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What Gives You a Social Licence? An Exploration of the Social Licence to Operate in the Australian Mining Industry

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Abstract: This article analyses the ways in which major, multinational mining companies operating within Australia understand sustainable development and articulate their “social licence to operate”. The article contributes a novel perspective to ongoing discussions about the social licence by exploring the ways in which leading Australian mining companies define and assert their social licences through sustainable development discourse. A content and discourse analysis of 18 sustainability reports across a four year period, supplemented by qualitative interview data, draws out these issues. While most companies use these reports to confirm beliefs in the necessity of a social licence, the ways in which the licence is specifically defined and maintained are not generally made explicit. Additionally, key theoretical criteria required for a social licence, such as free, prior and informed consent, appear to be overlooked. In conclusion, the article suggests ways in which criteria for a social licence within the mining industry could be defined more clearly and raises consequent questions to shape future research.

Keywords: social licence to operate; mining; sustainable development; sustainability reports

“Any social institution—and business is no exception—operates in a society via a social contract”, Shocker and Sethi, 1973 [1].

1. Introduction

Forty years ago, Shocker and Sethi [1] declared that modern business requires a “social contract” in order to operate successfully within society. Today, this theoretical proposition is progressively visible within business policies, with many transnational corporations publicly declaring the necessity of a

“social licence to operate” through communications such as sustainability reports [2,3]. While such trends suggest that major companies would now agree that a social licence to operate is part and parcel of successful business practice, it is not entirely clear what the requirements for this social licence may be. In other words, the move from theoretical tenet to business practice has been a difficult one and gaps exist between scholarly models and on-ground implementation of the social licence. This is particularly true for the global resources industry, where a “social licence to operate” is now widely recognized by companies as a vital component to successful operations [4].

While the social licence is intended as a metaphor to encapsulate values, activities and ideals which companies must espouse within society to ensure successful operation [5]—and not a literal licensing arrangement—even metaphors require clear boundaries to make them meaningful. Research suggests that certain “minimum standards”, such as upholding basic human rights, avoiding bribery and corruption, and working to minimise harm to the environment, denote fundamental “licensing requirements” for a social licence to operate [1,6], but is this the case in practice? Additionally, while many scholarly texts do offer suggestions as to what a social licence should entail [7–9], these expectations tend toward the ideological, distancing them from criteria which may be practically employed by resources firms aiming to be good corporate citizens. Thus, although many major, resources corporations openly insist that procuring and maintaining a social licence is essential to their operations, in practice, the criteria defining these metaphorical licences remain relatively murky [10]. Does this mean that the social licence to operate is doomed to the realm of intangible “do-gooder” sentiments which remain decoupled from business practice? Or are real and meaningful foundations for a social licence to operate being defined by resources companies through improved practices which incorporate notions of sustainable development, corporate social responsibility or corporate citizenship?

Importantly, a social licence to operate has arisen in the mining industry at the same time that corporate social responsibility (CSR) practices have been embraced by major corporations internationally [11]. While the two concepts interact substantially, they are distinct, with the social licence perhaps best conceptualized as one means of operationalizing or realizing commitments to corporate social responsibility which embody particular principles, philosophies and practices [12]. Since the late 19th century, for instance, Australian mining companies’ corporate social responsibility transformed from concentration on human resources practices and relatively limited public disclosure [13] to comprehensive environmental, social and governance programming backed by progressively professionalised staff [14]. Studies suggest that CSR in Australian mining has existed in one form or another for over 100 years [13,15,16]. Yet changes in mining companies’ corporate social responsibility practices globally have been so great during the past two decades that several authors delimit CSR as a recent phenomenon (see, e.g., [17–19]). More broadly, the study of CSR has grown to encompass an entire ‘scholarly field’ [20], with subfields such as corporate social performance [21], the establishment of business school programs, basis for consultancies and subject of Parliamentary inquiries. In the case of CSR in mining, such ostensibly rapid acceptance by companies, governments, industry representative bodies and multilateral organisations belies a historical and ongoing effort to define appropriate roles for corporations in communities, garner corporate buy-in, implement socially responsible practices, and disclose the social and environmental effects of mining. The social licence to operate, therefore, exists as a vital but distinct component within this broader field.

This article draws examples from the Australian mining industry to examine how approaches to sustainable development are helping companies to define and understand their social licence to operate. Specifically, the article investigates notions of sustainable development to unpack the ways in which large corporations delineate more tangible, explicit criteria in order to reify the critical but hard-to-pin-down social licence to operate. This investigation centres on the question: How do contemporary companies in the Australian mining industry conceptualise and define their social licence to operate? What broader insights about social licence can be extrapolated from the public discourses deployed by these companies, concerning the earning and maintenance of their social licence to operate?

The article contributes a novel perspective to ongoing discussions about the social licence by exploring the ways in which leading companies from Australia—a global leader in corporate responsibility in the resources sector—define and assert their social licences through sustainable development discourse. The article delivers insights into common perimeters of a social licence to operate in the Australian mining industry and suggests ways in which the criteria necessary for obtaining and maintaining a social licence could be more clearly defined.

The Australian mining industry provides an excellent starting point for understanding how contemporary corporations define their social licence to operate. Given mining's prolific environmental, social and economic impacts, Australia-based mining companies (defined as companies which are Australian Stock Exchange-listed or which hold major headquarters or operations within Australia) have been pressured by communities [22], non-government agencies and even shareholders [23] to act sustainably and to achieve and maintain a social licence to operate, perhaps sooner and to an even greater degree than other similarly sized companies in other industries. Indeed, many Australia-based mining companies were early adopters of sustainable development principles and practices, spurred on, in many cases, by media and stakeholder scrutiny of poor environmental performance [24]. Australia-based mining companies, therefore, offer a wealth of leading-edge information which can be used to understand better how sustainable development is conceived and how this affects the criteria shaping a social licence to operate.

The paper employs a content and discourse analysis of leading Australia-based mining companies' sustainability reports, alongside primary qualitative interview data with mining company senior executives, executives, senior managers and community relations managers to draw out these issues. Thus, the article complements and supplements a corpus of research (See, for example: [25–27]) which has utilised sustainability reporting to build understandings of related issues, such as companies' legitimation and stakeholder relation strategies.

The remainder of the article proceeds as follows: The method section explains how sustainability reports offer an important empirical data set for investigating the social licence to operate and defines the qualitative interview, content and discourse analysis methods used. In Section 3, key concepts are briefly reviewed, with definitions and a short historical background for “sustainable development” and “social licence to operate” provided. In Section 4, results of the content and discourse analysis are presented. These findings are supplemented with interview data, adding depth of insight. Section 5 draws together findings from the analysis to define common requirements of a social licence to operate. A social licence is shown to be directly connected to the ways in which companies define and understand sustainable development. In conclusion, certain issues which merit better incorporation into

a social licence are discussed, and suggestions are made as to how these particular issues might be better incorporated. Several critical questions are raised to help shape future research.

2. Method

The content and discourse analysis examines a total of 18 sustainability reports published by five leading Australia-based mining companies between 2004 (2003–2004 data) and 2008 (2007–2008 data). The data set includes four reports from four companies (subtotal = 16 reports) and another two reports from a fifth company (total data set = 18 reports). In the case of the fifth company, only two reports were available, as the company stopped publishing sustainability reports in 2006, moving instead to production of an annual “sustainability report” website. The design and technical issues presented by the annual sustainability website meant that later year data for this company could not be comparably analysed against traditional reports. Most mining companies studied began sustainability reporting in 2003–2004, adopting the GRI G3 framework—the world’s most widely used sustainability reporting framework—in 2006. The data set, therefore, captures a critical development period in the advancement of sustainable development and social licence discourses.

Most companies produce both “full” and “summary” sustainability reports. Where full sustainability reports were significantly longer than 100 pages, and where summary reports were available, summary reports were coded in the interest of time constraints and to forestall “coder fatigue” [28]. Summary reports present the key sustainability issues, as defined by companies, and therefore also offer insight into prioritisation of issues. In total, the content analysis examined 404,957 words or approximately 1157 pages of sustainability reporting.

A purposive sample was used to construct a data set which facilitates exploration of sustainable development concepts and activities amongst leading Australia-based mining companies. While Australia’s mining industry regularly contributes up to eight per cent of the nation’s GDP, and while numerous middle and small-sized companies operate, 35 per cent of the industry marketshare is dominated by BHP Billiton, Rio Tinto and Xstrata [29]. The other two companies selected into the sample, Newmont Mining Corporation and Oxiana, represent major industry players which were also producing sustainability reports during the period of enquiry. The purposive sample, therefore, allows for construction of a data set which acknowledges this lopsided marketshare, meets the specific needs and aims of the research [28], and was consequently deemed most appropriate for the study.

Companies selected for the sample met the following criteria: They were defined as “major players” by the IbisWorld “Mining in Australia: Industry Report” [30] (a summary of key business indicators for the mining industry) and they are either ASX-listed or have regional headquarters in Australia. Finally, since studies have shown that a company’s size, location and ownership structure affect its ability to produce a sustainability report—a 2005 Australian government report cited “cost and resource constraints” as the major impediments to sustainability report production [31]—companies were chosen for their potential to be able to consistently invest in sustainability reporting; an indicator of commitment to sustainable development now and into the future.

Content and Discourse Analysis

Content and discourse analyses have been successfully applied to annual financial reports, sustainability reports and similar business documents to garner a wealth of information about topics as wide-ranging as intellectual capital [27], linguistic constructs shaping company strategies and principles [25], the role of discourse in facilitating business-led sustainable development [32] and stakeholder legitimization strategies [26]. The method is therefore appropriate for this study.

For the purposes of this article, content analysis is defined as “any research technique for making inference by systematically and objectively identifying specified characteristics within text” [33] (p. 270). Discourse analysis picks up where content analysis leaves off, investigating the meanings and narratives constructed through choice of language [34].

Despite varied definitions, most social scientists would agree that a content analysis is quantitative, “methodical” and “systematic”, and employs specifically defined and carefully followed rules, such as that all text must be coded [33]. Discourse analysis, on the other hand, is “not an algorithmic procedure”; it is far more tractable and adaptive, and involves a great deal of qualitative interpretation by the researcher [35]. Importantly, discourse analysis allows exploration of text that is “missing”, not only the text that is written down. As Johnstone [34] (p. 20) explains, “Even written texts of the most prototypical sort are the result of decisions about entextualization based on culture-specific expectations.”

While content and discourse analysis methods do rely on individual interpretations, the methods’ development over time has helped reduce the degree of subjectivity of results through such practices as *a priori* establishment of the coding frame (based on prior research) [36], intercoder reliability checks or sufficient coder training [28], and the choice of an appropriately sized unit of analysis [37]. Internal consistency and mutual exclusivity of code definitions and ability to code consistently across reports was ensured in the analysis presented here through iterative development of the coding frame and use of a sufficiently trained single coder [28].

Despite good practices to increase coding reliability, it is still important to recognise that both content and discourse analyses are inescapably influenced by the interests, experiences and proclivities of the researcher undertaking the analysis. In the case of the analysis below, the author brings professional experiences of working for a non-governmental organisation on mining issues, as well as further professional experiences working in the field of sustainability, to the analysis.

All reports were coded using NVivo software. While the coding was iterative, *a priori* codes were developed deductively from existing documents and research relevant to this study. These documents included studies of mining’s social and environmental impacts (e.g., [18,38–40]), corporate social responsibility/sustainable development literature (e.g., [41–44]) and voluntary reporting initiative frameworks. The full coding frame and more in-depth discussion of the analysis method is available in other publications [45,46].

The analysis of sustainability reports is complemented and supplemented by qualitative data gathered through 11 in-depth interviews with mining company representatives, performed between April and June 2009. Due to research ethics requirements, the companies interviewed cannot be disclosed. Where interview data is presented, pseudonyms are used and generic job titles provided to protect respondent anonymity. All interviewees work in senior executive, executive, senior management, sustainable development or community relations roles within leading Australia-based

mining companies. Interviews used a semi-structured interview schedule focused primarily on social effects of mining and included discussions of how companies define, understand and attempt to achieve sustainable development.

3. Common Theoretical Approaches and Definitions: Sustainable Development and Social Licence to Operate

In exploring the concepts of sustainable development and a social licence to operate, the article delves into an emergent area where the language and definitions of these terms are still evolving and frequently overlap. It is helpful therefore, to define briefly how these terms are used within the article. The way these concepts are employed in practice is shaped by their most commonly used definitions, by their relations to other, similar terms—such as “corporate social responsibility” and the “social contract”—and the socio-political histories behind them.

3.1. Sustainable Development

Studies examining sustainable development within a business context often also examine “corporate social responsibility”, and, in practice, the terms are regularly used interchangeably. The term “corporate social responsibility” (CSR) was first used in the early 1950s and its definition remains highly contested [12]. Matten and Moon give a somewhat equivocal but nevertheless helpful definition of CSR, stating:

At the core of CSR is the idea that it reflects the social imperatives and the social consequences of business success. Thus, CSR (and its synonyms) empirically consists of clearly articulated and communicated policies and practices of corporations that reflect business’ responsibility for some of the wider societal good [47].

The notions of “wider societal good” in the above definition of CSR echo the sentiments of the 1987 Brundtland Commission definition of sustainable development (perhaps the most widely accepted definition of the term): “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs” [48]. At the time of the Commission, sustainable development was becoming a progressively common concept, largely pushed along by the environmentalist movement and key occurrences in the two preceding decades, such as the 1962 publication of Rachel Carson’s *Silent Spring*, the 1969 formation of Greenpeace, the 1972 Stockholm Summit and the widely publicised environmental disasters of the early 1980s (e.g., Bhopal and Chernobyl) (See, for example, [49,50]). At its most restricted, therefore, sustainable development refers to environmental sustainability.

The Brundtland Commission’s broad definition helped widen the focus of sustainable development from a purely environmental perspective to introduce notions of human needs and maintenance of global capacity to provide for future generations [51]. In so doing, the Commission arguably helped to advance the notion of sustainable development to encompass not just environmental, but also social and economic concerns. In 1997, John Elkington further progressed this multifaceted notion of sustainable development when he argued for the necessity of the “triple bottom line”—often colloquialised to “people, planet, profit” [49].

Australia-based mining companies tend most often to use the terms “sustainable development” and “sustainability” to refer to those policies, programs and activities which might be described by others as “corporate social responsibility”. For example, the majority of company sustainability reports studied here tended to use the term “corporate social responsibility” very sparingly, with “sustainable development” appearing twice as often. For these reasons and for purposes of clarity, therefore, the term “sustainable development” will be used throughout this article.

3.2. Social Licence to Operate

The notion of a social licence to operate is tightly linked to the concept of sustainable development. Shocker and Sethi [1] were amongst the first business scholars to declare that businesses can no longer equate a strong financial bottom line with a right to operate. At a relatively early period in the corporate social responsibility movement, they argued that changing societal expectations and dynamics meant that businesses must become attuned to stakeholders’ needs, concerns and expectations in order to achieve and maintain their right to operate. This right, which they defined through a social contract, is underpinned by a business’ demonstration of both its relevance and legitimacy to society.

More recently, Gunningham and coauthors [6] relate their notion of a social licence even more closely to a business’ key stakeholders, arguing that a social licence is:

The demands on and expectations for a business enterprise that emerge from neighbourhoods [sic], environmental groups, community members, and other elements of the surrounding civil society (p. 307).

In this definition, “stakeholders” [52] or “social licensors” [6] play an intrinsic role in defining not only the criteria underpinning a social licence, but the concept of the licence itself. For Australian mining companies key stakeholders include but are not limited to: affected local communities, NGOs and community organisations, other companies operating within the same industry or geographic region, governments, local businesses, landholder and Indigenous groups, regulators and industry bodies.

The 2004 World Bank Group “Extractive Industries Review” (EIR) definition of a social licence to operate has been influential within the mining industry. The EIR’s definition, however, is not well-consolidated, with criteria for a social licence appearing sporadically throughout the two-volume report. Pieced together, these snippets define a “legitimate” social licence to operate as being granted when free, prior and informed consent of indigenous peoples has been practiced and where key stakeholders have access to transparent information [53,54]. Interestingly, this social licence does not have apparent connections to socially “good” practices, but is instead granted where open engagement and information exchange has occurred [54] (p. 37). The EIR also asserts that a social licence may not be obtainable in all countries, citing operating difficulties and legal problems concerning indigenous people’s rights as reasons why a social licence may not be possible to procure [53].

Critics of sustainable development and the social licence bemoan the lack of clear criteria defining the latter and the ubiquitous ambiguity of the former. Beckerman, for example, quotes Brooks on sustainable development, stating:

For the concept of sustainability in the process of development to be operationally useful, it must be more than just an expression of social values or political preferences disguised in scientific language. Ideally it should be defined so that one could specify a set of measurable criteria such that individuals and groups with widely differing values, political preferences, or assumptions about human nature could agree whether the criteria are being met in a concrete development program [55] (pp. 192–193).

Moreover, mining companies are faced with a growing number of voluntary initiatives and reporting frameworks which vary both in their definitions and use of “sustainable development” or “social licence”. Vogel [56], for instance, cites over 300 global, voluntary frameworks from which companies may choose. For most major mining companies, this choice involves production of a GRI sustainability report, signing on to the UN Global Compact, following membership requirements of the ICMM and local or nationally based industry bodies, and making assessments against IFC Social and Environmental Performance Standards. In most instances, the bulk of these activities are geared towards earning or maintaining a social licence through a public display of compliance.

Very recently, Owen and Kemp argued that although a social licence to operate has “become embedded within core mining industry vernacular” [10] (p. 2), the concept remains problematic. Companies position it as a key challenge, yet its operational utility remains unclear. Alternative concepts are either rejected or poorly developed, leading to a focus on short-term corporate gains and continued lack of clarity about what a social licence entails. Of especial relevance to the analysis completed here, the authors argue that “not all companies use the term in the same way or give the term equivalent weight” [10] (p. 2).

These concerns about vagueness, lack of criteria and measurability of sustainable development and social licence underpin the rationale for the analysis presented here. It is helpful, in the first instance, then to look into operational-level discourse and understandings around these two concepts to see if headway might be made towards better defining more tangible, meaningful and potentially measurable criteria, at the very least for the Australian mining industry.

4. Findings: How Companies Define Their Social Licence to Operate

The content and discourse analysis of sustainability reports presented here reveals that Australia-based mining companies define sustainable development and their social licence to operate through three broad areas of interest: environment, social and community issues (including health and education) and employment practices (including occupational health and safety and employee relations). Most often, the concept of the social licence is introduced early in the reports, either in the introduction or CEO’s letter. The inside front cover of BHP Billiton’s 2007 [57] sustainability report, for example, is entitled “It’s our licence to operate”, stating:

For society to grant us our “licence to operate”, we must demonstrate to our host communities and governments that we can, and will, protect the value of their environmental and social resources and that they will share in our business success.

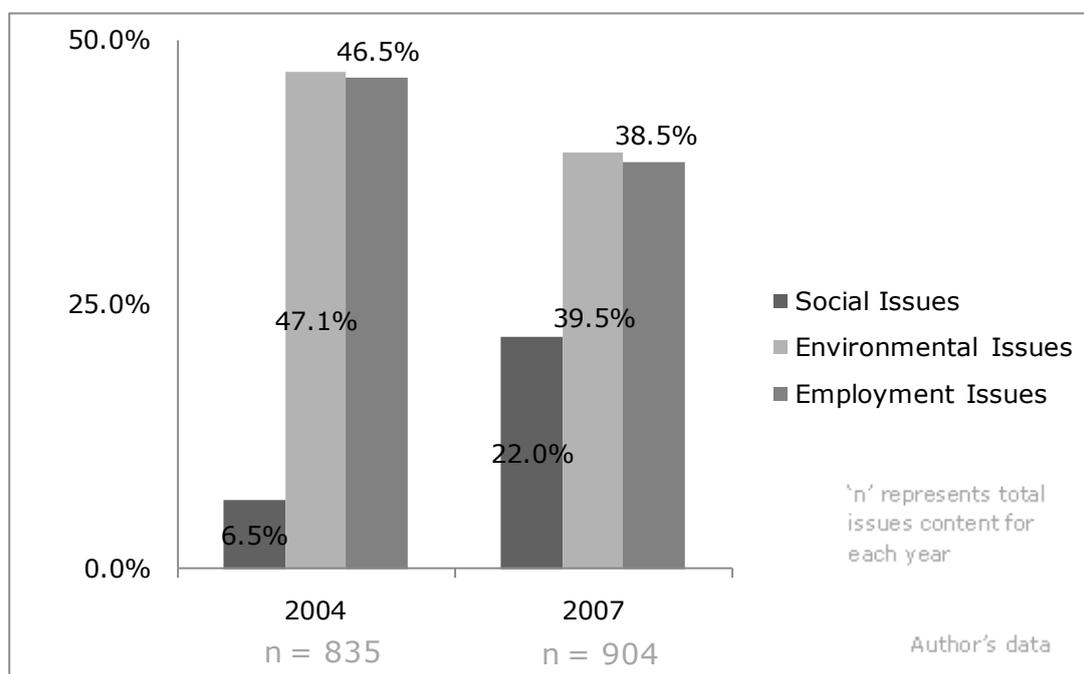
While front-end positioning about the importance of “earning and maintaining” a social licence to operate was common throughout the reports, none actually defined the “licensing criteria” through

which such a licence is granted, Instead, in the majority of reports studied (56%), companies take a much broader approach to the social licence, contextualizing it as the aim or desired outcome of their sustainable development activities. Oxiana (now operating as MMG after several mergers), for example, described maintenance of their social licence as being tied directly to sustainable development through the “quadruple bottom line”:

In order to maintain our licence to operate and meet our growth targets, Oxiana believes it must always operate according to “Quadruple Bottom Line” principles; that is, exercising the highest standards of governance, economic, social and environmental performance [58] (p. 1).

The ways in which companies believe they can gain and maintain their social licence to operate are consistently linked to their definitions and conceptualisations of sustainable development. The discourse companies use in defining sustainable development reflects the Brundtland tradition of addressing intergenerational human needs, now and into the future. Moreover, the key issues areas covered within the reports’ content tended to be generalized to fairly high levels such as labour or employment, social and environmental issues. BHP Billiton’s 2007 sustainability report, for example, addresses issues of “Our approach to sustainability”, “Our people”, “Environmental commitments”, and “Social responsibility”. Such high level language was common throughout all the reports, and the coding frame categories used in the analysis reflect this (e.g., “social issues”, “environmental issues”, “employment issues”). In addition to addressing broad, sustainability issues, the reports’ discussions also reveal interest in stakeholders’ issues, invoking legitimation strategies mentioned earlier. The connections between definitions of sustainable development and a licence to operate are made both explicitly and implicitly in the reports, with companies associating good sustainability practices with their abilities to access land and resources, provide value for communities and satisfy stakeholder expectations while also providing economic value for shareholders (See Figure 1).

Figure 1. Comparison of social, employment and environmental issues reported: Proportion of report content 2004 vs. 2007. Source: Author’s data.

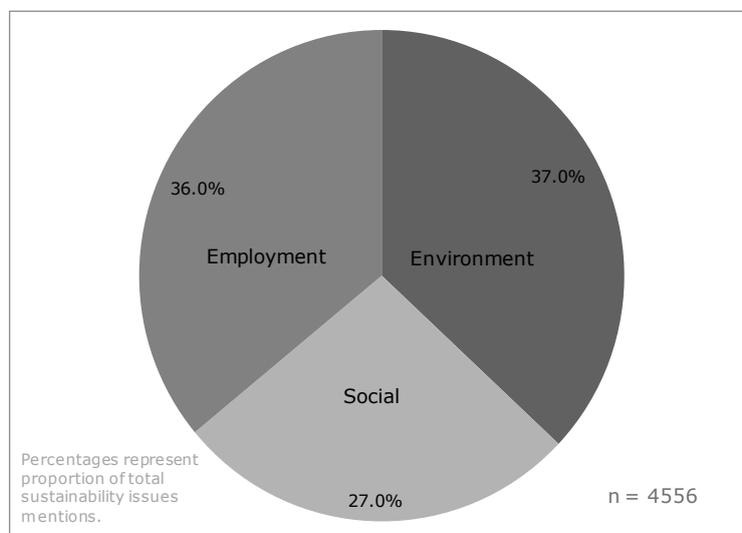


The analysis reflects an important moment of transformation in companies' conceptualisations of sustainable development. The very early sustainability reports define sustainable development in terms of environmental issues and employment matters, especially relative to occupational health and safety (OHS). Around 2005–2006, most of the companies studied began to shift their definitions of sustainable development from environmental and OHS concerns to also incorporate social and economic concerns. This shift was linked, in several instances, to more advanced external sustainability indicators such as the Global Reporting Initiative (the GRI G3 indicators were released in 2006), along with other internal and external factors. In BHP Billiton's 2005 Sustainability Report [59], for example, the company credited its shift towards a broader definition of sustainable development to improved internal understanding of the concept, acknowledgment of stakeholder concerns and to a desire to become better aligned with reporting indicators used.

The shift in understanding about what sustainable development encompasses was reflected not only in sentiment, but in a change in sustainability report content. In the 2004 sustainability reports studied, limited definitions of sustainable development meant that social issues were given short shrift, making up 6.5% of report content. By 2007, the proportion of reporting on social issues had increased over three times, with social issues comprising 22% of content (See Figure 1).

While companies did expand their conceptualisations of sustainable development over the reporting period studied, the focus of the reports remained largely on environmental and employment issues. The content analysis shows that 37% of all report content from 2004 to 2007 focused on environmental issues, followed closely by employment issues at 36%. Again, despite progressively inclusive definitions of sustainable development, social issues made up just over one-quarter (27%) of overall content during the studied period (See Figure 2).

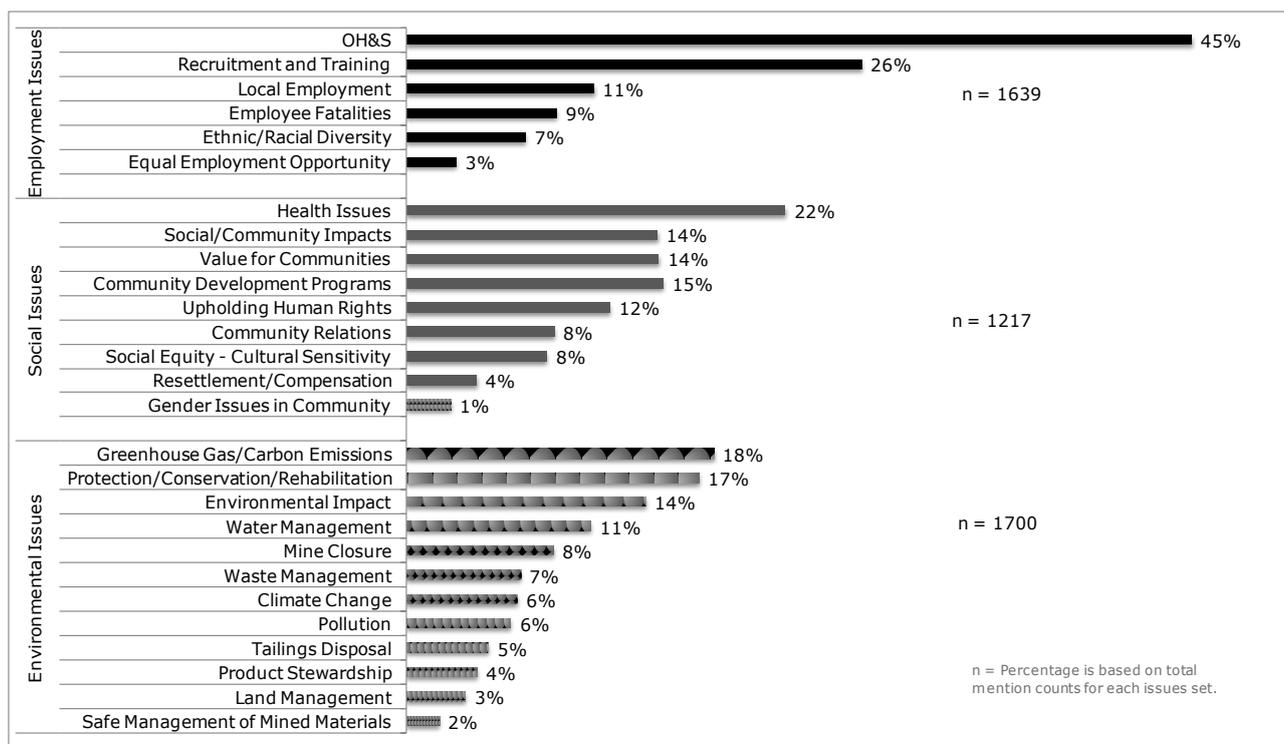
Figure 2. Broad level sustainability issues: Percentage of total sustainability issues mentions. Source: Author's data.



A further breakdown of environmental, social and employment content shows that the majority of employment issues (45%) relate to OHS; the majority of social issues relate to concerns for community health (22%); while carbon emissions and protection, conservation and rehabilitation of mining lease lands are the most mentioned environmental issues (18% and 17%, respectively) (See Figure 3).

By examining the proportion to which certain sustainability issues were covered within the sustainability reports, it is possible to make inferences about companies’ prioritisation of issues within a sustainable development paradigm. The tendency of the reports to focus on environmental and employment issues, for example, suggests that these concerns are prioritised by companies over social issues. Recent studies support this finding, with the GRI, University of Hong Kong and CSR Asia noting that most major corporations (across all industries) lack awareness of their social impacts [60]. Genasci and Pray [61] argue that resources companies’ limited reporting on social issues is not due so much to lack of awareness, but to the “distraction paradigm”. Here, mining and extractive companies focus attention on “lower-impact” social issues, thereby unintentionally (or intentionally) diverting attention away from primary social needs or more difficult social issues which also require attention. Alternatively, Blowfield [62] argues that the lack of focus on social issues within sustainability reporting occurs, in large part, because of reliance on somewhat vague case study methods to communicate social impact information. While helpful in raising issues-awareness, Blowfield argues that case studies are generally unable to pinpoint specific social impacts, to connect them in a direct and meaningful way to key stakeholders, or to demonstrate the effectiveness of sustainable development programs, all arguably important components of maintaining a social licence.

Figure 3. Breakdown of employment, social and environmental issues reported: 2004–2007.
Source: Author’s data.



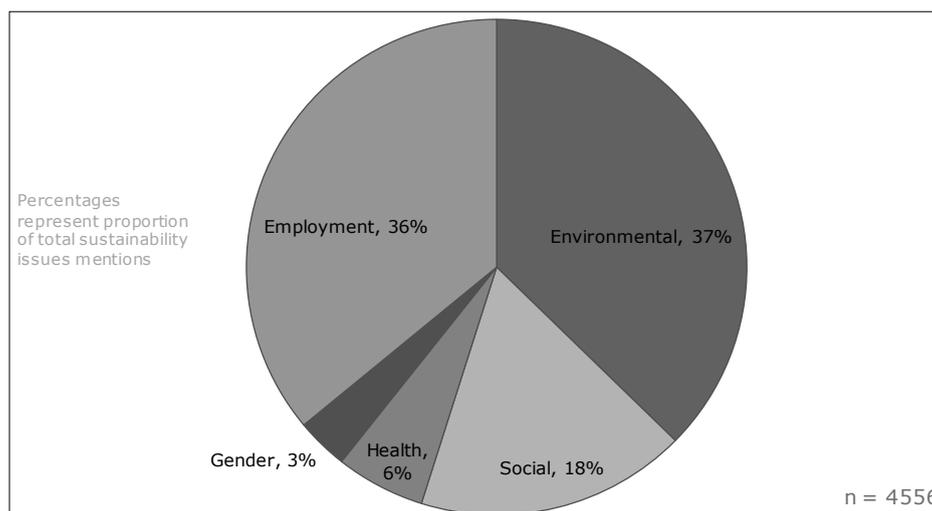
Findings of this research suggest that the emphasis on environmental and employment over social issues occurs for a range of reasons but is not related to companies’ lack of interest in social issues. Mining company representatives interviewed for this research repeatedly stated a commitment to social issues. One interviewee summed up this sentiment, saying, “You can’t separate the mining activities that go on in the pit from the community relations that happen 20 km away” [63].

Interviewees also openly discussed the ways in which their companies find social issues challenging, but nevertheless attempt to address them. Similarly to Blowfield's [62] assertions, several interviewees suggested that the lack of information on social *versus* environmental issues exists largely due to the difficulties of quantitatively measuring social issues:

Measurement [of social issues] is still the vexed issue for us. I mean to be able to measure this stuff and then be able to demonstrate—both internally and then to the community—that we've actually been able to make some change and create some benefit. That remains something that we are just not on top of yet. [64].

The prevalence of reporting on health issues, compared with other social issues, also supports the contention that the ability of companies to quantify information does affect issues-prioritisation and subsequent reporting. At Diane's company, for example, sustainable development programs focused on health issues tend to garner stronger support from senior management. She notes, "When you look at things like malaria, HIV, those things are typically measurable" [65]. Conversely, gender issues—an area of social effects widely studied in mining-related development literature (See, for example, [66,67])—do not appear in the sustainability reports as often, possibly because they are deemed difficult to measure or "soft" [65]. Indeed, when separated out from social issues, gender concerns comprise only 3% of total report content (See Figure 4), with health issues appearing twice as often (6%).

Figure 4. Broad level issues with gender and health shown: Percentage of total content, 2004–2007. Source: Author's data.



Thus, while company representatives interviewed noted that the desire to address social issues exists, the difficulty quantifying these issues appears to limit social issues-reporting which, perhaps ironically, may affect the degree to which social issues operate as criteria central to a social licence. Relatively, certain companies describe attainment and maintenance of their social licence in largely quantitative business terms; language which may preclude equal consideration of social issues. Rio Tinto, for example, describes how they seek to perform beyond their current licence to operate in mostly technical and environmental terms, noting they will work to reduce their footprint, employ new technologies, improve water management, air quality and protection of biodiversity, among other

environmental steps, all “with input from local communities” [68] (p. 6). Similarly, Oxiana wrote about the maintenance of their social licence within the context of operating “according to the principles of sustainable development... [maintaining] access to capital, markets and resources, and to run profitable, sustainable mining operations” [69] (p. 5).

Although reporting on social issues occurs to a lesser degree than other sustainable development issues, the importance of input from local communities is emphasised throughout companies’ sustainability reports and is often linked to companies’ attempts to “add value” to local communities; a sentiment which makes up 14% of social issues content. According to theorisations about the social licence, this concern for community input is vital to obtaining and maintaining the licence [6,70,71]. Interestingly, however, mention of free, prior and informed consent (FPIC)—one of the only criteria which the EIR specifies as necessary for a social licence to operate—rarely appeared in the sustainability reports. Only one company (BHP Billiton) specifically mentions “free, prior and informed consent” [57], while in 2004 Xstrata mentioned “community consent” [72]. Absence of the FPIC term is likely due to the fact that FPIC remains a relatively controversial topic, with many non-government organisations arguing that FPIC is enshrined in international law [73]. Mining companies may therefore avoid use of the FPIC term due to potential legal considerations. Whatever the reason for its absence, it is significant that the companies studied here use their sustainability reports to assert their social licences to operate but do not report on one of the few clearly stated criteria for that licence.

The sustainability reports studied do adhere to the social licensing criteria of open and transparent communication to a much greater degree. The reports are arguably quite open about both the positive and negative effects of operations, especially concerning impacts on the environment and local and national economies. In relation to negative environmental impacts, companies do report on pollution (6% of environmental issues content), usually in the form of disclosing spills or other environmental contamination which may have occurred throughout the year.

Relative to economic disclosure, companies note whether incidences of bribery or corruption have been reported and they also frequently report monetary donations and tax contributions made to communities and countries of operation. While this type of reporting does go some way towards transparency, critics argue that companies continue to withhold important financial information which could affect the legitimacy of their social licences [73]. Companies do appear to be responding to these critiques, however, with Rio Tinto leading by example through its agreement to disclose total royalty and tax payments made in 13 of its countries of operation [74].

Companies also appear to be transparent about their employment practices. In more recent years, companies provide information about the diversity of their workforces (7% of total employment issues content) and policies to hire workers from local communities of operation (11% of all employment issues content). Companies also report very openly on the more negative issue of employee fatalities due to on-the-job accidents (9% of total employment issues content).

The companies studied here continue to fall short when it comes to transparent disclosure of social issues and effects. As discussed above, this appears to be due, in large part, to the difficulty of measuring social issues in a way which is meaningful to companies. Reporting on social issues does tend to revolve around case studies, with 15% of all social issues content appearing as case study-style reports on particular community development programs. More intangible issues, such as upholding

human rights and social equity are mentioned (comprising 12% and 8% of all social issues mentioned, respectively), but are usually talked about in terms of principles to be upheld, as opposed to disclosures around activities linked to these issues.

5. Conclusions

This article has explored how contemporary Australian mining companies conceptualise and define their social licence to operate. In summary, a content and discourse analysis of Australia-based mining companies' sustainability reports reveals that companies closely relate their sustainable development practices to maintenance of their social licence to operate, and *vice versa*. A social licence to operate was shown to be considered important by a majority of companies, and their varying definitions of sustainable development are both explicitly and implicitly linked to their maintenance of a social licence.

The content and discourse analysis, supported by interview data, found that social issues tend not to get as much attention within the sustainable development arena as environmental and employment issues. This appears to be due to several reasons, including lack of effective methods to capture social impacts and a related inability to quantify social issues in a way which facilitates better attention to and understanding of those issues. Related to this, the discourse used to discuss the social licence tends to favour the types of "hard" evidence found in reporting on environmental, employment and economic issues. Criteria which are theoretically central to a social licence, especially FPIC, are not necessarily discussed, despite assertions that the reports provide information to support a company's social licence. For the most part, the sustainability reports studied do generally meet the "social licensing requirement" of open and transparent communication, at least to some degree. The reports fall short on transparency, however, around social issues and certain aspects of economic disclosure (*i.e.*, royalty payments to governments).

The research presented here suggests that the criteria defining a social licence to operate remain relatively amorphous, at least for the Australian mining industry. While the concept of a social licence is most certainly deemed important by companies, it remains unclear exactly how companies determine whether they have garnered a licence. Gaps also exist between the theoretical ideals underpinning the social licence and the ways in which attainment of a social licence is actualised. These findings echo those of earlier studies which examined the possible linkages between Australian mining companies' public reporting on sustainability issues and attempts to seek legitimacy (e.g., [13,15,16,26,75]).

In order to better define and legitimise a social licence to operate, Australia-based mining companies need to bridge the gap between social licence theory and sustainable development practice. Companies need to more clearly define the criteria which underpin their social licences to facilitate more apparent and measurable indicators against which stakeholders can make their own judgments. A clear framework for criteria could be established by drawing on the sustainable development paradigm of the triple bottom line. Based on this research and supporting literature, companies need to include better acknowledgement of and reporting on FPIC principles and practices. More specific social licence criteria would also involve thorough, transparent disclosure of all payments made to governments. More explicit criteria regarding social issues would require companies to develop better means of capturing and reporting on social data. Indeed, it is perhaps somewhat ironic that, in relation

to making the case for a social licence to operate, social issues appear to be those which are least reported on and least understood. While companies currently offer strong levels of reporting on environmental and employment issues, reporting in this area could be improved by more precisely linking this information back to establishment and maintenance of a social licence.

Future research can also play a role in bridging the gap between social licence theories and sustainable development practice. Questions to consider might include: How can social effects of mining be measured in a way that is meaningful to mining companies but which does not detract from the complexities of social situations? How might FPIC issues be reported on openly without invoking legal ramifications? At a more abstract level, research might also consider whether establishing more explicit criteria for a social licence helps improve sustainable development practice or hinders it by setting minimum standards which may limit sustainable development efforts? Or, following Owen and Kemp [10], even whether the social licence is the most useful and appropriate concept, given its questionable utility and the problems which can arise with pseudo-regulatory discourse?

Through investigating these and similar questions, researchers might develop more accessible, meaningful and potentially quantifiable ways to assess social issues, particularly those which seem more intangible, like gender. Improvement of external reporting indicators would also likely assist better discussion and analysis, particularly about social effects of mining, thereby delineating social licensing criteria more clearly and encouraging more specific reporting against those criteria. While certain advancements have been made in this area through the 2010 release of the Global Reporting Initiative's Mining and Metals Sector Supplement [76], no performance indicators address the social licence, and measurement criteria remain largely in the realm of academic discussion and consultancy practice [68]. Clearly, much work remains to be done before resources companies may confidently answer the question, "What gives you a social licence?"

Conflicts of Interest

The author declares no conflict of interest.

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