

## **A national governance approach to the political nature and role of business**

Case study of the mobile telecommunications industry in Afghanistan

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Title:

A national governance approach to the political nature and role of business:  
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## **A national governance approach to the political nature and role of business:**

### **Case study of the mobile telecommunications industry in Afghanistan**

#### **Abstract**

The study focuses on the mobile telecommunications industry in Afghanistan and seeks to study how the mobile telecommunications corporations engage with the different area-specific governance systems in order to gain legitimacy to operate across Afghanistan. The study capitalises on mixed qualitative data to conduct an embedded case study of the Afghan mobile telecommunications industry as an extreme context for understanding business-society relations in South Asia. Theoretically, the article integrates insights from governance literature on areas of limited statehood to conceptualise business–society relations in Afghanistan beyond state-centric views and assumptions. The findings result in two modalities of business engagement that are conceptualised as a single vis-à-vis multiple governance system approach. Each of these modes of engagement implies a political nature and role for the businesses that are embedded in ethical dilemmas as discussed in the article. These findings contribute to the debate on the ‘political turn’ in the CSR literature and the governance literature on areas of limited statehood.

## Introduction

The vast literature on corporate social responsibility (CSR) has in recent decades been fundamental for debating the various roles that nation-states and/or businesses play in governing of business-society relations. Studies have stressed on the evolving role of the state, business and civil society in governing business-society relations due to privatisation and globalisation as key drivers for when, how and why businesses engage in responsibility towards society (Arora et al. 2020; Kourula et al. 2019). Neoliberal policies and the affiliated privatisation of certain state functions and responsibilities have led to the assumption that states were losing influence and power at the expense of increasing private regulation undertaken by businesses in terms of standards, guidelines, codes (Djelic and Etchanchu 2017). In addition, the political corporate social responsibility (hereafter PCSR) debate argues that nation-states lack the capacity and scope to address global governance issues that have emerged during globalization era (Scherer and Palazzo 2007, 2008, 2011). However, recent debates highlight that states continue to play an important role in governing business-society relations, albeit rather differently through indirect influence, participation and enforcement (Djelic and Etchanchu 2017; Kourula et al. 2019). A review of the ‘political turn’ in the CSR literature stresses that the debate is led by different normative assessments and calls for better conceptualisation of the political governance systems at the national level (Frynas and Stephens 2015), not least in relation to developing countries (Arora et al. 2020).

In response, the article problematises the state-centric assumptions governance of business-society relations by integrating analytical insights from the governance literature on areas of limited statehood (Azizi et al. 2021; Börzel et al. 2018; Börzel and Risse 2021; Risse 2011). Governing business–society relations in areas of limited statehood implies shift of focus

beyond states as the singular political system at the national level. The article therefore seeks to study *how the mobile telecommunications corporations engage with the different area-specific governance systems in order to gain legitimacy to operate across Afghanistan?*

The study capitalises on mixed qualitative data to conduct an embedded case study of the Afghan mobile telecommunications industry to shed light on how four multinational and one state-owned corporation employ strategies of legitimation towards different area-specific governance systems in Afghanistan. This empirically focus is relevant as these corporations are among the few that have succeeded to operate in all provinces in Afghanistan despite the ongoing violent conflict that has intensified since the US-led NATO intervention in Afghanistan in 2001 was initiated in response to the September 11, 2001 terrorist attacks in the United States. Thus, this empirical focus enables a comparative study of governance systems across several areas that can offer novel insights to the debate on governance of business-society relations at the national contexts affected by violent conflict. Studying such an extreme context is necessary for problematising existing assumptions and fundamental claims to advance theoretical debates within organisation studies (Smith et al. 2017).

The findings stress that the business–society relations in Afghanistan can be categorised into three areas with varying degrees and forms of governance, ranging from ‘Afghan state-controlled areas’ and ‘Taliban-controlled areas’ to anarchistic conditions of ‘contested areas’. The study identifies the governance systems that prevail in each area to analyse the conditions upon which the industry builds its business–society relations and the responses from the corporations. The article builds on cross findings to suggest two engagement options: a) single governance system, indicated by the SOE that relies on the Afghan state

governance system; and b) engagements with multiple governance systems, evident in the MNCs' strategic choice to expand and operate throughout Afghanistan. Each of these modes of engagement implies a political role for the businesses and is embedded in ethical dilemmas that are discussed in the article.

The study responds to the call to study area-specific governance systems beyond a single state-centric political system that is taken for granted in the current debate about the 'political turn' in CSR (Arora et al. 2020; Frynas and Stephens 2015). Instead, corporations need to make strategic decisions to engage with single vis-à-vis multiple governance systems in order to gain legitimacy in areas of limited statehood. Each mode of engagement implies a politicised nature of the business that revisits the current views on the political role of business in global South. Finally, the article also provides novel empirical insights from a national context in the South Asian region that is neglected not only in this specific debate but also generally in organisation studies with the exception of a few studies on SMEs in war-affected areas (Afshar Jahanshahi et al. 2020; Bullough et al. 2014; Bullough and Renko 2017; Coulson et al. 2014).

In the next section, the debate about 'political turn' of the CSR is presented and problematised. The main features of the governance literature on areas of limited statehood are presented in order to develop an alternative analytical framework for understanding business-society governance in areas of limited statehood. This will be followed by a brief description of the background for the study of the mobile telecommunications industry and the Afghan national context. The methodology chapter will describe the data and data analysis processes for this embedded case study. Finally, in the analysis chapter, the key findings will be presented and discussed before drawing final conclusions.

## **The theoretical ‘political turn’ of business responsibility and the critique**

There has been an increasing focus on gaining contextualised understanding of business-society relations in developing countries within the CSR literature (Jamali and Karam 2016).

In recent years, the CSR literature has taken a ‘political turn’ in order to conceptualise the role of business in society that has resulted in the political CSR debate (Djelic and Etchanchu 2017; Kourula et al. 2019; Mäkinen and Kourula 2012; Scherer et al. 2016; Whelan 2012). The proponents of the PCSR debate argues against the neoclassical distinction between the political and economic spheres, which assumes that states provide the conditions for well-functioning markets through regulatory frameworks, contract enforcement and public goods, whereas businesses are viewed as pure economic actors that provide services and goods that generate profit (Scherer and Palazzo 2007). Instead, the PCSR proponents assume that nation states have limited capacity to tackle global ‘governance gaps’ or ‘regulatory vacuums’ that emerge in the era of globalization (Scherer et al. 2009; Scherer and Palazzo 2011). PCSR proponents builds on the Habermasian deliberative democracy and communicative action to conceptualize the multi-stakeholder model of governance that involves businesses, civil society and the nation state as an alternative post-national global governance model (Scherer and Palazzo 2007). Such a global governance model is claimed to enable the transformation of a business from merely a purely profit-maximising actor into a political actor driven by moral legitimacy that will seek to provide public goods and enable democratisation through collaborations and deliberations (Scherer et al. 2009; Scherer and Palazzo 2007, 2011).

However, the PCSR assumptions and claims have been criticized for not reflecting the heterogenous realities in both developed and developing countries. First, PCSR is criticised

for the normative assumptions about how and why corporations *should* act beyond profit maximisation, as it neglects the lack of capacity and interests of corporations in addressing societal concerns (Banerjee 2008a; Fleming and Jones 2013; Hanlon and Fleming 2009). Instead, critical studies have long viewed CSR as a by-product of neoliberal ideology (Cederstrom and Marinetto 2013; Harvey 2007; Shamir 2008), which not only enabled the privatization and marketization of the public good in both developed and developing countries (Fleming and Jones 2013; Fox 2004; Mäkinen and Kasanen 2016) but has also constructed the voluntary nature of business responsibility in opposition to the mandatory regulation of corporate responsibility (Banerjee 2008b; D. Vogel 2009; David Vogel 2006). Second, the assumptions about the ‘shrinking state’ and the conceptualisation of ‘globalisation’ in the PCSR debate is empirically flawed (Edward and Willmott 2008) and ignores that it builds on one particular form of governance in a globalised world rather than being the only consequence of globalisation for nation states and corporate political responsibility (Whelan 2012). In similar veins, the political role and responsibility of businesses is not a new phenomenon driven by ‘globalisation’, but it has long been debated in relation to paternalism and managerial trusteeship in the West (Djelic and Etchanchu 2017). Hence, the theoretical foundations of the PCSR debate are criticised for being historically and geopolitically rooted in the modern societies of the West that fail to acknowledge and grasp multiple realities elsewhere (Ehrnström-Fuentes 2016; Mir et al. 2008).

These points of critique calls for a contextualised understanding of business–society relations in the heterogeneous socio-political institutions of ‘developing countries’ (Arora et al. 2020; Banerjee 2014; Ehrnström-Fuentes 2016; Mir et al. 2008). Similarly, the ‘development-oriented’ CSR debate has long called for the necessity of contextualising, as



the taken-for-granted umbrella view on ‘developing countries’ is misguided (Blowfield and Frynas 2005; Halme et al. 2009; Jamali et al. 2015a, 2015b; Prieto-Carrón et al. 2006). Contextualisation here means understanding the specificities of diverse national contexts, including formal and informal institutions (Azizi and Jamali 2016; Brammer et al. 2012; Jamali 2014), as ‘developing countries’ vary in terms of state capacity and the form and nature of stakeholders across developing countries (Chapple and Moon 2007; Gond et al. 2011; Jeppesen and Azizi 2015). A final point of critique refers not only to PCSR debate but also the general understanding of mainstream and universal conceptualization legitimacy (Edward and Willmott 2008) as reflected in Suchman’s definition of legitimacy as the “... *generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions*” (Suchman 1995, p. 574). Rendtorff argues that the business’ license to operate in society based on Suchman’s definition suggests a distinction between cognitive, moral, and pragmatic legitimacy to encompass both the institutional view with the former two legitimacy forms and the rational strategic approach with the latter. Thus, the creation, maintenance and even loss of legitimacy is conditioned by the social, political, economic, and legal expectations within business–society relations (Rendtorff 2020).

The article seeks to respond to the call for contextualized conceptualisations of the business–society governance models in developing countries (Frynas and Stephens 2015) by focusing particularly on the governance of business–society relations in areas of limited statehood (Azizi et al. 2021). For this aim, the article problematises the claims and assumptions about the ‘state’ as the sole governance system within nation states and proposes an analytical shift from state-centrism to area-specific ‘governance’ lens on business–society relations in areas of limited statehood (ALS hereafter) (Börzel 2013; Risse 2011). The article argues that

business-society relations in such contexts differ tremendously from the assumptions and claims in the mainstream CSR literatures including the affiliated PCSR debate and calls for reconceptualization of governance and actors.

### **Towards a framework for governance(FDD, 2021) of business–society relations in ALS**

The governance literature on areas of limited statehood (Börzel et al. 2018; Risse 2011) has emerged in recent decades to better conceptualise national settings otherwise normatively defined as ‘weak’, ‘failed’ and/or ‘fragile’ states. Instead, the ALS literature underlines that states in many developing countries cannot and have never been able to impose the state-led hierarchical authority that is presumed in the Euro-centric and Weberian concept of statehood defined as ‘... *an institutionalised authority structure with the ability to steer hierarchically (Herrschaftsverband) and to legitimately control the means of violence*’ (Börzel and Risse 2010, p. 118). However, such state-centrism does not reflect the realities of nation states throughout developing countries and in the developed world (Risse 2011, p. 5). The critique of the Weberian concept of statehood has long been contested in relation to developing countries, where somewhat similar discussions analyse hegemony or at least spatial hegemony as statecraft in disputed areas within nation states such as favelas, townships etc. (Lacerda 2016).

Instead, the ALS debate seeks to conceptualise the area-specific multilevel governance that emerges within nation states defined as ‘... *institutionalised modes of social coordination to produce and implement collectively binding rules, or to provide collective goods*’ (Risse 2011, p. 9). This shift from state-centric governance towards a broader conceptualisation of governance also stresses the importance of contextualising governance into ‘areas’ within

sovereign states, as such areas may range from ‘consolidated’ to ‘limited’ statehood. In other words, the ALS literature problematises the taken-for-granted state-centric governance and offers fertile grounds for conceptualising a national setting with multiple and opposing governance systems within a nation state (Börzel and Risse 2010).

In the context of this article, the ALS literature is relevant because it enables an analysis of Afghanistan where the Afghan state is not the sole governance actor but is neither entirely absent throughout Afghanistan. Rather, the Afghan state is severely limited in some areas and cannot control the means of violence and/or steer society hierarchically (Risse 2011) and enact higher degrees of control and authority in other areas such as the main cities in Afghanistan. As described in the background section, the Afghan state authorities do not provide basic state functions and services such as police forces for security, courts for law enforcement, schools for state-led public education, and general public infrastructure in over 45% of districts in Afghanistan because the Taliban control these areas.<sup>1</sup> However, this absence of state governance is not complete, because other non-state actors operate as governance actors, either in collaboration or in opposition to the state (Chojnacki and Branovic 2011).

### **Governance actors and relations in ALS**

The ALS debate argues that several functional equivalents to the state authority condition business–society relations in ALS (Börzel et al. 2012; Börzel and Risse 2010). Relevant for the study are the external actors, including international actors such as foreign governments, donors, international development agents and INGOs, which can act through international laws to cause large corporations and MNCs to engage in CSR (Börzel et al. 2012, p. 11).

The role of external actors will be seen in connection to the Afghan state governance system

and the NATO mission that has been the backbone of the Afghan state to provide governance and socioeconomic development.

Second, governance systems by local actors can also enable/constrain business–society relations (Azizi et al. 2021; Börzel et al. 2012, p. 14). The role of ‘Violent Non-State Actors’ such as the Taliban rebellious group is highlighted as that of either the providers or even spoilers of governance (Börzel and Risse 2021, p. 100). The insights from Afghanistan as illustrated in figure 1 clearly indicate the Taliban as a rebellious governance system that operates in opposition to the Afghan state and engage in social contracts with citizens and businesses, as seen with ‘rebelocracy’ in Colombia (Arjona 2016).

Third, the literature highlights the ‘shadow of anarchy’ in which the state is absent and other non-state actors are unable to provide basic governance system necessary for market transactions (Börzel and Risse 2021, p. 94). Ideally, these conditions can force corporations to engage in the provision of public goods, such as security, as a substitution for government services to enable markets to function (Börzel and Risse 2010, p. 121). These conditions relate to the ‘contested areas’ marked in Figure 1, where local strong men with or without cooperation with criminal networks utilise the anarchistic conditions to gain from business–society engagements (Börzel et al. 2012, pp. 10–11).

In sum, the article builds an analytical framework by drawing on the abovementioned area-specific governance systems and their actors and conditions for analysing business–society relations beyond state-centrism.

## Background

Since the formal territorial creation of Afghanistan as a nation state in 1747, the central state has struggled to enact centralised power and control from the capital, Kabul (Barfield 2012; Rubin 2000). The past four decades of war and violent conflict have weakened the Afghan state and decentralised power to area-specific rebel groups, local clans and strongmen—particularly in rural areas of Afghanistan—implying that basic state functions and services such as security, rule of law and basic welfare provision have not been provided by the Afghan state, if at all by any other actors (Cramer and Goodhand 2002; Rubin 1992, 1995, 2000, 2002). The 9/11/2001 attacks on the USA resulted in UN resolutions that enabled a US-led military campaign in Afghanistan together with NATO allies with the primary goal of disabling the Taliban and the Al Qaeda network from using Afghanistan as a base for global terrorism (Giustozzi 2019; Misra 2002). The International Security Assistance Force (ISAF) mission was initially limited to the Kabul region but was expanded to all regions between 2004 and 2006. Since 2015, however, its primary objective has mainly been to train and assist Afghan state security forces (Stollenwerk 2018).

The past decades of international intervention in Afghanistan have resulted in a massive aid-led rent-economy (Verkoren and Kamphuis 2013), where international aid—exceeding that provided by the Marshall Plan—comprises over 71% of the Afghan national budget (de Toledo Gomes 2017). Although Afghanistan has experienced high GDP growth rates led by international aid, it still has the lowest GDP in Asia (Hogg et al. 2013, p. 52), excluding the informal economy of opium production that peaked in 2007 (UNODC 2015, p. 37). In the past, the Afghan state implemented neoliberal economic policies in close collaboration with the IMF and the World Bank to deregulate the markets and privatise former state-led sectors, including telecommunications, electricity, mining and education. However, the

investments these policies have attracted have mainly been in a few industries in the service sector, the largest contributor to the formal GDP (+50%), whereas the agricultural and industry sectors have an equal share (World Bank 2016, p. 23).

Politically, the Afghan state is still considered one of the world's weakest states in terms of its lack of control or authority to enforce the rule of law throughout the country, a result of massive structural corruption (Fund for Peace 2014). Moreover, studies indicate that weak physical infrastructure, human resources and difficulty of access to financial and human capital are key challenges for businesses (Malmstrom and Cusack 2011, p. 34).

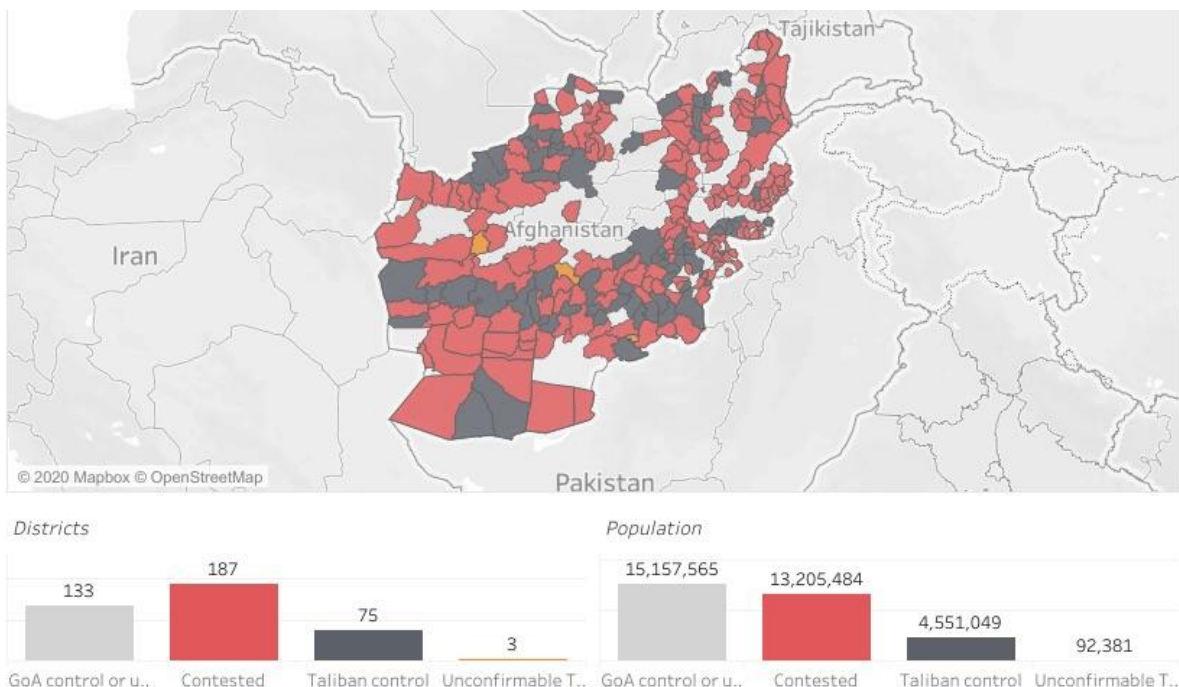


Figure 1: Map of Afghanistan and governance of the Afghan state and Taliban

Source: [FDD's Long War Journal](#)

In 2004, the Taliban announced an active insurgency against NATO-led forces and the new Afghan government to regain sovereignty of Afghanistan. Since then, the Taliban has managed both to gain military control over a large amount of territory across Afghanistan and to operate as a quasi-state governance system. Figure 1 shows a recent 2020 assessment of the areas controlled by the Afghan state and by the Taliban, as well as contested areas in

which violent conflict continues. The Taliban controls 75 districts, whereas 187 districts are considered contested areas in which both the Afghan state and the Taliban have partial control. Although these assessments may be affected by political interests, they strongly indicate that the Afghan state is limited in providing governance in terms of rule of law and security. Only one-third of the districts or 44% of the population in Afghanistan is assumingly governed by the Afghan state authorities. Governance at the national level in Afghanistan is, in other words, driven by conflicting parallel and hybrid economic and political structures that undermine the state-building process (Rubin 2000; Stollenwerk 2018), and the rebellious groups (e.g. Taliban) have utilised 'war economy' structures to resist the new Afghan state authorities (Cramer and Goodhand 2002; Goodhand 2005). The United States engaged in a truce with the Taliban in 2019 to enable peaceful withdrawal of American soldiers from the longest war in American history (Khan 2020). Despite this truce, the fight over power and control of territories has continued between the Taliban and the Afghan state (ibid).

Although the role of non-state actors has been highlighted in relation to modern state-building efforts (Podder 2014), a specific focus is needed on the role global corporations play as non-state actors in such contexts (Börzel 2013; Krasner and Risse 2014; Schneckener 2009). In particular, the Taliban has begun to influence the mobile telecommunications industry, which requires geographically dispersed activities involving Taliban-controlled and contested areas (Smith 2020).

### **The Afghan mobile telecommunication industry**

Although one private corporation was in negotiations with the Taliban regime to introduce mobile service in Afghanistan back in early 2001 (Hamdard 2012), it was only in 2002 and after the fall of the Taliban regime that the new Afghan government gave the first contract to

a private mobile telecommunications corporation in Kabul. Overall, the Afghan state and the international community view the mobile telecommunications industry as a vector for socioeconomic development for three main reasons. First, the industry is currently the largest single contributor to GDP and has created approximately over 140,000 direct and indirect jobs (MCIT 2020). Second, the industry has succeeded in attracting foreign direct investment (FDI) in Afghanistan: 2.4 billion USD has been invested in the Afghan mobile telecommunications industry according to the Afghanistan Telecom Regulatory Authority (ATRA 2020). The mobile telecommunication industry involves four MNCs and one SOE that are anonymously listed in Table 1. The four MNCs studied are funded by foreign investments and can be categorised as MNCs that operate with either the same or different brand names.

Table 1: Overview of corporations in the Afghan mobile telecommunications industry (Source: corporation websites).

	<b>MNC A</b>	<b>MNC B</b>	<b>MNC C</b>	<b>MNC D</b>	<b>SOE</b>
<b><i>Market entrance year and investment source</i></b>	2002: 100% FDI by MNC	2003: 100% FDI by MNC and regional investors	2006: 100% FDI by regional MNC	2007: 100% FDI by regional MNC	2013: 100% owned by Afghan state (SOE)
<b><i>Tele-tower antenna locations</i></b>	Public and private properties	Public and private properties	Public and private properties	Public and private properties	Public properties

Third, the industry's success in reaching out to rural areas is seen as an important achievement. Moreover, the Ministry of Communications and Information Technology (MCIT) claims that over 89% of Afghans throughout the country now have access to mobile



services, which has resulted in over 23 million mobile phone subscribers since 2002 (MCIT 2020) — an extent of rural access and coverage that neither the state nor the NGOs can claim in Afghanistan. Although MNC A and B initially focused on investing in expanding the tele-infrastructure in Kabul and in a few other large cities, the entry of MNC C and D has increased the competition to cover untapped market segments outside the major cities since 2007. However, there are crucial differences between expansion approaches by the SOE and four MNCs. As listed in Table 1, the MNCs capitalise on both public and private properties through various means to expand their network outside large cities. However, we know little about how governance of business–society relations in such extreme contexts (e.g., contested areas and Taliban-controlled areas).

## **Methodology**

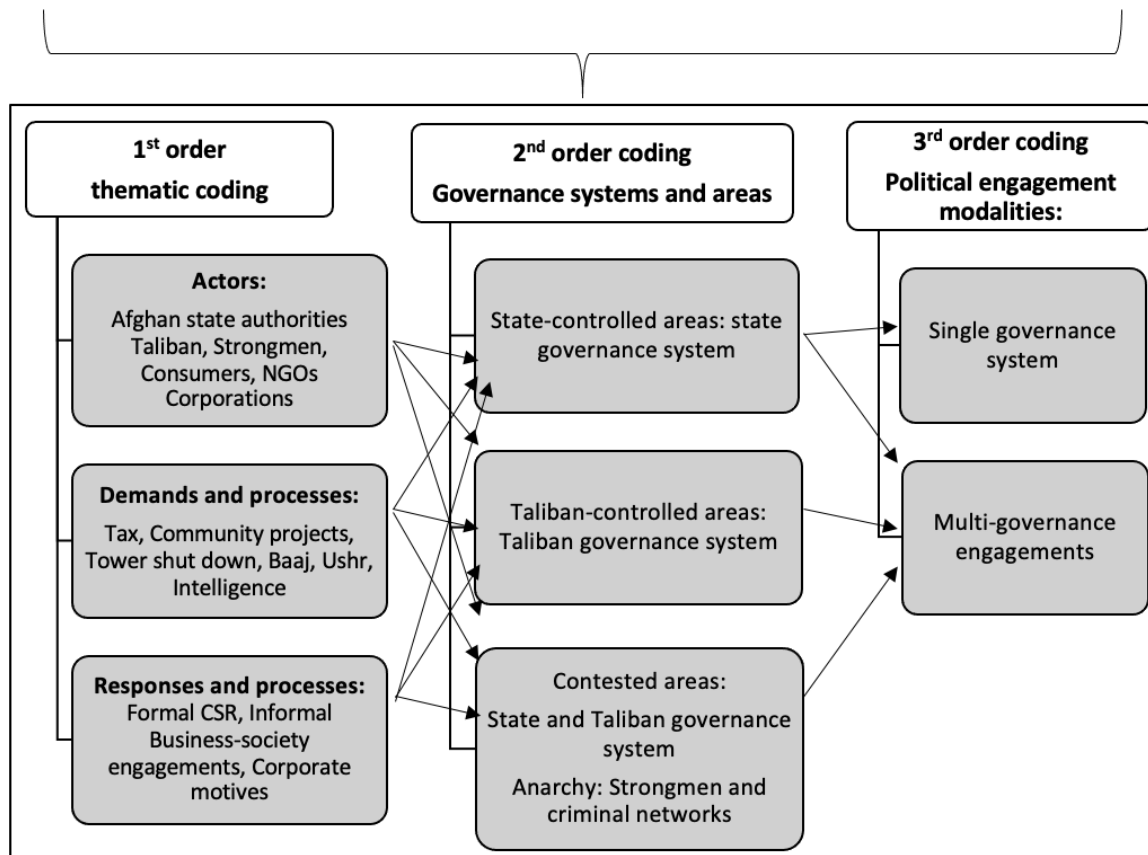
The study is an embedded case study of mobile telecommunications industry in Afghanistan in order to conceptualise modes of engagement of the corporations in the business-society in a conflict affected context of areas of limited statehood (Flyvbjerg 2006; Yin 2009). An extreme case study “... often reveal more information because they activate more actors and more basic mechanisms in the situation studied.” and seeks to clarify “... the deeper causes behind a given problem and its consequences than to describe the symptoms of the problem and how frequently they occur.” (Flyvbjerg 2006, p. 229). Hence, the study focuses on identifying context-specific insights that challenges existing theories by identifying the generic findings across the cases within the industry than on devoting specific attention to the attributes of each case.

The study capitalises on qualitative data including the interviews and observations listed in upper part of Figure 2 that are all gathered from several field studies in Afghanistan during

2007–2013. In addition, archival secondary data on the industry has been gathered from 2003–2020 to gain an overview of the key actors and their practices and public communications about business-society relations within the industry. Finally, the study builds on news articles from reliable and acknowledged local and international media (e.g., The Guardian, The Wall Street Journal, the Associated Press, The New York Times and local news broadcasters such as Tolonews) and research studies (e.g., various peer-reviewed academic articles and books and publications by Afghan Analysis Network). Information from such sources have been highly relevant because they not only report on incidents over time related to business–society relations, but also provide updated viewpoints of key actors in each governance system in Afghanistan.

Altogether, a process of triangulation was conducted in order to identify the 1<sup>st</sup> and 2<sup>nd</sup> order codes and thereby strengthen the reliability of the information and insights presented in the article (Patton 1990). Figure 2 illustrates the data analysis process that builds on iterative movement between induction and deduction using NVivo software. First, all data was coded using sorting techniques, identification of co-occurring notions (e.g., ‘demands’, ‘response’ and ‘actors’), and/or identification (Ryan and Bernard 2003) resulting in over 50 inductive codes that were then categorized in three primary thematic codes (e.g., ‘Actors’, ‘Demands and Responses’ and ‘Responses and Processes’) with 19 related subcodes. Relevant statements from interviews and observations that provide evidence for the findings are documented throughout the analysis section. This study has touched upon a sensitivity topic for the corporations and has for ethical reasons anonymised the names of organisations and respondents in every statement to ensure the security of respondents and the security of both individuals and organisations.

<b>Actors / Data sources</b>	<b>Corporations</b>	<b>Governance systems</b>	<b>Other actors</b>
<i>Interviews:</i>	<ul style="list-style-type: none"> <li>• 11 senior corporate officials</li> </ul>	<ul style="list-style-type: none"> <li>• Afghan state institutions:</li> <li>• ATRA,</li> <li>• MCIT</li> </ul>	<ul style="list-style-type: none"> <li>• Five NGOs</li> <li>• Four regional and local experts</li> <li>• Six village citizens</li> </ul>
<i>Observations:</i>	<ul style="list-style-type: none"> <li>• Three Tele-tower fields in rural areas</li> <li>• Four CSR projects in Kabul</li> </ul>	<ul style="list-style-type: none"> <li>• Visits to villages outside Kabul</li> </ul>	
<i>Public reports and records:</i>	<ul style="list-style-type: none"> <li>• Eight corporate reports and communications and policies</li> </ul>	<ul style="list-style-type: none"> <li>• Nine policies, communications and reports from state authorities</li> </ul>	<ul style="list-style-type: none"> <li>• 40 national and international media articles</li> <li>• 14 think tank reports</li> <li>• One Lawsuit report from USA</li> </ul>



**Figure 2 - Data sources and analysis**

Second, these codes were related to the analytical framework used in the article that resulted in the identification of 2<sup>nd</sup> order codes listed under ‘Governance systems and Areas’ through constant comparison of similarities and differences between the different categories illustrated in Figure 2 (ibid). Finally, the 3<sup>rd</sup> order codes were driven by cross findings through axial coding that resulted in identification of the two distinct engagement modalities

for the corporations (i.e., single governance system and multiple governance systems).

Figure 2 illustrates that only one line leads to the ‘Single governance system’ whereas the ‘Multiple governance systems’ involves evidence from all 2<sup>nd</sup> order codes. These findings will be explained in detail in the following.

## **Findings**

The findings suggest that business–society relations in Afghanistan are conditioned by area-specific governance systems and the embedded actors. Table 2 presents a summary of the findings by presenting an overview of three different area-specific governance systems, the demands by the respective governance systems, and, finally, practices in which the industry engages to respond to the multiple demands and governance systems.

Governance systems and actors	Governance system demands	Business practices to gain legitimacy
<u>State-controlled areas:</u> Afghan Ministry of Communication and Information Technology (MCIT)  Afghan state security and NATO-led coalition	Tax and formal license fee in exchange for - enforcement of the rule of law - secure protection of corporate assets and personnel within state-owned land  Demand for intelligence on mobile usage for counter-terrorist activities.	All corporations have fee-based licenses and pay tax in exchange for security and contract enforcement in state-controlled areas  All corporations provide incident-based intelligence on demand
<u>Taliban-controlled areas:</u>  Quasi-state Taliban governance system	‘Ushr’ in exchange for ensuring security of assets and personnel	(SOE refrain from operating in such areas)  MNCs pay annual ‘Ushr’ in exchange for security and contract enforcement in Taliban-controlled areas
<u>Contested areas:</u>  Afghan security forces and provincial partners  Quasi-state Taliban governance system  Strongmen and/or criminal gangs	High demand for intelligence on mobile usage for counter-terrorist activities  Demand for temporarily shutting down tele-towers to prevent attacks  Area-specific demand for ‘Baaj’ in exchange for preventing vandalism of assets and/or abduction of personnel	All corporations provide incident-based intelligence by demand.  Temporary shutdown of connectivity in all contested areas  Short-term extortion payments Outsourcing security of tele-towers Involve communities in securing assets and personnel

Table 2: Overview of findings in the mobile telecommunications industry in Afghanistan

### State-controlled areas: Afghan state governance system

The governance system of the Afghan state prevails in the state-controlled areas even though the Afghan state is lacking monopoly of violence and ability to steer hierarchically in an increasing number of district cities as indicated by Figure 1. The social contract between the Afghan state and all the actors in the industry primarily entails a demand for fee for a

formal telecom licence contract, annual taxation and provision of demand-led intelligence for security purposes. In return, the Afghan state offers a license to operate that includes enforcement of the rule of law and protection of corporate assets and personnel within state-owned land that are later further elaborated upon.

In 2002, the new Afghan state under the leadership of President Karzai initiated the privatisation of the telecommunications industry, which enabled the MCIT to grant the first private mobile telecommunications operator business license for 15 years in Afghanistan in 2002, followed by MNC B in 2003 — each worth 5 million USD. With the entrance of the MNC C in 2008 and MNC D in 2007, the license fees were increased to 40 million USD as listed in Table 1. In addition, the business licenses also required annual corporate tax from the corporations. Moreover, current President Ghani levied a 10% ‘top-up’ in 2015 that would be triggered by the individual purchase of mobile credit (AFCAC 2020; Grut 2017). A total 25% tax load is currently levied on each of the corporations within the industry. It is worth noting that 2,5% of the tax-generating revenue is earmarked by the Afghan state to fund the development of ICT infrastructure throughout Afghanistan (MCIT 2020). The industry has become the single largest tax-paying industry, generating over 10% of the federal budget, equal to 200 million USD in 2019 (MCIT 2020). In addition, the industry has had positive externalities, including vast investments and direct and indirect employability, which altogether imply that the industry plays a pivotal role in Afghanistan’s state governance system and budget to fund the provision of public goods.

In exchange for license fees and taxes, the Afghan state provides an access license to operate in the Afghan market that has proved highly valuable because of untapped market segments that have been indicative for tremendous growth between 2001 and 2018. Moreover, state-owned land is offered by the Afghan state for installing antennas either within or close to

military bases and/or locations near provincial and district governor offices that are heavily guarded to ensure the security of corporate assets and the movement of corporate personnel such as sales representatives and engineers.

#### Global governance actors

A different category of key actors that relates to the state governance system is the international community (e.g., aid donors, INGOs, international peacekeeping missions), which also conditions business–state relations in Afghanistan. Intelligence services within both the Afghan state and the coalition forces have demanded that the industry share data about customers for counterterrorism purposes. This demand is further elaborated under the analysis of ‘contested areas’.

Another key actor is the global industry itself that has influence on the explicit CSR practices by the MNCs. Existing studies have shown that global mobile telecommunications industry associations (e.g., GSMA) have praised the MNCs for their proactive engagement in both internal and external CSR practices (Azizi 2017; Azizi and Jamali 2016). Internally, all MNCs have provided club benefits for their employees in terms of health insurance, education, and training necessary for building a skilled pool of labour after the initial fall of the Taliban in 2001. Externally, MNCs have engaged in wider-society issues such as philanthropic engagements in community development projects, on the one hand, and, on the other, in importing global industry best practices to utilise mobile technology for mobile banking, mobile-agricultural price information, mobile health and mobile education (Bolzani and Marabello 2015). However, these studies have also indicated that such engagements mainly occur within the state-controlled areas of Afghanistan and are driven by international norms, coercive powers from HQs and mimetic pressures from competition,

rather than local governance systems (Azizi and Jamali 2016). Anyhow, the CSR practices have been important in gaining legitimacy from international actors such as INGOs, donors and not least recognition within the global telecommunications industry. However, community-led CSR practices have not been sufficient to gain legitimacy in Taliban-controlled areas that is analysed in the following.

### **Taliban-controlled areas**

The Taliban is the primary political opposition to the Afghan state governance system and has established their distinct governance system as a parallel system implemented not only in Taliban-controlled areas but also in some parts of contested areas, as analysed later. Except for the SOE, which does not operate in Taliban-controlled areas because it capitalises only on property owned and controlled by the Afghan state security forces, all the MNCs operate in Taliban-controlled areas. Two key conditions have led to the current situation, where the MNCs operate in Taliban-controlled areas.

The first condition relates to the MNCs' pioneering investments throughout Afghanistan that were all initially located in areas governed primarily by the Afghan state until 2008. However, the Taliban military uprising led to gradual withdrawal of the Afghan state security forces from such areas, which resulted in the increasing presence of MNCs in Taliban-controlled areas. The second condition emerged after 2008, when MNCs sought to expand into new areas throughout Afghanistan because of competition pressures to capitalise on untapped rural market segments still neglected by the industry. These expansions required investments in infrastructure expansion (e.g., instalment of tele-towers) and sales channels (e.g., customer service offices) beyond major district cities to gain and sustain competitive advantages in Afghanistan. Media report indicates that ISAF provided



the opportunities for subsidizing instalment of tele-towers within military compounds, but the MNCs reject the offer in order to stay 'neutral' in the violent conflict between the Taliban and the Afghan state and ISAF allies (Boone 2011).

Hence, because of both conditions, MNCs were faced with the strategic option of either leaving or continuing operations in Taliban-controlled areas. The former option will exclude large customer segments because losing connectivity to the Taliban-controlled areas not only blocks location-specific customers from using mobile services but also reduces general revenue because national and international customers cannot connect with their families, friends and business partners in Taliban-controlled areas. The latter option of continuing business operations in Taliban-controlled areas is, however, a double-edged sword because ensuring location- and asset-specific investments requires gaining and maintaining a delicate balance in the on-going conflict. Although the investment in and establishment of telecom infrastructure has generally been challenging throughout Afghanistan because of the mountainous terrain, lack of paved roads to transport large equipment, or both, the greater and more enduring challenges and risks appear to be ensuring the security of corporate assets (tele-towers, sales offices, warehouses, trucks, etc.) and personnel (e.g. sales representatives, engineers, drivers, public relations staff) in areas governed by the Taliban. It is an open secret in Afghanistan that Taliban has since their re-emergence extorted money as a form of 'taxation' from developmental agencies and their subcontractors through a decentralised system using their local commanders (Ruttig 2009). The industry became another target for the Taliban 'taxation' when the first MNC decided to operate in Taliban-controlled areas. Interviews with one of the suppliers confirm the alternative taxation demands by the Taliban:

“...no actor can operate in district areas without facing the demands for payment by the Taliban... mobile operators, logistic companies, local shopkeepers and even the global construction companies need to make a deal with them” (Skype Interview, June 2020).

The Taliban made the first public statement in 2008 about their demands on the MNCs in Taliban-controlled areas to prevent attacks on corporate assets and personnel (AFP 2008).

#### Corporate responses in Taliban-controlled areas

Ultimately, the MNCs complied with the Taliban's demands after several attacks on tele-towers. Initially, the local Taliban commanders were in charge of tax collections through either direct contact by Taliban commander to the liaison manager or indirectly through night letters that were sent to local MNC office (Boone 2008; Rubin 2008). Anyhow, a monthly payment of approximately \$2,0000 USD per tower were instructed to be wired through the 'Hawala' system that operates as an informal network of money channelling system (Hickey 2020). Several media reports confirm that the MNCs obeyed the Taliban demands emphasising an economic argument that the situation with continuous attacks is not a perfect business scenario because MNCs lose revenue every second that the mobile services are down (Associated Press 2008; Boone 2008; Hamid 2016; Shevory 2016; S. Smith 2020).

One of the few reactions by the Afghan state occurred in 2008 with a decree from the former president of Afghanistan to force the MNCs to stay fully operational (Boone 2011).

However, fulfilling this decree increased the number of Taliban attacks on tele-towers, and the corporations faced the high cost of reinstalling tele-towers (each replacement costs 100,000–200,000 USD, depending on the damage). Officials from the Afghan

Telecommunication Regulation Agency that operates as the key authority within the Afghan state governance system informed in an interview:

“... we have been informed that the Taliban have started to threaten ... in some locations even attacked the towers .... they request payment for the security that they can provide... it is difficult for us to provide a solution in such areas” (Interview, Kabul 2011).

This statement indicates that the Afghan state governance system acknowledges the challenge that MNCs are facing, but equally their own lack of authority to provide a solution.

Scholars have pointed out that the Taliban governance system's internal organisation have changed over the years implying that transition from extortion by local commanders towards a more centralised taxation steered hierarchically by Taliban Financial Commission in regard to taxation of large businesses and developmental projects (Giustozzi 2019, p. 74).

As shown in Table 2, this led to an official claim for taxation from the Taliban came in 2016, where 10% ‘Ushr’ (ibid, pp. 41-43) based on Islamic principles of taxation was demanded as a direct response to the Afghan state's ‘top-up’ tax mentioned earlier (Chopra 2016; Deutsche Welle 2016; Hamid 2016). Interviews village residents have revealed that, in exchange, the Taliban governance system not only provides security within their areas:

“... they are useful when we resolve disputes in our area... even the businesses use them if there are disputes about agreements and payments ... and they have power over ‘duzd’ (bandits) that creates troubles with us... that is a good thing about them (Taliban)” (phone interview, May 2020).

Ordinary Afghans has historically been positive about the Taliban's ability to enact as a safeguard towards criminal groups and warlords as the Taliban governance system has proved effective in creating rule of law within such areas (Giustozzi 2019, pp. 101–102).

This complexity of multiple governance systems is instead seen in contested areas.

### **Contested areas: Multiple governance systems**

Contested areas affected approx. 13 million Afghans throughout Afghanistan according to the estimates in Figure 1, and thereby large market segments for all five actors in the industry. In contrast to the previous two areas, the industry faces multifaceted governance systems with conflicting actors and demands in contested areas. Contested areas become in various occasions the battlefield of the violent conflict between the Afghan state and its opposition and are thereby deeply embedded in parallel governance systems due to the claim for dominance from both sides of the conflict. In addition, contested areas also embed local strongmen with or without relations to criminal networks that pose location-specific security threats to MNCs, whereas the SOE is protected from this group because of the operations within security compounds of the Afghan state. Hence, 'control' under such conditions becomes complicated as military control is not necessary indicative of cultural and administrative control. Businesses—local as well as MNCs—need to take into strategic consideration the constantly changing environment, which may result in complicated relations with the conflicting governance systems operating in contested areas.

### **Demands by Afghan state governance system**

The state-controlled areas have since 2006 experienced not only numerous attacks on locations and actors directly employed in the Afghan state governance system but also civilian attacks driven by religious, ethnic and political motives. The attacks are usually

termed ‘terrorist attacks’ and are conducted through several explosive means and not least exact intelligence by the attackers about the targeted location and people. The Afghan state governance system has required intelligence from the industry as the actors that coordinate such attacks can be traced through their mobile phones. According to the state, this type of intelligence from the industry is crucial for attack prevention and for conducting investigations in the aftermath. Such claims are eventually supported by insights from WikiLeaks, which in 2014 reported that Afghanistan and the Bahamas are the only two countries in the world where all mobile phone conversations are recorded by the NSA for surveillance purposes (Assange 2014). Not surprisingly, these groups try to avoid such intelligence and surveillance as the industry provides to the Afghan state.

#### Demands by Taliban governance system

Taliban presence in contested areas has resulted in increasing violent threats and, if the MNCs do not give into immediate demands, actual attacks on corporate assets and local personnel (Boone 2011; Lakshmanan 2010; Trofimov 2010). Studies suggest that the Taliban governance system has been aware of the risks of surveillance through mobile phone tracing by ISAF on the one hand, and the ability local villagers to provide intelligence about Taliban movement to the Afghan state security forces since 2008. This forced the Taliban governance leaders to enforcement of a strict policy about mobile phones as means to communicate during warfare in 2011 (Giustozzi 2019, pp. 150–152). Media have since 2008 reported that Taliban has for these two reasons demanded shutdowns of mobile services from dusk till dawn in increasing numbers of contested areas since 2008 (AFP 2008; Associated Press 2008). Such temporary shutdown of the tele-towers in contested areas disables the communication channels between Afghan state security forces and their local spies in local communities, which negatively affects necessary intelligence for the state

security forces regarding Taliban movements in contested areas (AFP 2008; Lakshmanan 2010).

### Shadow of anarchy

A third governance system facing the industry in contested areas is the shadow of ‘anarchy’ as illustrated in Table 1. Anarchistic conditions in Afghanistan involve violent non-state actors such as local strongmen and/or criminal networks that seek to gain short-term benefits by threatening and/or conducting theft, abduction and vandalism. The asset investments of tele-towers include electric power generators because corporations cannot rely on local electricity supply, which makes them vulnerable to theft and vandalism (Trofimov 2010). Moreover, the corporate personnel out-stationed to visit these tele-towers for engineering and construction work are also vulnerable to abduction. Thus, the anarchistic conditions enable the strongmen and/or criminal networks to utilise the liability of foreignness to pose risks that are not necessarily present in contested areas. Because neither the Afghan state nor the Taliban can provide security to the MNCs in such areas, gaining a license to operate requires paying ‘Baaj’ (local term for extortion money in exchange for short-term security provision from predominantly local strongmen and/or criminal networks that thereby has a negative connotation).

### **Corporate responses in contested areas**

All MNCs operate in contested areas using private land, except for the SOE, which relies only on state-owned land controlled by the Afghan state security forces. Early in their expansion, corporations engaged in community development projects involving the local councils to gain legitimacy and mobilise the local community to protect corporate assets and

personnel. This seemingly win–win approach invoked enthusiasm in the industry, as expressed by one corporate tower engineer:

“... some communities welcome us to set up antennas and towers. They have been isolated from the world for decades and want to be connected with friends and families . . . once they realised the benefits of mobile phones, they warmly welcomed us to their villages and homes so we could build or fix the antenna-towers.”

(Anonymous engineer, outskirts of Panjshir province, Afghanistan, 2011)

However, this option of ‘outsourcing’ security obligations to village communities has gradually been restricted in contested areas because strongmen and/or criminal networks gained strength through the patronage of village communities. Local media has reported incidents where criminal networks have either fought or co-opted local communities to corrupt the contract between the local community and the MNCs (Boone 2011; Moosakhail 2015). In addition, such community approaches cannot withstand the Taliban’s above-mentioned demands to shut down services during its intense fights with the state authorities.

Recently, corporations have engaged in a third solution by employing local private businesses, called ‘consolidators’, to manage tele-towers to which antennas from several MNCs are attached. Interviews with MNC suppliers revealed that

“... these consolidators are former employees or have worked as suppliers to the industry and have gained enough technical expertise to operate tele-towers and antennas... they also have the local network and relations that you need in these areas so they can also ensure the security of these towers” (Skype Interview, June 2020).

This solution is attractive for the MNCs because ‘consolidators’ reduce the transaction costs for the corporations in contested areas that experience high risk of insecurity and contractual disputes.

In sum, the findings suggest that MNCs face parallel or contradictory governance systems in contested areas that pose legitimacy challenges in terms of ensuring security for the corporations. However, corporations that manage to gain legitimacy will benefit from the market expansion opportunities in such areas.

### **Governance systems and ethical dilemmas**

Building on the findings, the article argues that governance of business-society relations in Afghanistan is a matter of business engagement towards either a single or multiple governance systems. Each engagement option has implications for understanding business ethics at the national level in areas of limited statehood beyond a state-centric view on governance.

#### Single governance system engagement

The findings suggest that businesses have the option of political engagement with merely one single governance system as seen with the SOE that, in contrast to the MNCs, has chosen to solely operate in state-controlled areas and refrain from engagements with the governance systems of the Taliban and other groups. This approach indicates that businesses can be selective in deciding with whom and how to gain and maintain legitimacy in Afghanistan, resulting in certain opportunities but also increased risks for the business in Afghanistan.



On one hand, the findings indicate that the state ownership of the SOE implies a cognitive standpoint for the SOE to operate in state-controlled areas and gain moral legitimacy by clearly indicating a politically supportive role towards the state governance system in Afghanistan. The case of SOE shows that it is not restricted to offer limited connectivity to its customers, as tele-towers installed in state-controlled security compounds can be operative continuously throughout the year. This service has given SOE a competitive advantage as the only telecom service provider that operates during night hours in state-controlled areas and parts of contested areas (Bjelica and Clark 2018).

On the other hand, access to market and expansion strategy outside secure areas for the SOE relies not merely on an economic argument but is conditioned by whether state security authorities can ensure the security of assets and personnel. Furthermore, the political support for the Afghan state governance system also imposes social risks, as the SOE has become a target for the Taliban in terms of abduction of employees and vandalism of corporate assets by oppositional groups. It is worth mentioning that the SOE faces severe challenges in contested areas because the Taliban perceives the SOE to be ‘government spies’ (Hedayatullah 2019), resulting in an increasing number of incidents against the SOE, where mainly Taliban vandalise SOE tele-towers and abduct their staff (Bjelica and Clark 2018; S. Smith 2020).

In sum, the single governance approach implies a political dependency that embeds the business into the ongoing political contestation that ultimately requires the management to consider the political aspects of strategy beyond the instrumental incentives for growth and revenue generation.

### Multiple governance systems engagement

The findings also suggest a multiple governance system approach as an option for the governance engagement of businesses in Afghanistan as seen with the MNCs in the industry. This multiple governance system approach is characterised by a pragmatic approach to gain and sustain legitimacy from the different governance systems in Afghanistan simultaneously. This multiple governance system approach is characterised by an adaptive mode of engagement to comply with demands from various governance systems to achieve instrumental benefits such as market access and expansion. The findings show that MNCs conform to the demands of the three conflicting governance systems but capitalise on different means including taxation and fees to the Afghan state, ‘Ushr’ taxation toward the Taliban, and ‘Baaj’ payment for local strongmen. Village residents confirms that the MNCs deal with various actors:

“... The Taliban are all over Afghanistan except for some major cities... so the mobile companies need to deal with the Taliban to protect their towers and workers ... in our district they pay to the Taliban ... but they pay ‘Baaj’ to local commanders when the Taliban lose (control) in some areas... in this country we have many groups that act as the government... but of course the ‘dawlati’ (local term for the state-owned corporation) do not pay to their enemies (the Taliban) ” (phone interview, April 2020).

In addition, a supplier of equipment to the MNCs reveal that:

“...ensuring security of towers, the workers and even suppliers is very costly to any business and is one of the key factors that hinders businesses to invest across Afghanistan... the SOE gain protection from the Afghan state forces but the MNCs have sought to expand into areas beyond the control of the state... they have to make

short-term deals with local warlords and more long-term agreements with the Taliban... the contract with the Afghan state cannot provide security for them in Taliban areas” (Skype Interview, June 2020).

Hence, the MNC engagements all share an instrumental logic as, in exchange, the MNCs gain not only access to the respective areas but also various forms of security guarantees. However, the multiple governance system approach also implies a pragmatic political engagement that raises several ethical challenges for the MNCs. First, pragmatically engaging with the different governance systems implies that the MNCs are supporting each governance system through economically means that indirectly also fuel the related political missions. The main contradiction occurs when the MNCs appear, on the one hand, as the success story of the Afghan state’s private sector policies that are complying with various global standards such as global compact and one of the MNCs even achieved the prestigious B-Corp certification, which all build on principles to promote and protect human rights (Adams 2014; Werber 2019). On the other hand, these MNCs also support the policies of the Taliban governance system whose opposition to such normative ideals is well known and which instead violates human rights, particularly those of women, such as the right to education and formal work (Giustozzi 2019; Misra 2002). The paradoxes of the multiple governance system approach are even more evident when MNCs comply with Taliban demands to shut down mobile connectivity while providing incident-specific data to the state governance system in other areas. For the Afghan state security forces, the shutdown is a disadvantage because the MNCs’ lack of connectivity beyond the network reach of the SOE can lead to a lack of important intelligence from local villagers. Furthermore, the paradoxical engagements of the MNCs also have direct social consequences. The Taliban’s sudden takeover of the strategic city of Kunduz in northern Afghanistan in 2018 revealed

that the MNCs' compliance with the Taliban's demand to shut down services for several days left several communities uninformed about the ambush on the city and potential ways escape routes, which had fatal consequences (Hedayatullah 2019; Ruttig and Ali 2019; Salaam Times 2018).

Another dilemma for the industry of engaging with multiple governance systems is the creation of a vicious cycle of security risks towards the industry due strategic eagerness to gain competitive advantage. Some of the MNCs highlighted that they tried to escape the Taliban demands and 'Baaj' in generally when these demands occurred in 2008 and points at rivalry within the MNCs as key source of their challenge (Boone 2008). This indicates that the search for first-mover advantages to gain market access by one MNC also creates new competitive norms for the whole industry. However, paying 'Ushr' tax and/or 'Baaj' keeps regenerating incentives for further attacks and creates incentives for particularly criminal actors to seize the opportunity under anarchistic conditions. Refusing these means might mean death for the abducted personnel and corporate assets until these actors realise that this approach has no economic incentive. The corporations do not publicly report on these incidents, but local media have reported cases of employees being killed when corporations fail to pay ransom (Ziaratjayee 2015). A MNC senior manager interviewed in Kabul admitted that:

“... we feel trapped with initial contracts with these guys . . . or else we get attacked”  
(Interview with a senior corporate manager, Kabul September 2013).

This response was in relation to an incident where a local strongman exerted violent pressures on corporations until they received favourable contract terms.

Finally, the findings also indicated more local, inclusive approaches to ensure security in contested areas. The findings highlighted not only the outsourcing of security to ‘consolidators’ that operate as third-party intermediaries but also the engagement of local village community and traditional ‘shura’ (council) to ensure security. These modes of engagement are rather the exception than the rule, but they indicate alternatives to the ‘Baaj’ system if MNCs seek collective actions that involve not only local beneficiaries but also competitors to share the cost of ensuring security from the threat of strongmen.

In sum, the multiple governance system approach is characterised by utilising instrumental means to gain legitimacy from diverse governance systems on which the MNCs have capitalised to enable operation throughout Afghanistan. However, this approach also results in several political paradoxes that have severe implications for not only governance systems in Afghanistan but also conventional stakeholders such customers, employees and watchdogs that appears to have suffered serious neglect.

## **Discussion**

The findings offer three key contributions to the existing debate on PCSR and areas of limited statehood.

### **Contextualising business–society relations through a governance approach**

First, the study responds to the call for a contextualised understanding of business–society relations in developing countries by introducing and employing the governance literature on ALS to shift the unit of analysis towards the national and subnational level of analysis rather than toward the global-level governance that predominates in the PCSR debate. This shift towards understanding governance beyond state-centrism implies that societal governance is not merely a matter of state-centric governance. Instead, the study emphasises the existence

of several governance systems that condition governance of business–society relations because of the limited statehood of the Afghan state in various territories. This analytical shift towards governance systems contributes to a more nuanced understanding of the actors and influence on business-society relations in war-affected contexts. Afghanistan’s empirical reality suggests that the presupposed social contract with the state is inadequate for the corporations to gain legitimacy within all governance systems in Afghanistan, which trigger corporations to consider whether to engage with other governance systems or not; if so, how, and why? The identification of the various governance systems and the their demands through ‘Ushr’ by the Taliban governance system and ‘Baaj’ under anarchistic conditions contribute to contextualised understanding of local ‘stakeholders’ and their influences on business–society which critical scholars in the mainstream CSR literature have highlighted (Azizi et al. 2021; Banerjee 2001; Jones and Fleming 2003).

### **Revisiting the political nature and role of business**

This study’s second contribution relates more specifically to a nuanced understanding of the political nature and role of business in conflict-affected contexts. The study conceptualises two engagement modalities for the industry in Afghanistan by differentiating between the dependent single governance system engagement and a more adaptive, pragmatic political interdependency towards multiple governance system approach simultaneously. Hence, the study underlines that even though businesses seek to uptake a ‘neutral’ political role in Afghanistan, their strategic choices of selecting and engaging with the various governance systems continue to be political, nevertheless. Moreover, both modalities stress that the political nature and role of businesses are rather driven by instrumental economic calculations than moral incentives to achieve moral legitimacy and deliberative democracy that are prominent in the PCSR debate (Scherer and Palazzo 2007, 2011). Hence, the article

provides evidence for the existing criticism of normative frameworks for understanding the political role of business in society (Azizi et al. 2021; Fleming and Jones 2013; Prasad and Holzinger 2013; Rhodes and Fleming 2020).

### **Businesses as governance ‘takers’**

Although drawing on the governance literature on ALS, the study problematises the assumption about the role of MNCs ALS as ‘norm makers’ (i.e., providers of public services such as promotion of human rights with/without the state and other types of non-state actors) (Azizi et al. 2021; Börzel and Risse 2021, p. 155). Instead, the findings emphasise that strategic competition and rivalry within the industry result in paradoxical engagements of MNCs in particular. However, such strategic activities and their political and ethical dilemmas remain unreported in formal corporate policies and communications. The study notes that the strategic decisions of all the corporations have vital consequences for consumers and not least for the employees of the corporations. However, these voices are marginalised if not completely neglected in both single and multiple governance system modes of engagement. Business-society relations in Afghanistan offer fertile grounds for critical investigation of corruption in the identified governance systems, and not least studies on accountability and monitoring aspects of global standards in areas of limited statehood. The recent Anti-Terrorism Act lawsuit in the USA filed against specific MNCs operating in Afghanistan (Sparacino PLLC 2020) supports these deficits and redirect attention towards ethics and corporate governance as seen with case study of LaFarge’s operations in Syria (Belhoste and Nivet 2020).

## Conclusion

The article seeks to study how the mobile telecommunications corporations engage with the different area-specific governance systems in order to gain legitimacy to operate across Afghanistan. The findings emphasise that business–society relations in Afghanistan are conditioned by: ‘Afghan state-controlled areas’; ‘Taliban-controlled areas’; and ‘contested areas’. In addition, the dominant governance systems in each area are identified to analyse the respective demands on businesses and the industry’s response to such. Further, the article suggests that the SOE relies on the Afghan state governance system, whereas the MNCs’ strategic choice to expand beyond state-controlled areas implies engagement with multiple governance systems throughout Afghanistan. Each mode of engagement implies a politicised nature of the corporations within the industry, and the embedded ethical dilemmas are further discussed in the article. In particular, the MNCs’ partial fulfilment of obligations towards the conflicting governance systems and not least toward global standards is troublesome and indicates that no governance system within Afghanistan has the interests and, in the case of the Afghan state, the authority to sanction the MNCs for their paradoxical role across all governance systems.

Such findings contribute to the broad debate on the political nature and role of business by problematising three key aspects of the debate: a) the state-centric assumption about the governance in conflict-affected areas is misguided, which calls for an analytical shift of focus towards various governance systems at subnational levels to analyse business–society relations adequately; (b) strategic and instrumental logics rather than moral legitimacy drive the industry’s engagement with governance systems and thereby define the political role and nature of business; and (c) the industry actors do not engage as governance makers or active players in setting normative standards as presumed by the governance literature on ALS.



The business–society relations in Afghanistan are not necessarily representative of other ALS contexts, but such extreme contexts provoke questions about existing assumptions and claim about the engagement modalities and the implied (political) role of business in (state-centric) governance of business–society relations that are useful not only in South Asian contexts but in developing regions throughout the world.

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<sup>1</sup> <https://www.longwarjournal.org/archives/2017/09/lwj-map-assessment-taliban-controls-or-contests-45-of-afghan-districts.php>. See also Figure 1.