

Multinational companies' social license to operate in Sub-Saharan Africa

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ABSTRACT

Sub-Saharan Africa has been the central attraction to foreign direct investment (FDI), largely in the form of multinational companies. This growth has highlighted the extent to which multinationals gain a social license to operate; the ongoing acceptance of an organisation's operations by society. The purpose of this research was to explore how multinational companies operating in Sub-Saharan Africa obtain a Social License to Operate (SLO), how they measure it, and how they manage key stakeholders to obtain it.

A multiple-case study method was used to analyse the application of the SLO concept for multinational companies operating in the Sub-Saharan Africa region. This entailed conducting 13 in-depth semi-structured interviews with managers from four case companies who are responsible for setting and/or driving the social performance and stakeholder engagement strategy for the organisations.

The study found that an understanding of stakeholder expectations is a key input to gaining an SLO and that targeted goals are required to ensure that appropriate efforts are directed into acquiring it. Furthermore, it was found that formal and informal tools can be used to measure the SLO. Finally, the role of key stakeholders was explored and it was found that the support of the global head office was crucial to the SLO, that government partnerships and the adherence to regulation are a dependable way for an organisation to gain it and lastly, the role of the employee as a licensor and a facilitator of the SLO was explored.

The study contributes to the body of knowledge on the social license to operate for multinationals operating in developing countries. Thus, a framework is presented to support managers of multinationals in gaining their social licenses.

Keywords: social license to operate, stakeholder management, multinational companies

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Zandile Tshabalala

Date

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1. CHAPTER 1: PROBLEM FORMULATION

1.1. Introduction

This study seeks to explore how multinational companies (MNCs) obtain ongoing acceptance or approval of their operations from the society that they are operating in (Demuijnck & Fasterling, 2016). The social license to operate (SLO) concept is emerging and is underpinned by other theories such as the stakeholder theory (Cui, Jo, & Velasquez, 2016). Therefore, this study further analyses how multinational companies obtain their social license to operate in the Sub-Saharan Africa (SSA) context. Furthermore, it seeks to understand how multinationals measure their SLO, the extent of the role of government in obtaining the SLO and the ways in which they get their employees involved to advance the companies' SLO by aligning to its intended social strategy and becoming promoters of it.

1.2. Background

Sub-Saharan Africa has been the central attraction to foreign direct investment (FDI), largely in the form of multinational enterprises (Adeleye, White, Ibeh, & Kinoti, 2015). There has been a significant increase in the value of FDI in the region, with an increase of over 600% between 2000 and 2012. The largest of these contributors has been China, with a 53% annual growth, followed by Japan at 29% average growth – the European Union and United States have had a 16% and 14% growth respectively (Adeleye et al., 2015). Interestingly, the rise in the contribution of FDI by the East has over time been exceeded by intra-African FDI, with more African firms participating in greenfield investments in Africa than Asian firms (Adeleye et al., 2015). More recently in 2018, FDI inflows to Sub-Saharan Africa increased by 13%, after two consecutive years of negative growth (United Nations, 2019). Even though MNCs from developed countries remained the major investors during this time, there was a significant growth in MNCs from developing nations (United Nations, 2019). This growth has been as a result of stable regulatory policies, a rising demand for profitable commodities and a growth in special economic zones offered to investors (United Nations, 2019).

The role of MNCs as contributors to FDI and international trade activities, is still viewed as a key enabler to the cross-border spread of resources (Marano & Kostova, 2016). Therefore, even with the criticism of MNCs' misdirected use of resources to manage stakeholders, there is still value in MNCs playing an economic, social and environmental role (El Akremi, Gond, Swaen, De Roeck, & Igalens, 2018). Abugre and Anlesinya (2019) also emphasise the need for MNCs to use social initiatives as a further investment instrument to build relations with stakeholders in the host country. The concept of organisations obtaining legitimacy to operate through social licenses that derive from tacit social contracts (Demuijnck & Festerling, 2016) could enforce this relational lens.

The Social License to Operate (SLO) concept refers to an ongoing tacit acceptance or approval of an organisation's operations from the society that they are operating in (Demuijnck & Festerling, 2016). This implies that the granting of the SLO is based on the perceptions, opinions and beliefs of the organisation's stakeholders. These are groups of people that are directly and indirectly affected by the decisions and actions taken by the organisation (Crane & Matten, 2016). The license is also dynamic in nature and continuously changes as the stakeholder perceptions change, therefore, it is important for an organisation to focus on further maintaining the SLO after initially obtaining it. The intangible nature of the SLO makes it difficult (and in most cases impossible) to measure. This makes it important for an organisation to unceasingly focus on its actions to gain the trust and credibility with their network of stakeholders.

The SLO concept, which originally referred to the conduct of firms regarding the impact on local communities and the environment, has evolved to include issues related to employee relations (Cui et al., 2016). This means that employees may grant a social license to operate to an organisation that it works for. Furthermore, the surge in research about employee engagement has also driven organisations to view employees as resources that can partner with them as ambassadors, advocates, influencers and champions (Devasagayam, 2017). This can also apply with regards to the SLO in that an organisation can ensure that it obtains the license from employees and further have them as resources that can advance the SLO to the wider society. Therefore, it would

be beneficial for multinational companies to understand the role of the employee in advancing their SLO.

The SLO concept was started in business and for a long time was viewed as a term “by business, for business” and thus has become part of the business lexicon (Demuijnck & FASTERLING, 2016), however, the lack of literature advancement has led the concept to a stale state with regards to adjusting managerial guidance and recommendations for managers as the business environment evolves. Therefore, this study seeks to bridge this gap and advance the literature for SLO with the intention of providing management recommendation in obtaining and maintaining it.

1.3. The Research Problem

An organisation’s SLO is highly driven by its stakeholders’ perception of it (Buhmann, 2016). In the African context, multinationals in the immediate post independent period of Africa, were perceived as an “extension of the exploitative colonial rule” (Ng’ayo, 2014, p. 2). This evolved after the 1980s with the advent of Emerging Markets Multinationals which are perceived as genuine instruments of economic development (Ibeh & Makhmadshoev, 2018). However, the history of exploitation has created a mistrust, especially in the extractive industries, which has impacted the ability for meaningful relationships between society and the multinational companies (Ng’ayo, 2014). Thus, the concept of companies obtaining an SLO is gaining credence as a vital element in stakeholder engagement. The focus by governments to use Multinational Companies (MNCs) capabilities as job-creation tools (Cooper, Doucet, & Pratt, 2007) also enhances the need to view how the employee contributes to the company’s acceptance to the wider society.

However, the difficulty in measuring an organisation’s SLO has made it problematic for managers to determine how to obtain and maintain it (Demuijnck & FASTERLING, 2016). Furthermore, because companies cannot entirely manage and control their SLO, they have to rely on ongoing dialogue with their stakeholders to understand if they have gained acceptance (Demuijnck & FASTERLING, 2016). This is also important as multinational companies enter a new cultural context which they may not understand,

and as a result, may not understand how best facilitate relationships and gain legitimacy with stakeholders within the society (Cooper, Doucet, & Pratt, 2007). Therefore, it is important for an organisation to not assume that the ways in which they obtained an SLO in their home country can be duplicated in the host country.

The increasing pressure for organisations to drive sustainability through the triple-bottom line concept has made the standards to which companies are expected to adhere to (legally, environmentally and socially) even more stringent (Sheth, 2019). Therefore, the inability to attain or lose an SLO may be detrimental to the organisation's long-term sustainability. It is therefore proposed that an understanding of this unexplored concept can effectively advance it and can create long-term value for the organisation and the society that it operates in.

Thus, the problem that this research seeks to address is the difficulty in understanding the drivers of an SLO for an MNC operating in Sub-Saharan Africa, the means to measure the extent to which it is obtained, and the stakeholders involved in obtaining it.

1.4. Research Purpose

The purpose of the research is to understand the ways in which multinational companies that are hosted in Sub-Saharan Africa obtain a social license to operate. This is to better understand what passive and active steps an organisation can take (or avoid) to obtain and maintain this tacit license.

The research aims to:

- i. Analyse the significance of a social license to operate to a multinational company operating in Sub-Saharan Africa and the drivers to obtaining it
- ii. Determine how a multinational company operating in Sub-Saharan Africa can measure their social license to operate
- iii. Understand the role of key stakeholders in obtaining a social license to operate in the following ways:
 - a. Understand the role of the global head office or parent company in advancing the local company's SLO

- b. Determine the role of government in a multinational company's social license to operate
- c. Establish the role of the employee in advancing or suppressing a multinational company's social license to operate

1.5. Scope of the Research

The scope of this research will be restricted in understanding the social license to operate concept for multinationals in the Sub-Saharan Africa region. This excludes North African countries which, as part of a distinct ethnographic region, have different characteristics that are closely aligned with and influenced by the Middle East and European regions (Tapon, 2012). Multinational companies' ongoing history in Sub-Saharan Africa and their significant economic contribution to the region (El Akremi et al., 2018) make them a key research subject for the exploration of the social license to operate concept. The case organisations are from various industries and are established in countries outside of Sub-Saharan African and within other Sub-Saharan African countries.

1.6. Significance of Research

Demuijnck and FASTERLING (2016), and Buhmann (2016) have highlighted the underdevelopment of the social license to operate concept in academic research. Therefore, this study contributes to the academic literature by providing a novel perspective to ongoing discussions about the social license and exploring the ways in which multinational companies define and earn their social licenses in their host countries. It will extend the existing knowledge by integrating stakeholder and CSR theories more closely with international business and human behaviour literature within a Sub-Saharan context.

Furthermore, given that the business environment is continuously evolving and the literature is not advancing at a pace that provides relevant guidelines for managing an SLO (Dumbrell, Adamson, & Wheeler, 2020), this study will provide business managers the opportunity to understand the factors that influence an organisation's SLO so that

they can drive their strategy into obtaining ongoing acceptance from society, effectively measuring their SLO and engaging with stakeholders to continuously advance it.

1.7. Conclusion

This chapter has presented an introduction to the research paper by providing a background to the growth in multinationals in Sub-Saharan Africa and the growing credence in the SLO concept as a response to the increasing pressure for organisations to drive sustainability for their business and prosperity for society.

The underdevelopment of the social license to operate concept in literature and in business practice has also been highlighted. Thus, this study sets out to explore the understanding of the SLO concept from the perspective of multinationals in Sub-Saharan Africa, to address the question of how they obtain a social license to operate, how it is measured and how it is used as a strategic objective by companies through stakeholder engagement.

The research paper proceeds with a literature review in chapter two which presents an overview of the research constructs, followed by a discussion of the research questions and a description of the methodology that was used to collect and analyse the data. The results of the data collection are then discussed to address the research questions. Finally, the conclusion, proposed framework, limitations of the study, as well as recommendations for future research are presented.

2. CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

The primary objective of this study is to gain a deeper understanding of the SLO concept and determine how MNCs can obtain it. The social license to operate concept is closely related to the corporate social responsibility (CSR) concept, social contract theory, stakeholder theory and legitimacy theory (Demuijnck & FASTERLING, 2016). To achieve the objective of the research, the interrelationships of the theories, the role of MNCs within the concepts and the role of stakeholders will be explored.

2.2. Defining the Social License to Operate Concept

The SLO concept has not had a clear and standard definition, albeit its use in industry and academia (Brueckner & Eabrasu, 2018). The legitimacy of the construct is difficult to determine due to the subjective manner in which it is obtained and therefore, creates conflicting claims to it (Brueckner & Eabrasu, 2018). The concept, which has its origins in industry as a term “for business, by business” (Demuijnck & FASTERLING, 2016) originally referred to the conduct of firms regarding the impact on local communities and the environment, has evolved to include issues related to worker and human rights (Cui et al., 2016). This illuminates the important role of the employee, as a stakeholder, to obtain a social license.

Demuijnck and FASTERLING (2016) ground the concept in stakeholder theory in that the use of the term “license” entails that the “licensor” has the legitimacy to issue, reject or revoke the license. This is ideally a key stakeholder to the business that is identifiable by the business. In this regard, Wilburn and Wilburn (2011) have divided stakeholder groups into two, vested and non-vested. Vested groups have a vote in granting the social license; they have a claim to tangible property that the business requires such as land, water and clean air, whereas non-vested only have a voice to influence the actions of the business or the vote of the vested stakeholder group (Wilburn & Wilburn, 2011). This granting of licenses, however, remains subjective and value-based and requires an understanding of each stakeholder’s micro-social contracts (Wilburn & Wilburn, 2011).

Finally, Bruecknera and Eabrasu (2018) argue that the current generalisation of SLO needs to be curbed and instead the concept should be accurately and specifically described and the various types of SLOs should be identified to give legitimacy to their issuance.

To understand the theoretical grounding of the SLO concept, the CSR concept, social contract theory, stakeholder theory and legitimacy theory will be discussed below to understand their relationship to the SLO. Furthermore, the concept of the SLO as an institution is discussed.

2.2.1. Corporate Social Responsibility and Stakeholder Theory

The concept of corporate social responsibility and its relationship to the stakeholder theory has evolved through literature. CSR is broadly defined as the actions an organisation takes to positively impact its stakeholders (Ng, Yam, & Aguinis, 2019). The concept of CSR was further reinforced through the drive of the triple-bottom line by the United Nations as part of its millennium goals (Sheth, 2019). The benefits of CSR on a corporation's financial performance, reputation and customer experience has also been largely demonstrated through various research (Ng et al., 2019).

The view that managing the competing demands of making profit while meeting stakeholders' social needs as a dilemma that requires a trade-off has transitioned to a view that it is rather a strategic paradox where the coexisting tensions must be managed concurrently (Smith, 2014). However, this view specifically has received criticism on the basis that past CSR research has been too general and has not addressed the trade-offs between the various social initiatives and stakeholders (Wang et al., 2020). The trade-off in supporting one stakeholder group at the potential forfeiture of another is yet to be further explored.

There has been much criticism on the research and execution of CSR and stakeholder management through the years. For example, in addressing the benefits of CSR and encouraging organisations to commit to it, research has heavily leaned on the "doing

well by doing good” concept of demonstrating the financial returns of participating in CSR initiatives (Wang et al., 2020). One such research is the experimental study by Chernev and Blair (2015) which establishes that pro-social initiatives by an organisation positively impacts its product performance and thus benefits its financial performance. This has developed the instrumental stakeholder theory, where organisations focus on delighting the stakeholders for the sake of maximising profits and gaining a competitive advantage (Weitzner & Deutsch, 2019). Weitzner & Deutsch (2019) describe that the proposition of instrumental stakeholder management has lost its relevance. They argue that this stance fails to recognise the importance of the original intention of the stakeholder concept, which is to build close and trusting relationships with stakeholders for the sake of running an ethical business (Weitzner & Deutsch, 2019).

To this end, Chernev and Blair (2015) argue that an important precondition to achieving this effect is for the activities to be perceived as genuine and morally-driven by society. However, this authenticity of CSR initiatives has been difficult to measure (Wang et al., 2020). The challenge of measuring the success of social initiatives has been a critical component in instrumental stakeholder management as there is a focus on the short-term benefits. Businesses tend to want to measure value in the short-term and with financial returns being one of the few tangible benefits of CSR, if the bottom line is not positively impacted then initiatives get cancelled prematurely (Wang et al., 2020).

Similarly, the theory of CSR is challenged by Porter and Kramer (2011) with the introduction of the shared value concept; a management approach that criticises the practice of firms “giving back” through CSR initiatives and rather urges firms to solve social issues by integrating them to how they make a profit.

2.2.2. Social Contracts Theory

A social contract is an explicit or implicit agreement between an organisation and members of society (Hsieh, 2015). Social contract theory posits that social order is achieved when there is an established moral framework that people who coexist in a society consent to and follow. This moral framework is based on norms and standards set by the local society (Spicer, Dunfee, & Bailey, 2004). When businesses fail to satisfy

the social contract it holds with the members of the community in which it exists, those members can withdraw their obligation to the business or actively endeavour to remove the business from their community (Scholz, de los Reyes, & Smith, 2019). Therefore, the social contract governs the SLO that the company is granted.

When relating the social contracts theory to the stakeholder theory, Néron (2015) highlights that the stakeholder theory was formed as a result of applying the social contracts theory directly to the management and governance of companies. Therefore, an understanding of the social contract a firm holds with the community in which it is operating in, is an important part of gaining virtuous stakeholder relations.

Furthermore, understanding the national and cultural context is crucial to understanding the social contract that an organisation is potentially entering into when operating in a new environment (Spicer, Dunfee, & Bailey, 2004). Ethical philosophies vary across different countries and cultures; therefore, it is important to not assume that the moral philosophies that drive social contracts in one part of the world can be applied to another part (Crane & Matten, 2016, p. 79). However, Spicer et al. (2004), believe that there are hypernorms (universal norms that form fundamental standards that govern all societies) that can be applied by businesses as part of the integrative social contracts theory. This is to ensure that businesses can consistently apply a core set of ethical attitudes, independent of the location to which they operate (Spicer et al., 2004). However, when assessing ethical responsibilities, a business should distinguish between hypernorms and local norms to understand the social contract that they should adhere to (Spicer et al., 2004). Adhering to the social contract is an ethical responsibility for an organisation that society expects which is distinct to its philanthropic responsibilities which the society desires (Crane & Matten, 2016, p. 46). This highlights the importance of understanding it and adhering to it to obtain and maintain an SLO.

2.2.3. Legitimacy Theory

Legitimacy is the extent to which an organisation is accepted by its external environment based on whether it operates within the bounds of its norms and values (Deephouse, 1996). Therefore, legitimacy theory is based on the extent to which an organisation meets the social contract that exists between itself and society (Hsieh, 2015). The social contract and organisational legitimacy is interrelated in that the social contract is the establishment of rules to govern the relationship the business has with society and legitimacy describes the post-event to meeting the social contract (Hsieh, 2015). Therefore, part of an organisation's social strategy should be the alignment with the social contract in order to achieve legitimacy.

For an organisation to exist and achieve legitimacy, it must act in congruence with the society's values and expectations in order to obtain acceptance from social actors (Deephouse, 1996). These actors can either be economic or legal actors such as regulators or the general public (Deephouse, 1996). This forms the key distinction in the general legitimacy theory and the SLO, where the latter is an acceptance of the business exclusively by non-regulatory actors who cannot legitimise the organisation through regulatory means. Additionally, Demuijnck & Fasterling (2016) make a distinction between the two theories by arguing that an organisation achieves legitimacy as a result of its cumulative historical performance whereas an SLO focuses on specific events and activities. An organisation, they argue, can maintain its general legitimacy if something goes wrong at one point but lose their SLO for that particular project or activity (Demuijnck & Fasterling, 2016). For example, an MNC that is based in Europe may lose an SLO to operate in Zimbabwe but maintain their legitimacy in their home country. It is key to note that for an organisation or part of an organisation to obtain an SLO, it must first have legitimacy. Likewise, the loss of an SLO may also impact on its legitimacy (Demuijnck & Fasterling, 2016).

2.2.4. The Social License to Operate as an Institution

Institutions have been described by North (1991) as the “rules of the game” that are created to reduce uncertainty and disorder in daily interactions by creating routine. Other definitions state institutions as constraints that are created by humans to structure societal engagements (Peng, Wang, & Jiang, 2008) and Harmon (2019) argues that institutions are assumptions that are usually taken for granted which implicitly guide and provide stability and predictability in human behaviour. Institutions directly impact on business performance and success. However, the extent of this impact is not always easy to estimate reliably (Acemoglu, Johnson, & Robinson, 2001). This is largely because there are two types of institutions, formal and informal (also known as tangible and intangible) institutions (North, 1991). It therefore becomes difficult to quantify the intangible institutions and their impact. Formal Institutions include the protection of property rights, effective law enforcement, and efficient bureaucracies. Formal institutions are generally a culmination of informal institutions (North, 1990). Informal Institutions are generally founded for religious, educational, professional, or social purposes. They include habits and beliefs, social norms and traditions, and drive trust, social cohesion and collaboration (North, 1990).

Voigt (2013) contends that for institutions to gain credibility, they must be measured. He argues that institutions should be measured based on their outcomes. These outcomes are the rewards and penalties that entities get when they conform to the institutional structures (Voigt, 2013). For business, these penalties may include financial loss as a result of not being recognised as a member of the society’s institutions (Jeong & Kim, 2019). However, Voigt (2013) notes the importance of an evolving measurement criteria as institutions evolve. Harmon (2019) contends that even though institutions are characterised by providing stability, they are in their nature constructed, maintained, and changed over time by a variety of micro-level actors that influence, disrupt and reaffirm institutional processes.

Jeong & Kim (2019) suggest that organisations are forced to conform to society’s norms and values to obtain their legitimacy. This means that businesses need to uphold and

reproduce existing institutionalised structures, norms, and customs to obtain legitimacy benefits and avoid illegitimacy penalties (Jeong & Kim, 2019). Considering that the legitimacy theory is closely linked to the social license to operate concept, this means that conforming and upholding institutional structures within a society may be a key requirement for businesses to obtain ongoing acceptance in a society. However, earlier literature by El Ghoul, Guedhami and Kim (2017) highlights that businesses can also influence institutions that already exist. In addition, they argue that firms can also compensate for institutional voids, which are a characteristic of emerging markets, through non-market strategies such as CSR.

Thus, from the several definitions of the institution it is understood that an institution is a set of rules, norms and values that guide the behaviour of individuals within a society. The outcome and incentive of following and conforming to these rules, norms and values is that it provides the individual or group the legitimacy of being part of that society. When this is evaluated along with the understanding of the SLO concept as described above, it becomes evident that the SLO is indeed an informal institution as it sets informal rules on how organisations should interact with society and offers a measurement for the adherence of those rules. However, it has never been formally described as an institution before.

2.3. Measuring the Social License to Operate

2.3.1. The Triple Bottom Line

The triple bottom line (TBL) is a measure of an organisation's sustainability. It is made up of three constructs; people, planet and profit, that determine if the company has achieved overall success for the society in which it operates, for the environment and for itself through financial returns (Hahn, Pinkse, Preuss, & Figge, 2015). Literature has been split on two main views on the triple bottom line – the trade-off view and the win-win view (Longoni & Cagliano, 2018). The win-win view contends that the constructs that make up the TBL are mutually inclusive and can be achieved at a great degree simultaneously (Longoni & Cagliano, 2018). While the trade-off view contends that

meeting the objectives of one construct requires a concession in one or more other constructs (Longoni & Cagliano, 2018; Hahn, Figge, Pinkse & Preuss, 2010). However, Hahn et al., (2015) accepted later that TBL can be achieved without trade-offs but may result in tensions and contradictions that need to be accepted by the business should it desire to meet the objectives simultaneously. They emphasise that this is a strategic paradox which needs to be resolved by confronting and managing conflicts (Hahn et al., 2015).

Literature also points out the concern that the TBL paradigm has failed to progress despite it being covered extensively in management theory and practice (Tate & Bals, 2018; Elkington, 2018). Part of the reason for this is the business culture that is still heavily obsessed with profit (Elkington, 2018). Another aspect is the neglect of the social dimension in management theory which has led to firms being unable to address the social aspect and build their social capabilities (Tate & Bals, 2018). This failure in execution has led to the strategic recall of the TBL term but its founder John Elkington, who originally coined the term in 1994 (Elkington, 2018). He contends that there's still a large focus on measuring the financial performance, and a lot less in measuring the environment and social performance. Furthermore, he also opposes the view that TBL should lead to a trade-off scenario or require a balancing act (Elkington, 2018). Even though the paradigm was meant to be used by business to measure each bottom line in order to ascertain the outcome of the overall business performance, he argues that it was not intended to be an accounting reporting tool that measures the business only from a profit and loss perspective, rather it was meant to measure business sustainability (Elkington, 2018). Finally, he highlights that there has been an advent of numerous terms and theories within the sustainability philosophy which has pushed firms into inertia, simply because there are too many theories, concepts and frameworks to choose from and it becomes difficult to benchmark performance against others as a result (Elkington, 2018).

The growth in frameworks that extend corporate sustainability from just the financial, has also extended the concept of the triple-bottom line by introducing the Quadruple-

Bottom Line (QBL) concept (Sawaf & Gabrielle, 2014). This includes having “purpose” as an addition to the triple “p” concept of people, planet and profit that TBL underscores. This fourth bottom line highlights the spirituality required by business to determine the “why” in their business undertakings. Sawaf and Gabrielle (2014) highlight that the profit part of the bottom line addresses the “what”, which emphasises the fundamental objective of business – to make money. The “how” and “who” take into consideration the resources that will be used in achieving the business objective; the environment and human capital. Finally, the fourth bottom line of “why am I doing this”, focuses on the sacred values that drive the business growth and relates it to the happiness and fulfilment of all stakeholders. In addressing multinationals’ entry into new markets, the quadruple bottom line also highlights the importance of corporates respecting and understanding indigenous beliefs, knowledge and value systems (Walters & Takamura, 2015). They describe the fourth element of the QBL as transferring knowledge from the past to the present and argue that companies can learn from locals who possess indigenous knowledge that can integrate with external experts. This integration should further be extended to co-create goals and achieve them through dual participation that will lead to mutual benefits (Walters & Takamura, 2015). This further reiterates the shared value concept which illuminates the importance of integrating a firm’s operations and value chain with society (Porter & Kramer, 2011).

However, even though these philosophies highlight the value of measuring other non-financial elements of a business in order to ascertain its sustainability prospects, neither the TBL (with its decelerated progress) nor the extended QBL describe how the measurement of the social dimension should be pursued.

2.3.2. Theory of Change

The Theory of Change (ToC) refers to a method used by organisations to change or address and measure an identified social or environmental issue (Guarneros-Meza, Downe, & Martin, 2018). It describes how the organisation will achieve the planned change and how it will evaluate its outcomes. This is done in collaboration with stakeholders to co-create a plan of action that will address the identified issue

(Guarneros-Meza et al., 2018). Organisations develop a theory of change to help them identify their social strategy, focus their goals and objectives, align on and communicate the goals to stakeholders, and measure their success in achieving their goals. The ToC which is primarily used in the non-profit sector and adopted by corporate business, is achieved through a step-by-step process of first identifying the organisation's values and purpose, determining the long-term goal and working backwards to determine the preconditions and actions required to meet that goal (Guarneros-Meza et al., 2018). Finally, as a measurement tool, the final step is to identify the success indicators and test these continuously to determine if they are driving the desired change (van Tulder & Keen, 2018).

van Tulder and Keen (2018) have postulated that designing ToCs entails a great deal of difficulty for complex projects in two ways. Firstly, they argue that the process of creating a ToC can be stressful and daunting to those involved as it is usually novel. Secondly, because the literature on ToC lacks consensus on the reason to formulate a ToC, its benefits and the process thereof; participants of the ToC can lack clarity about the approach (van Tulder & Keen, 2018). In addition, the ToC has been perceived as a "practitioner's tool" which results in organisations failing to take accountability of integrating it into their operations by leaving it to the practitioners to execute. Finally, they argue that the assessment of ToCs can be challenging as a result of companies' uncertainty of which stakeholders to involve in the process and their degree of involvement. This means indicators may be biased to meet the needs of some stakeholders (van Tulder & Keen, 2018).

A framework has been proposed by van Tulder and Keen (2018) to provide guidelines to partnerships to create ToCs that can adapt to complex projects which require the involvement of multiple stakeholders in cross-sector partnerships. This framework highlights the three key requirements of a complex ToC; an issue, a partnership and a learning outcome (see Figure 1). These requirements are mapped against the three levels of complexity; simple, complicated and complex. For example, an organisation could be facing a complicated issue that requires a transformative change such as

unemployment, that requires a complex partnership (such as a cross-sector tripartite partnership between business, government, and a university) and has opportunities for complex learning strategy that may require continuous pivoting of the actions to solve the issue. They argue that specific problem-partnership combinations are more likely to be successful than others. Furthermore, they provide an awareness to participants of the variations in the level of complexity that issues, and partnerships may be subject to and advise that higher-complexity combinations need greater interventions and a more adaptive ToC.

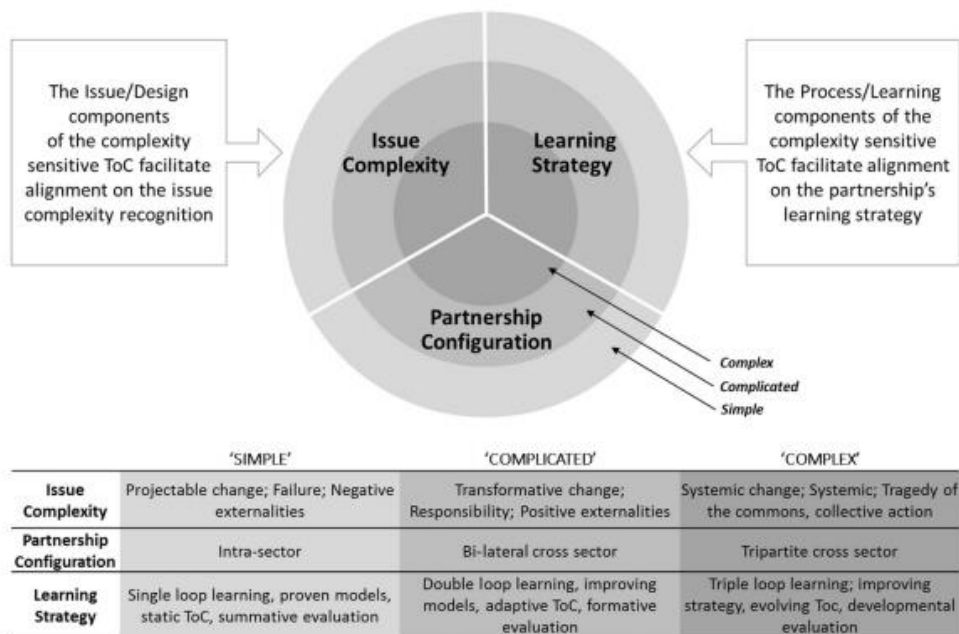


Figure 1: Complexity alignment framework for Cross-Sector Partnerships (van Tulder & Keen, 2018)

However, inasmuch as the framework provides clarity about the imminent challenges that a ToC may be faced with based on its complexity, it fails to adequately describe how they can be managed. There is an advantage in that van Tulder and Keen's (2018) framework creates an awareness to participants of the varied complexities of ToCs, however, the lack of understanding on how to resolve these complexities may still make the exercise intimidating for participants. Furthermore, its failure to recommend

stakeholders to include in the process and to address the assessment of the ToC makes it a poor measurement tool.

Finally, the literature on ToC as a tool neither addresses the requirement of society's approval towards the actions taken to address issues within their environment, nor does it address how for-profit organisations utilise this tool to collaborate with the society it operates in to gain acceptance of its operations.

2.3.3. ESG Reporting

Environmental, Social, and Governance (ESG) is a framework that allows investors to measure a company's non-financial performance factors (Elkington, 2018). More companies are disclosing their ESG performance through integrated or sustainability reports since the advent of ESG in the early 1990s with the rise of ethically-motivated investors (Amel-Zadeh & Serafeim, 2018). The benefits of adhering to ESG criteria for business relates to improved relationships and engagement amongst stakeholders, a direct correlation to improved financial performance (Aureli, Gigli, Medei, & Supino, 2019), improved management practices lower capital constraints, and lower costs of capital (Amel-Zadeh & Serafeim, 2018). Meeting the expectations of investors with regards to a company's social performance increases its prospect of realising these benefits and increasing investment attractiveness. Furthermore, ESG factors can also impact on a company's reputation in addition to the financial benefits (MacMahon, 2020).

The social aspect of ESG refers to how a company manages its relationships and interactions with the society in which it operates. As with the environmental and governance aspects, companies deliver on social criteria through corporate social responsibility (CSR) initiatives (Iamandi, Constantin, Munteanu, & Cernat-Gruici, 2019). The social criteria relates to employee relations, diversity, working conditions, local communities, product information and customer engagement (Amel-Zadeh & Serafeim, 2018).

There has been a significant number of cases that highlight the importance of reporting on ESG factors in order for a company to increase its attractiveness to investors (Aureli, Gigli, Medei, & Supino, 2019). However, the non-standardisation and lack of regulation with regards to ESG reporting has made it difficult for companies to find a structure that will best represent their efforts in achieving sustainability (Baldini, Dal Maso, Liberatore, Mazzi & Terzani, 2018). The lack of robust measurement systems also makes it difficult for investors to compare the performance of one company against another (MacMahon, 2020). Baldini et al., (2016) recommend reporting based on characteristics that are most relevant at the country-level such as the political system (legal framework and corruption), labour system (labour rights and unemployment), and cultural system (social cohesion and equality). Based on this, it is recommended that when providing social disclosure, South African firms should report on how they are addressing social issues pertaining to income inequality (including B-BBEE), working conditions for employees (including diversity and inclusion) and the unemployment rate (such as the employment of graduates).

MacMahon (2020) extends this by indicating two criteria by which ESG performance is measured; 1) the risk that the business is exposed to and 2) how the business is managing the risks. The first criteria is based on inherent country and sector specific risks that the company may be exposed to (MacMahon, 2020). This means that if a company operates in a country that is exposed to high levels of bribery and corruption or where it has difficult community and labour relations, its ESG performance is highly scrutinised. The second criteria involves analysing the types of programs, policies, and processes that the company has put in place to handle the existing risks (MacMahon, 2020). This allows for an adequate rating to be assigned to the company to measure its overall performance. MacMahon (2020) further argues that companies are generally motivated to put effort into their ESG performance and reputation if they have ESG-minded investors. These companies are often also more willing to go through a ratings process by ratings agencies such as Sustainalytics (MacMahon, 2020), the FTSE Russell's ESG Ratings (FTSE Russell, 2020) or the MSCI which also helps investors by

ranking companies based on how leaders in those organizations are managing risks (MSCI Inc., 2020). The rating awarded to a company can improve or decline based on their inherent risks and management thereof (MacMahon, 2020).

Overall, these rating firms and tools provide a way to execute the measurement of a framework that provides a guideline for company non-financial performance. And to a large degree, ESG offers a way for an SLO to be measured through an analysis of the “S” in ESG. However, the lack of rules and standardisation in measuring this performance, in addition to the large focus on ESG being a tool for investors makes it a poor measuring tool for determining if an organisation has an SLO from the society in which it operates.

In conclusion, as the SLO is the ultimate indicator of whether a business is meeting its social obligations from the perspective of the people that engage with it, there is a gap in how to measure it in order to determine society’s ongoing acceptance of an organisation.

2.4. The SLO as a Strategic Objective

2.4.1. Regulation and Government Intervention

While the SLO is largely considered to be separate from the government and formal regulations that are enforced to allow companies to obtain official licenses to operate, it is also argued that governments play a role in facilitating an SLO. This facilitation takes place in two ways; firstly, the social license is seen as a response to government’s failure to provide social welfare to communities, thus companies satisfy these welfare needs in response to government’s inabilities (Dumbrell, Adamson, & Wheeler, 2020). Secondly, governments can facilitate an SLO through policy and regulation that prescribes the obligation that a company has to society and instructs that the obligation be met (Stephens & Robinson, 2021). These regulations are intended to facilitate community support and governments and companies may facilitate projects in a way that encourages community support and avoid antagonism (Stephens & Robinson, 2021). In

the first instance Dumbrell et al. (2020) argue that society generally grants an SLO if they believe that a company has contributed economically to the advancement and well-being of their community. Therefore, if corporate contribution is perceived to outweigh government's contribution, the corporate stands a greater chance of obtaining acceptance.

In a comparative study of the wind energy industry between Scotland and South Africa, Stephens and Robinson (2021) found that government policy in South Africa was vital in the facilitation of a wind farm's SLO. Support for the wind farm project was provided based on the community's gratitude towards the company's financial investment in the community; this included having the municipality as part-owners of the project. However, even though the investment by the company was driven by regulation, namely the Broad-Based Black Economic Empowerment (B-BBEE) Act, the community believed the company invested out of goodwill and did not credit the government because its regulatory role was not understood. They claim that this lack of awareness benefited the company to gain an SLO and that if the community was aware and understood that the company did not act out of goodwill but rather as a regulatory requirement, that they would feel less grateful towards the company and that if they understood their entitlement as co-owners, they would actually demand that the company does more (Stephens & Robinson, 2021). The government in this case, compromised their role in the company's contribution by not creating awareness of their regulatory requirements. Furthermore, they perpetuated the perception that the companies were performing government's duties that they were failing to meet and thus as highlighted by Dumbrell et al.'s (2020), facilitating the company's SLO.

Stephens and Robinson (2021) recommends for the government to invest more in communicating and creating awareness of their involvement in company contributions to society. They argue that may result in communities holding companies to a higher standard of community investment and accountability. However, they did not describe the extent to which regulation acts as a motivator for a company to gain an SLO.

2.4.2. Employee Social Strategy Alignment

When an organisation has set a social strategy based on the social contract it holds with its stakeholders, it is important that the employee understands, aligns and commits to it. This is a prerequisite for the employee to promote the MNC (Chung, Park, Lee, & Kim, 2015). Ateş, Tarakci, Porck, van Knippenberg and Groenen (2020) support this by arguing that any strategy, irrespective of how constructive it is, will be made ineffective if the employee does not put it into practice. For the strategy to be put into practice, strategic commitment is required. This is the mutual and intended support for the strategy for a company (Ateş et al., 2020).

Employees perceive their efforts as a valued and crucial part of the organisation when there is strategic commitment. This encourages them to participate in supplementary tasks, such as being a promoter for the organisation, instead of only focusing on tasks that solely serve their personal interests. When employees agree with and are committed to the strategy, they put in more effort to implement it (Ateş et al., 2020). Ateş et al. (2020) suggest that for an organisation to achieve this commitment, they should ensure that team managers have visionary leadership qualities and that these managers align with the strategy as driven by the CEO or senior authority. In this case, the team manager acts as a mediator to filter down the strategy to middle and lower-level managers. Thus, Chung, Park, Lee and Kim (2015) recommend that managers should be carefully recruited and deployed in order to fulfil the organisational strategy. They further suggest that these managers may even be deployed from the MNC's home country as expatriates to guarantee alignment. When this is supplemented by strong HR systems (such as training, performance management and recruitment) may indeed enhance employees' commitment and motivation to achieve the organisation's goals (Chung et al., 2015).

2.4.3. The Employee as a Champion of the Organisation

Literature on the role of employees in an organisation's social performance has focused on two viewpoints; 1) employees as subjects to social performance and 2) the role of

employees in driving social performance. The first view focuses on employee relations as a tool to achieve social performance goals (Lopez-Cabrales & Valle-Cabrera, 2020). This includes directing effort on employee wellness and health, diversity and inclusion, and working conditions as social performance goals (Amel-Zadeh & Serafeim, 2018). The second view argues that employees can be used as resources to drive sustainability and social performance through their engagement with society as champions and as resources (El Akremi et al, 2018; Tate & Bals, 2018). The literature on employees as social performance resources has propagated the importance of incorporating strategic human resource management practices into the Resource-Based View (RBV) framework; a management framework that focuses on the use of a company's internal resources to gain sustainable competitive advantage (Tate & Bals, 2018). Research on employees as champions of the organisation has largely been focused on the field of marketing. However, the growth in research about employee engagement has also driven managers of organisations to view employees as resources that can partner with them as ambassadors, advocates, influencers and champions (Devasagayam, 2017). Boyd and Sutherland (2006) have however debated that the role in gaining commitment from employees to influence the perception of the organisation is one that is shared across the entire organisation.

The employee's perception of an organisation's social performance (through its social initiatives) has been suggested to influence how the employee champions its social license to operate and thus, how it advances or destroys it. Ng, Yam and Aguinis (2019) have found that there is a positive relationship between an employee's perception of the behaviours of the organisation and his/her embeddedness to it. They posit that this can drive the employee behaviour in such a way that they help to meet the organisation's goals (Ng et al., 2019). Furthermore, El Akremi et al.'s (2018) longitudinal study supports this through highlighting the importance in the role of the employee in championing the organisation. They found that CSR perceptions can positively influence the employees' job satisfaction and resultant commitment to the organisation. They further analysed CSR in relation to organizational pride and perceived organizational support and found a positive relationship (El Akremi et al., 2018).

Boyd and Sutherland (2006) provide recommendations on how an organisation can drive employee championship through an integrative model that follows a cycle of 1) Making employee branding a key business objective, 2) Following a multi-dimensional approach in encouraging employee commitment, 3) Continuous communication using various communication tools, 4) Ensuring that employees feel valued through the organisation's culture, 5) Creating a sense of belonging, and 6) Measuring each employee's commitment.

To adopt a model where the employee influences other stakeholder groups, the inequalities in the treatment of the groups that the employee interacts with should be minimised so that the employee does not experience dissonance in the perception of the organisation based on the unequal support given to him/her and the greater society (Wang, Gibson, & Zander, 2020).

2.5. The role of Multinational Companies in Sub-Saharan Africa

Although the origins of MNCs can be traced back to the 17th century, Bartlett and Beamish (2018) argue that they are a recent phenomenon based on the definition that a true MNC “must have significant direct investment in the foreign country and must actively manage those operations as an integral part of the company” (p. 2). This separates MNCs from traditional “international companies” who are distinguished by holding minority stake, licencing their brand and product, exporting their product or importing their material from foreign countries (Bartlett & Beamish, 2018). They further draw attention to the evolution in the motivation by MNCs in foreign investments by realising that the traditional motives were largely to 1) seek out resources in the form of key supplies (for example oil and minerals) and getting access to cheap labour, or 2) to expand access to new markets where products could be sold. It is argued that in the case of investments in Sub-Saharan Africa, the former was and remains the most prominent reason for foreign investment which is why there still lies a great distrust for MNCs and higher expectations to “give back” (Rathert, 2016).

Multinational companies have therefore been observed to seek legitimacy in their host country through the use of community initiatives (Beddewela & Fairbrass, 2016). This is done strategically by companies to manage relationships with key stakeholders, including government and other non-government institutions. Furthermore, Abugre & Anlesinya (2019) found that social investments have a financial benefit to MNCs in SSA where there is a relationship between the social spend and business value benefit – which can make growth predictions easier. They extend this by emphasising the human capital and reputational benefits that allow MNCs in SSA to attract and retain high-performing employees and a reputation that gains them social approval (Abugre & Anlesinya, 2019). However, Görg, Hanley, Hoffmann and Seric (2017) suggest that this can only be possible if the management team in the subsidiary has a great level of autonomy in decision-making processes in the host country, which will drive motivation for social investments decisions. Overall, social responsibility efforts are believed to assist MNCs in developing nations to gain legitimacy and build relationships with local society if the institutional pressures intrinsic to that country (including the political pressures) are addressed (Beddewela & Fairbrass, 2016).

Both Beddewela and Fairbrass (2016) and Rathert (2016) recommend a partnership approach to managing institutional pressures faced by MNCs. They advise that developing cooperative relationships with government agencies may provide an opportunity for business to contribute to policy that will avoid unfavourable conditions to their competitiveness or impact on the sustainability of the business. Furthermore, they urge business to understand the country-specific institutions and challenges and drive social investment initiatives that align with the country requirements in order to obtain legitimacy (Rathert, 2016).

The notion of MNCs being driven by the intention of gaining low-cost resources has evolved with more companies investing for market-seeking opportunities and moreover to gain economies of scale in production, gain learning capabilities and leverage other investments to advance global competitive advantage (Bartlett & Beamish, 2018). Furthermore, MNCs have proven their ability to change country institutions, including

behavioural norms and processes, through social performance that ultimately shape regulatory institutions (Beddewela & Fairbrass, 2016). Therefore, the role of MNCs as key drivers to institutional change, the parent company's involvement and society's acceptance of the company's social performance and influence should be further analysed.

2.6. Conclusion

Most research tends to view stakeholders as two groups: shareholders and non-shareholders (Wang, Gibson, & Zander, 2020). This creates a blind spot where interactions between stakeholder groups are not observed in order to meet simultaneous or conflicting needs. The employee and the government, in this case, should be observed as a separate stakeholder group that can influence these interactions with other stakeholder groups in support of the organisation's SLO. However, before this is achieved, the organisation should have a clear understanding of the social contract it holds with all stakeholders and have clear legitimacy to operate.

Demuijnck and FASTERLING (2016) highlight that the reason the SLO concept has been largely unexplored in literature is because of its redundancy in that the concept is covered in related theories. However, what we have discovered from above is that the relationship between the theories and popularity in the use of the term in business practice (Demuijnck & FASTERLING, 2016), the use of the term outside of extraction industries (Buhmann, 2016), the expansion of the definition to include employees' rights (Cui et al, 2016) and the role of the employee in promoting it deserves closer examination.

Furthermore, there is a gap in how the SLO is measured in order to determine society's acceptance and support for an organisation, and the role of the government regulation as a motivator for a company to gain an SLO (Stephens & Robinson, 2021). Therefore, this paper will also seek to determine how organisations in Sub-Saharan Africa measure their SLO and manage their interactions with stakeholders.

3. CHAPTER 3: RESEARCH QUESTIONS

This research aims to understand how a multinational organisation obtains a social license to operate in the host country. Furthermore, the research seeks to identify the various measurement tools used by MNCs in determining whether they have been granted an SLO and the role of government and employees in gaining an SLO. The research questions were constructed from the gaps identified in the SLO and MNC literature in addressing the research problem.

Research question 1: What is the significance of a social license to operate to a multinational company operating in Sub-Saharan Africa?

This question is derived from the literature on legitimacy and social contracts theories and seeks to understand if MNCs operating in SSA consider the SLO as a key institution (Jeong & Kim, 2019), how they define it (Demuijnck & FASTERLING, 2016) and whether they are motivated to obtain the SLO. It is also to understand the perceived benefits and costs of obtaining an SLO and to understand the role that the head office/home country parent company has in driving the stakeholder engagement strategy.

Research question 2: How do multinationals operating in Sub-Saharan Africa measure their social license to operate?

Literature has emphasised the gap in how sustainability frameworks such as the Triple Bottom Line (Elkington, 2018) or ESG Framework are measured (MacMahon, 2020) with a large focus still being on financial metrics or how the company manages its risks and less on how stakeholders perceive companies' efforts. This gap further extends to how society's acceptance and support for an organisation is measured. There has been some tools that have been suggested to drive and measure the impact of social change, such as the Theory of Change. However, this question seeks to understand how MNCs in SSA measure society's acceptance and if there can be a standardised way to measure the SLO.

Research question 3: What is the role of government in a multinational company’s social license to operate?

Literature highlights the role of government in facilitating a company’s SLO in two ways; as a result of companies being perceived to “step in” to solve government failures (Dumbrell, Adamson, & Wheeler, 2020) and through regulation that requires companies to contribute to society (Stephens & Robinson, 2021). It is unclear if this applies in the SSA context for MNCs and this question intends to address that.

Research question 4: What is the role of the employee in a multinational company’s social license to operate?

This question seeks to understand the role and level of importance that employees play in advancing a company’s SLO. The employee as a champion and ambassador to the organisation has been highlighted in literature (El Akremi et al., 2018), along with the importance of employee understanding and aligning to the organisation’s social strategy (Ateş et al., 2020). However, the expansion of the definition to include employees’ wellbeing (Cui et al, 2016) and the role of the employee in promoting the SLO for the organisation deserves closer scrutiny in the SSA context.

The below table describes the research objectives that are linked to the respective research questions as highlighted above.

Table 1: Research Questions and Objectives

No.	Research Question	Research Objective
1	What is the significance of a social license to operate to a multinational company operating in Sub-Saharan Africa?	<p>To establish how MNCs define the SLO term in their business operations</p> <p>To determine the motivators for MNCs in SSA to obtain an SLO</p> <p>To determine the benefits and costs of having an SLO</p>

		To identify the role that the company's home country's head office plays in the host country's SLO
2	How do multinationals operating in Sub-Saharan Africa measure their social license to operate?	To ascertain how MNCs measure society's ongoing acceptance of their operations To determine if there is an opportunity to standardise the measurement tools for an SLO
3	What is the role of the government in a multinational company's social license to operate?	To understand the extent to which regulation acts as a motivator for a company to gain an SLO
4	What is the role of the employee in a multinational company's social license to operate?	To understand how employees of an MNC participate in the company's social strategy To identify the factors that ensure that employees understand and are aligned to the social license strategy in order to be proponents of it. To recognise the ways in which employees can promote an organisation's social license to operate.

4. CHAPTER 4: METHODOLOGY

4.1. Introduction

This chapter outlines the research methodology and design, describes the population, the unit of analysis used, the sampling method employed, and the sampling size. Furthermore, the measurement instruments, the data gathering and analysis approach, and study limitations are discussed.

4.2. Choice of Methodology

The research methodology is aligned to the interpretivist philosophy to allow for meaning to be constructed from the interviewees' direct experiences and to understand the social phenomena (Mack, 2010). This subjective undertaking seeks to understand rather than explain the social reality through the perspectives from the different participants (Cohen, Manion, & Morrison, 2007).

The approach to the research was to build theory using the data gathered and observations in order to discover a pattern and develop general principles. This meant that the research followed an inductive approach (Babbie, 2007).

The qualitative nature of this study entailed collecting small samples of data, engaging with the subject and performing an in-depth investigation to derive an understanding (Holden & Lynch, 2004). Therefore, a monomethod of collecting data through organisational case studies (where the Social Initiatives Managers and related managers were interviewed) was used based on the qualitative methodology.

To understand perspectives of the social license to operate concept from different organisations in the study, the data was analysed through narrowing it down to determine commonalities. This follows the exploratory research design which was used in order to discover new information and narrow down the broad understanding of the topic as new insights were gathered (Saunders & Lewis, 2018).

The case study strategy was used to explore the phenomena in this study which was ideal as case studies involve in-depth interviews with the research subjects within the context of their setting to understand the social phenomena (Holden & Lynch, 2004). In particular, the multiple case study approach was employed to understand the phenomena from different perspectives and business contexts. Multiple case studies also allow for the development of theory for novel concepts and new research areas (Eisenhardt, 1989). This was most appropriate as single case studies are more suitable in the testing of existing theoretical concepts. While the social license to operate concept is closely related to corporate social responsibility, social contract theory, stakeholder theory and legitimacy theory, the academic use of it outside of extractive industries is still emerging (Demuijnck & FASTERLING, 2016). Therefore, a multiple case study approach assisted in understanding how organisations distinguish between the concepts and how they best define what the social license to operate concept means to them.

To achieve variability in the data as per the multiple case method (Holden & Lynch, 2004), data was collected from four cases of MNCs operating in SSA in different industry sectors with a wide range of years in operation in SSA. Furthermore, the choice of which employees to interview within each organisation was made by the company itself based on the job roles that they deem to interact best with the social license to operate concept within their organisation. This ranged from senior management External Relations and Sustainability Managers to middle-management Community Relations Officers. However, no entry-level employees or non-managerial employees were interviewed, which limited variability at employee levels. Variability was also limited as a result of the inconsistent number of participants in each organisation. The initial strategy was to interview five people in each of the four organisations to reach a sample of 20, however, it was not possible to access five people in all organisations due to a limited access to senior managers, participant availability and time limitations.

In addition, given the time-constraints of this research paper (two months of data collection), the time horizon for the research was carefully considered. Cross-sectional research allows the researcher to have a view of a particular research setting at a specific point in time through, for example, interviews conducted over a short time period

(Saunders & Lewis, 2018). For this reason, a cross sectional study was most appropriate to observe and analyse the data from the population at the specific point in time that the research was conducted.

The semi-structured interviewing method was used to enquire about the topic through a set of guiding questions while tolerating variance in the design of the interview among the participants (Babbie, 2007). This allowed for an iterative process to build theory through allowing for flexibility during data collection (Eisenhardt, 1989). Thus, this interviewing technique was complementary to the qualitative case study strategy that was used.

4.3. Population

The population of this research is companies that operate in Sub-Saharan Africa as multinational companies and have been operating in the host country for at least ten years. Bartlett and Beamish's (2018) criteria for a company to be recognised as a multinational was used; which is that the company must have a substantial investment in the SSA subsidiary and must integrate and manage the subsidiary's operations as part of the company. In addition, the company must have been involved with social initiatives within their communities and have a strategy or a plan to continue with social initiatives in future.

4.4. Unit of Analysis

The unit of analysis was the opinions of managers responsible for setting and driving the social agenda within the respective MNC. This included CSI Managers, Community Relations Managers, External Relations Managers, Social Economic Development Managers, Community Relations Managers, BEE Advisors and others. The scope of the research was limited to employees in managerial levels who have authority and/or influence to set and execute the organisation's strategy.

4.5. Sampling Method and Size

The qualitative principle of purposive sampling is a method where participants are subjectively selected by the researcher based on their relevance to the study (Welch, Piekkari, Plakoyiannaki, & Paavilainen-Mäntymäki, 2011). This method was suitable for this study because it allowed the researcher to set the direction in building the theory and for generalisations to be made. Eisenhardt and Graebner (2007) also propose the use of theoretical sampling for case study research. This sampling method entailed selecting cases for their suitability in “illuminating and extending relationships and logic among constructs” (Eisenhardt & Graebner, 2007, p. 27). This supported the process of recognising patterns and answering the research questions.

Therefore, a purposive theoretical sampling technique was applied to subjectively select research subjects that are homogeneous. The homogeneity was in respect of the organisations all being multinational companies who are involved with SLO and the interviewees are all at management level but are different with regards to the industries they are operating in and their years of operation in SSA.

A multiple-case approach was used instead of a single-case study which enabled comparisons to be made and for the theory to be more robust and generalisable (Eisenhardt & Graebner, 2007). Furthermore, a two-stage sampling process was used; one to select the company and one to select the research subjects within those companies (Boyd & Sutherland, 2006). The first stage involved identifying organisations that have been involved with social initiatives within their communities and the second stage involved interviewing an identified manager that sets the strategic direction for future initiatives. This enabled the researcher to gain expert knowledge from the managers who are responsible for the organisation’s social engagement agenda as set out in section 4.4. To gain an in-depth knowledge of the construct, the managers were selected based on a criterion that they have been with the organisation for a minimum of three years. Thus, four organisations were analysed through a multiple case study method with two to five managers being interviewed in each company.

4.6. Measurement Instrument

The research instrument used was semi-structured in-depth interviews utilising an interview guide (See Appendix A). This data collection technique is most appropriate for exploratory studies of nascent concepts, such the one that was related to this study, as it enables expansive questions to be asked (Jacob & Furgerson, 2012). The design of the interview guide went through an iterative process by first understanding the literature gaps, generating high-level research questions as described in Chapter 3 and identifying specific questions that were going to address the research objectives.

The interview guide was structured heavily to address the first research question as the main purpose of this research. Therefore, questions 2, 3, 4, parts of 6, 7 and 8 were largely to understand the significance of a social license to operate to a multinational company operating in Sub-Saharan Africa, including defining the concept, understanding motivators for MNCs to get involved with the concept, to determine the benefits and costs of the SLO and to identify the role of the parent organisation or head office in the subsidiary's SLO. Question 5 was included to understand the second research question which is how the organisation measures their SLO. Question 6 was meant to address the third research question on the role of other stakeholders, especially the government and finally, the intention for question 9 was to address the fourth research question on the role of the employee in the organisation's SLO. To allow for the exploratory nature of the study, an additional question was included as a general final question to gain any new insights from the participants on considerations that were not covered in the literature and thus, in the research questions.

4.6.1. Pilot Interview

To test the effectiveness of the interview guide, a pilot interview was conducted (Babbie, 2007). This confirmed that the design of the interview guide enabled the research questions to be addressed. The pilot interview also enabled for an examination of the interview style that would be most appropriate for interviewees; formal or informal. From this interview it was discovered that an informal interview style indicated to the interviewee that the research was seeking their perspectives and that they were not

responding as an official spokesperson on behalf of the organisation. The success of the pilot interview allowed it to be included in the data and the guide to be applied in all interviews with only slight modifications, as per the design of semi-structured interviews (Babbie, 2007).

4.7. Data Gathering Process

Data was gathered using semi-structured interviews. This data collection process entailed an awareness of the researcher's tone and mood (Saunders & Lewis, 2018). Additionally, it was important to ensure consistent engagement throughout the interviews to ensure clarity in the question and receptiveness in the responses.

Given the lockdown regulations brought about by the COVID-19 pandemic and to ensure social-distancing, the interviews took place through video-communications services, mainly Skype and Zoom. The interviews were recorded, at the participant's permission, to ensure that dialogue was maintained during the interview (Jacob & Furgerson, 2012) and that accuracy was maintained when transcribing. The interviews ranged between 20 minutes to 1.5 hours, with an average time of 52 minutes. The time taken during the interviews was similar among participants of the same organisation with Company A interviews taking on average 60 minutes, Company B taking 60 minutes, Company C taking 45 minutes and Company D taking on average 25 minutes.

The interview guide was used for each interview (see Appendix A), with an allowance for follow up questions and slight modifications based on the interview progression as per the design of semi-structured interviews (Babbie, 2007). To ensure that the relevant questions were asked during the interview, research about the organisations was done prior to the interview. This also ensured that the context of the organisation was considered as a case study (Eisenhardt & Graebner, 2007).

4.7.1. Ethical Considerations

The interview guide, along with the consent form used to gain consent prior to the interview (see Appendix B) was approved by the GIBS ethics committee prior to data

collection (see Appendix C for the ethics approval). The consent form was shared with the participants via email with a request for an electronic signature, however due to the COVID-19 restrictions many participants did not have access to software programmes required to complete an electronic signature and as a result, consent was also granted at the beginning of the recorded interview.

It was important to ensure that the organisation and participants were not exposed to any harm that may be as a result of them being identified (Saunders & Lewis, 2018). Therefore, the organisation and interviewees were kept confidential. The names and the geographical location to which they operate was not reported. Only the industries in which they operate was reported. In addition, only aggregated data was reported, and data was stored without identifiers. The data will be stored in a computer hard drive, backed up on a cloud-based drive and on an encrypted drive to safeguard the confidentiality.

4.8. Analysis Approach

The analysis of the data was inductive and was performed using Saunders & Lewis' (2018) three-step process as discussed below:

1. Data preparation

The use of Microsoft 365 Word's transcription services was adopted to convert audio-recorded interviews to transcripts before individually correcting errors that the software service inherently contains. ATLAS.ti, as the preferred computer-aided qualitative data analysis software was used to analyse the transcripts. This process took between two and three hours for each interview to be fully analysed. The process of preparing and analysing the data through ATLAS.ti was a continuous process performed after each interview and transcription. This ensured that initial insights were gathered which contributed to determining if later interviews required modification from a question, design or setting perspective (Babbie, 2007).

2. Proposition development

The existing knowledge gathered through the literature review was used as a guide to develop the propositions which were addressed using the data available (Saunders & Lewis, 2018). Thereafter, the data gathered from the interviews was coded and categorised based on similar characteristics along with the propositions that were formulated.

3. Building theory by looking for patterns

Categories were then refined to ensure that they were meaningful and relevant to specific units of data. The final list of codes was analysed with similar codes being merged to create categories. The units of data had to be large enough to highlight the relationship between categories. Finally, an analysis to identify patterns and themes from the categories was completed using the ATLAS.ti analysis software. Therefore, the analysis process meant that the codes had to be generated first, organised to create categories, and finally the categories were analysed to generate themes.

4.9. Quality Controls

To ensure and assess the quality of the research, the four core principles of qualitative research (Bansal, Smith, & Vaara, 2018) were applied. This includes stating assumptions about how the knowledge is derived to remove excessive subjectivity (Bansal et al., 2018). In this study, some of the assumptions exist as a result of exposure to MNCs through the researcher's employment history which created cognitive frames for which to base the research was formed; for example, the assumption that all advanced MNCs operating in South Africa have a social strategy. Bansal et al. (2018) further emphasize that qualitative papers should be written with detail and authenticity to reflect the true nature of the observations (Bansal et al., 2018). The recording and transcribing of the interviews ensured that the trustworthiness of the data was maintained.

The interviews were kept largely open-ended with allowance given for follow-up questions to the participant's responses (Jacob & Furgerson, 2012). Validity was warranted through a careful design of the interview questions to ensure that they were

simple and therefore understood by the participant, relevant to address the research questions and collected from a noteworthy number of participants (Saunders & Lewis, 2018). Moreover, to ensure reliability in the research; that is, that the results will be consistent should the study be duplicated, the data collected from several independent participants achieved respondent triangulation (Cohen et al., 2007).

Finally, qualitative research usually contains the researcher's bias which affects the reliability of the research, (Saunders & Lewis, 2018). To avoid this, a standardised interview guide was used in all the interviews and the sample criteria of managers that were with the organisation for over three years was strictly followed to ensure consistency.

4.10. Limitations

One of the limitations to qualitative research is that it is highly subjective and does not make use of scientific methods to measure and verify results, therefore results cannot be generalized to other situations (Mack, 2010). However, the objective of the research, which was to contribute new insights and develop local theories, was maintained. Furthermore, deliberate sampling methods can make qualitative research more generalisable (Eisenhardt & Graebner, 2007), and in this case the narrow sample for managers that drive the social strategy of MNCs that have been operating for over 10 years in SSA can make the research more generalisable.

Eisenhardt and Graebner (2007) highlight that the challenge of interview data is the potential for bias. Close exposure to the cases under study may contribute to this bias (Saunders & Lewis, 2018) which may lead to impressions and retrospective sensemaking (Eisenhardt & Graebner, 2007). However, this was mitigated through a data collection approach that involves having a sizable sample of knowledgeable participants who view the phenomena from a diverse perspective (Eisenhardt & Graebner, 2007). In this study, these participants were the diverse group of employees in different specialties in each organisation.

A limitation for case study research is the small sample size that makes it difficult to place confidence in the conclusions drawn (Saunders & Lewis, 2018). Eisenhardt and Graebner (2007) believe that the multi-case approach can significantly improve the quality of emergent theory, hence its use in this study. Furthermore, the veracity of the sample size was tested during the data analysis phase when determining if saturation was achieved (Saunders & Lewis, 2018).

Additionally, the dichotomy in presenting empirical evidence between the single-case study and multiple-case study has opportunities as well as challenges (Eisenhardt & Graebner, 2007). The opportunity (as described in section 4.5) is that multiple-case research allows for comparisons to be made and it ensures robustness of the theory as a result of the findings being generalisable. However, the limitation to this type of research is that one cannot present the qualitative data of each case entirely through a storytelling approach where narrations and direct quotations are used to link the empirical data to the developing theory (Eisenhardt & Graebner, 2007). This usually creates a trade-off between largely focusing on the rich empirical data or the emergent theory; however, to meet the objective of theory-development, theory was primarily presented with case evidence used to support it (Eisenhardt & Graebner, 2007). Moreover, the use of visual tools (such as summary tables and graphics) were used to manage the spatial limitations.

5. CHAPTER 5: RESULTS

In this chapter the results are presented as themes that correspond to the research questions as formulated in Chapter 3. This section presents the findings of the data that was collected during the semi-structured interviews. A description of the sample is presented, followed by a detailed presentation of the results per theme.

5.1. Description of the Sample

The results were gained from a series of interviews (semi-structured) conducted with employees from four multinational companies based in South Africa. The interviews were conducted with employees at management level within the same organisation that have different roles which involve setting or driving the social strategy within the business. This was done to gain insights from different perspectives within the same business in order to perform a case study of that respective company and analyse the data across the organisations. The cases within which the interviews took place are discussed below.

A total of thirteen interviews were conducted to gather insights that will address the research questions and uncover any new insights. The companies were selected based on the first criteria that they had to be a multinational company, operating in Sub-Saharan Africa for over ten years in any industry sector. The definition of MNC by Bartlett and Beamish (2018) that the company must have a substantial investment in the subsidiary and must integrate and manage the subsidiary's operations as part of the company to qualify as an MNC was used. The interviewees were selected on the criteria that they had to be employees of the MNC at management level, responsible for setting and driving the social strategy and/or the strategy on engaging with society.

5.2. Introduction to Cases

5.2.1. Company A – Oil and Gas Company

Company is a multinational oil and gas company that has had its presence in Africa for over 100 years. The company has its headquarters in Europe but has operations in over 70 countries. The company's purpose is centred around meeting the current and future energy needs of society in ways that are economically, socially and environmentally viable. They have faced much scrutiny over the years from environmentalists and ethically driven stakeholders for their contribution to environmental damage and carbon emissions. However, the company has focused their sustainability efforts into the environment, communities, safety and transparency.

5.2.2. Company B – Information Technology Company

Company B is an American multinational information technology company that provides a variety of computer hardware and software as well as IT-related services to consumers, small and large business, including customers in the public service and education sectors. The company's reputation has faced challenges in the past for supplying products to sanctioned countries and providing misleading and false information about its products to the market. However, the company's strong brand as a superior technology provider has allowed it to regain market confidence.

5.2.3. Company C – Telecommunications Company

Company C is a telecommunications company that was established over 25 years ago. They provide voice, messaging and data services as well as the sale of mobile devices. Its parent company is a British multinational operator and it has subsidiaries in Tanzania, the Democratic Republic of the Congo, Mozambique, and Lesotho, and provides business services to customers in over 32 African countries, including Nigeria, Zambia, Angola, Kenya, Ghana, Côte d'Ivoire, and Cameroon. The company has been known to be a generous sponsor for various community and social initiatives such as education and sports which has supported its status amidst issues it has faced with regards to excessive network charges.

5.2.4. Company D – Mining Company

Company D is one of the world's largest gold mining companies. The company owns and operates mines in Australia, South Africa, Ghana and Peru. The company has been riddled by controversy in the past with regards to bribery and corruption allegations with regards to the organisation's BEE transactions. However, the company has committed to full disclosure of their operations and has managed their reputation to be one of the mine's with the least disruptions to operations in South Africa in the last five years.

Table 2 below tabulates the interview participants that contributed to the research and the respective case companies that they are part of. A total of thirteen managers were interviewed.

Table 2: Interview Sample Details

Company	Sector	Interviewee Job Title
Company A	Oil and Gas	CSI Manager
		Transformation Manager
		External Relations Manager
		Enterprise and Supplier Development Manager/ BEE Advisor
		External Relations Advisor
Company B	Information Technology Company	Area Category Manager/ Socio Economic Development Advisor
		Sustainable Impact Manager
		Chief Technology Officer/BEE Advisor
Company C	Telecommunications Company	Principal Specialist: Public Policy and Stakeholder Engagement
		CSI Manager
Company D	Mining Company	Community Relation Supervisor
		Sustainable Development Manager
		Community Relations Officer

5.3. Presentation of Results

5.3.1. Research Question 1

What is the significance of a social license to operate to a multinational company operating in Sub-Saharan Africa?

This research question sought to gain an understanding of how MNCs operating in Sub-Saharan Africa define the social license to operate term, its significance to business operations and the costs and benefits associated with gaining an SLO from society. This was further explored through an understanding of what motivates companies to consider their SLO and the reason they interact and engage with society. Lastly, the role of the head office or parent company was explored to understand the interfaces, support and autonomy provided. An inductive analytical approach was used to analyse the results for this question and several themes emerged as described in the sections below.

The figure below illustrates the themes that emerged during the data analysis process in addressing the research objectives to understand the significance of the SLO to the case companies.

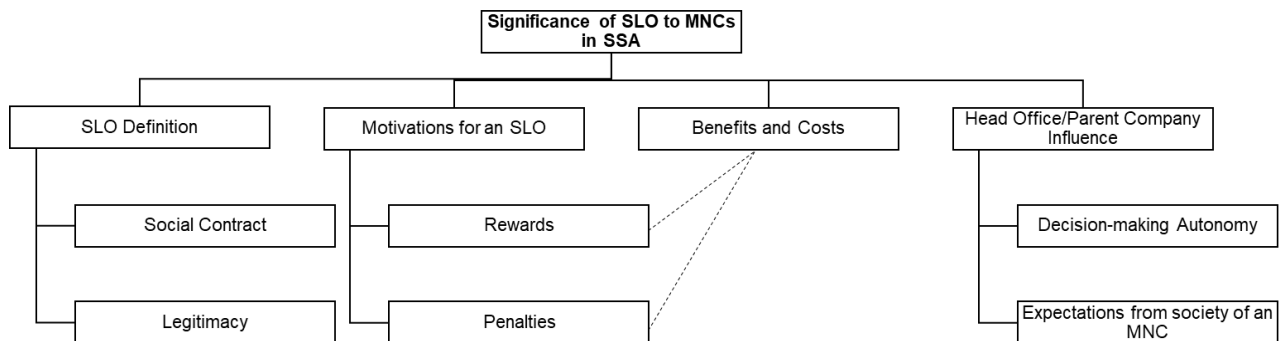


Figure 2: Overview of Results for RQ1

5.3.1.1. Defining the “Social License to Operate” term

From the data gathered, it was discovered that there was a great deal of confidence in defining the SLO term from the two cases that are in extractive industries, Company A which is in Oil and Gas and Company D which is a mining company. The definition of the term for these industries also corresponded with the general definition of the term from literature in that they described the concept to be a tacit license linked with a social contract that is set by society based on their expectations. However, most respondents highlighted that the term is largely linked to how society’s expectations are met. Company A participants largely defined the term as permission granted to the organisation by communities for companies to operate.

“it’s about how our communities around us actually allow us to operate in their communities and deeper, it means that we, as an organization, actually understand what the community needs are, what the community resources are, and we act responsibly” (Participant 1 - Company A)

They further extend this to elaborate that the SLO is a form of contract that entails providing benefits or conducting business in a manner that is acceptable to the community in exchange for this permission.

“So for me, it’s really about the contract that corporates, multinationals, every business should have with society whereby we commit ourselves because, If I commit myself to government with an agreement to say we’ll certain things over a period of time, why are we not doing it with the society?” (Participant 4 - Company A)

The participants in Company A also emphasised the fluidity of the SLO in that the terms of the “contract” may change based on the changes in society’s expectations or the environmental context.

“The social license to operate is a perpetual process and the reason for that is that it’s completely dynamic based on a variety of things so as unemployment goes up, it’s going to change... as you develop your business, the expectations will increase. There’s never an end point, it’s like any relationship... it needs continuous effort, it needs continuous monitoring.” (Participant 3 - Company A)

For Company B, the term was novel to the organisation. However, given that they have an extensive focus on sustainability and social development, they interpreted the SLO to be linked to society's expectations from their operations.

"That is quite a new term, I've never heard it like that, but a social license could be the broader society's expectations; a go/no-go in terms of this is what is acceptable in fulfilling a function within society." (Participant 2 - Company B)

"I think we are talking about what is the expectation of the community of you as you are operating there. I think that's part of it. I think as well. It's also on your side, in terms of what do you bring to the table; to the actual community where you are operating" (Participant 1 - Company B)

Company C participants also admitted to not using the SLO term in their daily lexicon, however, one participant highlighted that he associated the term with trust. He submitted that to obtain an SLO, organisations must have gained trust from their stakeholders.

"Stakeholder Trust is our license to operate... trust is the currency which gives you the license to operate, and I don't know if you can equate it to the social license to operate. So you kill trust, even your very own customers are not likely to stick around with you. So we want to build trust with our stakeholders, governments, customers and the likes. Because that gives us the license to operate. (Participant 1 - Company C)

From Company D's perspective, just like Company A, the SLO is a concept that they are familiar with as it is part of their company strategy. They admitted that it is a "broad term" but also defined it as permission by the community for the mine to operate in their environment.

"From my point of view social license to operate means that the people around the mine have given permission for us to operate so they will not hinder our operation" (Participant 2 - Company D)

Furthermore, they also viewed it as an implicit agreement or contract with the community

“Social license to operate is actually a contract between the mine and the community, but it’s sort of a gentleman’s contract that we usually have with the community. And how you get to reach a social license to operate through the actions that you take with the community.” (Participant 1 - Company D)

“It’s not a written thing, It’s not a written agreement that says that we will allow you guys to work here, but it’s something that’s not said and it’s not written anywhere, but it’s consent to say, you guys are allowed to operate within our space, within our community” (Participant 2 - Company D)

5.3.1.2. Motivations

To understand the significance of the SLO to each case, each organisation’s motivation to engage with society was explored. This revealed that different companies are motivated by different reasons. While the overarching reason was based on a need to address socio-economic challenges faced by society, other motivators were focused on the benefits that the companies stood to gain such as financial gain from increased sales or an avoidance of disruptions in the companies’ operations. Furthermore, it was revealed that the personal motivations of the managers also influenced the company direction with regards to their engagement with society.

Company A was predominantly motivated by the need to drive socio-economic development in what they refer to as “Nation Building”, however, they also submitted that the SLO drives their reputation as a company

“it’s an enabler of some sort, but you’re using those tools to deliver a certain value; which for us in South Africa is to address unemployment, poverty and inequality... you can also imagine for South Africa, a topic like this has reputational links” (Participant 2 - Company A)

“I think what’s helpful for us is that the SLO is part of our global strategy, it’s about shared value; shared value for me links very clearly to social license to operate. In the South African context, we’ve got 5 key ambitions; nation building is one of

them, and to be a nation builder you have to have a social license to operate.”
(Participant 3 - Company A)

They also acknowledged that the pressure from society and regulators to “do good” is a key motivator based on their financial prosperity and their use of the environment as a resource.

“Company A like many other corporates would not just do this. We are not doing this because it's right. It was kind of forced on us. It was forced on us because people said, “we want part of this”. It was forcing us because governments came and said, wait a minute. “if you take that oil there and you're making X amount of money, what are we getting out of it?”” (Participant 5 - Company A)

Company B has a framework that guides its decisions and actions with regards to external engagements. It includes looking at the impact of their operations from a community, planet and people perspective. Each decision made should positively contribute to the three imperatives.

“...if you look at a broader framework, I think we consider three things; community, planet, and people” (Participant 1 - Company B)

The company also highlighted the sustainability of the company in the long term as a key motivator for positively engaging with society

“We know if we strengthen those societies out there, that the likelihood that we will be there in 10 years' time is very good.” (Participant 2 - Company B)

Finally, company B also reiterated the role of the customer as well as competitors as motivators to continuously find innovative ways to meet their expectations and remain competitive.

“We want to meet and exceed the customer's sustainability expectations. But do you know what the big problem is; sustainability means something different to everyone out there. No one customer is the same, if I talk to Deloitte, in terms of sustainability, they focus on recycling and they focus on community education projects... That's what drives their scorecard. If I talk to Woolies; they look at

responsible sourcing, they look at the material; where did you find the gold you're using on your PC from? Did it come from child labour or slave labour? Are there any conflict minerals possibly in the PC that you are selling to us?" (Participant 2 - Company B)

"the competition is just lifting the bar in terms of achievement and I tell you, the competition is after us, and we're maintaining that position." (Participant 2 - Company B)

Company C participants have expressed that they have moved away from a general "giving back" strategy to one that is motivated by the strengths that the business possesses, such as digital capabilities, to mutually benefit the business and society.

"We said, what are we good at? We are a telecoms company; we are a communications company. Our job is to connect people, at the most basic level, our job really as a company is to connect people. Why don't we link our purpose to what we do? Because if we do that then we are using our business strength not just to make money for us, but also to contribute to social development in the markets where we operate" (Participant 2 - Company C)

Company D's social license to operate is motivated by the importance of a mine not having interruptions during operations, thus their focus is on the local communities.

"We cannot operate if our communities are not allowing us. So, we need to have good relations with them in order for us to keep on having this social license to operate" (Participant 2 - Company D)

Overall, there was personal motivation from the participants across all the organisations that was focused on purely "doing the right thing" and positively contributing to people's lives. Given that the participants are managers that set and drive the strategy for the organisation, these personal motivations were often reflected in the business decisions and actions.

“I can say for me personally if I fulfil my duties, if I see a change in people's life, if I contribute in terms of making sure that I change people's life, I deliver in what I promise; I basically sleep peacefully knowing that even if I can be called and they say, did you make a change in the community? I'll be happy.” (Participant 3 - Company D)

“...it really helps to wake up every day and know that you're making tangible changes in people's lives” (Participant 1 - Company A)

“But I'm also really interested in social initiatives and social development. If I may say so myself, I think I've got a good heart and I like helping other people, so it comes very natural to me.” (Participant 1 - Company B)

5.3.1.3. Benefits and Costs of an SLO

To understand the advantage of obtaining an SLO, the participants were asked about the perceived benefits and costs of obtaining an SLO within their organisational context. Many participants emphasised that there were significant costs in their organisations in obtaining an SLO. This largely comprised the cost of the dedicated teams for social development or sustainability efforts that the case companies had. Company B was the exception with regards to having a dedicated team. The Sustainable Impact Manager looking after Africa was the only person in the organisation that had the sole responsibility that was linked to the social strategy. The other managers had full-time roles and also led the internal committees such as the Social Development Committee or BEE board within the organisation as supplementary voluntary responsibilities. Overall, the participants all agreed that the benefits outweighed the costs of obtaining an SLO

When asked about the benefits of an SLO, the extractive industries focused more on the costs of not having one instead of directly addressing the positive benefits. This indicated that they were motivated more by the cost of not having an SLO rather than the benefit of having one.

“I can give you a softer answer for this, such as it's always nice to be liked, you want your neighbour to like you, right? Let me start with the hard facts; the fact

is if people don't want you to operate, they'll make your life difficult.” (Participant 3 - Company A)

“Sometimes you need to have the carrot and stick situation. So sometimes corporations need the lesson to say, “if you're going to do this, no license”. So, Company A like many other corporates, it was a stick approach.” (Participant 4 - Company A)

“I can give you an example by our mining peers in the West Rand. You find that they are always having problems of theft. We do also have the problem but it's very minimal. And then now also you find there are community protests that usually come to block the production of the day or the week.” (Participant 1 - Company D)

Company C participants stressed the mutual benefit of having an SLO, which included customers benefiting from the company's products through an improved quality of life and the company financially benefiting.

“So, you can't just sit back and watch. You have to get your hands dirty, be part of uplifting or developing that community, because when that community succeeds, we also succeed. If now a customer can make a call, who benefits? They benefit, because they get connected, but [Company C] also benefits because now there is some revenue coming through the call that is generated. So, everyone wins at the end of the day.” (Participant 1 - Company C)

Furthermore, they emphasised the importance of integrating society as part of the business value chain in order to obtain shared value

“So, society see that they're part and parcel of this value chain and everybody wins and benefits.” (Participant 4 - Company A)

“If you want to do something, look at the supply chain. Where it starts, where it finishes. If you are part of that supply chain, we can be successful as Africans.” (Participant 3 - Company B)

With regards to costs, Company B, who did not have a dedicated social performance team and did not see that as a cost but rather emphasised the needs to increase product performance, product recycling options and obtaining certifications for their products as key costs.

“So if you want your product; let's say if you want your super-duper laser toner printer, to sell; you need to get the certification because your customers or the public sector are saying, “I only buy a printer if it's got the Blue Angel [Ecolabel] certification on”. (Participant 2 - Company B)

5.3.1.4. Head Office/Parent Company Role

The role that the head office had was different for each organisation as their organisational contexts and structures were different. The participants in Company A largely agreed that being part of a multinational meant that the strategy and actions taken by the local company must align with the global strategy. The benefit of this is that there is support for initiatives taken that align with that strategy, however, it was highlighted that there is a disadvantage to it in that it restricts discretion with regards to engaging with government entities or making strategic decisions that don't directly align with the global strategy. An example is given below by one of the participants of the dynamics of decision about a state-owned entity (SAA).

“The other thing that becomes a challenge when you're working for a multinational in a local environment is when the global markets or the head office realises that there is an issue in the local markets. Now let's take an example, SAA, so let's say SAA has got an account with us, but they are going down as an organization. If you are a multinational company and there are people who are not in country making decisions, the first decision that they make is that you must pull out of SAA. But what is the impact? The impact is that the person who's saying pull out is someone who does not understand what is happening in South Africa and the impact of pulling out because when you entered into a deal with SAA, you entered into a deal with SA. And when you want to pull out because SAA is not doing well, you are actually pulling out of government when government needs you the most.” (Participant 5 - Company A)

Company B also highlighted the challenges faced with regards to gaining support on government regulation that is specific to South Africa, such as the B-BBEE Act.

“It's like a very sensitive topic. I don't think I've heard any person from outside South Africa saying Broad Based Black Economic Empowerment and we are

being direct about helping previously disadvantaged. They don't say it like that, you know... It's first this compliance thing, and they try to find ways around it and you need to try and convince them, but it's a very difficult thing to ask a non-South African to pay money to do something that they don't understand.”
(Participant 1 - Company B)

The participants in Companies C and D drew attention to a different experience as they gained support from their respective head offices who understood the differences in country contexts (Company C) and trusted the team that they assigned to the job (Company D).

“Fortunately, [Parent Company] in a way, has given us leeway to say, “you will still align to our policies, but we will respect the terms of how Company C as a foundation works”. We always say we are one company but different countries and different routes because each country has its own dynamics” (Participant 2 - Company C)

“They're guiding us hey, they just give guidelines because they basically believe in the team they've employed. So, it's a matter of getting guidelines; to focus on education or to increase government engagement... it's just a matter of guiding us on the direction that the group is targeting for the year.” (Participant 3 - Company D)

Finally, the participants were asked whether they believed that being a multinational meant that there were higher expectations from society for the organisation to “give back” or stricter conditions from society to obtain an SLO. Company A participants indicated that they believed that there were higher expectations because of the perceptions from society that “they are taking money out of the country”, irrespective that the company has been operating in the country for over 100 years. Company D participants found that there was an insignificant difference in public expectations whether a mine was founded in the country or not as they perceived all mining companies to be “taking resources from their land”. One participant in Company C reiterated this for their industry by stating that whether they are associated with their parent company or not, the general expectation from the public is higher for a “company that is thriving and successful in the country or in their markets”.

5.3.2. Research Question 2

How do multinationals operating in Sub-Saharan Africa measure their social license to operate?

This research question aimed to understand how the sample cases measured society's approval of their operations and to establish if there can be a standardised way to measure an SLO. The interview question that addressed this question was framed to ask the participants about how they knew as an organisation that they have an SLO.

Figure 3 below highlights the themes that emerged during the data analysis process for this question, namely the opportunities and challenges associated with measuring an SLO, the process of setting targets and tools used by MNCs to measure their SLO.

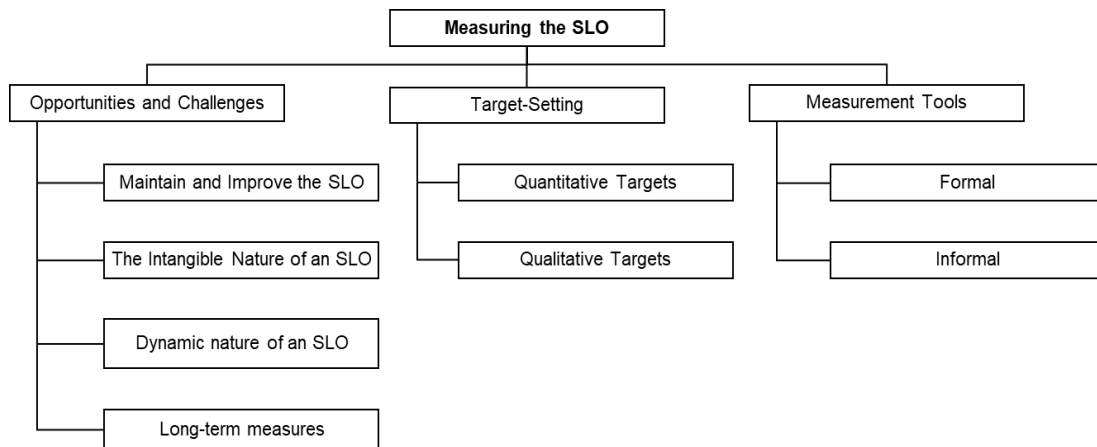


Figure 3: Overview of Results for RQ2

5.3.2.1. The Benefits and Challenges of Measuring the SLO

When asked about measuring their social acceptance, all participants agreed that measuring stakeholder perceptions and society's gains from the company was important. They asserted that measuring this was important in understanding how to maintain and improve their SLO status.

“making sure that when we implement social investment programs, they are measurable, and they have a sustainable social outcome as well.” (Participant 1 - Company A)

“We see it all the time. They set up space, they set up offices, they move in, and the first thing is, “what’s the return to shareholders”, and so the question should be rather, “what is the return for society?”” (Participant 4 - Company A)

However, they highlighted the difficulty in measuring the SLO, largely because of the intangible nature of perceptions and a company’s reputation, which creates complexity in quantifying its status.

“So well, for me it links back to reputation, right? And you can’t hold it, you can see it, you can’t even quantify it. But we know it’s there and you normally see it when you are in times of troubles.” (Participant 1 - Company C)

“It’s a very hard thing to say something has been successful when it comes to community, because each and every person has some sort of a perception if I may put it that way, and it’s hard to measure perception or to see that it is now negative or positive.” (Participant 1 - Company D)

Furthermore, some participants also put forward the importance of measuring the long-term impact of their actions to society. However, this presented a challenge of identifying immediate benefits of the business to society.

“all of our goals run from 2015 to 2025” (Participant 2 - Company B)

The challenges in measuring an SLO are further aggravated by the dynamic nature of the SLO which creates a “moving target” effect that requires continuous effort in obtaining it.

“I don’t think any entity in South Africa can say they’re successful because we still have such a gap. It’s such a huge gap as a nation.” (Participant 2 - Company A)

“I don’t think any company will say “we’re performing well”. You could shoot yourself in the foot, but I think you can tell yourself, “we’re performing adequately”” (Participant 4 - Company A)

5.3.2.2. Target-Setting

A few participants affirmed that setting goals and targets is important for obtaining social impact in the initiatives that the organisation undertakes.

“We thought we must have a purpose that is simple for our stakeholders to understand, keep your focus areas to a minimum so that you can distribute the very limited resources that you have to those areas and make the most meaningful impact.” (Participant 1 - Company C)

“If you open up our sustainable impact report 2019, it was released now in July. There's a set of measurements, a set of targets” (Participant 2 - Company B)

These targets were categorised into quantitative and qualitative targets. One participant Companies B highlighted a few of their quantitative targets.

“Our number one goal in community is to enable a better learning outcome for 100 million people by 2025” (Participant 2 - Company B)

“We want to have 1 million new users, or new students enrolled in our [free online entrepreneurship programme] by 2025, we currently standing on 330,000 new users and it's growing” (Participant 2 - Company B)

“We want to connect 100 million people through the Internet by 2025. That's linked to our purpose of digital inclusion” (Participant 1 - Company C)

However, a participant from Company C stressed the danger of measuring the quantitative measures as it can often “blind” companies to the value of the company's efforts as perceived by the beneficiaries. They provide an example of quantitative targets used by the company before.

“So before, that's how we would say we are measuring. By saying, “we've got 143 teacher centres across the country, and Company C has supported 92, which is almost 60 or 70% coverage of teacher centres in the country... We've got 3000 schools but there's over 20,000 schools in the country etc”.” (Participant 2 - Company C)

In advocating for more qualitative measurements, two participants emphasised the importance to move to more outwardly focused measures where society can express their perceptions towards the company efforts rather than a company “checklist” approach.

“...that way they can tell us that this is the value. So that's how I would say we are now measuring impact in the work that we do. Not just us bragging about the work that we do, but getting our beneficiaries to tell the story” (Participant 2 - Company C)

“...to make sure that we are actually making a change and I don't think putting it down on the scorecard and writing it down to say “tick, tick, tick on a box, but having that conversation and making sure that it actually happens is quite important to me and it wasn't always like this.” (Participant 1 - Company B)

Finally, two participants highlighted the importance of setting targets in partnership with society as this will ensure that they gain an SLO.

“I discuss with the person and ask, what do you want? What do I want? How do we work together and what measures that?” (Participant 1 - Company B)

“Building closer bonds with our communities and where we operate, and actually making them our partners, we stand a better chance of being trusted and we see trust as a key requirement for us to continue to do business in their markets where we operate.” (Participant 1 - Company C)

5.3.2.3. Measurement Tools

From the interviews, it was discovered that companies measure their SLO through either formal or informal tools or both. The formal tools include social impact assessments and relational assessments which entail independent companies conducting surveys and/or interviews on behalf of the company to assess stakeholder perceptions. A few participants described this process as per below.

“...one of the ways is we actually have a whole discipline called social performance; where [Company A] actually has expertise in country or within

projects to do what is called social impacts assessments or social impact management, and that helps to actually manage our social impacts or environmental impacts” (Participant 1 - Company A)

“We conduct scientific surveys yearly, where we check stakeholder perceptions about us, about our projects and services, about our company, about our leadership, about contribution to society, about our contribution to alleviating challenges with the planet and all of that.” (Participant 1 - Company C)

“But what we usually do is that we put in independent people that go there into the community and measure the relations through a relational assessment. Those are the things that we usually measure our social license to operate with” (Participant 1 - Company D)

Two participants further described that the assessment is then taken a step further to ensure that feedback from the assessment drives action to improve performance and track actions.

“We then came up with the monitoring and evaluation framework. We've just started to ask how we are monitor and track after we have sent out impact assessments to the beneficiaries that we work with” (Participant 2 - Company C)

“Once they compile the report, they come and present it to us and tell us what it is that we're doing right, what is that we're doing wrong and also advise us according to the information that the community has given them that this is what they expect or they might expect from us.” (Participant 1 - Company D)

Participants also expressed that various stakeholder groups are surveyed and/or interviewed as part of the assessments and their feedback is evaluated. This includes the public (including customers and non-customers), key government departments, non-government organisations (NGOs), key business accounts, media houses and employees

“We look at what they're saying, we analyse them separately, we analyse them combined and the feedback across our markets has always been consistent. summarised as “Yes, you can always do more. We acknowledge that you're

contributing more to society, but here are some areas where you can improve.”
(Participant 1 - Company C)

“And they also come and check with our employees as well. Well, without my department’s knowledge, but we don’t hinder in the process. They also check with the employees how they see the mine. So, we also get perception from employees about the operation as well as about the community.” (Participant 2 - Company D)

The participants expressed that the formal measurement tools that are conducted through surveys (through social impact or relational assessments) range between annual reviews and once every two years in frequency.

Finally, some participants emphasised the informal and indirect measurement tools that are used to obtain cues from stakeholders on the company’s SLO. This includes interruptions to operation in the form of protest action, which is believed to be an indicator of a lack of a social license.

“Well, the ultimate test in my view should be what society is saying. If you are doing well, society should be saying you’re doing well. And if I look at it, is the society saying that [Company A] is doing well? No, we’re not doing well. Why do I say that? Because then we will not have work stoppages.” (Participant 4 - Company)

“Since we started with this department in 2015, we haven’t had any protests so that’s one of the benefits, that shows that things are running smoothly.”
(Participant 1 - Company D)

Another example of these indirect measures is the financial benefit gained from customers who purchased from the company based on their sustainability efforts.

“Last year in 2019, we secured USD1,6 billion of business where sustainability was the differentiating factor. 1,6 billion dollars! That is how sensitive the world has become” (Participant 2 - Company B)

5.3.3. Research Question 3

What is the role of the government in a multinational company's social license to operate?

The objective of this question was to understand the role of government in facilitating a company's SLO and determine the application of these findings to multinational company contexts in Sub-Saharan Africa.

Figure 4 illustrates the themes that emerged with regards to the role of the government in a multinational's SLO, namely the role that regulation plays, the partnerships that the case companies have with the government and lastly, the challenges of engaging with government.

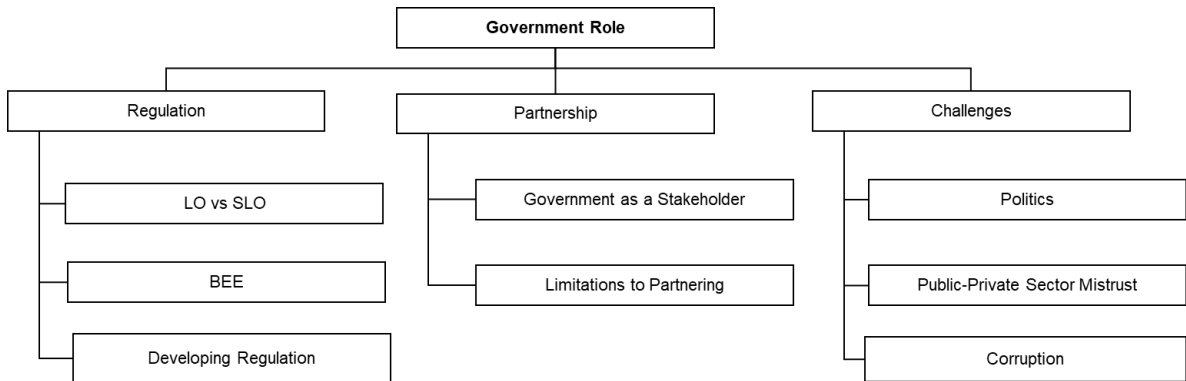


Figure 4: Overview of Results for RQ3

5.3.3.1. Regulation

The government's role as a regulator was amplified by all participants in this study. Many of the participants emphasised the importance of obtaining a license to operate first as a prerequisite to obtaining a social license.

"I believe that when you have a social license to operate it shows that you are adhering to all the regulations and laws that have been put by the government. And it also shows that you are responsible and playing a role in uplifting and giving back to the community." (Participant 3 - Company D)

However, the same participant argued that if an organisation's SLO is strong enough, then it can potentially override the license to operate

"If you have good relations with the community even if the Department of Mineral Resources wants to take away your license, they won't be able to do that because the community will fight for you. They'll say "you can't close this company. They are the ones that look after us and our needs as a community". (Participant 3 - Company D)

The role of regulation as a tool to facilitate an SLO was also highlighted as regulation such as the B-BBEE Act ensures that through compliance, companies not only obtain their license to operate but also gain acceptance from society. It was discovered through the interviews that all case companies have B-BBEE compliance as part of their strategy and strive to obtain or maintain their level status. With the exception of Company D, all the case companies have attained a B-BBEE level one status through a focus on Skills Development, Enterprise and Supply Development and Socio-Economic Development. There was less mention by the participants on the other two components of B-BBEE which are Equity Ownership and Management Control.

"If Company C has a profit of X amount. We have to make sure that X amount is spent within the course of the obligations of the BBEE." (Participant 2 - Company C)

"...adopting BBEE and managing BBEE quite strategically, having plans and focal people in the company that manage BEE across the different parts of the business is important. So, adhering to legislation is part of it a social license to operate as well." (Participant 1 - Company A)

"So, the government is more around compliance. You need to comply with the BEE law. So, we have done a lot of work around it and we have complied, and auditors came in and we have shown that we've have done our part" (Participant 3 - Company B)

However, several participants stressed the importance of "going above and beyond" what the B-BBEE scorecard calls for to solidify an SLO.

“It does help to also be compliant because compliance is regulated. It's measured in the level of contribution that we've made. So that does help to ensure that you do business and can operate and have those licenses, but there is also an element of going beyond compliance of doing that which the country needs beyond the minimum regulatory compliance.” (Participant 2 - Company A)

Two participants also noted that as much as B-BBEE is important to the business, it is not always understood by everyone, especially the parts of the business that are outside of South Africa. However, the level of support received from parent companies differed.

“Most other countries, even in the African markets, don't have something like BEE and we have a mandate in South Africa, where we have to spend a certain percentage so [Parent Company] fully understands and respects that” (Participant 2 - Company C)

Apart from B-BBEE, participants expressed other regulatory bodies that provide them with the license to operate that allows them to then obtain an SLO.

“We are mostly guided by the Department of Mineral Resources and Energy” (Participant 3 - Company D)

“We also deal with all legal issues pertaining to making sure that the community or the mine adhere to the environmental laws like NEMA which is, National Environmental Management Act which governs the mining sector” (Participant 1 - Company D)

“Regulators include ICASA, we are regulated by them, the competition commission, who is an economic regulator. The Consumer Commission who also regulates or looks at issues of customer treatment and in customer rights” (Participant 1 - Company C)

One participant also conveyed the role of business in developing regulation in partnership with the government.

“I'm working with Barbara Creecy [Minister of Environment, Forestry and Fisheries] on extended producer responsibility, and the levies that would be

charged in terms of taking care of product waste; you know the plastic bag saga and how they're trying to involve and get the producers involved to take responsibility for a product becoming waste post sale, once the product has been used” (Participant 2 - Company B)

5.3.3.2. Partnership

Government was also viewed as a stakeholder that is an integral part of obtaining an SLO.

“They are the policymakers; they understand what the needs are on the ground. They are the key stakeholders because in order for us to get to a school we need permission from the Department” (Participant 2 - Company C)

“Engaging with the government is very important. Because you need to have an understanding of where we're going as a country and where we are at the moment.” (Participant 2 - Company C)

Some participants also expressed the view that social initiatives that help them gain an SLO are also as a result of supporting the government where it does not have capacity (financial and otherwise).

“We had to align our programs with the key government department which is the Department of Basic Education because we run the education program with them where we have said, “we've got this budget, we've got this innovative technology solution. What are the challenges that you are facing in the education sector and how do we address them?”” (Participant 2 - Company C)

“We communicate that in such a way that if we assist the community because the government does not have any budget for doing this, we're doing it as an assistance to the government. When you're working in partnership with the government, they can see that we're not competing with one another.” (Participant 3 - Company D)

However, some participants acknowledged the burden of being part of a multinational, which often meant that they had to restrict their engagements with the government.

“And if we were to receive a sponsorship request from the government, we’re most probably not going to accept; we’re not going to sponsor that or we’re not going to support it. But if the same request goes to a local company, it’s easier for the leadership to understand the needs of the government and want to support them” (Participant 5 - Company A)

“I know a lot of corporates are shying away from working with governments because of a lot of things that we see in the media. But what we do is that our partnership is non-commercial. That’s very important, we do not have any commercial transactions with any government, and what we do rather say, what are your needs?” (Participant 2 - Company C)

5.3.3.3. Challenges

A few participants also made note of the challenges with regards to engaging with the government. One of issues raised was the supposed indistinction between the government and political parties, the latter of which is characterised by opportunistic behaviour.

“Sometimes you get a split community between two political parties and now you have to tread carefully not to come across as siding with anybody. We’ve always got to be rooted on what our intention is; our intent is always to be apolitical, we don’t go into the politics of the day, we don’t support the ANC, we support government largely because it’s good to do that, we don’t support a political party in any way, we never have and we don’t, globally” (Participant 3 - Company A)

“There might be people there from a political party because political parties or politicians in general are like scavengers. They look for the fresh carcass where they could leach on and make an issue out there.” (Participant 4 - Company A)

One participant also described the lack of trust between the public and private sectors which often limits the potential for progressive partnerships that can benefit society.

“Our policies as a country are not right, and this creates a level of mistrust between our private sector and public sector” (Participant 3 - Company B)

Lastly, participants in Company D also highlighted the challenge of eminent corruption which is often associated with government agencies.

“We all know that we live in a very corrupt country so basically getting it [the SLO] and making sure that you’re making everyone happy from your local communities, local leaders and also from local government... getting all their buy in, I think it’s a very costly expenditure because along the way they will even delay or stop the process of getting it. Just for the sake of getting what they believe is right for them. Not what is right for the community” (Participant 3 - Company D)

5.3.4. Research Question 4

What is the role of the employee in a multinational company’s social license to operate?

This question sought to understand the role of the employee as a social ambassador for the organisation and level of importance that employees play in advancing a company’s SLO. Furthermore, the phenomenon of employee wellbeing as part of the ways that SLOs are granted was considered.

The figure below highlights the themes gathered from the data analysis process on the role of the employee, namely, the employee as a stakeholder, employees as stakeholders, employee volunteering programmes and the employee as a strategy implementer.

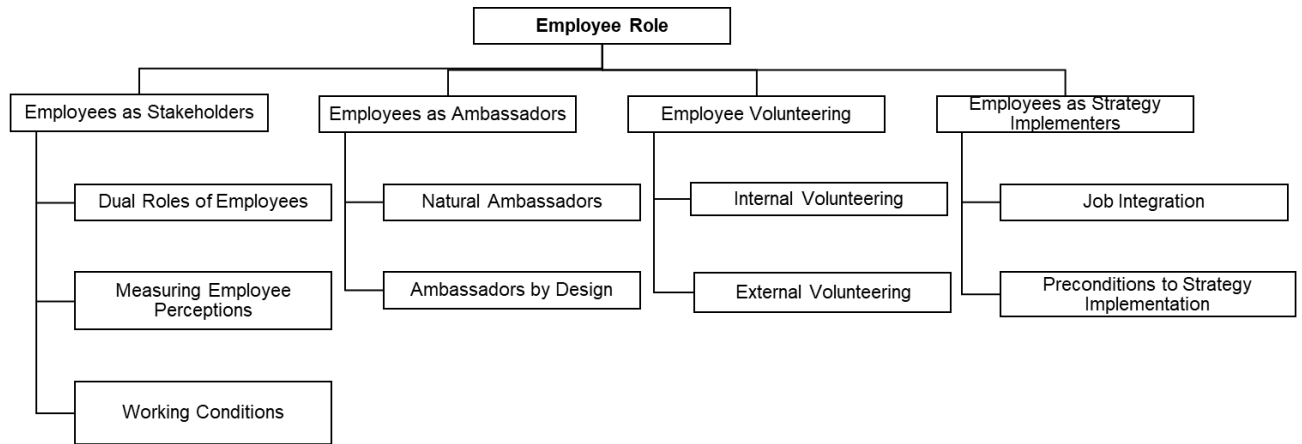


Figure 5: Overview of Results for RQ4

5.3.4.1. Employees as Stakeholders

The role of employees as key stakeholders of the organisation was a dominant feature in all interviews. This was particularly important from the views of Company D’s participants who highlighted the dual role that their employees play as employees and members of the mining community. This means that the company needs to pay particular attention to their wellbeing and needs.

“So, if you see that a majority of the employees are coming from the community, then as a company you need to make sure that you also uplift the community so that they can be able to move away from poverty.” (Participant 3 - Company D)

“One thing that we should also take into consideration, that our communities account for over half or 60% of the workforce that is here” (Participant 1 – Company D)

The view that employees are stakeholders also means that they get included in the assessments that measure the company’s social performance

“We also check with our own employees what they think about us as a company, as a brand and our products and services; what we do and what we need to do.” (Participant 1 - Company C)

“We also get perception from employees about the operation as well as about the community.” (Participant 2 - Company D)

Some participants also highlighted the need to communicate to employees about the affairs of the organisation so that there is no mistrust between the leadership of the organisation and the employees

“It's important to always give information to staff as transparently as you can and where it's sensitive information you just say that “unfortunately, we can only give you information up to this far. But staff is the number one stakeholder.” (Participant 5 - Company A)

Finally, in viewing employees as stakeholders, one participant commented on the importance of having good working conditions in order to gain an SLO, especially from customers.

“The customer would go into a lot of detail; they would even go on to say that we want to see how your manufacturers are treating their employees and where our employees live” (Participant 2 - Company B)

5.3.4.2. Employees as Ambassadors

The concept of employees as ambassadors was explicitly mentioned by participants from three of the four case companies. These participants believed that employees become resources to get information from society as well as give information to other stakeholders.

“As you would know your employees are one of the company's best assets and ambassadors” (Participant 1 - Company C)

“They also tend to inform the community as to what's happening and what is it that's happening within the mine” (Participant 1 - Company D)

“So, I would say the purpose-led strategy has really assisted us with making sure that we get employees that are our eyes and ears in the society that we work in” (Participant 2 - Company C)

However, some participants differed in their view of whether all employees naturally become ambassadors by virtue of working for the organisation or whether they are designed to become ambassadors as some believed that they are natural ambassadors

“We have 597 people working for [Company A], that means we have 597 social license practitioners. We have 597 people that will speak to the community. We have 597 people that will demonstrate their commitment. So we have enough workforce to do that.” (Participant 4 - Company A)

“So the moment it's 4 o'clock and people are going back home. It's the same people that we call community members at the end of the day rather than employees. So whatever happens within the community, whether it's a church event, or a community gathering or whatever it might be; if they see our employees, they also see our ambassadors” (Participant 1 - Company D)

The view that ambassadors are “designed” was extracted by the participants from Company C, who have a specific programme to have designated employee champions for their social initiatives within the business.

“You don't turn employees into ambassadors by telling them what you do, you turn them into ambassadors by involving them in what you do so that they see the benefit” (Participant 1 - Company C)

“The champion or should I also call them brand ambassadors are very important in order to drive your strategy across, because sometimes what you might find is that employees don't have time, but in us kind of saying look, you are now a champion for the foundation or a brand ambassador” (Participant 2 - Company C)

One participant also highlighted the danger and possibility of employees acting as detractors when not proactively communicated to and involved in the company's affairs.

“So the first point is to make sure that we understand what is happening and we give our internal stakeholder information because if I miss the internal stakeholder and I don't give the information, they are the very same people who can be the opposite of the ambassador of the crisis.” (Participant 5 - Company A)

5.3.4.3. Employee Volunteering

Three of the case companies had structured volunteering programs. However, these could be divided into two categories; internal and external volunteering. Internal volunteering. Internal volunteering is what Company B uses to manage the requirements of society through its employees and takes form through internal committees that manage B-BBEE compliance (Transformation Committee) and socio-economic development (Social Initiatives Warriors).

“No one gets paid. So, we've got people from different parts of the business like HR, marketing and all different areas. I know a lot of companies out there actually pay a transformation committee or have set people to look after this kind of thing. We don't. You get invited to the transformation committee.” (Participant 1 - Company B)

“So we have a forum, it's called the SI Warriors that we run. It's part of the programs that we run and what we do there is that we encourage everyone within the organization to volunteer. You can volunteer your time to help the community, which is close to you, can volunteer helping a school. Even volunteer to help the people that are not even in your country and are outside the country.” (Participant 3 - Company B)

On the other hand, Company A and C employee volunteering programs were more externally focused and involved employees taking time off work to offer their skills and capabilities to others in society at no cost to the employee. The only difference in these two case companies was that where one organised the volunteering events and selected

the recipient organisation, the other case company allowed the employees to make their own choice

“What we’ve done is we’ve developed an employee volunteering program where the company organizes employee volunteering events. We employees can participate in these events and some happen during working hours or others during the weekend. But the costs in terms of attending these events are all incurred by [Company A], so it makes it easier for employees to attend because they don’t have to take leave for example or pay for their own transportation” (Participant - Company A)

“So, what we do there, we’ve got an employee volunteer program where employees are given two days paid leave to actually volunteer their time and their skills. Then they can actually then give back and then share ideas with us as well” (Participant 2 - Company C)

The other part of the program includes a financial aspect through payroll giving where employees can donate to an organisation of their choice directly from their salaries. The amount that the employee donates is then equally matched by the company.

“...the other way of getting employees involved is on a financial basis so employees have got different and varying types of NGOs or initiatives that they want to support. So in instances where an employee had an interest that they were supporting, we created a payroll giving scheme that allows employees to actually give to an organization of their choice which has been vetted and the company matches their giving as well and this can be a monthly contribution or a once off contribution. (Participant 1 - Company A)

“The last program that we have, which also worked tremendously is what you call payroll giving. So a [Company C] employee at any time of the month or the year can tell HR to deduct a certain portion of their money, can be as little as with 10’s or 100’s of rands, just tell them deduct this amount for the next six months or deduct this amount once off from my salary and [Company C] matches that” (Participant 1 - Company C)

5.3.4.4. Employees as Strategy Implementers

The role of employees as implementers to the company's social strategy was also highlighted by participants. This happens through the strategy being part of the employees' performance indicators and an empowerment for employees to incorporate the company's social performance through their daily activities

"It is in their KPI to say, you need to make sure that you do activations at e-Schools. That doesn't bring any money to the company, but they understand what it means for that community that we work in." (Participant 2 - Company C)

"Employees are empowered because they're contract holders and contract owners. Those roles are not limited to senior managers or executive managers. So, if you are the one who's bringing in that supplier, you become the contract holder or a contract owner, right? So, your job in that role is to make sure that your supplier is developed" (Participant 2 - Company A)

Some participants highlighted the conditions required for employees to drive the strategy. This includes collaboration with other employees in the organisation and leadership support.

"I think with this new initiative that we started now, calling ourselves the Social initiative Warriors has basically allowed us to bring everything in together in one platform and collaborate." (Participant 1 - Company B)

"And what is also key is leadership. We're fortunately passionate about community development, so if we have a leader who's going to drive that, then employees are also going to find it as something they need to be part of because they're going to see that our leaders are actually leading by example" (Participant 2 - Company C)

Finally, one participant also highlighted the importance of involving employees as part of their sustainability strategy as some employees, especially the younger generations, consider it to be a key factor in their decision of which company to work for.

“To Millennials and Gen Z's these are important elements, these are important factors for them to consider once they start working and when choosing an employer” (Participant 2 - Company B)

While similarly, another participant emphasised that the values that employees hold is also a key decision for the company on who to recruit

“...it speaks to how we recruit. So it starts with the simple thing, all employees should subscribe to the ethos of a company. If you don't like it, go start your own company or leave or go to another company.” (Participant 4 - Company A)

6. CHAPTER 6: DISCUSSION OF RESULTS

6.1. Introduction

This chapter discusses the results and findings as described in Chapter 5 with the intention of addressing the research questions as set in Chapter 3 in detail. The results are then contrasted and compared to the existing literature on the SLO and relevant theories associated with it as presented in Chapter 2. The findings will contribute to the SLO literature and business practice by providing an understanding of the significance of the SLO to multinationals operating in Sub-Saharan Africa and the use of the SLO as a strategic measurable imperative.

6.2. Discussion of Research Question 1

What is the significance of a social license to operate to a multinational company operating in Sub-Saharan Africa?

This question identified the significance of the SLO concept to MNCs operating in Sub-Saharan Africa by understanding how they define this abstract term. Furthermore, to determine the significance of the SLO to the organisations, their motivations were probed and the perceived costs and benefits as well as the role of the head office are discussed.

6.2.1. Defining the “Social License to Operate” term

The literature suggests that the SLO term has largely been used in the extractive industries with limited use of the term in non-extractive industries (Demuijnck & FASTERLING, 2016). The results in chapter five corroborated this by revealing the novelty of the term for participants in the non-extractive industries of IT and Telecommunications. Brueckner and Eabrasu (2018) postulated that the subjective nature of the term has made a singular definition difficult to formulate which has led to it not having a clear and standard definition and Demuijnck & FASTERLING (2016) attribute this to the inception of the term being found in business and not in academia. This was

found to be true in the research results where even the participants from extractive industries who were reasonably confident and familiar with the term gave varied definitions for the SLO term.

However, the social contract phenomena was highlighted by many of the participants as they understand the SLO to be an intangible contract between the company and society to meet society's expectations in exchange for an ability for the organisation to conduct its business. This aligned with the view that Scholz, de los Reyes and Smith (2019) hold that the social contract governs the SLO from the perspective that members can withdraw their commitment to the business or remove the business from their community if it fails to meet the obligations of the social contract. The participants' point of view that the SLO is a form of "permission" from society for the business to operate in their community also validates the view that an SLO is closely linked to the legitimacy theory (Demuijnck & FASTERLING, 2016). However, none of the participants made a distinction between the SLO being applied to a short-term activity or project instead of the long-term operations of the company in their definition. They viewed the SLO as a long-term license that is granted when the obligations of the social contract, whose terms continuously change, are met. This was different to Demuijnck and FASTERLING's (2016) view that the difference between legitimacy and the SLO is that legitimacy is achieved as a result of an organisation's cumulative historical performance whereas an SLO focuses on specific events and activities.

Finally, one participant from Company C defines the SLO as "stakeholder trust" this is consistent with the view that the SLO is an informal and intangible social institution (North, 1990).

6.2.2. Motivation

Each of the case firms had various reasons for engaging with society and driving to gain an SLO. While the reasons varied, they could be categorised into "carrot and sticks" motivators where some organisations engaged to gain the rewards associated with

having an SLO. This includes the prospect to have sustainable businesses that can exist in the long term, or the benefit of having a thriving and prosperous society that can reciprocally contribute to the company's future financial growth. This supports the win-win view of the triple-bottom line concept that argues that the constructs with the triple-bottom line are mutually dependent and can be achieved at a great degree simultaneously (Longoni & Cagliano, 2018). On the other hand, some of the firms were driven by an avoidance of retribution. This included avoiding interruptions in their business operations, alleviating pressure from society to "give back", to meet customer expectations and to maintain a good reputation. This aligns with MacMahon's (2020) argument that companies are generally motivated to put effort into their non-financial performance and reputation if they have customers and investors that are also motivated by that.

Lastly, the results revealed that managers' personal motivations to be ethical and "help others" also influences how the firm conducts its engagement with society in the prospect of gaining an SLO. This highlights the autonomy provided to the managers to make decisions on behalf of the company, which is a precondition for this level of influence (Görg et al., 2017).

6.2.3. Benefits and Costs of an SLO

The benefits of social responsibility on a corporation's financial performance, reputation and customer experience has also been largely demonstrated through various research (Ng, Yam, & Aguinis, 2019). Several of the participants reiterated these benefits in their firms and stressed the importance of understanding stakeholder needs and meeting them in order to obtain mutual benefits from the success of the communities. This supports the view held by Walters and Takamura (2015) that an integration of goals and especially the dual participation in achieving them leads to mutual benefits between business and society.

As described in the previous chapter, the extractive industries viewed the benefits of having an SLO by the costs of not having one, which is largely focused on business

disruptions that are costly to their operations. This phenomenon is described in literature as illegitimacy penalties which arise as a result of businesses not upholding and reproducing existing institutionalised structures, norms, and customs to obtain legitimacy benefits (Jeong & Kim, 2019).

Finally, even though the costs were largely related to the dedicated resources in the form of sustainability or community relations teams, one company highlighted a major cost to their business that is related to improving product performance and obtaining certification for the eco-friendly quality of their product. They highlighted that inasmuch as this is a cost, it also provided the benefit of appealing to eco-conscious customers. This phenomenon is described by Chernev and Blair (2015) who suggest that pro-social initiatives by an organisation that positively benefit product performance also provide benefits to their overall financial performance.

6.2.4. Head Office/Parent Company Role

All the participants in the research interviews submitted that being part of a multinational company means that all subsidiaries must surrender and align their strategy to that of the parent company. This supports the assertion that MNCs have the ability to change and influence country institutions, including behavioural norms and processes (Beddewela & Fairbrass, 2016). However, participants from two of the case firms stressed that they gain extraordinary support from their parent offices/head office to interact with society in the way that they deem most appropriate. This means that the autonomy provided to these managers has limited an overwhelming influence by the head office as postulated by Beddewela and Fairbrass (2016).

Rathert (2016) suggested that there still lies a great distrust for MNCs and as a result, a higher expectation to “give back”. However, as described in chapter five, the responses received from participants on this question varied with participants from only one of the case companies strongly agreeing that there is a higher standard to meet when striving to obtain an SLO as a multinational. The rest of the participants felt that there is not a

significant difference between local companies and global companies. This goes against Rathert's (2016) argument. However, one participant did highlight that there may be a correlation in that the more successful the company, the higher the expectations for it to do more for society and since MNCs are generally "thriving" businesses in society, this may lead to a perception that there is a higher expectation from them. Although this does not indicate a direct relationship with the global status of the company.

Finally, it was highlighted by participants from two of the organisations that there lies great challenges in gaining support from the parent companies of the regulatory conditions that are specific to their respective countries, such as regulations to redress inequalities that have resulted in colonisation or interactions with government agencies. However, the participants described that there was a reasonable degree of support once they explained the importance of specific social initiatives to the representatives of the parent company. Furthermore, they did not attribute the limited support, understanding or autonomy in decision-making to a limited ability to obtain an SLO. This rebuts the view that Görg et al., (2017) put forward that autonomy in decision-making is a necessary condition for a subsidiary to gain and enjoy the benefits of social approval.

6.2.5. Summary of the Discussion of Research Question 1

Research question one identified the significance of the SLO concept to MNCs operating in SSA. It was found through the study that there are diverse definitions for the SLO term for MNCs operating in Sub-Saharan Africa. This highlights the concern in literature of the understanding of the term not being standardised Bruecknera & Eabrasu (2018). However, it was clear from the findings that the SLO is indeed linked to the social contract and legitimacy theories where an SLO is granted when the expectations of society are met (Demuijnck & FASTERLING, 2016). The motivators for an SLO were also determined. These linked with the benefits and costs that organisations perceived from an SLO which were either driven by the prospect to obtain legitimacy benefits or the avoidance of illegitimacy penalties (Jeong & Kim, 2019). Finally, the complex role of the parent company was found to dispel the argument by Rathert (2016) that there is a higher expectation for MNCs to "give back" more to obtain an SLO versus local

companies. From the study, it was found that there is no significant higher expectation from MNCs in Sub-Saharan Africa. In addition, Görg et al.'s (2017) view of autonomy in decision-making being a prerequisite to obtain an SLO in host countries was found to be accurate as managers who have a great level of autonomy found that to positively contribute to them gaining an SLO.

6.3. Discussion of Research Question 2

What is the significance of a social license to operate to a multinational company operating in Sub-Saharan Africa?

This question identified how the case companies measure society's approval of their operations through an understanding of the challenges of measuring an SLO, their approach to setting targets and the tools used to measure the SLO. The intention of this question is to determine if there can be a standardised way to measure an SLO.

6.3.1. The Benefits and Challenges of Measuring the SLO

Literature has emphasised the importance of measuring a company non-financial performance through frameworks such as the triple bottom line and ESG (Hahn et al., 2015; Amel-Zadeh & Serafeim, 2018). Many of the participants in the research supported this by highlighting the importance of measuring social performance in two ways; measuring stakeholder perceptions and the benefits that society gained from the company's existence in the community. van Tulder and Keen (2018) predicated that the benefit of measuring the efforts of a company's social performance is that it determines if the organisation is driving its desired change. The participants asserted this by highlighting that measurement was an important part of understanding how to maintain and improve their SLO status.

However, the participants also stressed the challenges associated with measuring a concept as intangible as the SLO due to its unquantifiable nature. This attests the extent to which an SLO is an institution as it is not always easy to estimate reliably (Acemoglu, Johnson, & Robinson, 2001). North (1990) also emphasised the difficulty in quantifying intangible institutions and their impact even though it may be accepted as a social order. The other challenge for measuring an SLO as discovered in the interviews was its dynamic nature which creates a “moving target” effect that continuously requires the creation of new goals and efforts in order to obtain it. This confirms van Tulder and Keen’s (2018) view with regards to the Theory of Change in that an organisation may be required to continuously pivot their actions to ultimately achieve the desired change or reach their desired state.

Finally, Wang et al. (2020) have highlighted and highly criticised the view from business and literature of measuring the value of social initiatives in the short-term as it results in initiatives being cancelled prematurely. This, they argue, is exacerbated by the need from business to observe the benefits of social initiatives on the bottom line (Wang et al., 2020). Some participants in this study also put forward this argument in realising the importance of measuring the long-term impact of their actions to society. However, they also expressed that this presented a challenge of identifying immediate benefits of the business to society. This aligns with Wang et al.’s (2020) perspective of the challenge of measuring the success of social initiatives as a critical component in instrumental stakeholder management due to this focus on the short-term benefits.

6.3.2. Target-Setting

Although literature has been muted on the concept of setting targets to obtain an SLO. However, a few participants affirmed that setting goals and targets is important for obtaining social impact in the initiatives that the organisation undertakes. It was discovered during the data analysis that these targets were largely categorised into quantitative and qualitative targets. The quantitative targets included goals linked to the organisation’s overall social engagement strategy priority such as education, entrepreneurship and digital inclusion. Examples included Company C’s target to

connect 100 million people to the internet by 2025 or getting one million users into Company B's online entrepreneurship programme.

However, some participants argued the dysfunctional use of quantitative measures by highlighting that they turn the focus to the business achievement and not society's benefit. They stressed that the organisation's efforts could be misguided into initiatives that are not perceived to be beneficial by society but because the business has met its targets, it may falsely believe that society has approved of them. Therefore, there was a strong support for qualitative targets such as feedback from stakeholders. This aligns with Elkington's (2018) argument on the triple bottom line that it is not meant to be an accounting tool that quantifies all the bottom-line constructs, but rather that business needs to evaluate social performance from a business sustainability perspective.

Finally, two participants highlighted the importance of setting targets in partnership with society to ensure that they address the appropriate needs and drive collaborative effort. This endorses Walters and Takamura's (2015) view that business should integrate with the community by co-creating goals and achieving them through dual participation which will lead to mutual benefit. It also endorses Guarneros-Meza et al.'s (2018) suggestion that the co-creation of a plan with stakeholders will provide greater chances of the goal being achieved. Furthermore, the participants' drive to include the community in their value chain validates Porter and Kramer's shared value concept which contributes to a business' SLO.

6.3.3. Measurement Tools

Guarneros-Meza et al. (2018) have proposed that organisations should develop a framework to help them identify their social strategy, focus their goals and objectives, align on and communicate the goals to stakeholders, and measure their success in achieving their goals. They particularly suggest the ToC methodology for executing this (Guarneros-Meza et al., 2018), and as described in chapter two, the ToC was specifically designed for NGOs and government agencies and not for business. This

makes it less appropriate as a measure for the SLO, even though it is highly relevant and can be applied to the business context. Furthermore, there has been a gap in literature on how to measure the SLO specifically with a greater focus being on external ratings of a company's performance instead of internal assessments (MacMahon, 2020) or on the accounting measures of triple bottom line which Elkington (2018) has refuted as bad practice. Furthermore, there have been some non-empirical tools that have been recommended as methods to measure the SLO such as a quantitative survey that makes use of a weighted scale to allocate the importance of certain elements in an SLO (Boutillier & Thomson, 2011). However, these have largely focused solely on extractive industries. Therefore, it was pertinent to explore the tools used by the case companies to measure their SLO.

It was discovered that the case companies measure their SLO through either formal or informal tools or both. The formal tools include a mix of quantitative and qualitative data collecting tools such as surveys and interviews to understand stakeholder perceptions. These have been described as social impact assessments (used by Companies A and C) and relational assessments (used by Company D). These surveys and interviews are conducted by independent companies on behalf of the company to eliminate any subjectivity from the outcome. The independent companies thereafter provide feedback on the findings. This aligns with the recommendations from Boutillier and Thomson (2011) to use surveys as a tool to gather insight. However, an interesting finding was that Company C, which is a telecommunications company also used this strategy even though it is largely proposed for extractive industries.

Participants described the feedback from these surveys and interviews are used to take action on potential improvement. The actions are then tracked, and a comparison assessment is completed in the next cycle. This emphasis on post-feedback analysis aligns with the ToC methodology which stresses the importance of monitoring and evaluation as a tool to continuously improve social performance (Guarneros-Meza et al., 2018).

The view that the SLO concept is underpinned by the stakeholder theory (Cui et al, 2016; Demuijnck & Fasterling, 2016) was highlighted by the participants as they expressed that various stakeholder groups are included as part of the assessments. This includes customers, non-customers, key government departments, NGOs, media and even employees.

On the other hand, the participants also described informal measurement tools used by their organisations. These include signals from the society that indirectly demonstrate that the company has an SLO or not, such as protest action (which indicates an absence of an SLO). Furthermore, despite the suggestion that financial performance is not a measure for social performance (Wang et al., 2020), some participants saw increased sales from ethically driven customers as an indicator of having gained an SLO.

6.3.4. Summary of the Discussion of Research Question 2

The finding from research question 2 is that MNCs operating in Sub-Saharan Africa do find it important to measure their SLO. However, the intangibility of the SLO and its dynamic nature that makes it a “moving target” makes it a challenging goal to measure (van Tulder & Keen, 2018). It was also discovered that another challenge with measuring an SLO is the requirements to measure the long-term effects of a company’s social performance which makes it difficult to ascertain how the company can improve its performance in the short-term (Wang et al., 2020).

The study also found that setting goals and targets was key to ensuring that the appropriate efforts were directed into obtaining an SLO. These targets were discovered to be divided into quantitative and qualitative targets. However, the quantitative targets are generally not advised as they can create a fixation mentality (Elkington, 2018). Finally, the study found that there are two type of measurement tools used to determine if an organisation has gained an SLO; formal and informal. Formal tools include

stakeholder surveys and interviews to understand their perceptions and informal tools included examining the indicators for a lack of an SLO, such as loss in business or protest action.

6.4. Discussion of Research Question 3

What is the role of the government in a multinational company's social license to operate?

Literature highlights the role of government in facilitating a company's SLO in two ways; as a result of companies' perceived "stepping in" to solve government failures (Dumbrell, Adamson, & Wheeler, 2020) and through regulation that requires companies to contribute to society (Stephens & Robinson, 2021). This question sought to understand if the role of government as described in literature would apply within the context of multinational companies operating in Sub-Saharan Africa.

6.4.1. The Role of Regulation

The results in chapter five highlighted a key role that regulation plays in facilitating companies' SLO. The phenomenon presented by the participants was that in order for an organisation to obtain a social license to operate, it needs to first meet the conditions required to obtain a license to operate, which is typically granted by government agencies. This aligns with Stephens and Robinson's (2021) submission that governments can facilitate an SLO through policy and regulation. What was surprising, however, was the view that once a company obtains a license to operate and thereafter an SLO, the SLO could override any attempts by the government to revoke the LO; given that the SLO is strong enough.

The B-BBEE Act was a dominant postulation of the government's role in facilitating an SLO by a majority of the participants with many having the belief that compliance to the B-BBEE Act alone can ensure that a company is granted an SLO. Again, this is

testament to the assertion that prescribed action by the government to organisations towards their obligations to society can grant a SLO, largely because the public would be unaware of this obligation (Stephens & Robinson, 2021).

However, several participants stressed the importance of doing more than what regulation calls for and one participant highlighted what he deemed an unconventional but important practice of developing regulation in collaboration with the government.

6.4.2. Partnerships with the Government

The government was viewed as a stakeholder to some of the participants who described that satisfying the needs of the government is also an important part of obtaining an SLO. These needs include supporting the government, mainly financially, where it can't meet the needs of society; therefore, sharing the responsibility that the government has towards the country. This asserts Dumbrell et al.'s (2020) stance that the social license is as a response to government's failure to meet society's needs and the position that companies take to "step in" provides access to an SLO.

However, many of the participants asserted that their companies are generally happy to support the government in this regard as it contributes to meeting their own motivations, as described in section 6.2 and expedites the "nation building" agenda. However, some participants from Company D contended that government responsibility should be separated from the corporate responsibility and they continuously communicate this distinction to the community members to empower them about who to address whenever there are issues. The drive to create further solidifies Dumbrell et al.'s (2020) suggestion that communities are likely to grant an SLO if they see the business stepping, and in this case, when they see government responsibilities not being met and the corporate responsibilities being met - making the corporate look like they are doing a better job.

Limitations on partnering with the government were also addressed. These limitations were largely attributed to the company being part of a multinational. They included company policies with a stance of zero engagement with government or where they could engage, the policies dictated the terms of engagement. This may relate to Görg,

et al.'s (2017) suggestion that host country managers should have autonomy in decision-making if they wish to drive sustainability in their SLO. Furthermore, these policy-driven limitations are contrary to Beddewela and Fairbrass's (2016) recommendation that MNCs in developing nations have to address institutional pressures (including political pressures) and develop relationships with local society in order to obtain an SLO.

6.4.3. Challenges of Government Partnership

Some challenges related to government partnership and engagements were highlighted by a few participants. These include corruption, mistrust between the public and private sectors, and the role of disruptive politicians. It was uncovered during the interviews that most of the case companies evade these challenges by not interacting with the government and its agencies.

However, this is also contrary to Beddewela and Fairbrass' (2016) suggestion to deal with political and other institutional pressures and address them. Furthermore, it goes against Baldini et al., (2016) recommendation as part of ESG reporting, to identify and manage country-level risk such as the political system (legal framework and corruption), labour system (labour rights and unemployment), and cultural system (social cohesion and equality) and report the company's progress on it. This disclosure, they argue, is what will provide companies with social approval.

6.4.4. Summary of the Discussion of Research Question 3

The study found that the government plays a key role in facilitating an SLO for an MNC in two ways; through regulation and partnerships with organisations. The most pertinent part of regulation is the B-BBEE Act which specifies company actions towards Skills Development, Socio-Economic Development, Enterprise and Supplier Development, Management Structure and Equity Ownership. It is understood that if compliance for this regulation is met, it provides a reliable way to obtain an SLO. The second way is through government partnerships where societal needs that government is typically responsible

for are shared with business and where the government can be used as a data source for society's needs, which aligns with Stephens and Robinson's (2021) postulation.

However, the study also revealed the challenges in partnering with government which includes the involvement of opportunistic politicians and reported corruption which have led to a mistrust of the government. This has also led to parent companies setting policies for host companies to not engage with the government completely. Baldini et al.'s (2016) recommendation of managing country-level risk may drive better partnership.

6.5. Discussion of Research Question 4

What is the role of the employee in a multinational company's social license to operate?

This question identified the role of the employee as a champion and ambassador to the organisation as has been highlighted in literature (El Akremi et al., 2018), along with an understanding of the employee's role in advancing the organisation's SLO through an alignment with the organisation's social strategy (Ateş et al., 2020). Furthermore, the expansion of the definition of the social license to include employee' wellbeing (Cui et al, 2016) was explored.

6.5.1. Employees as Stakeholders

There was a dominant view throughout the interviews that the employee is a key stakeholder that is part of the overall stakeholder groups that are indirectly linked to the organisation. Some participants extended this to identify employees as the number one stakeholder. This stakeholder view of the employee affiliates closely with Cui et al. (2016) who have highlighted the importance of satisfying the employees' needs as the

first condition to obtaining an SLO. Amel-Zadeh and Serafeim (2018) have suggested that organisations are directing effort on employee wellness and health, diversity and inclusion, and working conditions as social performance goals to manage this.

Some participants have attested to this by noting the importance of their companies maintaining good working conditions, not just to acquire an SLO from the employees but to also gain the SLO from customers who place great importance in the employee working conditions as a motivator of their product purchases.

As testament to this stakeholder view of the employee, some participants (particularly those from Company C and D) communicated the inclusion of employees in their assessment of the SLO through surveys and interviews. They believe that an understanding of the employees perception of the company and even of how they believe that other stakeholders perceive the company is key to improving their social performance. This solidifies the view by Lopez-Cabrales and Valle-Cabrera (2020) that highlights employee relations as a tool to achieve social performance goals. It also supports Ng, Yam and Aguinis' (2019) finding that there is a positive relationship between the employee's perception of the behaviours of the organisation and his/her embeddedness to it.

6.5.2. Employees as Ambassadors

The concept of employees as ambassadors was highlighted in chapter two and its importance was intensified in literature (El Akremi et al., 2018). This importance was reinforced through the research interviews where seven of the participants reiterated this view and explicitly referred to employees as ambassadors. The growth in research about employee engagement has also driven the managers to view employees as resources that can partner with them as their “eyes and ears” on the ground as postulated by Devasagayam (2017).

An interesting feature in the research was the distinction between a view that the employee ambassadorship either naturally occurred by virtue of the employee being part of the organisation or through programs such as the champion programme which Company C created where each business unit had an allocated person to drive the strategy with their peers within that unit. The latter view, especially in the way that it is being executed in Company C, goes against the suggestion by Wang et al. (2020) that inequalities in the treatment of stakeholder groups should be minimised to avoid opposition that result from a perception of favouritism.

One participant also highlighted this possibility of having employees as detractors through an absence of communication about the company's affairs, especially during a crisis. Even though this was not addressed in the literature, it is closely related to El Akremi et al.'s (2018) finding from their longitudinal study that employee perceptions of an organisation's engagement with society can influence the employees' commitment to the organisation.

6.5.3. Employee Volunteering

The research revealed that employee volunteering is divided into two categories; internal and external volunteering. The internal volunteering entailed employees volunteering to take on the role of setting the social strategy for the organisation and executing it. For example, whereas all the case companies have multiple designated managers that focus their efforts on the organisation's social performance (such as Transformation Manager, CSI manager, Community Relations Manager), Company B only had one designated manager (the Sustainable Development Manager) whose responsibility was towards the organisation's entire African operations. The rest of the roles and functions were managed through internal committees (such as the Transformation Committee) whose members also had to manage full time jobs within the organisation.

This supports Ateş et al.'s (2020) assertion that when employees are involved in setting the strategy and are committed to it, they participate in supplementary tasks that support

the organisation, instead of only focusing on tasks that solely serve their personal interests. This internal volunteering structure can further drive employee embeddedness and can drive the employee behaviour in such a way that they help to meet the organisation's goals as suggested by Ng et al. (2019).

The external volunteering structure entails employees volunteering the time and skills to an organisation selected by the organisation or by the employees themselves to "give back" in the traditional CSI manner, at the cost of the company. It also includes payroll giving, a program administered by the organisation for employees to donate (on a continuous or once-off occurrence) to a non-profit organisation (NPO) of their choice and the company matches that donation amount towards the NPO.

The volunteering structures as described were not a feature in literature, however, it may be considered to align with Boyd and Sutherland's (2006) second step in their integrative model to drive employee championship which encourages companies to follow a multi-dimensional approach in encouraging employee commitment. It is, however, contrary to Ng et al.'s (2019) submission that the employee's perception of the company's social initiatives influences how they advance its SLO. This stance does not consider the employee's role in actually determining the company's social initiatives.

6.5.4. Employees as Strategy Implementers

The participants in the study highlighted the significance of the employee in executing the social performance strategy for the organisation. This was done structurally where social performance indicators were included in the employees personal targets and also through social performance being part of their daily activities (for example, bringing an intern in their business unit as part of Skills Development or using a black supplier for a service to be rendered to the business). This supports Chung et al.'s (2015) view that if the employee understands, aligns and commits to the organisation's strategy, they will commit to it and promote the company, especially in the case of an MNC.

Furthermore, employees highlighted the support required to have employees as strategic implementers. This includes leadership support and collaboration with peers in the business. Again, this confirms Ateş et al.'s (2020) suggestion that strategic commitment is a prerequisite for an organisation's strategy to be executed; which includes the mutual and intended support for the strategy by the entire company.

Lastly, the importance of a company's social performance as a tool to recruit and retain employees was highlighted. This was said by one participant to be particularly important to the younger generations, particularly millennials and Gen Z's, who put more weight on a company's social performance in determining their employer of choice. This supports El Akremi et al.'s (2018) view that social responsibility perceptions can positively influence the employees' job satisfaction and resultant commitment to the organisation. Likewise, it was also highlighted by one of the case companies that determining a potential employee's values is a key part of recruitment and onboarding. This was done to ensure that the employee aligns with the fundamental principles of the company in order to align with their strategy. This reinforces Chung et al.'s (2015) recommendation that managers should be carefully recruited and deployed in order to fulfil the organisation's strategy. They argue that when an MNC's strategy is supplemented by strong HR systems (such as training, performance management and recruitment), the employees' commitment and motivation to achieve the organisation's goals may be enhanced (Chung et al., 2015). This is also important when considering that managers' motivations also influence the company motivations to obtain an SLO as described by some participants.

6.5.5. Summary of the Discussion of Research Question 4

The role of the employee was found to effect in four different ways during this study; employees as stakeholders, employees as ambassadors, employees as volunteers and employees as strategy implementers. The role of the employee as a stakeholder aligns

with the stakeholder theory which aligns closely with Cui et al.'s (2016) recommendation that the employee's wellbeing is the first condition to obtaining an SLO.

The employee as an ambassador is a concept that has been explored in literature (El Akremi et al., 2018). This study further reinforced this concept. However, it was found that the formation of the employee as an ambassador differs in two ways; where the employee naturally becomes an ambassador by virtue of being employed by the company or designed through company structures that create specially chosen ambassadors.

The employee as a volunteer was also found to manifest in two ways; as an internal or external volunteer. Internal volunteers are the employees that set and drive the social performance strategy without it being part of their full time job and external volunteering presents itself in the form of providing skills and time to NPOs and payroll giving programmes where the company matches donations made by employees.

7. CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1. Introduction

This study set out to understand the Social License to Operate concept from the perspective of the multinational companies operating in Sub-Saharan Africa. This was done through exploring how MNCs define the SLO term, what drives the SLO in a Sub-Saharan Africa context, what are the benefits and costs of acquiring an SLO and how are these measured, what are the challenges to acquiring an SLO and who are the stakeholders involved in obtaining it. Furthermore, as presented in chapter one, literature on the SLO has been limited outside of extractive industries (Demuijnck & Fasterling, 2016). Therefore, this research aimed to explore the use of these constructs outside of the extractive industries through contrasting the two case study companies in extractive industries with the two that are not.

A literature review was undertaken which highlighted the limited research in for the SLO concept (Bruecknera & Eabrasu, 2018). It was highlighted that this was due to the term being founded in business as a term “by business, for business” (Demuijnck & Fasterling, 2016) which has led to an underdevelopment of the term as a construct and limited advancement in its practical use (Buhmann, 2016). Consequently, the SLO has been defined and examined through the lens of the corporate social responsibility concept (Ng et al., 2019), the stakeholder theory (Néron, 2015), social contract theory (Hsieh, 2015) and legitimacy theory (Hsieh, 2015). In addition, it was discovered that the SLO is related to institutional theory in chapter two of this study. Thus, this research study set out to explore and understand the SLO concept with the intention to restrict its current generalisation as expressed by Bruecknera and Eabrasu (2018) and specifically describe its constructs to give the concept extended legitimacy in literature and business practice.

This chapter concludes this research paper by presenting the principal findings of the research, providing its implications for management, specifying the limitations to research and suggesting areas for future research based on the gaps in this study.

7.2. Research Findings

The key findings in this research can be summarised into three parts. The first part describes the significance of the SLO concept to multinationals in Sub-Saharan Africa. This includes an understanding of the definition of the SLO and an integration of the theories associated with it to provide a specific explanation of the term. Secondly, the benefits and costs of acquiring an SLO are described, along with the ways in which it is measured. Lastly, the fourth finding describes the role of stakeholders in a company's SLO, particularly the global head office, the government and the employees. These are described in more detail below.

7.2.1. Defining the SLO

To determine the significance of the SLO concept to MNCs operating in SSA, the definition of the SLO was explored from the perspective of MNCs. Even though there generally is a diverse view on the definition of an SLO (Brueckner & Eabrasu, 2018), it was found that the SLO is indeed closely linked to the social contract and legitimacy theories where legitimacy is the result of the company meeting the social contract (Hsieh, 2015). Therefore, part of the organisations' social performance strategy is the understanding of the social contract and meeting the terms of that contract in order to achieve legitimacy.

It was evidenced that the SLO term is still more prominent in the extractive industries as suggested by Buhmann (2016) where it was found that the participants from those respective industry sectors were more confident about defining the term and discussing its use in their respective companies. However, "expectation" was a dominant word used to describe the SLO and in particular, the social contract across the case companies. This indicates that expectation is the first necessary input to understanding what the social contract entails and meeting its obligations to gain the SLO and understanding the expectations that are tied to the company will expedite the SLO acquisition. The social contract governs the SLO from the perspective that members can withdraw their commitment to the business or remove the business from their community if it fails to

meet their expectation. However, unlike a social contract, the authority and power in the “agreement” sat with the society instead of the business. Lastly, it was confirmed that the SLO can be defined as an institution as it was also described as “stakeholder trust” which is a characteristic that is indicative of an informal and intangible institution (North, 1991).

7.2.2. Drivers and Measures of the SLO for Multinationals

The study set out to understand the motivations for companies to seek out an SLO and to also understand the benefits and costs of obtaining an SLO separately. However, the study found that the two are interrelated in that companies are generally motivated by the benefits of having an SLO and costs of not having it. Similarly, when conveying the benefits of the SLO, the participants in the research highlighted the avoidance of the costs associated with not having an SLO instead. These benefits included not having protest action, work stoppages or the loss of customers. This supports Jeong and Kim (2019), who distinguished between legitimacy benefits and the avoidance of illegitimacy penalties as motivation for companies to seek out legitimacy from society.

The study found that measuring an SLO is of utmost importance to maintaining or improving its status. However, the intangible and dynamic nature of the SLO makes it onerous to accurately measure its performance (van Tulder & Keen, 2018). The other challenge with measuring the SLO is that its effect can only be determined in the long-term (Ng et al., 2019). This poses a problem in ascertaining in how the company can monitor and improve its performance in the short-term (Wang et al., 2020)

A key finding is that there are two types of measurement tools used to determine if an organisation has gained an SLO; formal and informal. Formal tools include stakeholder surveys and interviews to understand perceptions and gather insight for ways to improve engagement with them. Informal tools included examining the inverse of possessing an SLO, such as customer losses or protest action.

Setting goals and targets was also found to be a salient part of ensuring that the appropriate efforts were directed into obtaining an SLO. This also drives the decision to be used on tools to be used later when measuring the company's performance towards acquiring an SLO. These targets were found to be divided into quantitative and qualitative targets. Even though the quantitative targets go against Elkington's (2018) recommendation to not measure social and environmental performance using accounting methodology, the participants highlighted that these provide structured indicators for success.

7.2.3. Stakeholder Participation

It was found in this study that stakeholders play a key role in obtaining an SLO in two ways; as licensors (Demuijnck & FASTERLING, 2016) and as facilitators of the SLO (Stephens & Robinson, 2021). Facilitators of the SLO can and are often also the licensors of the SLO. However, the inverse does not always apply. The three key stakeholder relationships studied in this research were the parent company/head office, the government and the employees of the company. All three of these stakeholders played a vital role in facilitating the SLO for the organisation.

7.2.3.1. Parent Company/Global Head Office

Görg et al.'s (2017) view of autonomy in decision-making being a prerequisite to obtain an SLO in host countries was found to be accurate as managers who have a great level of autonomy from their parent company or global head office were found to deem the trust in local decision-making capabilities to positively contribute to them gaining an SLO. Furthermore, the host companies whose global head offices actively supported them and only provided guidance and advice instead of playing a governance role believed that they have a more sustainable SLO. Finally, the complex role of the parent company was found to dispel the argument by Rathert (2016) that there is a higher expectation for MNCs to "give back" more to obtain an SLO versus local companies. From the study, it was found that there is no significant higher expectation from MNCs in Sub-Saharan Africa.

7.2.3.2. Government

The study found that the second key stakeholder group is the government, which plays a crucial role in facilitating the SLO for an MNC in two ways; regulation and partnerships with organisations. The most pertinent part of regulation was found to be the B-BBEE Act which provides a rating system on the company's performance with regards to addressing the racial inequalities that have resulted from past injustices (Stephens & Robinson, 2021). This highlights that for certain Sub-Saharan countries, especially in South Africa, addressing societal inequalities seems to be the most pertinent problem that companies should strive to address when seeking out an SLO. It is understood that if compliance for regulation that addresses such pertinent issues are met, the SLO will most likely be granted by the greater society. However, all participants in this research highlighted the importance of "going above and beyond" regulation as a pivotal strategy to sustaining the SLO. They argued that as more companies achieve higher ratings for B-BBEE, society has now deemed it a norm to adhere to regulation and only use this as a precondition to granting the SLO as the expectations from successful businesses increases.

The second way that government facilitates an SLO is in alignment with Dumbrell et al.'s (2020) postulation that businesses obtain SLOs when the community perceives them to be assisting the government in its effort to improve society's wellbeing. The case companies in this study highlighted that this is done through government partnerships where the needs that government is typically responsible for are shared with business and where the government can be used as a data source for the areas of society that require development.

However, the study also revealed that the challenges in partnering with the government include the complicity of opportunistic politicians that seek to benefit themselves instead of society and reported corruption which have led to a mistrust of the government. The result of this is that some of the holding companies now have unconditional policies for

their subsidiaries to not engage with the government, which disadvantages the company's chances of sustaining an SLO.

7.2.3.3. Employees

The role of the employee was distinguished in four different ways during this study; employees as stakeholders, employees as ambassadors, employees as volunteers and employees as strategy implementers. The role of the employee as a stakeholder was found to align with the stakeholder theory (Wilburn & Wilburn, 2011) and Cui et al.'s (2016) recommendation that the employee's wellbeing is the first condition to obtaining an SLO. This study further reinforced the concept of an employee as an ambassador (El Akremi et al., 2018). However, according to the interviews, the case companies viewed this in two ways; where the employee naturally becomes an ambassador by virtue of being employed by the company or designed through company structures that create specially chosen ambassadors. The employee as a volunteer was also found to manifest in two ways; as an internal or external volunteer. Internal volunteers are the employees that set and drive the social performance strategy without it being part of their full time job and external volunteering presents itself in the form of providing skills and time and payroll giving programmes to NPOs.

The participants in the study highlighted the significance of the employee in executing the social performance strategy for the organisation in support of Chung et al.'s (2015) view that if the employee understands, aligns and commits to the organisation's strategy, they will commit to it and promote the company. This is done through including social performance targets as part of their key performance indicators (KPIs) or where the expectation is set that social contribution will form part of their daily responsibilities. The precondition to this, however, is that there must be leadership support.

7.3. Proposed Framework

This section presents a proposed model for multinational companies to identify, obtain and measure their social licence to operate. The framework was developed inductively

from the data collected and is a consolidation of the findings from the study with regards to the understanding of the SLO as a fulfilment of stakeholder expectations, understanding the role of key stakeholders in facilitating the SLO and the tools for measuring it. A process-view of the activities involved in gaining an SLO was then formulated from the insights gathered from data. The parties involved in each activity were also matched to the chronological steps taken in the process of gaining an SLO.

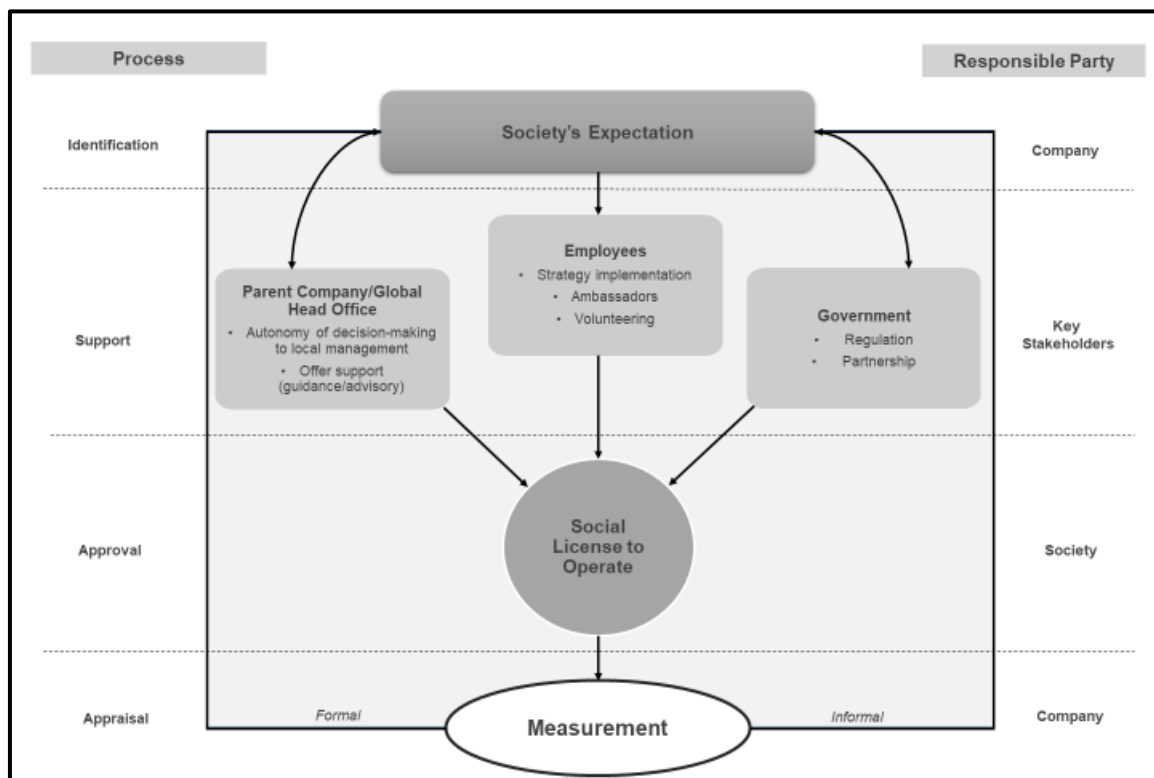


Figure 6: Integrated Social License to Operate Framework for Multinational Companies

The above framework conceptually illustrates the process of acquiring an SLO through an integrated cycle that transforms SLO inputs to a measurable SLO outcome. It contributes to the field of study on social license to operate through distinctly identifying three key stakeholders for a multinational company and highlighting how they can support and facilitate the local company/subsidiary's SLO. This takes place through a process of identification, support, approval and appraisal. Details of how the framework can be used is described below.

Identification

As mentioned, the concept of understanding society's expectations towards the company is a key input to gaining an SLO. Thus, the process of identification entails understanding society's needs to create targeted goals that ensure that appropriate efforts are directed into acquiring the SLO. This part of the process is executed by the multinational company itself which identifies all stakeholder groups and their needs (Wilburn & Wilburn, 2011). Thereafter, the company formulates a strategy on how the needs can be continuously met - this drives the target-setting process.

Support

The needs and targets are then shared with key stakeholders - these can be inherently shared (as in the case of government) or may need to be communicated (in the case of employees or head office). The purpose of this is to gain support from these three stakeholders as discussed in section 7.2.3 in order to gain approval from the wider society. The precondition to gaining support from these stakeholders (especially the government and employees) is that the company must first obtain the SLO from them first before they can facilitate it with the greater stakeholder groups.

Approval

The process of approval is when society accepts the organisation in the form of an SLO. The company has less influence during this step as it is the materialisation of the actions from the company in previous steps of the process. Furthermore, it entails the organisation enjoying the benefits of the SLO and avoiding the costs and penalties of not possessing one.

Appraisal

Lastly, once the SLO is obtained or denied then the company needs to measure the quality of the license through formal and informal means as described in section 7.2.2.

Formal tools include interviews, focus groups and surveys, and informal tools can be social media or feedback from key stakeholders (such as employees and government agencies) who may be closer to the greater society and thus may have an understanding of their perceptions. The feedback from society is then used to identify any evolving societal needs, which triggers the beginning of the process once more.

7.4. Implications for Management

This study provides practical insights that should be adopted by managers of multinationals operating in Sub-Saharan Africa. This is important whether the company is seeking a social license to operate actively or passively as it will affect whether the business is accepted by and permitted to operate in society. The implications for managers are described below:

- A central theme that was highlighted in the understanding of the SLO concept was the need to understand stakeholder expectation. This was identified as the main input to the SLO, highlighting its criticality. Therefore, managers of MNCs in Sub-Saharan Africa need to first identify the stakeholders that are directly and indirectly impacted by their operations (Wilburn & Wilburn, 2011) and further seek to understand their expectations from the organisation in order to be granted an SLO.
- Managers need to identify the benefits of possessing an SLO and penalties of not possessing or losing one. This will highlight the drivers to the company's social strategy and will motivate the accurate pursuit of the SLO through targeted goals.
- Furthermore, the progress made on all goals should be measured at regular intervals through formal and informal means. The formal means can include surveys, interviews and focus groups directed at all stakeholder groups and informal means may include continuous observation and inquiry of the perceptions towards the organisation through social media and employee feedback.
- The indispensable role of the global head office has been identified as a key determinant in subsidiaries obtaining an SLO. This is best achieved when the

holding company has provided autonomy in decision-making to the managers of the subsidiary. Therefore, managers of multinationals should strive to empower and trust the managers of subsidiaries to make decisions that they deem appropriate to advance their SLO. They should rather play a guidance and advisory role. Furthermore, the local leadership team should support the social performance strategy to drive the achievement of the SLO.

- MNCs should also strive to adhere to local regulation, especially when the regulation is intended to address societal ills and needs. Furthermore, Baldini et al.'s (2016) recommendation should be considered for companies to manage country-level risk from government partnerships, such as corruption, that may deter the realisation of benefits from that partnership.
- The needs of employees as influential stakeholders and as facilitators of the SLO must be addressed relentlessly. This aligns with the expansion of the definition to include employees' rights (Cui et al, 2016). Furthermore, employees must be actively involved in the company's social strategy, either through volunteering initiatives or internal committees to drive strategy execution and ambassadorship.

7.5. Limitations to Research

The exploratory nature of this research and small number of cases limited the generalisability of the results to all business contexts. Moreover, the focus on multinational companies operating in Sub-Saharan Africa limits the transferability of the study to other business model categories. In addition, the subjective nature of qualitative research involves researcher bias which can affect the results. To manage this bias, the quality controls as described in section 4.9 were employed.

Great effort was taken to get varied opinions and an extended understanding of the case companies' practices, however, the interviews ranged between two and five people at management level being interviewed in each company. This may have provided a limited view of the practices in each company which excluded lower level employees. Furthermore, the cross-sectional study design meant that there was a limitation in the

participants responding with a frame of the prevailing period. Considering that this study was conducted during the COVID-19 pandemic, this influenced the participants' perspective as they made reference to the impacts of the pandemic during the interviews. This may affect the generalisation of the findings and yield different findings in other periods. In addition, the time constraints limited advanced depth in the topic and the ability to measure change over time.

According to Dumbrell et al. (2020), it is easier to identify companies who do not have an SLO rather than those who do have it. Therefore, the final limitation to the research was the method of selecting sample companies that were deemed to have obtained an SLO. This meant that a high level of subjectivity was employed to determine that the participating companies indeed have an SLO.

7.6. Recommendations for Future Research

Based on insights and findings extracted from this study, the following are suggested as future areas of research related to this topic.

- Firstly, an empirical study on the differences in expectations between MNCs and locally established companies is recommended. The study should examine the effects of society's perception of the origin of companies on their SLO. This may provide an accurate view of what organisations should focus on based on society's perception of their origin.
- Secondly, a study that intends to establish a measurement tool for companies to measure the short and long-term effects of their social performance and incorporate formal and informal measurement tools would advance the literature and business practice for the SLO concept.
- Thirdly, this study found that government partnerships are a dependable way for an organisation to gain an SLO. However, many multinational companies found it difficult to engage in these partnerships based on the imminent challenges of associating with the government, which includes politics, mistrust and corruption. A study that will focus on how organisations can manage these challenges and

minimise the risks of government partnerships will therefore contribute to business practice for SLO acquisition.

- Lastly, a finding in this study was that employee volunteering manifests itself in two ways; internal and external. The internal volunteering in particular found one case company to have their social performance strategy set and driven by employees who have full time jobs and supplement their roles with internal committees that drive the achievement of the SLO. An empirical study to determine if full-time employment of social license practitioners is a determinant for a company to gain an SLO would provide valuable insight to this phenomenon.

7.7. Conclusion

This research set out to understand the social license to operate concept from the perspective of MNCs operating in Sub-Saharan Africa. This is accomplished through the discovery of the definition of the SLO term from the case companies, an understanding of the drivers and measures of the SLO and the role of key stakeholders in the company acquiring an SLO. Furthermore, the challenges of acquiring an SLO have been uncovered through an investigation of these factors.

Through in-depth qualitative semi-structured interviews, the study makes several contributions to the social license to operate literature. The first is to distinguish the SLO from other related theories such as the social contracts and legitimacy theories. The SLO also entails a contract, however, as the nature of a license, the obligations sit largely with the business in return for permission to operate in society in the short term with an opportunity to extend the SLO in the long-term. The study also explored the benefits and costs of the SLO and ways in which companies can set targets and measure them. The role of key stakeholders that support the company's SLO status is also highlighted. Lastly, implications and recommendations for management are provided along with a framework. Thus, this study provides a significant set of strategies that can be adopted by managers of multinationals hosted by Sub-Saharan African countries.

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APPENDICES

Appendix A – Interview Guide

Interview Guide

Senior Manager – Part of setting the social strategy

Part A: Warm up and establishing rapport

Thank interviewee for participating in the study, go over informed consent form, explain the process and that confidentiality and anonymity will be protected. Obtain permission to record.

Just start off with a standardised statement about wanting to understand the concept of social licence to operate in multinationals in South Africa

1. How long have you been with the organisation? What are your main job responsibilities.? (*record company name and job title*)

Part B: Interview

2. What does the term “social licence to operate” mean to you? (*Note to interviewer: probe how is it different to e.g. corporate social responsibility*)
3. How and why did your organisation become involved with the concept of the social licence to operate? i.e. what were the driving forces
4. What has your organisation done to obtain the social licence to operate?
5. How do you know that you have it?
6. Who are the stakeholders that are involved in this process (including the international head office and government)? And what role have each of them played?
7. What are the benefits of having an SLO?
8. What are the costs of having an SLO? (and do the benefits outweigh the costs?)
9. What are the ways in which you get employees involved? Which employees?
10. What advice would you give other multinationals who want to get a social licence to operate?

Part C: Wrap-up

11. Is there anything I haven't asked that you would like to add?
12. Should the responses you have provided stimulate additional questions or clarity, may I contact you in future?
(*Thank interviewee and state that nothing they have said will be linked back to their name or to the company*)

Appendix B – Consent Form

Informed Consent Letter

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfilment of an MBA.

I am conducting research on the role of the employee in advancing a company's social licence to operate and am trying to explore how multinational companies obtain ongoing acceptance and approval of their operations by society. Our interview is expected to last about an hour and will help us understand how employees can promote a company's social licence by championing it.

Your participation is voluntary, and you can withdraw at any time without penalty. All data will be reported without identifiers. If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name: Zandile Tshabalala

Email: 19384514@mygibs.co.za

Phone: 0786354226

Research Supervisor: Margie Sutherland

Email: sutherlandm@gibs.co.za

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____

Appendix C – Ethical Clearance Approval

**Gordon Institute
of Business Science**
University of Pretoria

Zandile Tshabalala <19384514@mygibs.co.za>

Ethical Clearance Approved

1 message

MastersResearch2020 <MBAResearch2020@gibssa.mail.onmicrosoft.com>
To: "19384514@mygibs.co.za" <19384514@mygibs.co.za>

28 July 2020 at 11:17

**Gordon Institute
of Business Science**
University of Pretoria

Ethical Clearance
Approved

Dear Zandile Tshabalala,

Please be advised that your application for Ethical Clearance has been approved.


You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

[Ethical Clearance Form](#)

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS
Research Admin team.

 **EthicalClearanceReport.pdf**
415K