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Beyond social capital: A strategic action fields approach to social licence to operate

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ABSTRACT

Australia's national economy continues to benefit from the extraction and exportation of non-renewable resources, even despite the end of its mining boom. The negative impacts of this primary industry endure and are felt disproportionately by rural communities in close proximity to mining sites. The challenge of holding mining and extractive companies to account for social concerns – which may be difficult to measure or pin down to any one cause – has influenced affected communities to look to other, non-regulatory means of accountability to raise their concerns and see them addressed. 'Social licence to operate' (SLO) is often touted as one such tool for holding large resource companies to account. But a growing field of research into the concept has remained largely focused on social capital measures and has yet to consider the conditions necessary to facilitate communities' successful deployment of SLO as an accountability mechanism or negotiation tool. There remains a gap in our understanding about how SLO can be used meaningfully by communities as a tool for advocacy and accountability, especially in company-community negotiations.

This article introduces a strategic action fields (SAFs) approach to SLO to facilitate exploration of the relative strength between and within differing views (power), requirements and agendas of stakeholder groups (strategic agendas) and the aligned interconnections of affected stakeholders (social cohesion), thus enhancing understandings of SLO possible through a social capital approach.

In introducing SAFs for SLO, this article extends research on SLO measurement through exploration of three central research questions. First, it asks whether and how SLO might exist as more than a benchmark measurement of acceptability, as defined primarily from corporate, risk-based perspectives? Secondly, building on existing, social capital-based approaches to SLO measurement, are there other approaches that could complement or extend a social capital approach to SLO to understand better a community's ability to operationalise it? Following this, how might insights possible via a complementary means of SLO measurement assist us to expand current understandings about the role of relationships in granting SLO?

Three M & E sector case studies from the resource intensive states of Western Australia and Queensland are explored via a set of 105 government, public, media, social media and other related documents. Data was thematically analysed using N*Vivo10 software. Application of social capital and SAFs approaches reveals key tensions in claims to a SLO, especially where, under a social capital-only approach, strong relationships between particular stakeholders would suggest that a SLO has been granted. The addition of a SAFs lens—especially consideration of social cohesion—reveals that even where SLO may be granted, it may not necessarily be operationalizable by communities due to these competing fields. The article concludes with suggestions about the benefits of applying SAFs to SLO measurement, as a means of teasing out the utility of the concept to affected stakeholders. Recommendations for future research adopting this approach are also suggested.

1. Introduction

The mining and extractives (M & E) industry in Australia has long been a primary contributor to the national economy. Even despite the end of Australia's mining boom, in 2012–13 exports of natural resources amounted to $AUD201.1billion (Australian Bureau of Statistics (ABS, 2014a), 81% of Australia's total goods exports (valued at $AUD246.9b) for the same period (ABS, 2014b). Although the

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Australian economy benefits from the extraction and exportation of non-renewable resources, the negative impacts of this primary industry are felt disproportionately by rural communities in close proximity to mining sites (Owen and Kemp, 2013). The presence of an ongoing mining operation in rural areas has the potential to create negative health, economic, and social impacts for community members (see, for example Measham et al., 2013, in *RSJ Special Issue*). Much academic attention has been given to the social impacts that the M & E industry has on communities nearest to its operations, including but not limited to: the introduction of a non-resident fly-in/fly-out (FIFO)[2] workforce; an increase in the costs of goods and services which are set in relation to mining wages; demographic changes and increased levels of crime; pressures on local infrastructure and services; increased levels of stress and anxiety; and poor health outcomes (see, for example; Haslam-Mckenzie, 2011; Larson, 2011; Reeson et al., 2012).

While companies do attend to social issues, largely via community relations roles and regulatory requirements associated with impact assessments, these concerns are frequently subjugated to environmental or engineering concerns. For example, regulatory structures which tend historically to situate social impact assessments (SIAs) within environmental impact assessments (EIAs) implicitly value environmental over social concerns. In Australia—the focus for this article's case studies—government regulation impels corporate attention to social impacts, but formal regulation is mostly limited to or circumscribed within requirements concerning environmental impacts. Consequently, there continues to be a tension between community concerns regarding extraction's negative impacts and the regulatory environment in which the M & E industry operates.

When M & E companies acknowledge their non-financial impacts, they often assert their commitments to operating 'beyond compliance' and efforts to 'earn and maintain a social licence to operate' (SLO) (Bice, 2016). Meanwhile, communities continue to seek effective means of holding M & E companies to account for social concerns that may be difficult to measure or pin down to any one cause (Morrison-Saunders et al., 2014). Many affected communities therefore look to other, non-regulatory means of accountability to raise their concerns and see them addressed. SLO is often touted as one such tool to achieve accountability and redress of grievances. The SLO concept is generally defined as 'the ongoing acceptance and approval of a [project] by local community members and other stakeholders that can affect its profitability' (Moffat and Zhang, 2014).

The most widely used definitions for SLO arise from prior research focused largely on defining ways for M & E companies to measure their SLO, drawing heavily from studies of social capital (e.g. Thomson and Boutilier, 2011; Harvey and Bice, 2014; Moffat and Zhang, 2014). While this approach has been widely adopted, it is also critiqued for its lack of clear licensing criteria or brokerage processes as defined by communities (Bice, 2014) and for its utility to communities and its 'capture' by M & E companies (Owen and Kemp, 2013). Indeed, much research concerning SLO approaches it from a corporate perspective through which effort is concentrated on providing firms with measurement tools (e.g. Boutilier and Thomson, 2011; Moffat and Zhang, 2014; Prno and Slocombe, 2012) to assist their strategic management of stakeholder relations. Surprisingly little research approaches SLO from communities' perspectives, leaving a gap in our understanding as to how communities view, define and operationalise SLO. This is the case even despite SLO being touted as a tool through which communities can hold resources companies to account (Boutilier, 2014). For instance, the privileging of corporate perspectives and related claims to SLO is evidenced in the practice of corporate sustainability reporting wherein SLO is regularly claimed but poorly defined (Parsons and Moffat, 2014; Bice, 2014). Thus, a growing field of research into the concept has yet to consider fully the conditions necessary to facilitate communities' successful deployment of SLO as an accountability mechanism. This situation represents a critical paradox for the SLO concept: it appears to be used widely and regularly by companies as a 'signalling' or rhetorical device to suggest project approval, while at the same time often lacking meaningful utility to affected stakeholders.[3]

This article contributes to the broader scholarship on resources policy, social impact assessment and management, and to the developing literature on SLO through attending specifically to this paradox and to the operationalization of SLO as an accountability tool, especially within a regulatory context that prioritises environmental or economic concerns. Much previous theoretical literature on SLO focuses on its measurement in terms of community acceptance of a project (e.g. Boutilier and Thomson, 2011) and on the processes through which SLO is mediated (e.g. Moffat and Zhang, 2014). These approaches rely heavily on measures of social capital, involving institutionalised trust, promise keeping, listening, community benefit and procedural fairness. Research on SLO's measurement has provided an important conceptual starting point for engaging the concept more critically. But there remains a gap in our understanding about how SLO can be used meaningfully by affected stakeholders as a tool for advocacy or accountability, especially in company-community negotiations to mitigate impacts or achieve benefits (Harvey and Bice, 2014; Owen and Kemp, 2013; Prno, 2013).

This article extends the research on SLO measurement through exploration of three central research questions. First, it explores whether and how SLO might exist as more than a corporate benchmark measurement of project acceptability. Can it also be a meaningful accountability tool for communities dealing with the M & E industry? Secondly, building on existing, social capital-based approaches to SLO measurement, are there other approaches that could complement or extend a social capital approach to SLO in order to understand affected stakeholders' ability to operationalise it? Following this, how might insights possible via a complementary means of SLO measurement assist us to expand current understandings about the role of relationships in granting SLO? Could such an approach help to shift understandings of SLO towards greater community ownership and away from corporate co-optation?

In tackling these questions, the article engages a strategic action fields (SAFs) approach—the strategic alliances, reciprocity and social orders that shape a shared understanding around a particular issue or experience (Blanchet, 2015)—as a means of better understanding the context in which SLO may be operationalised. The article therefore aims to enrich both our understanding of commonly used, social capital-based SLO measurement criteria and to suggest how introduction of a SAFs approach can assist to understand how and in what circumstances SLO might offer greater utility for affected stakeholders. We build on existing social capital frameworks to suggest that SAFs may help to explain whether or how SLO may be advanced beyond a relationship measurement to be operationalised by affected stakeholders for accountability purposes. Importantly, we see the negotiations associated with accountability as more than 'consultation' or pure dialogue, but as a process that results in agreed actions, including but not limited to establishment of formal agreements, like those described by O'Faircheallaigh and Corbett (2005) or Ruwhiu and Carter (2016), inclusive of both indigenous and non-native local communities. Equally importantly, we recognise 'affected stakeholders' and 'community/ies'

[2] Due to the physical remoteness of many mine sites in Australia and the requirement for specialised skill sets, M & E operations are largely reliant on a non-resident workforce, employed on a fly-in/fly-out (FIFO), bus-in/bus-out (BIBO) or drive-in/drive-out (DIDO) basis. This arrangement sees employees enter into a cyclic schedule that entails commuting to the mine for an extended rostered shift, followed by a return home (usually an Australian capital city) for an extended rest period, before heading back to the mine for the next cycle (Blackman et al., 2014; Haslam-McKenzie, 2011).

[3] We use the term 'affected stakeholders' consciously here and throughout. 'Stakeholders' are commonly defined as those groups or individuals who may affect or are affected by a company or operation. Here, we are most concerned with those groups or individuals on the affected side of the equation and choose to make this explicit.