

Entrepreneurship, Conflict, and Peace: The Role of Inclusion and Value Creation

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Abstract

Conflict zone entrepreneurs—local entrepreneurs running small businesses in conflict settings—have paradoxical impacts on stability: holding the ability both to foster peace but also to enhance conflict. Prior scholarly work has been unable to explain this divergence, as existing entrepreneurial indicators do not account for fundamental peacebuilding elements. In response, the article consolidates divergent fields of study, applies paradox theory to analyze underlying tensions in the field, and reframes entrepreneurship through a peacebuilding *lens* based on intergroup inclusivity and value-creating business practices. Using several cases, this article shows how entrepreneurial activity in conflict zones can foster sustainable peace, limited peace, or conflict, arguing that entrepreneurship based on value-creating and inclusive practices can result in pro-peace outcomes. The article offers policy recommendations for local governments and the humanitarian sector seeking to use entrepreneurship in conflict zones to promote peace.

Keywords

conflict, entrepreneurship, intergroup theory, paradox, peace

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Despite receiving considerable attention within scholarship and practice, the role that entrepreneurship plays in peace and conflict remains puzzling. On the one hand, the United Nations and the humanitarian sector have long integrated support for small businesses into the international peace agenda (Goovaerts et al., 2006; United Nations Global Compact, 2010), which has been affirmed by numerous scholars who have attested to entrepreneurship's role in fostering peace and stability (Boudreaux, 2007; Chandra, 2017; Fajardo et al., 2019; Golan-Nadir & Cohen, 2017; Katsos & AlKafaji, 2019; Kolade, 2018; Miklian & Medina Bickel, 2020; Strong, 2009; Tobias et al., 2013). On the other hand, entrepreneurship has been criticized by other observers as being ineffective in facilitating peace (Miller et al., 2019), with a parallel body of work citing the conflict-causing role that entrepreneurship can play (Ahmad, 2015; Brinkerhoff, 2011; Korf, 2005; Miklian, 2019; Nystrand, 2014). Entrepreneurs' role in peace and conflict appears paradoxical (Austin & Wennmann, 2017; Joseph et al., 2020), with the contradictory elements of local private-sector engagement detailed across various academic fields (Andreas, 2009; Miklian, 2019; Miller et al., 2019; Rettberg et al., 2011; Rolandsen, 2019; Subedi, 2013). Cohesive theory to understand such variation is therefore needed (Katsos & AlKafaji, 2019) in order to explicate the broader impacts of entrepreneurship on sustainable peace (Fajardo et al., 2019; Miklian & Schouten, 2019). With research on entrepreneurship in conflict zones increasing in the last decade, this state of affairs presents a unique research gap that this article seeks to address—developing new theory that explicates the varying roles of entrepreneurs in conflict and peace.

Business scholars have often assumed that traditional economic and social success indicators (e.g., growth, employment, resilience, survival, and broader social contributions) are inherently peace-positive, and this assumption remains prominent in guiding both theory (Brück et al., 2013; Kolade, 2018; Strong, 2009) and practitioner implementation of entrepreneurship programs with peace-related goals (Mahmoud et al., 2017; Vernon, 2016). This line of analysis posits that economic (Brück et al., 2013; Kolade, 2018) and social value creation (Kolk & Lenfant, 2016; Oetzel et al., 2009; Rettberg et al., 2011) results in sustainable peace, with recent scholarship outlining how intergroup and policy elements support this claim (Boudreaux, 2007; Chandra, 2017; Fajardo et al., 2019; Golan-Nadir & Cohen, 2017).

Alternatively, a body of illustrative case studies has demonstrated the destructive practices that some individual entrepreneurs engage in, as well as how individually and collectively these practices can present barriers to conflict recovery (Ahmad, 2015; Korf, 2005; Miklian, 2019; Schubert, 2015). In some settings entrepreneurs are acting in ways that have negative societal effects: engaging in illegal activity (Baumol, 1996; Desai et al., 2013),

facilitating varying levels of corruption (Nystrand, 2014), driving inequality (Korf, 2005), propagating labor and human rights violations (Miller et al., 2019), and generating disproportionate environmental damage in societies ridden by conflict (Bannon & Collier, 2003; Miller et al., 2019). Entrepreneurship can therefore have a polarizing effect, with actors often classed as being either pro-peace or conflict profiteers (Subedi, 2013). Due to this complexity, much of the research in the field has settled for esoteric case study observations that remain context-laden (Marijnen & Schouten, 2019; Miklian & Medina Bickel, 2020; Miklian & Schouten, 2019). Without theory that articulates the role of local businesses in peace and conflict, the advancement of entrepreneurship and peace scholarship remains limited, increasing the need for further research to explore these divergent outcomes (Fajardo et al., 2019; Katsos & AlKafaji, 2019; Miklian & Schouten, 2019).

The article sets out to explore these elements, to understand why such variance is observed, and then to theorize the factors that underpin peace-positive entrepreneurship. Taking an inductive approach, we integrate diverse research on this topic from scholarship in business and management, political science, and conflict studies, using paradox theory as an analytical lens to explicate the underlying assumptions of scholarship in the field. Paradox theory is therefore adopted to detail tensions that coexist in a contradictory yet interrelated fashion (Benson, 1977; Mumby, 2005; Omanović, 2009; Smith & Lewis, 2011), and a case is built explaining how (a) inclusive versus exclusive and (b) value-creating versus value-destroying tensions underpin the role of entrepreneurs in peacebuilding. Similar to prior theory-building research (Chowdhury et al., 2021; Hoffman & Jennings, 2021; Poruthiyil, 2020; A. Williams et al., 2021), we use several cases to illustrate our conceptual framework, showing how intergroup and value-creating tensions explain whether entrepreneurs are either peacebuilding or destructive: the former playing a role in fostering sustainable peace, the latter driving and sustaining conflict. However, there are also middle-ground positions—termed “social cohesion” entrepreneurs and “poverty reduction” entrepreneurs—that contribute to some elements of peace while not contributing to others. We conclude with policy recommendations for local governments and organizations in the humanitarian sector that deploy entrepreneurial support programs to reduce poverty and foster stability in conflict zones.

Entrepreneurship and Peacebuilding

Debates concerning the impact of entrepreneurship on conflict settings have played out across a variety of fields within and outside of management studies, including conflict studies (Hayward & Magennis, 2014; Junne &

Verkoren, 2005; Kavanagh, 2011; Wallensteen, 2002), economics (Blomberg & Hess, 2008), the development sector (Binswanger-Mkhize et al., 2010; Goovaerts et al., 2006; Miller et al., 2019), business ethics (Forrer & Katsos, 2015; Oetzel et al., 2009), education (Kolade, 2018), organizational behavior (Spreitzer, 2007), and entrepreneurship (N. Muhammad et al., 2016; Tobias et al., 2013), with occasional contributions from associated fields such as corporate social responsibility (hereafter “CSR”; see Koerber, 2009). The parallel contributions to this topic, based in part on differing theoretical starting points and outcome measures, have led to diverging positions on foundational issues concerning the association between entrepreneurship and peace, with business scholars linking peace to the value-adding dimension of business while political scientists and conflict researchers have largely focused on the broader connections that business has with society and its institutions.

Entrepreneurs are defined here as individuals who create and manage a firm and are therefore either self-employed or earning income from a business source (Brück et al., 2013). These actors engage in entrepreneuring, which encompasses the processes and mechanisms by which actors and groups remove economic and social constraints through value and wealth creation (Tobias et al., 2013). These processes and mechanisms include the identification and exploitation of opportunities (Shane & Venkataraman, 2000), resulting in new ventures, business growth, or the creation of new business activity within an existing organizational structure (Davidsson, 2012). Similar to prior studies, we adopt a micro- and meso-level focus on entrepreneurship that examines business activities among individuals, families, groups, households, and businesses (Fitz-Koch et al., 2018).

The nature of entrepreneurial activity differs within various poverty-conflict settings. Entrepreneurship through micro-, small-, and medium-sized enterprises (MSMEs) makes up 90% of firms and 70% of employment worldwide (United Nations, 2019). However, developing countries have a larger share of micro-enterprises, typically represented by businesses with 10 employees or fewer (International Finance Corporation [IFC], 2013; Y. Li & Rama, 2015; Liedholm & Mead, 1999), as denoted in Figure 1.

Much of the entrepreneurial activity in poverty-conflict settings occurs in the informal sector, with businesses started out of income necessity to provide economic independence for the very poor (Cañares, 2011; Schoar, 2010). With few viable alternatives available, self-employment through entrepreneurial activity has been shown to increase throughout periods of conflict (Cusack & Malmstrom, 2010).

Entrepreneurs can experience different types of conflict that determine the business and organizational challenges they face (Cañares, 2011). Conflict

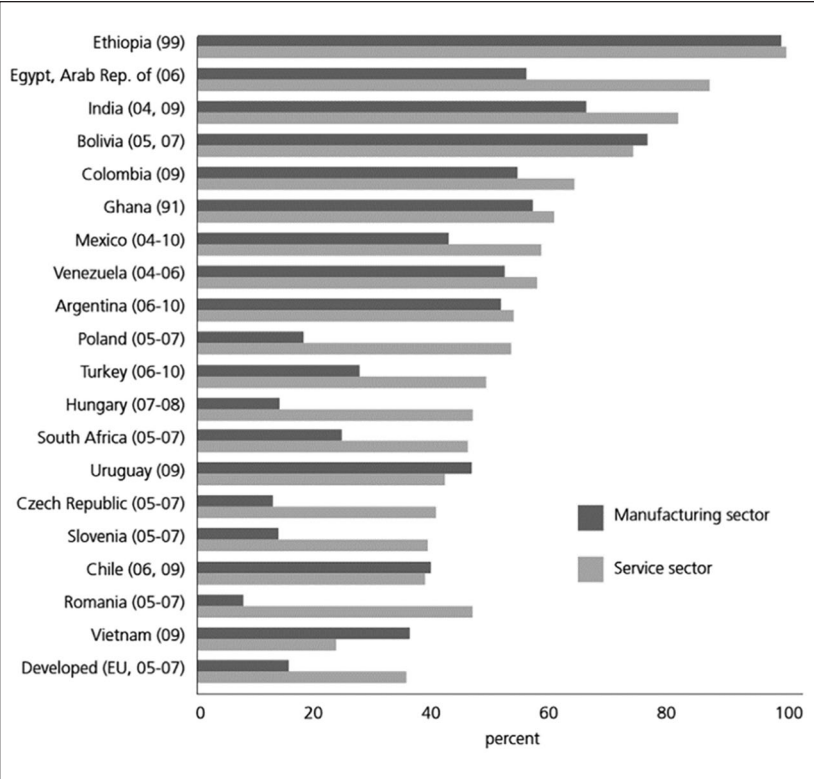


Figure 1. Micro-enterprises' share of employment in developing countries.
Source. International Finance Corporation (2013) Report, The World Bank.

can occur at the macro or community level as well as between states and within states, including a combination of both state and nonstate actors (Heidelberg Institute for International Conflict Research [HIIK], 2018; Wallensteen, 2002). The intensity of conflict varies greatly along a continuum of low-intensity nonviolent disputes all the way up to full-scale war (see Table 1). This progression draws in an increasing number of conflict actors (individuals and organized groups) and conflict items (resources used to promote conflict; see HIIK, 2018).

Our article focuses on stages 3 to 5: once violent conflict manifests and the subsequent post-conflict period that follows. Violent conflict is the systematic use of violence by armed groups for political objectives, a definition that goes beyond singular instances of crime (Brück et al., 2013) that thus

Table 1. Conflict Barometer.

State of violence	Intensity	Stage	Definition
Non-violent	1	Latent conflict	Social disruption, political tension, AND competition
	2	Manifest conflict	Social disruption, political tension, competition, AND migration
	3	Crisis	Violent events and competition, migration
Violent	4	Severe crisis	Violent destruction of livelihoods, large-scale migration
	5	War	Destruction of society and mass migration

Source. Heidelberg Institute for International Conflict Research.

encapsulates the current war zones and protracted conflicts seen across the world today. These conflicts have various stages—which are commonly differentiated between conflict and post-conflict categories—to which the cost of war on a host country’s economy typically endures for over a decade in most post-conflict situations (Collier & Duponchel, 2013). Conflict settings vary greatly (Forrer & Katsos, 2015; Miller et al., 2019), each hosting their own unique demands, with the current article spanning these varying settings to identify the dominant elements associated with entrepreneurship in conflict zones.

Peace, in its most elemental form (sometimes referred to as “negative peace”; Oetzel et al., 2009) is the cessation of war and the absence of violence. However, peace only becomes sustainable when increased stability is achieved within a community and society (Dunfee & Fort, 2003). Until sustainable peace is achieved, the threat of violence remains imminent and acts of sporadic violence may still continue, continually threatening to escalate to full-scale war (Junne & Verkoren, 2005). The primary objective of peacebuilding is therefore to achieve sustainable peace, to which a multileveled peacebuilding approach is required (The World Bank, 2018) to counteract the drivers of conflict within varying subsets of society which, if left unaddressed, are latent causes of war and violent conflict (Kavanagh, 2011; Vernon, 2016). Whereas limited, or “negative” peace, can be rapidly achieved primarily through macro-level and politically based mechanisms such as peace treaties, “sustainable” peace is achieved only when macro-level mechanisms are combined with measures that counteract and ameliorate the

community-level drivers of conflict. Fostering sustainable peace can occur through a combination of macro-level and community-level changes that foster transitional justice (Adhikari et al., 2012), inclusionary development (Binswanger-Mkhize et al., 2010; The World Bank, 2018), and positive intergroup relations (Joseph et al., 2020; Tobias et al., 2013).

Entrepreneurship contributes to peacebuilding by making various peace-supportive contributions at the community level. The community-level contribution of entrepreneurship typically focuses on peacebuilding within locales that share a common geography; however, communities can also form based on shared culture (e.g., migrant communities within a host country) or common interests (Lumpkin et al., 2018). Common-interest communities have been depicted by Tobias et al. (2013), which showed coffee farmers from different geographical (and previously warring) communities coming to shared processing sites to prepare their coffee beans for sale, forming a communal dynamic based on common interests. Although entrepreneurial peacebuilding has been linked by some authors to societal-level peace and the cessation of violence (Koltai, 2016), termed “peace writ large” (Miller et al., 2019), these assertions are based on reforms of the political economy that overlook the dynamics of entrepreneurial behavior in the peacebuilding process. To understand such dynamics, the current article maintains its focus on business activities among individuals, families, groups, households, and organizations (Fitz-Koch et al., 2018), whose poverty reduction and social cohesion benefits extend to the community level alone (Miklian & Medina Bickel, 2020; Tobias & Boudreaux, 2011), and which are primarily observed in post-conflict environments (Fajardo et al., 2019; Tobias et al., 2013; Zhang, 2010).

Historically, entrepreneurial peacebuilding has been assessed at the community level through traditional entrepreneurial indicators of success. This includes wealth creation and poverty reduction (Blomberg & Hess, 2008; Brück et al., 2013; Strong, 2009). However, in recent years, business scholarship has extended the mechanisms of peacebuilding to include beyond-business social contributions (Betts, 2017; Miller et al., 2019; Oetzel et al., 2009), which combined with creating wealth and reducing poverty potentially can help to ease the intensity of conflict during times of war. Recent business scholarship has also addressed the role of intergroup dynamics that aid in fostering social cohesion and reconciliation at the community level (Chandra, 2017; Fajardo et al., 2019; Joseph et al., 2020).

Theoretical Assumptions of Entrepreneurial Peacebuilding

The assumptions surrounding entrepreneurship and peacebuilding have evolved in recent years. The theoretical basis for entrepreneurship in peacebuilding originates with the age-old view that reducing poverty fosters peace

(Rogers & Ramsbotham, 1999; Stewart et al., 2002; Tashman & Marano, 2009) and that established economic development indicators such as growth and employment are implicitly pro-peace (Bishara & Schipani, 2009; Blomberg & Hess, 2008; Brück et al., 2013; Fort & Schipani, 2004; Kolade, 2018; Sümer & Joseph, 2018; O. Williams, 2008). Since the turn of the millennium, this narrative has been openly promoted throughout the humanitarian sector and among multilateral agencies, with the International Labour Organization, World Bank Group, World Trade Organization, OECD, and UN Global Compact consistently reiterating the positive role that business can play in bringing about lasting peace (Ganson, 2019). The common-sense claims that economic development leads to peace are widely derived from macro-level economic analyses that demonstrate how economic advancement is linked to peace (Blomberg & Hess, 2008; Brück et al., 2011). In business scholarship, this paradigm continues to guide several lines of research (Brück et al., 2013; Bullough et al., 2014; Kwong et al., 2019), despite an established body of work that has long challenged this view and demonstrated that economic contributions alone—particularly from small business activity at the community level—may not suffice in building peace (Berdal & Mousavizadeh, 2010; Bray, 2009; Kavanagh, 2011; Miller et al., 2019; Subedi, 2013; The World Bank, 2018).

Gaps in the economic case have been increasingly exposed as empirical research has advanced over the last decade. These studies have demonstrated not only a link between entrepreneurship and peace but also entrepreneurship's direct links with conflict in some contexts. Most entrepreneurial activities within poverty-conflict settings are in the informal sector, which can promote practices that undermine peace (Subedi, 2013; a point to which we will return in a subsequent section). This can include illegal activity and exploitation (Andreas, 2009; Baumol, 1996; Desai et al., 2013) as well as human and labor rights violations (Miller et al., 2019), which each reinforce economic inequality (Korf, 2005) and social division, particularly in postconflict settings (Goovaerts et al., 2006; International Labour Organization [ILO], 2003). However, such violations are not limited to the informal sector alone, with conflict zones often housing business elites who maintain the drivers of conflict (Austin & Wennmann, 2017). There are also subtle drawbacks of conflict zone entrepreneurship that may promote medium- to long-term conflict, such as the disproportionate environmental degradation often seen in poverty-conflict settings (Bannon & Collier, 2003; Blackman, 2006; Miller et al., 2019; Tewari & Pillai, 2005) that can exacerbate the resource challenges created during war (Bannon & Collier, 2003; Le Billon, 2001).

In response, proponents of peacebuilding in business scholarship have argued that it is not economic activity alone, but the beyond-business

contributions of economic activity, which are central to business' peace-building potential (Kolk & Lenfant, 2016; Oetzel et al., 2009; Rettberg et al., 2011). Classed as beyond-business contributions (Betts, 2017; Getz & Oetzel, 2009; Miller et al., 2019; Oetzel et al., 2009), CSR (Jenkins, 2006; Perrini, 2006), or social contributions (Kolk & Lenfant, 2016), this modified economic framework focuses on the downstream social effects of economic activity. This can include fostering opportunities, access to services, inclusive solutions through community-level dialogue (The World Bank, 2018), donations, discounted products, interest-free loans, and voluntary training (Sridharan et al., 2014), as well as the devolution of power, resources, and development mechanisms to the community level (Binswanger-Mkhize et al., 2010). Assumptions concerning social contributions and peace have played an important role in entrepreneurial theory, resulting in CSR-centric views of business and peace (Kolk & Lenfant, 2016; Mahmoud et al., 2017; Rettberg et al., 2011; Vernon, 2016). This work has advanced the conversation about how economic activity fosters peace, but it continues to attract criticism (Ganson et al., 2022; Miller et al., 2019) as it falls short in explaining recent cases that demonstrate the private sector's potential role in sustaining conflict.

A growing body of work goes beyond the economic and social value that businesses can create, focusing instead on intergroup social dynamics in the entrepreneurship and peace equation (Chandra, 2017; Fajardo et al., 2019; Friedman & Desivilya, 2010; Joseph et al., 2020; Tobias et al., 2013). This collection of *ad hoc* contributions has demonstrated how peacebuilding through entrepreneurship involves not only economic and social contributions but also considers the intergroup dynamics that take place through entrepreneurship at the community level. Chandra (2017) and Fajardo and colleagues (2019) demonstrate how entrepreneurship can reintegrate ex-combatants into society. Tobias et al. (2013) show how entrepreneurship can enact joint community initiatives; furthermore, entrepreneurship can foster positive intercommunity experiences (Joseph et al., 2020). Such studies account for not only the economic and social aspects of entrepreneurship but also the surrounding intergroup dynamics that are fundamental to peacebuilding.

Despite these promising angles of inquiry, the field remains divided. Angles of inquiry led by business scholars remain focused on the value-creating elements of business (Oetzel et al., 2009; Oetzel & Miklian, 2017), such as entrepreneurial resilience and survival (Branzei & Abdelnour, 2010; Brück et al., 2013; Bullough et al., 2014), venture creation (Kolade, 2018), and post-conflict recovery (Dahles, 2013; Sserwanga et al., 2014; Tarway-Twalla, 2011), whereas political scientists and conflict researchers have focused on

the broader social engagements of business (Andreas, 2009; Subedi, 2013). What remains elusive is theory to consolidate these views and explain the divergent role of entrepreneurs and SMEs in peace and conflict (Joseph et al., 2020; Katsos & AlKafaji, 2019; Miklian & Schouten, 2019).

Examining the Paradox and Underlying Tensions

To begin to unravel the role of entrepreneurship in conflict settings, further examination of its paradoxical outcomes in peace and conflict is required. The contradictory elements of private-sector activity in conflict zones have long been discussed (Andreas, 2009; Joseph et al., 2020; Miklian, 2019; Miller et al., 2019; Rettberg et al., 2011; Rolandsen, 2019; Subedi, 2013). Austin and Wennmann (2017) cited this paradox in Kenya during the 2007 to 2008 and 2013 elections, as business actors were directly involved in preventing violence; however, the same actors also perpetuated the underlying factors that drove the ongoing conflict. In a similar vein, Joseph et al. (2020) detailed how entrepreneurial activity in the Lebanese context paradoxically fostered not only cohesion among local sectarian actors but also division between local actors and migrants. More vividly, Subedi (2013) classed entrepreneurs as either pro-peace or conflict profiteers following Nepal's decade-long civil conflict, and Andreas (2009) illustrated that in Bosnia–Herzegovina entrepreneurship had played a central role in humanitarian relief while also reinforcing the conflict economy through illegal trade. Andreas (2009) detailed the case of the Arizona market, an ex-NATO checkpoint transformed into an open-air trading post, whereby the U.S. Army offered start-up funds for local entrepreneurs, which promoted growth but then quickly turned into a smugglers' paradise for the trade of drugs, weapons, prostitution, and stolen goods. Similar contradictions have been seen in Columbia (Rettberg et al., 2011), Sudan (Rolandsen, 2019), and Myanmar (Miklian, 2019), reinforced by Miller et al.'s (2019) 2-year multicountry case examination detailing how businesses can be complicit in human rights violations and social harm while also engaging in peacebuilding. Entrepreneurship therefore can advance both conflict and peace in different settings, with prior studies presenting an array of contradictory contributions that entrepreneurs make to conflict settings (Figure 2), presenting a paradox not yet addressed in theory.

In the domain of entrepreneurship, paradox theory posits that understanding the role of entrepreneurs as either pro-peace or conflict-causing is best accomplished by analyzing the underlying tensions that create these seemingly paradoxical outcomes (Poole & Van de Ven, 1989; Smith & Lewis, 2011). These tensions coexist in a contradictory yet interrelated fashion

Conflict Causing	Enhances poverty & inequality (conflict trigger) e.g. Elite wealth generation, capability deprivation, exploitation, labor and human rights violations, illegal trade	Wealth creation & poverty reduction (conflict disincentive) e.g. Income and jobs, social contributions, access to goods and services, capacity building	Peace Positive
	Undermining institutions and the rule of law	Peace-positive policy influence	
	Fosters social division	Intergroup cohesion, economic interdependence	
	Disproportionate environmental degradation	Reintegrating ex-combatants / personal transformation	

Figure 2. The direct and indirect links among entrepreneurship, conflict, and peace.

(Benson, 1977; Mumby, 2005; Omanović, 2009; Smith & Lewis, 2011), with paradox theory being adopted here as an analytical lens to understand such tensions (Calton & Payne, 2003; Dentchev et al., 2017; Feix & Philippe, 2020; Ratcliff & Doshi, 2016). The literature review identified two possible tensions. The first is between value-creating versus value-destroying activities: the former resulting in benefits such as poverty reduction and social contributions (Kolade, 2018; Strong, 2009), the latter resulting in destructive outcomes (Andreas, 2009; Korf, 2005)—whereby both elements can coexist in a single organizational entity (Andreas, 2009). The second tension is between operating inclusively versus exclusively, with inclusive business practices bridging social groups and thus resulting in peace (Chandra, 2017; Tobias et al., 2013), and exclusive practices entrenching social division (Ganson et al., 2022; Joseph & Van Buren, 2020). Both tensions underpin entrepreneurs’ role in fostering peace or conflict; by identifying these tensions, they can then be understood and managed to achieve varying organizational and peace-related outcomes (Smith & Lewis, 2011).

Tension 1: Inclusive and Exclusive Orientations

The first of these tensions—inclusive and exclusive orientations—are explained through intergroup theory (Brown & Hewstone, 2005; Mackie & Smith, 1998; Tajfel & Turner, 1979; Turner et al., 1979), which has been used as a descriptive framework for peacebuilding activity (Gurrentz & Finke, 2017; Joseph et al., 2020; Kolade, 2018; C. Li et al., 2016; Tobias & Boudreaux, 2011; Tobias et al., 2013). Intergroup theory focuses on how individuals form social groups that are bound together based on common characteristics, forming “ingroups,” and therefore judging differing groups as “outgroups” (Tajfel & Turner, 1979; Turner et al., 1979). Within a conflict setting, an entrepreneur will be associated—either tribally, ethnically, politically, or by voluntary membership—with one of the (violent or nonviolent)

ingroups or outgroups within the social dynamics of a conflict zone. Intergroup theory outlines how perceived differences among groups deepen ingroup identification (Betts, 2017; Huntington, 1993) and subsequently increase the perceived differences between outgroups—stoking intergroup bias and discrimination, which then leads to conflict (Turner et al., 1979). Intergroup theory states that increased contact among these groups can reduce perceived differences: fostering intergroup identification, reducing bias, discrimination, and fear, and subsequently playing a role in fostering peace (Wright et al., 2017). A key indicator for ending intergroup bias is improved social trust (Yenkey, 2015), which can be—but is not always—enhanced through entrepreneurial activity (Tobias et al., 2013).

Peacebuilding through entrepreneurship takes place through inclusive interactions that develop a shared social identity (Yenkey, 2015), which can include inclusive hiring, purchasing, selling, and social contributions among groups (Chandra, 2017; Fajardo et al., 2019; Friedman & Desivilya, 2010; Joseph et al., 2020; Tobias et al., 2013). Such inclusive intergroup interactions are viewed as essential to peacebuilding, although this view can be contrasted with prior work assuming that economic and social contributions alone are peacebuilding (Ganson et al., 2022). However, research in this domain is consonant with the potential mechanisms by which entrepreneurs can also generate social value; for example, by prioritizing social exchange, fostering mutually beneficial relationships, and engaging in progressive interactions with stakeholders (Kolk & Lenfant, 2016). Similar inclusivity principles have been applied in resolving interethnic and political division in nonviolent settings (Yenkey, 2015), and at the institutional level with inclusive economic institutions providing incentives for value-creating activity and resulting in more prosperous societies (Acemoglu & Robinson, 2012; Mair et al., 2012; Mair & Marti, 2009; North et al., 2009).

In contrast, entrepreneurs can choose to be exclusive, which means hiring, purchasing, selling, and making social contributions only within their ingroups. This occurs when ingroup identification becomes more salient to the entrepreneur, fostering intergroup discrimination, as denoted in Figure 3.

Business exclusivity can be enhanced by extractive economic institutions that drive actors into unproductive activities (Acemoglu & Robinson, 2012), but exclusivity is also determined by entrepreneurs themselves, who are the reality makers of the organizations they create (Fineman, 1996; Wright & Heaton, 2006). Through the need to optimize self-identification, reality makers reproduce social categorizations and distinctions between the ingroup (positive traits) and the outgroup (negative traits) that in turn determine behaviors to varying degrees (Ashmore et al., 2001). Intertwined with deteriorating intergroup trust, the increased salience of social identity generates

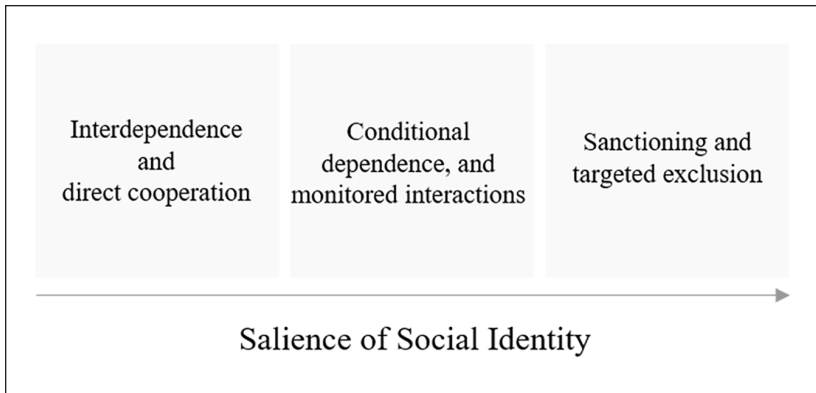


Figure 3. Intergroup exclusion.

Source. Adapted from Brewer (2002).

more severity in exclusionary measures, which strengthens the underlying and ongoing drivers of conflict. Factors such as resource scarcity, common in conflict zones, can enhance these processes as day-to-day survival depends on solidarity within the ingroup (Brewer, 2002).

Tension 2: Value-Creating and Value-Destroying Practices

The second tension underpinning the paradox concerns the degree to which the entrepreneur engages in value-creating practices. These practices can include both economic value creation (Desai et al., 2013; Oetzel & Miklian, 2017) and beyond-business contributions (Betts, 2017; Getz & Oetzel, 2009; Miller et al., 2019; Oetzel et al., 2009) through social and environmental value creation (Miklian et al., 2016; Miklian & Schouten, 2019; Vernon, 2016). This can include (but is not limited to) paying above-market wages, offering above-market working conditions, or engaging in capacity building (e.g., training), philanthropy, or community programs (Joseph, Raouf, Daou, Ali, & Reyes, 2019), all of which help to directly or indirectly reduce poverty. In contrast, businesses can be value-destroying, which enhances poverty (Oetzel et al., 2009) through poor pay and working conditions (Korf, 2005), labor and human rights violations (Khan et al., 2007; Kolk & van Tulder, 2002), rent-seeking behavior (Bull & Aguilar-Støen, 2019), and illegal activity (Baumol, 1996; Desai et al., 2013; Looney, 2005)—which all directly exacerbate poverty through discrimination, exclusion, and economic inequality (Korf, 2005) that in turn feeds grievances and creates tensions at the

community level. As conflict zones are often resource-stricken (Bannon & Collier, 2003; Le Billon, 2001), environmentally destructive practices can also lead to resource shortages, unequal access, and medium- to long-term resource disputes (Vernon, 2016).

Studies have shown that the value created by entrepreneurs in poverty-conflict settings can vary based on a number of factors. Entrepreneurs within collective cultures are more likely to make community contributions, subsequently prioritizing stakeholder value creation through their normal business operations (Jenkins, 2006; Perrini, 2006; Tobias et al., 2013). CSR contributions made by small-scale entrepreneurs are widely informal and often go unnoticed because of the size, scope, and undefined articulation of the contributions they make (Baumann-Pauly et al., 2013). For larger operators who self-proclaim CSR contributions, research has queried the authenticity of these actors, whose contributions often lack effective implementation mechanisms and which can be overvalued by foreign partners (Jamali et al., 2015). Therefore, the broader value created by entrepreneurs can largely depend on the size and scope of their business operations, with CSR claims and contributions morphing as local operators are increasingly exposed to global supply chains.

Finally, the value-creating or value-destroying nature of entrepreneurs can be closely aligned to the degree of formalization in the operating environment. Much of the small business activity in poverty-conflict settings takes place in the informal sector (Cañares, 2011), which can allow for socially and environmentally destructive behaviors (Rettberg et al., 2011). Characteristically, entrepreneurship in the informal sector is defined as operating outside of relevant legal frameworks (Welter et al., 2015), whereby conflict zones provide opportunities for short-term economic gain that may come with social and environmental costs (Bray, 2009; Marijnen & Schouten, 2019). Although the informal economy is widely recognized as essential for economic subsistence in conflict settings (Goovaerts et al., 2006; ILO, 2003; Looney, 2005), due to a lack of regulation, the sector as a whole can generate a sizable collective ecological footprint (Blackman, 2006), with various studies showing local businesses engaging in environmentally destructive practices within a developing-country context (Bannon & Collier, 2003; Blackman, 2006; Marijnen & Schouten, 2019; Tewari & Pillai, 2005). Formalization, whether fostered through national or intraorganizational practices, can be a strong indicator of productive business norms (Rettberg et al., 2011) and the beneficial nature of entrepreneurial activities (Desai et al., 2013).

Typology of Conflict Zone Entrepreneurship

The inclusive and value-creating tensions that underpin the pro-peace and conflict-causing elements of entrepreneurship provide a framework to

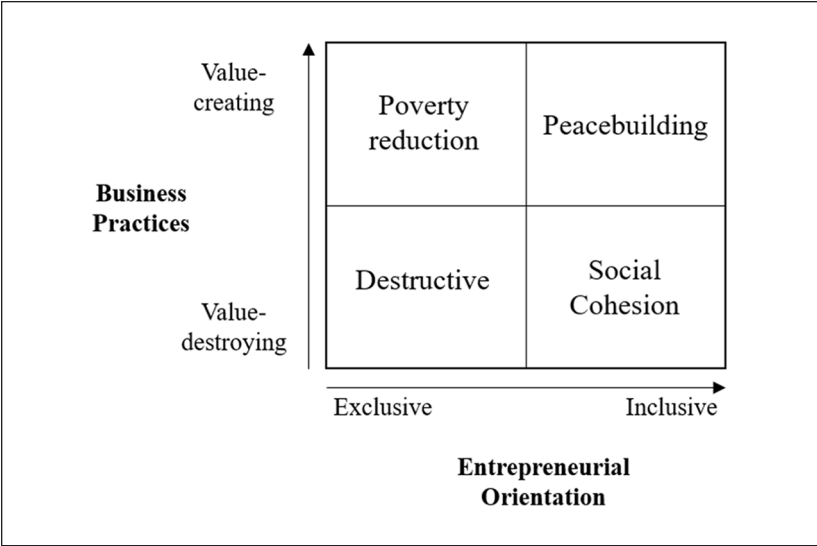


Figure 4. A typology of entrepreneurship and peace.

explicate the paradox of entrepreneurship in peace and conflict (cf. Figure 4). Previous theoretical work offers varying classifications of conflict zone entrepreneurs, such as peace-positive policy entrepreneurs (Arieli & Cohen, 2013), pro-peace (or peacebuilding) entrepreneurs (Fort, 2016; Subedi, 2013), and social entrepreneurs (Chandra, 2017), as well as conflict-causing modes such as conflict entrepreneurs/profiteers (Brinkerhoff, 2011; Korf, 2005), with less divisive modes such as necessity-based entrepreneurs (Bullough et al., 2014) also featuring in conflict studies. These are examined through the value-creating and inclusivity tensions that classify such modes based on their respective peace and conflict dimensions.

Accordingly, conflict zone entrepreneurs can be viewed through the above typology. The vertical axis considers the nature of *business practices*, which can be broadly understood along a continuum of value-creating to value-destroying activities. On the horizontal axis is *entrepreneurial orientation*, which can be exclusive (discriminates against the outgroup) or inclusive (cooperates with the outgroup). This framework considers the diverse spectrum of stakeholder interactions of the entrepreneur, acknowledging that the peace-related outcomes of this activity may be direct (e.g., causing the cessation of violence) or indirect (e.g., disincentivizing violence). This results in four types of entrepreneur vis-à-vis promoting or inhibiting different sorts of peace. The first type of entrepreneurship—*Peacebuilding*—fosters

sustainable peace by bringing increased stability to the community through positive ingroup and intergroup dynamics and value-adding business contributions. Two other types—*Poverty Reduction* and *Social Cohesion*—foster limited peace, as they address a narrow set of conflict drivers while maintaining or advancing others. The final type, *Destructive Entrepreneurs*, represents entrepreneurs as conflict drivers who maintain and can even promote the underlying drivers of conflict. By illustrating these underpinning tensions, the present analysis aids in understanding the dualities of conflict zone entrepreneurship, while also highlighting the organizational priorities that can result in optimal organizational-level outcomes (Poole & Van de Ven, 1989; Smith & Lewis, 2011), which in this case is peace.

Peacebuilding (Inclusive and Value-Creating)

This group of entrepreneurs adopts an inclusive approach to their operations while also creating value within their communities. This includes not only firms that directly aim to foster peace (Golan-Nadir & Cohen, 2017) but also ethical firms that do not have a direct but rather an indirect impact on peace through their normal operations (Fort, 2007; Oetzel et al., 2009). Although the “value-creation” element of peacebuilders can be captured on a social and environmental continuum similar to that outlined by Kolk and Lenfant (2016), the “intergroup” element of an entrepreneur’s operations has deeper complexity. “Inclusivity” here centers on entrepreneurs as the reality makers of their organizations (Fineman, 1996; Wright & Heaton, 2006), which extends to the organizational values and culture propagated among staff as well as to the subsequent direct stakeholder interactions and distribution of value which follows. Unlike value-creating practices that are pro-peace through indirect means such as poverty reduction and beyond-business contributions (Joseph, Raouf, Daou, Ali, & Reyes, 2019; Joseph, Raouf, Daou, Ali, Reyes, & Scott, 2019), positive intergroup interactions from inclusivity are directly peacebuilding through strengthened relationships, the reduction of bias and discrimination, reconciliation, and economic and social value shared among groups in conflict. The norms adopted by these entrepreneurs are a sustainable force for the reduction of conflict and therefore play a role in fostering sustainable peace.

An illustrative case of peacebuilding entrepreneurship was explored by Chandra (2017). Retro Café was founded in 2009 by Marty (alias) as a “retro” styled eastern-western fusion restaurant based in and around Bahasa, Indonesia, a region that struggles with an insurgency by Islamic terrorist groups. Marty and the primary co-owner Ferry (alias), are both ex-Islamic terrorists themselves, previously swearing allegiance to and then disengaging

from extremist groups. Their region is exposed to extremist education, making youth and the poor particularly susceptible to recruitment for such groups. The owners made it part of their company's mission to help reform ex-terrorists by providing life-changing employment, indirect disengagement strategies, broadened social circles, and nonconfrontational training techniques. As of 2016, Retro Café had 25 employees from mixed backgrounds; including ex-terrorists, high school dropouts, and regular community workers. Retro Café had reformed 10 ex-terrorists and 20 vulnerable high school dropouts—both groups who had few legitimate employment options in their society. The ex-terrorists spent on average 1 year at Retro Café before starting their own businesses in related and diverse industries. In addition, the owners ran anger management classes for terrorists in prison and have trained hundreds of prison officers in how to better manage ex-terrorists. Subsequently, through the central activities and resources generated by the business, Retro Café has not only aided in poverty reduction and capacity building for past and current employees, but it has also built positive bridges among extremists, ex-terrorists, state actors, and the general public, directly contributing to positive intergroup relations among the varying groups in the conflict zone.

Peacebuilding entrepreneurs can generate an array of pro-peace benefits in conflict-affected regions. At the micro level, prior research has coined the terms *peace entrepreneurs* (Fort, 2016) or *pro-peace entrepreneurs* (Subedi, 2013) as those who intentionally seek to foster peace. This group can include the likes of social enterprises, for example, who make it their mission to reintegrate ex-combatants into society and to offer alternatives to violence, which fosters cohesion among different social groups (Chandra, 2017). These same outcomes can be achieved through joint business and government programs that show similar outcomes through disarmament, demobilization, and reintegration programs (Fajardo et al., 2019). Pro-peace benefits can also be facilitated through entrepreneurial collectives that show how the coordination of entrepreneurs by collectives and business groups can generate cohesion among those ethnically divided by a conflict (Tobias & Boudreaux, 2011; Tobias et al., 2013), while undermining conflict drivers such as poverty and the exclusion of minority groups (Miklian & Medina Bickel, 2020). At a macro level, benefits can be extended by pro-peace policy entrepreneurs, who set out to change and influence government policy that fosters peaceful trade and relations either within a country or across borders (Arieli & Cohen, 2013; Bull & Aguilar-Støen, 2019). These avenues offer insight into the positive role that external actors, whether they be foreign humanitarian groups or locally coordinated initiatives, play in using the benefits of entrepreneurship in the peacebuilding process.

Social Cohesion (Inclusive but Value-Destroying)

Social cohesion entrepreneurs combine inclusive orientations with value-destroying practices, thus concurrently bringing together pro-peace and conflict-causing elements in their business models. Such entrepreneurs can foster social cohesion through inclusive business operations; however, they differ from peacebuilders as their business models fail to engage or ameliorate the underlying drivers of conflict, including economic inequality, violations of human rights, and corruption (Austin & Wennmann, 2017). Social cohesion entrepreneurs provide an immediate intergroup benefit in a negative-peace scenario. However, such benefits are provided either for a profit or a political motive and while intergroup cohesion is maintained for these reasons, the entrepreneurs themselves engage in destructive practices such as illegal activity and exploitation (Baumol, 1996; Desai et al., 2013), corruption (Nystrand, 2014), labor and human rights abuses (Miller et al., 2019), and destructive environmental practices that enhance local resource constraints (Vernon, 2016), all of which play a major role in driving inequality (Korf, 2005), maintaining poverty, and upholding the societal divisions that fuel conflict. Conflict zones also provide opportunities for short-term economic gain, which can further facilitate entrepreneurial behavior that comes at a localized social and environmental cost (Korf, 2005). Therefore, entrepreneurs in the social cohesion group can promote short-term peace, but this peace is not sustainable because stability is not consistently advanced at the community or societal level.

Social cohesion entrepreneurship can be illustrated through analyzing the rise of the Afghanistan opioid trade (Goodhand, 2008). Following a bitter civil war between multiple mujahidin groups following the fall of the Najibullah regime in 1992, the Taliban seized control in 1996, capitalizing on the business opportunity presented by the growing opioid trade. The Taliban then began to coordinate private actors in a centralized export endeavor. The subsequent coalition between the Taliban and business elites led to joint extraction, with the trade providing subsistence incomes for cultivators. These practices led to intergroup cohesion and peace outcomes well into the U.S.-led occupation. However, this activity also led to the exploitation of farmers and intensified inequalities, demonstrated through the case of Ruzi Mohammad (Barrett, 2011), a farmer from Helmand Province. In 2008, Ruzi divided his lands to cultivate opium. However, without the startup capital to cultivate it, Ruzi took a commonly used *salaam* (paid-forward profits from the crop) to purchase fuel-run water pumps on a bore well. But when disease hit the crops and Ruzi was unable to repay the debt, he married off his sister in exchange for clearing the debt. When Ruzi was interviewed for the case,

his family remained in poverty, and he had not heard from his sister since the debt repayment. This case is emblematic of entrepreneurship that facilitates social cohesion, but that also destroys value in other sectors of society.

The presence of social cohesion entrepreneurs raises a flag of caution for foreign actors looking to engage in conflict settings. Business elites have shown to fit the social cohesion type, who can bring an immediate end to violence (Austin & Wennmann, 2017) and support peace accords (Bull & Aguilar-Støen, 2019), yet also maintain the underlying drivers of conflict and prevent social transformation toward sustainable peace. Several cases demonstrate how foreign actors working with such entrepreneurs can enhance conflict drivers, as was the case in Bosnia–Herzegovina, with foreign actors supporting start-ups which in turn promoted a conflict economy based on illicit trade (Andreas, 2009), as well as the role of foreign investment in Myanmar following the end of military rule (Miklian, 2019), with foreign direct investment complicit in tacitly supporting the ethnic cleansing of the Rohingya Muslims while largely maintaining economic exclusion. The social cohesion entrepreneurial type—and examples thereof—is a warning for well-intentioned foreign actors intervening in conflict settings: short-term, seemingly pro-peace interventions can instead maintain and even expand the drivers of conflict.

Poverty Reduction (Exclusive but Value-Creating)

Poverty reduction entrepreneurs engage in value-creating activity; however, this activity is exclusive, delivering value to the ingroup while excluding the outgroup. These actors can undermine poverty (Fort & Schipani, 2004; Strong, 2009) and contribute to limited peace by offering additional barriers for actors to engage in conflict (Kolade, 2018). Activities of this nature can deliver economic, social, and environmental value. However, the ingroup is prioritized and intergroup interaction and value distribution is either limited or prohibited. As a result, existing social biases and discrimination are not transformed and perhaps are even enhanced (Joseph et al., 2020). This has been cited in exclusive economic systems, which are run by elites that use patronage and other measures to exclude certain social groups from economic participation (Acemoglu & Robinson, 2012; Miklian, 2019) but can also include businesses established for survival and that generate value only for their direct dependents—limiting their broader intergroup impact. At best, these actors help to reduce the intensity of conflict but in some cases can also enhance it depending on the intensity of exclusionary processes built into their business models.

Entrepreneurs who engage in poverty reduction are illustrated through a Lebanese example (Bizri, 2017). Mostafa (alias) is a 46-year-old Syrian refugee who migrated to the Bekaa Valley to establish a restaurant. Lebanese and Syrians living in Lebanon have a complex relationship, which involves prior military occupations and political interference by Syria in Lebanese affairs, resulting in growing resentment among Lebanese toward the Syrian refugees who moved to Lebanon following the 2011 Syrian civil war (Habib, 2019). Parallel with a sustained economic downturn in Lebanon, tensions between Syrian and Lebanese nationals have long been high, with refugees putting pressure on Lebanon's public services and unregistered Syrian businesses and workers undercutting Lebanese in low-skilled industries due to mechanisms such as tax avoidance (Joseph et al., 2020). In the case of Mostafa, he established a successful restaurant in the Bekaa Valley and set up a second site, a playground with onsite food sales, in a nearby town. Social capital and networking played an essential role in establishing Mostafa's business. However, this was primarily enacted among his fellow Syrian nationals who were residing in Lebanon, which included employment as well as sourcing supplies, equipment, and entertainment. Despite the language congruence between Lebanese and Syrians, Mostafa focused on employing workers who were Syrian. The restaurant employs 18 staff, all fellow Syrian nationals. Mostafa treats his Syrian staff like family and has enacted financial philanthropy benefiting his countrymen. Mostafa is planning to hand over the business to his brother(s) in the near future. Mostafa has provided essential subsistence support for his fellow Syrians in Lebanon and wealth creation for his family, building ingroup group social networks to enact this venture. However, these networks are constrained to co-national partners, limiting the potential for Mostafa and his operations to penetrate the vast social divisions between Syrians and Lebanese in the country.

The poverty reduction entrepreneurial type can therefore include elite economic activity that adopts exclusive practices such as patronage (Acemoglu & Robinson, 2012); however, it more frequently encompasses a broad range of small-scale conflict zone entrepreneurs that are over-represented by businesses with 10 employees or fewer (IFC, 2013; Y. Li & Rama, 2015; Liedholm & Mead, 1999). They can include growth-orientated entrepreneurs who exploit opportunities and innovations tailored to conflict settings (Jha, 2018; Zhang, 2010), but more commonly, this group includes necessity-based entrepreneurship with operations being performed for subsistence due to income necessity, lack of employment opportunities, or (in some cases) women taking up entrepreneurship as their husbands are killed or injured in fighting (A. Muhammad et al., 2011). Necessity-based entrepreneurs often fail to grow and expand, offering short-term economic benefits that play a

stabilizing role for actors and their direct beneficiaries following conflict (Branzei & Abdelnour, 2010). Short-term “survival” entrepreneurship may, however, jeopardize long-term economic value creation and its broader trickle-down impacts (Bullough et al., 2014). The prevalence of such entrepreneurship is broad, and with few sustainable peacebuilding benefits, may explain why supporting broad-based entrepreneurship in a general sense is yielding underwhelming results from business-based livelihood programs run by the humanitarian sector (Bhatt & Tang, 2001; Gueyie et al., 2013; Hartarska et al., 2013; Morduch, 2000). As an immediate humanitarian response to conflict, supporting such businesses offers some benefits, but these benefits are constrained in fostering intergroup cohesion and long-term value creation to support sustainable peace.

Destructive (Exclusive and Value-Destroying)

A destructive entrepreneur not only operates exclusively within an ingroup but also engages in value-destroying activities and economic exclusion among the wider community, driving poverty, and grievance that in turn underpins localized conflict (Acemoglu & Robinson, 2012). These actors capitalize on the destructive short-term wealth creation opportunities in conflict zones (Korf, 2005) and in so doing pose either a direct or indirect danger to peace, as the willingness of this group to cross legal and moral boundaries occurs to the overall detriment of the outgroup as well as the long-term stability of the ingroup. This includes directly supporting organized crime and armed militias (Ahmad, 2015; Mehlum et al., 2002; Schuberth, 2015), but can also include more subtly destructive practices such as the diversion of business resources for personal use, applying entrepreneurial talent to unproductive activities, or “raiding” productive business assets (Desai et al., 2013; Sanders & Weitzel, 2013), which limit the poverty-reducing and peacebuilding benefits of entrepreneurship. Whereas peacebuilders have a direct and indirect pro-peace impact on a conflict zone, destructive entrepreneurs have the opposite effect—actively contributing to the continuation of conflict.

A case of destructive entrepreneurship analyzed the activity of the Mara, an organized street gang that originated in the United States and later set up major operations in Guatemala (Sutter et al., 2013). Following the fall of a military dictatorship, subsequent foreign intervention, and a series of armed insurgencies, organized violence spread through ethnically divided Guatemala to leave the country with one of the highest murder rates in the world. The “Maras,” made up of two cliques—MS13 and Barrio 18—report to a central chain of command to form an organized criminal syndicate (McDermott, 2013) and at the time of publication have around 8,000

members in Guatemala. Maras maintain control over various territories, “taxing” local businesses and individual workers but also engaging in cross-border logistical support for the transportation of illegal goods. The gang has used institutional voids and elicited political corruption to further their activities, which has provided limited economic benefits for its members while detracting from the wealth-creation abilities of local enterprises as well as the incomes of the country’s poor. This has inhibited poverty reduction across the country, instituting a cycle of violence that has maintained conflict and kept its members in harm’s way.

Destructive entrepreneurship covers a series of entrepreneurial modes discussed in prior work and most vividly depicts the conflict-causing role that unguided entrepreneurship can play. These “conflict profiteers” include a wide range of actors, such as predatory organized crime and terrorist groups (Ahmad, 2015; Mehlum et al., 2002; Schuberth, 2015), business elites (Mair & Marti, 2009; Musa & Horst, 2019), strong men (Rolandsen, 2019), and military actors (Korf, 2005; Miklian, 2019), who can block open-market access and create a variety of negative social impacts, establishing exclusive economic institutions for their own benefit (Acemoglu & Robinson, 2012) where they act as economic patrons to the poor (Mair & Marti, 2009). Conflict profiteers also benefit from violence, as their business models are based on exploiting business opportunities that arise during conflict (Subedi, 2013), and concurrently, it is in the interests of these actors to maintain conflict and its drivers. This activity can crystalize the war economy, which provides a major barrier to institutional transition, demonstrating the risks of supporting unguided private-sector actors within conflict settings.

Implications and Conclusion

By illustrating the differing ways in which conflict zone entrepreneurs engage with value-creating and inclusive tensions, this article explicates their paradoxical role in peace and conflict. The resulting four types—peacebuilder, poverty reduction, social cohesion, and destructive—show how different types of engagement with each tension results in either sustainable peace, limited peace, or conflict-causing outcomes, and in so doing provides nuance to the potentially binary categorizations currently found in the literature. By replacing established measures of entrepreneurial success with value-creation and inclusivity criteria, the typology adjusts the focus of entrepreneurial outputs away from economic and social value creation alone toward the outcomes of “peace” or “conflict.” Although a framework of this type does not address the size and scope of an entrepreneur’s footprint on a conflict zone community, it untangles the observed paradoxical outcomes, illustrating how

advancing the inclusive and value-creating tensions avoids the potentially conflict-causing elements of entrepreneurship. This re-categorization of entrepreneurship holds several theoretical implications for future research and offers pragmatic implications for policy and external interventions.

Theoretical Implications

Our framework for understanding the relationship between entrepreneurship and peace moves away from the theoretical silos present in the field. Business scholars have focused on the link between economic development and peace (Blomberg & Hess, 2008; Brück et al., 2011), whereas political scientists and conflict researchers have focused on the broader social engagements of business (Andreas, 2009; Subedi, 2013), often painting the dark side of entrepreneurs in conflict settings. This has resulted in some bodies of work that focus on the value-creating benefits of business practices (Oetzel et al., 2009; Oetzel & Miklian, 2017), with others highlighting the role of broader intergroup dynamics (Austin & Wennmann, 2017; Rettberg, 2007). Our study explores these elements through the value-creating and inclusive tensions, forming an integrative framework that untangles the observed paradoxical outcomes of entrepreneurship in peace and conflict.

Several modes of inquiry in business scholarship remain focused on economic and social indicators alone. Examples include the study of entrepreneurial resilience and survival (Branzei & Abdelnour, 2010; Brück et al., 2013; Bullough et al., 2014; Daou et al., 2019), startups (Kolade, 2018), and post-conflict recovery (Sserwanga et al., 2014; Tarway-Twalla, 2011), all of which associate economic growth and business survival—in addition to other secondary indicators (e.g., access to education, employment, opportunity, financial freedom, and access to goods and services)—with peace or post-conflict recovery in divided territories. This perspective is widely upheld in established business-for-peace scholarship (Fort, 2016; Oetzel et al., 2009), despite being long-contested (Berdal & Mousavizadeh, 2010; Bray, 2009; Hayward & Magennis, 2014; Rettberg, 2007). Although several *ad hoc* studies have begun to engage with the essential intergroup elements of entrepreneurial peacebuilding (Chandra, 2017; Fajardo et al., 2019; Tobias et al., 2013), a lack of clarity on why paradoxical outcomes are observed maintains division and binary classifications of entrepreneurship as either pro-peace or destructive (Desai et al., 2013; Subedi, 2013), dividing research into opposed angles of inquiry. We propose that new theory is needed to help move inquiry forward in this domain toward a focus on better understanding how to promote the pro-peace elements of entrepreneurship while avoiding its negative elements.

The framework outlined in this article presents several new avenues of inquiry. First, a comprehensive understanding of each entrepreneurial type remains limited. Difficulty in accessing data, especially concerning the destructive elements of entrepreneurship, offers several barriers to qualitative and quantitative research. Academic collaboration with key field actors such as the United Nations and the broader humanitarian sector would help to fill such gaps, furthering rigor in both theoretical development and on-the-ground implementations that can help promote the pro-peace elements of entrepreneurship.

Second, the longitudinal impacts of each type of entrepreneurship on broader institutional formation remain understudied. The predominant data-driven contributions to the field are case studies conducted at the community level. Little is known about how entrepreneurship may breach community-level contributions to feed into the overall strengthening—or undermining—of the institutional transition that is critically important for post-conflict recovery.

Finally, a conflict-sensitive understanding of how the entrepreneurial types we have described manifest themselves in varying stages of conflict also provides an avenue for further research. Each type may be enhanced or dampened in varying conflict scenarios. Certain conditions may prove more fertile for peacebuilding entrepreneurs, with prior studies indicating that limited-peace post-conflict environments may support this line of analysis (Forrer & Katsos, 2015). With most contributions to the field taking place in post-conflict scenarios, less is known about the role of entrepreneurship pre-conflict and during conflict. Different conflict phases may impact the distribution of the entrepreneurship types at any given point as well as their ability to influence peace and conflict in different contexts.

Implications for Practice

Our theoretical framework raises the immediate question of how governments and humanitarian actors can promote the pro-peace elements of entrepreneurship. For governments, the wider issue in conflict-affected regions is how institutional reforms can support pro-peace entrepreneurship and move away from predatory conflict economies. Prior research indicates that formalization and inclusive economic institutions can promote value-creating business practices (Acemoglu & Robinson, 2012; North et al., 2009). Most entrepreneurs in conflict settings are informal operators that are primarily subsistence based (Cañares, 2011; Schoar, 2010). Formalization brings legitimacy to an industry and a business (Zimmerman & Zeitz, 2002) and helps entrepreneurs overcome the natural growth barriers inherent to the informal

sector (Webb et al., 2013). In addition, formalization can foster value-adding business practices, in turn dissuading illegal, socially, and environmentally irresponsible practices (Rettberg et al., 2011). However, institutions are key drivers of formalization and broader entrepreneurial activity (Acemoglu & Robinson, 2012; Baumol, 1996; Desai et al., 2013; North et al., 2009; Sanders & Weitzel, 2013), and conflict settings are characterized by institutional voids that are often entrenched in history and not easy to change (Alvi et al., 2019; Sanders & Weitzel, 2013). Failures of the state and a lack of business opportunities will incentivize operations in the informal sector, with distrust in institutions also leading to growth in the informal economy (Webb et al., 2013) which can then endanger peace (Subedi, 2013).

Although the individual responses to such incentives may vary from entrepreneur to entrepreneur, the process of formalization is widely limited by the dynamics of the conflict-zone political economy, which provides a barrier to linking entrepreneurial activity to peace writ large (Miller et al., 2019). Promoting open and constructive institutional reform moves entrepreneurs into formalization and value-creating business practices. The destructive and social cohesion entrepreneurial types demonstrated in this article illustrate that such reforms must promote open economic access to ensure that everyday entrepreneurs do not become the victims of a predatory political economy (N. Muhammad et al., 2016; Nystrand, 2014), which is essential to avoid elite wealth creation and concurrent economic exclusion of the very poor.

Such reforms may be idealistic in many conflict settings. However, we have also demonstrated the role that meso-level initiatives can play in promoting pro-peace entrepreneurship. Examples such as government-led disarmament, demobilization, and reintegration programs (Fajardo et al., 2019), peacebuilding strategies by business collectives (Tobias & Boudreaux, 2011; Tobias et al., 2013), and business associations (Miklian & Medina Bickel, 2020) demonstrate how pro-peace entrepreneurship can be facilitated among a broad collection of actors. With widespread institutional reform being difficult in conflict settings (Sümer & Joseph, 2019), such programs provide much promise, holding the potential to multiply the impact of pro-peace entrepreneurship beyond the individual business owner.

At the micro level, the article presents several implications that hold relevance for the humanitarian sector, which frequently provides support to businesses in conflict settings. Since the publication of the United Nations Development Program (2004) report *Unleashing Entrepreneurship: Making Business Work for the Poor*, enterprise development has been adopted as a key tool to reduce poverty and foster peace by humanitarian actors, and it has often been favored over transitional justice (Boudreaux, 2007) and traditional humanitarian mechanisms (Berdal & Mousavizadeh, 2010). Subsequently,

humanitarian actors continue to provide direct financial aid, or foster international investment, to support local businesses. However, these initiatives often overlook the peacebuilding dynamics discussed in this article, which can result in foreign interventions and donor activity inadvertently driving conflict (Miklian, 2019; Miklian & Schouten, 2019), increasing calls to expand the measurement of such operations beyond economic indicators alone (Mahmoud et al., 2017; Vernon, 2016).

Accordingly, this study provides an exploratory framework for how to select beneficiary businesses that support pro-peace ends. Humanitarian programs typically select beneficiaries based on vulnerability criteria, and in some cases, economic growth indicators. Our article advocates for assessing business' value-creation and intergroup cohesion characteristics, which can be used as selection criteria for such programs. Both can be measured by assessing a beneficiary's norms: the former by analyzing the characteristics of a business's supply chain and labor practices, the latter by examining the diversity of intergroup interactions in hiring, sourcing, and selling. Humanitarian actors are often restricted by donor preferences; however, irrespective of such restrictions, value-creating business practices and intergroup inclusion can be measured for any business, and directing support to these actors can ensure that the activities of the beneficiary contribute both to social and economic value across society and also promote positive relations among community groups. Our proposed framework can be supported by fieldwork to develop the appropriate items and scales to measure value creation and inclusivity with the goal of improving the pro-peace outcomes of business-based livelihood support.

We return to the point that we made in the introduction: it is essential to understand the contributions that entrepreneurs make to peace and conflict to advance theory and future studies on the role of entrepreneurship in peacebuilding. In conflict zones, where the political economy is often working against peace and progress, entrepreneurs can play a salutary role in promoting peace and stability at the community level. However, as we have attempted to show, they can also play a neutral or even negative role. We hope that future research helps advance this important area of inquiry.

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