to contribute to development in order to improve people's well-being (UN, 2019b). According to the UN, sustainable development is the most suitable path for improving the lives of people everywhere. Development is not merely about improving people's economic situation; it also concerns risk reduction, gender equality, access to information and communication technologies, and human settlements (UN, 2019b). In conflict studies it is a common assumption that the incentives to join or support rebel movements are connected to levels of development (Chou, 2012; Collier & Hoeffler, 1998; Collier & Hoeffler, 2004; Fearon & Laitin, 2003; Oetzel et al., 2010). Collier and Hoeffler (1998) found that economic factors, such as a country's GDP and a reliance on primary commodity exports, can be predictors of conflict. A later study finds that the economic motive of "greed" is a better predictor of rebellion and conflict than "grievances" such as unfair treatment or inequality (Collier & Hoeffler, 2004). Concerning the latter, Fearon and Laitin (2003) argue that outbreaks of conflict are not predictable based on ethnic divisions and inequality between ethnic groups. Ethnic diversity is sometimes used as an explanation for conflict: until a few years ago, the popular tendency was to argue that different ethnic groups in the same country clash (Demmers, 2012). While conflict and insurgency are difficult to predict using the argument based on ethnicity, the measurement of economic conditions that favor insurgency can predict conflict to a certain extent (Fearon & Laitin, 2003). In line with Collier and Hoeffler (2004), these authors argue that income per capita and inequality are economic conditions that can well predict the likelihood of conflict. For poor people, there is more to gain from rebelling, while those who are richer have more to lose (Collier & Hoeffler, 2004; Fearon, 2007; Oetzel et al., 2010). In this line of argument, poorer people are thus more risk-accepting: their future prospects may depend on rebellion and that makes them more willing to take greater risks to attain the same proportional increase in income as richer people achieve.

Development, however, does not only concern economic matters. In the 1990s, developmental studies experienced a shift in focus. Rather than focusing only on economic dimensions, scholars began to identify the role of human development: the expanding of people's choices (Nederveen Pieterse, 2010). In addition, scholars began to see that a purely economic view of development does not benefit all citizens in a developing country. Due to corruption and favoritism, only a small number of people,

usually (local) elites, benefited from economic growth (Idemudia, 2011; Rauniyar & Kanbur, 2010). According to Nederveen Pieterse (2010), the trend in development studies resulted in a shift towards a more interdisciplinary view, with new theories using a more inclusive definition of development (Nederveen Pieterse, 2010). Gupta and Vegelin (2016) argue that sustainable development has ecological, social, and economic aspects. Green and inclusive growth, two concepts rooted in neoliberal theory, are the most important characteristics. However, there is an additional dimension: the need to evenly distribute economic growth and environmental burdens (Gupta & Vegelin, 2016). This view of development can be referred to as inclusive development. It questions whether societal, economic, environmental, and political processes really benefit all members of the community (Gupta, Pouw, & Ros-Tonen, 2015). Gupta et al. (2015) argue that there is a strong case for including ecological concepts, since the poorest are often those who rely the most on local resources. When development is inclusive, in both social and ecological terms, it is ultimately also sustainable since all levels of society benefit, Gupta and Vegelin (2016) argue. If development brought by companies aims to benefit all members of society, it should be socially inclusive, broad-based, and economically and ecologically sustainable (Gupta et al., 2015; Gupta & Vegelin, 2016). For this reason, this thesis uses the inclusive, broad-based, and sustainable definition of development rather than the economic one.

2.1.3. The relationship between peace and development

Various authors argue that there is a direct relationship between development indicators and the level of peace in a society (Evaldsson, 2005; Kaczmarek, 2017; Lenfant, 2016; Rogers & Ramsbotham, 1999; Ross, 2003; Stewart, 2002). An example of this relation in practice is the UN's Agenda for Peace, which clearly states that development is an important component of its peacebuilding missions (UN, 1992). In addition, more recently, in its Sustainable Development Goals, the UN made explicit room for economic growth and development in relation to peace (UN, 2019a).

Economic theorists and social researchers have identified economic developmental factors that may contribute to political instability: inequality, competition for scarce resources, sudden shifts in income and wealth, institutional changes, and a lack of regional economic integration (Smoljan, 2003). This does not mean these economic factors cause civil wars. In most conflicts within nations, ethnic, nationalistic, racial, and religious tensions often play a role (Demmers, 2012; Kalyvas, 2003). However, in regions that are relatively poor, such tensions have resulted in violent conflict and civil war, while in economically prosperous societies, they may lead to conflict, but not to civil war (Smoljan, 2003). The combination of these tensions and an economic situation of deprivation lead to a greater likelihood of civil war (Kalyvas, 2003; Smoljan, 2003). Furthermore, when such wars end, competition and conflict between groups over resources can prevent the post-war society from developing peaceful relationships and raise the likelihood of a relapse into war (Smoljan, 2003; Demmers, 2012). Following from this, reducing disparities between groups is now seen by many authors as an essential component of peacebuilding and conflict resolution (Fort & Schipani, 2007; Hegre, 2000; Kalyvas, 2003; Smoljan,

2003; Stewart, 2009). High levels of corruption and favoritism both cause and result in fragility, which is linked to the rise of violent conflict (Dobers & Halme, 2009). Evaldsson's (2005) argument follows the same line: in the realist view, without development, the state would be weak, leading to a change in the balance of power and increasing the chance of war. According to the liberal view, the focus on commercialism, free trade, and interdependence as components of a development program are strong promoters of peace (Evaldsson, 2005). Some scholars are more critical of the idea that development promotes peace. They focus attention on the fact that asymmetrical development harms peace processes (Evaldsson, 2005). Asymmetry, inequality between groups, is seen as a root cause of conflict and thus peacebuilders should be careful to implement only symmetrical developmental policies: policies that benefit all social groups (Evaldsson, 2005). In the case of post-conflict Burundi, ethnic tensions are still very evident (Crisis Group, 2019a). As mentioned in the previous chapter, it can easily be imagined that developmental processes that favor one ethnic group over others may lead to disastrous consequences. However, when a broad-based definition of development is used, these issues can be addressed by companies in a positive manner. When an inclusive definition of development is used, arguments pertaining to asymmetrical development no longer hold. Concepts such as ethnicity should be thought through very carefully; however, this does not mean that the involvement of businesses can only do harm. According to Oetzel et al. (2010), companies have a significant role to play in reconciliation between social groups. This idea is supported by Fort and Schipani (2007) who argue that companies that are involved in business with one another refrain from dropping bombs on one another: doing business is based on stable and peaceful relationships, both within and between companies. Such stable business relationships may enable people to view one another as human beings of flesh and blood with the same (business) goals. This decreases the likelihood of them turning against one another and can thus contribute positively to peace (Fort & Schipani, 2007).

2.2. Actors in Peace Efforts

Peace is a broad term, as are the activities it involves. The UN builds its missions on three pillars: peacemaking, peacekeeping, and peacebuilding (Boutros-Ghali, 1992). Peacemaking is the process whereby direct violence is stopped, either by means of negotiations or by the use of military force to stop the fighting and to bring hostile parties to an agreement (Boutros-Ghali, 1992). This is the domain of governments, with assistance from the UN (Boutros-Ghali, 1992). When direct violence is stopped, peacekeeping is the instrument used to help solve conflicts and ease tensions (Boutros-Ghali, 1992; Goulding, 1993). Security and assistance in the transformation from a period of conflict to post-conflict period by means of the implementation of peace agreements are the main goals of such missions (Goulding, 1993; UN, 2019c). Finally, peacebuilding is a post-conflict method to address the root causes of violence and conflict and to minimize chance of a relapse into conflict (Boutros-Ghali, 1992; UN, 2019c). While peacemaking and peacekeeping are domains of the UN and governments, peacebuilding includes a broad range of actors (Barnett, Kim, O'Donnell & Sitea, 2007; UN, 2019c). Former UN

Secretary-General Boutros Boutros-Ghali described the concept of peacebuilding as “actions to identify and support structures which will tend to strengthen peace in order to avoid a relapse into conflict” (Barnett et al., 2007, p.37). The term is quite new in the field of political science. Arising in the 1990s, it soon received considerable attention as a new subfield of political science (Call & Cook, 2003). This is the concept that is the focus of this study: peacebuilding—creating lasting conditions for peace, even when peacekeeping forces have left (Boutros-Ghali, 1992).

One of the main challenges for peacebuilders is coordinating all efforts, programs, and activities to the extent that they collectively contribute to positive peace (Lederach, 1997). The role that businesses can play in peacebuilding is of interest. Businesses are part of the context of conflict and have connections with a variety of social and political actors (Killick et al., 2005; Oetzel et al., 2010). Businesses are represented at all levels of civil society and have a direct impact on the civil population concerned (Killick et al., 2005). Businesses reach almost every person in society, from top leaders to local people working as market traders (see Figure 1). Their position and especially the enormous networks they have can be of great value to coordinating peace efforts at all levels. On the one hand, they work with governments and NGOs, on the other, with local actors (their employees, suppliers, and neighbors). In addition to their own efforts to contribute to peace, businesses can coordinate and implement the efforts made by governments and NGOs at the local level through their core activities (Killick et al., 2005).

**Local Actors in Conflict Prevention
and Resolution**



Figure 1: How businesses form the core of civil society (Killick et al., 2005, p.5)

Moreover, businesses are inevitably part of the environment in which they operate. When this particular environment slides into violent conflict, businesses are then part of the conflict (Idemudia, 2010). Inevitably, business activities create either positive or negative effects in the conflict as neutrality is impossible (Idemudia, 2010). Companies then have incentives to use their skills and impact to promote stability in their contexts as it makes good business sense (Idemudia, 2010). Kofi Annan (1998) argued that peacebuilding aims at creating conditions that contribute to sustainable peace that lasts even when the peacebuilders have left. As a permanent component of the economic environment, companies strive for stability for their commercial activities. While engaged in this, they can provide stable jobs and economic stability for local people who can now generate an income, allowing them stability and a future perspective (Wenger & Mockli, 2003).

The list of actors who participate in the peacebuilding process is long, and there are also many different kinds of business and different kinds of activities in which these businesses can become involved. There are three levels of actions to which businesses can commit their CSR practices: local community projects, their core business, and lobbying or advocating. Each actor can find its own way of contributing to local or national development, though, in general, larger businesses are able to have a greater impact.

2.3. The Resource Curse

The link between businesses and conflict in Africa has also been studied from the “resource curse” perspective in the past two decades (Giberthorpe & Papyrakis, 2015). Resource curse is a term used to describe the pattern in which countries that are rich in natural resources experience negligible economic growth (Bannon & Collier, 2003; Brunnschweiler & Bulte, 2008; Ross, 2003). Research shows that revenues from the extractive industry tend to slow democratic transitions since they decrease state reliance on tax paid by citizens, which in turn reduces public accountability and may result in an increase in military and security expenses to maintain authoritarian rule (Lenfant, 2016; Ross, 2003). Companies in the extractive industry have few incentives to engage positively with local communities, and investments in this industry are known to rarely benefit citizens. The revenues tend to benefit (local) elites rather than ordinary citizens (Ross, 2003). Furthermore, corruption, uneven redistribution, and favoritism are some of the consequences of poor governance in resource-rich countries (Bannon & Collier, 2003; Brunnschweiler & Bulte, 2008; Ross, 2003). In addition, rebel groups misuse the export of natural resources to make money. For states that have strong institutions, natural resources can be a blessing; however, for states with weak institutions, such resources can be a curse (Brunnschweiler & Bulte, 2008). The role of institutions has been described as follows: resource-rich countries tend to attract rent-seeking and therefore suffer from weak institutions (Brunnschweiler & Bulte, 2008; Ross, 2003). Rent-seeking governments often become involved in the politics of corruption, repression, and institutionalized patronage. In addition, states that rely heavily on the export of resources have a substantially higher risk of civil war compared to countries that do not export natural resources (Collier

& Hoeffler, 2004). Bannon and Collier (2003) argue that conflicts also last longer whenever resources are involved, probably because they provide rebels and governments with revenues to sustain the fighting. Although this thesis takes the resource curse into account, it does not use it as the primary framework for analyzing the relationship between businesses, development, and peace in Burundi. It is necessary to shift perspectives by using new frameworks. Brunnschweiler and Bulte (2008) argue that the resource curse may be a “red herring,” a ploy. Their research finds that resources can be beneficial to both institutional and economic development, rather than being a burden. Most research fails to distinguish between resource abundance and resource dependence. The former is not per se a curse: resource abundance, in their research, is positively associated with both growth and institutional quality. Bannon and Collier (2003) argue that a potential solution to the resource curse may be economic: economic growth can facilitate economic diversity. Jobs outside the primary sector make local people less dependent on natural resources, reducing the impact of these on people’s daily lives. For predatory governments and rebels, economic diversity may reduce incentives to export resources (Bannon & Collier, 2003). Although it is not specified in the argument, one can certainly identify the potential for businesses in the peacebuilding process here. In this light, it can be useful to view the connection between businesses and conflict in Africa from another perspective. This is discussed in the next section.

2.4. Business for Peace

As stated above, private companies may be linked to the fueling of conflict by providing revenues to governments or rebel groups that are corrupt or violate human rights (Forrer et al., 2012; Ruggie, 2003). However, more recently another body of scholarly work has emerged: “business for peace.” This stream of work attempts to identify opportunities for the private sector to contribute to development and peace and comprises a broad range of disciplines, such as political science, international relations, and international business or management studies (Lenfant, 2016). The latter discipline focuses on ethical business and companies’ motivations. Political science and international relations are more concerned with issues at the macro level (Haufler, 2015). International business studies address issues mostly linked to practitioners (including companies), while political science and international relations remain, in general, at a more theoretical and structural level (Haufler, 2015). Another important difference that Haufler (2015) identifies is that while business scholars are optimistic about the role that businesses can play, political scholars are, in general, skeptical. War and business have been connected since the early days when wars were often fought to protect national business interests (Santa-Barbara, 2007). Businesses operating in the security, armaments, or reconstruction sectors, for example, can profit from conflict.

However, most businesses benefit from peace and therefore can contribute to peace rather than to conflict (Santa-Barbara, 2007). One of the earliest examples of this is the emergence of the European Coal and Steel Company after the Second World War—diplomats determined that economic links may be a way to prevent further conflict on the European continent (Santa-Barbara, 2007). Businesses

working in favor of peace can have a significant positive impact on building sustainable peace in (former) conflict zones. They can generate a positive trickle-down effect on communities by reducing stress, sustaining health, and improving social ties in workforces (Forrer et al., 2012; Fort, 2007; Oetzel et al., 2010). Firms can lead by example and foster peaceful behavior during their daily activities as well as transfer the beneficial effects (such as education, organizational practices, and technology and knowledge transfer) of their practices to their employees, communities, and local entrepreneurs (Oetzel et al., 2010). Business-based peacebuilding is the idea that businesses can play an active part in conflict prevention and post-conflict work by committing to ethical business management (Sweetman, 2009). Since this thesis is written in to complete master's degree in "Conflict, Power and Politics," it considers business-based peacebuilding from a peace and conflict studies perspective. To generate a proper understanding of the concept of business for peace, this study breaks the concept down into smaller components, starting with the concept 'peacebuilding'.

2.4.1. Peacebuilding

The aim of international peacebuilding is to prevent violence from recurring in unstable countries that have recently experienced civil conflict (Paris, 2002). The amount of literature on this notion has grown quickly, especially since the number of peacebuilding missions has increased since the end of the Cold War (Paris, 2002). When the literature speaks of peacebuilding, it often refers to the notion of "liberal" peacebuilding. This entails that peacebuilding missions are designed based on Western liberal political and economic values (Paris, 2002). This idea that liberal Western values should form the groundwork of international peacebuilding missions has been debated by scholars (see Paris, 2002; Paris, 2010; Chandler, 1999; Sabaratnam, 2013). The meaning of peacebuilding has been contested and debated over time; however, fact remains that important players such as the UN use "liberal peace" as the framework for their peacebuilding missions (Barrow, 2009; Willett, 2010). This liberal idea of peace clearly identifies roles for businesses. Companies are often seen as agents of Western capitalism, which is the underlying premise of liberal peace theory (Hansen, 2011). Critics of this theory argue that spreading Western capitalism as an element of building peace involves imperialistic characteristics in that it undermines local institutions and that the intention is to dominate developing countries (Chandler, 1999; Divjak & Pugh, 2008; Paris, 2010; Robinson, 1996). However, as Paris (2010) argues, while scholars should not assume that liberalism necessarily fosters peace, the rejection of liberal peace is a step too far. Many of the critics do not actually criticize the liberal aspect, but other organizational structures (such as bottom-up versus top-down), Paris (2010) argues. Peacebuilding without liberalism at all seems impossible, though it can be adjusted to accommodate variations between countries (Paris, 2010). Research is required to ascertain how liberal peace may be fitting in each setting and how institutions, such as businesses, can contribute to the good of society.

Activities associated with business-based peacebuilding can be described as those that businesses undertake to limit the risk of conflict recurring or escalating (Slim, 2012). The activities that

companies undertake may be quite broad: lobbying, providing jobs and safe work environments, investing in local businesses or infrastructure, providing access to water, and all the other conditions that can support preventing the recurrence of conflict (Sweetman, 2009). Business-based peacebuilding research does not propose that all private companies make a positive contribution to peace. It tries to identify how businesses *can* contribute to peace (Sweetman, 2009). It does not make businesses responsible for peace; rather, it attempts to help them see what they can do to promote peace by incorporating them as important actors (Oetzel et al, 2010). The overall debate on business-based peacebuilding has moved from good versus bad to attempts to understand how business can be involved in peace promotion and the conditions in which this can occur (Lenfant, 2016). This study contributes to this debate by mapping the effects of Dutch private companies in Burundi.

2.5. Companies for Peace: Corporate Social Responsibility

In tandem with the growing interest of the scholarly community in the potential role of business in peace and development, businesses have begun to rethink their role in relation to developmental issues in light of their corporate social responsibility (Idemudia, 2011). The World Bank defines corporate social responsibility (CSR) as *“the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve quality of life, in ways that are both good for business and good for development”* (World Bank, 2003). Corporate social responsibility is an umbrella term and it can be undertaken at different levels, from the local community to the upper levels of government (Frynas & Blowfield, 2015). This thesis defines three levels of CSR: core business, local community projects, and lobbying/advocating. These levels are based on the relatedness of CSR to governance, business, and developing communities (Blowfield & Frynas, 2005).

Not all scholars agree that CSR is sufficient to solve problems in developing countries. Some argue that the focus on micro-level CSR issues, such as social investments in roads or hospitals, detract from the real issues that foster community underdevelopment: environmental degradation, corruption, lack of accountability, and the like (Frynas, 2005; Idemudia, 2011; Kemp, 2001). Macro-level CSR issues, such as corruption and human rights violations, are actually critical for communities. Thus, executed at the micro-level, CSR is not particularly relevant to local contexts and actors because it does not touch on these macro-level issues (Blowfield & Frynas, 2005; Frynas, 2005; Kemp, 2001; Idemudia, 2011). The problem that the authors referenced here identify has to do with the fact that, in order for CSR to work properly, companies should start to view it as an umbrella term. Rather than focusing only on local community projects, companies should invest in CSR at every level: in their core business, in their relationship with the local community, and in their relationship with public officials. If companies take peace seriously and move away from the idea that doing one local community project means that they are working on their CSR, much of the abovementioned criticism will become irrelevant. For this

reason, this thesis regards CSR as relevant, thought it sets the condition that all three levels are important in order for CSR to contribute to peace.

Another major criticism of CSR has to do with its Northern roots: CSR debates have been driven largely by Northern stakeholders, while CSR activities are mainly centered in the South (Fox, Ward, & Howard, 2002). Fox et al. (2002) argue that this underrepresentation of Southern stakeholders leads to mismatches as regards what is actually required. Fox (2004) argues that this furthermore leads to a monolithic view of CSR discourse, which is not only problematic but also misleading. However, others are more positive about the potential of CSR. Their main argument is that, in the globalized economy, companies are better equipped to respond to the demands of their stakeholders (Idemudia, 2011). Corporate social responsibility is seen as good business sense (Werther & Chandler, 2005) or as a means of creating value for stakeholder relations and reputation (Anderson & Bieniaszewska, 2005). Idemudia (2011) argues that the current debate focuses on the outcome (whether CSR contributes to development or not) to too great an extent and not enough on the process and how it is undertaken. By failing to problematize the specific context and how this context affects what CSR can or cannot achieve, the present state of the field is unable to explain why CSR works in some cases and not in others (Idemudia, 2011). Blowfield and Frynas (2005) and Jamali and Mirshak (2010) argue along the same lines: in order to extend the role of businesses in peace, more research should be conducted, and a stronger case should be built. This study follows the strand of scholars who are more positive about the potential of CSR but includes the critical perspective that Idemudia (2011) calls for.

Why would companies become involved in CSR practices or peace processes? Some argue that companies have no responsibility to contribute to peacebuilding other than following the rules of the country in which they are active (Bais & Huijser, 2005). The tendency in political science is that companies should be conflict-sensitive and not contribute to conflict; however, this diminishes their potential role and motives as when conflict is likely to threaten the stability and continuity of a company's existence, it has little choice than to contribute to peace (Idemudia, 2010; Oetzel et al., 2010; Wenger & Mockli, 2000). Another reason that Nelson (2000) identifies is that of "enlightened self-interest," or the incorporation of social and environmental aspects into decision-making processes in companies, either as a result of demand from customers or based on the ethical perspective of companies' leaders. Ruggie (2013) refers to the former as a "social license," the acceptance of a company's actions by a large audience. A social license to operate (SLO) is a concept that originates in the mining industry but is spreading its influence throughout the business sector as a whole (Demuijnck & Fasterling, 2016; Prno & Slocombe, 2012). A social license to operate is an indication that a company's activities are considered legitimate by the society in which it operates (Demuijnck & Fasterling, 2016). For companies, an SLO is an important reputational instrument since nonacceptance by the public can cause damage to a company (Ruggie, 2013). For companies operating in fragile states, contributions to development may be an opportunity to obtain or maintain an SLO (Demuijnck & Fasterling, 2016; Oetzel et al., 2010).

Rettberg (2004) argues that two types of factors play an important role in companies' decisions to become involved in peacebuilding as a strategy: general factors and company-specific factors. The former has to do with conflict, the latter with individual strategic choices. Although an entire nation may be in conflict, not all businesses might be involved in business-based peacebuilding. Company-specific traits, institutional trajectories, and the ability to free-ride play an important role in the decision to become involved (Rettberg, 2004). However, another reason that companies would become involved in processes of peace and development is that their other options are limited. Companies typically have a long-term strategy and leaving zones of conflict may be too costly or otherwise not feasible (Oetzel & Getz, 2010; Oetzel & Getz, 2012). Rather than retreating from a conflict zone, companies then take actions to safeguard their investments (Oetzel & Getz, 2012).

Oetzel and Getz (2010) divide the abovementioned motivations into direct and indirect actions. Direct actions, such as mediation, are directed to stopping violence. Examples of this include public condemnation of certain actions, facilitation of or participation in peace talks and negotiations, or withholding of tax payments until the direct violence has ceased (Oetzel & Getz, 2010). Indirect actions aim at preventing conflict from arising by tackling its causes (Oetzel & Getz, 2012). This is where development makes its entrance: by investing in, for example, local community projects, reconciliation processes, or by advocating human rights and fair hiring processes for all ethnic identities, companies can undertake indirect interventions (Oetzel & Getz, 2010). The authors stress that this is not necessarily a choice of one or the other: companies can become involved in different actions at the same time (Oetzel & Getz, 2010).

2.5.1. Three levels of action

Business can contribute to socio-economic development in a variety of ways, such as by providing jobs or paying taxes, through spillovers and skills and/or technology transfers, or by improving employees' conditions (Kolk & Lenfant, 2017; Oetzel et al., 2010). Businesses can accomplish this on three levels: through their core business, through community-level development projects, or by conducting lobby and advocacy activities. The first concerns the level of the employees who benefit from having stable jobs, stable incomes, and opportunities for personal development and education. The second concerns development projects that companies can initiate to support the local community in the area. The last concerns activities at the national or regional level, such as lobbying for and advocating new policies at governmental organizations.

Core business

Companies can contribute to development through a commitment to ethical business (Oetzel et al., 2010). By providing jobs, paying decent salaries, buying supplies locally, protecting workers, and respecting the environment, companies can be involved in important changes (Oetzel et al., 2010; Sweetman, 2009). In addition, they can play a role in reconciliation processes. Reconciliation is a

process that primarily refers to identities: it is an agreement between groups that emerges from a process of conflict resolution and negotiation (Kelman, 2010). Reconciliation is the process producing a durable agreement between two (or more) “societies” in order for them to be able to live together in the post-conflict society and is an important component in most peace operations (Kelman, 2010). The identity component is important in processes of reconciliation. Its main goal is to reach a state of agreement between groups: an agreement to leave behind hate based on groups, identity, or ethnicity. The belief that identity boundaries can be deconstructed and redrawn fits with a constructive view on identity (Demmers, 2012). In this view, identity is perceived as being constructed by society rather than being something that one is born with or something that is defined by nature (Demmers, 2012). Businesses can contribute to redrawing identity by facilitating processes of reconciliation in their workforces, in the form of “reconciliatory management practices.” Examples from the coffee industry in the Democratic Republic of Congo show that companies can contribute to reconciliation by bringing together people from different ethnic groups to work toward the same economic goal (Kolk & Lenfant, 2015). Where traditional programs by NGOs were not enough to facilitate this process, the joint effort with businesses proved to be effective (Kolk & Lenfant, 2015).

Furthermore, companies can contribute through spillover effects from their core business: knowledge, technology, and skills transfer, for example (Oetzel & Doh, 2009; Oetzel et al., 2010, Oetzel & Getz, 2012). While the company’s core business can, at first sight, appear to constitute an economic motive, it can positively contribute to a broader sense of development by means of such spillovers. In addition to providing people with a stable income, a company’s core business can teach civilians new techniques, knowledge, and skills that can help them in life. If this is combined with projects involving reconciliation between hostile groups, as discussed above, this form of business can contribute to the broad definition of development rather than merely the economic one.

Local community projects

Businesses can contribute positively at the level of the local community, for example, by investing in education and infrastructure (Kolk & Lenfant, 2017). Companies can also expand their involvement in reconciliation processes from the work floor to their direct surroundings. Investing in local community projects is not as simple as it may seem. For example, over the years, Heineken has built dozens of schools in rural areas in Africa (Van Beemen, 2019). However, without teachers, maintenance, and office supplies, the schools Heineken builds make little difference (Van Beemen, 2019). Drilling boreholes the wrong way or using a polluted water source does not help the local community (Kolk & Lenfant, 2017), though such actions can grant businesses a social license to operate. Local priorities should be carefully considered to make this form of CSR work. If local priorities are not taken into account, and companies merely do “something” rather than ensuring that the local people participate, the chances are high that CSR initiatives will end up in the “development cemetery” (Idemudia, 2011). This term refers to the great number of failed development projects in which local needs were not taken

into account and in which the most important aspect was often gaining an SLO. Local communities do not benefit from such projects though companies have “received” a social license. This is not aligned with the broad-based definition of development that is advocated in this thesis. Local community projects should involve local people, give them the opportunity to participate, and deliver what they need. What companies should do is incorporate CSR policies at all levels, focus on quality instead of quantity, focus on inclusive participation, bypass corrupt local elites, and form alliances with other projects (Kolk & Lenfant, 2017). Projects may concern education, infrastructure, reconciliation, rebuilding, and outsourcing infrastructural projects to local businesses, and so forth.

Lobbying and advocating

Finally, companies can use their influence to advocate reform in developing countries (Oetzel & Getz, 2012; Westermann-Behaylo, Rehbein & Fort, 2015). Since companies pay taxes—and the larger the company, the higher the amount of tax—and contribute to the economies of countries in general, they do have some influence on the government. It is up to them how to use this influence. In addition to using it for their own benefit, companies can use this influence to “do good.” Large companies especially can have a significant influence on government policies (Joseph, 1999). For example, Heineken used its influence on the Burundian government several times to prevent it raising the tax on alcoholic beverages (Van Beemen, 2019). However, the significant influence that companies have can also be used to advocate “good” policies, such as those concerning human rights, equality, workforce protection, and the like (Joseph, 1999; Muchlinski, 2001; UN, 2011).

However, the choice between indirect or direct action is not the only one companies have: they can decide to act unilaterally or collaboratively (Oetzel & Getz, 2012). The decision to collaborate will depend on the knowledge, skills, or access that partners can provide. Partners may include other private sector actors, as well as NGOs and government institutions (Oetzel & Getz, 2012). Companies can also decide to combine different types of action. Companies can work unilaterally on one project while collaborating on another (Oetzel & Getz, 2010).

Chapter 3. Methodology

This chapter discusses the research design of this study. The research combined desk research with expert interviews. In this chapter, case selection procedures, data collection, and data analyzing procedures are explained. It begins by explaining why an in-depth case study is a legitimate design for this type of research.

3.1. Research Approach: Case Study

Undertaking a qualitative case study instead of quantitative research means that there are certain trade-offs (Gerring, 2017). The focus on smaller and more specific cases, rather than a large number of cases means a fundamental difference in theoretical focus (Gerring, 2017, p. xvii). However, small-c research is not less valuable, especially not when cases are reviewed in light of large-C studies (Gerring, 2017, p. 244). Small-c research, small case studies, involve studies in which one or several cases are used and each of these is analyzed in depth (Gerring, 2017, p. xxix).

Both Yin (1984) and Eisenhardt (1989) argue that case studies are a suitable way to investigate the microdynamics of a single setting. In addition to that, especially in relatively new areas of research, case studies are highly valuable, since strong theory-building research should result in new insights (Eisenhardt, 1989). Although the body of literature on corporate social responsibility and business for peace is growing, the role of SMEs in conflict is undertheorized. This study is concerned with providing new insights that may or may not fit the existing theories. The PSI-fund was identified as the main case in this study, and the businesses can be labeled subcases. The subcases are investigated based on the theoretical finding that development contributes to peace and that business can, potentially, facilitate sustainable development. In light of the research goal, which is to gain in-depth knowledge of one specific case, a small-c study is thus appropriate (Gerring, 2017; Yin, 1984). A significant limitation to conducting a case study is its external validity: in-depth case studies cannot be generalized to a larger population (Flyvbjerg, 2006; Yin, 1984). The reach of this thesis is therefore limited to Burundi and SME businesses from the PSI-project alone.

This study uses a combination of methods: primary data collection was combined with secondary data collection. The first method refers to the in-depth semi-structured interviews and email interviews that were conducted; the latter to desk research. Conducting a case study by means of semi-structured interviews means that the study's internal validity is high, while its external validity or generalizability is low (Gerring, 2017; Yin, 1984). However, the aim of this thesis is to move away from the grand theory of business for peace as a theory alone; the aim here is rather to strengthen the theory by identifying the effects of Dutch SMEs on peace and development. Within this type of research, an examination of trustworthiness is crucial (Flyvbjerg, 2006; Golafshani, 2003). To secure reliability, certain actions were undertaken. First, each step in the research process is reported. Second, by recording and transcribing the interviews, the reliability of the findings is increased. Transcripts of the interviews not only serve as evidence that the interviews were conducted, they also filter the interpretation of the

researcher (Alshenqeeti, 2014; Mays & Pope, 1995). Both interviewing as desk research has limitations. First, interviewing is difficult: asking the right questions and putting respondents at ease is a challenge (Alshenqeeti, 2014). Furthermore, it is time consuming, there is the potential for subconscious bias, and there is a chance of inconsistencies occurring (Alshenqeeti, 2014). With desk research, selection bias should be taken into consideration as a possible threat to research (Iff, Sguaitamatti, Alluri & Kohler, 2010). To manage these challenges, Appendix I provides an overview of the data collection strategy in order for the search process to be as transparent as possible.

3.1.1. Sampling

This study employs a targeted sampling procedure. The interviewees were selected based on their extensive and deep knowledge of businesses operating in Burundi and/or the PSI-project. The first interviewees were selected based on organizations in the sample: the Netherlands Enterprise Agency (NEA) and the four businesses. During these interviews, other experts were mentioned or references to organizations were made. Having researched these particular experts or organizations and determining their expert status, they were contacted and interviewed by the researcher. For the secondary research, all the relevant data that the researcher was able to find was used. All data, figures, and reports were taken into consideration, especially since the body of secondary research was not so large that selection choices were required to be made.

3.2. Data Collection

3.2.1. Data gathering methods

The primary data was collected by conducting semi-structured interviews and, to a lesser extent, email interviews. The secondary data was collected through desk research. The desk research was undertaken primarily to obtain factual information, which was provided by the DEA, the Burundian government, or other partners. The information sourced in this manner included the number of jobs that were created by the companies and the amount of money companies have received from the Dutch government. However, much information is not published and therefore the researcher chose to use interviews to gain knowledge of motivations, challenges, and difficulties in the course of the process of investing in Burundi. In addition, the interviews were important for confirming the accuracy of data that was found online. What kind of jobs were facilitated? How was knowledge then transferred? The primary data is a necessary supplement to the secondary data and vice versa.

3.2.2. Case selection procedure

The cases in this thesis were selected based on certain criteria. First, the businesses in this study had to be part of the PSI-program of the Dutch government. There were several important reasons for selecting the PSI-program as the framework for this study. Using the PSI-program made it easier to select similar (sub)cases for the case study. Financial support is an important incentive and is used frequently by

governments to influence behavior, in this case, to stimulate companies to invest in developing countries (NEA, 2019), yet an assessment of its effectiveness is lacking. In addition, the PSI-program was selected over other NEA programs for practical reasons. The PSI-program has been completed, which makes it easier to identify the effects of its projects in the present. Second, the available data for the PSI-program seemed sufficient for this study, since a significant number of private companies had made use of it: the NEA supported more than one thousand private investment projects in total (NEA, 2019a). In Burundi, twenty-one projects were supported. To restrict the number of possibilities and so as to choose similar cases, selection was based on the applicant for the subsidy. In five cases, the applicants for the subsidy were Dutch private companies in cooperation with a Burundian company, and, in all cases, the actual formal applicant was the Dutch business. All five had cooperated with local institutions in Burundi, and, according to the NEA, all projects had been completed or were at an advanced stage of implementation at the time of writing this thesis.

3.2.3. Accessing data

Primary data

First contact with experts and companies was made via email in February 2019. A short explanation of the research and the objectives of this study, together with a request for cooperation, were sent to all five businesses. Three companies replied positively, one company referred the researcher to its consultant for cooperation, and the last responded negatively¹. The three businesses that were willing to cooperate were G. Geerlings & Zn., Maatschap Huizing, and Oskam V.O.F. G. Geerlings & Zn. is a flower exporting company and co-owns the joint venture, CallaFlex, which was supposed to be operating in Burundi. Maatschap Huizing operates a farm and is part-owner of Buhadec in Burundi. Oskam V.O.F. builds and exports machines for making bricks out of clay. In Burundi they created the joint venture, Blotec. Finally, Intercommerce BV responded negatively on the matter of cooperation due to the fact that the company is no longer in operation but did allow the consultant who supervised the approval and implementation of the project to share information and participate in an interview. Moreover, since the consultant was able to share a large number of reports (progress reports, application reports, training reports, and company reports) on the company and its joint venture, the researcher argues that Intercommerce BV should be incorporated in the research. The joint venture that Intercommerce BV co-owns is called EAACO (East African Aggregate Company). More information about these companies and their local partners can be found in Appendix II. This brought the total number of companies to investigate to four.

¹ In the email, the company rejected participation, but also stated that they would not advise anybody to invest in Burundi, due to political instability and lack of safety. Requests to elaborate on this statement remained unanswered, so the company is not incorporated in the research. However, the statement that they withdrew from Burundi due to political instability is taken into account.

Following the confirmations of cooperation, phone calls were made to the companies to set dates for the interviews. Three experts from the businesses were interviewed, as were country experts from the NEA and (former) NGO workers in Burundi. In addition, a well-known PSI-project consultant was invited to participate. The reason for this concerned triangulation. In qualitative research, this refers to the convergence of information from different sources (Carter, Bryant-Lukosius, DiCenso, Blythe & Neville, 2014; Eisenhardt, 1989). To identify the effects of Dutch SMEs in the PSI-program as completely as possible, this study incorporates the perspectives of three parties that often involved in public-private cooperation (businesses, NGOs, and governments).

To complement these in-depth interviews, three email interviews were sent out. Two of these were sent to local partners and one to an independent researcher with extensive knowledge of and experience in sub-Saharan Africa, and in particular Burundi. These interviewees were unable to communicate via Skype or telephone, so, in order to incorporate their perspectives, questions were emailed to them. One of the respondents answered; the other two were sent reminders, though to no avail. The names and contact details of the respondents are known to the researcher. In total, ten interviews were conducted. Appendix III provides an overview of the in-depth, semi-structured interviews and the email interview that were conducted.

All of the interviews were conducted by the researcher, and the locations of the in-depth interviews were chosen by the interviewees. This was for two reasons: to reduce the inconvenience for the interviewees and to put them at ease (Leech, 2002). One respondent asked to see the questions beforehand. This was not in the interest of the study since the researcher did not want participants to formulate strategic answers beforehand. To compensate for this, a few broad themes were sent to put the respondent at ease. Three of the interviews were conducted via Skype because the interviewees were not in the Netherlands at the time. These interviews were conducted in English. The other six were in Dutch, the researcher's and respondents' native language. The interviews were recorded and transcribed to increase transparency and objectivity (Alshenqeeti, 2014; Mays & Pope, 1995).

All the interviews were semi-structured. The researcher had drawn up questions before the interviews, and these were used as a guideline. There were opportunities for the interviewees to raise particular topics, questions, and ideas in the interviews. All the interviews began with questions about the interviewee, the organization concerned, and the like. This is done mainly to put the respondent at ease and to create an "open" atmosphere (Leech, 2002). The interviewer then asked a "grand tour question," as Leech (2002, p.667) phrases it. This type of question involves the interviewee providing a "verbal tour" of something they know well, to get him or her talking. These questions were a bit different in each interview; however, these questions mainly focused on describing the company and its core business. Thereafter, the interview was directed towards more substantive questions about experiences, intentions, and results. The most difficult questions, for example, about the company's intention to contribute to peace, were asked towards the end of the interview, as Leech (2002) advises.

Secondary data

The secondary data in this study has two main functions: first, to set the tone and to find all the information that had been published about the case up to that point. This information may be somewhat dated, but it does provide insight into what has been published on the topic. Furthermore, it provided the researcher with sufficient background knowledge to formulate the interview questions. The primary data was then used to complement, enrich, or contradict the secondary data. As the last relevant reports used were published in 2013, the primary data is much more recent. Furthermore, the primary data also provided for a more in-depth analysis of the desk research. The interviews also functioned as a means of cross-checking facts that were discovered during the desk research. In this way, the researcher could compare the official figures that an organization such as the NEA produces with real-life experiences.

Desk research on the effects of businesses operating in post-conflict societies is usually conducted by investigating websites, CSR or impact reports, annual reports, and other web-based sources (Höglund & Öberg, 2011). The initial intention for this study was to do the same. However, in practice, it transpired that none of the SME companies produced CSR or impact reports. Furthermore, their websites contained little to no information about their projects in Burundi. In order to find data on the projects, data provided by other sources was relied upon. One of these sources was the NEA; reports produced by the Burundian government and NGOs were also examined. Another problem that was revealed during the research was the fact that all four companies had created joint ventures registered in Burundi. Due to its limited information structure, assessing annual reports from Burundi turned out to be difficult. None of the companies felt comfortable voluntarily sharing their annual reports. The NEA did not want to share reports other than those it had published on the internet either.

In practice, this was one of the limitations of the desk research on SMEs. Multinational enterprises provide more information, probably because they have the obligation and the resources to produce documents as CSR reports. SMEs investing in fragile states do not have these obligations and do not tend to report as much on their activities (Fassin, 2008; Jamali, Lund-Thomsen & Jeppesen 2015). However, the desk research did provide important information. What was found were several annual reports (from 2009 to 2012) by the NEA on the PSI-results, one report by the NEA on how to conduct business in Burundi, one report by the Burundian government on how to conduct business in Burundi, an extensive guide written by the NEA on how companies should incorporate CSR practices, 12 thematic reports on CSR, local news articles about the Dutch companies, and Dutch news articles about the companies. A detailed description of these documents can be found in Appendix I, Desk Research.

3.3. Analysis

The analysis of the primary data follows the 14 stages Burnard (1991) outlines. Briefly, these are: One, record the interviews and make notes while conducting them. Two, transcribe the recordings, read the transcripts and make notes. Three, reread the transcripts and use open coding. In stage four, these openly coded claims are categorized by placing similar arguments in the same category. For example, if three respondents argue in a somewhat similar manner that a local partner is important, these can be subsumed in the category “need for local partner” (Burnard, 1991). In stage five, the list of categories is worked through and similarities are removed. In stage six, Burnard (1991) opts for including two other researchers in the project to review the categories. This increases the validity of the research (Burnard, 1991). However, it was beyond the scope of this project to invite other scholars to review the categories. Instead, to maintain the high level of internal validity and to increase the reliability of the research, the transcripts were saved by the researcher, as was the coding system. In stage seven, transcripts are reread, and the categories adjusted if necessary. In stage eight, the transcripts are coded using the categories. Stages nine and 10 concern creating an overview of the coded arguments. Burnard (1991) emphasizes the need to keep an intact transcript next to the coded overview since everything in interviews is about context. This was taken into account. In stage 11, there is a respondent check. In this thesis, the researcher did not present all the categorized arguments to the respondents, but she discussed the doubtful arguments with the respondents in order to clarify them. Stages 12, 13, and 14, concern writing up the findings (Burnard, 1991). In this thesis, this entails answering the research questions using the interview method. The advantage of using Burnard’s method is that it ensures that the data is properly analyzed, categorized, and checked before it is used to answer questions or draw conclusions. A similar procedure was followed for the secondary research documents. In the course of reading and rereading, the statements in the documents were first categorized in an open manner, then rechecked, and then an overview of the arguments that complemented or contradicted the primary data was created.

Chapter 4. Companies' Contributions to Development

Chapters 4 to and 6 discuss the results of this study. This chapter answers the question of whether Dutch companies contributed to inclusive, broad-based, and sustainable development. First, though, the PSI-project and its workings are explained.

4.1. The PSI-project

The PSI-project ran from 2005 to 2015 (NEA, 2019a). Its main goals were to create financial growth, employment opportunities, and income for local people in developing countries (NEA, 2019a). The NEA (2019a) reports that it has supported more than one thousand companies to invest in developing countries. Sixty-nine percent of the cases were labeled a success at the end of the project period, and 57 percent of the projects resulted in durable business. On an average, a PSI-project generated 81 jobs (NEA, 2019a). Furthermore, the NEA (2019a) argues that the project served as a good example for other companies on how to define their CSR. In 2015, the project came to an end. Its replacement, the Dutch Good Growth Fund (DGGF), was launched in 2014 (NEA, 2019b). The goals of both programs are similar: to stimulate Dutch companies to invest in developing countries. There is an important difference between the two projects though: the PSI-project worked by means of a subsidy, while the DGGF fund uses a loan (NEA, 2019a; NEA, 2019b).

4.2. Development According to the NEA

As mentioned in the theoretical framework, this thesis uses the inclusive, broad-based, and sustainable (ecological and economic) definition of development. The NEA is the government organization that attempts to motivate the Dutch private sector to invest in developing countries. Its goal and vision are therefore important for assessing the standard with which companies have to comply. The goal of the NEA in creating the PSI-fund was to contribute to private sector development cooperation. One of its objectives was to fight poverty by creating employment opportunities. The program was set up to be as broad as possible. The applicants for the subsidy did not have to be Dutch. They did, however, all need a local partner to cooperate with.

The NEA uses the OECD-guidelines as the baseline for its developmental projects. When the NEA approves a project application for a subsidy or loan, applicants have to show their awareness of the OECD-guidelines and their will to implement their content. The OECD-guidelines are recommendations for enterprises operating in developing countries (OECD, 2011). These recommendations attempt to set standards for business conduct and to trigger businesses to contribute to economic, environmental, and social progress (OECD, 2011). The OECD-guidelines fit the broad-based, inclusive, and sustainable vision of development this thesis upholds. Much attention is paid to local hiring, the potential for discrimination, sustainability, both environmental and social, bribery and much more. If companies incorporate the OECD standards, the chances are good that they are facilitating the broad definition of development.

However, the OECD-guidelines remain at the level of recommendations (OECD, 2011). The PSI-applicants could not be held accountable for not implementing to the OECD's recommendations. Another important matter to note about the OECD-guidelines is their focus on MNEs. The recommendations are based on the company structure of a large international company. Small and medium-sized enterprises do not, in general, have the capacity to make as much of an impact as an MNE does (Jamali et al., 2015).

While the burden of implementing all the OECD recommendations may be heavy for SMEs, the reliance of the NEA on the OECD recommendation shows its broad view of development. This is supported by the interviewees from the NEA. However, the NEA's standards for approving a project are not as "high" as the OECD recommends. For the PSI-project, the main criteria for obtaining funding, besides determining whether the company was financially stable, was to assess whether the project was environmentally friendly, socially oriented, and innovative. For example, businesses had to produce several environmental impact reports before their application was approved. However, Buhadec states that it does not work in an environmentally friendly manner, neither now nor at the time it received funding (interviewee 4). The NEA, however, assessed that the economic benefits for Burundi would outweigh the consequences for the environment (interviewee 1). With regard to the social aspect, inclusion and hiring policies were not something that the NEA had discussed before approving subsidies. The NEA acknowledges the complexity of social divisions, in the case of Burundi, ethnicity especially, and for this reason refrains from giving advice on the topic. In its perspective, it is up to businesses to determine a policy on ethnicity. Moreover, the incorporation of ex-combatants, refugees, and youth were not taken into account during the NEA's appraisal. However, the hiring of women was especially considered in order to increase the social impact of the companies. In addition, applicants had to specify the number of high-level, medium-level, and low-level full-time jobs they would create.

In summary, the vision that the OECD has regarding development fueled by companies is that *"links among economic, social, and environmental progress are a key means for furthering the goal of sustainable development"* (OECD-guidelines, p. 21). The NEA uses these guidelines as a guide during the assessment of projects and argues that its view on development is more than economic. In practice, however, in the course of approving subsidies, it turns out that the economic contribution of companies carries more weight more than their social or ecological contribution, at least for the companies in this study.

4.3. The Fostering of Development

This section discusses the type of development that was fostered by the four businesses. It first discusses economic development and then investigates whether the development was also inclusive, broad-based, and sustainable. Table 2 presents an overview of the development that was fostered by the companies in terms of quantity. The quality of the jobs created is discussed in the subsections that follow.

Table 2. Quantitative effects of the four companies on economic development.

Business	Number of full-time jobs facilitated	Number of part-time jobs facilitated (average)	Number of high/medium skilled jobs created	Number of low-skilled jobs created	Involved in non-commercial lobby activities	Engaged to local community projects
Blotec	9	170	9	170	No	No
BUHADEC	15	100 to 150	15	100 to 150	No	No
EAACO	91	0	39 ²	41 ²	No	No
CallaFlex	0	0	0	0	No	No
	Strategy on how to deal with ethnicity	Strategy to incorporate women into workforce	Strategy to incorporate ex-combatants or returnees into workforce	Strategy to incorporate youth in the workforce	Number of locals trained (either full-time, part-time, or not employed by the company at all)	Number of trained local entrepreneurs/cha in partners
Blotec	No	Yes	No	No	179	0
BUHADEC	No	Yes	No	No	15	0
EAACO	No	Yes	No	No	492	301
CallaFlex	No	Yes	No	Yes	0	0

² EAACO was the only company who was unable to confirm whether they still employ 92 people. Due to the political violence, the company is forced to work at half pace. There is no clarity on if people were laid off, and if so, how much. Therefore, one needs to be careful to conclude that the company facilitated sustainable jobs. For the other two companies, the numbers were confirmed.

4.3.1. Economic development

As regards economic development, this thesis is mainly concerned with job creation and contributions to the gross domestic product (GDP). Table 2 shows the number and types of jobs that were facilitated. All three companies are located in the rural areas, where employment rates are even lower and the situation for local people is worse than in the cities (World Bank, 2019). By creating employment opportunities, these rural areas obtain more development opportunities than before the companies settled there (interviewee 9). As Table 2 shows, the largest share of the jobs created were low-skilled jobs. Workers were employed to undertake basic activities, such as bricklaying, cleaning, and farming.

Gross domestic product

According to the World Bank (2019), the GDP in Burundi is rising, and the country's economic prospects are somewhat positive. It is difficult to measure the significant effects that the four companies made to this positive trend, but revenues of companies, in general, are important for the state. The government of Burundi receives 35 percent of the turnover companies make (PKF, 2016). Three of the four companies are still operational in Burundi, and they contribute to the country's GDP. The size of this contribution, however, remains a matter of guessing. None of the companies were able to generate the expected turnover. Their revenue figures are unavailable to the researcher.

However, the non-availability of figures is not the only problem when determining the economic contribution that the companies made. As interviewee 10 argues: *"Companies do not automatically contribute to economic development; in fact, many companies operating in poor countries do so for reasons of comparative advantage. It remains to be seen whether such companies do in fact at all contribute to sustainable economic development in countries like Burundi."*

For example, interviewee 2 explains how, in order to grow economically, Burundi will have to increase its export capacity to attract foreign currencies. Interviewee 2 argues that, in this manner, it can use these currencies to invest in other sectors of the country, increase the export capacity of that sector, and so on. None of the companies in this research were export companies. They neither attracted foreign currencies nor increased Burundi's export capacity. In addition, with a predator government in place, the question remains as to whether the contribution of companies to GDP really fosters economic development (see Besley & Persson, 2011; Diamond, 2008). The main contribution of the companies to Burundi's GDP was in creating jobs. In total, the companies in this study created 115 full-time jobs and around 270 part-time jobs.

Economic spillovers

An important economic spillover that companies can facilitate is progress in the value chain as a whole. Two spillovers have been identified: buying local goods and facilitating knowledge spillover. Starting with the former, two companies from the sample purchased their supplies locally. As a result, the companies saw how their suppliers were able to invest in their own companies. Yet, the effects of this

on the supply chain remained minimal. These two companies mostly required natural resources (soil or stone) that were not claimed by local companies or the government. On the rare occasion that companies needed to pay, the government was the selling party. Other goods are bought from local suppliers. Cement, office supplies, and food, which do not constitute major purchases. The third company required high-value supplies but imported them from either neighboring or European countries. From seeds to cars—all goods needed to carry out their economic activities are purchased across the border.

In addition, minimal cooperation with local entrepreneurs was identified. Buhadec argues that the local partner advised local entrepreneurs on many informal occasions, but there is little substantiation for this claim, no reports or partnerships with local entrepreneurs. Blotec used local suppliers for building materials such as cement. However, the partnerships were temporary, since their machines moved around. In addition, due to the lack of time, the researcher was unable to talk to suppliers. Therefore, it cannot be assessed if they were well-paid and gained from skills-transfer.

An exception was EAACO. Local purchasing was minimal, but their product is sold to other local entrepreneurs in the building sector. The desk research showed that the demand for building material is high in Burundi. By its producing of this product, other entrepreneurs in the sector can build faster and earn more money. Yet, EAACO mainly serves large building companies. Information on who exactly the company's customers are is not available to the researcher; however, the company's PSI application shows that it did not anticipate serving small, local companies. By supporting smaller businesses, which are more vulnerable than large companies, the company could have facilitated bottom-up development. A number of scholars have identified the importance of grassroots development for the process of peace (see Autesserre, 2017; Hemmer, Garb, Phillips & Graham, 2006; Lederach, 1997). However, no evidence was found that the company supported small local firms or other suppliers. For that reason, this study cannot conclude that the company facilitated development in this manner.

4.4. Inclusive Development

The next three sections investigate whether the development that was fostered by the companies was more than merely economic. Starting with inclusiveness, this thesis looks at the inclusion of all social groups. All four companies specified hiring goals for women, though their motivations for this differed. Blotec noticed a positive effect of hiring girls during an earlier project in Mali.

'In Mali, that project started way earlier; you really see that it is doing so many good things for those girls, they have way more freedom. For Burundi, I will have to wait a bit longer. But we definitely take it into account, because Mali shows us how liberating it can be' [translated from Dutch], interviewee 3.

The quote shows that, for this company, the idea behind hiring women is a social one: work gives the girls more freedom. The other three companies, including CallaFlex, had economic motives to hire women. According to the experts, there is an argument that women deliver better work. The NEA demands a specific goal for hiring women. According to the organization, such employment strengthens women's position in society. For this reason, companies have to report on how many women they hired. Nonetheless, the reporting remains at a level of merely specifying the number of women hired. There is no indication or evidence that the position of women was actually improved by the companies' presence. Research shows that work is an important part of improving women's position in society. Yet, research also shows that reporting numbers alone is insufficient to determine whether organizations, such as businesses, really contribute to these positions (De Waal, 2006; Duflo, 2011; Odeny, 2013). Due to such minimal reporting, this study has been unable to determine whether companies actually contributed to improving the social position of women. Moreover, there is no data on hiring policies and current employees. None of the companies had a specific strategy regarding who they wanted to employ. Thus, this study cannot determine the level of inclusion. Inclusiveness, and why it is important for peace, is discussed thoroughly in Section 6.3.

4.5. Broad-based Development

The development that is fostered should benefit all members of the community. The national elite in Burundi benefits from companies in the country: tax revenues³, contributions to the country's GDP, and attention from international countries is in their interest. In order to determine whether local communities benefitted from economic development, this thesis reviews local job creation, education spillovers, and harmony in the community.

4.5.1. Low- and high-skilled: types of jobs

According to UNESCO (2019), 50.33 percent of the total population of Burundi was enrolled in secondary education in 2017. For tertiary education (college), this percentage was only 6.16.⁴ Concluding that the largest part of the population does not enroll in higher education, it can be argued that local communities, in general, do not benefit from high-skilled jobs. For them, job opportunities mainly occur the low or medium skill levels. Table 2 shows that most jobs are low- or medium-skilled jobs. In this manner, all people in the community can apply for jobs and workers do not have to be recruited from elsewhere.

³ 35 percent of a company's revenue goes to the government (PKF, 2016).

⁴ These numbers are based on gross enrolment, which means that age is not taken into account while calculating the percentages of the population.

4.5.2. Education spillovers

During the interviews, almost all the experts argued that education is of great importance for Burundi. Three of the four businesses actively engaged in knowledge transfer. Table 2 shows that EAACO trained 492 people in its entire value chain. Of these, 301 were low-level workers, and 191 were medium or high skilled people. A total of 10 training sessions were provided by EAACO. Such training extended from production knowledge to raising awareness about HIV. Yet, it is unclear what group of workers was present at what training. Reports show that each training session had a different group of participants, and it is unclear whether all workers received training and how they perceived this training.

Buhadec does not engage in specific training or educational programs, apart from training its own personnel. A Dutch company director was in Burundi for two years to facilitate knowledge spillover to personnel and, according to the interviewee, local farmers. However, there is no reporting on how this happened, whether it worked, and who received this education⁵.

Blotec trains its employees to work with their machines and, in some cases, people are taught how to lay bricks. The latter seems more useful than the former: when the machines leave, the community benefits little from the skills acquired. Yet, brick laying can be beneficial, for one's own use as well as for working for other companies. However, the scale of such programs and how many people were trained was not documented. It is therefore difficult to assess the effects of the training this company provided.

What is interesting regarding the abovementioned spillovers is that they were targeted at local community members. The enterprises seem to have strengthened the knowledge of local people and local entrepreneurs. They facilitated certain economic spillovers that would not have occurred in their absence. Yet, it is beyond the scope of this thesis to locally investigate the effect of these companies' training. Therefore, one needs to be cautious about drawing conclusions regarding the effects of such education on individuals. There is no way to tell whether the training was relevant, topical, and qualitative. Training was mainly focused on enhancing capacities to execute the main activities of the company. Whether it was useful for other purposes remains unknown too: it was not the intention of the businesses to train people for any other purpose than working at their company. It is therefore impossible to argue that the position of local people was actually strengthened. Teaching useful skills to uneducated local people is seen as a major opportunity for businesses (Hanzen, 2005; Oetzel et al., 2010; Kolk & Lenfant, 2017), yet besides training for the core business, there is no evidence that the local people benefitted from the training beyond the work floor.

⁵ CallaFlex reserved ten percent of its budget to educate its workers, but since it is impossible to determine whether this would have happened, it is not taken into account as an effect.

4.5.3. Harmony in the community

According to the literature, companies can contribute to harmony between different groups of people (Kolk & Lenfant, 2015; Oetzel et al., 2010). No evidence was found that the companies promoted harmony through their core business. With regard to the company and its surroundings, one of the respondents remarked: *“I don’t think we are the most loved organization in the villages”* [translated from Dutch]. According to the expert, locals do not trust them because they are a European organization. However, local NGO workers argue that Western companies are welcomed in the country. Due to a lack of local voices, this thesis is unable to identify the attitude of Burundian citizens towards the new companies. Therefore, it cannot make substantive claims regarding the relationship between the Western companies and the local community. It can, however, conclude that promoting harmony by means of jobs was not an incentive for any of the Dutch companies.

4.6. Sustainable Development

The last component of development is sustainability. To assess the sustainability of Dutch businesses, this thesis looks at both economic and ecological sustainability.

4.6.1. Economic sustainability

In this account, economic sustainability refers to “staying in business.” Five businesses that received PSI funding and had a Dutch applicant were established. Three of them were still in business at the time this thesis was written. However, none of them make as much money as they anticipated. Experts point to external factors, and in particular, the political turmoil in 2015. At the beginning of the PSI-project, the Burundian context was different: *“However, the opposite turned out to be true and development moved in a very different direction. Due to that, a lot of PSI-projects that were initiated over there... well... were canceled or are still in the implementation phase”* [translated from Dutch], interviewee 2. The NEA agrees that the initiators were, at least partly, victims of the conflict and that external political factors in Burundi have had a significant negative impact on their ability to execute their plans. This thesis argues that, up to the present, the companies have not been able to create sustainable economic conditions that benefit the community in the long term. Most of the jobs that were created were temporary jobs with high levels of insecurity and subject to all kinds of external factors. EEACO was able to create 80 full-time jobs, but it is unclear whether the company still facilitates all these jobs. The likelihood of this is small: the political violence has forced the company to work at half-pace. Experts were unable to confirm the figure and attempts to contact the local partner were futile. The researcher therefore questions the stability of the jobs that were created. To conclude, time and the relapse into violence have heavily influenced companies’ capacities to bring stability. Nevertheless, the inability of two of the companies to create stable jobs is a missed opportunity.

4.6.2. Ecological sustainability

Developing countries are the most vulnerable to climate change (Mendelsohn, Dinar & Williams, 2006; Mertz, Halsnaes, Olesen & Rasmussen, 2009; Tol, Downing, Kuik & Smith, 2004). Moreover, as argued above, within these countries, ecological burdens often land on the shoulders of the poorest, since they rely the most on natural resources (Gupta & Vegelin, 2016; Tol et al., 2004).

The NEA lays emphasis on the environmental impact. The businesses that received support from the government had to produce several impact reports before, during, and at the end of the project. In terms of ecological sustainability, Blotec is the only company that provided an environmentally friendly product. When interviewee 4 was asked about the ecological sustainability of Buhadec, the answer was strongly negative: *“Buhadec does not work in an environmentally friendly manner at this point. Nothing. In the future, yes, but at this point, no. It is the next step”* [translated from Dutch]. The farming company does not cultivate land in a sustainable manner. This is not only bad for the local surroundings—it also is a missed opportunity to show local people how they can improve their farming in order to be more environmentally friendly.

For EAACO, the grinding of stones has some impact on the environment, but no direct ones and not for local communities. Although it would always be better not to do it, according to the respondent, the alternative, taking stones from the river, is worse for the environment and the local communities surrounding the river. Combine this with the need for the product, and the benefits seem to outweigh the costs in this case, as argued by interviewees 1 and 8.

4.7 Conclusion

The three companies that settled in Burundi facilitated economic development in the areas in which they were operating. Due to the minimal reporting, it is not possible to determine whether companies facilitated inclusive development. With regard to strengthening the position of women, only numbers were reported, which makes it impossible to determine whether the companies strengthened women's social position. In terms of broad-based development, the companies did create low-, medium- and high-skilled jobs. Most of the jobs that were created were low-skilled jobs that could be completed by all members of the community. Educational spillovers were present, but mainly focused on the company's core business. Since local community voices could not be incorporated into this thesis, there is no way to tell whether the training sessions offered were relevant, topical, and qualitative. Furthermore, companies do not seem to have actively contributed to harmony in the areas in which they were active. Finally, companies were unable to facilitate economic sustainability, partly due to external circumstances. However, the fact that a large part of the jobs created were temporary is a missed opportunity. In terms of ecological sustainability, one company missed out on the opportunity to bring sustainable farming solutions to the developing country.

Chapter 5. How Development was Achieved

This chapter answers the question of whether development was mostly achieved through the companies' core business or through CSR. As explained in the theoretical framework, CSR should be an umbrella term that is incorporated at all levels of a company's actions (Blowfield & Frynas, 2005). As discussed in the theoretical framework, companies can facilitate purely economic development or incorporate CSR at three levels: community projects, core business, and lobbying.

5.1. Core Business

The main contribution to development made by the Dutch companies through their core business was job creation. This study will now look at the quality of these jobs. All three businesses argued that they incorporated at least one level of CSR in their core business: as required by the NEA, all companies pay at least 15 percent above minimum wage. However, the monthly minimum wage for low-skilled work in Burundi is 98,300 Burundian francs (BIF) (Trading Economics, 2019). The average living wage for families is 575,800 BIF each month (Trading Economics, 2019). Even when making 15 percent above the minimum wage, a low-skilled worker has to earn 5.1 times their monthly wage in order to support their families. EAACO pays its low-skilled workers at least 650,000 BIF, and medium-level employees earn at least 900,000 BIF. Thus, EAACO was not only able to create a significant number of jobs,⁶ it also paid decent salaries to its workers. Other companies did not want to provide their financial reports, making it difficult to assess what they actually paid their workers.

All companies provide health insurance. EAACO provides free lunches, free transport, an end-of-year bonus, 80 percent reimbursement of health expenses, and interest-free credit for educational or family purposes, education, and HIV awareness training. The health care benefits, education, and the ability to receive a loan from the company can be seen as CSR practices. Desk research showed that the entrepreneurial climate in Burundi is extremely poor, meaning that access to financing is difficult. With the loans they received, EAACO's employees could educate themselves or send their children to school. Other CSR practices with regard to the core business were not identified.

Respondent 9 argues that development should not focus excessively on the quantity of economic development. The companies may have provided fewer jobs than an MNE can, but by incorporating CSR into the company structure and by doing a little more than they were obligated to do, companies could contribute much to improving the lives of people.

Yet, as stated in the theoretical framework, this thesis does not define CSR as "doing a little more than they are obligated to do;" rather, CSR is a process whereby each company activity contributes to sustainable development for employees, families, local communities, and society at large, and improves the quality of life for all of these groups. Jobs were created, but it remains unclear who exactly

⁶ EAACO is unable to confirm whether eighty people are still working there. Due to the political violence, the company is forced to work at half pace. There is no clarity on if people were laid off, and if so, how much. See paragraph 4.6.1 for more information.

got these jobs. In addition, no evidence has been found that companies did anything to improve harmony between their workers. There is too little information on the quality of the health insurance and the quality of the jobs. Thus, all evidence points to limited CSR with regard to the core business: companies could have done more.

5.2. Local Community Projects

None of the respondents raised the subject of local community projects. According to respondent 4, Buhadec's Burundian co-owner is concerned with local farmers. He travels around the villages, speaks at village councils and advises where he can, the respondent states. However, what this entails and whether it is effective remains vague. Buhadec does not engage in other projects that benefit the local community directly; neither do Blotec or EAACO.

The question that remains is whether local community projects actually contribute to development. Interviewee 6 questions the use of local community projects. From her own local experience, she argues that companies are excessively focused on reporting the "right numbers:"

'...[as a company] I would prefer to support a school because then I can say in my report that I have financed a school that has a thousand of children, for example, give books for a thousand kids for the same amount I have to finance ten projects. But to me it is a pity because those ten projects are maybe going to create fifty or sixty permanent jobs and, this way, those jobs that are created for these people, you are also helping their family.... So, to me, they always look for the quick win instead of looking at the big picture and that is a pity.'

Yet, if a company does not establish local community projects, its effect on development in fragile states remains limited to the people who are hired. By committing to local community projects, companies can expand their involvement to their direct surroundings (Kolk & Lenfant, 2015). For the companies included in this research, the positive effects seem to remain limited to the companies' employees, while the rest of the local community does not seem to benefit from the companies' presence. To provide conclusive answers on that, field-research in these areas should be undertaken. For now, it can be claimed that none of the companies is or was intentionally contributing to community development.

5.3. Lobbying and Advocating

None of the companies were involved in lobbying or advocating for CSR purposes. The companies argue that it has to do with their size: large MNEs have bargaining leverage that the SMEs do not have. Furthermore, it would be risky for companies to become involved in government affairs, all four companies and the NEA argue. The political climate in Burundi at this point is too unstable to advocate or lobby government officials, is argued by the respondents. The Dutch government advises that companies refrain from direct involvement. The literature acknowledges that SMEs have less bargaining

power than MNEs (Ciliberti, Pontrandolfo & Scozzi, 2008; Nichter & Goldmark, 2009). However, they could attempt to find support from other companies and work together or join the lobbying activities of other companies or NGOs (Nichter & Goldmark, 2009; Westermann-Behaylo et al., 2015). None of the companies in this research initiated such efforts or is involved in such clusters. Lobbying and advocating is argued to be the most difficult level of CSR, and it is least reported on (Triphani & Gündüz, 2008; Kolk & Lenfant, 2010; Westermann-Behaylo et al., 2015). It could be, these scholars argue, that companies do more on this level than they report on. The companies in this study all argued to not engage in lobby or advocating practices and there is no evidence to contradict these claims.

5.4. Conclusion

Economic development was facilitated through the establishment of the core business. Furthermore, CSR was not fully incorporated into companies' business operations. This thesis uses the World Bank's definition of CSR, and business are lacking in several respects. None of the companies is involved in local community projects. The definition of CSR that is used in this thesis holds that the local community and society at large have to benefit from a company's presence: there are no indications that the local community benefited. Finally, the companies did not engage in lobbying or advocating practices on their own. Moreover, they were not cooperating with other businesses or NGOs to lobby for political change. Overall, the businesses have contributed to development by creating jobs and facilitating certain spillovers. However, their contribution to inclusive, broad-based and sustainable development was very limited.

Chapter 6. Companies' Contributions to Peace, Stability, and Reconciliation

In this chapter, business' potential contributions to peace, stability and reconciliation are identified. The questions this chapter attempts to answer are: did Dutch companies also contribute to peace, stability, and reconciliation? Or did they, on the contrary, fuel conflict? Further, this chapter will discuss companies' intentions to contribute to peace, stability and reconciliation.

When companies find themselves in a context of conflict, they have to make a decision about how to act. Companies can actively engage in processes of peace, they can be conflict-sensitive, and finally, they can fuel conflict (Ford, 2015; Fort, 2007; Oetzel & Getz, 2010; Oetzel & Getz, 2012).

6.1. Fueling Conflict

Companies can fuel conflict in different ways, but the most obvious one has to do with finance. Companies' revenues can be used to finance rebel groups or governments that are corrupt or violate human rights (Berman, Couttenier, Rohner & Thoenig, 2015; Diamond, 2008; Forrer et al., 2012; Ruggie, 2003). Furthermore, companies with power can seize natural resources from local communities which need these resources for their survival, in order to obtain economic benefits (Berman et al., 2015; Gupta & Vegelin, 2016). When the PSI-projects were initiated, the situation in Burundi was relatively peaceful, the NEA recalls. Development seemed to be moving into the right direction and the economic situation of the country was slowly improving. However, in 2015, the conflict re-escalated and, ever since, the country has been sliding back (BBC, 2019).

According to Diamond (2008), a predatory state is one in which the elites do everything to strengthen their own position and to consolidate their own power by limiting competition and generating benefits for their own good. Public goods in predatory states are neglected while government incomes are used to acquire private property for the elites. Using this definition, Burundi can be categorized as a predatory state. Citizens of Burundi pay low taxes; however, to compensate for this, the government heavily taxes companies and imports and exports (Transparency International, 2019). In that light, the Dutch companies' revenues benefited a government that is corrupt and has little respect for human rights (Human Rights Watch, 2019). One can argue that by engaging in this, companies are directly contributing to fueling the conflict between the government and its citizens. Heineken, for example, faces considerable criticism and is accused of fueling a predatory government through its revenues.⁷ Heineken claims it engages with the government regarding not perpetrating human rights abuses (Heineken, 2019). The companies in this research did not want to share their exact turnover. However, even when financial results are disappointing, or are minimal compared to the turmoil Heineken causes

⁷ See for some examples the following articles: <https://www.volkskrant.nl/columns-opinie/hoe-het-wangedrag-van-een-multinational-als-heineken-bijdraagt-aan-het-beroerde-ondernemingsklimaat-in-nigeria-b05fd41f/>, <https://www.economist.com/business/2018/04/21/how-heineken-beer-survives-in-congo>, <https://decorrespondent.nl/4864/hoe-heineken-een-dictatuur-in-stand-houdt-in-het-een-na-armste-land-ter-wereld/1255893292544-b17cdb8e>, <https://decorrespondent.nl/5702/heineken-blijkt-in-burundi-nog-nauwer-verbonden-met-autoriteiten-dan-ik-eerder-schreef/1472266355692-2c29aab3>.

in Burundi, 35 percent of the revenues go to the government (PKF, 2016). While Heineken argues that it stimulates the government not to perpetrate human rights abuses, there is no evidence that the companies in this study did anything of the sort.

However, this study does not argue that the revenues that the three companies provided to the government were a direct means of fueling of the conflict. It is too difficult to determine the exact role these companies play and their exact revenues. It seems unlikely that without these companies the conflict would have been less, since the effects of their activities do not occur on a large scale. Second, none of the companies directly contributed to prolonging the conflict. Although the effects of their presence may not impact on the economic situation of Burundi at a large scale, they did contribute to some kind of economic development, although limited and mainly through job creation, as discussed previously. There is a trade-off that needs to be made: without paying taxes to the government, this type of development would not occur at all. Companies operating in a host society cannot stay away from the public sphere completely. Business and government are not two inherently different worlds, Ford (2015) argues. Since business for peace expects companies to work on social issues, and companies are expected to fill the gaps that governments cannot, their worlds are intertwined (Ford, 2015). If companies were expected to completely avoid the Burundian government, it would be difficult to foster development.

6.2. Conflict Sensitivity

If a company does not act in a conflict-sensitive manner, they can contribute to conflict after all. What conflict sensitivity means is context-dependent and quite broad: companies should act in a conflict-sensitive manner at all levels (Ford, 2015). Nonetheless, considering the specific context of Burundi, there are two themes where conflict sensitivity is even more essential: hiring policies and land ownership. This section determines whether companies took mitigating measures in order not to fuel conflict.

6.2.1. Hiring policies

While unemployment figures in Burundi are low (World Bank, 2019), interviewee 6 from Bujumbura adds nuance to this view. Due to the lack of social security, one needs to do some type of work in order to survive. The need for well-paying jobs is high. This image is strengthened by this research: none of the companies faced difficulties in finding personnel. Moreover, they had to select personnel from large numbers of people who wanted the jobs: *“But the pressure was so high.... Then we got there, at seven or seven thirty in the morning and then there were so many people at the fence, completely crowded with people who wanted to work”* [translated from Dutch], interviewee 3.

With regard to the level of social inclusion, the process of selecting workers is interesting. Forrer et al. (2012) argue that hiring more workers from one social group than another can perpetuate existing structural conflicts, especially when these concern education and jobs. The conflict in Burundi was

partly about access to education and economic opportunities (Ndikumana, 2005); it is therefore interesting to investigate who was hired.

The desk research revealed nothing about the selection procedure for hiring. During interviews, it was confirmed that none of the companies had an explicit strategy regarding ethnicity. None of the Dutch co-owners discussed ethnic policies with their local partners. Reasons for this vary, but the main one was that, since the massacres, ethnicity has been a sensitive subject in Burundi. People in Burundi do not speak about ethnicity. However, while it may not be surprising that the topic is not discussed, it has consequences. Interviewee 4 states: *“I think that he only invited people from his own tribe to work with us. And I never asked about it, because nobody will give you an answer.”* This quote indicates the hiring procedure was unfair, favoring members of the local partners community. To facilitate inclusive development, social inclusion should be as broad as possible (Gupta et al., 2015; Gupta & Vegelin, 2016; Kolk & Lenfant, 2017); especially with regard to ethnicity, ex-combatants, returnees and youth.

6.2.2. Ethnicity

Ethnicity in Burundi has been used in the past to mobilize large groups of people to engage in violence. According to interviewee 9, companies should thoroughly assess the context before making the decision to invest somewhere, though they should *“never ever engage in a context where they are forced to undertaken ethnic selection of staff,”* because, according to this interviewee, this can never be done legitimately. Yet, whether companies want it or not, in a context like Burundi’s, ethnicity remains an issue. Two companies have local partners which are not on good terms with the government and had to flee across the border several times during the implementation of the business. Since ethnicity has been the main driver of conflict, the fact that companies did not think about hiring strategies with regard to ethnicity can be seen as a missed opportunity.

6.2.3. Ex-combatants and returnees

According to local NGO workers, trust issues do not exist only between ethnic groups. There are also major trust issues between returnees, ex-combatants, and the community. In Burundi, almost everybody has been involved in the conflict somehow (BBC, 2019; Daley, 2006; Uvin, 1999). Large groups of citizens were mobilized to engage in violent practices, and these groups now need to be reconciled with their communities. Apart from the lack of trust from communities, ex-combatants are often scapegoated, marginalized, and face exclusion, which creates potential incentives to rejoin the fighting forces (Hazen, 2005). Economic reintegration is an important aspect of reintegrating former fighters into their communities (Hazen, 2005; Jennings, 2007; Willems, Kleingeld & Van Leeuwen, 2010). Ex-combatants often lack skills or education, but without an economic contribution on their part, there is a considerable risk that the community will see them as an economic burden, which exacerbates the tensions (Hazen, 2005; Jennings, 2007). According to Hazen (2005), reintegration projects aim to train ex-combatants; however, the duration of such training is often too short and the skills that are acquired are not relevant

to the limited economic opportunities. Companies have the potential to train ex-combatants in the long term for jobs that are relevant.

In addition, many Burundians who fled the country during the massacres are returning to their communities (Fransen & Otieno Ong'ayo, 2010). Especially with regard to trust and landownership, returnees create tensions in local communities: their lands have been occupied by other community members or sold to third parties, leaving them with no source of income (Fransen, 2017; Van Leeuwen, 2009; Van Leeuwen & Haartsen, 2005). These people need to be reintegrated economically and again, here there is a large potential for businesses.

Yet, none of the companies have specified any policies for hiring returnees or ex-combatants. They do not intentionally attempt to incorporate these highly vulnerable community members. It may be that there are returnees or ex-combatants working at the companies, but there is no evidence that can provide insight into this.

6.2.4. Youth

Another group at risk is the Burundian youth. With a young population, the job market in Burundi is extremely tense. The consequences of this are directly linked with conflict, interviewees 6 and 9 argue. Employment is required in order to give young people the chance to develop, to educate themselves, and to motivate them to work towards a goal, the interviewees argue. This view is supported by the literature: unemployed, marginalized youth are easier to mobilize for illegitimate political activities and are overrepresented in rebel or insurgent groups (Abbink, 2005; Munive, 2010; Urdal, 2004).

Only one of the four companies, CallaFlex, specified a strategy to hire young people in particular. However, this company has not been operative before retrieving from Burundi and did not create jobs. The other three companies had no official data on hiring youth, and since the interviewees did not know about the informal hiring strategies of their partners, it is impossible to identify the effects. Hiring young people provides a considerable opportunity for both the country and for the companies, but due to the lack of information it is difficult to establish whether companies hired youth.

To be conflict sensitive means, in this context, that a company at least attempts to work with these groups. Even though there is no data to determine inclusiveness, the nonexistence of a formal policy and reliance on local partners to select employees is a missed opportunity to include all social groups. It shows that the incorporation of social groups has not been thought through. Distrust between social groups is a major driver of conflict in the country and, by not thinking about this beforehand, companies did not act in a conflict-sensitive manner. Dutch companies did not fulfill their responsibility to establish a fair hiring policy. The danger is that only people within the direct personal sphere of the local partner obtain jobs. In two cases, this suspicion was raised by the Dutch co-owners. By hiring from one group, horizontal inequalities between different groups in the communities remain intact (Forrer et al., 2012). As discussed above, these horizontal inequalities can generate incentives to rebel (Demmers, 2012;

Stewart, 2009). The challenges companies face with regard to hiring on the basis of ethnicity, age, and social status are substantial. From an economic perspective, it seems understandable that companies do not want to take the risk and hence rely on their local partners. However, looking at the potential consequences of *not* specifying hiring, it may be more dangerous in the long run not to be careful about who to hire (Forrer et al., 2012). In terms of inclusion, Dutch companies did not act in conflict-sensitive manner and may indirectly have fueled conflict.

6.2.5. Land ownership

Acquiring land in a country like Burundi is not without risk. When companies settle in Burundi, large landowners benefit from the process of selling land. However, small landowners, or those without land, are at risk of displacement (Charnley, 2006). According to Van Leeuwen and Haartsen (2005) 80 percent of the disputes settled in court involve landownership claims. In addition, Berckmoes and White (2016) argue that most land disputes do not even make it to court: they are settled through violence. For these reasons, this study argues that when companies do not act in a conflict-sensitive manner with regard to land, they might be fueling conflict.

Companies that received funding from the PSI-project were not allowed to buy land. The reason for this policy, according to interviewee 2 from the NEA, is conflict sensitivity: the above-stated arguments made in the literature are supported by the organization. The Dutch embassy in Burundi wants to prevent companies' involvement in land disputes and the illegal sale of land. Hence, the companies can only rent ground.

The local partner of EEACO was already in possession of land. There is no information available on the history of this land or how it was acquired. It is therefore difficult to establish whether there were any disputes over the piece of ground. All this study could determine is that the land in question is located a few kilometers from a built-up area and that it was not suitable for farming. However, previous ownership claims could not be researched due to the lack of local documentation. The interviewee did not recall how the land was acquired.

Buhadec struggled considerably with land ownership issues. For their businesses, 50 hectares of farmland were required, a large area in Burundi. Since local people were unable to rent out this large area, the company had to turn to a state-owned company. However, this company rented farming grounds to local farmers too, who also needed the land. Fifty to 75 local small farmers needed to make space for the company, as explained by interviewee 4. In return, Buhadec was only able to provide 15 full-time jobs. They did hire some of the other farmers, but for sowing and harvesting, that is, seasonal work. In addition, the farmers who had to make room for the company were not able to make money as a result of abandoning their land since the ground belongs to the state and it was not theirs to sell. Another problem that the company encountered with regard to land was access to water. The main water source was a canal, located a few kilometers from area in question. Buhadec felt the need to prevent the

water from running onto the lands of other farmers and established a so-called “water team:” 20 men who kept the water from flowing onto the lands of local farmers (interviewee 4).

These issues show that the local community does not naturally benefit from the presence of large companies. By renting these lands, Buhadec took away the local business of these farmers and creating an uneven power balance between the foreign company and the local entrepreneurs. In this case, the presence of Buhadec may have been beneficial to those people in the local community who then had a (seasonal) job, but small landowners paid the price. This is, again, an example of horizontal inequalities being retained. With regard to land ownership, Buhadec may be fueling inequalities.

All of the abovementioned matters indicate that at least one of the companies was not acting in conformity with conflict conflict-sensitive principles with regard to land ownership, and that none of them were with regard to hiring policies. The companies may be fueling disputes over access to resources, such as land, jobs, and education.

6.3. Contributions to Peace, Stability, and Reconciliation

Companies did not directly fuel conflict in the short run, but in failing to act in a conflict-sensitive manner in relation to two important markers, they may have been fueling it in the long run. This section identifies whether companies have taken direct measures to positively contribute to peace, stability, and reconciliation in Burundi.

6.3.1. Peace

This study did not find any evidence that the four companies directly contributed to peace in the country. Moreover, all companies were advised, both by the local people and by the Dutch government, to avoid attempting to actively engage in conflict resolution. The latter argues that this is more the domain of governments and the embassy:

When the context is changing, politics or whatever, then there is a much more important role to play as the Netherlands and the embassy, supporting your project so that it does not increase certain risks. Both for the local community as for the business itself. The latter will be, especially in the context of Burundi, a reason to lay low, or to be very careful [translated from Dutch], interviewee 2.

You mean lobbying in what area? For peace making. ... No, we did not discuss that’ [translated from Dutch], interviewee 1.

The arguments made by the NEA are noteworthy, since the main goal of the PSI-fund was to promote business to create jobs and stability. However, it did not expect companies to become involved in peacemaking and even advised them to refrain from involvement in peace matters.

None of the companies took measures to stop the violence when the conflict was at its peak. The theoretical framework identified various opportunities for companies to stop direct violence: public condemnation of certain actions, facilitation of or participation in peace talks and negotiations, or withholding of tax payments until the direct violence has ceased (Oetzel & Getz, 2010). However, companies did not take these opportunities to stop the violence. The respondents argue that it was too dangerous and that they feared sanctions from the government. However, this study has not identified any other direct contributions to peace, neither before nor after the conflict's peak.

An indirect contribution, namely, helping the country develop, was made by the companies, though this seems to have been a purely economic consideration and at a very limited scale. Any positive economic effects the companies made remain limited to the jobs provided in the areas in which they were active and is not contributing to peace on a large scale. Thus, this research finds no substantial evidence that companies contributed to peace in these areas.

6.3.2. Stability

Political turmoil in the country has affected all companies negatively, as is argued by the respondents⁸. Due to the violence, most companies in Burundi are working at half-pace. This affects all sectors and thus all companies in this study. Companies have been identified as factors that can contribute to stability in a post-conflict society (Wenger & Mockli, 2013). However, due to the outbreaks of violence in 2015, Burundi has transformed from a post-conflict society to a country in conflict. The conflict watch of the International Crisis Group (2019c) has not yet labeled the country as a post-conflict one, making it nearly impossible for companies to contribute to stability without endangering their existence.

However, neither did the companies make a positive contribution to stability themselves before the violent outbreaks. As discussed in the section on economic sustainability, the companies mainly provided temporary jobs. As these jobs are highly dependent on the season, they add little in terms of stability to the lives of Burundians. As explained above, EAACO created full-time jobs for the local community. However, as regards more direct involvement, none of the companies lobbied or advocated for positive social change, greater stability, or anything related to these issues. Neither did they engage in any local community projects to bring stability.

⁸ Ielgat V.O.F, the Dutch company that did not want to participate in this research, did send an email saying that they retrieved from Burundi due to the political situation.

6.3.3. Reconciliation

Reducing disparities between groups is an essential component of peacebuilding and conflict resolution (Fort & Schipani, 2007; Hegre, 2000; Kalyvas, 2003; Smoljan, 2003; Stewart, 2009). One way to achieve this is by committing to reconciliation. During the research period, it turned out that researching a concept like reconciliation is difficult in Burundi. The main reason for this is that speaking about ethnicity remains a sensitive subject. The government forced NGO's to produce lists of employees' ethnicities (East Africa Monitor, 2019). However, as argued by the interviewees, citizens tend to avoid the subject of ethnicity as much as possible.

According to interviewee 9, reconciliation is an important part of the peacebuilding process in Burundi. The respondent acknowledged a great potential for businesses to contribute to reconciliation between groups, especially since companies focus on teambuilding and contributions by all employees. Yet, they should be cautious not to focus on numbers alone, the respondent argues. Reconciliation in the country is about more than merely ethnicity; it is also about trust between returnees, the youth, and other community members.

None of the companies had a formal strategy for reconciliation. When ethnicity is not spoken about, writing a policy about it is especially threatening. However, ethnicity is not all that matters: strategies for reconciliation between other social groups were also absent. None of the companies committed to "reconciliatory management practices." There were no efforts to bring people together by means of the core business. In the context of Burundi, where distrust among groups is a driver for conflict, reconciliation, or at least harmony, is an essential component of CSR. One can argue that companies can contribute to reconciliation by means of the core business without having a formal strategy. Nonetheless, in none of the cases was there information about who exactly was hired. Combined with the lack of local voices,⁹ the identifying of unintentional contributions is impossible. Research on business for peace struggles with measuring effects due to this information deficit (Ford, 2015; Forrer et al., 2012). The Dutch partners did not know much about the hiring strategies, but two suspected that their local partners hired people from their own tribe or group, and one suspected that the local partner did attempt to realize a fair distribution of employment between Hutus and Tutsis. This last statement is interesting, and it indicates that it is too early to conclude that companies did *not* contribute to reconciliation at all. Yet, this is suspicion could not be supported by other data and is therefore unable to serve as data in this thesis.

6.4. Intentions to Contribute to Peace, Stability, and Reconciliation

The only company that stated they wanted to contribute to peace and stability was Blotec. The enterprise focuses mainly on rebuilding houses, schools, and public offices as a means of contributing to peace

⁹ Local partners were asked to contribute to this research by both the Dutch partners as the researcher. However, they did not want to.

and stable facilities in the country. *“But if I can see the [local] impact our projects can have, that is actually more important than earning money” [translated from Dutch]*. However, while the impact of the project may be seen by the owners, it is very limited. The company improves living conditions of locals, but it does not contribute to peace, reconciliation, stability and inclusion.

For the other Dutch businesses, there was no intention to contribute to peace and stability beforehand. None of the companies intended on contributing to reconciliation.

6.5. Conclusion

Neither the primary nor the secondary research revealed any clues that the companies were directly fueling conflict with their presence in Burundi. No substantive claim can be made that the three businesses operating in Burundi are directly worsening the post-conflict situation there. However, in light of their not acting in a conflict-sensitive manner regarding inclusion and landownership, this study argues that the companies included this research have a high potential for indirectly fueling conflict. Moreover, no evidence was found that the companies directly contributed to the processes of peace, stability, or reconciliation in recent years.

Chapter 7. Discussion: Challenges and Missed Opportunities

7.1. Introduction

Before moving on to the conclusion, this chapter reflects upon the findings and identifies contextual factors that were challenging for the companies. Then, it identifies the limitations of this study and the implications for further research.

7.2. Reflection

In the course of conducting this research and speaking with various experts, a few things became noticeable. Ford (2015) argues that the literature on business for peace is sometimes overly optimistic about what companies can achieve. This claim is supported in this thesis. The literature has identified major opportunities; however, what became quite clear during this research is that business owners have little knowledge of peacebuilding. However, previous research also stresses the overly optimistic view of what companies *want* to do (Ford, 2015; Oetzel et al., 2015)—and this actually is the main argument of this thesis. There were opportunities for companies to take an extra step. However, social inclusion was overlooked, local communities were not incorporated, and cooperation with large businesses or NGOs was not sought in order to bring positive change. Companies did not attempt to use their influence to bring positive policy change, not even at local levels. Hiring was left to the local partners, even though all the Dutch co-owners were aware of the ethnic tensions. Cooperation with local entrepreneurs was minimal.

During the interviews, one view was dominant: bringing economic development means contributing to development. Creating jobs is creating a better future. However, as has been shown in this study, doing business in post-conflict countries comes with responsibility. For example, creating jobs comes with the responsibility regarding who to hire. If companies are not careful, they may fuel conflict by creating jobs. What the findings of this study show is that the companies in this sample were not capable of or willing to accept this responsibility.

What was also striking are the contradictions between the NEA's goals and actions. The PSI-fund was designed as an example for companies as concerns their CSR. However, the only CSR standard the NEA seems to identify is paying 15 percent above the minimum wage. The NEA should not only look at what companies can deliver financially, but also *how* they deliver. Research has shown that in fragile and conflict affected areas, it matters less *what* companies do. More important is how they do it, and with whom they do it (Blowfield & Frynas, 2015; Oetzel et al., 2010; Idemudia & Ite, 2006; Idemudia, 2011; Roig, 2014). Social aspects must weigh as much as financial aspects to argue that a company is socially responsible.

Furthermore, the NEA is supposed to be the partner that supports companies when host countries slide into conflict. However, when it was asked what companies should do when a context of conflict arises, the answer was vague. Opportunities for public–private cooperation were identified by all the respondents, yet there seems to be a prominent role for the NEA to take in such projects. In the view of the researcher, and based on the findings of this research, the NEA should either be clearer about its expectations of companies (companies have to make their own decisions regarding conflict sensitivity), or they should be a more reliable partner and provide companies with specific advice.

Overall, what seems to be lacking is awareness. Companies argue that they do a considerable amount, but awareness of the impact they have, whether this is positive or negative, is lacking. Moreover, awareness of what they *could* do is lacking. The NEA could play an important role in creating this awareness among businesses, for example, by raising the standards for CSR practices in their applications.

7.3. Challenges Companies Face

Companies' failure to contribute to inclusive development and peace, stability, and reconciliation, are not only due to their own actions (or inactions). This section identifies two major challenges that companies face when investing in developing countries: lack of knowledge and institutional structures.

7.3.1. Lack of knowledge

The NEA identified its main role during the process of implementing PSI-projects in Burundi as an advisory one. However, this was perceived differently by the companies. In their experience, they received information about the country and the conflict from the NEA. Without exception, all the businesses argued that they educated themselves about the situation or hired a consultant to provide support. Whether it was due to the limited information provided by the NEA or the complexity of the Burundian conflict, lack of knowledge was a major challenge for the Dutch companies. The NEA does not expect Dutch entrepreneurs, who own small businesses and are experts in their fields, to know everything about conflict sensitivity and how to act in certain situations. The organization even argues that it is challenging and complex for them to determine what would be the right attitude to conflict for companies in this specific context, let alone for companies with less expertise in this area. However, during the conversations with the NEA, when asked about the best way to act in conflict settings, the answer was “conflict sensitivity.” When it was asked what that meant, the answer was that it is context dependent. For Burundi, the NEA did not have a concrete answer about how to be “conflict-sensitive.” It argued that decisions should, eventually, be made by the entrepreneurs themselves.

All four companies are SMEs. Their resources to involve people with extensive knowledge of the context in the project are, compared to MNEs, minimal. Together with the fact that companies did not feel supported by the NEA in this particular area, lack of knowledge became an issue. When, in 2015, Burundi relapsed into conflict, companies were left on their own, while the NEA expected them

to act in a conflict-sensitive manner. Yet, no one, including the NEA, knew what that meant in this particular context. Two of the companies were advised to lay low when the conflict rose to new heights in 2015, while the other two did not receive any guidance during this time¹⁰. In the course of the primary research, it became clear that the NEA struggles with conflict sensitivity, ethnicity, and reconciliation; the lack of practical knowledge is evident on both sides. The companies rely on the NEA to support them with these issues, as a partner, while the NEA expects companies to rely on their local partners or their own experience.

7.3.2. Institutional design and corruption

Another important issue that prevented Dutch companies from growing in Burundi is the institutional design of the country. The transitional government has been in place since 2001 (BBC, 2018). Current president Nkurunziza has been the president of this government since 2005, and together with his vice-presidents, ministers, and parliament, they hold all the power (BBC, 2018). During the interviews, it became clear that the influence of the government is substantial. All companies struggled with corruption issues. Import costs are extremely high, interviewee 4 explained, while there are practically no machines or other specialty products in Burundi. Everything needs to be imported, though the costs prevent companies from doing this.

Another issue that is typical, according to interviewee 7, is intimidation by the government. In two PSI-cases, local partners had to flee during the implementation period because their ties with the government were not strong enough. What that exactly means remains vague for the respondents too, but both projects were on hold for several months. This not only involves considerable costs; it also troubles the outlook for the business and the social aspect of the business relationship.

The research shows that the institutional design of Burundi should not be underestimated. The literature argues that businesses are able to establish stability and lasting conditions for peace, but the impact that governments have on businesses should not be underestimated. When corruption and intimidation are normal government instruments, it seems unlikely, at least on the basis of these cases, that foreign companies can escape such threats.

7.4. Limitations of this Study and Implications for Further Research

Lacking from this research are, first of all, local voices. Fieldwork would have strengthened this research along several dimensions. However, it was beyond the scope of this thesis to travel to Burundi. The researcher was able to include three respondents from Burundi who were able to provide local perspectives. However, reaching the local community from the desk turned out to be impracticable. The Burundian co-owners did not respond to emails and calls, even after the Dutch co-owners asked them to do so. Being in Burundi, being able to visit the people would have made things much easier.

¹⁰ When the conflict persisted, CallaFlex retrieved from Burundi.

Research argues that more scholars should focus on what incentives for companies are to contribute to peace, stability, or reconciliation (Ford, 2015; Forrer et al., 2015; Oetzel et al., 2010) and this study endorses this claim. With regard to companies' incentives, this study finds that three out of the four Dutch business owners would not have invested in Burundi if there was no subsidy available. However, this study adopts a critical position towards the PSI-subsidy. For the companies in this study, the ambition of the PSI-fund seems to be too high, the capacity to support businesses too low and the context of Burundi seems to be too complicated.

The business for peace literature places much responsibility on businesses when they have made the choice to invest in fragile states. This thesis identified a potential mismatch between scholars and business owners that should be further explored. The scholarly literature should not forget that companies do not have the knowledge that scholars and traditional peacebuilders have. Small businesses especially do not, in general, house people with peacebuilding knowledge. Scholars identify great opportunities for public–private cooperation, but the businesses in this sample did not work with NGOs, and the role of the Dutch government was marginal once the subsidy had been approved. As argued in the theoretical framework, various authors argue that companies have a great capacity to coordinate efforts by cooperating with all parties (Killick et al., 2015; Oetzel & Getz, 2010). In practice, the companies in this sample did not identify their potential and did not take on this role.

Finally, reconciliation, harmony, and the role that businesses can play within these processes have been researched extensively. However, this study finds indications that businesses can also positively affect the micro-level dimension of harmony. Several respondents argued that companies were able to “uplift” community spirits and to make people feel “worthy”. These lifted spirits seemed to create a climate conceiving for peace. To the knowledge of the researcher, this has not yet been explored in the business for peace literature. The macro-effect of reconciliation and harmony has been acknowledged among scholars (Kelman, 2010; Kolk & Lenfant, 2015). Yet, in cooperation with other fields of study, the micro-effects of companies in developing countries on the human psyche could be explored further.

Chapter 8. Conclusion

After discussing the results, this thesis now moves to the final chapter, the conclusion. Here the primary research question is answered: What were the effects of Dutch SMEs on development and peace in Burundi? Both components of this question are discussed, beginning with the former.

8.1. Companies' effects on inclusive, broad-based, and sustainable development in Burundi

The effects that were facilitated by Dutch SMEs were identified at the level of economic development and were created through their core business and not their commitment to CSR. Companies' effects on inclusive, broad-based, and sustainable development were either small or unidentifiable due to information deficiencies.

8.1.1. Inclusion

Scholars identify a great potential for companies to contribute to social inclusion (Forrer et al., 2012; Fort, 2007; Oetzel et al., 2010). However, none of the companies had a specific hiring strategy, except as concerns gender. The NEA had stressed the importance of hiring women because this would strengthen their position in society. This researcher had a difficult time identifying whether the hiring of women really was effective, since only numbers were reported. Figures alone do not specify whether social positions have actually improved due to the jobs (De Waal, 2006; Duflo, 2011; Odeny, 2013). Therefore, this study concludes that the companies were inclusive with regard to women, but that it remains unclear whether they actually strengthened women's position.

With regard to other social groups, this thesis was unable to identify whether companies were inclusive. Dutch company-owners left local partners in charge of the hiring strategies and there was no evidence that these were inclusive. None of the companies had a strategy to hire from vulnerable social groups such as the youth, ex-combatants, or returnees. The ethical and critical position towards business' own actions Fort (2001) and François and Sud (2006) call for, was not adopted in relation to these issues. None of the companies was able to realize inclusive development.

8.1.2. Broad-based

The literature identifies opportunities for companies to facilitate spillovers to community members (Oetzel & Doh, 2008; Oetzel et al., 2010; Oetzel & Getz, 2012). Most of the jobs that were created were low-skilled jobs. This is positive for local, uneducated community members, who have little to no access to education and high-skilled jobs. Educational spillovers were facilitated by the companies. However, the training provided mainly focused on the company's core business. This does not have to be a problem; however, since local community voices could not be incorporated into this thesis, there is no way to tell whether the training was useful beyond the work floor. Identifying whether the training really strengthened local people's positions on the labor market is impossible. Furthermore, due to the lack of

information on hiring policies, there is no way to ascertain whether the whole community benefitted from these spillovers, or merely the inner circle of the companies' local partner.

8.1.3. Sustainability

Finally, companies were unable to facilitate economic sustainability. Most of the jobs that were created were temporary, providing locals with jobs for a brief time, but not in the long term. One company was able to create a significant number of full-time jobs, yet it is unclear whether this number is still relevant. In terms of ecological sustainability, companies are doing satisfactorily. One of the companies does not work in an environmentally friendly manner at all, which is not only negative for the environment but also for local communities, according to Gupta and Vegelin (2016).

8.1.4. Effects mainly achieved through core business

The effects that were created were mainly facilitated through the creation of the core business. Companies failed to incorporate important CSR strategies, as identified by Kolk and Lenfant (2017), into their core business. Furthermore, none of the companies were involved in local community projects. There is no evidence that the local community and the rest of Burundian society benefited from the companies' presence. Finally, the literature identified an opportunity for businesses to use their influence to advocate reform (Oetzel & Getz, 2012; Westermann-Behaylo, Rehbein & Fort, 2015). None of the companies in this sample engaged in lobbying or advocacy practices. The main argument for this was that their size and turnover were too small for them to make a difference. This is identified in the literature (Ciliberti, Pontrandolfo & Scozzi, 2008; Nichter & Goldmark, 2009); however, scholars still see an opportunity for SMEs. They argue for cooperation with larger businesses or NGOs (Nichter & Goldmark, 2009). However, none of the SMEs in this study sought cooperation with NGOs, MNEs, or other SMEs to address issues at the government level. The companies did not see lobbying as their role and feared sanctions from the government.

8.2. Companies' effects on Peace, Reconciliation and Stability in Burundi

8.2.1. Peace

According to Fort (2001), it is important that companies acknowledge their potential role in peace efforts. François and Sud (2006) add to this by arguing that businesses can contribute to stability and peace by adopting a critical and an ethical position. This thesis argues that none of the companies adopted such attitudes. Moreover, due to the lack of a critical and ethical position in relation to being conflict sensitive regarding the two main drivers of conflict (inclusiveness and access to resources), the three companies in Burundi had great potential to indirectly fueling conflict in Burundi. Conflict in Burundi is complex, but two major drivers of violence are lack of inclusiveness and lack of access to resources, such as land. Conflict in the country was structured along ethnic lines but, in essence, it was about access to education, jobs, and opportunities (Newbury, 2001; Ndikumana, 2005; Uvin, 1999).

However, due to the instrumentalization of ethnicity, distrust between social groups is high. By not acting sensitively in relation to these two major issues, companies are potentially fueling conflict—and certainly not contributing to positive peace. The incorporation of all groups is an important condition to create positive peace (Sandy & Perkins, 2002). The companies in this sample failed to act on this. The fact that the Dutch co-owners and the Dutch government were not aware of the hiring policies is of concern. By leaving hiring policies to local partners, companies may be responsible for keeping inequalities alive (Forrer et al., 2012). The same holds for land ownership: by not adopting a critical attitude toward where land is acquired from, the Dutch co-owners and the Dutch government did not take all the responsibility they should have taken in order to act in a conflict-sensitive manner. More obviously, renting land that was taken from local farmers is not in conformity with conflict-sensitive principles.

There is no evidence that the companies directly contributed to peace. Various authors see a potential for companies to become directly involve in processes of peace, for example, by publicly condemning certain actions, refusing to pay taxes until the violence has stopped or by facilitating peace talks (Oetzel et al., 2010; Slim, 2012). None of the companies took such efforts. The main reason for this is that it was too dangerous: several experts argued that interfering with the conflict could lead to death. Fear was also a motivator not to advocate for reform. The literature in the theoretical framework does not take fear of government sanctions into account. It would be interesting to identify how this plays a role in the intentions of companies, especially for small companies, since it is conceivable that they have fewer resources to protect themselves than MNEs have.

8.2.2. Reconciliation

The literature has identified great opportunities for businesses to contribute to reconciliation, especially through “reconciliatory management practices” (Kelman, 2010; Kolk & Lenfant, 2015). Yet, in the course of the research, it turned out that researching reconciliation from behind a desk is impossible. Due to the sensitivity of the subject, the unavailability of hiring policies, and the lack of local voices, this thesis cannot make substantive claims on the topic. It cannot argue that companies did not, unintentionally, contribute to reconciliation. However, it can be argued that companies did not commit to “reconciliatory management practices.” Harmony, reconciliation, and teambuilding were not taken into account during the project approval stage, and none of the companies had any strategies on reconciliation.

8.2.3. Stability

The literature that was reviewed argues that stability is in the interest of businesses (Idemudia, 2010; Wenger & Mockli, 2003). Yet, Dutch companies in this sample were unable to contribute to stability in the country. Explanations for this can be divided into external and internal actions. From a post-conflict society, the country slid back to be a conflict society. Bringing stability while conflict is raging seems

unfair to expect from companies, especially from the smaller ones. Their role is especially important in the post-conflict situation (Barnett, Kim, O'Donnell & Sitea, 2007; Boutros-Ghali, 1992; United Nations, 2019c). The research discussed in the theoretical framework does not identify opportunities for companies to create stability when the conflict is at its peak. A valuable contribution to the business for peace debate would be to identify strategies for companies regarding how to create stability in an extremely unstable environment.

As argued in this thesis, stable jobs are an important part of creating lasting conditions for peace (Wenger & Mockli, 2013). However, two of the companies mainly created temporary jobs. Only one of the companies was able to realize a significant number of full-time jobs. However, there is no way to tell how many jobs the company is facilitating today. In addition, companies did not take other measures to increase stability before and after the conflict was at its peak in 2015.

One of the Dutch companies wanted to contribute to peace, stability, and reconciliation beforehand. However, effects of this intention were not identified. The other three companies did not have incentives to contribute to these pillars.

8.3. Concluding the Study

The effects of Dutch SMEs on development and peace in Burundi have been minimal and remain at the level of economic core-business development. Companies have made a contribution to economic development, mostly through jobs. In addition, some facilitated educational spillovers, which were identified as opportunities in the literature (Oetzel & Doh, 2009; Oetzel et al., 2010, Oetzel & Getz, 2012). Yet, this study cannot conclude that this training was topical, qualitative and demanded by workers. Without doing field research, it cannot argue that it strengthened the position of employees. Other the opportunities identified in the theoretical framework were lacking. This especially concerns opportunities to incorporate CSR and to contribute to social development. Businesses in this study mainly stuck to their core business and did not take the opportunity to give back to their host society. With regard to the motives to become involved in peace processes, this thesis does not find evidence for Nelson's (2000) idea of enlightened self-interest. However, the argument of Bais and Huijser (2005), that companies mainly follow the rules of the country in which they are active, seems to be supported by this sample. Yet, to add a nuance to this view: in some cases, companies wanted to contribute, but the actions that were undertaken did not lead to the intended effects.

This thesis strengthens the view of Ford (2015) that the business for peace literature may be overly optimistic about what SMEs can and want to do with regard to building lasting peace. While the results of this research may tell a story of missed opportunities, this study was also able to identify practical challenges companies face. To end on a positive note: if peacebuilding scholars, NGO-workers, and businesses were to join forces such challenges could be addressed.

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Appendix I: Desk Research

Search engine: Google

Keywords

RVO

RVO PSI

PSI-project RVO

PSI-project CSR

PSI-project overview

Effects PSI-projects [no relevant results]

Effecten PSI-project RVO

Buhadec /BUHADEC

Cocogel Burundi

Oskam VOF

Blotec

Blotec Burundi

G. Geerlings & Zn. Africa

Geerlings en zonen Afrika

PSI reports

PSI progress reports

NEA development subsidies

NEA development help

NEA investing developing countries

NEA investing fragile states

Callaflex

Callaflex Burundi

Callaflex Africa

Callaflex RVO

Callaflex PSI-project

EMSA

EMSA Africa

EAACO

EAACO Burundi

Api Miel sprl burundi

Ielgat VOF

Ielgat VOF and Api Miel sprl burundi

Honey sector Burundi

CSR RVO

OECD-guidelines

ilo declaration on fundamental principles and rights
at work

FMO exclusion list

MIGA

Results of the online desk research

Search engine: Google

Websites

<https://www.rvo.nl/subsidies-regelingen/private-sector-investeringsprogramma-psi>

<https://english.rvo.nl/subsidies-programmes/psi-financial-and-project-administration>

<https://www.rvo.nl/onderwerpen/internationaal-ondernemen/landenoverzicht/burundi/eigen-bedrijf-starten>

<http://www.doingbusiness.org/en/data/exploreconomies/burundi>

<https://www.miga.org/fragile-and-conflict-affected-settings>

https://aiddata.rvo.nl/projects/?filters=%26recipient_country%3DBI%26related_activity_id%3DNL-KVK-27378529-23408

<https://microprojects.nl/nieuws/nieuwe-microprojecten-in-burundi/>

<http://www.emsa-africa.com/8-news/242-reflecting-on-successful-meeting-in-east-africa>
<https://www.investburundi.bi/index.php/espace-medias1/actualite/501-l-api-a-la-rencontre-des-investisseurs-du-secteur-agricole>
<http://www.emsa-africa.com/component/content/article/13-industry/202-agribusiness-calla-flowers-export-callaflex>
<http://www.dutchafrikaadvisory.com/our-experience-2/>
<http://burundi-eco.com/le-burundi-va-tripler-son-offre-deelectricite-dici-5-ans/#.XN6Lhy-iE1A>
<https://www.facebook.com/BUHADEC/>
<https://www.polarsteps.com/maud/2354-burundi/9658-bujumbura>
<https://english.rvo.nl/subsidies-programmes/psi/publications/publications>
<https://www.dummenorange.com/site/en/about-us/sustainability>
<https://www.dummenorange.com/site/en/about-us/our-values>

Reports

NEA

PSI-project overview report 2009
 PSI-project overview report 2010
 PSI-project overview report 2012
 PSI-project overview report 2013
 PSOM guide to Financial administration
 PSI Guide to Financial Administration 2009 to 2011-I
 PSI Guide to Financial Administration 2011-II onwards
 Doing Business in Burundi 2019
 RVO-052-1501_PSOM Model Forms 2006 to 2009
 RVO-053-1501_PSI Model Forms 2009 to 2011
 RVO-0541501_PSI Model Forms 2011-II onwards
 PSI Corporate Social Responsibility 2014
 PSI Obligation to report
 Contract Farming checklist
 Working in a conflict-sensitive environment
 Honest Business without Corruption
 Training tool – How to prevent corruption

OECD

OECD-guidelines

Search engine: Aiddata.rvo.nl

Keywords

Burundi

PSI-project

Applicant: Dutch

Results of the online desk research

Search engine: Aiddata.rvo.nl

Online project reports

All accessed 15 March 2019.

<https://aiddata.rvo.nl/projects/NL-KVK-27378529-PSIP13BI06/?tab=summary>

<https://aiddata.rvo.nl/projects/NL-KVK-27378529-PSIP12BI04/?tab=summary>

<https://aiddata.rvo.nl/projects/NL-KVK-27378529-PSIP13BI31/?tab=summary>

<https://aiddata.rvo.nl/projects/NL-KVK-27378529-PSIP14BI03/?tab=summary>

<https://aiddata.rvo.nl/projects/NL-KVK-27378529-PSIP10BI33/?tab=summary>

Documents made available through respondents

Intercommerce B.V.

Business plan for a backward integration in the professional aggregate production sector in Burundi

Grant award for the project PSIP110/BI/33 with project title 'Professionalizing the concrete value chain

Application for PSI Plus

Training logbook EAACO

Updated Training logbook EAACO

Progress report

Progress report 2

Progress report 3

Final report

Pictures of health and safety measures

Pictures demonstrating event

Protocol of production

Appendix II: Information about the cases

Five cases were approached to participate in this research, four agreed to participate in the research. These four are G. Geerlings and Zn. BV, Oskam V.O.F., Maatschap Huizing and Intercommerce B.V.

G. Geerlings & Zn. Calla B.V.

G. Geerlings & Zn. Calla is a Dutch flower grower- and trader. In 2017, G. Geerlings & Zn. was taken over by Dümme Orange, the market leader in Calla flower production and trade. This company is, according to their website, active in more African countries. However, because the PSI-project was in 2014, the original company will be included in the research, and not Dümme Orange. The company created the joint venture CallaFlex with two local Calla flower producers. Their plan was to outsource the growth of Calla flowers to Burundi. The climate and the low production costs provided interesting opportunities for business. After the flower bulbs were developed, they would export the flowers back to Europe, to sell them on the market. More information about the company can be found on <https://www.dummenorange.com/site/en>.

Oskam V.O.F

Oskam V.O.F is a Dutch company that produces innovative machines for the building sector. By accident the company found out that the machines work very well in the African setting and for two decades now, the company is exporting to the continent. They are active in fifteen different countries. The machines are produced in The Netherlands and then exported. The machines produced are portable and about the size of a small truck. The machines compress soil, with some other ingredients, together to produce a brick. The machine can produce over a thousand bricks per day. Oskam V.O.F is a small family company, with less than ten employees and less than five on a full-time basis. The company created a joint venture with a Burundian building company, called Blotec. Blotec's main activity is building with and producing bricks with the earth block compressing machines that Oskam V.O.F. delivers. More information about the company can be found on <https://www.oskam-vf.com>.

Maatschap Huizing

The owner of Maatschap Huizing runs a Dutch farm, that mainly produces foods such as potatoes and unions. The farm is located in the North of The Netherlands. They created a joint venture with a Burundian building company, called Buhadec. The joint ventures main activity is growing foods and contracting for other farmers.

Intercommerce B.V.

Intercommerce B.V. was a trading company, located in the Netherlands. They had experience and knowledge on export and import. The company is no longer active and is no longer registered in the

Netherlands. However, during the establishment of EAACO, the company was active, and the former owner still is involved in the joint venture in Burundi. EAACO was created with a local building company, who were looking for a trading partner in the Netherlands. The joint ventures main activity is producing and selling aggregate.

Appendix III: Overview of the Respondents

Organization	Position in the organization	Referred to as
In-depth interviews		
Netherlands Enterprise Agency	Project advisor Public-Private Partnerships (workgroup Burundi) and Programme Manager Monitoring and Evaluation.	Interviewee 1
Netherlands Enterprise Agency	Private Sector Development Advisor for Burundi, Ethiopia and Zambia	Interviewee 2
Oskam VOF / joint venture Blotec	Owner / Co-owner of Blotec	Interviewee 3
Maatschap Huizing / joint venture Buhadec	Owner / Co-owner of Buhadec	Interviewee 4
G. Geerlings & Zn. / joint venture Callaflex	Middlemen and initiator of the Callaflex project	Interviewee 5
Impact Hub Bujumbura	Former Spark country manager Burundi and program manager business. Currently lecturer and business consultant at Impact Hub Bujumbura	Interviewee 6
Emerging Markets Africa	Owner and Founder of the company	Interviewee 7
Emerging Markets Africa	Consultant for Intercommerce B.V. / joint venture EAACO	Interviewee 8
SPARK	Project manager for peacebuilding project for returnees	Interviewee 9
Email interviews		
Douma Consultancy	Independent researcher	Interviewee 10