Local Business, Local Peace? Intergroup and Economic Dynamics

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Abstract

The field of “business for peace” recognizes the role that businesses can play in peacebuilding. However, like much of the discussion concerning business in conflict zones, it has prioritized the view of multinationals, often overlooking the role of indigenous local firms. The economic, social, and intergroup dynamics experienced by local businesses in conflict zones are understudied, with the current paper beginning by positioning micro- and small enterprises (MSEs) in the peacebuilding debate, then engaging with multidisciplinary works to understand how they foster peace. Through a case study set in north Lebanon, we conducted semi-structured interviews with twenty-three MSE owners in one industry who operate across sectarian divisions and with recently displaced Syrian refugees. Our findings indicate that local business activity can simultaneously promote peace and foster conflict, with peacebuilding improved when intergroup differences are reduced within the operating environment. Furthermore, the importance of economic development was elevated for local businesses, suggesting that peace through mechanisms such as social development, the rule of law, and training, is only achieved if economic needs are alleviated through these measures. We conclude by citing how contextual factors in conflict zones can enhance intergroup differences, and how resolving such factors can promote peacebuilding, with further empirical work needed in this area.

Keywords Entrepreneurship · Peace · Intergroup · Conflict · Peacebuilding · Poverty

Introduction

Existing frameworks on how business can enhance peace (Forrer and Katsos 2015; Koerber 2009; Levy and Hawkins 2009; Oetzel et al. 2009; Smith et al. 2009; Fort 2009; Fort and Schipani 2004)—often referred to as “business for peace” or simply “B4P”—have largely overlooked the different roles that international businesses, compared to local businesses, play in the peacebuilding process (Getz and Oetzel 2009; Katsos and AlKafaji 2017). The peacebuilding narrative often prioritizes multinational enterprises (MNEs) over indigenous micro- and small enterprises (MSEs) both

empirically and theoretically (Banks 2016; Kanashiro and Starik 2016; Kolk and Lenfant 2012), leaving little known about how indigenous MSEs operating from within a conflict zone can foster peace (Barkemeyer and Miklian 2019; Katsos and AlKafaji 2017; Miklian 2019; Tashman and Marano 2009).

This paper seeks to address that gap. Despite B4P offering few insights on MSE peacebuilding, adjoining fields such as entrepreneurship, economics, conflict resolution, development studies, corporate social responsibility (CSR), and psychology present a growing body of knowledge on the role of MSEs in peacebuilding. Drawing on this work, we start by clarifying the role of MSE peacebuilding within the suite of peace-positive measures that can be utilized in conflict zones. Framed as a community-level measure that can support sustainable peace, multidisciplinary work on MSE peacebuilding is engaged, which demonstrates that unlike the pro-business narratives often adopted in B4P, local businesses can concurrently foster both peace and socially destructive outcomes within conflict zones. After examining these works in-depth, several exploratory research questions are presented to aid in resolving the divergent literature on MSEs. Within this theoretical framing, we proceed

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to explain the research, and its context, which involved interviewing twenty-three carpentry businesses in North Lebanon. The findings of the study present unique insights concerning the economic and social challenges facing local businesses in conflict-affected regions, confirming the paradoxical role of MSE activity, and pointing toward various intergroup dynamics and economic drivers that explain such variances. Several implications are drawn for theory and practice, answering calls to examine in greater detail the role of local businesses in the peacebuilding process (Miklian and Schouten 2019; Katsos and AlKafaji 2017; Miklian and Schouten 2019).

Literature Review

The role that MSEs can play in peacebuilding has been discussed across a number of fields including conflict resolution (Adhikari et al. 2012; Betts 2017; Hayward and Magen-nis 2014; Huntington 1993; Junne and Verkoren 2005; Kavanagh 2011; Sageman 2004; Wallensteen 2002), entrepreneurship (Desai et al. 2013; Fajardo et al. 2019; Friedman and Desivilya 2010; Joseph et al. 2019a, b; Khan et al. 2016; Kolk and Lenfant 2016; Muhammad et al. 2016; Tobias et al. 2013), development studies (Binswanger-Mkhize et al. 2010; Goovaerts et al. 2006; ILO 2003; Miller et al. 2019; UNDP 2019; World Bank 2018), and economics (Blomberg and Hess 2008; Rosecrance 1986). By comparison, B4P is new, small, and emerging, with substantially fewer scholars working in the area and thus with fewer studies in the field. Accordingly, B4P analysis has overlooked key variances in conflict zone businesses such as organizational size and country of origin. Much of B4P remains broad enough not to exclude any variances, yet never specific enough to understand the role of specific business types and how they foster peace. Due to these oversights, in order to begin a multidisciplinary discussion on how MSEs foster peace, first, foundational definitions are required to provide a theoretical basis for the role of MSEs in the overall peacebuilding debate.

MSEs are typically defined as a single-owner business that predominantly employs up to 10 people, which in the developing world represents the dominant form of firm ownership and employment, often accounting for over 80% of all businesses (Li and Rama 2015; Liedholm et al. 2013). This segment typically represents those most vulnerable in society, which are low income, informal, and exist out of income necessity (Schoar 2010). Individually insignificant, yet collectively important, MSEs are a major social category that remain present in host countries during times of conflict.

All businesses may find themselves in different conflict scenarios, each of which carries varying levels of intensity. Conflict can exist at multiple levels, including inter-state

(between recognized states), trans-state (inter-state, but can also include non-state actors) conflict (HIIK 2018; Wallensteen 2002), domestic intra-state (state, and non-state actors), and substate (non-state actors) conflict (HIIK 2018). The intensity of a conflict can also vary greatly, between low-intensity disputes and non-violent crisis toward violent crisis, limited war and full-scale war—an escalation which includes the increased involvement of conflict actors (individuals, social groups) and conflict items (resources used to promote conflict) (HIIK 2018) within a contested theater. Such conflicts progress through various stages, most commonly delineated as conflict and post-conflict, whereby the latter represents the end of a violent dispute, yet non-violent conflict remains, meaning that peace is not fully achieved and can, therefore, regress into a violent dispute (Junne and Verokoren 2005).

Business activity alone cannot resolve conflict, as peace requires a series of multileveled mechanisms (World Bank 2018) in order to counteract the drivers of conflict that are present within varying subsets of society (Kavanagh 2011). Peace in its most elemental form (sometimes referred to as ‘negative peace’) (Oetzel et al. 2009; Galtung 1996) is the absence of violence; however, peace becomes sustainable when increasing stability is achieved among a community or society (Dunfee and Fort 2003). Advanced peacebuilding elements may include factors such as social justice outcomes, participatory government formations, increasing equality, and protection of human rights, but the B4P field has widely maintained a limited definition of peace (Oetzel et al. 2009). Limited, or negative, peace is often rapidly achieved through macro-level, politically-based action such as peace treaties, confessional governments, and constitutional reforms. Sustainable peace is achieved when macro-level mechanisms are combined with community and individual-level peacebuilding. This can occur through large scale programs such as nationwide reparations and transitional justice (Adhikari et al. 2012) or inclusionary programs (World Bank 2018), but can also include measures that are enacted within the community, such as community-level mediation (UNDP 2019) and rural area development (Binswanger-Mkhize et al. 2010). MSEs contribute primarily to community and individual-level peacebuilding (Goovaerts et al. 2006), which reduces the intensity of conflict (Getz and Oetzel 2009) and subsequently has played a stronger role in post-conflict recovery (Abdelnour and Branzei 2010; Boudreaux 2007; Goovaerts et al. 2006). The community and individual-level of peacebuilding has recently gained attention both in academia and practice, as both local governments and NGOs seek solutions to go beyond negative peace scenarios to build sustainable peace (Goovaerts et al. 2006; ILO 2003; Miller et al. 2019; UNDP 2019; World Bank 2018).

Business for Peace “B4P” and Its Discontents

B4P makes several assertions on the role of business in peacebuilding. These assertions are broad, ambiguous, and subsequently have drawn criticism. B4P views peace as an aspirational pursuit for businesses, while also recognizing that peace cannot be achieved through narrow economic activity alone (Oetzel et al. 2009). Business can (and should) play a role in peacebuilding, and businesses can be an agent for peace by acting in particular ways (Tashman and Marano 2009). This leads to a descriptive question—how can a business enhance peace? (Katsos 2016; Miklian and Schouten 2019; Oetzel and Breslauer 2015). Answering this question has proved difficult, with some scholars asserting that almost any business acting ethically can enhance peace (), while others assert that only a much more limited set of businesses acting in a specific set of circumstances are likely to impact peace (Ganson 2014; Miklian et al. 2016).

B4P has attempted to quell these debates by consolidating a series of mechanisms through which business can foster peace. Fort and Schipani (2004) posited that B4P occurs through four pillars—economic development, track-two diplomacy, the rule of law, and sense of community. Oetzel et al. (2009) added a fifth, conflict risk assessment, with Katsos and AlKafaji (2017) advancing the model by adding capacity building (e.g., job training), social cohesion, and local commitment. Although a degree of consensus is forming on these points, the early analysis which underpinned the pillars is based on macroeconomic assumptions about poverty that are now widely criticized (Kavanagh 2011; Miller et al. 2019; Sageman 2004; World Bank 2018). Secondly, within the B4P pillars, a descriptive understanding concerning how the mechanisms foster peace is limited when applied to specific types of business, for example, the differences between an MNE, public–private partnership, or MSE. In the case of MSEs, several studies have gone as far as grouping their contribution along with that of MNEs (Katsos and AlKafaji 2017), canvassing B4P with further ambiguity for small business scholars, and maintaining a degree of obscurity in the B4P claims.

The first pillar of B4P, economic development, is championed both inside and outside the B4P field as the fundamental element through which business is claimed to reduce violent conflict (Miklian and Schouten 2019; Oetzel et al. 2009; Fort and Schipani 2004; Rogers and Ramsbotham 1999; Stewart et al. 2002). This assertion is the most highly contentious within the field (Miklian and Schouten 2019; Miklian et al. 2016). The foundation for some scholars is that poverty is one of the core drivers of conflict (Humphreys 2003; Rogers and Ramsbotham 1999; Stewart et al. 2002; Tashman and Marano 2009) and businesses operating in conflict zones reduce poverty and therefore foster peace (Katsos and AlKafaji 2017). The claim that the economic

benefits from business operations lead to poverty reduction has been widely criticized (Frynas 2005), with MNEs being singled out for contributing mostly to prosperity among the elite (Galtung 1996), while engaging in resource exploitation and environmental degradation (Eweje 2006). MSEs’ role in poverty reduction is relatively unknown, with the few studies that included MSEs failing to differentiate how MSE wealth creation, at the community level, fosters peace (Katsos and AlKafaji 2017).

With the neo-liberal foundations of B4P being criticized, Fort and Schipani (2004) and Oetzel et al. (2009) attempted to merge these two viewpoints by suggesting that economic development per se is not the direct contributor to peace, rather, the spillover effects, when achieved, is what generates the direct impact. Firms, it is asserted, can impact peace through social cohesion which is fostered through employment, the provision of goods and services, technology transfer, foreign direct investment, knowledge sharing, and in some cases infrastructure which is used by the general public (Oetzel et al. 2009). This extends to the transfer of skills and capabilities, which enables actors to create sustainable sources of income and subsequently lowering the chances of reverting to violence. Broadly classed under CSR, in turn, this activity contributes to a growing sense of community and can enhance social cohesion (Dworkin and Schipani 2007; Spreitzer 2007). Similar to arguments about economic development, the degree to which CSR of MNEs is genuine or useful has been widely criticized (Frynas 2005; Newell and Frynas 2007), with the role of MSE social contributions left undefined.

The lack of attention that MSEs have gained in B4P is most vividly demonstrated through the final three B4P mechanisms: the rule of law, track-two diplomacy, and local commitment. Concerning the rule of law, it is asserted that peace is promoted through host countries rooting out corruption (Fort 2007), collective action in the form of international codes of conduct (van Tulder and Kolk 2001), national action such as labor standards (Kolk and van Tulder 2002), environmental standards (Steelman and Rivera 2006), and global issues such as the protection of human rights (Emmelhainz and Adams 1999). Action towards the rule of law is promoted by MNEs undertaking risk assessments of host countries, therefore, establishing legal precedents that work their way into indigenous contexts (Anderson et al. 2010; Oetzel et al. 2009). This is a mechanism which has little to no relevance for local businesses already operating in conflict settings. Similarly, local commitment describes MNEs and non-national companies’ engagement in conflict-affected zones. This can be through the mechanisms of capacity building and reinvestment in the host country. Local commitment may hold relevance for MSEs operating across sectarian divides, however has only been viewed through an MNE lens. This is again the case with track-two diplomacy,

which primarily examines the role that MNEs can play as a mediator in peace negotiations (Fort and Schipani 2004) as a neutral third party (Westermann-Behaylo 2009). Local MSEs may be able to play similar roles, but B4P has analyzed this phenomenon mainly through MNEs conducting track-two diplomacy at an inter-state level (Getz and Oetzel 2009).

The progression of B4P has left little known about MSEs and local businesses indigenous to conflict zones (Barke-meyer and Miklian 2019; Katsos and AlKafaji 2017; Miklian 2019; Tashman and Marano 2009), presenting several fundamental questions about the role MSEs in peacebuilding. In its present form, B4P offers little insight into whether MSEs, which are smaller individually in scope and influence, have the capacity to generate meaningful peace at any level of society. With limited resources and a restricted sphere of influence, it is likely that the limited peace outcomes generated by MSEs become negligent within the B4P debate. If MSEs can foster peace, as a small number of prior studies in B4P have indicated (Katsos and AlKafaji 2017), then theoretical advancement is required in order to understand how MSEs, as a unique organizational type, foster peace. MSE peacebuilding would most likely vary from MNE peacebuilding, however, with an empirical void concerning local businesses within B4P. To frame this exploration, adjoining fields such as entrepreneurship, economics, conflict resolution, development studies, CSR, and psychology present a growing body of knowledge on the role of MSEs within conflict settings, to which engaging these fields offers an initial foundation for the exploration of MSE peacebuilding for B4P.

MSE Peacebuilding Through Economic and Social Development

The role of MSEs in peacebuilding has been championed both in academia and practice, with the United Nations (UN) and non-government organizations (NGOs) using MSE development as a key peacebuilding mechanism across the protracted conflicts of the world. Despite the assumed role that MSEs play in the conflict-recovery process, empirically, we still know little about the ways by which MSE activity leads to peace (Abdelnour and Branzei 2010; Williams 2008). Increasingly, the role of MSE activity itself is questioned because, when viewed in isolation, MSEs show little impact on peacebuilding outcomes, with many arguing that misplaced assumptions in such peacebuilding can result in the misallocation of resources or conversely, the intensification of conflict (Miller et al. 2019).

Empirical contributions suggest several ways in which MSEs engage in peacebuilding. Firstly, MSEs play a role in undermining the drivers of conflict, namely espoused through the neo-liberal view of peace-through-commerce

widely adopted in B4P (Bishara and Schipani 2009; Fort and Schipani 2004). MSEs can aid in poverty reduction, which fundamentally reduces the number of conflict actors and items in a conflict theater. Poverty reduction primarily assists post-conflict recovery (Kolk and Lenfant 2016; Tobias et al. 2013), generating a series of downstream benefits such as psychological rehabilitation (Chandra 2017), conflict resolution (Friedman and Desiyilya 2010; Sserwanga et al. 2014; Kolk and Lenfant 2016), and social contributions (Joseph et al. 2019a) which can lead to peace, with rare cases of peace entrepreneurs and policy entrepreneurs (Golan-Nadir and Cohen 2016) who engage in direct peacebuilding beyond their normal operations.

However, as research progresses, the premise of such peacebuilding assumptions of MSEs is being brought into question. This begins with the assumption that poverty is one of the main drivers of war (Humphreys 2003; Rogers and Ramsbotham 1999; Stewart et al. 2002; Tashman and Marano 2009). The claims that economic development leads to peace are widely derived from macroeconomic trends (Blomberg and Hess 2008; Williams 2011), whereas economic contributions alone, particularly from MSE activity at the community level, may not suffice in building peace (Joseph et al. 2019a, b; Kavanagh 2011; Miller et al. 2019; Sageman 2004; World Bank 2018). To build sustainable peace, economic contributions require a series of social measures that establish macro- and community-level peace (World Bank 2018). Accordingly, beyond-business contributions are increasingly being viewed as the primary peacebuilding mechanism (Betts 2017; Getz and Oetzel 2009; Miller et al. 2019; Oetzel et al. 2009), rather than economic development alone.

Generally categorized as social contributions or placed under the banner of CSR (Kolk and Lenfant 2016; Tobias et al. 2013), peacebuilding at the community-level can occur through a broad array of mechanisms (Jamali and Mirshak 2010). This can include fostering opportunities, access to services, inclusive solutions through community-level dialogue (World Bank 2018), donations, discounting products, interest-free loans, voluntary training (Joseph et al. 2019a; Sridharan et al. 2014), or the devolution of power, resources, and development mechanisms to the community-level (Binswanger-Mkhize et al. 2010). All of these build stakeholder value, economic interdependence (Rosecrance 1986), and advance social cohesion (Friedman and Desiyilya 2010).

MSEs within collective cultures more willingly engage in such contributions, subsequently prioritizing stakeholder over individual value creation (Jenkins 2006; Perrini 2006; Tobias et al. 2013). Within the MSE space, proponents argue that such contributions are widely informal and often go unnoticed because of the size and scope of MSEs and the language they use to communicate their contributions (Baumann-Pauly et al. 2013). There are also arguments that

formalization, in terms of community-based CSR activities, may be counterproductive because of the resource restrictions of MSEs (Lund-Thomsen et al. 2014). MNE CSR contributions, when fostered through MSEs, may be particularly useful in targeting the most vulnerable populations in conflict zones, as MSEs in conflict settings are primarily made up of the low-income members of society (Joseph et al. 2019a, b).

To generate beyond-business contributions, a variety of alternative business models are emerging at the MSE level which focus on social value. This includes social entrepreneurship (Chandra 2017; Friedman and Desivilya 2010; Sserwanga et al. 2014) whose core business model is to deliver value for a social need, emancipatory entrepreneurship (Al-Dajani et al. 2015; Chandra 2017) which holds the potential to draw repressed groups into greater levels of freedom, and various forms of transformative entrepreneurship (Sridharan et al. 2014; Tobias et al. 2013; Viswanathan et al. 2012) which hold community transformation at their core.

Although social contributions go some way to reducing the material effects of war, their major contribution towards peacebuilding is through fostering intergroup cohesion among previously divided social groups. Drawn primarily from psychology (Brown and Hewstone 2005; Mackie and Smith 1998), intergroup theory states how individuals form social groups and bind together based on common characteristics, forming “ingroups”, and therefore judging differing groups as “outgroups” (Tajfel and Turner 1979; Turner et al. 1979). Perceived differences among groups deepen ingroup identification (Betts 2017; Huntington 1993; Joseph 2014) and stoke intergroup conflict while deepening intra-group cooperation (Turner et al. 1979). Intergroup theory also posits that increased contact between these groups can reduce perceived differences and subsequently foster peace (Wright et al. 2017) by moving individuals towards the non-political motivations associated with business (Hayward and Magennis 2014). A key indicator for ending intergroup bias is improved social trust and reduced outgroup prejudice, which MSEs have been shown to foster (Tobias et al. 2013).

Although MSEs can promote economic growth, social contributions, and social cohesion, these benefits are not generated by all MSEs in conflict settings. Within the developing world, only a small percentage of MSEs generate any form of growth, often preferring to adopt a subsistence-based model that generates only enough income to support the basic needs of immediate family members (Lerner and Schoar 2010; Schoar 2010). The benefits of MSE activity come through increased economic, social, and geographic growth (Lerner and Schoar 2010; Schoar 2010), and the fact that the majority of MSEs in a developing context do not grow means that the championed peacebuilding benefits of MSEs are generated only by a small number of them (Joseph et al. 2019a, b; Joseph et al. 2019a). In addition to conflict

scenarios presenting a myriad of barriers to growth for those that are growth-orientated (Daou et al. 2019; Muhammad et al. 2016; Wickert et al. 2016), the scope of MSEs that can generate peacebuilding outcomes shrinks even further, meaning that the peacebuilding MSE becomes a rare find among the group of host country MSEs.

Additionally, evidence is building which questions the authenticity of MSE social contributions within such settings. Although awareness of CSR metrics like the SDGs may be equal among local businesses and MNEs, cases have shown implementation to be much higher from MNEs in a developing setting (Barkemeyer and Miklian 2019). The discourse on the involvement of MSEs in CSR is sometimes perceived as a smokescreen where MSEs appear to comply symbolically with social and environmental standards which are increasingly a precondition for global business engagement, while buffering their non-compliance with fundamental principles and basic tenets of CSR (Jamali et al. 2015).

There is also evidence that MSEs can have a direct negative impact on poverty-conflict scenarios, which can be largely associated with their role in the informal sector. Entrepreneurship in the informal sector is defined as operating outside of the law (Welter et al. 2015). Formalization brings legitimacy, which attracts customers (Zimmerman and Zeitz 2002) and, without it, there is a natural barrier to the economic and social benefits that MSEs can generate (Webb et al. 2013). Although the informal economy is widely recognized as essential for economic subsistence in conflict settings (Goovaerts et al. 2006; ILO 2003; Looney 2005), informal entrepreneurs can engage in activities that are less desirable and less socially acceptable (Webb et al. 2013), which can promote illegal activity and exploitation (Looney 2005), particularly in post-conflict settings (Goovaerts et al. 2006; ILO 2003). This includes labor rights abuses and human trafficking (Khan et al. 2016), which can play a major role in driving inequality (Looney 2005), while fostering social division and social destruction (Desai et al. 2013). Furthermore, MSEs collective ecological footprint is substantial (Blackman 2006). Various studies have shown how, with little regulatory oversight and enforcement, MSEs engage in environmentally irresponsible practices within a developing context (Blackman 2006; Tewari and Pillai 2005).

Factors that determine whether entrepreneurship is destructive, or peacebuilding, may therefore lie in the formalization and/or legal observance of MSEs operating in conflict settings. MSEs face unique challenges in this regard. Unlike MNEs who have the ability to withdraw and lobby both home and host governments, MSEs are captive to the corruption in their business environment (Tashman and Marano 2009). For those in the informal economy, stringent legal systems and bureaucracy may deter formalization (Webb et al. 2013). Formalization can have cost implications

such as increased tax obligations, which, if unmanageable, can grow the informal sector (Schneider and Enste 2013). Especially in emerging contexts, general beliefs may form among entrepreneurs in society that it is more efficient to operate informally because the benefits provided by formality are less than the costs incurred to obtain them. When the costs outweigh the benefits of formalization, the informal sector grows (Webb et al. 2013). Additionally, failure of the state and lack of opportunities also increase operations in the informal economy, with distrust in institutions leading to growth in the informal economy (Webb et al. 2013).

Accordingly, major questions remain concerning the role of MSEs in the peacebuilding process and how these can be integrated into B4P. Considering the theoretical omissions from B4P, alongside debate within wider fields about the net impact of MSEs on peace, at a fundamental level, it needs to be established whether MSEs as a unique organizational type engage in peacebuilding. If MSEs do foster peace, clarification is required into how this is done. This is an essential component considering that the B4P pillars have widely omitted MSEs in their formulation. Finally, through engaging associated fields, it is also justified to examine what may influence MSEs to have a peacebuilding impact; rather than a destructive impact, on a conflict setting. Accordingly, the following questions are posed:

1. Do micro- and small enterprises engage in peacebuilding within conflict settings?
2. If so, in what ways do micro- and small enterprises create peace?
3. What factors contribute to whether micro- and small enterprises have a peacebuilding or negative effect on a conflict setting?

The Context: MSEs in Northern Lebanon

Lebanon is both a country in conflict and post-conflict. Many of these conflicts are continuations of the sectarianism and violence that led to the founding of the modern Lebanese state (Makdisi 2000); others are more recent (European Parliament 2017). Following a long and protracted civil war that extended from 1975–1990, sectarian divisions remain between previously warring Shiite Muslims, Sunni Muslims, and Christian sects. These divides have been enflamed following the growing influence of Hezbollah, a Shiite Muslim political and military organization operating within Lebanon. The Syrian Civil War has had a dramatic effect on Lebanon (Salloukh 2017), activating cross-border troop movements, combined with a large scale refugee influx, which has strained the Lebanese economy.

The history of violent conflict in Lebanon was reflected during the study period in four ongoing political conflicts

(HIK 2018), three violent and one non-violent. The participants in our study were not involved, either geographically or otherwise, in one of the violent conflicts (inner-Palestinian tensions centered in refugee camps). The remaining three, all conflicts over system/ideology, impacted the participants in various ways. What follows is a brief history of those elements of past and current conflicts that are necessary for understanding the context of the participants, followed by background information about the industry and location of participant businesses.

Political Divisions and Sectarian Divides

Lebanon's political regime is a confessional democracy (Zahar 2005). The country is composed of eighteen officially recognized religious and sectarian groups. When Lebanon gained its independence from France in 1943, the National Pact, an unwritten agreement, appointed high political offices as proportionate among representatives of the different religious factions (Canvas 2015; Tinas 2017). This was further reinforced in the Taif Agreement of 1989, which ended the Lebanese Civil War, but reinforced sectarian divides by ensuring representation of all groups in parliament (Krayem 1997).

Such divisions became the basis of the political and social life of Lebanon. What originated as a means to create an alliance between different groups has become, in the absence of a national identity and a common national interest, a significant factor in generating disparities, subsequently contributing to political violence (Tinas 2017). The assassination of Prime Minister Rafiq Hariri in 2005 by Syria-supported Hezbollah followed by a series of high-level political assassinations exacerbated the tensions between local sectarian groups and foreign relations with Syria (Salem 2006). In 2006, for 33 days, Israel carried out a full-fledged assault against Hezbollah, which largely controlled southern Lebanon (International Centre for Transitional Justice 2013). Since this time, Hezbollah's presence continues to foster tension, being at the center of anti-government protests and unrest (United Nations Development Programme Lebanon Project Document 2013).

MSE Challenges in Lebanon

The Syrian Civil War has had a dramatic effect on the socio-economic situation in Lebanon. Lebanon now has the largest number of refugees per capita in the world, with approximately 1.5 million displaced Syrians representing an estimated 25% of the Lebanese population (Charafeddine 2018). Major land exports stopped after border closures and total exports declined from 78% of GDP in 2008 to 36% in 2017 (Hill 2019). Poverty rates in Lebanon were at 27% in 2012 and are estimated to have risen since the war (Lebanon's

Economic Update 2019). In the labor market, refugees have led to the reduction of the number of employed incumbents and a reduction of their wages (Charafeddine 2018). By the end of 2015, Syrian labor was estimated to have increased by 30–50%, especially in low-skilled sectors such as agriculture, construction, and services, while wages are estimated to have fallen by 50% (Charafeddine 2018).

The shrinking Lebanese economy, combined with ineffective economic policies, has created an unproductive environment for local MSEs, which constitute 95% of all companies and 50% of employment, with an estimated 73% of SMEs being MSEs (Matta 2018). With nearly one in four Lebanese either starting or running a small business, only 1 in 25 start-ups expect to employ 6 or more people in the next 5 years (Hill 2019). Lebanon has the lowest employment expectations in the Middle East-North Africa region, and the 3rd lowest total (Hill 2019). Growth restrictions are centered on government bureaucracy, particularly around permit and licensing issues. The most frequent recommendations to support business growth have been to improve government support and update commercial laws and regulations (Hill 2019; Hill et al. 2017).

Research Design

The research design followed an interpretivist paradigm (Alasuutari et al. 2008; Brand 2009) principally because the research questions are focused on MSE perceptions of peacebuilding. We used a case study method with purposive (intentional) sampling of MSEs that had been directly impacted by conflict in Lebanon. We were able to identify these companies based on those who had applied for and received grant funding for that purpose from the United Nations Industrial Development Organization (UNIDO). A detailed description of the sample appears below and in Table 1.

Methodology

Case study was adopted as the research design that could provide both contextual rigor, as well as offer insights to the theoretical constructs of MSE peacebuilding that may be applicable to a wider setting. As B4P is still theoretically emergent, there is a demand to generate findings of a particular rigor that may be applicable to a wider setting (). In contrast, little is known to whether the nature of a particular conflict (e.g., presence of sects, refugees/IDPs, and the economic status of the context) influences the association between business and peace (Katsos and Forrer 2014). Case study research offers the contextual understanding to compare and contrast to prior studies (Yin 2003).

Table 1 Case businesses

Business/participant	Employees: full time, part time (# varies due to project load)	Location within Lebanon
Business 1	FT 0, PT 2 to 3	Batroun
Business 2	FT 2, PT 0	Berkasha
Business 3	FT 2, PT 0	Zgharta
Business 4	FT 17, PT 0 to 8	Tripoli
Business 5	FT 3, PT 3	Koura
Business 6	FT 1, PT 0	Tripoli
Business 7	FT 3, PT 3	Tripoli
Business 8	FT 1, PT 2	Zgharta
Business 9	FT 12, PT 0	Zgharta
Business 10	FT 2 to 6, PT 0	Zgharta
Business 11	FT 0, PT 5	Zgharta
Business 12	FT 7, PT 1	Zgharta
Business 13	FT 3, PT 2	Koura
Business 14	FT 8, PT 0	Zgharta
Business 15	FT 2, PT 3	Batroun
Business 16	FT 3, PT 0	Koura
Business 17	FT 2, PT 0	Koura
Business 18	FT 3, PT 0 to 3	Akkar
Business 19	FT 2, PT 3 to 10	Al Mina
Business 20	FT 12, PT 0	Tripoli
Business 21	FT 2, PT 3	Tripoli
Business 22	FT 4, PT 0	Kobayat
Business 23	FT 3, PT 0	Tripoli

The study setting focused on small businesses in north Lebanon. Lebanon has not been in the highest state of violent conflict (war) since 2006, but as noted above has four ongoing conflicts of which three impacted the participants (HIIK 2019). It was thus important to have a sample that had been impacted by the most recent violence, most of which has centered around northern Lebanon due to its use by conflict actors over the course of the Syrian Civil War. Additionally, the carpentry sector in north Lebanon was studied as it carried common characteristics with the low income, small scale business sector in Lebanon. Of the small to medium enterprises operating in Lebanon, 76% earn under \$1800 per month and are typically single-owner family businesses (Hill 2019). North Lebanon, which is widely separated from the economy of Beirut, has the highest level of entrepreneurial activity in the country (Hill 2019). Like the Lebanese economy, which has fallen on hard times and is expected to contract in the coming years, the carpentry sector has become increasingly uncompetitive and faces similar challenges to that which is being experienced in many sectors. Accordingly, assessing the carpentry sector in the north provided a useful context

to understand the economic, social, and migration challenges associated with a conflict setting.

Sample

Given the complexity of the local environment and the need to examine MSEs which had been impacted by the conflicts in Lebanon, participants were selected using purposive sampling (Etikan et al. 2016). We deemed this appropriate given the sporadic impacts of the Lebanese conflict on individuals, namely that many MSEs have not had their business operations directly impacted nor been impacted directly by the conflicts currently occurring. Further, the purposive sampling was deemed appropriate given the extreme/deviant nature of the situation (Etikan et al. 2016; Flyvbjerg 2006), that is, the uniqueness of MSEs having an impact on or directly impacting conflict. This is in line with sampling methods used by other scholars in the B4P field when gathering qualitative data on businesses directly impacted or impacting the conflict (Rolandsen 2019; Katsos and Alkafaji 2017).

We were able to identify MSEs impacted by the conflicts through cooperation with the United Nations Industrial Development Organization (UNIDO). UNIDO provided funding in the area to MSEs who were impacted by the conflicts (but no funding to the researchers) and had extensive information on those businesses that UNIDO had provided funding to. Twenty-three MSEs were identified, all in the carpentry industry in mixed sect areas of northern Lebanon. In addition, UNIDO provided—with consent from the interviewees—demographic data on each of the MSEs interviewed.

The businesses surveyed were MSEs, that is, single-owner businesses that typically employ up to 10 people (Li and Rama 2015; Liedholm et al. 2013). The number of part-time employees would increase or decrease depending

on project demand (refer to Table 1). The carpentry sector represents 17% of registered industrial companies, 60% of which are in Mount Lebanon and northern Lebanon, the areas of the participants (Investment Development Authority 2017). The difficult business environment has negatively affected the Lebanese carpentry industry in particular, which is made up predominantly of MSEs (BlomInvest 2017). The sector includes the furniture industry, wood carpentry, sawing products, carpentry works, and other fine carpentry woodworks (Investment Development Authority 2017). While the number of companies in the industry remains high, employment has been reducing in the sector over recent years (BlomInvest 2017). Furthermore, Lebanon is a net importer of furniture and wood products, with furniture exports decreasing 5.8% and wood product exports down 12.4% (Investment Development Authority 2017).

Data Collection

Interviews with the participant companies, demographic data provided by UNIDO, and desk research of the industry formed the contextual data used for the analysis of businesses. Although interviews were the primary source of data, demographic data validated the reported findings based on business type, employment elements, profit, and procedural comments made by the interviewees. Desk research helped to frame and understand the responses of interviewees, while also ensure that the responses dealt with the challenges facing the industry and north Lebanon in general.

The semi-structured interviews were conducted for all twenty-three businesses from July 2018 to December 2018, with interviews ranging from 45 min to 1 h. The development of the survey was based on abductive reasoning (Dubois and Gadde 2002), with the research approach concurrently merging native emergent themes with the existing theoretical propositions of B4P (Fig. 1) that were developed

Fig. 1 Mechanisms of business for peace

through prior studies (Katsos and AlKafaji 2017; Oetzel et al. 2009). The questions were formulated in English and subsequently translated into Arabic. After piloting a 40-item interview schedule with a native Arabic speaker, the schedule was revised to 35 items to improve the communication of questions in Arabic. The interviews were conducted via phone and recorded in Arabic, with all questions and answers retranslated to English. The retranslations into English are included in the Supplement.

Data Analysis

As adopted frequently in qualitative explorations (O'Leary 2017), we formulated codes and themes from the transcripts shaping native themes around existing theoretical constructs. Thematic analysis and formulation follow the approach adopted by Schutt (2006). After interviews were transcribed, the transcripts were examined for native codes. Native codes were then shaped according to the established constructs of questions, which were subsequently recorded in a code inventory and reviewed for distinctiveness (Cavana et al. 2001). Then, codes were categorized based on the research constructs and developed into themes, which were compared and contrasted to the contextual data previously collected.

Codes that were not frequently cited or that had no relevance to the research constructs were removed. Data analysis identified 14 relevant native codes, and seven themes from the interviews (Table 2).

Findings

The codes and themes that emerged from the analysis are discussed below with supporting quotes and examples.

Theme 1: Economic Development

Consensus was found in the interviews between the roles that a business owner, and business generally, plays in economic development and how this fosters peacebuilding. Most participants described economic development as enhancing peace through alleviation of poverty and the dignity associated with working (versus not working) for themselves and their employees and similar effects for suppliers.

Through the economic development generated by businesses, all participants reported being active, working members in the community, making economic contributions

Table 2 Codes and themes

Theme	Codes	Participants cited
Theme 1. Economic development from business fosters peacebuilding	C1. Economic development from business fosters peacebuilding	All
Theme 2. Social development from business fosters peacebuilding	C2. Social development from business fosters peacebuilding	All
Theme 3. Business promotes the rule of law	C3. Business promotes the rule of law	P2, P3, P4, P5, P6, P7, P8, P10, P12, P14, P15, P16, P17, P18, P19, P20, P21, P22, P23
	C4. Following the law is dependent on education level	P12, P17, P18, P22
	C5. Following the law is costly and complicated	P1, P9, P11, P13
Theme 4. Job training partially associated with peacebuilding	C6. The industry promotes job training	P4, P5, P7, P9, P12, P13, P14, P15, P16, P18, P21, P23
	C7. Job training linked to peacebuilding	P4, P5, P16, P18, P21, P23
Theme 5. No evidence of local commitment or track-two diplomacy	C8. Evidence of commitment from either government or outside companies	P5, P8, P15, P19
	C9. No evidence of track-two diplomacy	All
Theme 6. Business partially associated with peacebuilding between local factions	C10. Business fosters peace among local factions, and all factions are inclusive during work	P3, P4, P5, P8, P10, P11, P17, P19, P20, P23
	C11. Business is not related to local factions, as the difference is only at a political level	P2, P6, P7, P12, P14, P15, P22
	C12. Exclusivity between local factors is evident and maintained despite business	P1, P9, P13, P16, P18, P21
	C13. Business fosters peace between local and refugee groups	P2, P4, P5, P17
Theme 7. Business creates tension between local and refugee groups	C14. Local businesses are hindered by the presence of refugees	P1, P3, P6, P7, P8, P10, P11, P12, P13, P15, P16, P20, P21, P22, P23

through their business operations, and fostering interactions that they viewed had a positive effect on peace.

...when the industry is developed, it will influence societies in general, when there is growth it will affect all religious groups, positively, because people will exchange information and grow together... all type[s] of work that induces mixing and living between different groups will lead people to get to know each other and reduces fear between them and promote[s] cohesion and peace

(Participant 10)

...when there is work and activity going on, this promotes peace because everyone is benefiting, unemployment brings a lot of problems, so employment brings peace and a good lifestyle

(Participant 12)

By being part of the production and manufacturing chain, buying materials and equipment from local owners, and outsourcing workers for different tasks during a work project, business owners benefit other working members of society who are often from different community groups.

When I work, I go and get material from different places, therefore I am benefiting the different people from where I get goods and services and the entire chain is benefiting

(Participant 8)

Through creating employment opportunities, MSEs perceive benefits accruing to the employees and their families through the income they receive. One participant described this as “making the economic wheel turn” (P17) and positively contributing to peace and prosperity in the community.

I have a company, I am creating employment opportunities, and contributing to the local economy, I can reach 50 workers indirectly through outsourcing, sometimes from 5 to 60 families are benefiting from my business.

(Participant 4)

Participants were in strong agreement of the economic benefits of their business activity, to which consensus was found that economic development was both positive for the community and peacebuilding in its effect.

Theme 2: Social Development

Consensus was also found among participants on the social role that business plays in fostering peacebuilding. Community contributions were made possible through positive interrelations between employed members of the community. Owners stated that the business required them

to work with people of different backgrounds and therefore had a direct effect on community relationships. This relationship was viewed as positive when it was associated with business activity. In terms of mechanisms for fostering social development, three were identified within the data: philanthropy, shared experiences, and relationship building.

Philanthropy was done in the form of donations to local religious institutions, in-kind goods and services, and discounted goods and services.

...my business contributes to the social development of the community, it affects relationships between others...they say if your neighbor is good then you are good

(Participant 2)

Some owners and employees found it beneficial to share experiences with each other, which they saw as enhancing a sense of community.

...there is a sense of community because carpenters in the area share their experiences; they come to our shop we go to their shops

(Participant 1)

Interaction between industry actors was perceived of as leading to coexistence, positive relations, and empowerment. Participants described how business relationships allowed people to feel productive, empowered, and turn them away from negative activities, such as violence. Business was perceived as creating more opportunities for relationship building, bringing in more clients and a chain of connections. This type of collaboration was required for the completion of projects and resulted in positive relationships between employees in different companies and industries.

...as long as you work in the community, [the business] will always have an effect; our work has a positive effect. When I work here and there I meet a lot of people...and as long as your relationships are good with everyone, word will spread and relationships will grow well.

(Participant 8)

With economic activity occurring across sectarian divides, local business development was perceived as having an array of social benefits that participants agreed to aids in fostering peace.

Theme 3: Rule of law

There was general consensus that business fosters the rule of law (nineteen of twenty-three participants) and that the rule of law is important, for reasons including general protection

for industry actors (P6, P15, P16, P18), safety for those operating in the industry (P3, P7, P14), and general stability for the industry.

...if you want to work and be secured and comfortable, you need to follow the rule because this will allow everyone the same security and opportunity. If you work within the law you make more work and you feel better, everything under the law is better
(Participant 16)

Some participants cited government registration as providing opportunities and services that might occur through public provisions, such as the opportunities presented by UNIDO (P5, P8, P10, P14, P21, P23).

...when you have a factory within the rules of law, the government and other organizations will stand with you and offer you opportunities
(Participant 23)

A common choice facing many businesses is often whether to register their business with the government authorities or not. Registration comes at a sizable cost of money and time, and also means that taxes need to be paid following registration (P1, P9, P11, P13). From the demographic information available prior to the UNIDO program, 22 out of 23 businesses had not been registered, to which inclusion in the program was conditional upon registration.

Despite the cohesive view of participants concerning rule of law with respect to safety and government regulation of the industry, several participants perceived following the law as a personal choice, widely related to the education and poverty level of the individual (P12, P17, P18, P22). Additionally, several participants stated that the law has to be applied to all equally and, if it is not, how it can be a source of tension, particularly in the case of Syrian workers not paying taxes and potentially undercutting local workers (P1, P7, P8, P13, P15, P16, P21, P23):

...when the industry is organized and stable, it will promote peace; when it's not it will create tension and chaos. The Syrian labor should not compete with you, he should work according to the law
(Participant 15)

In summary, although participants widely viewed the rule of law as positive for themselves, for the industry, and the country in terms of fostering stability, fluidity was shown in its application.

Theme 4: Job Training

The participants offered some support for the role that job training can play in fostering peace. Twelve of twenty-three

businesses cited that the industry promotes job training, with a further six businesses (P4, P5, P16, P18, P21, P23) stating that this leads to peacebuilding.

Participants linked the association between job training and peace through an underlying economic logic. Opportunities for employment and economic prosperity through upskilling and development was said to lead to productive lifestyles (P4, P5, P16, P18, P21, P23), active citizenship (P16, P18), and up-taking of responsibilities (P21, P23). In the twelve participants' view, this, in turn, leads individuals away from violence.

...if a person needs to do training, he accepts to have it at his factory and help him [the trainee], [when] someone is helping me with my work or is working with me, he is also, therefore, being productive and having an income, he is turning away from bad things and doing bad things
(Participant 16)

...when I am training a student for the industry, I turned him into a good trained citizen with a good position in [the] community. I gave him the opportunity to build skills and have a good life
(Participant 18)

Job training and prosperous outcomes were also associated with the nature of the industry, which drives improvement and competition.

...when there is healthy competition between carpenters...it will create [an] incentive for us to improve our skills and capabilities and produce better work
(Participant 9)

Due to the constant changes occurring in the industry, job training is promoted as an ongoing process of development. For people seeking to enter the industry, or for those already in it, job training creates a sense of healthy competition among them, where upskilling will result in encouraging more active production and bettering the work produced.

Theme 5: No Perception of Local Commitment or Track-Two Diplomacy as Relevant

Only four of the twenty-three participants noted that outside actors such as large businesses and government demonstrated commitment to their local community, with participants negative towards the lack of commitment they feel the government, in particular, has shown towards their region. Additionally, no participants cited that actors from their industry engage in track-two diplomacy.

In the view of participants, the government of Lebanon and large companies—both multinational and local—are “outside” actors. This was particularly clear with respect to the government, which was largely viewed by

participants as showing no commitment to their communities or the industry. Several participants cited examples of how the policies implemented by the government resulted in worsening conditions of work and hindered the workers (P6, P15, P16, P19, P21, P23), while participants said they lacked degrees of personal support from the government (P3–6, P8, P10–17, P19, P23). Participants were often frustrated by the government allowing imports from abroad which undercut their own products (P4, P7, P11–17, P19), and when foreign workers were not following regulations and not being monitored (P1, P7, P8, P13, P15, P16, P21, P23), and the general economic hardship facing the entire country (cited by all participants).

Theme 6: Partial Association of Business and Peacebuilding Among Local Factions

The perceived role that business played in peacebuilding between local Lebanese factions was complex. Of the twenty-three participants, eight believed that sectarian divides were not directly involved in their everyday work. All eight noted that this was not an issue for the industry at large because of the integration of different sects within the industry. In contrast, ten participants believed that their industry actively fostered peace among local factions, likely because they are working together in an integrated space.

Socially, people from different groups are working together, continuously interacting, which promotes peace among them because of coexistence, this has a positive impact
(Participant 5)

When I take work anywhere, I meet people, and if I need workers I can get them from a different area (different sect), and there is exchange in relationships and everything
(Participant 11)

The peacebuilding aspect of intergroup relationships was commonly linked to economic interdependence, with business success reliant upon the relationships built through interactions in the community, which subsequently dissolve barriers between groups:

When I need to work and sell, I will accept from everyone, to make business work people will look after what is better for them and won't look at these differences, I used to go down to Beirut (different sect) to get what I needed for cheaper and worked with different groups. The work does not have a colour or a taste.
(Participant 8)

Some believed that sectarian divisions did not play a role in the industry, attempting to separate sectarianism from politics (P2, P6, P7, P12, P14, P15, P22);

The industry is not related to the relationships between Lebanese groups and other groups, this is a political matter, human is human, it is a socio-political matter
(Participant 12)

Alternatively, those who were skeptical that the industry alone can foster peace, claimed that sectarian divisions were not only at a political level but affected everyday life (P1, P9, P13, P16, P18, P21);

....if you are in a Christian area and you are Christian, you will have a priority for work, if you are Muslim in such an area you will have less advantages
(Participant 13)

....different religions don't work with each other, there are lines drawn where a Muslim will not willingly or commonly give work to a Christian (and vice versa), therefore there is also competition in a way between them; there is religious bias, people prefer to work among common same groups and outside collaborations are not common and are negatively perceived
(Participant 9)

Businesses and employees were reported as turning to religious leaders for material support to sustain themselves, galvanizing the divisions.

In the absence of work opportunities, resorting to religious leaders for support will create a work advantage, hence (will be) the source of feeding religious bias at work.
(Participant 16)

Participants cited that this may also promote extreme behavior; which can have a greater effect on business and the industry than the effect that business has on reducing religious bias (P18, P21).

Religious extremists affect the industry, groups that cause tension in some areas will affect the industry because they affect the peace and security, the industry requires peace and security
(Participant 18)

In summary, despite the barriers that may be present, the role of local businesses is concluded as having an overall positive effect on the local community.

Theme 7: Business Creates Conflict Between Local and Refugee Groups

Although several participants believed that the presence of refugees in the industry was a source of peacebuilding (P2, P4, P5, P17), the majority of participants (15 of 23) viewed the presence of Syrian refugees in the industry as a source of tension.

The source of tension was linked by these participants to local economic conditions and the fact that many participants believed that their own economic wellbeing was being undermined by refugee businesses and workers. Participants claimed that the macroeconomic situation was declining in Lebanon, therefore demand for their products was also declining. Meanwhile, the costs for services such as electricity were increasing and cheaper imports were causing large competitive pressures. Syrian refugees were thus entering into an environment in which MSE businesses and living standards were under perceived threat. Syrian refugee businesses were offering cheaper products than their local Lebanese counterparts, while refugee workers were offering cheaper labor, undercutting the Lebanese MSEs and their workers.

In Tripoli, there is a lot of Syrian competition, they send their income to Syria which is worth a lot more there, they don't pay for the municipality, for electricity, for insurance, no one is after them, and they set lower prices. If they are doing the small works that are needed, it is okay. But when they become business owners of regular Lebanese businesses, it is not fair because it is not legal, there is no social justice. A Lebanese has to pay an insurance for the Syrian worker that works for him, whereas a Syrian does not have to pay for these regulations. He teaches his children for free here and in Syria, but the Lebanese worker has different living conditions for his family.

(Participant 21)

Participants stated that the issue is partially related to the Lebanese workforce, with the Lebanese worker and businesses demanding higher wages and prices (P6, P9, P18). One participant noted that some Lebanese workers were more unreliable, forcing business owners to turn towards the more reliable Syrian workforce (P6). However, participants also cited that the refugee businesses are not registering with the Lebanese government, and therefore avoid paying taxes and other levies imposed on Lebanese businesses making the cost of business much cheaper for refugee-owned businesses (P1, P7, P8, P13, P15, P16, P21, P23).

....they are people like us in a primary place, if we are to be equal in rights we have to be equal in duties, so they have to pay the same taxes, but since they don't, this is what allowed them to compete with us in a way that is not very legal or fair, they have duties that they don't fulfill like paying insurance and taxes, some of these migrants can open a factory in a way simpler manner [than Lebanese businesses] and [can] compete with me because he won't have the same costs and expenses.

(Participant 16)

The flipside to this is that some Lebanese businesses are taking advantage and benefiting from cheap Syrian labor.

....most factories are kicking out Lebanese for their higher wages, and employing Syrians for lower wages and hiding them (the Syrian refugees).

(Participant 6)

However, even businesses that admitted to employing Syrian refugees and not reporting them concluded that the presence of refugees in the industry has an overall negative effect.

Fig. 2 Business for peace among local businesses

Discussion

The findings present a nuanced view of the role of MSEs in peacebuilding, demonstrating the ways by which MSEs can concurrently build peace, while also foster tensions (Fig. 2). This adds further complexity to the role of MSEs in peacebuilding, offering important contextual considerations that are often unknown concerning the role of MSEs. Additionally, the study explored how MSEs foster peace. This exploration offers a critique of the B4P assertions, to craft an MSE appropriate view that questions several assumptions adopted in the B4P field.

The research presented two sides of the MSE peacebuilding story. First, findings support the idea that stability within conflict zones can be undermined by issues of poverty (Humphreys 2003; Rogers and Ramsbotham 1999; Stewart et al. 2002; Tashman and Marano 2009), to which MSEs relieve financial pressures and, combined with the positive-externalities of MSE activity (Kolk and Lenfant 2016; Tobias et al. 2013), aid in fostering peacebuilding. For MSEs, economic development underpinned all other peacebuilding mechanisms, with an economic motivation often linked to social cohesion, job training, and increased adherence to the rule of law—reflecting the economic necessity of those engaged in MSEs (Lerner and Schoar 2010; Schoar 2010). This development fostered social cohesion and peacebuilding among the vulnerable who are most likely to revert to violence (Choi and Luo 2013; Joseph et al. 2019a, b; Krueger and Malečková 2003; Piazza 2011), with MSEs showing a strong community orientation and commitment to stakeholders (Jenkins 2006; Perrini 2006; Tobias et al. 2013) often not seen among MNEs. However, such benefits were only experienced between Lebanese factions, with the findings showing that MSE activity was driving tension between Lebanese owners and employees and Syrian refugees operating in the same industry. With Lebanese operators frustrated with Syrians attaining cost advantages through legal avoidance, intergroup discrimination was fostered through deepening ingroup differences (Betts 2017; Huntington 1993).

Austin and Wennmann (2017) first noted the potential for a paradox between businesses' role in peace, and conflict: businesses might benefit peace outcomes at the local level while benefitting from and enhancing underlying conflict drivers at a broader regional or national level. The findings indicate that this paradox does occur in conflict settings, even among local companies that intend to enhance peace. Its identification among the participants lends credence to the core point of business ethics scholars within the B4P field, namely, that business operations have an impact on conflict and peace. It also bolsters the claims of many in the field (Miklian and Schouten, 2019; Miklian et al. 2016)

that simply operating 'as normal' will not by itself enhance peace and that even intending to enhance peace is likely not enough. The participants, by openly admitting that their businesses contributed to tensions around the Syrian refugee crisis in Lebanon, have provided direct evidence that business does not always create peace and that further empirical work is required to understand the contextual factors that result in MSEs having an overall positive (or negative) impact on conflict settings. Below, we detail the factors that emerged from the research, offering a nuanced view on the role of MSEs in the B4P debate.

Intergroup Equality Precedes Peace

The social and economic value created by MSEs was translated into peacebuilding through social cohesion and reduced intergroup discrimination among Lebanese factions. Social cohesion was shown through multiple statements of business owners indicating that the industry breaks down previously established sectarian barriers, fosters positive interactions, and establishes positive relationships in the community. With a large number of interviewees either not seeing sects as an issue in the industry or seeing MSEs as peacebuilding in this regard (seventeen of twenty-three), there is an indication that the industry plays a positive role in fostering intergroup cohesion and identification in a country which remains heavily divided along sectarian lines. Findings indicated that intergroup cohesion between the various Lebanese sects was driven by economic interdependence (Rosecrance 1986), which led to positive intergroup dynamics. This is unlike the social and economic value created from MNEs which may not reach those in need (Frynas 2005; Newell and Frynas 2007). Although not ending national-level violence, it demonstrated its value to heal community-divisions.

However, peace outcomes were not always observed, and when striking intergroup differences were present, MSE activity exhibited the ability to drive conflict. Intergroup contact can enhance peace outcomes when outgroups pose no perceived threat (Gurrentz and Finke 2017), but our participants frequently cited that the Syrian refugee businesses posed a direct threat to their business and livelihoods. Whereas peacebuilding occurs through reducing perceived intergroup differences (Li et al. 2016), the difference between refugee and local operators was creating deeper biases, seemingly increasing intergroup discrimination and deepening identification differences between Syrians and Lebanese (Betts 2017; Huntington, 1993). Our findings suggest that business has the potential to erode intergroup differences and foster peace, however only when operating conditions are equal for both groups (Fig. 2). Without reduced intergroup differentiation, bias and discrimination persist, and the peacebuilding benefits of MSEs are eroded.

Findings indicated that to reduce intergroup differentiation, legal observance within the informal economy could play a role. As with many post-conflict scenarios (Forrer and Katsos 2015; Tashman and Marano 2009), the research setting was characterized by a weak institutional environment whereby the government struggled to provide basic services, political instability is high, and legal enforcement is low. The loose grip of the state resulted in a vibrant informal market, whereby individuals could operate illegally, avoiding registration and common taxes. These factors created an environment whereby refugee businesses had an advantage over local businesses, particularly with respect to cost, primarily through tax avoidance, a common cost barrier that limits the formalization of MSEs (Schneider and Enste, 2013). This cost advantage then created tension between locals and refugees, suggesting a link between unregulated economic activity and conflict (Collier et al. 2002). Despite this issue, business owners suggested that the informal nature of the industry will continue, citing the common drivers of informality, including unnecessary bureaucracy, distrust in institutions, lack of public provisions, and lack of opportunities from the government (Webb et al. 2013). The prevalence of the informal sector, in this case, was shown to cement the perceived intergroup differences, indicating that formalization and legal observance may play a role in rectifying such issues.

Economic Development Underpins Other MSE Peacebuilding Pillars

Within the framing of intergroup equality, the study explored the ways by which MSEs can foster peace. This exploration was guided by the B4P assertions but also drew on various fields examining MSE peacebuilding. This offers an MSE-level critique of the B4P assumptions, which have too often been generally applied to MSEs without empirical support.

In contrast to the established B4P assertions (Fig. 1), our findings indicate that economic development is not a separate peacebuilding arm, but underpins all other peacebuilding mechanisms generated by MSEs. The findings concur with past studies that small enterprises can engage in economic development that leads to peacebuilding (Bullough et al. 2013; Joseph et al. 2019a, b; Kolk and Lenfant 2016; Tobias et al. 2013). These economic benefits were shown to result in direct and immediate increases in personal wealth among business owners (Tobias et al. 2013), supplier wealth creation, and employee wealth creation. However, further to this, economic development was consistently linked to the other MSE mechanisms. Job training was only considered peacebuilding if it led to economic prosperity, the rule of law was viewed as necessary to protect economic interests, and social cohesion was built upon economic

activities conducted together. One explanation for this is that economic development represents the needs of MSEs more strongly than for MNEs, as MSE activity is widely driven by economic subsistence and necessity (Lerner and Schoar, 2010; Schoar 2010; Sridharan et al. 2014). Subsequently, the findings support the claim that economic development, through its various downstream benefits, is the fundamental element by which business can foster peace (Getz and Oetzel 2009; Katsos and AlKafaji 2017; Rogers and Ramsbotham 1999; Stewart et al. 2002).

Our findings also support existing theory on the role of social cohesion and job training in fostering peace. Through mechanisms such as philanthropy, shared experiences, and relationship building, a sense of social cohesion was reported among local sects which findings indicated fosters peacebuilding. For job training, the process of learning new skills to generate economic benefit was shown to foster behaviors that led to the up-taking of responsibility, active citizenship, and productive lifestyles, similar to previous studies which demonstrate how businesses provide a renewed focus and thus dissuade combatants from a return to violence (Chandra 2017). Social development among MSEs distributed value directly to those most in need (Kolk and Lenfant 2016; Sridharan et al. 2014), which participants indicated led to social cohesion (Spreitzer 2007) and subsequently peace.

The role of the rule of law appeared less complex and less comprehensive than among MNEs. Following the rule of law for MSEs was done for an underlying economic motive, both for the protection of actors themselves and the opportunities and service provisions that were received by closer adherence to legal frameworks. This held only limited sway among participants who noted multiple cost and time motivations for limiting their legal obedience. The findings showed that although MSE development played a role in fostering legal obedience, the relationship is fragile. On the one hand, participants enthusiastically supported the use of law within the industry, particularly for safety standards. On the other hand, MSEs were highly suspect of registration, taxation, and other forms of regulation. The contradiction seems at least partly explained by comments that emerged in Theme 5, namely widespread distrust and cynicism among MSEs of the government actors. Government involvement is often perceived as being an excuse for corruption and lack of government involvement is due to incapacity. This is typical of governments in countries in conflict-affected and buffer territories (Forrer and Katsos 2015).

What was also apparent were the unexpected consequences of philanthropy. Most participants reported philanthropy as a core part of community development, which they saw as contributing to peace. Much of this philanthropy was in the form of donations to religious

institutions in order for those institutions to provide help to the unemployed. These institutions were then in turn blamed—often by the same participants who viewed philanthropy as peace-promoting—for supporting and fomenting sectarianism and violence among the unemployed. Though it should be noted, no participant blamed his/her own sect's institutions for this problem. That this support would not have been possible without the “peace-promoting” philanthropy of MSEs did not seem to occur to these participants. This perhaps indicates that more empirical work must be done on the kinds of local philanthropy that business engages in and its actual impact on peace.

Limitations and Future Research

The current paper answers the call for further empirical work concerning the role of MSEs in peacebuilding (Miklian and Schouten 2019; Miklian and Schouten, 2019; Katsos 2016), taking initial steps to fill the theoretical void in B4P. Beyond this, it also progresses understanding of community and individual-level peacebuilding mechanisms which are increasingly finding traction among varying academic fields of study (Desai et al. 2013; Fajardo et al. 2019; Friedman and Desivilya 2010; Joseph et al. 2019a, b; Khan et al. 2016; Kolk and Lenfant 2016; Muhammad et al. 2016; Tobias et al. 2013), while also filling the pragmatic needs of the international organizations and NGOs working in community-based peacebuilding in conflict settings (Binswanger-Mkhize et al. 2010; Goovaerts et al. 2006; UNDP 2019; World Bank 2018). Our major finding, that varying conditions can turn the peacebuilding advantages of MSEs into community-level tension, cautions the claims in B4P that espouse the assumed relationship between ethical business activity and peace, and for humanitarian organizations seeking to fund and support varying groups in conflict-affected zones. In the case of Lebanon, where Syrian refugees attract increasing attention from donors, the findings suggest that such support, without addressing the underlying disparities between Lebanese and Syrians in the small business space, can be a source of tension. As cited in prior studies, oversight of contextual factors such as these can lead to resource misallocation in peacebuilding activities (Miller et al. 2019), and subsequently, play a negative role in conflict scenarios. This is an important finding, and further reinforces the need for the academic community to increase efforts to engage in contextually-sensitive, case-based research (Katsos and AlKafaji 2017; Katsos and Forrer 2014), as the complexities of conflict zones vary greatly.

The drawbacks of the current study, as is common in conflict zones, remains access to data, with the current

findings drawn from a context-laden case study of one conflict setting. A lack of data at the community and individual-level is one of the central drivers to why empirical support surrounding the role of MSE in conflict has fallen short. Knowledge remains scant concerning MSEs full potential and drawbacks in peacebuilding and how such mechanisms work in sync with macro-level peacebuilding initiatives to build sustainable peace. Future directions for B4P subsequently require a greater depth of understanding concerning the complexity surrounding conflict, while also greater breadth in examining possible mechanisms for peace. Conflict situations range in magnitude (HIIK 2018; Oetzel et al. 2009), and the dynamics of each case may determine the peacebuilding potential of MSEs.

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Compliance with Ethical Standards

Conflict of interest The authors declare that they have no conflicts of interest.

Informed Consent Informed consent was obtained from all individual participants included in the study.

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