

# Social protest action, stakeholder management, and risk: Managing the impact of service delivery protests in South Africa

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## Abstract

Stakeholder management is an important method for reducing business risk. Recent decades have seen the growth of a new type of stakeholder: social protest stakeholders, individuals engaging in protest action which is directed at other unrelated parties, often the government. However, the actions of social protest stakeholders may negatively affect companies located nearby. This stakeholder category has not received any formal attention in the literature, and this article addresses the knowledge gap by exploring the effects of community-driven protest action in South Africa and the strategies that firms adopt to mitigate the negative consequences of such protests. A multiple case study analysis was used to describe this type of stakeholder group and the management of the consequences of social protest action. Eight manufacturing companies in the Gauteng province participated in the study, the companies varied in size and industry. Among the key findings are that companies need to be highly adaptable if they are to mitigate the impact of protest action. We make practical suggestions about how companies may manage these risks, including the recommendation that companies engage

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more directly with social protestors to manage risks. The study makes an important contribution to the literature by identifying an additional key category of stakeholder and proposing a risk management approach to avert or minimize loss and damage.

#### KEYWORDS

protest risk management, service delivery protests, social protests, stakeholder management

## 1 | INTRODUCTION

Stakeholder management (SM) is a management approach that requires an understanding of how different types of stakeholders influence companies and organizations and, on the basis of this knowledge, enhancing relations with those stakeholders (Pedrini & Ferri, 2019). SM focuses on the methods that companies and organizations use to build and sustain relationships with groups of people who have an interest in their activities and can influence their operations, such as shareholders, employees, customers, labor unions, environmental protection groups, governments, and local communities (Kline & McDermott, 2019).

Many companies regard the management of stakeholders as an important business function, with a number of scholars (e.g., Kolk & Pinkse, 2007) highlighting the benefits of sophisticated SM processes and strategies. In some quarters, SM is seen as the systematic process of building relationships with various stakeholder groups and integrating their needs and expectations into the company's business strategy (Pedrini & Ferri, 2019). Some studies (e.g., Godfrey et al., 2009) have examined how the effective adoption of SM can reduce a company's risk, especially given that a core component of the SM approach is the identification of stakeholders and their strategic importance to the company. There are two main approaches to stakeholder management, the instrumental approach and the normative approach. The instrumental approach is used when the company engages with stakeholders for the financial benefit of the company or to reduce risk of disruption of commercial activities. The normative approach to stakeholder management is more concerned with social responsibility and ethical stakeholder management. This approach is underpinned by the view that moral/ethical SM practices protect a company's reputation and shareholder wealth. However, the normative approach makes it somewhat more difficult to identify which secondary stakeholders to manage. Preble (2005) suggests that stakeholders are important if they have a moral interest in the company's activities, and/or the power to influence the company's behavior and performance, and/or a legitimate claim for swift action to be taken by the company. A moral interest could include the impact of the company's activities on the environment or fair labor practices.

But what about individuals and groups that do not have an interest in the company's activities, such as protestors engaged in disruptive actions against government or a part of society? Individuals and groups involved in social protest actions sometimes create collateral damage to the operations of companies who have a negligible relation to the target of these protests. In many cases, the affected companies may even sympathize or support the cause of the social protestors. The phenomenon of protestors involved in social protests creates problems for stakeholder theory and stakeholder management. There is no universally accepted definition of a

stakeholder, and stakeholder theory is divided about whether a stakeholder is defined as a group to whom the company has a moral obligation or, alternatively, as a group whose support is required for the continued survival of the company (Miles, 2017). The former definition reflects the normative approach, while the latter reflects a more instrumental approach. We argue that in the case of social protest groups, both approaches may be important. Social protest groups qualify as stakeholders according to the latter definition when they threaten the future of the company; however, companies may not be able to gain the support of social protestors when the companies are not involved in the dispute in any way. On the other hand, the companies may sympathize with the social protest movement but still suffer financial damage. By defining social protestors as stakeholders, we are responding to calls for scholars to go beyond the “usual suspects” in stakeholder identification (Colvin et al., 2016).

Social protestors comprise those who engage in political protests or other disruptive acts (Greenwood, 2007), such as rioting, blockading roads, and preventing people from going to work (DeCelles et al., 2020). Although companies often bear the physical and financial brunt of protest action, they are usually not the target of the protestors' ire. Rather, protestors are sending a signal to government and the political order that they are dissatisfied with the latter's failure to provide adequate social services to communities and to create an environment in which people can ply their respective trades safely. Not surprisingly, companies that are within a close geographic proximity of protest action often sustain damage to their business operations. In some cases, the damage is so severe that companies' continued existence is threatened (DeCelles et al., 2020). Small companies—when caught in the proverbial crossfire—are particularly vulnerable to irreparable damage and loss.

Current stakeholder management theories, as described by, for example, Preble (2005) and Pedrini and Ferri (2019), do not consider the protest-action phenomenon and therefore provide no guidance on the management of this stakeholder category. This article addresses the gap in several ways. First, we describe and explore the characteristics of the “social-protest stakeholder.” Second, we explain what steps companies are taking to reduce the impact of social protests on their businesses. Third, we propose a particular approach that companies could adopt to manage the risks associated with protest action (especially service delivery protests) and associated social upheaval. In this way, our article also contributes to the current thinking and literature on stakeholders and stakeholder risk management.

The problem also exists in other countries, including the United States, where poor communities have difficulty persuading governments to provide adequate services. In these circumstances, they do occasionally resort to violence, but not as often as in South Africa, where the problems are more elevated. The “black lives matter” protests in the United States to some extent reflect this frustration with poor service by the government, but that protest is mostly nonviolent. In 2021 and 2022, anti-vaccination protests became more disruptive to businesses. Companies tend to respond to this type of protest by staying and adapting their operations or moving away from locations where the problem exists. Sometimes, companies use corporate social responsibility initiatives to demonstrate their concern for protester concerns. Such a company response, as in South Africa, is not organized or designed with an overarching view in mind, the current paper could provide such a view.

The problem exists as well in other countries throughout the world, with indigenous populations typically marginalized and underserved by government. In the United States, there are also Native American communities that are marginalized. When mining companies operate near/on their lands, the Native Americans protest about inadequate job opportunities at the mines, pollution caused by the mines, and harm to ancestor burial grounds. While the

conditions are somewhat different to South Africa, the need to deal with the local community is very real in the United States, too. In the current situation, there is a social problem that needs to be solved and is an atypical business strategy problem that cannot wait for a solution to the social problem. Companies cannot force the government to take steps that could help deal with the situation, but at the same time, they cannot ignore it. Options for companies are limited, and if the government does not have the money or leadership to do what needs to be done, companies cannot simply supply those services.

## 2 | LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

### 2.1 | The case for stakeholder management

Stakeholder management (SM) first gained prominence in the 1960s when business scholars described groups of people from whom companies required support if they were to succeed (Preble, 2005). SM gained traction during the 1970s when companies began to use their SM initiatives as early warning systems to detect and prepare for disruptive, external events (Preble, 2005). Freeman (1999) proposed that the company was a convergence of various stakeholders' interests and expectations, which needed to be integrated into the business strategy. More recently, scholars have been arguing that the interests of a company's shareholders and stakeholders should be better integrated and that the common view that such interests compete with one another is not optimal (Pedrini & Ferri, 2019).

SM requires that stakeholders be identified and prioritized, and stakeholders can be categorized as primary, secondary, and public stakeholders, based on their objectives, demands, and types of influence (Lu et al., 2020; Preble, 2005). Primary stakeholders influence operations and decision-making and include employees, shareholders, customers, and suppliers (Lu et al., 2020; Preble, 2005). Secondary stakeholders influence and are affected by the activities of the firm but don't transact directly with the firm or are essential for the firm's survival (Greenwood, 2007). Secondary stakeholders, which include the media and nongovernmental organizations (NGOs), influence how the company is perceived by public stakeholders. Public stakeholders are, for example, responsible for providing infrastructure and legal frameworks and include government entities and communities (Preble, 2005). However, this definition is too narrow to include social protest groups, who do not comfortably fit into either secondary or public stakeholder definitions.

### 2.2 | Stakeholder management and social protests—Our conceptual base

SM has been criticized on conceptual grounds, because the types of stakeholders often include different groups, and their interests vary widely. A recent and comprehensive categorization of stakeholders is that of Miles (2017) who conducted a meta-analysis of stakeholder definitions and developed a comprehensive typology of stakeholders that deals with both the ethical and the instrumental perspectives of stakeholder management. Miles (2017) classifies stakeholders in 15 types beginning with four main classifications: influencers, claimants, recipients, and collaborators (with the company in question). Further types of stakeholders can be categorized as combinations of these four. This classification is grounded on the view that stakeholder theory

is better served by scholars focusing on different boundaries of stakeholders than on seeking a singled unifying definition. Even so, social protest groups do not fit easily into any of the 15 categories. Moreover, Miles (2017) argues that stakeholder identification is based on three salient features: interdependence, affecting/being affected by the company, and the sense of an interest or right in the activities of the company. Not all three features are present in the case of social protests as there is no clear interdependence between the protest groups and the company; the social protest groups do not have an interest or right in the company; but the actions of the protest groups certainly affect the companies that are in the geographic area of the protest actions. We argue that there is another feature that needs to be considered, frequency of protest actions. When social protest actions occur regularly, we argue that these become stakeholder events and need to be managed as such. There are limitations to *force majeure* claims, and when social protest actions are not uncommon, they need to be managed as a risk. This requires specific stakeholder management approaches.

Effective stakeholder management processes and strategies have been shown to reduce a firm's risk (Lu et al., 2020), with stakeholders themselves helping to uncover sources of risk (Greenwood, 2007). Corporate social responsibility (CSR), which is often used to manage secondary stakeholders, has been shown to reduce risks of disruption unleashed by secondary stakeholders (Lu et al., 2020). Crane (2020) sees stakeholders operating within a broader system, where the treatment of one stakeholder will influence the attitudes of other stakeholders and either build or erode trust. Crucially, in the spirit of risk reduction, Crane (2020) says that stakeholder trust is the most important factor driving SM and is even more critical when different stakeholder groups are interconnected. While this seems to be a logical formula for general stakeholder management, it may not be appropriate when one stakeholder is protesting against another stakeholder, and the firm simply ends up as collateral damage.

Most service delivery protests in South Africa are concerned with the provision of utilities such as water, electricity, and sanitation (Lancaster & Mulaudzi, 2020; Ngcamu, 2019). Electricity is a particularly contentious issue. If the government is remiss in providing a regular electricity supply to a community and the result is frequent power outages, companies (especially small and medium enterprises) in that community cannot act as back-up suppliers of power to affected communities, especially when the numbers of affected people run into thousands. Yet, some members of the community do not necessarily see it that way. For example, a company may use a diesel-powered generator to provide electricity for its own needs in the face of government-induced power outages. The local community, though, may vent its frustration at this company, trying to force it (with its assumed deep pockets) to provide power where the government is unable to do so. This only exacerbates an already volatile situation.

Arriving at sustainable solutions to significant social problems that trigger regular service delivery protests is clearly an imperative. Despite their resource constraints, companies need to develop strategies to deal with such protests and the lingering damage that they cause. Simple actions taken under the banner of CSR, such as donating money to better equip schools and health clinics in deprived areas, are not adequate responses given the magnitude of the problem. A more comprehensive company-level risk management strategy is needed.

### 2.3 | Risk management in the context of service delivery protests

Risk analysis in the field of business administration probably dates back to the 1960s when various studies were conducted on the phenomenon of financial risk, although some may argue

that the analysis performed by Markowitz (1952) on portfolio selection to account for risk and returns was the actual starting point. For several decades, risk management in a financial sense has been studied discretely as opposed to systemically. Originally, the aspect of risk in the finance literature related to (unanticipated) price, interest, and/or exchange rate changes (e.g., Bartram, 2005; Gerald & Kolb, 1983; Jacque, 1981) and to the financial impact of property damage due to events such as fires and floods (Browne et al., 2000). These various categories of risk were generally handled separately in the finance literature. As early as 1996, Stulz suggested that risk should be considered at the enterprise level, combining financial with other operational risks faced by a firm.

The most recent approach to studying risk in relation to business administration has involved focusing on company-wide risk (or enterprise risk) management (Bromiley et al., 2015; Miller, 1992; Sax & Andersen, 2019; Stulz, 1996). This change in approach likely arose because analysts saw that some of the risks were highly correlated (such as interest rate risk and exchange rate risk), and so protection against overall risk would not be optimal if it accounted for the two types of risk separately. In other words, if one type of risk tends to cancel out another, then only the net risk (variability in company value) should be dealt with.

In the service delivery protest (SDP) context, our interest is in *external shock risk*, that is, the kind of risk posed by a multitude of factors like natural disasters, terrorism, and the protests we are examining. This external shock risk category contemplates events in the business environment that arise from nonmarket-related factors explored by some scholars (e.g., Dang et al., 2020). They include unexpected policy changes introduced by government (which could increase political risk or country risk), natural events such as earthquakes and hurricanes, and social risks such as pressure group protests or terrorism. These risk events generally do not occur as frequently as changes in interest rates or market price movements and are often not homogeneous in terms of their causes, effects, and impact. As a result, they are sometimes considered to be part of the general “uncertainty” that companies face, rather than risks to be managed with traditional risk-management tools.

### 2.3.1 | Problem statement

While several studies have focused on stakeholders that companies can influence through non-market strategies like CSR (Godfrey et al., 2009), no attention has been given to stakeholders who do not make direct claims on the company but, in making claims on another party, directly affect the (bystander) company. What does a bystander company do when it cannot meet these indirect stakeholder expectations? With service delivery protests, the perpetrators may threaten the continued existence of the company through their actions, although such actions are directed at another, unrelated party—the local government. For example, companies located within the vicinity of the headquarters of Eskom, South Africa's main, state-owned electricity supplier, may suffer damage to property at the hands of protestors or even face the prospect of closure for an extended period.

SDPs are aimed at attracting the attention of the government or other political players and are sometimes accompanied by violence and widespread disruption. Companies caught up in these protests have little prospect of influencing the outcome or duration of the protests. In some cases, they may have to declare *force majeure* to mitigate losses under existing contracts. Even if attempts are made to engage with the leaders of the protesting groups during the protest, they may be unwilling to do so or, if ostensibly cooperative, may pursue rent-seeking

opportunities. It is far from clear how communities that have initiated protest action against government should be engaged proactively. This may be a limitation of stakeholder management theory or a reflection of the uncertain sociopolitical reality that firms need to learn to operate in.

### 3 | STUDY CONTEXT: SERVICE DELIVERY PROTESTS IN SOUTH AFRICA

Social protests have become more common place across the world in the last decade as more people are aggrieved by issues such as inequality, racism, and climate change. South Africa is no exception and has been experiencing a steady rise in SDPs since 2004 (“Communities hurt by more frequent and more violent protests,” 2018). Since 2013, South Africa had an average of 2.5 SDPs per day, which increased to about eight protests per day in 2020, and there were 900 incidents in the 6 months to end of January 2021. Forty percent of the recorded protests required direct police intervention due to high levels of violence and destruction of property (Martin, 2021).

An SDP is a symptom of sociopolitical instability and is initiated by members of a poor community to demonstrate their dissatisfaction with government's service delivery failures, such as no running or clean water, no electricity, inadequate or no housing, no sanitation, and inadequate policing, especially in poor areas (Lancaster & Mulaudzi, 2020; Ngcamu, 2019). These types of protests typically erupt in informal settlements next to urban areas (Burger, 2009; Ngcamu, 2019). Unemployment and unkept political promises are major contributors to this type of protest action.

SDPs are characterized by marches, demonstrations, blockades of roads, looting of shops, burning of buildings, sometimes hijacking of vehicles, and violent confrontations (Nyar & Wray, 2012). Damage is not only inflicted on property, and injuries (both minor and major) are often reported among protestors themselves, bystanders, and law enforcement officials. Some even lose their lives. Companies, in turn, need to deal with damage to property, intimidation or assault of employees, and the consequences of work stoppages due to intimidation and other actions that prevent their employees from attending work. Generally, these protest actions do not stem from labor relations issues and tend to be organized by community groupings. South Africa has one of the highest unemployment rates in the world, and most of the protestors are unemployed.

### 4 | METHODS

A qualitative exploratory research process was adopted with the intention of building theory from observations of how companies perceived and were managing SDP events (Ketokivi & Choi, 2014). This methodology is appropriate as very little is known about these events, and we therefore took an interpretivist approach. Our approach was partly deductive as we used existing theory where appropriate to make sense of the data. We used a multiple-case approach and treated each company or organization as an individual case (Gehman et al., 2018). The cases were selected for variability based on the size of the revenue of the company and the industry that the company operates in, and we selected companies from three geographic areas in the Gauteng province of South Africa.

Companies were selected using nonprobability sampling based on their proximity to communities that suffered from poor service delivery. Nonprobability sampling is one of the main sampling methods in qualitative studies (Yin, 2014). Gauteng is South Africa's most industrialized province and is the most urbanized and it includes the wealthiest square mile on the African continent (Thomas, 2013) but, at the same time, attracts large numbers of job seekers who settle in the informal and shanty-town communities around the industrial areas. Our sample consisted of companies from the main industrial areas on the East Rand (Nigel and Boksburg), the West Rand (Roodepoort, Kya Sands, and Industrial West), and Southern Gauteng (Vereeniging and Southern Johannesburg), and we approached three executives or senior managers per company. Respondents were selected for their strategic role and knowledge of SDPs in their geographic area.

The industries of the companies ranged from chemical manufacturing, recycling, mining, plastic manufacturing, and brick manufacturing. We also included a business association of one of the areas, this was appropriate as the association consisted of business owners of small and medium-sized businesses in the area. The final sample comprised eight organizations and 20 respondents, the details of which appear in Tables 1 and 2.

We used semistructured interviews in which we asked respondents first to explain the nature of the SDPs to understand the frequency, predictability, and extent of these events. We then asked the respondents how these events affected their business and what was done to manage the impact of these events. Finally, we asked respondents how they managed their risk from these events.

The questionnaire consisted of a list of themes that guided the interview. The themes were developed from the literature review and consisted of the nature of SDPs, the impact of SDPs on the business, and how companies were managing the effects of the SDPs. All interviews except for one were conducted face to face and were recorded electronically. The interviews lasted about 30 min on average. The interviews were conducted by a postgraduate student who was previously employed in the manufacturing industry. An experienced faculty member provided oversight over the process and regularly reviewed the results of the interviews during the data collection process.

The data were collected through voice recordings, which were later transcribed. Field notes were taken and added to the data analysis. There was no need for a pilot interview as the phenomenon was an emergent one and our approach was flexible to capture emergent information as respondents extrapolated on their experiences and actions.

Data analysis was conducted according to the procedure of Braun et al. (2016), which required an immersion into the data, followed by the generation of initial codes. The initial list of codes was analyzed to generate overarching categories and eventually themes. Themes that did not have enough data to support them were either collapsed or split into other themes. The themes were then defined and refined to produce our findings. The process was supported by the Atlas.ti qualitative software that analyzed the transcripts of the interviews for discernible meanings and patterns to create initial codes (Saldaña, 2014).

## 5 | FINDINGS

The themes that emerged from interviews concerned the nature of SDPs, their impact, and the internal and external management of SDP effects.

TABLE 1 Sampled companies.

Company number	Location in Gauteng	Business description and sector	Business size	Number of interviews
1	Nigel	Business: Tire recycling Sector: Manufacturing	Micro; Revenue: <ZAR10m pa	3
2	Roodepoort	Business: Catering equipment manufacturing Sector: Manufacturing	Large; Revenue: >ZAR160m pa	3
3	Roodepoort	Business: Plastic injection molding Sector: Manufacturing	Small; Revenue: <ZAR50m pa	3
4	Mid-Vaal; Vereeniging	Business (group of companies): Brick manufacturing/aggregate mining Sector: Manufacturing/mining	Large; Revenue: >ZAR170m pa	3
5	Industria West	Business: Waste buy-back center Sector: Recycling	Micro: Revenue: <ZAR10m pa	3
6	Boksburg	Business: Carbon manufacturing Sector: Chemicals	Medium: Revenue: ~ZAR80m pa	2
7	Johannesburg CBD (head office)	Business: Large mining group Sector: Mining	Large; Revenue: >ZAR170m pa	1
8	Kya Sands	Business: Business association representing businesses in the industrial area	Not for profit	2

Source: Authors.

## 5.1 | The nature of service delivery protests

The interview respondents were quite forthcoming about the nature of the protests. It became evident that companies had to deal with two main types of SDP protest. The first type was the majority of protests and was triggered by genuine dissatisfaction with the state of service delivery in the local community (a classic SDP). The second was a smaller type of SDP we refer to as gangsterism-type protests where small groups of individuals emerge out of the social protest groups claiming to be local business forums and issue threats and demands to companies. These groups were seen as opportunistic and taking advantage of the situation.

Respondents viewed SDPs as relatively new to South Africa as SDPs were first formally identified in 2004 (“Communities hurt by more frequent and more violent protests,” 2018). The respondents also felt that the protest actions and associated effects were beyond their control as SDPs were unpredictable, with no rules of engagement (in contrast to industrial action, e.g.). Respondents believed that the SDP incidents would not stop any time soon, if ever, with a manager from a small company referring to them as “a permanent problem.” The view of a manager

TABLE 2 Interviewee details.

Company number	Job title/position in the organization	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	1
	Deputy director of business association	1
Total		20

Source: Authors.

at a large company was that the acts were opportunistic and that protestors were fighting an “unfair fight” because, as business owners, they should not be targeted when they were not the root cause of the problem: “We had nothing to do with it. They [protestors] arrived there, kicked the gates down, burnt our excavator, set the loaders alight and caused total havoc.” The destruction is often exacerbated by the “mob effect.” “Unfortunately, because you’re in a mob and you’re hyped up, you set a library alight.”

There was no consensus among respondents on the average duration of SDPs. Most protests are of a short duration, although they can have lengthy after effects and the damage can be severe. This is compounded by the fact that municipalities are slow to repair the damage caused during SDPs. Questions regarding the frequency of protests produced a range of responses. A number of respondents said protests occurred every month, which some regarded as frequent and others as infrequent. It was broadly evident from the data that the frequency of SDPs was escalating.

The words “disruptive” and “disruption” were used by practically every respondent when asked to describe what SDPs meant to them. Furthermore, some respondents in management positions used the terms “disturbing,” “unsettling,” and “depressing” when describing how the daily operation was affected if employees were unable to make it to work and fulfill their duties.

Emerging from the interviews was the fact that the communities engaging in protest action were poor, exposed to high crime rates, and with most of the protestors unemployed. Incidents

occur mostly during the day, with protestors having “working hours” which suggests that protest action has become their job. Many believed that protestors' actions were an attempt at survival. The manager of a large company explained “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.”

Some respondents were of the view that different communities protest for different reasons. One respondent remarked: “Each community seems to have its own set of problems, I mean one community ... protesting about the drugs and their children ... whilst the other community in our area ... it's always xenophobia or transport-related kind of things.”

Regarding the level of violence observed during SDPs, respondents' comments included the following: “... 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 “... and there will be violence, there will be bricks thrown at cars.” On many occasions, police involvement was required to limit the damage caused by protestors.

Respondents usually heard about SDPs and other community protests through social media. In addition, it was reported that managers often used social media to see if employees were being truthful about having been adversely affected by protest action.

Most respondents felt that protests were genuine outbursts about poor service delivery in their area and not politically motivated acts. The general sentiment was that community members had long been promised by government that service delivery would improve but that such promises had not been kept, the view of a small company was as follows: “... government cannot make empty promises ... that's the only reason they're protesting, because of the empty promises.” The respondents were of the view that if the government were to provide services to the affected areas, the protest action would instantly stop.

Both business owners and employees agreed that the government should be solving the problems that are costing companies and the economy as whole millions of Rands (South Africa's currency) every year.

## 5.2 | Impact on business: Organization-level, collective trauma

The violent and intimidatory nature of SDPS and the lack of power to prevent them created a sense trauma that was shared by managers, owners of businesses, and employees. Protest actions, including the blocking of entrances and destruction of public property, are visible to all who enter the workplace and the absence of employees from communities affected. This could be described as a collective trauma that was shared across the company. Protests and their disruptive impact made it extremely difficult to manage a company. Managers felt that they were pressed to react to unpredictable, often nonrational (intuitive) action and still make sure that every facet of the business continued to run smoothly. One respondent, the managing director of a large mining operation, said: “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.”

One decision that managers were confronted with was how to respond to employees' absence from work in the wake of SDPs. While some managers felt that they were obliged to be firm with absent employees in accordance with company policy, they also knew that the employees were not able to get to work through no fault of their own. This sometimes produced a volatile mix of a demoralized manager, angry employees, and falling productivity, which, in

turn, seriously affected the business. The impact on morale among management and employees alike was highlighted by a respondent: "It demoralizes everybody involved, and especially when it's out of your control; there's nothing you can do about it. That is an issue."

Sometimes, the SDPs enabled opportunistic and criminal behavior. We found that several companies received threats from groups within local communities that referred to themselves as "local business forums." These groups would visit the firm and make demands, such as insisting on a share in the business or a contract from the business in exchange for peace. They would threaten to orchestrate community protest action against the business should it not comply. As the managing director of a large company explained, "I have had guys arrive at the gate here saying well, if you don't let the representatives of the community protestors in to come and talk to us, the next time they're going to come and burn something down."

These criminal groupings were influential in arranging protest actions that would affect local firms. Another large company director shared, "We were targeted on two or three occasions, closing down our operations, burning plant, attacking people, injuring employees." In such cases, companies would either rely on the police to protect them or, if the police were not willing or able to assist, they would hire private security contractors at great cost.

The effects of SDPs were felt along the whole value chain, from supplier to customer. In commenting on the disruption to the value chain, the production manager at a medium-sized company went so far as to say: "I think the right word is crippling. I mean I'm not going to use the bad words, but it's got a bit of a chain reaction that affects everybody." Suppliers were generally affected in the same way that their business clients were affected. Protest actions prevented employees from both suppliers and customers from attending work, and sometimes, when the actions spilt over to highways and national roads, it would not be possible for any company to make or receive deliveries in the area. When there is protest action, suppliers and customers' employees similarly are unable to come to work or are not permitted to make deliveries in their local communities. The managing director and a shareholder of one of the large companies felt that this was one of the greatest consequences of SDPs: "We need a fully functioning supply chain. For us, I repeat: service delivery issues are a huge problem."

Despite the impact of SDPs across the value chain, many respondents felt that customers did not care about the problems faced by their suppliers. According to the managing director of a medium-sized company, "Our customers' backs are to the wall, they can't afford to be held to ransom by other people's problems, so they are generally unsympathetic." There was even less sympathy for the affected firms from international customers; the MD of one firm explained: "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." Another respondent added: "If you let a customer down, he never remembers all the good work that you do for him; he does remember the one fuck-up that you make, and it can be your fault or not your fault."

In view of late deliveries stemming from the rising tide of SDPs, many customers introduced severe penalty clauses into their contracts with suppliers, which could result in suppliers sustaining major financial losses. According to the procurement manager at a large company, "So, our suppliers and our customers have taken the stance of 'it's nothing personal, but it's business; take the emotion out of it'. And now they all have penalty clauses in all contracts."

In addition to employee and supply chain disruptions, respondents pointed out that protest action often results in damage to government and municipal infrastructure, specifically roads and major carriage ways, which significantly impacted on their ability to do business. Companies were often forced to make alternative arrangements, such as rerouting trucks, causing delays, and additional travel distance and expenses. Respondents said that this cost could not

be passed onto customers who had already accepted quotations in originally specified prices. Companies had no choice but to absorb the loss. The managing director of a large company shared his experience of this with an example:

You essentially run at ZAR2 per ton per km; so, if you're doing an extra 10 km, it's ZAR20 per ton, multiplied by the number of loads per day, multiplied by the number of days worked. So, it is a huge, quantifiable number, and somebody has to pay for that.

Roads were not the only public infrastructure to be damaged by SDPs. When protestors damaged public infrastructure, in the form of substations and transformers, it cost companies a great deal of money, in downtime and fuel for generators. One way of reducing the impact of penalties was to increase stock holding of raw materials and finished goods. Although this mitigated the risk of not being able to service their customers, holding inventory was an expensive option for many smaller companies who relied on cashflow for business survival.

### 5.3 | Effects on employees: Balancing safety and employment

The effects of SDPs were felt strongly by employees, who are a primary stakeholder in any business but, in the case of social protests, suffer similarly to the company and have little influence over social protests. SDPs have the greatest disruptive impact on employees who live in the community hit by the protest action. These employees are intimidated and are not able to get to work, either on time or at all. A human resources manager at a large company expressed sympathy for employees' struggle to get to work in a highly volatile situation: "I think that affects all businesses in the area, especially when your employees can't get to work because the roads are blocked, and they're threatened with violence."

Many respondent companies instituted a "no-work, no-pay" policy to limit their financial losses when faced with reduced productivity and output. However, employee respondents reported resenting such policies as their inability to come to work was beyond their control and their financial situation was compromised. Employee respondents also mentioned that when the normal modes of transport (such as trains and buses) were affected by SDPs, they would make alternative transport arrangements, if possible, to get work. These alternative forms of transport were costly for the employees concerned, which they had not budgeted for. Another reported form of financial loss sustained by employees in the face of protest action was not receiving a bonus or an increase if the negative effects on the company's performance had been severe.

In a desperate bid not to forfeit their monthly paycheck, employees sometimes risked their lives to get to work in the midst of protest action. The respondents felt that fear and uncertainty clearly affected motivation and morale, which in turn affected productivity and ultimately the viability of a business.

## 6 | SERVICE DELIVERY PROTEST RISK MANAGEMENT STRATEGIES

Building on the concept of stakeholder politics, which Mattingly and Hall (2008) use to explore the notions of "stakeholder politics and insurgency" (p. 76), we found that respondents'

companies managed SDPs in three ways: risk diversification, risk adaptation, and community risk management (see Table 3). Each element of the SDP risk management approach is discussed in turn in the ensuing paragraphs. These approaches include both mitigation and adaptation strategies: Mitigation strategies are short term and intended to reduce the severity of the impact of the events, while adaptation is an acceptance that SDPs are part of the context of doing business in South Africa and that the business needs to be organized accordingly.

Due to the unpredictable nature of SDPs and that companies are generally bystanders in these events, risk management is inevitably oriented toward risk mitigation rather than reducing the likelihood or frequency of SDP events.

## 6.1 | Risk diversification

Several of the respondents noted that they have switched to using multiple suppliers to reduce supply chain risk in the wake of SDPs. A procurement manager at a large company explained: “Like I said, that’s why we use the blended approach of importing and dealing with local manufacturing firms.” The managing director of a small company explained his approach: “I’ve got two or three suppliers for the same product on my books,” while another added: “We’re looking at diversifying that risk, so we’re looking at suppliers with the same product not being in the same region.”

In terms of working arrangements, one respondent remarked:

[we formed] a task team that’s now looking at this with a lot of energy and focus, and it’s very likely that our way of working, specifically our corporate office in downtown Johannesburg, could change over time ... whether we use more satellite offices or workstations, scattered in smaller hubs around Johannesburg, or more frequently work from home, all of those options are currently being looked at ....

TABLE 3 Service delivery protest (SDP) risk management approach.

Risk diversification	Risk adaptation	Community risk management
<ul style="list-style-type: none"> <li>• Use multiple suppliers in the same region</li> <li>• Use multiple suppliers from different regions</li> <li>• Develop import options</li> <li>• Consider relocating outside of South Africa</li> </ul>	<ul style="list-style-type: none"> <li>• Adapt internal communication—A more open and positive orientation</li> <li>• Adapt external communication—An agile approach</li> <li>• Adapt the supply chain—A “slack” supply chain philosophy rather than a “just-in-time” supply chain philosophy</li> <li>• Adapt the management style—Flat and hands-on</li> </ul>	<ul style="list-style-type: none"> <li>• Embed businesses in community networks</li> <li>• Forge partnerships between businesses and communities through CSR initiatives</li> <li>• Encourage continuous engagement between businesses and communities via community liaison officers employed by businesses</li> <li>• Develop alternative working arrangements—Flexible resourcing</li> <li>• Launch corporate/political activity initiatives—Lobbying public representatives</li> </ul>

Source: Authors.

Other firms were looking for alternative locations within South Africa or abroad. However, these firms were not large, and some respondents were concerned that establishing operations overseas in nonrisky countries (as an alternative or in addition to a South African operation) could be too complicated, but this had to be weighed up against potential protection against South Africa SDPs.

## 6.2 | Risk adaptation

### 6.2.1 | Adapting internal communication

It was evident from the responses that those companies that were coping the best with the effects of SDPs had a culture of open communication and were generally positive about the business climate and their long-term prospects. Without a positive company culture, several respondents averred, disillusionment would take hold, and employees would become depressed, which was seen as bad for business. The managing director of a large company put it aptly:

I think 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 laid the foundation for another critical corporate attribute, which is to not accept the current situation as the norm. Despite the negative impact of SDPs, companies had to continue to serve their customers timeously and professionally. One respondent from a large company said: "I think if we started budgeting for it, we would be accepting it and see it as part of the norm, so no [we don't do that]."

The production manager of a microenterprise stressed that companies should have an inclusive culture, where all employees feel part of the team and are willing to work toward 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, companies that appeared to be coping well under the circumstances did not allow themselves to be intimidated. They had an attitude of "zero tolerance" for protestors who obstruct the business operation and damage the firm's property. The MD of a large company said:

We react harshly and quickly and hard on the gangsterism/terrorism-type guys [local business forums]. It is an expensive exercise because it involves civil attorneys, court interdicts, sheriffs of the court, etc. They cost us anywhere between ZAR200 000 and ZAR500 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 [such behavior].

Constant communication was identified as a key mitigation tool against the adverse effects of SDPs and other community-type protests. The first stakeholder that the company needs to be communicating with constantly, openly, and honestly is the employee. According to a shareholder and MD of a large company, "So, my standard modus operandi 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.” Over and above communicating with employees, companies need to build a relationship with them and establish exactly what challenges they are facing, which could be affecting their morale. The interviews revealed that some of the employees were angry that their employers had no idea about or understanding of their situation, yet they were also too scared to openly communicate their concerns and frustrations to management.

Most of the companies communicated with employees about the imminent threat of protest action in the communities in which the employees lived, if such information came to hand. One respondent explained that they had a WhatsApp group for key operators and management at the company and employees could in turn give their superiors timely warning that they would not be able to come to work because of protest action, allowing the company to make alternative arrangements.

### 6.2.2 | Adapting external communication

Companies often need to be able to make alternative arrangements at very short notice to bypass the effects of protest action. In the absence of communication, such flexibility in planning and logistics would not be possible. According to a company director of a medium-sized company: “The whole time its improvisation and planning around it” in order to get the job done. In addition, several business owners and employees mentioned that the regularity of SDPs made it necessary to be “prepared for anything.”

The second important stakeholder group that companies were actively communicating with in the wake of SDP action was their suppliers. As mentioned previously, the failure to receive raw materials and parts on time is detrimental to most companies as they will then be late in delivering to their own customers. In view of this, respondents reported that their companies were engaging in honest, frank discussions with their suppliers to alert them to the often-dire impact of late deliveries and to explore alternative, back-up arrangements if regular supplies were threatened due to protest action. As the manager of a large business said,

So, it has got to be an honest dialogue, 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 large companies had gone so far as to “sit down” with their suppliers to assist them in putting together SDP risk-mitigation plans. As explained by a supply chain manager at a large company, “So, sitting down with them, counselling them, and brainstorming with them what sort of strategies we could put in place, hiring of generators, finding alternative suppliers, working outside the normal 8:00 to 5:00, working additional shifts, prioritizing what deliveries to be made when.” “A lot of our suppliers ... 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.”

The third important stakeholder group that companies were communicating with was their customers. Maintaining strong relationships with customers, supported by transparent and honest communication, was cited by many respondents as a key mitigation tool in the face of protest action. Depending on their geographical location, some companies nurtured relationships

with some of the local authorities (such as the ward councilor or chief of police) to mitigate the effects of SDPs on their operations. As the general manager of a small company said, “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.”

### 6.2.3 | Adapting the supply chain

In the event of SDPs, companies were often unable to satisfy the lead time promises they had made to customers. As a result, they could not implement a “just-in-time” supply chain philosophy. Instead, they had to resort to holding significant stocks of raw materials and finished products. A respondent from a medium-sized company remarked: “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.” While the adoption of such strategies ensures that customers always receive their deliveries on time, it comes at a significant cost and is “a very capital-intensive exercise.” Going this route usually requires consultation with the board and the shareholders as it has a significant impact on the bottom line. Yet, to not implement a mitigation strategy would likely result in more losses. One manager from a large company revealed:

We work on a weighted average cost of capital, which I can share with you, of roughly 20%. And we’re judged on return on assets managed (ROAM). So, as a management team, it doesn’t sit well with us to load the inventory, but you have to do it.

In addition to holding stock, companies hold a large supply of spare parts in the event of protest action directly or indirectly impacting their ability to source supplies at short notice.

Most respondents mentioned that the careful selection of suppliers was critical to the effective management of supply chains, with important considerations including “location of suppliers, what mitigations have they put into their business, the service delivery, the location of where those companies are, [and] if they’re closer to high-risk areas.” Furthermore, companies have opted for a dual-supplier system, whereby appointed suppliers of the same product operate in different regions. The procurement manager of a large company explained: “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.”

A problem with the dual-supplier approach in South Africa is that suppliers all buy from the same source, so if that source is affected by SDPs, all the other suppliers are similarly affected. In view of this, many companies have considered a “blended approach on importing and dealing with local manufacturing,” which allows them to spread their risk and mitigate the possibility of their local supplier not being able to deliver. The downside of this approach is that when importing stock, larger volumes need to be ordered. This negatively affects the bottom line, as inventory levels increase and the cash position deteriorates. The MD of a large company concurred:

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 minimum order quantities are normally a lot higher. So instead of 100 castings here, you'll have to buy 400 in China.

Communicating with and educating employees and suppliers about the effects of their actions on supply chains and the business as a whole is a critical mitigation strategy. A manager from a large company explained:

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 the learning curve of this, experience kicked in. So, where we stand now, possibly we spend less than an hour a week.

One company mentioned that they spend a lot of time coaching their small and medium enterprise (SME) suppliers, rather than enforcing penalty clauses on them: "A lot of businesses we deal with in South Africa are start-up businesses, SMEs; the aim is to actually build them up, not take the legs out from under them."

#### 6.2.4 | Adapting the management style

The respondents asserted that strong management was needed to effectively deal with the effects of SDPs on business operations, by motivating employees, remaining positive about the current situation, and finding solutions to overcome the problems facing the business. The procurement manager of a large company volunteered: "If there's weak management, 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." Another respondent from a large company said: "It's our responsibility to find solutions and if we can't find solutions, we shouldn't be leaders or managers." There was a general view that to institute effective leadership, a flat management style is preferable, supported by a "hands-on" management approach.

### 6.3 | Community risk management

As described earlier in this article, the community plays a leading role in the effects felt by companies when SDPs break out. Most SDPs are initiated and carried out by poor and disgruntled members of communities on the periphery of the affected business district. Undoubtedly, these incidents seem to be occurring more frequently. According to one respondent from a large company, "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 that was shared was that even though companies are affected by the protests sparked within a community, there was broad recognition of why the community would engage in such behavior. In other words, companies did not condone the behavior, but they understood it.

Encouragingly, many companies viewed the community as a partner. Most respondents felt that companies needed to manage their relationship with the local community with a view to

reducing the negative impact of SDPs on their businesses. Many felt that government should really play this role, but in the absence of government involvement and commitment, companies had no choice but to assume the responsibility—even though it would add to their cost burdens. Furthermore, many respondents felt that engaging with the community and improving the lives of community members in various ways was a “longer-term,” more sustainable solution than some of the other short-term initiatives and mitigation strategies discussed, such as “rearranging your inventory levels.” However, this was easier for large companies than for smaller companies.

According to a senior manager in one of the larger respondent companies, “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 nature of the partnership varied widely between the companies, influenced mainly by the company’s size and industry. Large corporates, for example, would adopt a partnership model characterized by substantial financial investment in the communities to improve community members’ living conditions, using their corporate social investment (CSI) vehicles.

Companies also made investments for different reasons; some did so because they felt that they were forced to do so because of legislation, such as the new Mining Charter, while others chose to invest because it was something “that we believe as a company is the right thing to do.” This reflected the instrumental and normative approaches to SM. It was easier for large companies to adopt a normative approach than for small companies. Large companies’ CSI plans centered on projects to “up-skill” community members and nurture the talents of entrepreneurs so that they in turn could become suppliers to these firms. The idea is to enable community partners to tap into the extended corporate business environment and for the community to enjoy the “spill-over effects” at the local level. Respondents from larger companies felt that they had a moral obligation to uplift the local community, affording them a “social license to operate.” One respondent from a large company summed this up as follows: “So, everywhere where we mine, we need to earn our social license to mine and we need to be able to prove that in our economic activity we will positively impact society and specifically host communities.”

However, a normative approach was more difficult for smaller companies that were not able to make such significant investments in their local communities. These companies used other mitigation strategies to reduce the adverse effects of SDPs. These smaller companies tried to do businesses with and/or in the local communities so that their business would hopefully be spared from the damage caused by protest action. As one respondent from a micro company remarked, “There were times when we went to [community] ... 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.”

Some larger companies employed a community liaison officer, who lives in the community and acts as a communication channel. “We’ve also got the sustainability side of our business which is almost a shared services function and we’ve got a lady there ... she’s amazing.” In other cases, companies made use of the community liaison officer appointed by the municipal ward councilor and employed by the local council to manage the company–community relationship. Such companies would also ensure that they had a good relationship with the ward councilor and the chief of police in their area. Having good relationships with the local authorities offered companies protection against gangster-like, opportunistic threats from “local business forums,” as they could refer such threats back to the appointed liaison officer who managed that relationship.

Clearly, the ability to contain losses arising from SDPs and to survive in the long term depends on flexibility and agility in making alternative arrangements. Those companies that

were on top of things were constantly improvising. Other companies, generally smaller companies, could only be reactive, as the nature of protest action was so unpredictable. However, some of these companies were taking steps to ameliorate the situation, including fetching employees at agreed locations if they could not come to work, attaching tow bars to employees' vehicles to enable them to make deliveries when the transport networks were interrupted, running back-up generators on diesel when transformers were burnt during protest action, hiring additional security to protect employees, and adjusting employee working hours so that they did not coincide with expected protest hours.

These measures are not exhaustive; in fact, the list of alternative arrangements that interviewed companies were making was very long. However, it all boiled down to their being flexible, agile, and ready to improvise in a short space of time. The only preventive actions discussed thus far are CSI and other community initiatives, the fostering of relationships with stakeholders, and the sharpening of policies and supply chain management practices. In the context of SDPs and their effects, managers need to be able to think quickly and "on their feet."

Respondents were also asked to prioritize actions to keep communities happy. The MD of a large company explained:

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 [issues] straight away.

Larger companies with the necessary funds indicated that they would pursue the "legal route" by prosecuting community members identified as having damaged their property or disrupted their operations. "We react harshly and quickly and hard on it. It is an expensive exercise because it involves civil attorneys, court interdicts, sheriffs of the court, etc." Information on perpetrators is collected from 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, we hit them hard." Successful prosecution is often a deterrent to further incidents, as many protestors do not realize that they are responsible for their actions during a "mob" protest. However, companies have encountered resistance from police when approached 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."

Finally, companies try to avert SDPs by lobbying the government to tackle the root causes of the problem and to provide basic services to the people. Companies lobby government to make them aware of the service delivery needs and to try support government actions with social spending. However, due to the size of the service deficits, these interventions would have limited effect and, if badly managed, could draw unwanted attention to the company. The effectiveness of lobbying is largely dependent on the size of the company. Larger companies with operations in many parts of the country have multiple access points to government, while smaller companies do not. This could be largely offset by strong business associations of smaller companies.

All the community risk management strategies discussed during the interviews were being used by at least some of the companies in the sample, and all strategies could be used simultaneously. The clear message coming from the interviewees was that adaptation is the key to minimizing the fallout from SDPs, particularly in terms of the financial cost to the business.

## 7 | CONCLUSION

Social protests, such as SDPs, do not feature in the traditional stakeholder management (SM) literature. Social protest groups must be regarded as a hitherto undescribed type of stakeholder. When social protest groups' actions frequently affect the activities of companies, they become a risk that needs to be managed. Communities that engage in SDPs can be regarded as a company's stakeholders, but because they are essentially directing their anger at the government or some other entity, they constitute a different type of stakeholder, perhaps an irregular or "indirect stakeholder." However, this type of stakeholder directly affects the activities of companies, sometimes to their severe detriment.

Service-related protests are often violent, resulting in damage to company property and employees being injured or, worse, killed. Protests of this nature are transitory; they are of a short duration. They also generally play out in an unpredictable manner. The leaders of protest groups are often temporarily deployed or are diffused, making it difficult to engage or build trust with them. Where do companies fit into this? When protests erupt, companies are seen as collateral damage at best or as a means to attract the government's attention at worst. Small companies, in particular, cannot afford to satisfy communities' often spontaneous demands when frustration spills over into untamed violence. In any event, for a company to get embroiled in community politics is undesirable as it is not a political actor, and attempting to navigate alliances at the local government level can be fraught with danger.

Instrumental SM practices have limited utility in the context of SDPs; they may mitigate some of the short-term effects of disruptions, and community engagement may be useful, particularly as an early warning mechanism. Nevertheless, a company needs to be sure that it is engaging with a legitimate, representative group in the community, not a criminal, rent-seeking element or a marginalized faction that does not have the community's best interests at heart. Normative SM approaches that have the view that companies and communities have common interests in good social outcomes are likely to mitigate the effects of SDPs more effectively than other risk mitigation methods. We recommend that a local business body or association could be formed to formalize and oversee engagements with the community and help to shield particularly smaller companies from the direct effects of protest action. Such an arrangement would allow companies to pool their resources for greatest impact, especially in building trust with community leaders, using existing CSR structures as a foundation.

The three mechanisms of risk diversification, risk adaptation, and community risk management captured in our proposed SDP risk management approach all serve a useful purpose in ameliorating the effects of SDPs. Risk diversification implies establishing additional facilities that are well removed from the SDP epicenter and seeking new sources of supply and customers who likewise are outside the protest zone and are relatively immune to the disruption. Risk adaptation implies changing a company's business operation to achieve this outcome, such as moving outside of the affected area or contracting with a third party to carry out the company's business in the area. Finally, community risk management implies establishing links with the community, such as larger company investing in social projects in the community and smaller companies doing business with suppliers in the community. Together, these three mechanisms constitute a portfolio of strategic responses which, if proactively applied, can go a long way toward lessening the impact of SDPs on companies while also demonstrating to communities that much can be achieved through community engagement, not forgetting, of course, that the government remains the main stakeholder in the service delivery mix and needs to be part of the solution when it comes to restoring community functionality and pride.

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