**ORGANIZING**
in Times of Crisis

# Class 9: Political CSR and Business of Peace

**Hannah Trittin-Ulbrich**
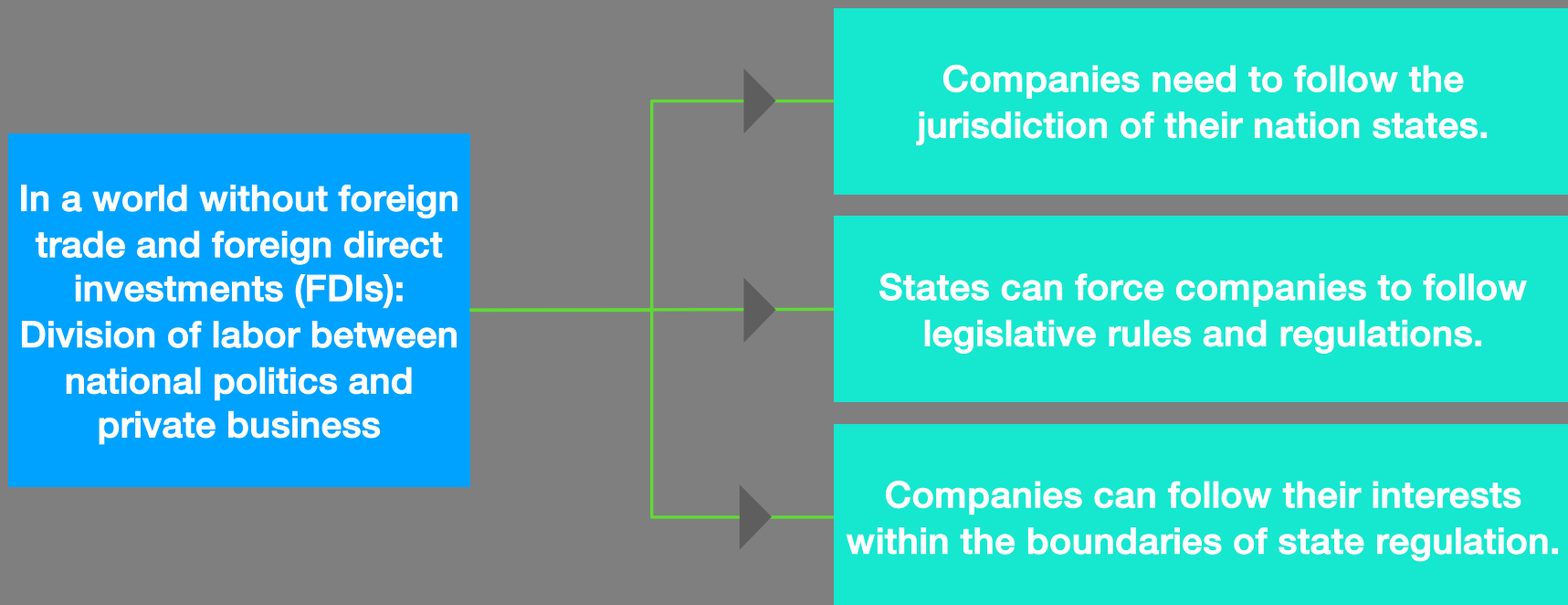**Leuphana University Lüneburg**

**April 2022**

# ORGANIZING
## in Times of Crisis

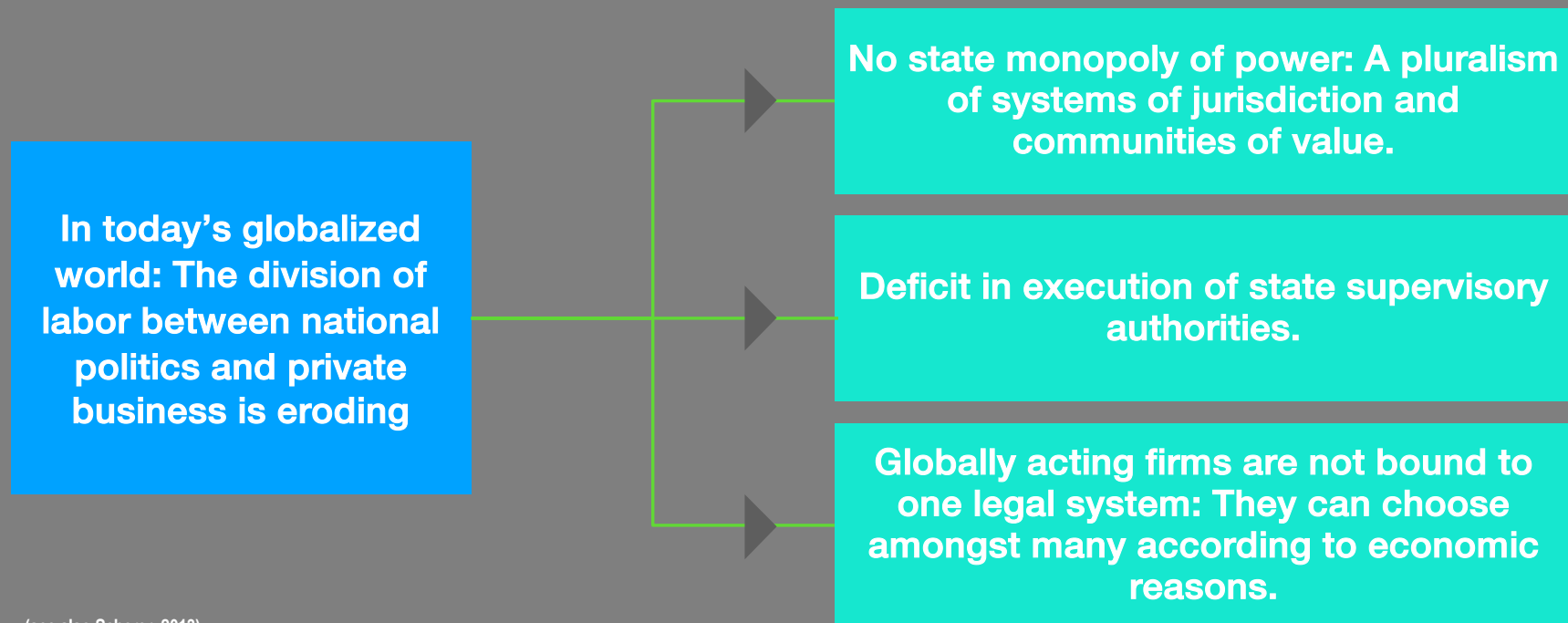# Hannah Trittin-Ulbrich
## Leuphana University Lüneburg

April 2022

# The impact of Globalization: Changing the relationship between politics and businesses (1/2)

**In a world without foreign trade and foreign direct investments (FDIs): Division of labor between national politics and private business**

**Companies need to follow the jurisdiction of their nation states.**

**States can force companies to follow legislative rules and regulations.**

**Companies can follow their interests within the boundaries of state regulation.**

**(see also Scherer, 2013)**

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# How globalization leads to a legitimation crisis for business



Photo by José Martín Ramírez Carrasco on Unsplash

# From CSR to PCSR

- **Traditional CSR theories:** Build on distinction between private & public sphere.

- **Traditional CSR theories:** Assume that corporations only engage in political activities only for self-interest (e.g., lobbyism), view that corporations assume societal responsibilities only if they advance the long-term value of the firm.

- **Political CSR or Corporate Citizenship:** The term „Corporate Citizenship" refers to the political role of corporations and suggests that corporations compensate the gaps in national governance by voluntarily contributing to self-regulation and by producing public goods that are not delivered by governments (e.g., Matten & Crane, 2005; Scherer & Palazzo, 2011; Scherer, Palazzo, & Trittin, 2015)

# Global Governance

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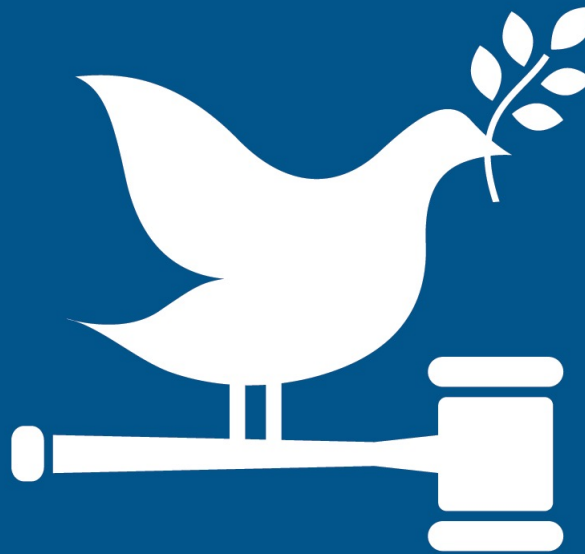
Map of Ongoing Armed Conflicts

■ Major war (10,000 or more combat-related deaths in current or past year)

■ War (1,000–9,999 combat-related deaths in current or past year)

■ Minor conflict (100–999 combat-related deaths in current or past year)

■ Skirmishes and clashes (fewer than 100 deaths in current or past year)

Source: From Wikimedia Commons, the free media repository

Created with mapchart.net

# SAYING "NO"
## TO CONFLICT MINERALS

## ELECTRONICS COMPANIES ARE HELPING TO START TO DECREASE THE POWER OF VIOLENT MILITIA GROUPS. HERE'S HOW.

**UNTIL RECENTLY,** you had no way of knowing if your laptop, cellphone, or jewelry helped finance armed militias in the eastern Democratic Republic of the Congo (DRC). This African nation is rich in gold, copper, cobalt, and tin, tungsten, and tantalum—the 3Ts—minerals used in a variety of products, including the chips found in most of today's electronics.

For years, armed groups have controlled many Congolese mines, selling these so-called conflict minerals to help finance their violent activities. This contributed to ongoing insecurity in the region, and miners and other civilians were cheated out of wages, abused, and even killed.

Now with the cooperation of NGOs, industry, and government agencies, that's beginning to change, says Sasha Lezhnev, associate director of policy at the Enough Project. Beginning in 2009, this Washington, D.C.-based nonprofit group, whose mission is to end genocide and other mass atrocities in Africa, engaged leaders in the electronics industry. The group informed companies including Intel, Apple, and Hewlett-Packard, among others, about what was taking place in the DRC and the role companies could play in helping end atrocities and build sustainable peace in the country.

Further pressure came in 2010 when the Dodd-Frank Act went into effect. Section 1502 of this legislation requires publicly traded companies to disclose to the Securities and Exchange Commission (SEC) the origin of their minerals and their due diligence practices related to identifying conflict minerals in their supply chains.

### A DIFFICULT ROAD

If the process of creating a conflict-free minerals supply chain sounds daunting, few companies would argue the point. Carolyn Duran is the director of global supply management at Intel and the head of its conflict-free mineral efforts. She's seen firsthand how complex the process can be.

"Our first awareness [of conflict minerals] came from the Enough Project around 2009," she says. After hearing about what was happening in the DRC, Intel was determined to address the situation. "We certainly wanted to make sure that we weren't inadvertently funding violence, but at the same time there was no simple process to follow," Duran explains.

"In fact, there was no process at all."

The first step was mapping out Intel's supply chain to find the smelters sourcing from the DRC. (Smelters convert raw minerals into the pure metals that eventually wind up in electronics, jewelry, and other consumer products.)

With such smelters identified as the "pinch point" of this effort, Duran and her team have thus far visited nearly 100 different smelters that are part of Intel's global supply chain to convince them to undergo audits certifying that their minerals are sourced from mines in the DRC not controlled by violent militia groups—in other words, conflict-free minerals.

According to an Enough Project survey in 2013, minerals from some mines that have not been audited sell for 30% to 60% less than those that have, reducing money flows to armed groups and the incentives for armed groups to take control of mines and engage in illicit minerals trading. The result of these efforts has been a significant reduction in the presence of armed groups at tin, tantalum, and tungsten mines in eastern DRC, as 70% of the 3T mines surveyed in eastern Congo are now conflict-free.

The journey has not been easy, says Duran, and many smelters early in the process were less than cooperative. But with more than five years of pressure, and the added push from other companies as a result of the Dodd-Frank 1502, progress is being made. Duran says Intel has roughly 250 smelters in its supply chain, and all but 40 are third-party-certified as conflict-free, or are in the process of going through a certification program.

In January 2014, Intel announced that its entire line of microprocessors would be made with conflict-free minerals, making it the first electronics company to do so.

Lezhnev says Intel's progress and that of other industry leaders effectively render the entire supply chain more transparent. "Companies can no longer source from the DRC and claim that they don't know what's going on," he says. Approximately 1,300 publicly traded companies use at least one of the four conflict minerals and are therefore required to report to the SEC.

### BROAD CONCERN

The attempt to promote conflict-free sourcing is not limited to corporate boardrooms. In 2010, the Conflict-Free Campus Initiative (CFCI) was formed. The initiative—part of the Enough Project—works to educate students about what's happening in the DRC and to persuade school procurement officials to pressure electronics companies to source from conflict-free mines.

"Colleges and universities are big buyers of electronic equipment, and the students who use this equipment are an important customer base for these electronics companies," says Annie Callaway, senior advocacy associate for the Enough Project. "We want to use a school's power and voice to effect change."

So far, 175 schools have participated in the initiative, she says. Nineteen have implemented changes to their procurement policies to favor companies working to source conflict-free minerals from the DRC.

This is all a good start, says Lezhnev, and progress in the DRC can been seen. Currently, 141 mines there that are officially verified as conflict-free, and in some cases, he says, that's helping benefit miners working there. "We're also seeing other businesses, such as grocery stores and motorcycle taxi businesses, spring up in conflict-free areas," he adds. "It's slow, and there are still another 300 to 400 mines that haven't been certified, but it's certainly a step in the right direction. Reducing funding to armed groups and promoting conflict-free trade is one component of a larger approach to peace-building in the deadliest conflict globally since World War II."

**enough**
The project to end genocide and crimes against humanity
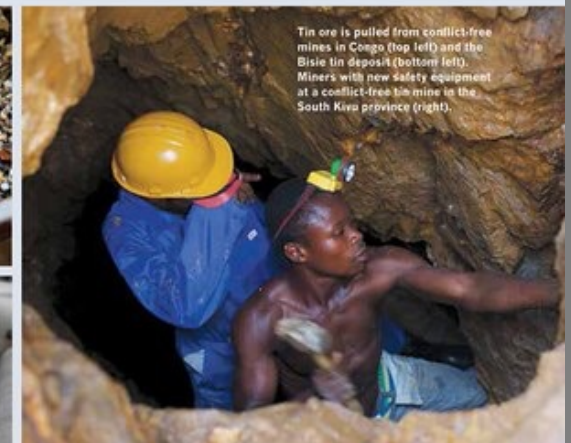
Tin ore is pulled from conflict-free mines in Congo (top left) and the Bisie tin deposit (bottom left). Miners with new safety equipment at a conflict-free tin mine in the South Kivu province (right).

SASHA LEZHNEV/ENOUGH PROJECT

# Business of Peace



Photo by Sunguk Kim on Unsplash

# Business 4 Peace



https://www.unglobalcompact.org/engage-locally/manage/engagement/business-for-peace

**Thank you for your attention!**

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