Maintaining discursive legitimacy of a contested practice: How the minerals industry understands its ‘social licence to operate’

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Abstract
Recent decades have witnessed growing concern among communities, governments and other stakeholders regarding the adverse social and environmental impacts of corporate activity. This concern has generated various interdiscursive notions, such as corporate social responsibility (CSR), corporate citizenship, the stakeholder concept, and sustainable development (SD), that purport to enable managers to manage business in a ‘responsible’ or ‘sustainable’ manner. This discursive landscape now commonly includes ‘social licence’ or ‘social licence to operate’, a term that has gained greatest currency in the minerals industry. Literature on social licence is sparse, but encapsulates a diversity of notions such as demands and expectations, legitimacy, credibility, and trust, and free, prior and informed consent. Perhaps most fundamentally, the concept of social licence suggests that stakeholders may threaten a company’s legitimacy and ability to operate through boycotts, picketing, or legal challenges. Yet this interpretation of legitimacy does not mean that stakeholders have the same capacity as regulators to grant or withhold an operation’s right to exist. How, then, do managers within companies under these pressures themselves understand social licence? We present findings of interviews with 16 managers in the minerals industry in Australia. We explore how these managers conceptualise social licence in relation to notions such as legitimacy, approval, and consent, how they interpret processes of social licence in practice, and how they differentiate it from concepts such as CSR. Managers’ conceptualisations can be categorised into four broad themes: legitimacy; localisation; process and continuum; and manageability. These findings suggest that, while social licence potentially represents a shift in power relations, this shift is constrained by discursive pressures to legitimise mining operations, to restrict social licence issues to the local level, to minimise regulatory impositions, to marginalise dissent, and to manage reputation. Opportunities for strengthening and adapting current understandings of social licence are considered.

Keywords: community relations, mining, legitimacy, corporate social responsibility, organisational discourse

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1. Introduction

Social licence to operate (SLO), often abbreviated to ‘social licence’, is the most recent term to emerge from discourses of corporate responsibility. In this sense, it describes a way of conceptualising the corporation’s relationship with society and local communities. Other concepts within this discourse, such as corporate social responsibility (CSR), corporate citizenship, and stakeholder theory, have drawn extensively on the notion of organisational legitimacy as explaining why organisations might choose to participate in this discourse. The implicit assumption, and on occasion the explicit assertion, is that acting ‘responsibly’ endows the organisation with a perceived legitimacy among external observers who may otherwise constrain or frustrate organisational activities. This idea has become particularly relevant for the mining industry, which must navigate multiple expectations of its economic, social and environmental impacts.

Recent years have witnessed a proliferation of rules, standards, and guidelines for social and environmental dimensions of mining, yet substantial challenges remain in implementing these at the site and community level (Buxton 2012). It is this relatively unregulated arena of company-community interaction that the discourse of social licence has occupied, perhaps because local communities are the most sensitive ‘governance actors’ affected by mining operations (Prno & Scott Slocombe 2012). The nebulous idea that corporations need a licence not only from regulators, but also from society and/or local communities, poses further challenges for defining corporate legitimacy. It resonates with Suchman’s (1995, p. 574) notion of legitimacy as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate”. However, the extent of stakeholder influence in assessing such legitimacy is contestable. Further, related concepts such CSR and sustainable development (SD) have been criticised as being rhetorical tools that consolidate corporate and managerial legitimacy. That is, they appear ostensibly to suggest that corporations can act ethically, responsibly, and sustainably, while actually entrenching power relations between corporations and society, and curtailing stakeholder interests (e.g., Banerjee 2008; Coronado & Fallon 2010). The social licence discourse of company reports similarly emphasises processes of maintaining existing power relations (Parsons & Moffat under review).

The term SLO has been applied and adopted most extensively within the minerals industry. The term itself emerged from mining in response to a perceived threat to its legitimacy as a result of environmental disasters in the late 1990s (Thomson & Boutilier 2011). It is now appearing in other industry contexts (e.g. farming, fisheries, renewable energy), but a focus on the minerals industry promises potentially the deepest insights into the way it is understood and applied. This paper presents findings of an interpretive exploration of social licence with 16 managers in the mining and minerals industry in Australia, and discusses these findings in the context of organisational practice and potential reinterpretation of the social licence concept. The remainder of this paper is organised as follows: Section 2 reviews SLO in the mining industry and its relationship with organisational legitimacy, Section 3 reports methods and results, and Section 4 discusses the implications and conclusions from this research.

2. Theoretical concepts

2.1. Social licence

Typically, an operation’s social licence is theorised as comprising ongoing acceptance or approval from the local community (Joyce & Thomson 2000; Nelsen & Scoble 2006; Parker et al. 2008; Thomson & Joyce 2008) and other stakeholders who can affect profitability (Graafland 2002). In this way, the social licence is contrasted with a statutory licence: it is intangible and unwritten, and cannot be granted by formal civil, political, or legal authorities (Franks & Cohen 2012).
The terms acceptance and approval suggest some form of consent. The term ‘free, prior, informed consent’ has appeared in industry discourses (e.g., IUCN-ICMM 2005). However, companies have been typically reluctant to speak of consent, perhaps because it embodies a legal right to reject projects (Goodland 2007; c.f. ICMM 2013), or at least clearer obligations and a greater challenge to power relations (Slack 2008), or genuine provision for communities to hold companies to account (Harvey 2011).

Gunningham, Kagan, and Thornton (2004) suggest that a social licence is essentially a set of demands and expectations, held by local stakeholders and broader civil society, for how a business should operate. Salzmann et al. (2006), meanwhile, write that the likelihood of a company holding a social licence will depend on the degree of match between stakeholders’ expectations and the company’s actual behaviour. This focus on expectations resonates with Harvey’s (2011) view of social licence as a process of “fitting in and adapting to the prevailing social norms”.

The significance of a social licence may derive from the capacity of stakeholders to impose costs on companies or to influence the conditions of finance. This may occur through protests or blockades, by organising product boycotts, through media campaigns, by lobbying governments, or by legally challenging activities (e.g., Boulet 2010; Gunningham et al. 2004; Prno & Scott Slocombe 2012; Slack 2008; Warhurst 2001). Since a social licence may be a prerequisite for a legal licence (Harvey 2011), any vocal community opposition can exert both direct and indirect influence, particularly through affecting corporate reputation (Gunningham et al., 2004; Joyce & Thomson, 2000). Social licence, then, can be seen as an intangible construct associated with acceptance, approval, consent, demands, expectations, and reputation. Moreover, these notions suggest an overarching concern with organisational legitimacy.

2.2. Organisational legitimacy and social licence

A legitimate organisation has been described as one that enjoys “largely unquestioned freedom to pursue its activities” (Deephouse & Suchman 2008, p.51), a state that resonates intuitively with a social licence. In broad terms, legitimacy concerns a group’s impression of an entity, and synonyms used in the literature – such as approval and acceptance – are prominent terms (alongside legitimacy itself) in conceptualisations of social licence (e.g., Boutilier & Thomson 2011; Thomson & Boutilier 2011).

Deephouse and Suchman (2008), in their review of organisational legitimacy theory, propose that legitimacy entered organisation studies via Weber’s (1978) notion of legitimacy as conformity with social norms and formal laws. According to Suchman (1995), theorists historically have emphasised either evaluative definitions, which concern acceptance of an organisation’s right to exist (e.g., Maurer 1971; Knoke 1985), or cognitive definitions, where legitimacy derives from alignment between an organisation’s social values and wider social or cultural values. Suchman (1995, p.574) sought to combine evaluative and cognitive perspectives into a definition of legitimacy as “a generalized 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”.

This definition has remained influential and strongly informs Thomson and Boutilier’s (2011) theorisation of social licence. However, this definition may have two problems. Firstly, this ‘generalising’ process conflates a diversity of opinion, implicitly privileging some ‘middle ground’ over minority views. This is especially problematic for the minerals industry that has a history of dispossessing Indigenous peoples (e.g., Banerjee 2000). Secondly, it pays insufficient attention to discursive processes that influence whether organisational actions are considered ‘desirable, proper, or appropriate’, and to the power relations that underpin those processes.
In the context of social licence, Thomson and Boutilier (2011) situate legitimacy as a ‘boundary criterion’ between social licence rejection and the minimal level of community acceptance for an operation to proceed. In this conceptualisation, a company that achieves legitimacy is accepted by the community, though not necessarily approved of or trusted, since ‘approval’ and ‘full trust’ signify higher levels of social licence. In more recent work, Boutilier and Thomson (2011) distinguish between economic legitimacy and socio-political legitimacy. Economic legitimacy occurs when stakeholders perceive that the company delivers a benefit to them. Socio-political legitimacy is a broader concept, occurring when stakeholders perceive that the company contributes to the region’s wellbeing, respects local norms, meets expectations about its societal role, and demonstrates fairness. These notions of benefit, wellbeing, respect, and fairness also appear in other bodies of literature, notably CSR and the stakeholder construct.

2.3. Related concepts

Mah (2004) describes CSR as a neoliberal response to legitimacy crises. Jenkins (2004), similarly, portrays reporting on social and environmental impacts as a response to perceived threats to legitimacy. CSR typically refers to the notion that corporations have responsibilities beyond those towards shareholders, and beyond those prescribed by law or contract (Jones 1980; McWilliams et al. 2006). CSR may range from relatively narrow to relatively broad conceptualisations (e.g., O’Connor & Shumate 2010; Windsor 2006).

The stakeholder construct proposes an alternative theory of the firm. According to Freeman’s (1984) influential definition, stakeholders are those who can affect, or be affected by, the organisation’s activities. More loosely, they are simply those who have an interest in the organisation (Kaler 2003) and their ‘management’ can be seen to represent an effort to manage perceptions of legitimacy (Banerjee 2000). Managers may distinguish between ‘primary’ and ‘secondary’ stakeholders (Carroll & Buchholtz 2006), while Mitchell, Agle & Wood (1997) offer a typology in which stakeholders have varying levels of ‘salience’.

This variability in possible conceptualisations reflects alternative rationales for adopting a socially responsible or stakeholder orientation. An instrumental rationale proposes a logical, self-interested business case, while normative justifications assert a moral or philosophical rationale (Donaldson & Preston 1995). Either way, authors have critiqued CSR and the stakeholder construct as constraining the discourse through assumptions that privilege economic considerations and an instrumental interpretation (e.g., Banerjee 2008; Brooks 2010; Margolis & Walsh 2003; Scherer & Palazzo 2007), or through an indicator-oriented ‘audit culture’ that constrains space for internal accountability and critical reflection (Kemp et al. 2012).

The distinctiveness of social licence may be that, whereas other terms (e.g., CSR) seek to legitimise a social function for the firm, social licence focuses more on stakeholder perceptions of the firm. Additionally, while CSR and the stakeholder construct interweave social and ethical discourses with those of business and management, social licence metaphorically conveys a legalistic dimension. This suggests that legitimacy comprises a relatively formal obligation for the company to secure agreement or approval from stakeholders. This obligation, in turn, appears to shift the balance of decision-making power from corporations to stakeholders. But is this how practitioners understand it?

3. Methodology

Our methodology sits within the broad descriptor or field of “critical management studies”, which seek to provide insight into local phenomena, develop a critique of conventional ideas, and facilitate change (Alvesson & Deetz 2000). In practice, therefore, we were interested in identifying and
challenging the assumptions underlying understandings of social licence. We adopted a complete collection approach to sampling in order to include representative range of mining and minerals companies and industry organisations (Flick 2002). We secured 16 interviews: nine with company representatives and seven with organisations that advocate for the industry. The latter group comprised six industry associations and peak bodies and one consulting firm that advises several minerals companies. Participants were selected on the basis of having corporate-level responsibility for CSR and/or stakeholder relations, thus constituting ‘experts’ as interview subjects (Flick 2002).

Using a semi-structured interviewing approach, our questions were designed to elicit participants’ understandings of social licence in theory and practice, and to challenge them to compare social licence with related terms such as CSR (Lacey, Parsons & Moffat, 2012). In analysing the transcripts of these interviews, our aim was to identify broad themes that collectively describe participants’ understandings of social licence, in the context of the literature and with a sensitivity towards critical interpretations. Hence, we structured our analysis around notions such as legitimacy, power and control, dissent, and reputation management. Nevertheless, we remained open to alternative terms, concepts, and organising principles.

4. Results
The findings can be categorised into four broad themes: (1) Social licence as legitimacy; (2) Localisation; (3) Social licence as process and continuum; and (4) Manageability. Company participants are quoted as C1-C9 below, and those from industry organisations as I1-I7.

4.1. Social licence as legitimacy
Initially, the participants were encouraged to reflect on the theoretical meaning of social licence, to compare their understandings with the theoretical models, and to explore possible conceptual links with legitimacy theory. Consistent with the literature, the most common terms that participants collocated with social licence were acceptance, approval, and support:

The social licence is the approval or acceptance of the community for that company. (I1)

But it’s more I suppose having that community acceptance of how you go about your business. (I5)

So we like to define social licence as the need to work with and gain the approval and support of local communities and other stakeholders. (C2)

Many participants did not distinguish between various terms. One participant, however, clearly saw support as somehow meaning more than acceptance:

We talk about social licences to operate meaning operating with the acceptance of the community at the lowest level, and probably at a high level with the support of the community. (I6)

These definitions suggest only a partial congruence between social licence and legitimacy theory. Specifically, the prevalence of terms such as acceptance, approval, and support seem to reflect evaluative, rather than cognitive, conceptualisations of legitimacy, using Suchman’s (1995) distinction. That is, participants appear to focus more on community evaluations of an organisation’s right to exist than on whether an organisation’s social values align with wider social or cultural values.

Four participants likened social licence with the arguably more formal notion of consent, while three others equated it with the similarly formal term permission:
The most fundamental meaning to that term is getting community and government consent to carry out your activities. (C5)

It’s really that informal and formal permission to operate via communities. (C7)

Even in these instances, the emphasis appears to be more closely concerned with a right to exist (i.e., evaluative legitimacy) than with values alignment. This may derive from Slack’s (2008) proposition that ‘consent’ signifies a greater challenge to power relations than a vague ‘social licence’. Overwhelmingly, participants conceptualised social licence in terms of acceptance or approval, notions that suggest a concern with stakeholder evaluations of a company’s right to exist, or an evaluative perspective of legitimacy. Who, then, are these stakeholders? Are they local community members, or society more broadly, or both?

4.2. Localisation

To explore participants’ conceptualisations of the spatial boundaries that they attach to social licence, we asked them what social licence looks like in practice. Additionally, we asked whether it is meaningful to talk about social licence at regional or national levels, and how these might differ from the local level. On spatial or geographic dimensions of social licence, some interesting tensions arose. The majority of participants – particularly company participants – conceptualised social licence as concerning neighbouring stakeholders directly affected by mining operations:

For us, the most important people as far as social licence to operate are the people who live near our operation, and are potentially impacted from an environmental or social perspective. (C4)

Our intention or our focus would probably be more on the local communities, making sure we get them on board. (C2)

In my own mind I always try and narrow it down to the people, quite localised. (C8)

In practice, this localised interpretation manifests as meeting with neighbouring community members, having grievance mechanisms in place, responding to amenity issues, establishing agreements with local Indigenous communities, and providing economic opportunities for locals:

What the expectations of the communities are is that we employ their sons, their daughters, their husbands and their wives. Or we provide employment opportunities, and that we also support local businesses. (C4)

Some participants distinguished this localised social licence with the broader scope implied by other types of licence:

I think that the social licence is granted or not at that local level. I think that next sort of ring of stakeholders, if you like – the local government, [state] government, the national government – to me is more the business licence to operate. Because that tends to be more focused on, certainly on environmental performance, but also, how you conduct yourself as a corporate citizen, paying your taxes. That’s all been more a regulatory arena... So, there is a nexus or a connection, but I think the social licence is local. (C6)

This suggests that social licence forms a central core of a layered approach in which each layer relates to specific stakeholders and their associated concerns. Social licence, in this view, concerns relationships between the local company (i.e., the operation) and the local community (i.e., those directly experiencing impacts of that operation). Moving outwards from this core, other licences change in their scope and concerns.
The dominant view of mining sector managers, therefore, portrays the social licence at the local level and other (e.g., regulatory, environmental) licences at wider or broader (e.g., state, national) levels. However, some participants spoke of how the local social licence itself may be extending to include communities not directly affected by mining operations, mostly among industry participants:

> It’s a licence earned by companies from the stakeholders. Now the stakeholders can be anyone and everyone, but I like to think of the local stakeholders, the local community – local landowners, local community. But it can be more than that, it can be the state, it can be the nation. (I4)

> ...and also the industry at a global level as well. (I6)

In these responses, therefore, social licence is being extended to include stakeholders who may have an interest but not be directly affected by operations. This suggests a blurring of the boundaries between social licence and regulatory licences, implying a complexity that may be problematic for companies to operationalise. The apparent increasing complexity of who is legitimate and at what scale legitimacy ends alludes to the idea that social licence is not fixed but dynamic and subject to ongoing negotiation.

4.3. **Process and continuum**

Metaphorically, the label ‘licence’ suggests something tangible that, once obtained, legitimises ongoing operations. Equally, its absence would signify illegitimacy, a situation that any company would logically seek to avoid. As an alternative to this binary state, social licence may be understood as existing at several possible levels. To explore how participants understand the term licence in this context, we asked them to consider social licence in terms of demands, expectations, and trust.

No participants understood social licence as a set of demands, but many referred to expectations. For most participants, expectations perform more of a macro-discursive than definitional role. That is, expectations do not constitute a social licence, but the dynamic way they change across time characterises the shifting context in which companies perceive the need for community approval or acceptance:

> I think that the global community are continuingly increasing their expectations about how the industry should operate. (I6)

> I do believe that the communities are now having an expectation that companies will behave in a responsible way. (C5)

Expectations, then, do not so much define or delimit social licence as constitute the discourse. Moreover, as industry participants particularly observed, they change over time:

> Yes, and I think as members of the community shift, particularly generationally in their expectations and in their understanding, it becomes far more complicated. (I7)

and they vary with context:

> Currently the things like coal seam gas, the expectations are much higher within the community of what you may need to achieve in terms of social licence than say a gold miner, or something way out in the outback. (I5)

No participant explicitly spoke, therefore, of a social licence as a binary concept that a company either has or does not have. However, two participants proposed that a social licence could be categorically lost (C7, I2), suggesting that an absolute position of absence is possible. By contrast, they did not conceptualise the counterpoint to a lost social licence as a similarly absolute position,
but rather as an ongoing process of “work(ing) constantly at engaging with your key stakeholders” (C7). Furthermore, losing a social licence is typically seen as a temporary aberration that revolves around specific issues rather than fundamentally challenging the operation’s long-term existence:

It wasn’t a withdrawal of the social licence in that they were never demanding that the company depart. It was “Stop everything until we sort this out because we’re not happy”. (C6)

In this sense, while community members may agree or disagree with individual decisions or actions of a company, thinking of social licence as a binary concept is oversimplistic, because it encapsulates an amalgam of heterogeneous expectations and perceptions:

Social licence is something that has to be continually renewed. It’s a perception which is variable across time and amongst stakeholder groups, and it will change in response to different issues, in response to the context, in response to the actions that any one or a number of actors in a stakeholder network might take. So, we do emphasise to them that it’s a variable phenomenon. If a company were to take it literally to the point that they think it’s possible to earn it, and then it’s static and you’ve got it for all time, they’ve missed the point. (I1)

Participants also spoke about the role of trust, agreeing that trust is a fundamental component of social licence. One participant indeed viewed trust as a prerequisite for social licence:

I think if you don’t have the trust of the community then you’ve got no chance of retaining your social licence to operate. (C9)

This suggests again that an absolute position may exist (zero trust), but equally this does not translate to a binary conceptualisation of trust. One participant (I1), who was familiar with Thomson and Boutilier’s model, proposed that, just as social licence itself varies across multiple dimensions, trust varies according to companies’ capacity for listening and promise-keeping. Other participants described trust as a critical aspect of social licence that sits alongside reputation (C7), transparency (C5, C7 & I2), credibility (I7), respect (C6), honesty (C5), and relationships (C2), notions that are all similarly abstract and indeterminate.

Collectively, these findings suggest that the metaphor ‘licence’ conveys a misleading impression of the social practices that actually constitute social licence. Rather than being something that a company either has or does not have, or something that can be explicitly granted or withheld, it comprises messy processes of communication and negotiation, and exists on a dynamic continuum. This illustrates the contested nature of social licence, being constructed, reproduced, and transformed as subjects draw upon multiple discourses.

4.4. Manageability

As noted above, societal and community expectations of minerals companies are rising (Harvey & Brereton 2005; ICMM 2012). Concurrently, social licence has entered the discourse alongside concepts such as CSR and sustainable development (SD). To explore how social licence fits into the discourse, we asked participants to compare it with associated terms such as SD, corporate citizenship, and particularly CSR, and to delineate boundaries. We also asked participants to consider links between social licence, power, and reputation.

4.4.1. Social licence, CSR, and SD

Initially, many participants considered that social licence, CSR, corporate citizenship, and SD are used almost synonymously in the industry:
I think they’re terms that are pretty much confused and I think they’re pretty much almost now interchangeable. (I3)

Indeed, one proposed that the labels are “very subject to fashion” (I1). Nevertheless, upon reflection, participants articulated some distinctions. Few gave clear definitions of corporate citizenship, although one proposed that this concept goes “beyond social licence to operate” (C4). Most notably, participants typically viewed SD as the broadest concept because it “covers the whole ambit of other things” (C2), beyond social to environmental and economic.

Comparisons between social licence and CSR, meanwhile, prove more complex. One participant viewed social licence as a more tangible, accessible concept than CSR:

[Social licence is] a terminology that people in the community and across all levels actually understand, whereas if you start talking about corporate social responsibility, that’s a bit of a buzz word to some people, and it’s, “What does that mean?” (C3)

Some considered achieving a social licence as more onerous than CSR:

[Compared to CSR], the social licence to operate involves a bit more work on the ground, making sure the people in that spot are actually happy with what you are doing. (C1)

Another participant, in contrast, viewed social licence as the narrower concept in the sense that it concerns only community members rather than stakeholders broadly:

The corporate social responsibility is the belief that stakeholders have about the role and responsibility of the company. The social licence is the approval or acceptance of the community for that company. (I1)

While participants differ in conceptualising the relative scope of CSR and social licence, the above distinction may explain why many participants privilege social licence over CSR. From a management perspective, it may be simpler to assess whether a company has approval or acceptance than it is to establish belief...about the role and responsibility. The latter is open to widely differing interpretations, whereas at least conceptually, approval or acceptance suggest relatively tangible states. Similarly, whereas responsibility has moral overtones comprising indeterminate stakeholder claims on the firm, licence is a more formal term that sits relatively comfortably with management discourse:

[Compared to other terms, social licence] actually creates a greater requirement to look at this as a business decision. (C4)

We refer to most things as our ability to manage... We don’t see it as a responsibility. It’s just as a way of doing business. (I5)

This emphasis on manageability is supported by one participant’s (C7) comment that his company avoids referring to CSR in favour of speaking in terms of health, safety, environment and community. In this sense, social licence may actually entrench power relations by privileging management and business discourses over discourses of ethics and responsibility. How do participants, therefore, see social licence influencing power relations?

4.4.2. Power, dissent, and managing reputation

Intuitively, the idea that companies must secure a social licence appears to shift conventional notions of company-community power relations. Two participants proposed that social licence shifts power relations in favour of communities by legitimising community claims on companies:

I think communities are learning very quickly that they have power. (C1)
Yet some participants perceive structural limits to this power:

*I think where fundamentally social licence to operate fails is where...the community don’t believe they have that ability to influence or that power to influence or guide... I mean, you’re a big corporation with money and resources against a community or – or individuals or sections of a community that have little... a power imbalance.* (C8)

Social licence discourse may involve a shift in power relations, therefore, but structural forces inherently constrain that shift. Companies may portray some stakeholder concerns as more legitimate than others. To some extent, then, dissent can be marginalised, and a social licence can exist as long as relations are manageable:

*They don’t always need to be on side, but at least comfortable, vaguely comfortable, with what we’re doing and at least knowing what we’re doing.* (C1)

Many participants explicitly associated social licence with reputation. Typically, they viewed reputation as the key determinant of social licence, since it precedes a company’s move to a new area, and hopefully facilitates operations. By managing reputation, companies aim to secure local community approval (or social licence); this, in turn, serves the instrumental function of minimising regulatory intervention:

*I can assure you that having a very good reputation in community works very well at government level in terms of regulation and expediting the regulation process.* (C5)

Some participants conceptualised reputation as virtually synonymous with social licence: “*I can translate reputation to social licence to operate*” (C4). One participant (I1) asserted that social licence and reputation are “*highly correlated*,” and that some companies use the former “*as a proxy term for reputation*”.

Clearly, participants see social licence as closely related to reputation, which helps to explain why companies take social licence so seriously. As one noted:

*Social licence to operate... if we don’t have that, that seriously impacts the bottom line through disruption to operations... BP’s your classic. I mean imagine what that did to the focus of that business. When that disaster hit in the Gulf, that’s all anyone within the business was doing for whatever period. All the future growth plans in terms of growing the business would have been on hold – and reputationally, there is also that cost... So it stays for a long time, that kind of damage to the reputation.* (C7)

In summary, the discourse of social licence exists alongside discourses of CSR, SD, and reputation. Hence its nature is strongly circumscribed by the dominant macro-level discourses of western capitalism, such as ‘development’, ‘growth’, ‘freedom’, and ‘individualism’. Nevertheless, social licence discourse is not entirely determined by these macro-level discourses. Rather, it comprises social practices that derive from multiple discourses that compete dialogically and dialectically for influence, legitimacy, and hegemony. Hence, when conceptualising social licence, participants concurrently refer to ‘hard’ concepts such as business, management, risk, and economics alongside ‘soft’ concepts such as community, responsibility, environment, and Indigenous rights. Understanding social licence in this interdiscursive manner suggests that it legitimates and preserves elements of dominant discourses while accommodating elements of opposing discourses (e.g., Fairclough 1992; Livesey 2002).
5. Implications and conclusions
Each of the themes emerging from the findings has particular implications, and we deal with these accordingly, while noting that they overlap conceptually and interact in practice. The Legitimacy theme implies that social licence performs an instrumental role – to legitimise mining activity and facilitate its continuity. The Localisation theme implies that relatively challenging and contentious issues at the societal level are marginalised in favour of relatively manageable issues at the local community level. The third theme, Process and continuum, implies that the label social licence conveys a misleading impression of the complex social realities involved in negotiation and dialogue. Finally, the Manageability theme implies that any shift that social licence brings in power relations may be constrained broadly by locating it within a management discourse, and specifically by framing it alongside reputation management.

5.1. Legitimising mining activity
The role of a social licence, from a company/industry standpoint, may be understood as being to legitimise mining activity in the minds of local community members. It may involve listening to, and engaging with, community members, and perhaps allowing them to participate in some company decision-making processes. As Harvey notes, social licence serves an instrumental purpose for mining companies: “We don’t do it because we’re good people. We are good people, but we don’t do it for that reason. We do it because it’s good business and we want to have societal stability to sustain our operations across two or three generations” (Harvey 2011). Harvey’s position exemplifies the assertion that instrumental rationalisations for CSR and a stakeholder approach dominate over moral justifications (e.g., Banerjee 2008).

The finding that participants tend to favour evaluative over cognitive conceptualisations of legitimacy may illustrate this implicit preference for relatively modest definitions of social licence. The requirement that a company be perceived as having a right to exist may imply a lesser burden than a requirement to conform to wider social or cultural values. This contrast may apply especially if those wider values are deeply antagonistic towards company values, as can be the case when mining companies enter traditional Indigenous lands.

5.2. Restricting social licence to local issues
Thomson and Boutilier (2011) propose that a social licence for mining companies incorporates both local and national dimensions of legitimacy. Most participants, however, especially those representing companies, conceive SLO principally from a local perspective; that is, they see SLO principally as concerning relations with local community members, or those who are most directly affected by mining operations. In this sense, the concept would be better labelled a community licence. Wider societal views are not ignored, but considered of secondary importance in terms of their capacity to affect operations. Those views might be thought of theoretically as constituting a societal licence.

The adjective social exaggerates the scope of what participants understand to constitute practices of social licence. The overwhelming focus of such practices seems to lie at the local community level, rather than at a broader societal level. By relegating the latter, companies implicitly privilege local issues such as noise and dust over broader and avoids issues that are relatively contentious and ideological such as climate change, resource depletion, and sustainable consumption. In practice, however, privileging a local focus overlooks the wider cultural problems perpetuated by negative representations of the industry – problems that may also threaten legitimacy (Tognato 2011).
5.3. **Licence, consent, and dialogic agreement-making**

Our findings suggest that participants see social licence not as a licence per se, but as a metaphor for processes of engaging with ‘the community’ in order to obtain implied approval or acceptance, which in turn reduces the perceived need for regulatory impositions. It is not clear that the term represents something fundamentally different to practices that happened previously under the banner of CSR, SD, and/or community engagement. Indeed, the implicitly binary term ‘licence’ fails to capture the processes involved, and conveys a misleading impression of community-company power relations, since communities can influence only selected processes in limited ways.

The further finding that participants largely conceptualise social licence as a *continuum* of approval or acceptance, rather than as a binary concept of either having or not having a social licence, also problematises the notion of ‘licence’. That is, levels of approval or acceptance vary over time, and a company or operation rarely has either total or zero approval or acceptance. In this context, it would make more sense to speak simply of ‘levels of community/societal approval’. Such levels would need to reflect a dual complexity: not only is approval unlikely to be forthcoming from either everyone or no one, but also stakeholders may approve of some aspects of a company or operation and disapprove of others.

If companies are to demonstrate community and/or societal support, a social ‘licence’ as conceptualised by our participants appears unsatisfactory. A more robust demonstration would be perhaps incorporate the principle of free, prior and informed consent, so that both tangible and intangible elements are present. Nevertheless, in the light of the foregoing discussion, a comprehensive framework would need to consider the societal level of consent or agreement, as well as the local community level. It would also need to see consent not as a one-off requirement, but as an ongoing process of dialogic negotiation with multiple stakeholders, including those often marginalised in stakeholder identification practices.

5.4. **Doing just enough**

Emphasis on local and manageable issues (see sections 4.2 and 4.4) suggest that, while there is extensive overlap in the organisational activities understood to constitute both CSR and social licence, the latter concept may engender a narrower conceptualisation of a company’s responsibilities. CSR may be constrained by implicitly privileging economic and instrumental concerns, but at least it communicates the notion of ‘responsibility’, leaving open the possibility of aspirational interpretations. In contrast, the social licence construct may encourage managers to focus on practices that might secure a level of community acceptance, without necessarily being aspirational. This shifts the focus away from moral questions to reputational and instrumental ones. The objective is not to engage with dissenting ideas and values, but to demonstrate to governments, which have the power to grant or withhold a real licence, that the company enjoys a *level of acceptance* or approval.

Yet, the risk is that the communication and engagement processes surrounding and defining a social licence become open only to those ‘moderate’ community members who wish to debate issues that the company is prepared to discuss. Generally, this implies operational matters such as infrastructure, transport, environmental amenity, and community contributions, rather than deeper moral or ethical questions of mining and society.

5.5. **Conclusions: Reinterpreting social licence**

The emergence of social licence discourse potentially represents a shift in power relations among minerals companies, local communities, and society broadly. In common with antecedent discourses such as CSR, social licence exemplifies the permeation of social and environmental concerns into
mining discourses. Our findings suggest, however, that this shift is constrained by dominant
discourses of business and management. There is discursive pressure on companies to conceptualise
social licence as something they must secure to legitimise mining operations, as applying principally
at a local level that is relatively controllable, as a means of minimising regulatory impositions, and as
a process of marginalising dissent and managing reputation.

Just as CSR can be interpreted in relatively narrow or broad terms, perhaps the onus is on individual
industry practitioners to interpret social licence in relatively progressive ways. A progressive
interpretation might seek to align company behaviour with wider cultural values rather than merely
with perceptions of legitimacy, to incorporate societal as well as local-level concerns, to repeatedly
seek consent and agreement from a wide range of stakeholders, and to engage with, rather than
marginalise, dissent.

Although there appear to be several reasons to critique social licence, we are not arguing that the
concept has no merit. Rather, our aim has been to derive implications that highlight both the
potential and the limitations of the concept. Our critique centres on interpretations that tend to
constrain the emancipatory potential of the concept in practice, and we hope that our insights
provide space for reinterpreting social licence, and industry-community relationships more broadly,
from a genuinely dialogic perspective.

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