

**Dealing with a unique institution; management of
service delivery protest by businesses operating in
Gauteng**

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ABSTRACT

Service Delivery Protest is a unique institution, that is characterized as unstable, unpredictable, permanent and destructive. Institutions are known to have an effect on firm success and this special type of institution is no exception. Companies can implement a range of institutional management strategies to manage the respective institutions. Due to the unique nature of this institution, very little is available in current literature that describes the elements of the institution, the implications for business, as well as the management strategies employed to try and manage the institution.

Thus, this study aims to establish what the elements of this unique institution are, in comparison to other traditional institutions, as well as what the role and effects of these institutions are for businesses operating in South Africa's Gauteng Province. Furthermore, the study will explore the management strategies employed by the businesses in Gauteng to manage the Service Delivery Protest institution. These strategies aim to minimize the negative effects felt by businesses. Also, the study will investigate the role of government, with respects to this institution, as well as the motivation of business owners to remain in operation despite the institution.

The study will be conducted through a qualitative, exploratory research process that is linked to a multiple case study strategy. The research is inductive, and the theory will be built from the insights gained. The study contributes to institutional theory and is not about the emergence of a new institution but will primarily focus on the management strategies employed by businesses to manage special types of institutions.

KEYWORDS

Institutional Theory; Service Delivery Protest; Unique Institutions; Institutional Strategies; Stakeholder Management; Non-Market Strategies

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.

Signed: Name

Date

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CHAPTER 1: PROBLEM DEFINITION AND PURPOSE

1.1 Introduction and Description of the Problem

South Africa has been experiencing an increasing incidence of the phenomenon known as Service Delivery Protest (“SDP”) (Allan & Heese, 2018). There were 237 recorded incidences of major SDP that occurred in South Africa in 2018 alone, with Gauteng being one of the provinces with the highest frequency of occurrences (Municipal IQ, 2019). The protests are characterised by marches, demonstrations, violent confrontations and destruction (Nyar & Wray, 2012) and have been reported to have a significant negative effect on business.

SDP is a protest action that stems from the genuine dissatisfaction, experienced by members of local communities and informal settlements, with the state of basic services, such as, for example, the lack of housing and running water (Burger, 2009). As mentioned above, the phenomenon is a frequent occurrence and until the majority of South Africans, who are trapped in poverty and inequality start realising a better way of life, the occurrences will not cease (Lancaster & Godfrey, 2017). SDP is a phenomenon that South Africa has been experiencing since 2004 and as stated previously there are no prospects of these protests ceasing any time soon. SDP is said to be permanent and has become a normal part of everyday life. Therefore, it is an institution.

Over the years there have been many definitions of institutions, but no agreement as to what is described as the correct definition has been achieved. Institutions have been described by North (1991) as the “rules of the game” (p. 98), whilst others have called institutions the humanly devised constraints meant to structure human interactions. (Peng, Wang, & Jiang, 2008). The constraints are presented as formal rules, for example the rule of law, as well as implicit constraints, such as customs and cultures. It is argued that humans create institutions to reduce uncertainty in daily exchanges by creating order (North, 1991). Other definitions state that institutions provide stability and meaning to social behaviour and that institutional theory embraces the deep and resilient factors of society (Scott, 2004). Peng, Wang & Jiang (2008) offer a further explanation by stating that institutions govern social interactions in the realms of politics, law and society. Therefore, if one considers the

three popular definitions and perspectives of institutions discussed, it becomes evident that the chief characteristics of the traditional view of institutions are that they constrain behaviour and that they are permanent and stable.

However, institutions evolve incrementally and so too should their definition and measurement criteria. Scott (2004) mentions that institutions adapt to the rise of emergent regimes, and so too should the definition of institutions evolve. More recent measures of institutions are that they are not stable and would not measure policy constraints. The new measures would primarily measure outcomes (Voigt, 2009). The outcomes would be influenced by the incentives offered, which could be positive or negative (Langlois & Robertson, 2002). The new definition offered by Voigt (2009) not only takes into account the differences between formal and informal rules, but also the difference between rules and enforcement. Furthermore, the new definitions state that the main applicable criteria used to measure an institution against, are a natural minimum period, which means that the phenomenon is not new (minimum nine years) (Voigt, 2009). Ultimately, the core concept of an institution amounts to the notion of recurrent patterns, in the form of habits, conventions and routines (Langlois & Robertson, 2002). Thus, from the description of the SDP phenomenon above, as well as the numerous definitions of the institution and their evolution, it becomes evident that SDP is indeed an institution. But it is an institution that has never before been formally described as an institution.

Institutions are said to play a significant role in a firm's success. In countries where good institutions are present, which are said to support businesses, companies are reported to experience high growth. This is in stark contrast to countries where the institutional environment is poor. In these countries poor institutions reduce the rate of success of companies (Goto & Negash, 2016). Furthermore, another important link exists between institutions and organisations. Organisations inform their strategic directions and decisions as a result of the quality of the institutions within their environment of business. It is reported that the quality of institutions directly influences strategic decisions (Peng et al., 2008).

If one considers the new institution, namely SDP, it becomes evident that it is not a good or supportive institution, when considering the effects that it has on business. SDP does indeed have numerous and far reaching negative consequences for

businesses. Numerous chambers of commerce have expressed concern regarding the negative business impact that ongoing Service Delivery Protests have on businesses and jobs (IOL, 2019). Service Delivery Protests in South Africa are predominantly violent and destructive, rendering them both unconstitutional and illegal. Some of the physical impacts on the businesses that are experienced include loss of production, due to the destruction of infrastructure and factories (Khambule, Nomdo, & Siswana, 2018). Furthermore, the destruction of public infrastructure such as schools has a delayed effect on business, as the level of education of future employees is negatively affected (Khambule et al., 2018). Many employees living in protest hotspot areas, who are not themselves engaged in protest action and want to get to work, are often not allowed to go to work or cannot get to work due to threats and public infrastructure being destroyed such as roads, bus depots and busses themselves. The negative impact of SDP on businesses is being underestimated and often being concealed from the public. The fact remains that Service Delivery Protests have a significant negative impact on businesses in the form of damage to property, loss of income and ultimately irreversible financial losses (Fin24, 2016).

Due to the fact that institutions can influence business success, companies that operate in environments characterised by poor institutions need to actively manage the institutions. The management of the institution is a key aspect in reducing the negative effects felt by the business, as well as to allow the business to survive despite the institution. With respect to the management of institutions there are numerous institutional strategies that firms can implement or adopt to manage institutions. One of the main strategies that has become prominent in recent literature is a non-market strategy, referred to as stakeholder management. In fact, managing stakeholders is an integral part of any institutional strategy (Marquis & Raynard, 2015). This management refers to building and cultivating dependency relationships with key stakeholders, via networking efforts (Marquis & Raynard, 2015).

Considering the extreme effects felt by businesses as a result of SDP, as briefly described above, it becomes evident that businesses operating in this institutional environment must adopt institutional management strategies in order to survive. This would be done to manage the effects and reduce the losses caused by the institution. As mentioned above the management of stakeholders is a key component of a

successful institutional strategy. This component becomes even more critical in the successful execution of institutional strategies, when considering the SDP institution.

The effects that this new institution has on businesses operating in Gauteng have been reported as being negative. If a business does not actively manage this institution it will not succeed and be forced to close. Based on the problem described in this section, the next section will further describe the need for the research, both for business as well as academic literature.

1.2 Purpose of the Research

In reality, very little theory about Service Delivery Protests exists, as data collection for this institution has become extremely difficult, mainly due to the violent nature of the protests (Nyar & Wray, 2012). Furthermore, as was established in the previous section; this institution is unique and does not have all of the same elements that other well-known institutions have. Current literature speaks about the link between institutions and the role they play in a firm's success, as well as institutional strategies that firms can employ to manage the institutions. However, this literature is based on the findings from well-known institutions, where the elements of the institutions are well defined and understood. This is not the case for the SDP institution.

Furthermore, even less is known about how businesses operating in Gauteng manage this special type of institution. It is key that businesses operating in Gauteng learn to manage this institution effectively, in order for them to survive.

There exists a business need to understand the elements of the special institution, because without an understanding of the elements of the institution, the effects that the institution has on businesses cannot be explained. Furthermore, an understanding of the effects that the institution has on businesses operating in Gauteng must be gained. This must be done prior to acquiring a deep understanding of how businesses manage this institution. This literature is critical for businesses operating in Gauteng, as no framework or research exists to guide them through this turbulent, unstable and unpredictable institutional environment.

1.3 Research Problem

This research aims to gain a deeper understanding of the elements of the special type of institution. Furthermore, it aims to understand the effects felt by businesses as a result of this institution, as well as what management strategies businesses are employing to successfully manage the institution. This is done in an attempt to reduce the negative effects felt by the businesses.

This research aims to:

1. Establish what the main elements of this unique institution, known as Service Delivery Protest, are.
2. Identify what the effects are that are being experienced by businesses operating in Gauteng, as a result of SDP.
3. Identify what management strategies businesses have instituted and executed to manage this institution, as well as the effects felt by the businesses.
4. Identify what the role of government with respect to SDP is, and to what extent are businesses prepared to continue operations despite the effects felt by the institution.

This study aims to contribute to institutional theory, by presenting a body of research about the elements of a unique and special type of institution. The study will also present a contribution in terms of what the effects are, that are felt by businesses, as a result of this special type of institution. Finally, the research study aims to establish what management strategies businesses have employed to manage this institution and to reduce the negative effects felt by it.

It must be noted that this research is not about an emerging institution, but rather about the management of the new special type of institution. The elements of the

institution, as well as the effects felt by the businesses provide context to better understand the management strategies that are being used.

1.4 A brief outline of the document to follow

Chapter 2 will explore the theory of Service Delivery Protest to gain a better understanding of the institution. Next it will explore institutions in more detail, as well as look at the roles, effects and implications of institutions in business. Chapter 2 will then present theory about institutional strategies. These are supported by various non-market strategies, such as stakeholder management, which have been identified as strategies that are successfully used to manage institutions. The strategies are tools for managing institutions in primarily emerging markets. However, no literature is available regarding the management of special institutions such as Service Delivery Protests.

The document will then proceed to detail the methodology and design of the research that was followed in this study, after which the results obtained from the data collection and analysis process are presented. The results will then be discussed with reference to the literature study and the research questions. Lastly, the conclusion, limitations of the study, as well as recommendations for future research will be presented.

1.5 Conclusion

Service Delivery Protest is a special type of institution, which has a significant impact on business. Very little literature, regarding how industrial businesses operating in Gauteng manage this institution, is available. This study will focus on businesses operating in the Gauteng province only and will attempt to establish how these businesses manage this special type of institution, with respect to management strategies employed. The study aims to contribute to the institutional theory. An academic, as well as a business need for the study exists.

CHAPTER 2: LITERATURE REVIEW

Service Delivery Protest in South Africa is a new institution that is considered to permanent and has been around since 2004 (Allan & Heese, 2018). The institution is characterised by acts of destruction and violence (Nyar & Wray, 2012). Institutions have been described by numerous academics over the years and no consensus as to the definition, as well as the elements of an institution has been reached. The simplest definition is offered by North (1991) as the “rules of the game” (p. 98). Institutional theory has some key characteristics, which have an impact on the organisations that operate in the respective institutional environment (Rottig, 2016).

Furthermore, there exists an important link between institutions and organisations. Organisations inform their strategic directions and decisions as a result of the quality of the institutions within their environment of business, for example the rule of law. Peng et al. (2008) ventures as far as to state that institutions directly influence a company’s strategy formulation and that businesses need to adapt to different institutional contexts. Companies need to be flexible, and to be frequently adjusted, with changes in institutional frameworks, as well as the emergence of new institutions (Peng et al., 2008).

A literature study was conducted to explore the institution known as a Service Delivery Protest. This was done to gain a deeper understanding of the institution. Furthermore, the literature study considered the role that institutions play in business, as well as the effects and implications such institutions have on companies. Next, the study considered some of the management strategies that have been employed by businesses to manage institutions. To this extent, the study considered a set of institutional strategies, namely relational, infrastructure building and socio-cultural bridge building strategies (Marquis & Raynard, 2015). Next the literature study considered numerous non-market strategies that supported the institutional strategies and have been mentioned in literature as being successful strategies in managing institutions.

2.1 Service Delivery Protest in South Africa

South Africa has been experiencing an increasing incidence of the phenomenon known as Service Delivery Protest (“SDP”) since the year 2004 (Allan & Heese, 2018). Service Delivery Protest is described as a symptom of socio-political instability and is initiated by members of a community due to dissatisfaction with service delivery, for example no running water, no electricity, inadequate or no housing, as well as no toilets. These types of protests occur typically in informal settlements (Burger, 2009). Further factors such as unemployment and political promises that services will be provided that are never delivered on, are all contributors to the rate and severity of the protest actions.

The Gauteng province is considered to be the economic engine of South Africa and it experienced 785 incidences of unrest-related action, which includes service delivery protest, in 2017/2018. Of the recorded unrest related to protest action, it is mentioned that 24 percent of the protests are related to poor service delivery. Therefore, approximately 188 service delivery protests took place in Gauteng in 2017/2018 (South African Police Service, 2018). South Africa recorded 237 incidences of SDP in 2018, thus Gauteng observed close to 80 percent of the country’s total major service delivery protest action (Municipal IQ, 2019). As is evidenced, SDP protest action has become a frequent occurrence and until the majority of South Africans, who are trapped in poverty and inequality, start realising a better way of life, these protests will not cease (Lancaster & Godfrey, 2017).

The protests are characterised by marches, demonstrations and violent confrontations (Nyar & Wray, 2012). It is reported that extensive damage to property, private and public, is experienced during these protest actions, in the form of barricading roads, looting shops, burning buildings and houses (Lancaster & Godfrey, 2017). Furthermore, the damage is not only inflicted on property, but also on the protestors, bystanders and law enforcement officials. Extensive injuries, minor and major, as well as fatalities have been recorded in Gauteng for 2018, as a result of violent protest action in 2018 (South African Police Service, 2018).

Public protest, coupled to violence, appears to be the only effective way to promote political participation and as such it was reported that over half of all the protest action

escalated into violence (Lancaster & Godfrey, 2017). As is evidenced in the section, SDP is a new special type of institution that does not display any of the normal or traditional characteristics of an institution.

2.2 Definition and description of an Institution

Over the years there have been many definitions of institutions, but no agreement as to what the is to be considered the correct definition has been achieved. The metaphor used by North (1991) to describe an institution as the “rules of the game” (p. 98), formally defines an institution as a set of constraints that dictate how human interactions should take place (Peng et al., 2008). North (1991) refers to the constraints as formal rules, for example the rule of law, and implicit constraints, for example customs and cultures. He argues that humans create institutions to reduce uncertainty in exchange by creating order. North further mentions that institutions develop gradually, building bridges between the past, the present and the future (North, 1991).

The next definition of institutions was offered by Scott (2004) and he describes the institution as a regulative, normative and cognitive structure. The regulative consideration refers to the constraining and regularizing of behaviour, through rule setting and monitoring, whilst the normative pillar includes both values and norms. The cognitive pillar, also referred to as the cultural-cognitive pillar, speaks to the ideas that make up and describe the nature of the social reality (Scott, 2008). The structure, through its activities, provides stability and meaning to all social behaviour (Scott, 2004).

The institutional theory speaks to the deep and hardy pillars of society. He further argues that institutional theory processes are to be considered. These are processes that have enabled structures such as schemes, norms, rules, and routines to organise themselves as suggestions of an authoritarian nature for social behaviour (Scott, 2004). Institutional theory according to Scott (2004) poses the question as to how these elements are created. Furthermore, the question seeks to determine how they are diffused, adopted and adapted (Scott, 2004).

Another more recent traditional definition worth mentioning is the version offered by Peng, Wang & Jiang (2008), where they state that institutions govern social interactions three main areas, namely politics, law and society. Examples of each are corruption and transparency (politics), economic liberalisation, regulatory regime and the rule of law (law), as well as ethical norms and attitudes towards entrepreneurship (social). Institutions are considered to be formal and informal, with institutions such as law and regulations being considered to be formal, whilst informal institutions are normative and cognitive. Culture is an example of an informal institution that supports and promotes what is considered to be a formal institution (Peng et al., 2008). Formal, regulatory dimensions tend to affect the company externally, whilst the informal, normative and cultural aspects are connected to the internal workings of the company (Peng, Sun, Vlas, Minichilli, & Corbetta, 2018).

Considering the three definitions and perspectives of institutions discussed, it becomes evident that the chief characteristics of the traditional view of institutions are that they constrain behaviour and that they are permanent and/or stable. The traditional views are considered to be formal rules. The rules are backed up, supplemented or challenged by a number of implicit rules. These implicit rules generally take the form of customs, traditions, codes of conduct, conventions or routines (North, 1991). They operate on a structure of incentives in human exchange via enforcement mechanisms (North, 1991). The nature and role of social institutions are becoming a growing area of interest within the academic domain. Ultimately, the core concept of an institution amounts to the notion of recurrent patterns, such as habits, conventions and routines (Langlois & Robertson, 2002).

The most recent measures of institutions would not be stable and would not measure policy constraints. The new measures would primarily measure outcomes (Voigt, 2009). These outcomes would be influenced by the incentives offered, which could either be positive and/or negative (Langlois & Robertson, 2002). The new definition offered by Voigt (2009) not only takes into account the differences between formal and informal rules, but also the difference between rules and enforcement. This definition is known by common rules, which are used to regulate recurring interactions. These interactions are equipped with a sanctioning mechanism. (Voigt, 2009).

Voigt (2009) refers to internal and external institutions, where the classification is determined by, if the rule breaker(s) are sanctioned by the state (external) or by members of society (internal). The main applicable criteria used to measure service delivery protests as an institution against, are a natural minimum period, which means that the phenomenon is not new (minimum nine years) and the measure distance between the expected behaviour in accordance with the letter of the law and the factually observed behaviour.

If one were to measure a phenomenon against the 'traditional' criteria of institutions offered by North (North, 1991), Scott (Scott, 2004) and Peng (Peng et al., 2008) the characteristics of the phenomenon would need to be stable, predictable and constrained.

However, as mentioned previously institutions evolve incrementally and so too should their definition and measurement criteria. Scott (2004) mentions that institutions adapt to the rise of emergent regimes, and so too should the definition of institution evolve. This contrasting view of the definition of the institution leads into the first overarching open-ended research question:

Research Question 1. What is the nature of this institution and what are the main elements?

Once the nature and the elements of this new institution are understood, it is important to understand how businesses are affected by institutions, operating in the respective institutional environments.

2.3 The role, effect and implications of institutions in business

Growth and institutions research recognized from the beginning that a link exists between economic growth, ultimately business growth, and the quality of institutions. Growth leads to better institutions and intuitively in turn better institutions lead to higher growth. Institutional outcomes also tend to improve as the society becomes wealthier, due to the fact opportunities in the institutional realm improve (Glaeser, La Porta, Lopes-de-Silanes, & Shleifer, 2004).

Institutional theory can be described as a popular and powerful conceptual lens through which academics have considered numerous elements of organisations, for example the actions, transformations, structures and strategies (Rottig, 2016). It is stated that institutions directly influence the strategy of an organisation (Peng et al., 2008). A large percentage of this section will have an emerging market focus, as this is specific to South Africa, however, the literature is also applicable to developed economies.

If one considers emerging markets, it becomes evident that they are categorised by weak capital markets, as well as regulatory infrastructures. Emerging markets are further described as turbulent, expressed through fast paced changes (Marquis & Raynard, 2015). Institutional theory has some key characteristics, namely its consideration for the social environment, as well as the impact on the organisation. The social environment can be described as the surrounding society, government, laws and regulations, rules, values, norms and beliefs to mention only a few. The social environment is accepted by the general society and can affect the organisational structure and actions (Rottig, 2016). The institutional environment has some unique features:

1. Institutional voids - refers to the underdevelopment or complete absence of certain institutions (Rottig, 2016). Peng et al. (2018) refer to institutional voids as imperfections in financial product and labour markets (Peng et al., 2018).
2. The relative importance of informal compared to formal institutions – formation of informal institutions to fill the institutional voids (Rottig, 2016).
3. Institutional pressures by the government and the high importance of informal social institutions in comparison to formal institutions, such as the legal and economic systems. Emerging market governments tend to have greater social focus than governments in developed markets. Governments exert a greater influence on companies in emerging markets than in developed nations (Rottig, 2016).

4. Institutional change & transitions – changes in institutions in emerging markets are characterised by suddenness and unpredictability. These changes become difficult for businesses to manage. Conversely, in developed markets these changes are incremental and the institutions are stable (Rottig, 2016).

Considering the features of the institutional environment mentioned above, each one of these has a unique impact on corporations operating in these markets. Institutional voids are the reason for many market failures for several reasons, such as the lack of information for customers, labour market, services, investment and erroneous regulations by local government, which are designed to favour political goals over economic successes. Another reason for failure caused by institutional voids is the ineffective judicial systems that are not capable of enforcing contracts reliably and consistently (Rottig, 2016). Institutional voids are extensive in emerging markets, but also exist in developed economies (Peng et al., 2018). As a result of the institutional voids that may be apparent, many informal institutions have evolved and become a critical component in the effective workings of an emerging market. These informal institutions are made up of local providers of specific intermediary services - for example, the advertisement of products in the provider's social networks. In emerging economies, social contracts, as well as social institutions are dominant. Also, in these types of markets social performance matters (Rottig, 2016). In emerging markets large companies will often fill the institutional voids by diversifying their product range and offering services such as assistance in obtaining licenses and access to finance (Peng et al., 2018).

Institutional voids or the absence of institutions play an important role in increasing the motivation of entrepreneurship in resource poor, social problem rich environments. The less active governments trigger a higher social need and therefore a greater demand for entrepreneurship endeavours to be conceived. On the other hand, countries with more actively involved governments and therefore more institutional support, enhance entrepreneurship (Stephan, Uhlaner, & Stride, 2015), as well as its success. This is due to the fact that institutions will influence individual behaviour. This influence will come in the form of stimulus for motivation and resource support, both tangible and intangible, to support entrepreneurs (Stephan et al., 2015). Commercial entrepreneurship can operate on the system of incentives, a key factor in institutional theory.

If one looks at micro and small enterprises, which are generally entrepreneurial in nature, it becomes evident that these are the driving force of the economy, in both developing and developed nations. They contribute to job creation and poverty reduction. Micro and small enterprises are regarded as the socioeconomic engines and political catalysts in driving economic growth at the 'grassroots' level, as well as equitable sustainable development. Small and medium enterprises can only flourish and succeed, as described above, if the government's policies and legislations, in other words government institutions, are aimed at promoting and nurturing their growth (Goto & Negash, 2016). This demonstrates that in cases where good institutions, which support and nurture small businesses, are present the country can significantly drive economic growth and reap the benefits of the positives coupled to this growth. On the other hand, poor institutions reduce the success rate of small enterprises and thus reduce economic growth.

Emerging market governments generally have a larger social orientation and also tend to apply a greater influence and control over the respective companies that operate in these emerging markets compared with governments in developed nations (Rottig, 2016). Therefore, companies are often confronted with pressures, such as pressures for social performance, known as legitimacy pressures, and demonstrating an energetic presence in the local community.

Furthermore, demands for informal legitimacy are often in addition to the government's formal demand to own a stake in the operations (Rottig, 2016). Emerging markets often portray sudden and unpredictable changes in ideology by governments. For example, to open their markets to international trade and investment and then reverse the decision. This is done to introduce a more 'protectionist' type of mindset to protect local economies. Emerging markets' unpredictable, rapid changes in institutions are difficult for companies to manage (Rottig, 2016). The evolution of new institutions and institutional transition, as is happening in South Africa, needs to be managed carefully by businesses. Rapid institutional transition and the emergence of new institutions can create chaos (Peng et al., 2018).

It becomes clear in this section that institutions do indeed affect, positively or negatively, businesses that operate in the respective environment. In order to understand if SDP does indeed affect businesses, more specifically businesses operating in Gauteng, and what these effects are, the second research question emerged:

Research Question 2. What is the effect of this new type of institution, namely SDP, on businesses operating in Gauteng?

It is key for companies operating or planning to operate in emerging markets to distinguish between universal business practices and context related business practices. Context specific strategies and organisational structures need to be employed to operate in an emerging economy successfully. All businesses operating in an emerging economy, need to be adaptable to changes in the institutions, such as political, economic and social in order to remain legitimate (Rottig, 2016). Also, businesses need to be flexible to deal not only with changes, but also the emergence of new institutions. Many companies might not be willing to operate in such conditions and would not be flexible enough to survive. This would result in businesses simply not entering into the market. It is therefore key that countries in emerging markets improve the state of the institutions to attract companies to create a new business or expand current operations. The next section will look at some of the strategies that businesses can employ and execute to effectively manage institutions.

2.4 Institutional strategies in emerging markets

Institutional strategies are intended to obtain and most often retain competitive advantage, via a number of mechanisms aimed at moulding socio-political, as well as cultural institutions (Marquis & Raynard, 2015).

Emerging markets are known to differ significantly in terms of their economic, market and institutional conditions (Marquis & Raynard, 2015). This makes it extremely difficult to come up with a generic strategy to be applied to all businesses operating in emerging markets. However, Marquis & Raynard (2015) have developed a set of strategies that can be applied to businesses in emerging markets, such as South

Africa. These strategies are more sensitised or attuned to local environments, as well as the diverse contexts of the many promising emerging markets. The strategies will be discussed in some detail. The three specific and distinguishable institutional strategies are (Marquis & Raynard, 2015):

1. Relational Strategy – which refers to the cultivation and management of dependency relationships with the key stakeholders, such as the government, via networking efforts (Marquis & Raynard, 2015).
2. Infrastructure Building Strategy – intended to address inadequate or absent technological, regulatory and physical infrastructures, which are expected to support business activities (Marquis & Raynard, 2015).
3. Socio-Cultural Bridging Strategy – this strategic approach deals with socio-cultural and demographic problems that could potentially hamper trade and economic development. Some of these examples include political and social unrest, extreme poverty, conflicts (ethnic or religious) and illiteracy (Marquis & Raynard, 2015).

Within the three strategies the main points with regards to management issues related to Service Delivery Protest have been extracted and discussed in this, as well as the following sections. Marquis & Raynard (2015) mention that companies should reduce incidences of hold-ups by stakeholders, which are generally opportunistic in nature. This can be achieved by carefully managing their stakeholders. These stakeholders will often have no direct ties to the business, but whose co-operation is key to the business' success. Within an environment characterised by institutional uncertainty, the necessity of interpersonal networks and relationships, communication, leadership, social capital, as well as informal institutions become key. Therefore, trust, social norms and personal ties are key components in making cooperation possible, as well as to regulate social behaviour. It is important to note that market transactions never occur in a vacuum, but rather in specific social cultural and political contexts (Marquis & Raynard, 2015).

Thus, the training of employees, community individuals, understanding demographic disparities, understanding the local environment, bridging the cultural divide and corporate social responsibility programs are identified as the main social aspects

required within the institutional strategies to deal with ideological political and social unrest, which has negative effects on the business (Marquis & Raynard, 2015). Furthermore, companies could leverage the institutional relatedness by aligning themselves with dominant institutions, such as government, political parties and banks. Such institutions can offer the company legitimacy and confer resources (Peng et al., 2018).

Such tactics and strategies mentioned above appear to be the solution to predictable, causal unrest situations. For example, perform the task as above and the community will not engage in action 'x'. If one considers the newly formed institution, namely the unrest blanketed under the name of Service Delivery Protest, one realises that it is indeed not predictable. These protests occur more frequently and without warning.

In instances, as is arguably the case in South Africa, where a country has weak institutions, companies can create the required value by shaping the existing institutional environment, either alone or in collaboration with others. This value is created by employing alternative strategies in the face of institutional costs, known as non-market strategies (Dorobantu, Kaul, & Zelner, 2016).

Numerous non-market strategies that are used to manage institutions will be discussed in the following sections. Each of the strategies is related to one of the three institutional strategies mentioned previously, namely relational, infrastructure building and socio-cultural bridge building.

2.5 Non-market strategies

It is key that non-market strategies are positioned correctly, with respect to their differences in relation to market strategies. Market strategies are generally termed as strategic management initiatives, where the actions or strategies respond directly to the market environment. The market environment comprises mainly of Michael Porter's (1979) five-force model (Xie, Li, & Xie, 2014). Conversely, non-market strategies are characterised as conscious actions to try and improve company performance by managing the institutional and societal context within which the firm operates (Mellahi, Frynas, Sun, & Siegel, 2016). The non-market environment is typically defined as a compromise between the social, political and legal

arrangements, which in fact are key components in structuring the interactions amongst companies, as well as their public (Funk & Hirschman, 2017). Tensions between market and non-market strategies have always existed and the challenge for firms is to pay adequate attention to both, to come up with an integrated strategy.

Market strategies have been predominantly the favoured strategic direction, as the effects are easily quantifiable. Ultimately, although the market and non-market strategies are characterised by different tasks, they aim to achieve a common goal for the organisation. The common goal is to create and exploit business opportunities, in an attempt to gain and strengthen existing competitive advantage. To this extent, the firm would want to improve its overall performance (Xie et al., 2014). Some scholars have gone as far as to consider non-market strategy the 'sixth force' to describe an integrated strategy, where the original Porter's (1979) five force model in addition to the non-market strategies, becomes the ideal strategy (Porter, 1979). All market strategies are designed and influenced by non-market actors (Xie et al., 2014).

Bearing the context of this research in mind, this section will focus on the non-market strategies and aim to explore these in more detail. Non-market strategies are effectively used to manage the external non-market environment, i.e. the interactions with the company and non-market stakeholders. There exists a strong association between non-market strategies and the overall performance of an organisation. Companies attempt to bridge the external environment by adopting organisational activities in order to conform to external expectations (Mellahi et al., 2016).

In short, non-market strategies are used to form the environment in which the company operates. The non-market environment is comprised of the following actors, namely government and institutions, non-government organisations, regulators, citizens, media, activists and local communities (Xie et al., 2014). As a result of companies creating and distributing value, the number of actors mentioned wants to influence them, some formally via institutions (for example laws and regulations) and informally through social pressures, such as activism or protest (Bach & Allen, 2010).

Due to the positive spill overs from non-market strategies to market strategies, as well as the goal of achieving an integrated strategy, many companies have emphasised that non-market strategies should get managers' full attention (Xie et al., 2014). Non-market strategy believes that companies are both social and political entities, and as described previously not just market (or economic) agents (Bach & Allen, 2010).

The first non-market strategy to be discussed in detail, is stakeholder management, as well as elements of stakeholder management such as communication and leadership in a stakeholder society. This forms part of the relational institutional strategy and is a key tool in achieving and managing the required dependency relationships.

2.5.1 Stakeholder Management

Stakeholders are often described as individuals, groups and organisations, which are known to have an interest in the process, as well as the performance and results of the firm. Companies depend on these stakeholders to achieve their goals (Harrison, Freeman, & de Abreu, 2015). Companies need to be responsive to these individuals and groups, whom they considered to be powerless in the past, as they are now laying claims to what they deem to be their 'share of the good life' (Carroll, Brown, & Buchholtz, 2018). Stakeholder Theory ("ST") offers what can be considered to be an effective, yet practical and ethical, way to manage a business. This is true even in highly complicated and unstable environments, characterised by daily interactions with numerous stakeholders. ST has three main or central views, namely being descriptive, instrumental and normative. The descriptive aspects present a model describing what the company is, the instrumental aspects use theory to draw links between the practice of stakeholder management and corporate performance and lastly, the third aspect is normative, which is moral and values based view (Donaldson & Preston, 1995).

The theory is practical, as all companies (once aware of who their stakeholders are) need to manage their stakeholders, even if they are not good at it (Harrison et al., 2015). The theory is effective, as far as primary stakeholders are concerned, as it makes use of the stakeholder energy to achieve a common goal. Furthermore, ST is

useful in complex and turbulent environments, as managing stakeholders effectively gives you better access to information, required to make good strategic decisions (Harrison et al., 2015). The theory is efficient, because if companies treat their stakeholders well, they tend to reciprocate with positive attitudes. A distinction needs to be made between primary and other stakeholders. Primary stakeholders would typically be the firm's customers, employees and suppliers, for example, and these would reciprocate by ordering more products, being more motivated and offering competitive pricing on raw materials, respectively. Other stakeholders, commonly referred to as external stakeholders, could include the community in which the company operates, special interest groups, such as environmental groups, the media and even society as whole. The reciprocation of these groups is difficult to be determined upfront, as it is very difficult to find out exactly what is best for them, without fostering good relationships and communication on a continuous basis (Harrison et al., 2015).

Thus, the next section deals with stakeholder communication and dialogue and discusses these concepts in more detail

2.5.1.1 Stakeholder communication and dialogue

To manage their stakeholders, companies engage in active dialogue, consultation and constant communication with all their stakeholders. This is done in an attempt to actively manage the 'Ecosystem' in which they operate, ensuring that all areas are satisfied and aligned at all times. Companies need to engage with a great variety of stakeholders through means of inclusiveness, partnership, as well as dialogue. Dialogue is often referred to as responsible communication (Crane & Livesey, 2014).

This kind of communication is characterised by ongoing, genuine 'two-way' dialogue and not one-way corporate communication, in the form of a broadcast or a uniform message. This type of two-way dialogue is characterised by a conversation between the business and the stakeholder. During this conversation information is exchanged and knowledge is acquired (Crane & Livesey, 2014). Two-way dialogue means a dialogue, where the stakeholder is not just consulted and listened to, but also responded to. It is often designed for persuasive and instrumental purposes, where questions of interest are constantly negotiated by the stakeholders and the company;

it is a means for a stakeholder interdependence and problem solving (Crane & Livesey, 2014).

In developing nations, as in South Africa, companies can benefit greatly from the additional value created via processes that are associated with managing one's stakeholders. However, due to the often resource constrained nature of developing nations, in comparison to developed and industrialised nations, companies tend to reduce spending allocated to facilitate value creation via stakeholder engagement (Harrison et al., 2015).

In order to effectively, actively, responsibly and ethically manage the company's stakeholders and engage in constant dialogue, 'strong' leadership is required. This type of leadership considered to be a critical aspect and will be discussed in more detail in the next section.

2.5.1.2 Leadership in a Stakeholder Society

The idea of leadership has recently progressed from what was a conventional one-dimensional relationship between a leader and follower to what is now described as the relationship between a leader and a multitude of followers. The followers can be within or outside the organisation and are known as the stakeholders (Maak & Pless, 2006). Also, leaders in a stakeholder society need to be in tune with their followers, alternatively they could become, what Khoza (2012) has phrased as leaders in limbo (Khoza, 2012).

In a stakeholder environment, companies are supposed to be accountable, and leaders responsible to all stakeholders. As described previously, ST has three central views, namely descriptive, instrumental and normative. Normative being the most important aspect with regards to leadership in a stakeholder environment (Donaldson & Preston, 1995). The normative point of view allows one to consider leadership as being a moral and values-based phenomenon. Thus, modern managers should ask themselves, what their responsibility is towards their stakeholders? In a stakeholder society, leaders need to foster and nurture relationships with the varying and contrasting stakeholder groups (Maak & Pless, 2006). This is even more critical in emerging markets, and developed nations as a matter of fact, where many corporate scandals have been blamed on managers' improper behaviour, as well the

institutional and cultural factors (Witt & Stahl, 2016). To this extent bribery and corruption in many emerging nations have threatened the country's economic and political stability, as is common practice in South Africa. In addition to this, weak legitimacy of formal institutions as institutional voids, have also been identified (Witt & Stahl, 2016).

In response there have been numerous requests for the industry to exhibit more ethical managerial conduct and responsible leadership. Furthermore, there were calls from the global marketplace for companies to boost stakeholder activism and scrutiny. This is compounded by ever growing socio-political challenges, as well environmental challenges. Thus, there is significant pressure exerted from stakeholders on companies. These stakeholders include governments, local communities, Non-Government Organisations and the consumers (Witt & Stahl, 2016).

Companies are conflicted, because at one extreme the classical economic constructs that the business has no responsibility other than to maximise profit for its shareholder within the bounds of the law (Friedman, 1962) and at the other extreme are the ethical frameworks that believe that companies, as well as their leaders, are obligated to take action in the best interest of a range supporters. These leaders have been called agents of world benefit and their actions are for the common good of the people (Maak & Pless, 2006).

Some argue that a company cannot maximise its profits and social performance at the same time; one would need to be sacrificed to achieve the other (Husted & De Jesus Salazar, 2006). On the other hand, is the belief that social performance, achieved via social initiatives are a competitive advantage for firms and thus is a tool to maximise profits, as explained previously.

Thus, responsible leadership in a stakeholder society is an extended-stakeholder perspective, which acknowledges social initiatives as normative drivers that include the expectations of senior managers about their company's corporate responsibilities, as well as their individual moral values. These might go well beyond their economic interests. Therefore, the stakeholder leadership approach places emphasis on the relationships with stakeholders. The Ecosystem must be balanced, by balancing the needs of all stakeholders through the actions of the leaders (Witt & Stahl, 2016).

Leaders in a stakeholder ecosystem, characterised by uncertainty and turbulence (caused by SDP as an example), need to keep the ecosystem intact by respectfully, ethically and responsibly managing all their stakeholders, through building solid relationships, being honest and frank, communicating, as well as supporting one another to achieve a common goal.

The concept of stakeholder can be defined using an institutional perspective of Corporate Social Responsibility (“CSR”) (Shnayder, Van Rijnsoever, & Hekkert, 2016). From a stakeholder perspective CSR can be described using two criteria, firstly, consciously not harming stakeholders and secondly, rectifying the harm that has been done immediately after it has been discovered (Shnayder et al., 2016).

Although, stakeholder theory is not the same as CSR, they are linked and the distinction between the two is important (Harrison et al., 2015). The next section will focus on corporate social responsibility and corporate political activity. These are two non-market strategies that are related to the second and third institutional strategies discussed previously, namely infrastructure building and socio-cultural bridge building strategies.

2.5.2 Corporate Social Responsibility and Corporate Political Activity

2.5.2.1 Corporate Social Responsibility (“CSR”)

CSR is an important non-market strategy and is relevant to the context of service delivery protest and community protest. CSR is not only a means to do good but is a strategy that firms use to draw value from their external environment by establishing new local institutions. At its core the strategy aims to be rewarded by the stakeholders benefiting from the CSR activities and who consider it to be in their best interest to encourage the company to continue its CSR activities (Dorobantu et al., 2016). CSR can be further be defined as a business’ social responsibility and includes numerous elements that are aligned to the expectations that society has of the company (Saeidi, Sofian, Saeidi, Saeidi, & Saaeidi, 2015).

In South Africa the definition for CSR is characterised by the calls from Government on the private sector to share the burden of addressing the ills of the past regime, known as Apartheid. The preferred term in the South African private sector for CSR

is Corporate Social Investment (“CSI”). However, regardless of what it is called in South Africa, CSR and CSI are identical in principal. In South Africa the moral drivers of CSR and CSI are similar, characterised by values such as social justice, equity and transformation (Nzekwu, 2007).

In the context of this study, CSI was looked at as a potential mitigation tool for the effects felt by businesses as a result of community unrest, by establishing a sustainable competitive advantage for the firms in regions that are riddled by community protest action (Saeidi et al., 2015). This competitive advantage is achieved by driving change and transformation in the local communities, to uplift the communities through numerous methods, for example investment into education initiatives (Nzekwu, 2007). In this instance local communities are educated and empowered by gaining the necessary tools to be able to escape the trap of unemployment and poverty. It has become common practice to argue that initiatives in CSI/CSR have a positive influence on a company’s reputation in the local communities, as well as protects its license to operate (Claasen & Roloff, 2012). Social license to operate will be unpacked in more detail in the next section.

The idea that a community will not allow companies in the vicinity to operate if the companies are not actively engaging in CSI initiatives in the community is considered to be a reality. Thus, the relationship with the community, as well as the direct and indirect engagement is considered a key tool to mitigate the effects of Service Delivery Protest and community unrest.

2.5.2.2 Social license to operate

The notion of ‘license to operate’ as mentioned above refers not only to the physical operational licenses required from a legal point of view, but also the Social License to Operate (“SLO”). If a company has a SLO, it indicates that the company’s actions are seen to be legitimate by the local community or society as a whole. On the other hand if the community does not approve of the activities being performed by the company, the SLO might be lost, which would more often than not result in resistance or protest action that might cause harm to the business (Demuijnck & FASTERLING, 2016). With respect to Service Delivery Protest, one could argue that government

has lost its social license to operate and thus the community protest and cause harm to government property.

In the strict sense of the term, Social License to Operate, is often related only to extractive industries, for example mining operations, where the local communities are directly affected by the operations. Thus, SLO has often be defined as the acceptance or approval of the business operations by the stakeholders (for example the local community) of the business. Social License to Operate can be applied to any business, and is not limited to extractive industries (Demuijnck & FASTERLING, 2016). Communities prefer businesses that provide CSI locally, employ locally and ultimately ease the burden of poverty in the surrounding areas – this is the case even if the business operations do not affect the community at all.

Due to the fact the many companies are losing their image, the businesses seem determined to prove to their stakeholders that they are driven by more than just financial profit and that they have values and display responsible behaviour. Thus, CSI has been perceived to be split into three main categories. These categories are people, planet and profit, and are typically referred to as the so-called Triple Bottom Line (Shnayder et al., 2016). For a business to know their CSR/CSI initiatives are performing, the measurement of such is key. The triple bottom line is the most commonly used measurement method for a complete view of the business' performance, including social initiatives. This concept will be further developed and discussed in the next section.

2.5.2.3 Triple Bottom Line

The triple bottom line, also referred to as the sustainability construct, is used in management literature as a measure for CSR, or CSI in a South African context. As described in the previous section, it refers to the people, planet and profit, where people are the social category, planet is the environmental category and profit is the financial category (Shnayder et al., 2016). The social category describes how a company's actions affect the people, looking specifically at health, human rights, safety, fairness and diversity. The environmental category looks at how the company's actions affect the environment and considers factors such as pollution, waste, recycling and environmental protection. Finally, the financial category deals

with how the company's actions affect the financial well-being of the firm and looks at, for example, growth, marketing and competitiveness. (Shnayder et al., 2016).

Another important non-market strategy that needs to be discussed, is the leverage of institutional relatedness through the alignment with dominant institutions, more specifically with government or political parties. To this extent companies make use of corporate political activities and these will be discussed in more detail in the next section.

2.5.2.4 Corporate Political Activity ("CPA")

CPA focusses on the political subset of the non-market environment, with regards to interactions between formal legal institutions (such as regulators and policy makers) and the businesses themselves (Funk & Hirschman, 2017). Organisations are influenced by government policies and legislations on a daily basis, thus the non-market strategy, CPA, is adopted by many companies. Companies try to influence the legal and regulatory environment that affects them, by influencing policy makers when drafting new policies or adapting the policy to suit their own needs. This is often done through campaign contributions, lobbying and any other related contributions to gain political influence (Lin & Law, n.d.). The companies lobby legislators and regulators to secure favourable treatment (Funk & Hirschman, 2017).

Furthermore, companies play a significant role in shaping regulations, by participating during the public participation period, where comments are welcomed from the public (Funk & Hirschman, 2017). These interactions and attempts at lobbying the policy makers, often result in favourable regulations and policies that are advantageous to the company.

One of the communication methods that companies have used, as discussed above, is corporate lobbying. Lobbying is described as a direct and explicit attempt to communicate with policy and law makers, ultimately to influence their opinion (Chen, Parsley, & Yang, 2010). In South Africa there are many organisations such as activist groups and trade unions, who on a daily basis lobby to government departments, such as the department of mineral resources, for example, to influence the policy position. Companies that actively lobby directly or lobby via a collective body, are

reported to have display a positive relationship between lobbying and performance, mainly financial performance (Chen et al., 2010). Companies in developing nations are better able to navigate the uncertain terrain regarding the socio-political landscape, if the policies being issued by government are favourable to the company and make it easier for them to perform their business operations.

As evidenced in the last two sections numerous methods to manage institutions are available in the literature. However, it appears that a gap in the literature has been identified, with regards to strategies that can be used by companies to manage new special kinds of institutions, such as Service Delivery Protest. This leads to the next research question:

Research Question 3. What management strategies are businesses operating in South Africa, more specifically in the Gauteng Province, employing to deal with this new special institution?

An additional research question that stems from the literature is research question four:

Research Question 4. To what extent are businesses prepared to continue with operations in light of the effects felt by SDP and what is the role of government with respects to SDP?

2.6 Conclusion

It becomes evident from the literature that institutions play a significant role in the performance of a business. The role they play affects the business' strategy and day to day management. This differs in developed and emerging markets, due to the difference in the nature of the institutions of both. Due to the fact that the study is being conducted in South Africa, more emphasis was placed on strategies to manage institutions within in emerging markets. Some of these main strategies included Relational Strategy, Infrastructure Building Strategy and Socio-Cultural Building Strategy. The relational strategy focussed on the cultivation and management dependency relationships with key stakeholders. The Infrastructure

Building Strategy is intended to address inadequate or absent technological, regulatory and physical infrastructures, which are expected to support business activities. Lastly, the Socio-Cultural Bridging Strategy is a strategic approach that deals with the socio-cultural and demographic problems that could potentially hamper trade and economic development, via a number of mechanisms.

Furthermore, the study considered numerous non-market strategies that support the institutional strategies, such as Stakeholder Management, Stakeholder Communication and Dialogue, Leadership in Stakeholder Society, Corporate Social Responsibility / Investment and Corporate Political Activity.

In the context of SDP and weak institutional framework, the study focussed on managing stakeholders as a strategy to overcome the effects felt by special institutions such as SDP in emerging nations. Managers need to consider their 'ecosystem' in all their dealings, as each stakeholder's performance and action could potentially influence the business. Within the stakeholder society, leaders are required to open and honestly communicate and respond to their stakeholders. For an ecosystem to survive and flourish, in the face of SDP and other special institutions, the companies require strong, ethical, self-less, moral, attuned, relational and responsible leaders.

The aim of CSI/CSR actions, categorised by investments into the company's local community, is to be rewarded by the stakeholders. These rewards offer an incentive to companies to continue their CSR/CSI initiatives. Furthermore, CSI/CSR has been defined as a business' social responsibility to society. In the absence of strong institutions, many large corporates form new institutions and fill voids through their CSR initiatives. Some argue that if a company is socially responsible and the community responds favourably to the actions, that the CSI/CSR becomes a competitive advantage. CPA is performed by companies, through lobbying as an example, to either influence the policy position of government or the regulator, by having the policy changed to favour the firm or alternatively having the interpretation influenced in favour of the company. The study also considered two aspects that are housed within CSI/CSR, namely social license to operate and triple bottom line. Social license to operate referred to the approval given by a community in the proximity of the business' operations, which needs to be obtained prior to operations

being allowed to commence. This is often granted by significant CSR activities and can also be revoked by the community. Triple bottom line is a measure of the success of the CSR and sustainability initiatives.

The research study will attempt to gain a deeper understanding of the nature and the elements of SDP, as well as the effects SDP has on businesses. Furthermore, it will explore what management strategies businesses have been implementing to manage the institutions and reduce the effects felt by it. Lastly, the study will explore the role of government in SDP, as well as businesses' appetite to conduct business operations despite SDP.

CHAPTER 3: RESEARCH QUESTIONS AND PROPOSITIONS

This chapter presents a summary the research questions that were derived from the literature review in the previous chapter. Table 1 presents the research questions that were put forward from the literature review.

Table 1 - Research Questions and Objectives

Number	Research Question	Research Objective
1	What is the nature of this institution and what are the main elements?	To identify the nature of this new special type of institution and what the main elements of this institution are.
2	What is the effect of this new institution, namely SDP, on businesses operating in Gauteng?	<p>To identify to what extent the service delivery protest has an effect on the selected businesses, with respect to financial and other losses.</p> <p>To establish if there are any major implications for the business as a result of the protest action.</p>
3	What management strategies are businesses operating in South Africa, more specifically in the Gauteng Province, employing to deal with this new special institution?	<p>To establish how businesses operating in Gauteng manage this new institution, as well as the effects on the business, with respect to strategy formulation, market and non-market strategies, as well as internal management practices.</p> <p>To establish how the selected businesses, manage their risk with respect to SDP.</p>

4	<p>To what extent are businesses prepared to continue with operations in light of the effects felt due to SDP and what is the role of government with respects to SDP?</p>	<p>To establish the 'patience' of the industry with regards to these types of protest action.</p> <p>To establish what effect these protests are having on the economy as a whole and what is the private sector outlook on this.</p> <p>To determine what the chances are that businesses operating in Gauteng will eventually close, because they are not willing to deal with the issues caused by protest action any longer.</p> <p>To establish what the role of government is and should be with regards to SDP action.</p>
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CHAPTER 4: RESEARCH METHODOLOGY

In order to conduct the research described herein, as well as answer the research questions presented in Chapter 3, a qualitative, exploratory research process was linked to a multiple case study strategy (Dasgupta, 2015). The study was aimed at building theory from observations of how businesses were managing special institutions in their environment and social context. The findings were not to be derived from statistical methods or means of quantification, therefore a quantitative approach was not applicable (Golafshani, 2003).

This chapter is presented by discussing the proposed research design, the scope, the universe, population and unit of analysis, the sampling and data collection methods, the data analysis process, as well as limitations to the research and how these were overcome. The research methodology described in this chapter was approved by the Gordon Institute of Business Science (“GIBS”) MBA Ethics Committee on the 11th of July 2019. Interviews commenced shortly after that.

4.1 Research Design

4.1.1 Research philosophy

The nature of the study was qualitative, as the research project sought to understand the phenomenon in a context specific setting. Due to the fact that very little was known about this phenomenon and how businesses manage it, a deep and rich understanding of how businesses currently manage this institution, namely Service Delivery Protests, was required. The findings were not to be derived from statistical methods or means of quantification, therefore a quantitative approach would not have been applicable (Golafshani, 2003). Thus, the study was aimed at building theory from observations of how businesses were managing this institution in their environment and social context.

The researcher believed that reality is comprised of an individual’s subjective experiences and observations of the external world, as well as the researcher’s interpretations (Thomas, 2010). Qualitative research required the researcher to interpret data, as well as it present it accordingly. Naturally, the interpretation was

influenced by the researcher's background and bias was required to be actively identified and managed (Freed, 2017). The researcher aimed to derive constructs by examining in depth how businesses manage this special type of institution. It must be noted that there are no correct or incorrect theories, only interpretations of reality (Thomas, 2010). Therefore, the philosophy approach to this research was Interpretivist (Saunders & Lewis, 2018).

The research design was explorative. The topic was not well understood by the researcher; therefore, the discovery of information was required. Exploratory research is conducted using academic literature, as well as the semi-structured interviews.

4.1.2 Research Approach

Furthermore, the research approach was inductive. An inductive approach involves theory building from observations and the analysis of data, which has been collected. This study would aimed to gain a deeper comprehension of the research context and required the structure to be flexible, as the research process unfolded (Saunders & Lewis, 2018). The study aimed to build theory as to how businesses should actively be managing this special institution. The data collected was not to be used to test a current theory and therefore a deductive approach to this research was not used. The study was conducted using a mono-qualitative research methodology. The research needed to collect qualitative data to explain how businesses managed this special institution.

The aim of this study was to seek insights into a field of study where very little research was available (Saunders & Lewis, 2018). Qualitative research interviews were used to collect data, which allowed for the collection of rich data (Freed, 2017). This is required when theory building; as was the case in this inductive research project. Theory building research could not be limited to a set questionnaire or survey, as it was unknown what could be expected from the interview, prior to the interview. The limited types of data collection would rob the research project of the ability to gain deep insights into the topic. The data collection would be dealt with in more detail at a later stage.

4.1.3 Research Strategy

The strategy employed was a multiple case study strategy. Multiple case studies are mentioned to provide a more appropriate and secure base for theory building (Morgado, 2015). Single case studies are appropriate when testing a well formulated theory, which was not applicable to this study (Dasgupta, 2015). The study aimed to understand how businesses operating in designated areas in Gauteng managed and prevented the potentially negative effects of a new special type of institution. The multiple cases were the businesses that were used for the data collection. The data collected was used ultimately to answer the research questions and to build theory in a field of study, where none existed.

Thus, the study required an investigation into a topical focus area within its real-life context, using a variety of data sources. Also, the research required the questions 'why', 'what' and 'how' to be asked during the data collection phase, which was typical of a case study research strategy (Saunders & Lewis, 2018). Data was gained from eight businesses or cases, each operating in a different selected area in Gauteng.

The businesses within the regions were selected to achieve variability, based on the size of the business in terms of annual revenue, sector that the business operates in and location of operation in relation to protest 'hot-spot' community areas. Within the cases, i.e. interviews with the employees within each business, the study also hoped to achieve maximum variation by interviewing across three different levels within the company, namely, senior management level, middle management and general worker levels.

It was planned to interview three people per company to achieve saturation, with a total of twenty-four interviews. In practice only twenty interviews were conducted, as it was not possible to gain access to all three levels for some businesses. The primary data collection method used was semi-structured interviews and no other methods of collection were used. This will be discussed in more detail in later sections. It was stated that it is common for case study research to use more than one method (Creswell, Hanson, Plano, Hanson, & Clark, 2007), yet it was not done for this study. However, extensive secondary data collection was conducted.

4.1.4 Time dimensions

The research project was conducted with a cross-sectional time horizon approach. Data was collected from the participants or cases during only one period of time, which was defined by Saunders & Lewis (2018), as a snapshot in time. Data was collected via interviews that were conducted over a short period in time (Saunders & Lewis, 2018). The study could not be performed using a longitudinal approach, as changes in the study and developments could not be tracked over time, due to the time constraints that were imposed to complete the research project before the submission due date.

4.2 Population

The population of this study was all businesses operating Gauteng, be it in service delivery 'hotspot' areas or not. The study sought to establish how businesses operating in Gauteng managed the special phenomenon. To this end owners, managers and employees within the selected businesses were interviewed.

4.3 Sampling Method and Size

Non-probability, purposive sampling method was used for this research project. Non-probability sampling means that the data collected cannot be generalised to the population and the claim that the sample represents the population statistically cannot be made (as is typically done in quantitative research). This was important, as management styles and techniques of the phenomenon differed in the different case regions, thus the findings could not be generalised to the population. Non-probability samples are often used in conjunction with qualitative data collection techniques, such as qualitative research interviews, also referred to as semi-structured interviews (Saunders & Lewis, 2018).

Purposive sampling is the most commonly used form of non-probability sampling and is well suited for small samples when collecting rich qualitative data (Saunders & Lewis, 2018). In purposive sampling methods the researcher can choose the sample, based on whom the researcher believes will best be able to answer his or her questions. However, the researcher must explain clearly the criteria that were used

to select the sample (Saunders & Lewis, 2018). This was important for this study, as the researcher aimed to collect rich qualitative data and was selective about the businesses chosen, as per the criteria set out to achieve variability. The researcher drew on his contacts in the industry to be granted interviews.

Maximum variation techniques were used within the case study strategy approach. The different businesses identified were treated as different cases with maximum variation in terms of estimated business size (annual turnover and number of employees). The participants within the respective cases were also chosen across different levels of the organisation, to achieve maximum variability. How businesses managed this new institution was unknown when starting out with the research. Thus, a maximum variation within each business allowed for views from numerous societal layers to be collected.

Also, it was thought that employees at different levels within the organisation might have different techniques to manage this phenomenon, as dictated by their job description. For example, a human resources manager might manage the effects of the phenomenon differently in comparison to a machine shop operator or general manager.

The sample size was eight cases or businesses. The researcher planned to conduct three interviews on varying levels of each business, however, this was not possible for all businesses. Table 2 is a summary of the sample, showing the different business, their location in Gauteng, sector and number of interviews conducted. To protect the identity of the respondents the business names have been numbered as one to eight.

Table 2 - Different business represented in the sample

Company Number	Location in Gauteng	Business description and Sector	Business size	Number of interviews
1	Nigel	Tyre Recycling Sector: Manufacturing	Micro Revenue: <R10mil pa	3
2	Roodepoort	Catering Equipment Manufacturing Sector: Manufacturing	Large Revenue: >R160mil pa	3
3	Roodepoort	Plastic Injection Moulding Sector: Manufacturing	Small Revenue: <R50mil pa	3
4	Mid-Vaal; Vereeniging	Group of companies: Brick Manufacture / Aggregate Mining Sector: Manufacturing / Mining	Large Revenue: >R170mil pa	3
5	Industria West	Waste Buy-back centre Sector: Recycling	Micro- Entrepreneur Revenue: <R10mil pa	3
6	Boksburg	Carbon Manufacturer Sector: Chemical Industry	Medium Revenue: ~R80mil pa	2
7	Johannesburg CBD (HO)	Large Mining Group Sector: Mining	Large Revenue: >R170mil pa	1
8	Kya Sands	Business association – represents the businesses in the industrial area	Not for profit	2

4.4 Unit of Analysis

The unit of analysis is the individual perceptions and opinions of the respondents on the management techniques being executed by the business to manage the new special type of institution. The respondents included owners, directors, managers and general workers, to name a few. It is important to note that strategy is often devised and implemented by senior management, however, these are communicated and executed by middle management and general worker levels.

4.5 Data Collection

The data was collected via semi-structured interviews, also known as qualitative research interviews, where a flexible agenda or list of themes guided the interview. The researcher had a list of topics to be discussed, each corresponding to one of the four research questions. The order of questions was determined based on the participant's responses (Saunders & Lewis, 2018). The style of the interview was conversation like and the exchanges in the interview were reciprocal. The design was semi-emergent, with the researcher's stance being subjective. The data was collected by means of voice recordings, field notes and transcriptions (Ritchie, Burns, & Palmer, 2005).

Semi-structured interviews were the correct method of data collection, as the researcher was not sure what information would be presented during the interviews, prior to engaging in the interviews. Interviews are considered to be the most appropriate method to collect data when conducting exploratory research (Saunders & Lewis, 2018). The semi-structured interview method allowed the researcher some flexibility to let the interview take its own course, yet it also allowed the researcher to bring the interview back on course when the discussion started taking a route of little or no relevance. This correction method is difficult to enforce with unstructured interview methods. Thus, semi-structured interviews allowed for the flexibility required during the interview to not ask certain questions, as well as ask additional questions depending on where the discussion was going. The semi-structured format allowed the researcher to limit any bias, by allowing participants to extrapolate on the issues at hand (Freed, 2017). The semi-structured interview data collection was

performed, as prescribed in the GIBS green pages (GIBS, 2019), as well as prescribed by Saunders & Lewis (2018).

The research measurement instrument in qualitative research is the researcher. The researcher can make use of a number of tools to conduct the data collection. In this research project, as described previously in some detail, the data collection was in the form of semi-structured interviews, conducted by the measurement instrument, the researcher.

Contact was made with the selected businesses, who met the sample criteria. Requests to interview numerous members of the organisation were made, first telephonically and then followed up via email. The researcher leveraged contacts that he had in the production and manufacturing sector to be granted the interviews with the employees of the selected businesses. Most of the interviews were conducted face to face by the researcher. One interview was conducted via Skype and recorded, due to the interviewee not being able to meet face to face. No interviews were conducted without prior consent (verbal or written) from the business, as well as written consent from the respective interviewees (Saunders & Lewis, 2018). Careful, thorough preparation took place prior to each interview. Knowledge about the company and the management team was acquired, to establish a good rapport and credibility with the interviewees. Also, knowledge of the local communities, transport options and travel routes were researched prior to the interview, so that the lower echelon of the workforce (general & semi-skilled labour) felt respected during the interview. The same interview guide, that was approved by the GIBS ethics committee prior to engaging in the interviews, was used consistently in each interview and this can be found in appendix 3. The interviews, excepting the skype interview, were conducted at the business' place of operation, to avoid inconveniencing the interviewees.

The researcher dressed appropriately and was, at all times, cognisant of the fact that he was a GIBS representative. The researcher remained engaged and interested, throughout the whole interview. This was achieved by making use of appropriate body language and verbal recognition (Saunders & Lewis, 2018).

The interviews were voice recorded on the researcher's mobile device and recordings were sent to a professional transcriber for transcription via email. All respondents were informed numerous times that the interview was being recorded. The transcriber signed a non-disclosure agreement to protect the information provided by the respondents, which can be found in appendix 4. The average length of the interviews was thirty minutes.

4.6 Data Analysis

The data analysis was conducted mainly by identifying common themes and insights from the data that was collected. Although an attempt was made to analyse the data during the data collection phase, most of the analysis was performed post interviews by means of a thematic analysis method, which is a method used to identify and analyse qualitative data (Braun & Clarke, 2016).

With an inductive, qualitative study, as is this research project, the text transcripts of the semi-structured interview recordings, as well as the written notes made by the researcher during the interview were used primarily during the data analysis process. The researcher began to look for patterns of meaning and points of interest throughout the data analysis process (Braun & Clarke, 2016).

Inductive coding was used as the method to analyse the text transcripts and interview notes. It must be noted that coding is not the only method of analysis for qualitative data (Saldana, 2013), but was selected as the most appropriate for this project. This was mainly due to the fact that the research was inductive and the codes and later categories emerged from the data (Saunders & Lewis, 2018).

Although thematic analysis is not a linear process the research used the "Phases of Thematic Analysis" (Braun & Clarke, 2016, p. 16) process to guide the generation of themes, as described in table 3:

Table 3 - Thematic analysis process (Braun & Clarke, 2016)

Step	Description
1	The Researcher must familiarise himself or herself with the data. To this extent the researcher should read through all the data prior to coding. The researcher must immerse in into the data, through repeated reading and shape ideas and identify possible patterns. All verbal data should be transcribed.
2	Generate initial codes from the data.
3	Search for themes by analysis of a long list of codes that have been identified across the data set. Observe how different codes can be merged to form an overarching theme. Some codes form themes, whilst other form sub-themes.
4	Review themes and refine initial themes. If themes do not have enough data to support them, collapse the theme, whilst others may be split.
5	Define and name the themes. Define and refine the themes and find the essence of what each theme is about.
6	Produce the report

Each interview took approximately two to three hours to analyse in full using the method described in table 3 and thus totalling an approximate of fifty hours of analysis.

The first step in the analysis process that was conducted, was to read through each transcript and to ensure that the transcripts were accurate with respect to the recording. The reviewed and approved transcripts were loaded onto *AtlasTi* (Atlas Ti, 2018), a qualitative analysis software. After this the transcripts were read again and the researcher was immersed in the data, whilst important notes, thoughts and ideas were highlighted. These highlights would ultimately become the initial codes. A code is a short summary of the meaning of a sentence and can be a word or a short phrase that through symbolism assigns clear, concise, evocative and essence-capturing attributes to a selected segment of the data (Saldana, 2009). The code captures the meaning of the piece of data and is used to summarise, distil and

condense data. Once, the codes had been generated, the researcher considered all the codes again and merged duplicate codes, as well as split some codes.

The final list of codes was then further considered, with recurring codes being assigned into categories. The researcher made use of the qualitative data analysis software, known as *AtlasTi* (Atlas Ti, 2018), to group codes into categories. The categories corresponded back to the research questions. Categories were refined to ensure that they were meaningful. The categories were then used to generate themes, in relation to the research questions. Thus, the data was coded, assigned to categories and organised into themes.

4.7 Reliability and Validity

The term reliability is most commonly used when referring to quantitative research, however, it is applicable in all forms of research. If one is to apply the concept of reliability to qualitative research, then the ultimate goal is to establish if the study is of 'good quality'. In qualitative research the concept of 'quality' refers to the extent that understanding of the issue at hand was generated. Validity and reliability are two critical factors that any qualitative researcher needs to be concerned about during the design, analysis and quality judgement part of the study (Golafshani, 2003). Reliability is about repeatability, which requires consistency and trustworthiness of the data, as well as the process. This means, similar results would be achieved if the research was to be repeated (Freed, 2017).

Golafshani (2003) further argues that further paradigm terms such as credibility, neutrality, applicability and dependability are essential criteria for quality. He goes on to claim that in qualitative research the term reliability would be more specific if it was replaced with the term dependability. Some of the procedures used to improve the validity and reliability of the qualitative research project that were followed during this research process are as follows:

1. The questions/themes across interviews were standardised. The interview procedure was consistent. For example the interviews were all started in the same way, with the researcher introducing himself, explaining the background, as well as the rationale for the interview (Freed, 2017).

2. The text transcripts were generated by a professional transcriber. The same transcriber was used for all the interview transcripts. Furthermore, the transcripts were checked by the researcher and reviewed against the respective recordings, to ensure no errors had occurred during transcription (Freed, 2017).
3. Coding was consistent throughout the whole process and across all transcripts.

The extent to which data collection methods actually measure what they should be measuring and the findings are really about they say they are about, is known as validity (Saunders & Lewis, 2018). There are two main dimensions to validity, namely internal and external. The internal aspects refer to the methodological fit, which are factors that can be controlled by the research design (Saunders & Lewis, 2018). The external validity refers to the extent to which your findings can be generalised (with respect to authenticity and credibility) to other research projects (Saunders & Lewis, 2018). The researcher must provide context, so that the reader can determine by himself or herself whether or not the findings are applicable to their situation (Freed, 2017).

Methods that were used to ensure validity during the research process are as follows:

1. Triangulation of data sources. Themes that emerge from a number of sources are considered to be more valid (Freed, 2017). Sources for triangulation that were used are police statistics, newspaper articles, government or other reports and local business institution reports.
2. Limit the researcher's bias. This was done by allowing the interviewee to induce on the issue and not allowing the researchers' bias to guide the interview process.
3. Data collection will not cease until data saturation has been reached to ensure validity. If not saturation is not reached, the validity of the content is impeded (Fusch & Ness, 2015) .

4.8 Limitations

Although the research is designed as carefully as possible, no research is without limitations. Thus, some possible limitations to the research have been noted:

1. The researcher was not formally trained in interviewing. This might have played a potential role during interviews and affected the results collected during data collection. The researcher overcame this by following the strict guidelines as set out in the GIBS Green Pages guideline (GIBS, 2019). Also, the researcher attended numerous workshops and lectures presented by the university discussing numerous aspects of the research process. During one of these sessions the interview process was briefly discussed.
2. The native language of some of the interviewees, specifically in the general & semi-skilled worker categories, is not English. It was difficult at times to get the respondents to engage and share insights; the answers were very short and brief. The researcher was at times forced to explain concepts and questions in more detail in an attempt to stimulate the discussion. This may have potentially influenced the natural interviewee extrapolation of information process and allowed bias to become a factor. The researcher overcame this by framing questions in a certain way, which included detail as to the origin of the question, to assist with understanding of the question. However, this was done consistently across all interviews, as to not to allow bias to become a factor.
3. The location of businesses considered in this study was mainly in greater Johannesburg and Ekurhuleni areas. No interviews were conducted with businesses in the greater Tshwane region. The study is about businesses in Gauteng, yet the areas where businesses were affected represent only two thirds of the large metros in Gauteng. It is possible that management techniques used by businesses in the greater Tshwane region, differ from the management techniques used by businesses in the greater Johannesburg and Ekurhuleni metros.

4. The range of businesses selected related mainly to the manufacturing and mining sector. No 'service industry' businesses were selected, as the researcher had more contacts within the manufacturing and mining sector, due to the line of work that the researcher is in. Thus, the study is only applicable to businesses in these sectors and should not be extrapolated to other sectors prior to further research being conducted, to determine if indeed these management practices are applicable in other sectors.

5. This study is only applicable to Gauteng and should not be generalised to businesses in other regions, until it is confirmed through future research that the management practices are similar in those areas.

6. Some respondents were afraid to share insights with the researcher, due to what seemed to be fear. This was only experienced in the lower management, general labour employment level. The researcher explained numerous times to these employees that he did not work for the company and was not a consultant hired by the company and that indeed everything they would say would be treated as confidential. The explanation and fact that the researcher did not work for the company assisted in overcoming this problem.

CHAPTER 5: RESULTS

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

5.1 Description of Sample

The results were gained from a series of interviews (semi-structured type) conducted with employees within eight selected businesses in Gauteng, information regarding the position within the company of the different interviewees can be found in table 4. The interviews were conducted with employees from different levels within the same organisation, to gain insights from different viewpoints within the same business. The businesses (and the interviews per business) were treated as cases.

As previously described, all of the interviews were recorded, and the recordings were transcribed by a professional third-party transcriber. Prior to any data analysis taking place, the interview transcripts were reviewed for accuracy, with respect to the recording. Subsequent to that, the transcripts were coded using qualitative analysis software, *AtlasTi* (2018). The codes were ordered into categories and subcategories and finally themes were identified, which corresponded to the respective research questions. Ultimately, these themes address the research questions. This will be discussed in more detail in the next section.

A total of twenty interviews were conducted for this research project. The researcher selected the businesses by sector and size of the company with respect to the location of business, the revenue per annum and number of employees. All businesses operated within the Gauteng province. Interviews were conducted at different levels within each of the eight businesses. The researcher managed to interview eight individuals at senior management level, including but not limited to managing directors, directors, owners and general managers. Furthermore, the researcher interviewed seven individuals at a mid-management or operations level and six individuals at general work or 'shop floor' level, please table 4 for information

and details of interviewees of the sample. The companies selected were predominantly from the manufacturing, production, chemicals and mining industries.

It must be noted that when the researcher began collecting data through interviews, as described previously, there was no expectation of the type of responses that would be gained. Thus, every response was a new insight that was previously not known.

The respondents varied in position within the company from owners and managing directors to general workers. The size, from an employee and revenue perspective, and location of the company was documented. The number of employees ranged from twenty employees in one company to five hundred in another. The size of the company from a revenue point of view also varied from less than ten million South African Rand turnover per annum (micro enterprise) to large corporations in excess of one hundred and seventy million turnover per annum.

Many of the respondents felt that the location of the business was a key factor to consider. This was important to consider for two main reasons, namely, were the employees living in 'hotspot areas', which would affect their ability to get to work or was the business in close proximity to a 'hotspot' community? As an example, the owner of a medium sized business mentioned that "I would think twice about opening a business in a newer area like Kya Sands because I know there's service delivery protests there." Another respondent who is the managing director of a large mining company stated that: "It also depends on the location of where this was happening. The implication of this is staff not being able to come to work, a lot of the time service delivery protest is the blocking of roads, the disruption of infrastructure."

The sectors that the businesses operate in are manufacturing, mining, chemicals and production. Most of the companies are locally based only, with only local customers. Two of the companies have an international footprint and are known globally, as the managing director of a manufacturing company with internationally recognised brand mentioned: "I must add there are brands that we own, the ... that are internationally recognised brands..."

It was evident from the data collected that larger businesses, categorised by higher number of employees and revenue, were affected more severely by the Service Delivery Protest action than their smaller counterparts.

Table 4 – Information and details of interviewees of the sample

Company Number	Job title / Position in Company	Number of interviews
1	General Manager	1
	Production Manager	1
	Yard Foreman	1
2	Managing Director / Shareholder	1
	Procurement Manager	1
	Stores clerk – Shop Floor	1
3	Managing Director / Owner	1
	Production Manager	1
	Machine Operator	1
4	Managing Director	1
	Human Resources Manager	1
	Production Foreman	1
5	Director / Owner	1
	Operations Manager	1
	Yard Supervisor	1
6	Director / Shareholder	1
	Factory Manager	1
7	Senior Global Supply Chain Manager	1
8	Director of Business Association	1
	Deputy Director of Business Association	1
Total		20

5.2 Theme analysis

The researcher attempted to notice and look for patterns, meaning and potential issues of interest during the data collection process (Braun & Clarke, 2016), however, in practice this process only occurred during the post interview analysis. The researcher followed the “Phases of Thematic Analysis” (Braun & Clarke, 2016, p. 16) as a guideline to perform the thematic analysis. It was understood by the researcher that thematic analysis is not a linear process, but that a guideline was required to ensure that this was performed correctly (Braun & Clarke, 2016). All voice recordings were transcribed by the same professional transcriber, to ensure reliability and validity of the data.

First the researcher had to familiarise himself with the data, which was done by immersing in the data through repeated readings of the transcripts. This immersion occurred after an initial read of the transcript to ensure that the text was accurate with respect to the voice recording. The immersion was done pre-coding and was intended to shape ideas and identify possible patterns (Braun & Clarke, 2016). Pattern detection was paramount, as patterns became trustworthy evidence for the findings; patterns tend to demonstrate habits and importance in people’s lives. These identified trends solidify the observations into concrete meaning (Saldana, 2013).

The transcripts were then loaded onto *Atlas Ti* (Atlas Ti, 2018) as documents and grouped per company. A second detailed reading of the transcripts marked the beginning of the coding process, where patterns, ideas, thoughts and issues of interest were highlighted and became the initial codes. The main code types that were assigned on the software, was open coding and in-vivo coding (Atlas Ti, 2018).

The coding process generated a long list of initial codes, which were identified across the entire data set. The list of initial codes can be found in appendix 8. The researcher started to analyse codes to see if codes with the same meaning could be merged, whilst codes representing the same ideas could be split. The final list of codes was then analysed to identify which codes could be grouped together to form categories on *Atlas Ti* (Atlas Ti, 2018). These would ultimately form the overarching themes. Some of the codes formed main categories, whilst others formed sub-categories (Braun & Clarke, 2016).

The initial categories or themes were reviewed, and it was established that some might not actually be themes, as there was not enough data to support them. These were then collapsed or assigned to another more relevant or related theme, whilst again some categories that represented to many different streams of data were split and assigned their own theme (Braun & Clarke, 2016). The final list of themes was considered, and themes were defined and refined, to clearly illustrate what each theme is about, as well as what the themes represent overall. In other words, the story that is told by each theme was made clear (Braun & Clarke, 2016).

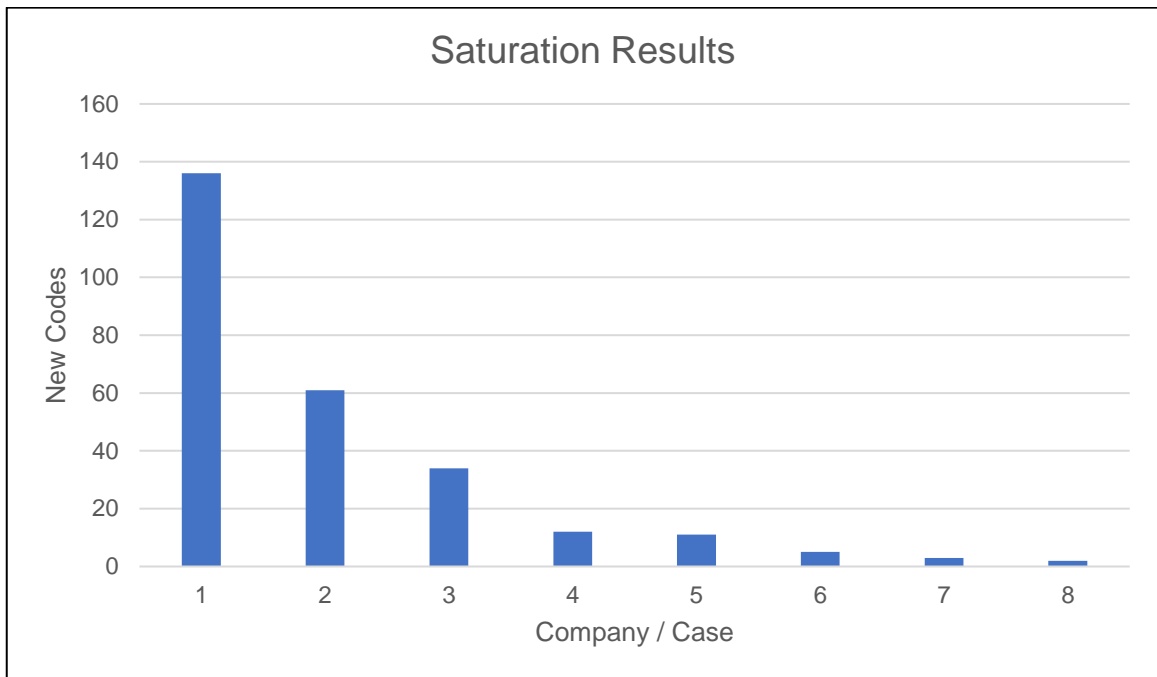
Finally, reports were generated for each theme on *Atlas Ti* (Atlas Ti, 2018), providing the results and main responses from the data collected. This was used to write the detailed results section per theme, as presented in section 5.3.

5.2.1 Data Saturation

Data saturation is a point in the research where the researcher is assured that further data collection would yield similar results to the results already obtained and when no new information is gained from the data analysis. Furthermore, data saturation is described as the point where enough data is available to replicate the study and no further coding is necessary or feasible. At this point, the data collection process may cease. Data Saturation is a key component of research and failure to reach data saturation hampers content validity (Fusch & Ness, 2015).

It is important for a researcher to state how and when saturation was reached. With respects to this study, the researcher continued to interview until data saturation had been reached, i.e. at the point where no or very few new codes emerge from a new interview transcript (Fusch & Ness, 2015). The new codes emerging from the data started to decline after the first three interviews (company one) and it is believed that saturation was reached after the twelfth interview (company four). Please see figure 1 for a summary of new codes gained per case, i.e. per company. The company numbers assigned in the table correspond to the number assigned to the companies in tables 2 and 4.

Figure 1 - Bar Graph to show saturation results



5.3 Detailed Results per theme

An in-depth review of each of the themes that were identified is provided, together with pertinent extracts from the interviews. Each of the themes corresponds to the respective research questions which they address, as seen in table 5.

Table 5 - List of themes and related research questions

Number	Identified Theme	Related RQ
1	Nature of Protests	1
2	Effects on the Business	2
3	Effects on Employees	2
4	Financial Loss	2
5	Business Culture and Values	3
6	Constant Communication	3
7	Human Resources	3
8	General Management	3
9	Community	3
10	Supply Chain Management	3
11	Role of government	4
12	Business Closure	4

5.3.1 Theme: Nature of Protests

To analyse the methods or techniques that businesses have implemented to mitigate against the effects of the community protest action, it was necessary to first understand the nature of the protest action, as well as its elements, and how the businesses perceived the action. This theme is centred around the nature of the protest action and providing context to the problem.

The respondents were descriptive about the nature of the protests. It became evident that there were three general types of protests that businesses had to deal with, namely protests about what appears to be genuine dissatisfaction with the state of services in the local community (classic Service Delivery Protest), gangsterism type protests where organisations claiming to be local business forums issue threats and

demands and hold the business to ransom and lastly, the least common method of protest is predominantly farming communities protesting against the operations of the business under the banner of 'environmental warriors'. The first two types have been very common throughout the interviews, with most of the respondents having experienced them in some form or another, whilst the third type is specifically restricted to the mining sector and occurrences in Gauteng are not frequent. However, the author believed it was worth mentioning.

Respondents considered Service Delivery Protests to be a new phenomenon in South Africa, with one respondent stating that "In my opinion I think it's a bit of a new phenomenon in our country." The respondents considered the protest actions, as well as the effects on them, to be beyond their control. The protest action was described as being unpredictable, with having no rules of engagement (in comparison for example with industrial action) and that the rate incidences would not stop any time soon, if ever; one respondent even referred to it as "a permanent problem." The protest action was considered to be opportunistic and that protestors were fighting an "unfair fight", as the business owners felt it was not fair that they were being targeted, when they were not the root cause of the problem: "We had nothing to do with it. They arrived there, kicked the gates down, burnt our excavator, set the loaders alight and caused total havoc." The destruction is often aggravated due to the 'mob effect' that takes place "and unfortunately one individual, because you're in a mob and you're hyped up, you burn down a – he sets a library alight."

There was no consensus amongst respondents about the average duration of the actual protest action once it had commenced. Most of the protest action occurs for a short period of time, whilst, the effects of the protest action can affect the business for a long period of time after the protest action has taken place, as the damages could have been severe. This is compounded by the fact the municipalities are slow to repair damage caused by Service Delivery Protests. The frequency of protest is a subjective matter. Different respondents would mention the same frequency rate (for example every month) but would categorise it differently. Some respondents would say that it did not often happen, maybe every month, whilst another would respond and state that it was frequent monthly occurrence. It is evident from the data that the frequency of protest occurrences is increasing.

The words disruptive (or disruption) were used by nearly every respondent when they were asked to describe what Service Delivery Protests meant to them and what they understood under the term. One respondent summarised it as: "It means in one word, disruption." Furthermore, the terms disturbing, unsettling and depressing were used by some respondents in management positions to describe how their daily tasks are affected if employees are not able to make it work and fulfil their duty.

The communities that engaged in protest action were characterised by respondents to be poor communities, high crime rates and most of the population being unemployed. The protest action would mostly occur during the day and it was mentioned that protestors have 'working hours' and it was implied that the protesting becomes their job. Many believed that the protests were a means of survival, "I think everybody needs to be able to survive, I think it's coming down to that and the protests I think are coming out of survival and out of frustration."

It became apparent that some respondents believed that different communities protest for different reasons. They often classed the communities by race and reason for the protest. One respondent mentioned that "each community seems to have its own set of problems, I mean even our coloured staff who live in...protesting about the drugs and their children...whilst the blacks, they don't ever seem to have a – it's never a complaint about drugs and the kids and that, it's always xenophobia or transport related kind of things."

Furthermore, due to the frustration of the community, the protest action is characterised by severe violence, destruction and damage to property. This view was shared by most of the respondents. Some of the responses regarding the violence were: "On two or three occasions closing down our operations, burning plant, attacking people, injuring employees" ; "...you've got a good employee that tries to come to work because he doesn't want to be dismissed and gets beaten up by the mob outside the gate" ; "...and there will be violence, there will be bricks thrown at cars." Furthermore, it was evident that on many occasions police involvement was required during protest action to limit the damage caused by protestors.

When respondents were asked to comment on how they normally hear about protest action, it became evident that most people hear about Service Delivery Protest and other community protests via social media, as respondent mentioned that "I think it's

normally you see it on social media, you get these WhatsApp messages from various groups and organisations”. Also, managers tended to use social media to see if employees were being truthful about the fact that they might have been affected by protest action and thus were not able to perform their duty correctly.

5.3.2 Theme: Effects on the Business

The effects due to the protest actions, as described in section 5.5.1, have been mentioned by all respondents as being negative effects on the business. This theme encompasses all the negative effects that are felt by a business, excepting financial loss and effects on employees. These two are themes in their own right.

Nonetheless, even though it is not covered in this section, the protest action results in significant financial loss, as will be dealt with in more detail in section 5.5.4, for some companies, as one respondent mentioned there “is a distinct measurable volume in terms of the financial loss.”

The effects of protests make it extremely difficult to manage. Managers are tasked with reacting to unpredictable action, often irrational action, and still making sure that every facet of the business is operating smoothly. One respondent, a managing director of a large mining operation, mentioned that “It just creates additional pressure and it forces you to make decisions that you generally wouldn’t have to, so it is a very difficult thing to manage.” The decisions management were often forced to make as a result of the protest action, is when employees were not able to get to work due to obstructions out of their control. In this case managers needed to discipline the employees in accordance with company policy, yet the manager knew that the employees were not able to get to work, due to no fault of their own. This resulted in the manager being demoralised, the employee angry and productivity dropping, which affects the business. This drop-in morale by management and in fact all employees, was described by one respondent as: “It demoralises everybody involved, and especially when it’s out of your control, there’s nothing you can do about it. That is an issue.”

Numerous companies have received threats by the local communities, via what are known to be local business forums. They make demands on the business, such as

wanting a share in the business or a contract out of the business. The threaten to orchestrate community protest action against the business should they not comply, essentially it is “rent-a-crown or buy-a-crowd”. This type of protest action is becoming more and more frequent and is always negative, as one respondent explains “I have had guys arrive at the gate here saying well, if you don’t let them in to come and talk to us the next time they’re going to come and burn something down.” This kind of intimidation further adds to the management woes, as managers are concerned about their own safety, the safety of employees and their equipment. One respondent shared that “we were targeted on two or three occasions closing down our operations, burning plant, attacking people, injuring employees.” In instances of this type of protest action, companies would either rely on the police to protect them, and in cases where the police were not willing to assist, which was mentioned to be common, they would hire private security contractors at a high cost.

The effects of Service Delivery Protest on the business were mentioned numerous times to ‘affect everyone’. ‘Everyone’ referred to each respective link in the entire value chain, from supplier to customer. If your supplier delivered late, your ability to service your customers was affected, which in turn affected their ability to serve their customers. One respondent described the effects on the value chain: “I think the right word is crippling, I mean I’m not going to use the bad words, but it’s got a bit chain reaction that affects everybody.”

Suppliers were often affected in the same way that the businesses they were delivering were affected. Their employees could often not come to work or were not allowed to make deliveries, as a result of the protest action in their local community. Protest actions on certain highways prevented material coming inland from the ports and so on. The supplier was directly affected, whilst the company receiving the goods, as well as their customers were indirectly affected. One respondent mentioned that “we need a fully functioning supply chain. For us I repeat service delivery issues are a huge problem.”

As a result of the previous affects mentioned, the businesses’ ability to service their customers was jeopardised and the businesses were not able to deliver goods in time. Many businesses felt that customers did not care about the business’s problems, as was explained by a respondent that “their backs are to the wall, they

can't afford to be held to ransom by other people's problems, so they are generally unsympathetic."

Furthermore, international customers were mentioned not be not sympathetic to local issues, so by not delivering on time affected the company's potential for future sales. If a customer was let down by the supplier due to the supplier not being able to service the customer on time, the business suffered significant reputational damage and "lost face" in the eyes of the customer. Future orders were inclined to go the competition, as the managing director of a large company explains "our customers that are based offshore don't understand, sometimes they don't want to understand. They've also got a business to run, and if you lose a sale, it's lost." and another further mentioned that "if you let a customer down – he never remembers all the good work that you do for him, he does remember the one f*** up that you make, and it can be your fault or not your fault."

As a result, of many suppliers not being able to honour their lead times, due to the effects of SDP, many customers have instituted sever penalty clauses on late deliveries. The ability to deliver on time is not in the control of the supplier and is adversely affected by protest action. In this case it means large financial losses (in the form of penalties) for the company, as stated by one of the respondents: "So our supplier or our customers also have taken the stance of nothing personal, but it's business, take the emotion out of it. And they contract with us, they've now instated penalty clauses."

5.3.3 Theme: Effects on Employees

The effects of SDP on the company were explained in detail in the previous section, yet another theme that was prominent was the affect SDP had on the employees themselves. This theme is centred around looking at the problem through the lens of the employees.

SDPs normally affected the ability of employees who live in the community hit by the protest action to get to work timeously or at all. The employees were never involved in the protest action, yet they were being affected. The employees not being at work, in turn, affected their employer negatively, as described previously. One manager who was sympathetic to the struggle that employees faced getting to work mentioned

that: “I think that affects all businesses in the area and especially your employees can’t get to work because the roads are blocked, and they’re threatened with violence.”

Many companies have instituted a ‘no-work, no-pay’ policy to limit their financial losses due to reduced productivity and output. Such policies meant that employees could only be paid if they were at work. Employees were angered by the fact that such policies exist, due to the fact their inability to work was, more often than not, out of their control. By limiting the financial loss to the company, employers were negatively affecting employees from a personal finance point of view. One employee mentioned that “Ja, it makes me so cross because I have to buy some grocery so something like that, ja.” Employees mentioned that when the normal modes of transport (for example trains or busses) were affected by SDP, they would make alternative transport arrangements, when possible, to get work. The alternative arrangements cost the employees money, which they had not budgeted for, as the bus or train ticket would often be paid upfront for the whole month. The last financial loss to affect employees due to SDP was the fact that if the company’s performance was affected by SDP, employees would not receive increases or bonuses.

To negate the financial losses, as described above employees would often risk their lives to get to work. Their desperation for their monthly pay would outweigh the risk of injury or death. Employees living in communities affected by SDP often live in fear, as the protest action is often characterised by extreme violence. One respondent shared a colleagues’ story about being stuck in her community due to protest action and mentioned that “she obviously feared for her own life and that of her children.” When asked about whether the protest action in his community scares him, he responded: “I must be scared!” Many of the factors above affect motivation and morale, which in turn affects productivity.

5.3.4 Theme: Financial Loss

Section 5.3.2 mentioned the fact that businesses suffered significant financial losses due to the effects that Service Delivery Protest action had on the businesses.

These financial losses on the company were felt in numerous ways. Some of the financial losses were directly felt in terms of replacing plant, equipment and buildings that were destroyed by protestors. One respondent (managing director of a large company) shared a recent experience, where protestors gained access onto the company premises and damaged their equipment, which in turn cost the company a lot of money: "They arrived there, kicked the gates down, burnt our excavator, set the loaders alight and caused total havoc." The respondent further stated that they run a 'lean' volume driven (high volume, low profit margin) business, where losses in production are detrimental to the financial position of the company. The respondent shared an example: "That business runs on a labour cost of R130 000 a day, so that's what a public holiday costs us. Now when you're selling a product that you're making a margin of maybe half a cent or a cent on and you start losing days because of protests, you might have two days of protests that's going to cost you six weeks' worth of profit. That is the proportions that we deal with. It is horrific."

Furthermore, respondents mentioned that protest action that affects and damages government and municipal property, specifically in the form of roads and major carriage ways, significantly impacts their ability to do business. Businesses are often forced to make alternative arrangements, for example re-route trucks to use alternative routes, which might be longer than originally planned. These additional kilometres are directly converted into an additional expense for the business. Respondents mentioned that this cost could not be passed onto the customer, as the customer has accepted your quote at the original delivered price, so the business carries the losses. One respondent shared his experience with an example: "The fact that we had to drive three months an alternative route, it's very easy to quantify the distance.

You essentially run at R2 per tonne per kilometre so if you're doing an extra 10 kilometres it's R20 per tonne, times X amount of loads per day, times the number of days worked. So, it is a huge quantifiable number and somebody has to pay for that." Another example of protestors damaging public infrastructure, in the form of substations and transformers, was mentioned by a company to cost the business a lot of money. This particular business runs 24hours per day and cannot afford to have any production downtime, thus in cases where the municipal subs have been

damaged, they run on diesel generators, “but that comes at an immense cost of buying fuel.”

From the above it is clear that companies do experience significant direct financial losses due to SDP’s, however, they also experience many indirect losses in terms of loss of sales and inventory control, as an example.

In order to be able to not be at the mercy of suppliers not being able to deliver to product, many businesses have opted to hold large amounts of raw material and finished goods stock. Although these actions mitigate the risk of not being able to service their customers, they cost the business a lot of money. Holding inventory is an expensive exercise, which affects the company’s gross profit margin, as explained by one respondent: “So what does it do to your GP? It shrinks it. It costs the business money. Like I said, to hold that inventory, it costs us a lot of money.”

Further indirect losses are felt by businesses in the form of a decline in sales, due to instances where customers have been let down due to late deliveries as an example, due to SDP actions, where a respondent mentioned that “you can actually track the sale, how the sales have dropped off.” The owner and managing director of a large manufacturing business shared the following insight: “From a financial perspective in terms of results it’s definitely impacted our results. We had shocking months in March, April because we were just unable to deliver product, because it’s always the devil in the detail. So, it certainly impacted our bottom line.”

From all the interviews it became apparent that businesses were able and willing (or had no choice), to make alternative arrangements when they were affected by SDP, either directly or indirectly. The mitigation methods employed will be dealt with as a later theme. However, the making of alternative arrangements, although possible, did come at a significant financial burden to the respective companies. It must be noted though, that the companies were not the only entities experiencing financial losses, in fact the economy as a whole is feeling the financial burdens of the effects of SDP.

Most respondents agreed that point of view and one respondent summarised the point well when asked to comment on the matter: “it’s impacting the economy heavily, I don’t think we are quantifying the impact but when you start looking at a lot of people

closing down a lot of operations, and especially in our industry. If you look at the industries that drive the economy, I mean manufacturing, agricultural, mining, construction, those are the economy drivers and you go and look at the ones closing down, the guys going into business rescue, you will see it's construction, manufacturing, mining. And if you look at the economy in terms of where we're sitting, they are struggling hey, the biggest thing this country needs is jobs and job creation, and those are the industries that create jobs. But the communities are putting so much pressure..."

5.3.5 Theme: Business Culture and Values

This theme centred around some of the key business values and company cultures encountered, which are key components in actively managing or minimising the effects felt by the SDP and other community protests, as described in the previous themes.

It became evident from the responses, that the businesses who were best coping with the effects of the SDP had open cultures of communication and were generally positive about the current scenario, despite being severely affected by the protest actions. The culture of communication, both communications internally and externally, became a key theme and will be dealt with in more detail in section 5.5.6. However, from a company culture perspective it is important to mention that many businesses attempted to promote such a type of culture as a mitigation tool, as described by one respondent "and we've tried to promote a culture of communication." The culture of communication allowed the business to be agile and flexible in their daily dealings to 'side-step' the effects of SDP. Companies needed to be able to make alternative arrangements with very short notice to often bypass the protest action effect. Without communication taking place, such flexibility in changing plans would not be possible. The director of one business mentioned that it "the whole time it's improvisation and planning around it", with respects to getting the job done, despite the protest action taking place. Coupled to being flexible, many business owners and employees mentioned that in light of the frequent occurrences of SDP, one needs to be "prepared for anything." Many respondents mentioned that honesty was a key value in dealing with your customer and other stakeholders in light of being flexible to mitigate against the effects of SDP: "So it has got to be an

honest dialogue and guys, actually what's happening, and the guys must be clean and clinical about it. It is not our fault, it is not their fault, it is a situation that's impacting us both and what are we going to do to rectify it with the least impact on both parties."

Many companies expressed that a positive company culture was a key attribute to being able to manage the effects of SDP and that without it, one would be depressed, as well as depress employees, which is bad for business. The managing director of a large manufacturing business summarised the above points well in one of his responses: "I think so and I think with one of our obligations as business managers, leaders, whatever you want to call us is unless we're positive about the future we cannot expect our staff to be positive. I think it starts with us; we've got to look at the bright side. It's our responsibility to find solutions." Positivity lays the foundation for another critical company culture attribute and that is to not accept the current scenario as the norm, but despite all the problems and negative effects associated with SDP, to continue to strive to service the customer in a professional, timeous manner. One respondent stated: "No, I think if we started budgeting for it we would be accepting it and see it as part of the norm, so no." One production manager of a small micro-enterprise stated that the company must have an inclusive culture, where all employees feel part of the team and are willing to work towards a common goal, "I think we've got a goal we're working towards and they know if they are not here then we're lagging." Furthermore, businesses that appeared to be managing the effects well, did not allow themselves to be intimidated and had a culture of "zero tolerance" for individuals who obstruct the business operations and damage the company's property, as mentioned by the managing director of a large company "Then for me the gangsterism/terrorism type guys we react harshly and quickly and hard on it hey. It is an expensive exercise because it involves civil attorneys, court interdicts, sheriffs of the court etc. So we go straight out, hard as we can. They cost us anywhere between R200 000 to R500 000 a pop but you've got to hit it hard and you've got to address it. I think that approach also sends a fair message to a lot of other people that we will not tolerate." Another respondent, a production manager of a medium sized business mentioned that he had "no time for this s***."

5.3.6 Theme: Constant Communication

This theme deals with communication with all stakeholders, as well as nurturing good relationships with them via constant communication. Constant communication was identified as a key mitigation tool against the adverse effects felt by businesses, as described above, due to SDP and other community type protests.

The first stakeholder that the company needs to be communicating with constantly, openly and honestly is the employee, as described by one respondent, “so my standard modus is every quarter I address the staff, tell them where the business is and where we’re going to and so on. And whenever we have a crisis, that address will happen at least once a week.”

As was described in a previous section, employees are adversely affected by the SDP and this effect is often converted into an effect on the business. Businesses needed to communicate with employees and build a relationship with them, “I think similar to as we say to build a solid relationship with our employees”. This was done to establish exactly what the challenges are that employees are facing, in order to establish an understanding of the situation and thus improve the morale of the workforce. From interviews with some of the employees, they were angered by the fact that their company had no idea or understanding about their situation, however, they were also too scared to openly communicate with management about this. However, most of the businesses engaged in active communication with employees regarding intelligence about imminent protest action that the company has received regarding the community in which the employees live, as respondent shared with us “the company will know that tomorrow there might be a protest in this area and then we have people from that area who work here and then they will put their notice there or inform the people and then they will announce it that tomorrow there might be a protest somewhere in the location or in community there.” One company mentioned that they have a ‘WhatsApp’ group for the key operators (and management) and that the employees in turn forewarn the company with ample time if they are not going to be able to make it to work due to protest action, so that the company can make alternative arrangements. I’m fortunate enough to have operators that at least know me and let me know before time: “So what we’ve got, I’ve got a personal group, it’s me and my four operators for the plant, so then we’ve had interactive communication.

I'm fortunate enough to have operators that at least know me and let me know before time."

The second important stakeholder group that companies were actively communicating with in light of SDP action, was the suppliers. As described previously, the inability to receive raw material and parts on time, is detrimental to most companies to deliver a product to their customers on time. The businesses were actively engaging in honest, frank discussions with their suppliers to inform them of the effects that their late delivery had on their business. Also, the companies and the supplier would communicate to make alternative arrangements in cases where the supply was being affected, as the manager of large business responded: "So it has got to be an honest dialogue and guys, actually what's happening, and the guys must be clean and clinical about it. It is not our fault, it is not their fault, it is a situation that's impacting us both and what are we going to do to rectify it with the least impact on both parties." Some business went as far as to "sit down" with their suppliers to assist them in putting together risk mitigation plans, to minimise their exposure to the effects of SDP, as described by a supply chain manager: "So sitting down with them, counselling them, so brainstorming with them what sort of strategies we could put in place...to make sure that we had continuity in what we do." This was due to the fact that many businesses were not aware of the effect on the supply chain, if they were not working, "so a lot of our suppliers, as well never actually thought about it, it was just another day in Africa kind of thing, we work when we can work. I don't think they understand the impact that their non-delivery has on other businesses."

Another important stakeholder group that businesses were actively communicating with and building solid relationships with, was the customer. When asked if the business actively communicates with its customers, one respondent answered: "Absolutely. I think there's a lot of communication that goes to the customers, and you have to."

In the same way businesses were communicating with their suppliers about potential delays and other problems that they are experiencing due to SDP, the companies would also communicate with their customer about problems. Maintaining these relationships, as well as a level of transparency and honesty in communication, was

stated by many companies as a key mitigation tool to reduce the impacts felt by the protest action.

Depending on the area in which the company operated, different companies nurtured relationships with some of the local authorities, as a mitigation tool to limit the effects of SDP on the business. Although, this was not the case for all companies, some companies maintained a good relationship with the ward councillor and the chief of police and relied on them for protection during protest action, as described the general manager of one business: “Yes, so we’ve got a good relationship with the ward councillor, we have a good relationship with the police of the area and we rely on the police and the government to handle these situations.”

It became apparent throughout the interviews that the companies who were aware of the effects that SDP had on them, as well as where the areas of weakness were, were able to better mitigate against the effects felt, through constant communication and fostering relationships with the relevant stakeholder groups.

5.3.7 Theme: Community

As described in previous sections, the community plays a large role in the effects felt by businesses as a result of SDP. Most of the SDP are initiated and performed by poor and disgruntled members of the surrounding communities, in relation to the proximity of the businesses. It appears that these incidences are becoming more frequency, as mentioned by one respondent: “I mean there’s been a lot of host community, what we term host community unrest as well over the last I would say three years and it’s sort of increased in intensity and frequency.” An interesting insight was that even though businesses are affected by the protest stemming from the community, there was a general sense of understanding as to why the community would engage in such behaviour, businesses did not condone the behaviour, but understood it. This theme is centred around actions businesses have taken to ‘manage’ the community, in an attempt to reduce the losses felt due to protest action.

Many businesses have viewed the community as a partner, as stated by a senior manager in one business, “so we’re actively trying to partner with our host communities so that we are seen as a partner as opposed to anything else.” The

degree of partnership varied significantly between the businesses, influenced mainly by size and industry.

The larger corporates would engage in a partnership model characterised by large financial investments into the communities to improve the conditions that community members experienced, via their Corporate Social Investment (“CSI”) vehicles. Across the different companies, the companies were making these investments for different reasons, some, because they were being forced to by the legislation, such as the new mining charter, whilst others invested as it is something “that we believe in as an organisation is the right thing to do.” The companies have CSI plans in place designated at projects in the community to ‘up-skill’, build entrepreneurs that could in turn become suppliers to the business. The idea is to make the community businesses partners to the large corporate business and for the community to enjoy the ‘spill over effects’ into the local economy. Some respondents also felt that they had an obligation to uplift the local community, for them to gain a ‘social license to operate’. This was summarised by one respondent: “So everywhere where we mine, we need to earn our social licence to mine and we need to be able to prove that in our economic activity we will positively impact society and specifically host communities.”

Some of the smaller businesses are not able to make such significant investments into their local community and have used other mitigation methods to reduce the effects felt due to SDP. These businesses try to do businesses or trade with the local communities so that their business would be spared from the damage caused by protest action, as one respondent stated: “There was times when we went to ... and ... and they were striking but you know because of what we’re doing, because we’re bringing money to the people they actually allowed us in.” Furthermore, and this relates back somewhat to the communication theme, but the businesses fostered communication channels and relationships with the community, “I also do believe that relationship is key to that.” Some businesses make use of a community liaison officer employed directly by the company, who lives in the community and acts a channel for communication, “we’ve also got the sustainability side of our business which is almost a shared services function and we’ve got a lady there, her name is ..., she’s amazing.” Other businesses would make use of the community liaison officer appointed by the ward councillor to manage the relationship and employ via

the local council. They would also ensure that they had a good relationship with the ward councillor and chief police in their area, “so we’ve got a good relationship with the ward councillor, we have a good relationship with the police of the area.”

The community liaison officers and good relationships with the local authorities, gave businesses the power to ignore gangster like threats from ‘local business forums’ making opportunistic threats, as they could refer them back to the liaison officer, who manages that relationship.

Most respondents felt that a business needs to manage the relationship with the local community, be this by either one of the methods mentioned above, as a means to reduce the direct impact felt on the business due to SDP. Many respondents felt that this should be the role of government, but in the absence of government involvement, the businesses needed to perform that task themselves, which represented an additional cost to the business. The role of government will be covered as a theme at a later stage.

Many respondents felt that engaging with the community and improving the livelihood of the members of that community, in whatever way mentioned above, was a ‘longer term’, sustainable solution, rather than some of the other short initiatives and mitigation methods dealt with previously, “and we believe that’s the appropriate medium longer term strategy to mitigate this risk, more than just shorter term actions like re-arranging potentially your inventory levels etc.”

5.3.8 Theme: Human Resources

This theme focusses on the numerous methods employed by businesses to mitigate the effects caused by SDP’s, with respect to human resources management.

The methods employed are many and very diverse. Some businesses took the hard line from a policy perspective, to ensure that employees are always at work and when they are not there that the company is not suffering any financial losses, as one company owner shares “a strict policy of no work, no pay, and also zero tolerance against people coming late I would say has helped me.”

Other companies showed a greater understanding of the struggle the employee has to often deal with trying to get to work. These companies would accommodate employees, by changing or adjusting their working hours, allowing them to start earlier and finish early, as an example. A human resources manager stated that they adjust “working hours slightly, start earlier and finish earlier so that you’re almost trying to avoid the violence” to accommodate employees and not to affect production. Another company made a compromise between ‘no work, no pay’ and adjusting working hours, “we’ve agreed that if for example guy says service delivery protest and you can’t come in, it’s no work, no pay, however I will give you the opportunity to fill in that day on a Sunday.”

It was found that with strict policies, such as ‘no work, no pay’ for example, many workers would risk their lives to come to work, out of desperation for their income. Businesses that were understanding of the employees’ situation did not want workers to risk their safety and in turn employees rewarded this understanding by always making a plan to complete their tasks, even it was during random hours of the day, as one general manager shared: And the fact that we’ve got it and we are forgiving, the guys are not going to risk their lives to get to work, they will make other plans but in their own course of their day.” The risk with a forgiving attitude was stated to be exploitation by employees and so companies stated they each situation needed to be evaluated differently from an HR perspective and although consistency is key, this becomes difficult with issue relating to SDP related non-attendance.

Some companies mentioned that they did not want to affect employee motivation, as this would affect productivity. These companies fostered cultures that portrayed qualities such as pride in one’s work, comradery amongst employees, sense of family and trust (trust the employees will not exploit the company and trust that the company acts in the best interest of the employee). It was the opinion of managers in these businesses that their employees would always make a plan to get their work done. One respondent mentioned that: “A guy really wants to get to work. I’ve had where guys actually leopard crawled through the bush to get to work.”

Communication with employees was also stated as being a key tool to manage motivation and trust and in turn manage productivity and losses due to SDP action: “I believe as a business manager it’s my responsibility to relay information to every

member of staff thus creating an inclusive team. I think if we as managers start dealing behind closed doors and whatever it doesn't instil any confidence in one's staff."

Other policy management tools instituted was to employ only from communities that were generally not affected by community protests and were not considered to be 'hotspot' areas. Furthermore, many companies recruited via the local community liaison officer, to keep the community at bay by employing locally.

Another policy management tool instituted was to employ only from communities that were generally not affected by community protests and were not considered to be 'hotspot' areas. Furthermore, many companies recruited via the local community liaison officer, to keep the community at bay by employing locally.

5.3.9 Theme: General Management

This theme deals with the general management techniques employed by businesses to reduce the negative effects felt by businesses as a result of SDP. Management of the community, human resources management, supply chain management, culture, values and communication initiatives are excluded from this theme, as they are dealt with in considerable detail as their own theme.

It was felt by businesses that strong leadership was required to be able to deal with the effects felt by the business due to SDP, by motivating employees, remaining positive about the current situation and finding solutions to overcome the problems the business is faced with. Two respondents respectively mentioned: "If there's weak leadership you're not going to get the buy in, the trust of the people that work for you. And I think a lot of the people here, they understand what's going on in the business, they are part of it." and "It's our responsibility to find solutions and if we can't find solutions, we shouldn't be leaders or managers." It was also stated to be able to communicate the effective leadership, a flat management style is preferred, with "hands-on manager."

It became evident that for businesses to survive in this current economic business climate and to reduce the losses inflicted by SDP, businesses needed to be flexible and agile when it came to making alternative arrangements. They were constantly

improvising. Many businesses could only be reactive, as the nature of the protest action is so unpredictable. However, some businesses also looked at making efforts to take preventative actions. Some of the alternative arrangements included, fetching employees at an agreed upon location if they could not come to work, attaching tow-bars to employee's vehicles that they could make deliveries when the transport networks were affected, running backup generators on diesel when transformers are burnt due to protest action, hiring of additional security to protect employees, adjusting employee working hours to work outside of protest hours. This list is not exhaustive, in fact the list of type of alternative arrangements that companies made was very long; but it all boiled down to being flexible, agile and improvising as the type of alternative arrangements to be made could not be predicted. The effects due to some of the actions were dealt with in previous chapters. The only form of preventative action was in the form of CSI and other community initiatives, fostering relationships with stakeholders, policies and supply chain management. In the context of effects of SDP, managers needed to be able to think quickly and on 'their feet'.

Managers were also required to prioritise actions in order to keep the community happy, "I think the important thing is where there are issues that can be rectified it is to fix them quickly. Not leave them and let them grow. So generally, you will find when people put 10 issues that they've got down on a piece of paper, seven of them you can fix very quickly, very cheaply, very easily, the trick is to fix those seven straight away."

Senior ranking employees and owners of businesses felt that one needed to diversify risk. and. "It's changing the way you think, thinking more risk based and what you can do to mitigate it. Sometimes the answer is right in front of you, but you don't look at it." Examples of this are dual suppliers in different areas, holding more stock etc., but these will be covered in more detail in the next section. Furthermore, managing directors felt that they needed to increase communication and trust between management staff, board and shareholder.

One of the mitigation tools, specifically for new businesses, is the location of the business in relation to SDP hotspots. It was clear that business operating in 'older' more established industrial areas, were less affected than newer areas, "I would say

I would also not open a business – I mean historically it just so happened to be here, but I would think twice about opening a business in a newer area like Kya-Sands because I know there's service delivery protests there.”

Larger companies that had the funds to do so, would make pursue the 'legal route' with respect to prosecuting community members identified to have caused damage to their property or disrupted their operation: “we react harshly and quickly and hard on it hey. It is an expensive exercise because it involves civil attorneys, court interdicts, sheriffs of the court etc.” Information on perpetrators is collected via video material and used to prosecute them, “as soon as they start threatening us, we'll record, we build up data, and when we've got enough, and we hit them hard.” The successful prosecution often prevents further incidences, as many protestors don't realise that they are responsible for their actions during a 'mob' protest. However, the companies have felt resistance from police to open cases and “we eventually went to the State Prosecutor who forced the local police to open a case. So we are finding more and more that just to get a case open we need to get an attorney involved at a high level to get them to open up a case.”

One final method used by businesses to try preventing future SDP to Lobby to Government, to get the government to act and to provide basic services to the people. One owner of a business's even started a not for profit organisation to this effect: “we've started a non-profit organisation with the intention of lobbying government to say this is what we are doing.”

5.3.10 Theme: Supply Chain Management

This theme describes what actions businesses have taken with respects to their supply chain to try and reduce the effects that SDP has on the business, specifically the effect of being able to service your customer.

Companies were often unable to satisfy the lead time promises made to customers due to not being able to finish goods in time or not being able to deliver these on time, as a result of an SDP action. The effect on the businesses as a result of not delivering on time was adverse. Some businesses mentioned, especially with international customers, that they would lose future sales, due to one late delivery,

as discussed in detail in the effects theme and by a respondent: “Our customers that are based offshore don't understand, sometimes they don't want to understand.”

As result, to be able to prevent non-or late deliveries, companies could not make use of a ‘just-in-time’ supply chain philosophy, but rather had to resort to holding significant volumes of raw material and finished product stock, as some respondents mentioned: “we prepared ourselves and we are still in that process of having four weeks stock at all times” and “usually keep stock there, so I think about 400 – 500 tons, that would give us basically a month’s production.” These methods ensure that customer always receives their product, but at significant cost to the business as “it’s a very capital-intensive exercise”. This kind of action usually requires consultation with the board and the shareholders, as it significantly affects the bottom line, yet without this action the business will suffer more losses. One respondent shared that “we work on a weighted average cost of capital, which I can share with you, of roughly 20%. And we’ve judged on ROAM, return on assets managed. So as a management team it doesn’t sit well with us to load the inventory, but you have to do it.” Further to holding stock, businesses also hold a large number of spares, as the risk of not being able to receive a part at short notice when the plant is down, due some direct or indirect SDP taking place is great – “spares we usually have stock in the store.”

Most businesses mentioned that the selection of suppliers of critical to effectively managing your supply chain, where “location of suppliers, what mitigations have they put into their business, the service delivery, the location of where those businesses are, if they’re closer to high risk areas” are all important factors to consider. Furthermore, the companies have made use of a dual supplier system, where suppliers of the same product are selected in in different regions, “if you look at Johannesburg, if you split it, on the compass, if a supplier supplies me packaging, who is in the north, we will try to find somebody on the west or the east.” One problem with dual suppliers in South Africa is that they all buy from the same source, so if that source is affected by SDP, all the other suppliers are affected, “we have a supplier of the same product, and they unfortunately get the same product from the same supplier as us.”

Also, with respect to dual suppliers many companies have looked at a “blended approach on importing and dealing with local manufacturing”, where they import

materials, to mitigate the possibility of their local supplier not being able to deliver. The downside with importing stock was that larger volumes needed to be ordered, which further affected the bottom line, as the inventory level increased, and the cash position decreased. The managing director of one business mentioned: “Exactly, and that’s also one of the reasons you will see when I mentioned the stock figure has jumped to the extent it’s jumped, a lot of that is we got really nervous and we went shopping in China. The downside of buying in China as well, which is quite important, is that your MOQ’s are normally a lot higher. So instead of 100 castings here you’ll have to buy 400 in China.”

Furthermore, some companies have engaged in serious consulting and auditing sessions with their suppliers to ensure that the supplier is doing everything possible to ensure that the company will get its good delivered on time: “Sitting down with them, counselling them, so brainstorming with them what sort of strategies we could put in place, hiring of generators, finding second, third alternative suppliers, working outside the normal 8:00 to 5:00, working additional shifts, prioritising what deliveries need to get made when, these are the type of discussions we had with them, to make sure that we had continuity in what we do.” The communicating and educating of employees and suppliers as to the effect their actions have on the supply chain and the business, is a critical mitigation method, as described by one respondent: “So initially we spent quite a few hours in a week educating employees, suppliers, even going to the extent of talking to our second tier suppliers, making them understand the impact that all of this is having. As I said, that was initially, but as we went through sort of the learning curve of this, sort of experience kicked in. So, where we stand now, possibly less than an hour a week.”

The one company mentioned that they spend a lot of time coaching their SME suppliers, rather than enforcing penalty clauses on them: “A lot of businesses we deal with in South Africa are start-up businesses, EMEs, SMEs, the aim is to actually build them up, not take the legs out from under them.”

5.3.11 Theme: Role of Government

This theme is centred around the role the government should be playing, according to the responses gathered, to 'fix the problem' and solve the root cause of the problem, of which SDP is a symptom.

Most respondents felt that Service Delivery Protests were genuinely outbursts against poor service delivery in their area and not politically motivated actions. The sentiment was that these communities' members had been made promises by government that they would be provided with services for many years and that government was not delivering on those promises: "because government cannot make empty promises because that's the only reason they're protesting, because of the empty promises." The respondents were of the opinion that if the government were to provide services to the affected areas, the protest action would stop instantly. One respondent mentioned that "I think the people that protest against service delivery have definitely got grievances that aren't being addressed by government."

Further to this, businesses feel that government needs to be doing more to solve this problem, "I think that's the real issue in my view, this issue is not a private business issue or a community issue. If the government does what they need to do with our taxes and what have you we won't be having protests." However, it seems that the government is not capable of delivering on their promises, so they have introduced laws to force the private sector to uplift communities, via their CSI spend.

The government advertises that it is doing all it can to resolve these issues, yet "the government is just fooling the people." Local municipalities are incapable of rectifying the damage caused by protestors and often rely on the private sector to repair the damages of infrastructure needed for them to perform their daily business tasks. "The R59 for example we offered at one stage to the municipality we'll supply the material if they can just get the road done. We'll supply plant etc. to assist you. Because again we just find – and that was – you know the guys dug that trench by hand in one evening and it took I think three months to get it filled. It's just poor service delivery from the municipality, and if you see that you can understand the frustrations that a lot of the communities are struggling with."

Many businesses have started lobbying to the government to influence comment on the legislation that government plans to pass, which ultimately will hold the private sector more and more responsible for correcting the problems government should be attending to. One respondent stated, “So definitely Chamber of Mines is one, but various other forums, yes, there’s active lobbying, active engagement on an on-going basis.”

The consensus amongst business owners and employees was shared, the government is the party that should be solving the problems that are costing businesses, as well as the economy, millions of Rands every year. Yet, the means to solve the problem differed amongst respondents. Many felt that government must “fix the problem”, whilst others agreed that strong leadership in both the private and public sector was required, as stated by a respondent: “I think it’s up to leadership in South Africa, whether it’s government or private sector to really address it.”

5.3.12 Theme: Business Closure

This theme deals with the ‘patience’ and ability that businesses being affected by Service Delivery Protest have, to continue operations in such conditions. Specifically, it looks at what would need to happen for businesses to close their doors and shut the business down, rather than having to deal with the daily management tasks of attempting to reduce loss, due to the effects of SDP.

One respondent mentioned that the local community in area where they operate is “making it so difficult for us to operate and remember these are small marginal businesses so we are getting to a point we say, guys, you know we don’t need this, we would rather donate this quarry to a black empowerment group and get some points on the enterprise development side and let you okes just get on with it.”

Most business agreed that as long as the business can still be profitable and makes sense from a ‘return on effort’ point of view, that they would continue with operations –“know it’s a simple calculation, if you cannot financially run something it dies” and “Look, I think at the end of the day, it depends on whether we’re still competitive.”

Many business owners stated that they would first try other methods such as relocation rather than close the business and that “failure was not an option.”

Many respondents stated that even if you were still competitive, your decision to your close your business was dependant on your view of South Africa’s future. The general view amongst respondents about the future of the current was that the current scenario “is not improving” and that is a “problem.” One respondent mentioned that change was required and “if we continue in the vein that we are as a country, I’ve seen big businesses close.”

One respondent, the owner and director of a business, stated that he would be able to deal with the effects of SDP, however, he mentioned that a reason for him to close his business is the ever growing pressure placed on business with respects to Broad Based Black Economic Empowerment (“BBBEE”). With respect to the BBBEE the respondent mentioned the following: “The one that’s becoming really difficult and unpalatable is broad based black economic – BEE is the one that really messes us around big time. I mean they pay lip service to make it easier for companies to do business here, it’s bloody difficult for companies to do business in this country. And they need to take the brakes off somewhere, because the amount of time filling in meaningless paperwork and stuff is crazy.”

5.3.13 Additional findings

During the course of the interviews some very interesting insights were gained, that were not expected before or during the interviews. These will be described briefly in this section:

1. Industrial action vs community protest action

Industrial action was something that companies were ‘worried’ to a lesser degree these days than a few years ago, due to the somewhat predictable nature of the action. Many companies mentioned that they had reduced union membership and that employees chased the unions away and preferred dealing with the company directly. One large company’s managing director stated that “in our business, the appetite for striking is considerably diminished hey” and he further mentioned that the last two times the unions declared strikes, “the employees elected not to strike.”

However, the incidence and frequency of SDP have become something the companies are very worried about, due to the unpredictable, violent and frequent nature of such protest actions.

2. Misalignment between management and employees

One of the business owners was adamant that his employees were not affected by SDP in their community at all and was proud to say that they have zero tolerance for employees not coming to work, “no work, no pay.” When interviewing his employees, it became evident that indeed there is absenteeism due to the protest action in the community where the employees live that disrupts them from getting to work on time. Furthermore, the incidence of protest action there was very frequent, and these workers would make a plan to get to work, often at great cost. They did not share this with their manager, as the communication lines were poor.

3. Employees at higher levels feel the effects more than employees lower down

Individuals at senior levels within the company, such as general managers, managing directors, directors and even owners ‘felt’ the effects that SDP had on the business, and were more aware of the effects on the business, than employees at ‘shop’ level. However, employees at the ‘shop’ level were more affected by SDP in their private capacity in comparison with senior employees.

4. Companies form of protest

Companies were also reported to protest / vote against SDP, not by physically engaging in protest action, but by not expanding their business and operations when growth opportunities presented themselves, as the risk was too high. This decision not to grow, directly affects the economy and unemployment. Government is not aware of the damage that it is doing by not addressing this problem sufficiently, they are hampering the natural job creation that should be occurring by indirectly stunting economic growth.

5. Problems not unique to SA

One respondent who has a global position, mentioned that these issues of SDP being experienced in South Africa are not unique to South Africa, but are prominent in many third world countries.

6. Local Business association

An interesting method employed by businesses to mitigate against the effects of SDP and to force provincial and local government to address the service delivery issues in the surrounding communities, was to provide a collective voice through the means of a body elected to represent them. This was done to lessen the effects felt by businesses and was via a business association. The business association is a collective voice, which has more power than the respective individual businesses. The business association in the area considered has enjoyed significant success in reducing the problems businesses used to deal with daily, due to community unrest and SDP.

5.4 Conclusion

The results of the four research questions are presented in this chapter. The constructs and themes that emerged are supported by existing literature on the topic of role, effects and management of institutions. In addition, new knowledge and findings were developed during the research process. These findings will contribute to the understanding of the new institutions, the effect it has on business, the management strategies that will be employed to reduce the effects, as well as the role of government and business' appetite to continue business in such an institutional environment.

A summary of the results that were gained from the interviews during this study, portrayed as the themes identified, can be found in in table 8 in appendix 6. The summary provides an in-depth review of each of the themes that were identified, together with pertinent extracts from the interviews. Each of the themes corresponds to the respective research questions which they address.

In chapter 6 the results and findings presented in this chapter will be discussed in detail and related to the theory. New contributions to institutional theory will become apparent in the next chapter.

CHAPTER 6: DISCUSSION OF RESULTS

This chapter cross examines the results presented in Chapter 5 and discusses them in detail and within the context of the study, as well as the literature presented in Chapter 2. The insights obtained through the findings of this research study, as presented in this chapter, are contrasted and compared to current literature in order to answer the research questions presented in Chapter 3.

The research findings contribute to a deeper understanding of the elements of a unique institution, as well as the effects felt as a result of those institutions in contrast with other institutions. The findings further contribute by offering new insights into the management strategies employed by businesses to manage the unique institution. Lastly, the findings with regards to the role of government, as well as businesses' appetite to conduct their operations despite this institution are explored.

These findings will be presented in the following sections.

6.1 Discussion of Results for Research Question 1

Research Question 1: What is the nature of this new institution and what are its main elements?

Research question 1 sought to identify what the nature of this new institution was, as well as what its main elements are. In order to analyse the methods or techniques that businesses had implemented to mitigate against the effects of the Service Delivery Protest action (and other related community protest action), it was necessary to first understand the nature of the institution. Also, it was important to understand how the businesses perceived the action and what the main elements of the institution were. The questions aimed to understand if this institution was unique or different from other institutions, and subsequently if the management strategies employed by businesses to manage this institution differed from the strategies employed by businesses to manage other institutions. The nature of the institution can be considered to be the 'context' in understanding the management strategies employed by businesses in Gauteng.

6.1.1 Understanding Service Delivery Protest

The data from the interviews supported the formulation of the understanding of this new institution. It became evident from the responses gained during the data collection process that this institution is broader than protest action solely due to the lack of services, as stated in the literature by Burger (2019). In fact, this institution encompasses three dimensions of community unrest or protest all housed under the same umbrella term, namely Service Delivery Protest. The three elements of SDP were described to be classic SDP, gangsterism type protest and communities protesting directly against the business operations.

The first type is classic SDP and this is described as the protest action as a result of the genuine dissatisfaction of the state or complete lack of basic services, such as electricity, running water or housing, in the local community or informal settlement where protestors reside. The 'classic' form of the Service Delivery Protest institution is described accurately by Burger (2019) in chapter two. The target of these types of protests is generally government and public infrastructure.

The second face of SDP is known as the 'gangsterism' type of protest action, which is characterised by local community organisations claiming to be local business forums tasked with ensuring that the companies operating in that area promote business within the local community, as well as employ locally. These forums are often not sanctioned by the local authorities and attempt to hold businesses to ransom, by issuing threats and organising mass protest actions to disrupt the business operations. The participants in this type of protest action are unemployed local community members who are dissatisfied with the high unemployment rate in the informal settlements, as well as the lack of services. This form of protest action is opportunistic and a direct outcome in the form of incentives or remuneration is expected. The main target of these types of protest actions is private sector businesses operating in close proximity to the respective community.

The two forms of SDP described above are the most common and the most disruptive. The third form is the least common and is characterised by protest action stemming from the local community, where communities object to the operations of

the company. This type of protest action is experienced only in extractive industries, such as mining businesses. The incidences of this form of protest in Gauteng were not frequent and thus the remainder of this section will focus only on the two main forms of SDP mentioned.

Respondents considered SDP to be a new phenomenon, which emerged in 2004, as mentioned by Allen & Heese (2018). It was believed that the protest action has become the norm or 'status quo' and that there is no end in sight, which would imply that the institution has become 'permanent' in the eye of the public. The rate of incidence is also described as frequent. The permanent nature of this institution agrees with the definition by North (1991), which states that institutions are permanent. The definition further states that institutions are stable, which differs from the opinion held of this institution, as described by the respondents. The respondents believed the institution is unpredictable, with businesses not knowing or being able to predict when the next protest might occur and if they will be affected by it. The incidences of SDP are rarely identical in modus operandi and thus the predictability becomes even more complicated. The protest actions are described as having no rules of engagement. SDP is creating chaos and has been described as being "out of control" by respondents. This echoes the sentiment of Daniel Rottig (2016) who stated that the emergence of new institutions can create chaos.

It became clear from the responses received that companies believed the Service Delivery Protests to be disruptive, disturbing and depressing. Also, the frequent actions were categorised by significant violence, damage to property, financial losses, gangsterism and in some instances, terrorism. This description of SDP is accurate with the descriptions by the South African Police Service (South African Police Service, 2018), as well as Lancaster & Godfrey (2017), stated previously. These actions resulted in many direct losses to businesses, but also many indirect losses, such as loss of motivation and reputational losses. The respondents mentioned that there was no support from government institutions to protect them from such actions and furthermore to convict the individuals that performed such actions. Business owners felt that the protestors were fighting an unfair fight, as they are aware of the fact businesses are powerless to their destructive actions. This is characteristic of an institutional void, which refers to the underdevelopment or complete absence of certain institutions (Rottig, 2016), such as the 'rule of law' in

this case. Furthermore, it could be argued that an institutional void is the ultimate cause of all these problems, described as the local government's inability to provide basic services to its people. Weak regulatory infrastructures or the complete absence of these are characteristics of emerging markets, such as South Africa, coupled to turbulent and fast paced changes (Marquis & Raynard, 2015).

The interesting point was that although the protest action had significant negative effects on the respective businesses, many respondents sympathised with the protestors and mentioned that the actions were conducted as a means of survival only. They showed sympathy with the protestors and understood their plight. The consensus amongst all respondents was that government was the cause of the institution and it is also stated that government is the potential solution.

6.1.2 Conclusive Findings for Research Question 1

The above description of the Service Delivery Protest exposed some of the main elements of the institution. It becomes evident that this institution is considered to be permanent, as respondents do not foresee the root cause of the problem being solved in the near future.

This institution is indeed a new special type of institution and is different from other institutions. Firstly, this institution (SDP), is experienced in three different ways, namely classic SDP, gangsterism type SDP and protest against the businesses' operations. This enforces the unpredictable nature of the institution and makes the management thereof extremely difficult, as it is never known which format will affect the business, until it has happened. Each format needs to be managed differently.

Furthermore, North (1991) describes institutions as the "rules of the game" (p. 98), a set of constraints that dictate how humans interact. He argues that humans create institutions to reduce uncertainty in exchange by creating order. When considering the first part of the description offered by North (1991) with respect to institutions being defined as the rules of the game, it could be argued that SDP is indeed a new game, with its own set of rules. This institution was not created to reduce uncertainty by creating order, in fact the exact opposite is true. The institution's main aim is to cause destruction and disruption to achieve its outcomes, which are better basic services, employment and ultimately an escape from extreme poverty. The institution

is a symptom of the country's oppressive past regime, as well as the present government's inability to deliver on the promises that it had made to the people when they were elected into power. This agrees with the statement by North (1991) that institutions evolve incrementally and that they build bridges between the past, the present and the future.

Scott (2004) and Scott (2008) define institutions as providing stability and meaning to all social behaviour, via three main pillars, namely regulative, normative and cultural-cognitive. The SDP institution does not agree with this definition. Although, the institution provides meaning to the social behaviour demonstrated by the protestors, as well as the recipients of the protest action's outcomes for that matter, it is not stable. In fact, it has been described as turbulent, unstable and unpredictable. SDP appears to have no real set of rules, as the severity of the protest action experienced is never the same, which again reinforces the unpredictable nature.

This new institution does indeed govern social interactions, as described by Peng, Wang and Jiang (2008). SDP dictates the environment in which businesses operate, as well as the steps the general population needs to take on a daily basis to either directly avoid the protest action or the damages caused by it. North (1991) adds that institutions constrain behaviour, which is true when considering the actions of businesses and the public, however, internally there are no constraints.

There are no consequences for the actions of the individuals who partake in this type of protest action and thus it can be argued that they are being sanctioned by the government, which according to Voigt (2009) is a pillar in the definition of an external institution. Voigt (2009) makes the distinction between rules and enforcement, which in the case of SDP is applicable. An element of criminality exists with SDP and is characterised by extreme violence and destruction, yet there is no enforcement of the rule of law, as an example. It is argued that this institutional void, i.e. the rule of law, is selectively applied to this institution by the government. It was mentioned by many respondents that the businesses were at the mercy of the protestors and the only protection could come via the police, which in many cases was denied.

The institution is considered to be unstable and unpredictable, with the incidence of protest action occurring frequently and sporadically, without prior warning. The institution governs and dictates social behaviour and is characterised by an element of gangsterism. Furthermore, SDP is an institution of the 'poor', as the only

participants of the protest action are individuals living in poor communities, townships or informal settlements. The protestors are mostly unemployed and live in extreme poverty; it has been stated that the protesting is indeed their “day job”.

From the above analysis, it becomes clear that the institution, known as Service Delivery Protest, is unique and different when compared to other institutions. It does share common elements with the definitions of traditional institutions, but also disagrees with some of these elements. Service Delivery Protest is indeed a new special type of institution, with its own unique and different elements. A deeper understanding of the nature and elements of this institution needs to be gained. The next section will focus on the effects that are felt by businesses, as a result of this unique institution.

6.2 Discussion of Results for Research Question 2

Research Question 2: What is the effect of this new institution, namely SDP, on businesses operating in Gauteng?

Rottig (2006) states that institutional theory is a lens through which academics consider the numerous elements of the institutions, such as transformations, actions, structures and strategies. According to Peng (2008) the role of institutions directly affects the strategy of companies. Thus, it was important to understand how businesses operating in Gauteng are affected by this new institution, prior to looking at the strategic management techniques employed by the respective businesses. This will be dealt with in the next section.

In the previous section it became evident that SDP is an institution, that has unique or differing elements in comparison to so called traditional institutions. Therefore, the effects felt by the businesses, as a result of the institution, were expected to differ from the effects experienced by companies as a result of traditional institutions.

It was stated by most respondents that SDP did have significant effects on their businesses, as well as their ability to operate. These effects were mentioned mainly to be negative, in fact, there was no respondent that mentioned that any of the effects felt were positive. Furthermore, the effects were mentioned to be far reaching, as

every link in the value chain from supplier, to the manufacturer, to the customer seemed to be affected in some or other way.

It was stated by Glaeser, La Porta, Lopes-de-Silanes and Schleifer (2004) that business growth, and ultimately economic growth, are linked to the quality of institutions of the country in which the business or company operates in. The better the quality of the institutions, the higher the growth. The opposite is also true, according to Glaeser et. al (2004), the poorer the quality of institutions, the lower the economic growth rate. In the current economic climate, the incidence and severity of SDP action are high, also the economy is practically not growing, and many businesses are closing their doors.

6.2.1 Effect on Businesses operating in Gauteng caused by Service Delivery Protest

It was stated by many respondents that the effects felt by the businesses, as a result of SDP, were generally negative. All the effects ultimately lead to an overarching effect, which is a financial loss to the company. Although this is not quantifiable at this stage, it must be noted as significant. The effects felt by most organisations spanned widely within the companies, affecting each internal department or division separately. Rottig (2016) suggests that changes in institutions or the institutional environment, such as new institutions emerging, become difficult to manage, due to the unpredictable and sudden changes.

The first area of the business that is severely affected is the human resources department. The unpredictable nature of SDP makes it extremely difficult to manage, which creates additional pressure and stress for managers, which in turn affects their motivation and productivity. Furthermore, managers were often exposed to threats and intimidation from the local community business forums, which compounds the previously stated loss of motivation. Employees were demoralised, as they would on numerous occasions not be able to get to work, although they wanted to come to work due to SDP occurrences in the area where they lived. They would then be punished by the company for not being at work. The demotivation aspects of all employees are an important effect felt by the businesses and are detrimental to the success of the organisation. Further negative effects of employees not being able to

get to work are the losses in production. Many of the businesses were high volume and low margin operations, thus every hour of lost production severely affected their profitability.

Furthermore, businesses needed to contend with the supply chain issues and being able to satisfy customers, especially export customers who were stated as having no sympathy for local problems. Companies constantly had to make compromises with regards to financial profits and holding raw material and finished good stocks. Inventory management is an important aspect of modern business practice and is proven as a method of improving a company's profitability. Some of the modern inventory management practices include the 'Just in Time' supply chain philosophy, which aims to align raw material orders directly with production requirements and sales. This improves efficiency, reduces wastage, reduces inventory levels and improves profitability (Olhager, 2002). Due to SDP and the requirement to hold more stock, modern inventory management practices cannot be successfully implemented. This affects the business' global competitiveness and is a phenomenon that is restricted to emerging economies.

Most of the effects discussed previously all have indirect financial effects on the company, however, some of the effects characterised by gangsterism, criminality and vandalism, have direct financial implications. These are the physical destruction of the company's assets, such as buildings, vehicles, plant and equipment. Protestors would often target the companies' assets and damage them or destroy them. The company would need to replace these at their own cost, as most insurances exclude damages due to protest action. Another element of damage which was reported by the respondents was the damage to government property, such as provincial roads, as an example. The government would often refuse to repair these, which would force the private sector to fund and manage repairs. Without these roads the companies would not be able to conduct their business operations successfully.

It became evident from the responses that there seemed to be no consequences for the protestors and perpetrators engaging in these acts of destruction. The only time any action was taken, was when the company themselves invested significant funds to pursue the cases legally. The police and courts were reported as not being willing

to assist and thus the 'Rule of Law', with respects to the enforcement of violation caused during SDP, was non-existent. This is characteristic of an institutional void, which was described by Rottig (2016) as the underdevelopment or complete absence of certain institutions. Rottig (2016) mentions that in the absence of institutional voids, the formation of other informal or formal institutions occurs to fill the voids. However, in the case of SDP the institutional voids, for example rule of law, were not filled, but rather allowed to flourish.

Government has been reported by many to be forcing the private sector to improve the living conditions of the local communities, hoping that it will reduce poverty, create jobs and ultimately reduce SDP. The government has introduced numerous laws, that are mainly affecting large corporates in extractive industries, such as a mining charter. This charter mentions that certain ownership must be given to local community members and forces companies to invest in the local communities. According to Rottig (2016), emerging market governments exert greater institutional pressures and greater influence on companies, than compared to developed nations. Governments in developing nations have a greater social focus than their developed counterparts.

6.2.2 Conclusive Findings for Research Question 2

It became evident from the previous sections that SDP has numerous and far spanning effects on businesses operating in Gauteng. Many of the effects experienced have been discussed and described in the literature, which reinforces the fact this institution is indeed an institution that cannot be ignored and that more needs to be learnt about it. However, SDP is a unique institution as established in the discussion answering research question one and therefore the institution also has unique and different effects on businesses.

This institution affects what was described by a few respondents as "everyone", regardless if they would like it to or not. It affects employees and individuals in their private lives, as well as at work. All departments of the company are affected differently, and the effects have far reaching consequences, from suppliers to customers. The whole stakeholder ecosystem is affected.

SDP is an institution, and as a phenomenon, is not unique to other developing nation countries. Other developing countries have these same types of institutions presented in different formats, as mentioned by a respondent. However, they have emerged for the same reasons, such as poverty, genuine dissatisfaction with government and the provision of basic services. Most of the current literature does not mention much about the effects felt specifically by companies operating in developing nations or the effects that are experienced due to these institutions. Thus, this research contributes to an understanding of the effects of special institutions, such as SDP, which is valuable knowledge required for business success in emerging nations and more specifically Gauteng, South Africa.

Due to the unique effects felt, as a result of the unique institution, an understanding of the management strategies employed by businesses needs to be gained. The next section will discuss in detail the management strategies employed by businesses operating in Gauteng.

6.3 Discussion of Results for Research Question 3

Research Question 3: What management strategies are businesses operating in South Africa, more specifically in the Gauteng Province, employing to deal with this new special institution?

SDP is a new and unique institution that inflicts many negative effects on businesses operating in Gauteng. As a result of the effects experienced, many businesses have implemented specific strategic management initiatives to try overcoming or reduce the negative effects felt.

Due to the nature of the SDP, as well as the local institutional conditions, it was stated in the literature, more specifically by Marquis and Raynard (2015), that it is impossible to come up with a generic strategy to mitigate against the effects felt by these special type of institutions. Therefore, Marquis and Raynard (2015) developed a more attuned set of strategies to emerging markets, which is more closely aligned to the strategies employed by businesses in Gauteng. The three institutional strategies that make up the set are the Relational, Infrastructure Building and Socio-Cultural Bridging strategies. These institutional strategies are supported by

numerous non-market strategies and as mentioned by Dorobantu, Kaul and Zelner (2016) attempt to create value for companies in the face of institutional costs. Each of the non-market strategies is effective in a specific context or for a specific problem.

It was mentioned in section 6.1. of this chapter that the SDP institution is presented in two main forms, namely the protest action due to the genuine dissatisfaction with the general state of services in the community (classic SDP) and the 'gangsterism' type of protest action, which is characterised by threats, destruction and extreme violence. The following sections will discuss the common management strategies that have been implemented to manage the effects of both types and forms that SDP has been perceived as. Furthermore, the sections will touch on which specific management strategies are to be weighted more heavily for each type, as well as the reasons why.

6.3.1 Management strategies implemented by businesses operating in Gauteng

The first form of management strategies that will be explored, are relational strategies. These are supported by a company's internal and external strategies.

The internal strategies focus on internal processes, as well as business culture and values. The external strategies are non-market strategies, such as stakeholder management, stakeholder communication and dialogue, leadership, corporate social responsibility and corporate political activity. The internal strategies will be dealt with first and then the external strategies will be discussed.

From the results it became evident that business culture and company values are key mitigation methods to manage this institution. The firms that were best coping and managing this phenomenon had open inclusive cultures and cultures of communication. Their day to day interaction was characterised by positivity and their general outlook was described as positive. Through this positive attitude the employees of the businesses were able to remain motivated and engaged, despite the turbulence caused by the institution. Loss of motivation of employees (managers and workers) was described previously as being one of the major negative effects experienced by companies and this positive culture helped overcome that. The next important internal strategy was to promote a culture of communication. The

communication between management and other employees allowed companies to be flexible and agile when dealing with SDP. Flexibility and the ability to make alternative arrangements at short notice, as well as being able to communicate the improvised plan, was noted as a key attribute of a business that can successfully manage the new institution. The businesses were said to be “side stepping the effects”. Due to the unpredictable nature of SDP, business owners mentioned that they needed to be prepared for anything, all the time. Furthermore, honesty was stated by many respondents as being a key company value. Honesty includes honesty in communications and dialogue with employees and other external stakeholders, honesty with oneself about the current status of the situation, and honesty in admitting that one might need to ask for help. Another interesting value that the respondents were displaying, which became evident during the data collection process, was that they did not accept this phenomenon to have become the norm or status quo, furthermore, they did not accept failure as an option. This is an interesting observation, because from the responses it became evident that the respondents had to deal with this institution on practically a daily basis, which would imply that it has become the status quo. This is reinforced by the literature and news articles, where in one example Godfrey and Lancaster (2017) state that until poverty and inequality are eradicated, these occurrences will not cease.

The final internal management strategy that was instituted in many different formats across the different businesses, was the drafting and enforcement of internal policies. For example, from a human resources perspective, many companies had an internal policy stating that there was a strict “no work, no pay” policy, which meant that employees could not get to work as a result of SDP occurrences in the local community where they lived. Thus, as per the policy they should not be paid. Yet, some business owners were sympathetic towards the employees and relaxed the enforcement of the policy, if the employee was not able to make it to work due to SDP. These actions in turn improved employee motivation and reduced the losses felt by the respective business. Another example of internal policies being changed as a result of the SDP was the inventory management policies of many firms. Most firms tried to adopt modern inventory philosophies from a policy position, however, as described previously this was not possible due to SDP. Thus, many companies adapted, made alternative arrangements and changed the policy to allow employees to hold more raw material and finished goods stock.

The first of the external relational strategies, namely stakeholder management, is indeed the essence of the relational strategy and according to Marquis and Raynard (2015) and is characterised by the cultivation and management of dependency relationships with key stakeholders. Stakeholder management was described by Donaldson and Preston (1995) to offer an effective, ethical and practical manner to run a business in what are characterised as complex and turbulent environments. This requires numerous interactions and communication with numerous stakeholders. According to Harrison, Freeman and de Abreu (2015) stakeholders are typically the groups and organisations who are known to be interested in the process, as well as the outcomes of the firm. To this extent, the businesses that were considered for this study have the following stakeholders, namely, employees, customers, suppliers, government and the local communities.

Businesses identified that constant communication and dialogue was a key ingredient to achieving successful stakeholder management. This view was shared by Crane and Livesey (2014) who mentioned that to manage their stakeholders, companies should engage in active dialogue and communication with their stakeholders. They further mentioned that the communication should be in the form of a two-way dialogue, where a stakeholder is not only listened to, but also responded to. Businesses communicated with their stakeholders on an ongoing basis and each of the stakeholder groups, as well as the need for communication will be dealt with separately.

Firstly, the employees of the business needed to be communicated with regularly. This was described to some extent previously with regards to the policy positions, but employees also needed to be formed about the status of the company, financial and non-financial, the strategies and so forth. Companies that did indeed practice this kind of communication were perceived to be managing the institution noticeably better than companies that were not communicating with employees. The employees were being communicated with seemed to be more motivated and embodied the important values, that were important for managing SDP, as mentioned earlier. Next, the customers and suppliers needed to be communicated with constantly. This was necessary to make an alternative arrangement when unforeseen SDP occurrences took place. This way the value chain was able to be flexible and agile with regards

to when receiving deliveries, for example in the early hours of the morning when protestors were sleeping. Communication with the local communities, authorities and government were also crucial channels that businesses were nurturing. Communication with these two stakeholder groups will be dealt with at a later stage in this section, as part of the corporate social responsibility and corporate political activity strategies.

Successful stakeholder management is not possible without what was phrased by many respondents to be “strong leadership”. According to Maak and Pless (2006) the idea of leadership has progressed from a conventional one-dimensional relationship (leader and follower), to a leader with a multitude of followers (all stakeholders). According to Donaldson and Preston (1995), companies need to be accountable and leaders responsible to all stakeholders. Witt and Stahl (2016) further add that responsible leadership embodies leadership in a stakeholder society. It became evident during the data collection and analysis process that the companies that were managing the institution well, did have leaders that communicated with stakeholders, remained positive, motivated employees, encouraged open, honest and inclusive cultures. These leaders were respected by their employees, whilst the employees also voiced that management respected them and listened to their woes and demands.

The next two external strategies that were used by businesses and that will be discussed are the infrastructure building and socio-cultural building strategies. In the context of this new institution the two strategies will be dealt with together, as one and the same. These strategies are, according to Marquis and Raynard (2015), intended to address inadequate or absent infrastructures and deal with socio-cultural problems that could hamper trade such as unrest or illiteracy. The strategies were supported by corporate social responsibility and corporate social investment, which were also noted to be key strategies by many respondents. Throughout these strategies, the stakeholder management practices discussed previously were present, as the strategies are aimed at managing a very important stakeholder group, namely the community.

As evidenced by the results, the community plays a large role in the effects felt by the businesses as a result of SDP. Most of the SDP occurrences are initiated and

performed by poor disgruntled members of the surrounding communities, in relation to the proximity of the business. In an attempt to reduce the incidence of SDP stemming from the community, many businesses perform corporate social responsibility / investment initiatives in the community. According to Dorobantu (2016) CSR is not only a means to do good, but at its core the strategy aims to be rewarded by the stakeholders benefiting from the CSR initiative. In this case the companies are hoping that the community will reward them by exempting them from unrest or protest action, as a result of the investment (financial or other) that they have made into the community. Some of the respondents mentioned that their businesses would invest in the local community and build schools, provide infrastructure such as running water and housing. Whilst other companies with smaller balance sheets would view the community as a partner and trade with them directly and/or employ local labour from the community. The companies would engage in these activities to gain what was termed to be a Social License to Operate, which, according to Demuijnck and Festerling (2016) is the community's approval of the activities. This license can be revoked at any time if the community feels that CSI initiatives are not enough. Therefore, constant communication with the community was a key aspect, to find out exactly what the community needed, as well as if they were content. Government legislation forces large companies to make these kinds of investments into the local communities, thus one does not know if they are doing it because they truly meant to improve the state of affairs in the community or if they are purely doing it to improve their triple bottom line, as well as reduce the effects felt as a result of the community in the form of SDP. Either way, the strategy to improve the state of services in the community, create jobs and generally assist in uplifting the residents, is an extremely successful strategy to reduce the effects felt by the SDP institution.

Furthermore, respondents mentioned the government to be a key stakeholder that needed to be actively managed. Although the role of government will be discussed in section 6.4., government as a stakeholder must be dealt with now. Government is a stakeholder that also requires to constantly be communicated with to understand what certain policy drafts will entail and in general what government's positions on certain matter are. Companies are influenced by government policies and legislations on a daily basis and thus according to Funk and Hirschman (2017) many companies adopt corporate political activity as a strategy. Via the CPA vehicle

companies lobby (lobbying is an effective communication tool) to government and try to influence and shape the development of new regulations. It was mentioned by a few respondents that their companies were successfully lobbying to government to either shape legislation in their favour or influencing the explanation of such policies.

The methods employed by businesses in South Africa have been described in some detail in this section. These management strategies were mentioned as being successful strategies in reducing the effects of SDP.

6.3.2 Conclusive findings for Research Question 3

There exists a range of strategies that are used by businesses to manage new institutions in emerging markets, characterised by unpredictable and turbulent institutional environments. These were mentioned as being internal and external strategies, with different strategy categories that each strategy could be classified into. Many of the strategies have been proven, as per the respondents, to be successful in reducing the effects felt by businesses as a result of SDP. According to Peng et al. (2018) institutions are considered to comprise both formal and informal elements. The Formal, regulatory dimensions tend to affect the company externally, whilst the informal, normative and cultural aspects are closely related to the internal workings of the company. This became evident from the results section, as well as the discussion in the previous section.

Although institutions are described as both formal and informal, many of the external strategies mentioned have been described in the literature, but many of the internal strategies have not. The internal strategies form an integral part of the management strategies and are arguably the foundation for external strategies. Thus, the internal strategies discussed, as well as some of the permutations of the external strategies are new contributions to institutional theory. Furthermore, the management of this institution is unique, as each stakeholder group requires individual attention and a tailor-made management strategy; there is no generic strategy that can be applied. The customised management strategy plan developed in this section is a new contribution to institutional theory, more specifically the management of institutions.

6.4 Discussion of Results for Research Question 4

Research Question 4: To what extent are businesses prepared to continue with operations in light of the effects due to SDP and what is the role of Government with respects to SDP?

In emerging markets, as is the case of South Africa, governments generally tend to have a larger social orientation. According to Rottig (2016) they tend to exert greater influence and control over companies. In the case of South Africa, the government has introduced various new policies and laws aimed a transformation and uplifting the poorer communities in the vicinity of the respective business' operations. The legislative decisions are, for example, a new mining charter. This requires mining operators to provide a certain percentage of shareholding to the local community, to uplift the local community. Respondents felt that this role should not be passed onto the private sector but should be fulfilled by the government. Government should be growing the economy and uplifting these communities by creating steady employment and improving education and services in these areas. The legislation brought about by the government, as well as the new institution that they have indirectly created, forces businesses to spend significant resources, both time and money, to manage the same. This makes companies uncompetitive on a global scale and thus reduces the market share of such companies globally. Less market share means less influx of foreign currency, which could be used to fuel growth in our economy.

Due to the link between institutions and organisations described by Peng (2008), the role of government influences the institutional framework. Traditionally many of the countries with more actively involved and supportive governments, enjoy greater institutional support. According to Stephan (2015), countries with resource poor and social problem rich environments, the quality of institutions is poor. According to Rottig (2016) businesses need to be flexible to deal with changes in the institutional environment. However, many businesses are not flexible and are thus not able to operate in such conditions. These businesses would simply exit or not enter the market.

The consensus amongst respondents was that they were willing to be flexible and adapt to the changes in the institutional environment, however, this was not the only criteria to determine if they would continue with the business' operations. Other criteria involved, despite adapting to the changing climate and attempting to manage the effects, if the business could still be profitable and if the return on effort justified the outcome. The profitability is an easy measurement and in most companies was mentioned to be measured by the triple bottom line, yet ultimately it was about the financial profitability. No company would run their operation at a loss and if the mitigation methods employed exceeded the revenue, then ultimately the owners would consider closing the business. Many owners mentioned that they would try everything possible, such as relocation, prior to closing their doors. There exists a deep culture of 'failure is not an option', as discussed previously.

Furthermore, respondents mentioned that their decision to close or not close their businesses was measured against the return on effort. Return on effort is simply a measurement of the amount of effort one puts in, in order to make the business work, compared to the outcome. If the effort outweighs the outcome, then the return on effort is poor. This measurement includes both financial and non-financial aspects.

In many emerging markets, such as South Africa, large companies would not consider closing their doors as they had the means to change the institutional landscape by filling the institutional voids necessary for operations (Peng et al., 2018). The smaller companies that are not able to bring about this change directly benefited from the voids being filled by larger corporations. There exists a lot of evidence that such action, namely the filling of institutional voids in the communities was being performed by large companies, through their CSI spend. Basic services were being provided, which negated the need for protests. Institutions such as the rule of law returned, as poverty was being eradicated in these areas. Also, institutions such as education and healthcare were being provided, all in an attempt to improve the living conditions of the members of the communities, to reduce the effects felt by the business.

Many respondents felt angered by the fact that the government was not taking any action to fill the voids and solve the problem. This anger stemmed from the opinion of respondents that government was the cause of the matter. Responses gained

from business owners, directors and managers were of the opinion that government is the root cause of the problem of poor services in poor communities and thus government's inability to successfully attend to the needs of the poor gives rise to the emergence of the new institution, known as SDP. Once emerged, the private sector must deal with the problem and fill the institutional void, by investing in social endeavours to try and solve the problem. But ultimately government should not be relying on the private sector to fix the problems they have caused and are not capable of fixing.

An interesting comparison to other institutions studied during the literature review, revealed that this institution is very different from other institutions, in so far as the government plays such a big role in this matter. Government is believed to be both the cause and the potential solution.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

Institutions are simply defined as the “rules of the game” (North, 1991, p. 98), a set of constraints that dictate how human interactions should take place (Peng et al., 2008). Intuitively then it can be stated that all business interactions are constrained by institutions. Furthermore, there is an important link that exists between institutions and organisations. Organisations inform their strategic directions and decisions as a result of the quality of the institutions within their environment of business, for example the rule of law, social institutions or educational institutions. Peng et al. (2008) venture as far as to state that institutions directly influence a company’s strategic endeavours. Thus, businesses need to adapt to different institutional contexts and need to be flexible. They must be frequently adjusted, with changes in institutional frameworks, as well as the emergence of new institutions (Peng et al., 2008).

Service Delivery Protest is a relatively new phenomenon and has been in existence since 2004 (Allan & Heese, 2018). The phenomenon is described as being destructive and unpredictable and is characterised by violent confrontations (Nyar & Wray, 2012). Service Delivery Protest is an institution that has never previously been described as an institution. It has become a significant factor in everyday business dealings and is a part of everyday life. South Africa experiences an incidence of SDP every one and a half days (Municipal IQ, 2019). Thus, it is clear that the Service Delivery Protest is an institution, as described above by Peng et al. (2008), which dictates and informs a company’s strategic direction.

South Africa’s Gauteng province is considered to be the economic engine of the country and experienced over 80 percent of the total reported incidences of SDP recorded in South Africa in 2018. Thus, businesses in the province experienced numerous effects due to the institution. The institution has been described as the status quo by the companies operating in Gauteng.

In this context the study set out to explore what strategic management initiatives were being employed by businesses operating in the economic engine of South Africa to mitigate and minimize the negative effects experienced. This study was not about the emergence of the new institution, but rather about the management

practices that businesses were adopting and implementing, as result of the institution.

Although there is much literature about the strategies employed by companies to manage traditional institutions in turbulent environments, no literature existed regarding the management of special institutions such as Service Delivery Protest. This research thus begins to fill the gap in the existing literature by exploring the institution in depth, to gain a better understanding of the nature of the institution and its elements. Furthermore, the effect on businesses specifically caused by this institution needed to be understood. This set the foundation for the main aim of the research, which was to understand the management practices employed to reduce the effects felt due to SDP on the business. Thus, an understanding of how to manage this institution was gained.

This research makes a significant contribution to institutional theory, by exploring a unique institution, and establishing an understanding of how to successfully manage it.

7.1 Principal Findings

It was found that the institution, known as Service Delivery Protest, is unique and indeed different when compared to other traditional institutions. It does, however, share many common elements with the definitions of traditional institutions, such as it is permanent and constrains human interactions, as described by North (1991). It is turbulent, unstable and unpredictable and governs social interactions, as described by Wang and Jiang (2008). The institution is arguably sanctioned by the government as no negative incentives, as described by Voigt (2009), have been introduced to try and control the institutions.

On the other hand, the institution can be described as unique, as it exhibits some elements not found in traditional institutions. These elements are briefly described. Firstly, this institution was not created to reduce uncertainty by creating order. Creating of order was described by North (1991) as being a key element of an institution. In fact, the opposite is true, the institution creates uncertainty and chaos. The institution is not a one-dimensional phenomenon, in fact it has three faces that

affect business. Each of these dimensions or variations require different management techniques to control. Furthermore, this institution is an institution of the poor and is a symptom of the past oppressive regime, as well as an incompetent current government, with respects to providing basic services to the poverty-stricken population. Therefore, Service Delivery Protest is indeed a new special type of institution, with its own unique and different elements.

The effects felt by SDP on businesses have been classified as negative. The effects were mentioned to be far reaching and described to be affecting 'everyone'. Every agent in the value chain would be affected at some or other juncture. Individuals were not only exposed to the institution at work, but also in their private lives and everyday dealings. Companies were experiencing losses in production, destruction of physical property such as plant, machinery and buildings. Furthermore, the companies would lose the ability to satisfy their customers and thus they experienced a reduction in sales and revenues. Companies were often forced to hold more raw material and finished product stock, which increased their inventory and reduced profits. Also, due to suppliers being affected the businesses were forced to import raw materials with large minimum order quantities. This was expensive and further increased stock levels. All the effects described previously transpired to an overarching effect, namely financial loss. Furthermore, business owners and employees were often threatened and intimidated, which affected their motivation and ultimately productivity.

Businesses have adopted a range of strategic management initiatives to manage this institution and reduce the negative effects. The management of this institution is unique, as no generic strategy can be developed and applied. Each stakeholder group and each dimension of the institution requires a customised management strategy. This sentiment is shared by Marquis and Raynard (2015) who stated that it was impossible to come up with a generic strategy to manage institution, especially in emerging markets. They attempted to develop a more attuned set of institutional strategies for emerging markets. Many of the elements of these strategies are closely aligned with the management practices of the businesses in Gauteng. The three strategies that Marquis and Raynard (2015) developed were the relational strategy, the infrastructure building strategy and the socio-cultural bridge building strategy.

The relational strategy referred to the cultivation and management of the dependency relationships with key stakeholders. The latter two refer to strategies intended to provide infrastructure and build socio-economic bridges through education, for example, all in an attempt to alleviate poverty. These three strategies are useful and applicable to managing SDP and within each of them there are many non-market strategies to support them.

It was evidenced that the strategies used to manage this institution in practice were more comprehensive than the three main strategies mentioned by Marquis and Raynard (2015). Each stakeholder group would require one or more, as well as different permutations of the main strategies mentioned. Thus, an integrated strategy was developed by businesses to cater to the needs of each individual stakeholder group. This strategy has two main elements, namely internal and external.

The internal strategy comprises of business culture, values and internal processes. The firms that seemed to be managing this institution well showed strong signs of an inclusive and positive culture, as well as a culture of communication and respect. Positivity was found to be a very important attribute in managing this institution, as this kept the morale of employees high and improved motivation, despite the effects of SDP. They portrayed values such as honesty and transparency in all their dealings with stakeholders. The companies were flexible and were able to make alternative arrangements at short notice, as well as communicate these well to all the parties involved. For example, if an urgent delivery could not be made due to protest action blocking a road, the company would allow the delivery to be made late at night when protestors were asleep.

Internal policy development and enforcement were mentioned as a management strategy. Inventory policies were amended to include the provision to hold more raw material and finished good stock, where previously they would rely on modern inventory systems, such as 'just in time' (Olhager, 2002). Also, human resources policies that had clauses such 'no work, no pay' in them, were often not enforced if employees were known not to be able to get to work due to an SDP occurrence. Also, they would be given the opportunity to work back the time on weekends, as to not lose the income.

The external strategies slotted well into the institutional strategies mentioned by Marquis and Raynard (2015) and will be presented under each respective main category. The relational strategies included stakeholder management, constant communication and dialogue. These were supported by good leadership in a stakeholder society, comparable to responsible and ethical leadership. The relational strategy was aimed at the following stakeholder groups, namely, employees, suppliers, customers, government and local communities. Through the effective stakeholder management and constant communication, which represented a two-way dialogue, the effects of SDP could be minimized. For example, the suppliers would be coached on how to manage their deliveries, as to not affect the companies supply chain. The important thing was that the businesses understood their stakeholder's operations, so that one could effectively make alternative arrangements that favoured both parties. This was only possible through extensive dialogue. The relational strategy was applicable to all stakeholders. For the relational strategy to be executed effectively the companies required responsible and ethical leaders that embodied the values mentioned previously, remained positive, as well as supported and respected the culture of the organisation.

Government was mentioned by larger companies to be a stakeholder that they were trying to manage and communicate with constantly via corporate political activities, such as lobbying, to influence new or existing policy positions and interpretations. This was done to ultimately influence the policy to favour the company with respect to the laws that dictated their engagement with the local community.

The next two institutional strategies, infrastructure building and socio-cultural bridge building strategies are aimed at managing arguably the most important stakeholder group in this scenario, namely the local communities. The strategies are characterised by corporate social responsibility, which is known in South Africa as corporate social investment. The strategies are characterised by numerous forms, such as partnering with the community, as well as providing schools and training centres to upskill the residents to be ready for employment at the local firms. Furthermore, businesses are investing large sums of money in improving the infrastructure in these communities, by providing housing and other basic services such as running water.

The community is the epicentre of the all the protest action; thus, businesses have felt that if they improved the living conditions of the residents in an attempt to alleviate their extreme poverty, that the need to protest may reduce. This would in turn reduce the negative effects felt by the businesses. This strategy was mentioned to be one of the most successful strategies in attending to the root cause of the issue, rather than managing the symptoms.

Most businesses felt that these initiatives and strategies would not be necessary if the government was performing its duty to provide basic services to its people. Government is stated as both the cause and the solution to this problem, with respects to SDP. An interesting element of this institution is that although it is considered to be permanent, it could be alleviated and become non-existent if government was performing its duty to the people.

Finally, businesses were generally reluctant to consider closing their companies as a result of the effects felt by SDP. The business owners had a “failure is not an option” type of attitude and would only consider closing their doors if they could no longer be profitable or if the return on effort was too low. However, most of them did state that they would not expand their business in this current economic climate, plagued by SDP. This is a form of the business owners’ protest and will affect the much-needed economic growth in this county.

This section presents the key findings about the institution, its unique elements, as well as the effects it has on businesses operating in the Gauteng province. Furthermore, it presented the management strategies employed by businesses operating in Gauteng to try and reduce the negative effects felt by them, as a result of the SDP institution. Many new and unique contributions to the institutional theory were made in this study.

7.2 Implications for Management

As stated previously by North (1991) institutions are simply defined as the “rules of the game” (p. 98), which are described as a set of constraints that dictate how human interactions should take place (Peng et al., 2008). This study is very important for managers of businesses operating in Gauteng, because it can further be stated that

all business interactions are constrained by institutions. Therefore, a business cannot operate successfully if it does not, firstly, understand its institutional environment and secondly does not manage it. Furthermore, it is stated there is an important link that exists between institutions and organisations. Peng, Sun, Vlas, Minchilli and Corbetta (2008) venture as far as to state that institutions have a direct influence on a company's strategy formulation. Therefore, it is clear that the SDP institution would also have a direct influence on how businesses inform their strategic direction. This rings true, if one considers the results presented in the previous section.

The SDP institution is unique and has many negative effects on businesses. It was shown throughout this study that by actively managing this institution with the strategies presented and discussed that the businesses could operate successfully, despite the institution. However, if managers do not actively manage this institution the effects could be severe, and the businesses might need to liquidate.

The successful strategies are constantly being improved on and as such the learnings from the businesses that are successfully managing this institution need to be shared with other business owners. Thus, the study has implications for any manager planning to or currently operating a business in Gauteng. The study provides valuable insights and a customised set of strategies to manage this institution, as well as other institutions of this nature. Current literature, although helpful, would not be able to equip managers with the necessary knowledge to successfully operate their business considering the SDP institution.

Therefore, this study is a contribution to the institutional theory and should be read by all managers operating businesses in Gauteng.

7.3 Limitations to this Research

Although the research is designed as carefully as possible, no research is without limitations. Thus, some possible limitations to the research have been noted:

1. The researcher was not formally trained in interviewing. This might have played a potential role during interviews and affected the results collected during data collection. The researcher overcame this by following the strict

guidelines as set out in the GIBS Green Pages guideline (GIBS, 2019). Also, the researcher attended numerous workshops and lectures presented by the university discussing numerous aspects of the research process. During one of these sessions the interview process was briefly discussed.

2. The native language of some of the interviewees, specifically in the general & semi-skilled worker categories, is not English. It was difficult at times to get the respondents to engage and share insights, the answers were very short and brief. The researcher was at times forced to explain certain concepts and questions in more detail in an attempt to stimulate the discussion. This may have potentially influenced the natural interviewee extrapolation of information process and allowed bias to become a factor. The researcher overcame this by framing questions in a certain way, which included detail as to the origin of the question, to assist with understanding of the question. However, this was done consistently across all interviews, as to not to allow bias to become a factor.
3. The location of the businesses considered in this study was mainly in the greater Johannesburg and Ekurhuleni areas. No interviews were conducted with businesses in the greater Tshwane region. The study is about businesses in Gauteng, yet the areas where businesses were affected represent only two thirds of the large metros in Gauteng. It is possible that management techniques used by industrial businesses in the greater Tshwane region, differ from the management techniques used by businesses in the greater Johannesburg and Ekurhuleni metros. The majority of industrial businesses in Gauteng, however, are in the greater Johannesburg and Ekurhuleni metros. Therefore, this the results of the study were not affected.
4. The range of businesses selected related mainly to the manufacturing and mining sector. No 'service industry' businesses were selected, as the researcher had more contacts within the manufacturing and mining sectors, due to the line of work that the researcher is in. Thus, the study is only applicable to businesses in these sectors and should not be extrapolated to other sectors prior to further research being conducted, to determine if indeed these management practices are applicable in other sectors.

5. This study is only applicable to Gauteng and should not be generalised to businesses in other regions, until it is confirmed through future research that the management practices are similar in those areas.
6. Some respondents were afraid to share insights with the researcher, due to what seemed to be fear. This was only experienced in the lower management, general labour employment level. The researcher explained numerous times to these employees that he did not work for the company and was not a consultant hired by the company and that indeed everything they would say would be treated as confidential. The explanation and fact that the researcher did not work for the company assisted in overcoming this problem.

7.4 Suggestions for further Research

Throughout the research process, a need for further research into several areas became evident. These have been listed below as suggestions for further research.

- Service Delivery Protest is a unique and deep institution, as has been mentioned numerous times throughout the study. SDP is evidenced to having significantly negative implications and affects how businesses conduct and manage their businesses in Gauteng. This study aimed to gain a better understanding of SDP, as it was important to understand the context prior to looking at the management practices employed to mitigate its effect. Even though, a lot of rich data was gained, a deeper understanding of this institution is required, as it has become such a permanent occurrence in everyday life. The understanding gained would not only benefit businesses, but the entire country. Only through a rich and deep understanding of the institution can one successfully solve the root cause of the problem. This study would aim to gain insights into the workings and mechanisms of the institution. It could go as far as touching on the psychology of protest and how the psychology of SDP protestors differs from protestors mentioned in literature. It is recommended that this be conducted as a qualitative research study.

- This study was limited to the Gauteng province. Further research could aim to conduct the same research in other provinces of South Africa, to investigate if this study is applicable to the country as a whole or only to the Gauteng province. Furthermore, it could be investigated if this study is relevant in other developing nations, where similar institutions (institutions born as symptoms of poverty and inequality) may have emerged and whether their management practices with respect to managing the institution are similar to the management practices adopted in Gauteng. This research is suggested to be conducted as a qualitative study.
- The role of government was a prominent theme throughout the research process. The study was not about the role of government, although it did provide some insights as to what respondents perceived to be the role of government. A future study should investigate in depth the role of government and look specifically at government as the cause, as well as the potential solution of this institution. This research is suggested to be conducted as a qualitative study.
- It was mentioned throughout the study that all the effects felt by the business ultimately culminated in financial losses for both the business, as well as the economy. Further research could attempt to quantify the losses to business as a percentage of their annual revenue and extrapolate that up to the predicted loss for the economy. The study should not aim to be too broad in scope, but rather focus on Gauteng. The Gross Domestic Product of Gauteng is known and thus the losses to the economy as a percentage of income lost by businesses could be generalized. This research is suggested to be conducted as a quantitative study.

7.5 Conclusion

This research set out to investigate the management strategies that businesses in Gauteng were employing to manage the new institution known as Service Delivery Protest. To achieve this the nature and elements of the institution were investigated. Secondly, the research study gained an understanding of the effect that the institution had on businesses. Finally, the study gained a rich understanding of the

management strategies that businesses had instituted to manage the institution, as well as the negative effects being felt. As an additional finding the role of government, as well as the business' patience to conduct their business operations despite the institution were explored.

The study made several contributions to institutional theory literature. The first was to gain a deep understanding of the elements of the SDP institution, which is a unique institution. The elements of SDP are different from other institutions described in the literature. Due to the unique nature and elements of the institutions, the effects as a result of the SDP, differed from what literature described the effect on business to be as a result of similar type of institutions. Finally, literature describes numerous management techniques for the management of institutions in emerging markets, that are characterized by turbulent and unpredictable institutional environments. Yet, no generic strategy was applicable to the management of institutions. Thus, this study provided a unique set of management strategies that can be adopted by businesses in Gauteng to manage a unique institution.

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APPENDICES

Appendix 1: Interview Invitation Letter

An email was sent to respondents after a telephonic discussion to set up an appointment. An example of such an email is found in figure 2.

Figure 2 – Interview Request Letter

Stefan Pfeffer

From: Stefan Pfeffer
Sent: Monday, 22 July 2019 14:02
To: davin.giles@safimat.co.za
Subject: Stefan Pfeffer_MBA Thesis Interview
Attachments: Informed Consent Letter.docx

Good Day Davin,

I trust that you are well?

I refer our discussion that took place on Friday last week regarding the interviews of yourself and 2 other employees (1 mid management level and one 'on the ground' level) for my MBA thesis. The interviews should take approximately 45min each max. As discussed, the research is about service delivery protest ('umbrella' term for community protest and all other forms of social protest, except industrial action) and how business are managing this new phenomenon. The topic is: "The management of the emergence of a new institution; management of service delivery protest by businesses operating in Gauteng".

I am available Thursday (25/07) this week, alternatively Monday (29/07) to Wednesday (31/07) next week, to meet at a place and time that is convenient for yourself.

Please also see attached a consent form, which each interviewee will be required to sign and I will need to voice record the interviews. All information shared remains strictly confidential.

I look forward to hearing from you.

Thank you.

Kind Regards

Stefan Pfeffer
Carbon International Trading (Pty) Ltd
General Manager

Mobile: +27 84 812 2507
Skype: stefan_pfeffer
E-Mail: spfeffer@cit-za.com

www.dumansgroup.com

Appendix 2: Consent Form

The consent form below was signed by all respondents prior to the interview commencing:

To Whom It May Concern

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 how businesses operating in Gauteng manage 'service delivery protests' as a newly emerged special institution.

Our interview is expected to last about an hour and will help me understand how your business manages this phenomenon.

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 myself. Our details are provided below:

- Researcher:

Stefan Pfeffer

Email: 14450365@mygibs.co.za

Mobile: +27 84 812 2507

- Research Supervisor:

Professor Albert Wöcke

Email: wockea@gibs.co.za

Phone: +27 11 771 4000

Consent Section:

I, _____ (name of participant) consent to being interviewed by Stefan Pfeffer, as detailed above.

Signature of Participant _____, Date: _____

Signature of Researcher _____, Date: _____

Appendix 3: Interview Guide

The original semi-structured interview guide that was used for most interviews is presented in Table 6.

Table 6 - Semi-structured interview guide

Introduction:		
<ul style="list-style-type: none"> • Good Day – introduction of myself • Thank you for agreeing to speak to me today about service delivery protest and how your business manages this phenomenon • I am going to audio record this interview, do I have your permission to do so? • Interview length 45 – 60min • All information is kept strictly confidential • There are no correct or incorrect answers – interested in your opinions • If you feel you would prefer to not answer any questions, then that is alright • If you would like to take a break at any time please let me know 		
Area	Questions	Outcomes
Nature of service delivery protest	<p>What does the phrase ‘service delivery protest (SDP)’ mean to you?</p> <p>How frequent are occurrences of SDP’s occur in this area?</p> <p>How much exposure have you had to SDP?</p> <p>How does SDP affect you in your current job, in other words how does it prohibit you to perform your job satisfactorily?</p> <p>Does SDP affect your private life, which in turn could affect your work? If this is the case, please explain how this affects you?</p>	<p>Establish the nature of the institution known as SDP.</p> <p>To identify to what extent the service delivery protests have an effect on the business in terms of financial loss, moral, employee resignation etc.</p>

	<p>If SDP doesn't affect you directly how do you believe it affects the company?</p>	
<p>Management of SDP as an institution</p>	<p>What actions do you or what actions does your company take to manage this?</p> <p>How do you manage your risk of loss as a result of SDP?</p> <p>What do you do when your employees cannot get to work, due to SDP occurring close to their homes?</p> <p>To what extent is the senior management / the board made aware of the risks of SDP in your area?</p>	<p>To establish how businesses, manage this institution.</p> <p>To establish whether the company actively manages SDP or if it just makes financial loss provision.</p> <p>To establish if the company changes its strategic direction as a result of SDP and whether strategy formulation is influenced by this?</p>
<p>Business preparedness to do business as a result of SDP</p>	<p>At what point do you believe would the business decide to close down as a result of SDP?</p> <p>Before it came to that point, what would the business be prepared to do to make the situation work out?</p>	<p>To establish how much business are willing to accept before they take radical action, such as closing their 'doors'.</p>

The questions asked were mapped to the corresponding research questions, as seen in table 7.

Table 7 - Question mapping per research question

Research Question	Question asked
Industry/Business Information	<ol style="list-style-type: none"> 1. Describe your business, what is that you do, the industry that you operate in, the size of the company (revenue and number for employees)? 2. Where do majority of your staff live and how do they travel to work?
Nature of service delivery protest	<ol style="list-style-type: none"> 1. What does the phrase 'service delivery protest (SDP)' mean to you? 2. How much exposure have you had to SDP and how frequent are occurrences in this area? 3. How does SDP affect you (in private capacity) in your company, in other words how does it prohibit you to perform your job satisfactorily?
Management of SDP as an institution	<ol style="list-style-type: none"> 1. What actions do you or what actions does your company take to manage this? 2. How do you manage your risk of loss as a result of SDP? 3. What do you do when your employees cannot get to work, due to SDP occurring close to their homes? 4. To what extent is the senior management / the board made of aware of the risks of SDP in your area?
Business preparedness to do business as a result of SDP	<ol style="list-style-type: none"> 1. At what point do you believe would the business decide to close down as a result of SDP? 2. Before it came to that point, what would the business be prepared to do to make the situation work out?
The Role of Government	<ol style="list-style-type: none"> 1. What role do you believe government should be playing in this matter, what should they be doing to address the problem?

Appendix 4: Transcriber Non-Disclosure Agreement

Figure 3 - Transcriber Signed Non-Disclosure Agreement

<h3>CONFIDENTIALITY AGREEMENT</h3>	
<p>This Confidentiality Agreement was made and entered into on 30 JULY 2019. It was entered into between the Company/Transcriber, EVE ARMSTRONG, AUDTRANSCRIBE, who currently runs a business establishment at CRAMOND, and the Researcher, Stefan Pfeffer, who is currently a Student at the Gordon Institute of Business Science, and will make use of the services of the Company.</p>	
<p>For valuable consideration, the Company and the Researcher agree to the following:</p>	
<ol style="list-style-type: none">1. The Company agrees to keep all of the voice recordings, findings, transcripts, data and any other confidential information that relates to the interviewees, which belongs to the Researcher, confidential at all times, during both the term of agreement, and indefinitely thereafter.2. The Company also agrees to not make any unauthorized copies of any of the information described on point 1 above.3. Both the Company and the Researcher agree to the following additional terms: _____ NOT APPLICABLE _____ _____ _____ _____ _____	
 _____ <i>Signature of Company</i>	 _____ <i>Signature of Researcher</i>
AUDTRANSCRIBE _____ <i>Printed Name of Company</i>	Stefan Pfeffer _____ <i>Printed Name of Researcher</i>
30 JULY 2019 _____ <i>Date Signed</i>	30 July 2019 _____ <i>Date Signed</i>

Appendix 5: Ethical clearance letter

Ethical clearance was granted on the 11 July 2019 and the approval letter can be found in Figure 2.

Figure 4 - Ethical Clearance Approval Letter



Appendix 6: Summary of Results

Table 8 - Summary of identified themes and related research questions

Number	Identified theme	Result per theme	Related RQ
1	Nature of Protests	<p>Company's believed the service delivery protests to be disruptive, disturbing and depressing. Also, the frequency of protest action was mentioned to be frequent and the protests were characterised by respondents, amongst other things, by violence, gangsterism and in some instances, terrorism. It was believed that the protest action has become the norm or 'status quo' and that there is no end in sight.</p> <p>Although the protest action had significant negative effects on the respective businesses, many respondents sympathised with the protestors and mentioned that the actions were conducted as a means of survival only. There was a consensus that government is responsible to 'fix the problem'.</p>	1
2	Effects on the Business	<p>The effects of the service delivery protest action on the businesses was stated as being extremely negative. There was no single incidence where a positive effect on a business due to SDP was mentioned.</p> <p>The negative effects were broad in nature, ranging from damage to property, financial losses, ability to satisfy customers, employee safety and morale of</p>	2

		employees. Ultimately these effects were the metrics for whether it was worth continuing to do business or not under the current conditions.	
3	Effects on Employees	<p>The effects that service delivery protests have on the employees, and not only the company, was an interesting insight and recurring theme. Employees are negatively affected by SDP in their private capacity. Employees living in the nearby communities affected by SDP were unable to often to get to work on time (or at all) due to the mode of transport that they normally used to get to work was being affected. Employees generally lived in fear of being injured or killed by the protestors and thus would need to make alternative arrangement sot get to work. These actions would often be more expensive, which affect the employees' financial position. Furthermore, most companies had a 'no work, no pay policy' in place, which meant that if the employees could not get to work, they would also not be paid. The results were anger and frustration.</p> <p>Also, if the companies were exper4eincing financial losses due to SDP, these were filtered down to the employees due to the fact that salary increases, and bonuses would normally be cut as a first port of call.</p>	2
4	Financial Loss	The companies, as well as the economy, were mentioned to being suffering significant financial losses as a result of the protest action. The first financial implication (felt by the private and public sector) was the destructive action by protestors, which results in physical loss and damage to property. The second financial loss to companies specifically is the loss of sales, due to their ability to	2

		<p>service their customer being affected and lastly, most businesses are required to actively manage against this phenomenon and constantly be making alternative arrangements to continue operations. These deviations from the normal business practice, due to be able to continue operations, are often very costly and affect the company's profit margins.</p> <p>Lastly, the effect on the economy in terms of financial loss due to government property being destroyed, foreign direct investment sentiment being negatively affected and businesses losing international customers (due to inability to service customers on time) are all financial losses for the economy.</p>	
5	Business Culture and Values	The company culture, as well as the values were a recurring theme in respondents' insights. Companies with positive, 'failure is not an option' type of cultures, coupled to values like honesty and transparency in relation to dealings with stakeholders, seemed to be managing the effects of the SDP on the business better than their counterparts.	3
6	Constant Communication	Communication was a key theme identified throughout all the interviews conducted. Companies that were open and honest about the state of affairs were much better geared to manage and overcome the effects that the service delivery protests had on the business. The active communication was not limited to one stakeholder group. The companies who communicated well, did so with their employees, their shareholders, their investors, their entire supply chain, as well as with the customer.	3

7	Human Resources	The human resources management becomes critical for businesses, as a result of the service delivery protests. The successful human resources management becomes practices are key to implement policies to protest the business against the losses cause due to employees not being at work, but also to manage the enforcement of such policies in cases where the employees could not come to work due to factors out of their control. The balance between protecting the business directly, as well as protecting the business indirectly (managing of employee motivation and productivity) must be achieved. The human resources management emerged as a dominant theme used by businesses to mitigate and reduce the losses incurred due to the protest action.	3
8	General Management	Businesses employed numerous tactics, policies and performed a variety of actions in an attempt to mitigate against the effects that the service delivery protests were having on the businesses. The initiatives were mainly set in motion by the senior management team, general manager and managing directors of the respective businesses. The techniques employed the different general management teams, in line with the issues that the respective business was facing, became a very prominent and recurring theme.	3
9	Community	Communities are generally mentioned to be populated with poor, unemployed, uneducated individuals. The conditions in the community from a service delivery point of view were mentioned by most individuals living there as extremely poor. The residents of these communities are frustrated and angry at government's	3

		<p>inability to address their problems. Their actions of protest, however, are not just aimed at government, but are opportunistic in a sense that they will target anyone on the surrounding areas in the hope that some form of relief or compensation can be gained.</p> <p>Addressing the needs of the community was mentioned to be a key mitigation method to limit the losses felt by companies due to SDP. By addressing the service delivery issues in the community, some companies believe that they can stop the protests that occur due to poor service delivery and thus limit the effects felt by the company as a result of the current SDP.</p>	
10	Supply Chain Management	<p>The management of the supply chain was a key mitigation factor to reduce the effects felt by the company as a result of the service delivery protests. Initiatives such as holding more raw material stock, which is an expensive exercise, to be able to always deliver to the customer on time. Furthermore, methods such as communicating with suppliers to explain the effects on the company's ability to deliver on time, should the supplier not deliver to the company on time. Also, some company's exercised collaboration where they would sit with their key suppliers and brainstorm methods and techniques for the supplier to mitigate their risk, in an attempt to always receive delivery on time.</p> <p>Also, most companies tried as far as was reasonably possible to have dual suppliers for critical items, even if this meant that some parts would need to be</p>	3

		imported at a greater cost – the cost of not delivering to the customer on time was considered to be a greater risk, especially for the companies with international brands and export customers.	
11	Role of government	<p>There was consensus amongst all respondents that government’s inability to provide basic services for local communities, as well as government’s inability to stimulate the economy and create jobs was the root cause of the service delivery and other community protest action.</p> <p>Furthermore, most respondents believed that it was governments job to ‘fix the problem’, whilst others (mainly larger mining companies), believed that government was not going to act and the private sector in partnership with government would need to resolve the situation. The private sector would be required to take the lead on this.</p>	4
12	Business Closure	Most companies were objective about this matter. The decision to close the business as a result of the effects of service delivery protests on the business, was stated to be purely based on the whether the company could still remain competitive with the additional costs incurred due to the protest action and whether the effects of the SDP purchased the company into a loss making position or not.	4

Appendix 7: List of Respondents

The information in the following table identifies the businesses as well as the respondents, this table is to be treated as confidential.

Table 9 - Business Identifier with full list of respondents

Company Number / Identifier	Company Name	Name of Respondent	Job title / Position in Company	Number of interviews
1	Enviroprotek	David Venter	General Manager	1
		Petrus van Aarde	Production Manager	1
		Thembikile Nyamende	Yard Foreman	1
2	Scientific Engineering	Bernard Parschau	Managing Director / Shareholder	1
		PD Naidoo	Procurement Manager	1
		Joseph Tebele	Stores clerk – Shop Floor	1
3	PC Plastics	Peter Christiansen	Managing Director / Owner	1
		John MacDonald	Production Manager	1
		Isaac Baitsile	Machine Operator	1
4	Afrimat North Cluster	Davin Giles	Managing Director	1
		Ilse Grimbeek	Human Resources Manager	1
		Moses Shabalala	Production Foreman	1

5	SA Mega Distributors	Ashrif Moose	Director / Owner	1
		Hawa Bibi	Operations Manager	1
		Shaheed Jappie	Yard Supervisor	1
6	Durrans RMS	Kevin Nesbitt	Director / Shareholder	1
		Gerrie van Niekerk	Factory Manager	1
7	Anglo American	Kobus Britz	Senior Global Supply Chain Manager	1
8	Kya Sands Business Association	Steve Damster	Director of Business Association	1
		JJ Heyneke	Deputy Director of Business Association	1
Total				20

Appendix 8: List of Initial Codes

The following list portrays the initial codes prior to collapsing and expanding codes, as well as prior to categorizing:

- Ability to service customer effectively
- Affected more by poor service delivery than by SDP
- Alternative arrangements are expensive
- Annoying
- At the mercy of the police
- Attorney
- Be consistent
- Board of Directors
- Broad based black economic empowerment
- Build up SME's, EME's as suppliers
- Business associations
- Business Forum not local community
- Businesses protest against poor service delivery
- Cannot get to work
- Cannot take the law into our hands
- Change working hours
- Close business
- Closure of business - dependent on view of South Africa's future
- Closure of business - is one still competitive
- Closure of business - relocate rather than close
- Community as a partner
- Community Business Forum
- Community involvement and participation
- Community Protest
- Company Culture
- Company does not want workers to risk their lives
- Company forewarns employees about protest action in their areas
- Company is forgiving with respect to employees

- Company Policy
- Company receives intelligence about imminent protest action
- Company trusts employees
- Compromise - bottom line vs. satisfying customer
- Comradery - colleagues a part of your family
- Comradery amongst employees
- Consequences of action
- Cooperation with stakeholders
- Coping mechanism - positivity
- Corporate Social Investment
- Customer does not care about our problems
- Customer penalty clauses
- Damage to property
- Dangerous
- Data Collection
- Decline in Sales
- Demoralizing
- Department of Mineral Resources
- Depressing mood created
- Destructive actions
- Different communities protest about different things
- Difficult to manage
- Direct and Indirect impacts of SDP
- Discipline
- Disruptive
- Disturbing
- Diversify risk
- Do business with the community being affected by SDP
- Do what is necessary
- Don't bite the hand that feeds you
- Dual Suppliers have same source
- Duration of Protest
- Duty from both sides to manage relationships
- Effect of strategy

- Effect on Employees
- Employ through local ward councilor and community liaison officer
- Employee anger due to company policy
- Employee Fear
- Employee living conditions
- Employee Mode of Transport
- Employee Motivation
- Employees - level of understanding for the situation
- Employees always make a plan to be at work
- Employees are desperate for salary
- Employees main method of travel
- Employees not reporting issues
- Employees trust company to act in their interest
- Employment Act
- Energy supply is the biggest threat
- Environmental groups
- Evaluate situations individually
- Everyone should do their bit
- Failure is not an option
- Feeling sorry for employees affected by protest
- Financial Investors
- Financial Loss for Company
- Financial Loss for Economy
- Financial loss for employees
- Fix community problems
- Flat Management Style
- Frequency of protest
- Frustration of population
- Gangsterism
- Gender of employees
- Government Assets
- Government is the biggest issue
- Government needs to fix the problem
- Hard on the problem - soft on the people

- High Court
- High crime rate in community
- High Unemployment
- Holding stock is expensive
- Honesty
- Hotspot
- HR Issues
- I do my job.
- If you can't beat them, join them
- Income is directly affected by Service Delivery Protest
- Industrial Action
- Interference from non-local community
- International Customers do not care about local issues
- Internationally recognized brand
- Intimidated by the protest
- JIT system - hold no extra stock
- Job Creation
- Job Loss
- keep distance between manager and employees
- Lack of understanding
- Legal Action
- Legal Liability
- Less industrial action
- Local Municipality
- Location of Company
- Location of protest action
- Location specific recruitment
- Longer term solution
- loss of face in a front of a customer
- Management issue
- Measure performance
- Members of Community
- Mineral rights
- Mining Charter

- Be prepared for anything
- Change the way you think, more risk-based approach
- Common goal
- Community Liaison Officer
- Company accommodates employees
- Company must be agile, flexible and able to improvise
- Continuous Communication
- Do not open new business in SDP hot spot area
- Dual Suppliers
- Dual suppliers for important items
- Educate employees to the effects on supply chain
- Educate suppliers about effects on supply chain
- Educate the local community
- Employees are proud to work here
- Giving back to your direct community
- Good relationship with community
- Good relationship with customer
- Good relationship with Employees
- Good relationship with Police Chief
- Good relationship with supplier
- Good relationship with ward councilor
- Hold more raw material inventory / stock
- Inclusive team
- keep critical spares and other parts in stock
- Lobby to government
- Make alternative arrangements
- Manage supply chain
- Management responsibility towards employees
- No work no pay
- Products produced are necessities and not luxury items
- Provide employment to poor community
- Selection of suppliers is important
- Strong Leadership
- Transparency with customer

- Transparency with employees
- Transparency with Suppliers
- Trust amongst employees, managers, board and shareholders
- Blended approach on importing and dealing
- Motivate staff
- Source dual suppliers in different regions in SA
- Mob effect
- Negative effect on Business
- Negative Effect on Economy
- Negative effects on the supply chain
- Negative outcome
- New greenfields type of projects are more affected by SDP
- New Phenomenon
- New political party
- No assistance from Police
- No Control
- No Economic Growth
- No influence over negotiations
- No Rules for protests
- Non-Specific Target
- Not accept as norm
- Not own employees
- Not personal - its business
- Obligation for business to uplift the community
- Opportunistic action
- Our employees make a plan to get to work
- Own employees
- People have had enough
- permanent problem
- Police involvement
- Political Intervention
- Poor Communication with employees
- Poor Community
- Poor services in the community

- Position in Company
- Preventative action
- Preventing employees to get to work
- Prioritize actions
- Protest action has become the norm
- Protest are all about politics
- Protest as a mean of survival
- Protest 'working hrs'
- Protestors are unemployed
- Protests will not stop anytime soon
- Proximity of community
- Putting Bread on the table
- Race of surrounding Community
- Reactive action
- Reason to hold stock - If you lose a sale its lost forever
- Recruitment of employees by reference only
- Refuse to engage with the community business forum
- Reputational Damage
- Return on Effort
- Revolution
- Risk identification and mitigation
- Safety and Security
- SDP causes ripple effect on supply chain
- Sector that company operates in
- Service Delivery Protest
- Service delivery protest affects everyone
- Service delivery protest does not affect our business
- Service delivery protest is a huge problem for us
- Services - no protest
- Size of Company - Employees
- Size of Company - Revenue
- Skill level of employee
- Social license to operate
- Social Media

- South Africa Mediocre business view
- South African Problem
- Specific target for protest action
- state prosecutor
- Stress and Pressure
- Stuck in middle
- Supplier and Customer are partners
- Suppliers don't always understand the effects on the total supply chain
- Survival
- Sympathy for the employees
- Taken hostage
- Taking Responsibility for one's actions
- Termination
- that's the status quo
- Third world country has challenges
- Threat to business
- Threats issued
- ticking time bomb
- Time consuming to deal with the effects of SDP
- Top 5 risks
- Types of protest
- Understanding of struggle
- Unfair fight
- Unpredictable action
- Unsettling
- Uplifting Employees through solid employment
- Upskilling local communities
- Violence
- we can't say that it's crushing the business
- Whose fault?
- Workforce productivity
- Zero Tolerance