

proactively managing conflict issues, while investing in a public relations exercise designed to reassure international observers of exemplary behaviour. Talisman Energy is an oil company accused of complicity in ethnic cleansing in the Sudan. It has been derided by critics for its community investment efforts, which "look very feeble indeed"³⁸. Machiavelli aside, it seems unlikely that such a strategy would be successful over the long-term for a firm under intensive scrutiny by a mobilized international activist campaign informed by local observers.

The decision as to the appropriate strategy for the management of conflict will be based on an assessment of the *causes, nature and stage of the conflict*; the firm's *relationship to the various actors* and the firm's *conflict management capacity*, its *financial and ownership structure* and *exposure to attacks upon its public reputation*³⁹.

It has been noted elsewhere that "for corporate re-evaluating the way they conduct operations in a conflict zone, a pivotal question will be: 'how costly will it be to adopt a conflict management strategy?'"⁴⁰. Costs of a more-proactive strategy must be balanced against those of the other options, and include:

- Direct costs of implementing new management practices (conflict impact assessments, fiscal transparency, supply chain monitoring, context-sensitive hiring practices).
- Relative additional costs compared to less-proactive rivals (who may free-ride to a certain extent on their proactive efforts).
- Obtaining organizational buy-in at the operational and senior management levels

Figure 2. Some of the factors affecting a mining company's strategy for managing conflict⁴¹

External

- **Nature of Conflict:** the causes and stage of the conflict, its geographic proximity and severity, and the degree to which the firm's staff and assets are targeted by combatants; and the international response (no action, condemnation, sanctions, military intervention).

³⁸ See, for example, Christian Aid, *The Scorched Earth: Oil and War in Sudan*, 2001.

³⁹ See 'A Summary of Key Questions for Analysing Corporate Engagement in Conflict' in Nelson, J. 'The Business of Peace'. (London: PWBLF/IA/CEP, 2000). p. 60.

⁴⁰ Fafo, *op.cit.*, page. 11.

⁴¹ Nelson, J., *op.cit.*, pagep. 59-62.; Fafo, *op.cit.*, page. 9.