

Contemporary challenges in environmental governance: Technology, governance and the social licence

Abstract: The process through which societal actors can exert direct influence on the behaviour of organisations has gained increasing attention over the past two decades and is increasingly referred to as ‘social licence’ or the ‘social licence to operate’. This paper documents the rise of social licence and analyses the relationship between information and communication technology (ICT), governance and the social licence. We argue that contemporary social licence and the increasingly prominent role societal actors have in private governance has been facilitated by technological innovation in the fields of media and communications, allowing interest groups to have a far greater reach, and direct interaction and engagement with the public, other interest groups and the industries concerned. Now, a larger population can rapidly contest traditional practices regardless of national borders, the issue concerned or the actors involved. The unpredictable, dynamic and subjective nature of social licence has prompted concerns regarding legitimacy of stakeholders, the information they disseminate and outcomes they promote. Subsequently, in an attempt to maintain political and corporate legitimacy business interests are demanding more adaptable regulatory regimes. These political dynamics are resulting in the proliferation of network style governance that can adapt and cope with changing information, attitudes, values and beliefs. As a result a new era of experimentation and trialing alternative governance regimes has been born.

Keywords : social licence , governance , legitimacy , environmental management

Introduction

Non-state actors have increased their direct influence and power over business across a range of issue arenas and no more so than in environmental management. This power is exercised through the agenda setting capabilities of environmental non-governmental organisations (ENGOS) and increasingly their influence over design and assessment over environmental programs and activities. Traditionally, corporations considered that legal compliance with official laws and regulations would satisfy all social liabilities (Gunningham et al., 2004, Kagan et al., 2003). Yet increasingly, corporations consider social obligations outside the law as equally important, demonstrated by their willingness to go beyond regulatory requirements (Koski and May, 2006) to address social concerns. The rise of social licence and other forms of private governance has causes but we contend that the expansion of information communication technologies (ICTs – henceforth ‘technology’) has been a

significant factor largely ignored in emerging literature on social licence. Specifically, technology provides opportunities for large-scale direct engagement between ENGOs and business, their consumers and citizens more generally often highlighting raising environmental standards and, in effect, attempting to close the gap between societal expectations and industry practices.

The influence that direct ENGO advocacy can have on the behavior of organisations has gained increasing attention over the past two decades and is widely referred to as ‘social licence’ or ‘social licence to operate’. Emtairah and Mont (2008) describe social licence as “a collective set of expectations on organisations beyond what is legally prescribed”. The expression *social licence to operate* was first coined in 1997 by a mining executive by the name of James Cooney as he recognised the economic cost of community resistance to new or expanding mining projects. To highlight the importance of this newly identified risk he equated it to government refusal to issue permits (Boutilier, 2014). As Owen and Kemp (2013) explain, “social licence has emerged as an industry response to opposition and a mechanism to ensure the viability of the sector”. This definition highlights the process by which ENGOs can influence behavior of firms independently of governmental intervention.. This process whereby civil society groups are the agents of change highlights a key point of difference with the related notion of corporate social responsibility (CSR), which (Gjølberg, 2009) argues is a business strategy for ‘keeping people onside’ which is unlikely to influence the substance of corporate practice. In contrast, the literature on social licence highlights the potential for civil society groups to punish firms failing to heed community expectations (Boutilier, 2014). Significantly, business now recognizes the importance of maintaining a social licence for ongoing commercial viability and success (Boutilier et al., 2012, Leith et al., 2014).

While the concept of CSR has dominated discourse that addresses the interface between business and society, social licence at its core is more concerned with building the social legitimacy of an organisation rather than more formal responsibilities. In this regard, both concepts deal with the relationship between a given organisation and its community and both acknowledge that the perceptions of the community can influence business activities, but the majority of the power in CSR is with business, whereas the community has significant control over whether a social licence is given or withheld. Additionally, social licence goes a step further than CSR by harnessing the concept of ‘shared values’ and focuses on specific activities or issues rather than organisations (Morrison, 2014). Morrison explains that while CSR is something over which an organisation has a significant degree of control, social licence is a much more dynamic concept, and can be withdrawn by external actors. In this sense, CSR is a tool used by industries to ensure their social licence is maintained. Social licence is constituted by the relationship between organisations, state actors and relevant societal actors, where firms endeavor to operate within the expectations of the wider community to ensure that their actions are perceived as being legitimate.

Social licence rests on the foundation of legitimacy, “a multi-dimensional process of social interaction” (Schouten and Glasbergen, 2011). Legitimacy is referred to by (Suchman, 1995) as ‘justifications of authority’ in that it is “a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed systems of norms, values,

beliefs and definitions”. Many authors refer to the concept of legitimacy to explain why organisations and state actors respond to pressures from non-state actors and media coverage (Emtairah and Mont, 2008, Morrison, 2014).

The majority of literature concerning social licence advises how corporations can safeguard their venture by acquiring it, keeping it and exploring it as a driver for industries to go beyond compliance formal regulatory standards (eg. Yates and Horvath, 2013, Williams and Martin, 2011, Campbell, 2007, Burchell and Cook, 2013). To date, applications of the concept have focused on the resource sector, particularly mining activities, with emphasis on the role social licence plays in improving environmental and social standards of companies. Industry is not, however, alone in its vulnerability to social licence; literature, albeit in a boarder sense of the concept, increasingly focuses on political opportunity structures and circumstances under which interest groups and civil society campaigns can influence the strategies and behaviors of both private and public actors (eg.(Sell and Prakash, 2004) For example, ENGOs may target the environmental practices of firms with a view to influencing both firm behavior and formal environmental standards reflected in national laws and or international agreements.

Civil society groups command a growing role in the decision-making process, particularly regarding issues of sustainable development and common pool resources, effectively shifting the governing authority from state to non-state actors (Prno and Slocombe (2012). Subsequently, there is a growing interest regarding how best to manage this emerging shift of power to produce effective and sustainable management outcomes (eg. hybrid institutions and governance, voluntary regulatory regimes, collaborative or network governance and stakeholder engagement). In recent years, this body of literature is beginning to make the direct link between social licence and changes in governance regimes. The rise of social licence suggests a transfer of control and authority from corporations, and state actors to civil society, challenging conventional discourse regarding the role of government (Parsons and Moffat, 2014). Parsons and Moffat note that this “represents a site of struggle among heterogeneous discourses—such as business, management, society, community, ethics and environment—in which power is played out and meaning is constantly reconstituted.” (Parsons and Moffat, 2014:342)

The priorities held by a community can change over time depending on what information is made available and portrayed through media attention. Thereby corporations and public figures need to be receptive to the changing attitudes of stakeholders (Deegan and Islam, 2014). Given the intangible, vague and unpredictable nature of social licence, compared to a legal licence (Syn, 2014), it can be challenging in the early stages of planning or decision-making to distinguish if a social licence exists or not (Parsons and Moffat, 2014) and who should be regarded as a legitimate shareholder.

The contemporary social licence

While social movements and associated interest groups such as ENGOs are by no means a new phenomenon, attempting to influence political outcomes since the

inception of democratic government, innovative communications strategies employed by activists to engage with business, consumers and concerned citizens directly have transformed patterns of interest group mobilization and activism resulting in new concepts such as ‘social licence’. Significantly, the scope and impact of the *contemporary* social licence has been facilitated by communications technology and the ability for media campaigns to reach and influence a broader portion of the public. The introduction of the 24 hours news cycle and digital media platforms has allowed interest groups to have a far greater reach and interactive capacity with the public, other interest groups and targeted corporations or actors. Subsequently, the apparent need to meet the standards invoked by NGOs and media as been amplified (Deegan and Islam, 2014). This has contributed to changing practices in relation to transparency of industry, governance and activism (Lester and Hutchins, 2012a) and has transformed social licence from metaphor into strategic tool for driving change (Boutilier et al., 2012).

The rapid development and uptake of communications technology has provided new means for interest groups to engage directly with the public. In particular, social networking sites have provided a communication platform that has revolutionized the relationship among stakeholders, consequently becoming a principal element in contemporary management regimes (Liu and Zhou, 2011). The instant and interactive capacities, and prolific adoption, of social networking and digital news sites and platforms have created a space for innovative modes of democratic interaction (Garrett, 2006). It’s worth noting that these same ICT’s are also utilized by groups to promote anti-democratic and anti-social motives via untraceable smear campaigns. Garrett explains that ICTs are particularly successful in fostering the sense of ‘collective identity’ and the desire to be apart of a greater community, making them effective in growing a group that share a common concern. Moreover, online networking and social media technologies experience fewer geographical or topical boundaries allowing a larger population to contest traditional practices across issues, disciplines, societies, institutions and political borders (Boutilier et al., 2012).

Campaigns focused on social licence are often transnational in nature and operate at a number of scales. (Ruggie, 2004:504) explains there is an “increasingly institutionalized transnational arena of discourse, contestation, and action concerning the production of global public goods, involving private as well as public actors”. For example, international ENGOs have formulated a global campaign against palm oil cultivation in Malaysia on the basis that the agricultural practices associated with growing palm trees results in large-scale deforestation and subsequent impact on the welfare of native endangered animals that reside in this habitat (Say no to palm oil, 2014). Notwithstanding, oil palms are considered an efficient supplier of oil given the low land usage required relative to yields (Basiron, 2007). The industry also facilitates the progress of developing regions of Indonesia and Malaysia, alleviating poverty and supporting the livelihoods of an estimated 4.5 million people (Basiron, 2007, Khor, 2011). Regardless, escalating ENGO campaigns, particularly from Europe, are well on their way to stopping palm oil production with market boycotts and multi-national consumer brands being persuaded to alter their buying policies (eg. Nestlé Australia, 2014). This example highlights a fundamental disregard for international or sub-national borders in protest activities. Whether palm oil production is ethical or immoral is not in question here but rather how local activities can attract

a global response. This can quickly shift the power from local communities, industries and government to a global arena.

Hilson (2002) suggests that while political scientists have explored both social lobbying and litigation as tactics to trigger policy change, they often consider them independent from one another. However, Kagan et al. (2003) explains that it is now common practice for corporations to assume that any direct or indirect impacts from their activities may not have to be illegal to attract public condemnation with the increasing possibility that this is followed by government intervention and regulatory changes.

The factors shaping the *contemporary* social licence debate

A central theme in the contemporary social licence literature and the concepts growing significance is a direct consequence of declining community confidence in industry's or government's willingness or capacity to adequately protect the environment in the absence of societal pressure (eg (Owen and Kemp, 2013, Mendoza and Vernis, 2008). As Stern (1999: 87) states, the "highly committed and engaged activists" are the central players in provoking extensive change in societal attitudes and behavior. While political science has long recognized the role of interest groups in shaping public opinion and thereby influencing public policy, the social licence literature is distinctive in two important ways. First, as noted above social licence campaigns focus directly on firms and industries rather than regulators. Second, in order to maximize influence and the impact of social licence campaigns activists engage in innovative communications strategies and media alliances to maximize public support. Activists, lobby groups, journalists, and their use of new communications strategies to inform and influence the public by shaping the political agenda (Krovel, 2012, Ader, 1995) and turning "public awareness into a political opening" (Braun and Judy, 2004: 186). Mertha (2008) argues that ENGOs and journalists have a critical role as 'policy entrepreneurs' and that the two often have a very close working relationship.. Deegan and Islam (2014) note that issues being addressed by ENGOs tend to generate high levels of public interest. Strategic media partnerships and communications savvy may be crucial for effective social licence campaigns but access to more traditional resources are also important for influencing community attitudes and political agendas (Lester and Hutchins, 2012).

It has been argued that "often the sunshine of intense scrutiny is enough to force change" (Staley, 2011), and that "in many cases it will suffice that those with power merely believe that there is a large constituency for a given course of action." (Friedman and McAdam, 1992:168). However, according to Lester (2011: 125) in order to generate "meaningful political impact, [activism] needs to be sustained across time". To sustain visibility throughout the media, it is a key function of ENGOs to present information that was previously unavailable to the public casting doubt about accepted wisdom and moving public debate out of the "corporate shadow" (Deegan and Islam, 2014). This means it is now more difficult than ever for private entities to control their 'visibility' (Thompson, 2005). This constant risk to organisational legitimacy triggers what is referred to as a 'disclosure reaction' whereby organisations voluntarily reveal information regarding their environmental practices (eg. sustainability reporting) to maintain their social licence and therefore their organisational legitimacy, in effect increasing their accountability (Pellegrino and

Lodhia, 2012). Provoking voluntary information disclosure has meant that organisations maintain a certain level of transparency in an attempt to maintain legitimacy. Notwithstanding, an organisation can deviate from societal norms and still maintain legitimacy if the deviation remains undetected (Emtairah and Mont, 2008). Thus, it is argued that in the absence of stakeholder interest, the commitment to responsible practices is likely to be marginal (Gugler and Shi, 2009).

Campbell (2006) explains that stakeholders' commitment to conforming with a given standard of behaviour vary depending on the power of lobby groups or organisations, how unbiased the media is and the probability of state intervention. While some ENGOs have been criticised for their approaches to provoking change (Smith et al., 2012, Gunther, 2014, Jabour and Iliff, 2009, Anton, 2009), their social presence, whether they use this effectively or not, is undeniable. Literature exploring the legitimacy and ethics of the actions of the stakeholders withholding social licence is generally underdeveloped, yet as Boutilier (2014) also argues is an important and significant research agenda.

Research by Arenas et al. (2009), and more recently in the Edelman (2016) and Globescan (2016), suggests that globally, ENGOs hold greater trust and credibility among society compared with business and government. Arenas et al. along with Jeffrey (2002) suggest that this is because ENGOs are seen to conduct their work for the good of the public, rather than for their own private benefit and therefore media outlets are inclined to support their stories. The attention and trust that these organisations gather within the community propels them into a position of power increasing their influence as social actors (Bryant, 2009). Consequently, the attitudes of ENGOs are perceived to become widely circulated and hold the ability to shape a community's expectations, although debate continues on how this transfers to ENGOs when they challenge fundamental 'growth' agendas (Lester 2011, 2014).

If preventing specific projects or activities is the end goal of ENGO activism, then an interest group must gather support quickly, to do so it is suggested that a message must remain simple. A message that is targeted and politically salient is usually more successful in persuading people to support a particular cause. Therefore, ENGOs may be selective about the information they use, reducing the level of knowledge available to the public. Yanacopulos (2005) explains that the key to a powerful campaign is focusing on a single issue that is easily understood rather than dealing with the broader complexities of a given case. In order to create a convincing argument, identifying those responsible for an injustice must be obvious and contained, rather than complicating it by involving multiple perpetrators (Keck and Sikkink, 1998). However, Leipold (2000) explains that the success of a campaign could be significantly hindered if the public becomes suspicious of information manipulation or naivety. This suggests that transparency and expertise is critical to maintaining legitimacy. Furthermore, according to Krovel (2012) the most prolific and effective ENGOs are commonly the ones that engage in evidence based advocacy rather than forceful activism orientated material.

Depending on the motives of an interest group they can sway public opinion and influence outcomes, even if it conflicts with expert evidence or advice. This poses the question who is an 'expert', what information constitutes as 'evidence', and what issues are deemed important? By this reasoning, it could be seen that the outcomes

from granting or withholding social licence is the responsibility of both those applying and responding to the social pressure to ensure effective and sustainable governance. However, there appears to be uncertainty around who exactly is responsible for the mediation and problem solving in contentious issues. By default, this is the governments' role, however there are many examples which indicates that this is not the reality and the state is merely another player. The "switch from a campaigning to a solutions phase" appears to be where difficulties lie and tension can be created, even between allies (Braun and Judy, 2004: 183). This phase demands considerable attention. To explore this further the next section investigates the roles of alternative sources of expert and other evidence in social licence debates.

Social licence, science and governance

When it comes to the development of policy, debate centres on: what constitutes acceptable evidence, the appropriate balance of different evidence, when different forms of evidence should be considered in the decision-making process and who decides (Sutherland et al., 2012)? Pedersen (2014: 547) suggests "there should be a division of cognitive and deliberative labour, generally corresponding to the division between facts and values". It is usually the values of a collective group which underpins a social licence, or lack thereof, and challenges for governments are presented when these values contradicts the science or expert knowledge regarding the contest issue.

Environmental governance, for example, is often plagued with controversy because of the likelihood of conflicting and competing social values (White and Hall, 2006). As anthropogenic impacts on environmental sustainability become more apparent, the gap between science and policy becomes a critical aspect in successful long-term policy development (Klauer et al., 2013). Nursey-Bray et al. (2013) note that researchers and decision-makers need to "understand how knowledge works in practice... [and] re-construct or transition the notion of 'science as knowledge' into 'all knowledge types' into policy." For example, the withdrawal of a social license was highly visible in Tasmania, Australia with recreational fishing and environmental groups protesting against the FV *Margiris* 'super trawler' in 2012. However, fisheries scientists generally supported the fishing activities of the vessel and considered the vessels quota to be conservative (Haward et al., 2013). Alternatively, Hastings (2011) suggests that ENGOs, as drivers of social licence, act as the 'boundary organisations' which are associated with both the scientific and policy communities, and are ideally situated to close the science-policy gap in issues such as in natural resource management. On a localized scale, particularly in developing countries, Hastings et al. (2012) suggests that ENGOs can facilitate scientific programs and function as key players in "bridging disciplines and knowledge systems".

There is ample research that highlights the divergence between lay and expert knowledge (eg. (White and Hall, 2006, Johnston and VanderZwaag, 2000), Leith et al. (2014), (Bradshaw and Borchers, 2000). Bradshaw and Borchers (2000) explain that the differing levels of confidence between the science community and the public for a given scientific finding (due to a multitude of complex factors such as scientific uncertainty), is one reason for the gap between science and policy. Nursey-Bray et al. (2013) find that "in order to better understand how to build scientific research outputs into policy, decision-makers and researchers need to understand how knowledge

works in practice, overcome this dichotomous construction of knowledge and specifically, re-construct or transition the notion of ‘science as knowledge’ into ‘all knowledge types’ into policy.” The delay in the uptake of scientific information by the public can be explained by the difficulty in communicating in-depth knowledge and the variation in how science and members of the public relate, communicate and discuss issues (White and Hall, 2006). Leith et al. (2014) explain that the communication of information and how audiences respond determines the legitimacy, and therefore the role, of scientific fact in decision-making. This notion emphasizes the importance of information distribution methods in mediating mutual understanding across interest groups and ensuring more effective, and less reactive, policy outcomes.

This challenge is amplified by the general trend towards increasing speed in news journalism. This can significantly hinder the ability for audiences to understand the full implications, both direct and indirect, of complex issues and decisions, leaving little room for long-term awareness and lasting resolutions. For example, the discussion around climate change involves high levels of complexity and uncertainty. While the scientific communication comprises of layers of peer reviews and accounts for variability and uncertainty, the public understanding of climate change is determined by ‘over-simplified media representations and political debates’ (Finnis et al., 2015: 1). Finnis explains that not only does this distortion of information available to the public provide openings for criticism of scientific processes, jeopardizing the rigor of scientific knowledge, but also allows for “political polarization” (pp. 3) on the issue. This section reinforces the challenges of government to respond to the social licence, representing the values of a group of concerned citizens, and consider expert knowledge on a particular issue if these two forms of information contest each other.

Governing in the era of the contemporary social licence

Traditionally, concerns regarding the use of natural resources – where the majority of the social licence literature is concentrated – have been a matter for state mediation; nowadays there is a growing likelihood that non-state actors are directly involved in governance and may even instigate regulatory action. As we see a shift in power from state to non-state actors and as activist campaigns become transnational in scope and supply chains become more complex, economic, social and environmental governance is becoming more challenging. As such, political dimensions are becoming convoluted and the rigidity of traditional hierarchal governing mechanisms are increasingly inadequate given the demands of contemporary governance (Reed and Bruyneel, 2010). Prno and Slocombe (2012) highlight the increasing separation of the terms ‘government’ and ‘governance’ where the act of governing no longer rests exclusively with the government alone.

Whilst this shift in power from state to non-state actors has its benefits it does not come without challenges. Once the media has promoted a particular agenda, and provoked a particular response within the community, the capacity for individuals, organisations or political actors to provide a rational response is severely diminished (Lester and Hutchins, 2012). Responses from public regulators and state actors can be reactive to the social licence and in turn lose their legitimacy. As Staley (2011) states “our political culture has become so immediate, so populist, that reflective policy-making is jettisoned”, noting the governments desire for political preservation and the

risk this poses for reflective policy-making for effective and sustainable policy decisions. As Owen and Kemp (2013) explain “perceptions are positioned as primary and actual development contributions or outcomes secondary...the contemporary application of social licence is more about reducing overt opposition to industry than it is about engagement for long-term development”.

The level of state intervention, societal independence and how differing interests and preferences are negotiated and amalgamated determines the suitability of governance approaches (Wan and Bramwell, 2015). In an evolving democracy, there is emerging evidence that the state’s governance capacity is becoming increasingly circumscribed by civil society groups and associated campaigns, highlighting the need for adaptability in governing systems (eg, (Reed and Bruyneel, 2010). This political environment suggests that effective governance is increasingly dependent on establishing networks and high levels of engagement between business, ENGOs and the state. These emerging modes of network governance are not completely independent of public authority and thus fall short of what Pierre and Peters (2005: 12) have described as ‘governance without government’ yet clearly the growing significance of social licence highlights how civil society and ENGOs in particular becomes the more powerful actor. Indeed, Sandström et al. (2015b). highlight the evolving role of the state with governments still maintaining influence over outcomes and relationships by deciding who is consulted, engaged and acknowledged as legitimate stakeholders . Yet, earlier research by Pierre and Peters (2000) notes that ‘the actual role which the state plays in governance is often the outcome of the tug-of-war between the role the state wants to play and the role which the external environment allows it to play’. This devolution of authority in governance regimes has been attributed to a lost confidence in government when it comes to adequately addressing emerging challenges associated with environmental degradation and sustainability. (Mendoza and Vernis, 2008: 1). As a result a new era of experimentation and trialing alternative governance regimes has been born (Ponte and Daugbjerg, 2015).

Using social mechanisms such as market-based instruments or voluntary regulatory regimes rather than authority or recourse to legal adjudication, , is referred to in various ways including collaborative governance, network governance or hybrid governance. A strength of these governance regimes is in their practical capacity to integrate the ideas of interest groups and to attain the support of such groups and those being regulated in a manner that traditional state controlled approaches are unable to achieve. This makes social and network governance systems more resilient to change, with Owen and Kemp (2013:1) suggesting industry should take a “less defensive and more constructive approach to stakeholder engagement and collaboration”.

The network approach to governance, defined by Jones et al. (1997), is the “coordination characterized by informal social systems rather than by bureaucratic structures...to coordinate complex products or services in uncertain and competitive environments”. Acknowledging the importance of this style of governance, Jones highlights its ability to concurrently encourage, preserve and coordinate interaction between stakeholders, emphasizing the significance of this capacity for adaptability. Promoting long-term relationships, flexibility and inclusivity, described by Jones as “mutual adjustment and communication”, is a prominent feature, compared with the

rigid nature of hierarchical methods of governance. Schouten and Glasbergen (2011: 1891) suggests that a legitimate approach to governance must satisfy concerns of “legality, moral justifications, and consent/acceptance...revealing tensions and trade-offs in which non-state market driven governance arrangements can create legitimacy”. Again it is pointed out that such approaches to governance are socially rather than legally binding.

These approaches are, however, subject to a number of limitations. For example, maximizing inclusion and consultation without losing effectiveness is one of the most difficult balancing acts in network style governance (Sandström et al., 2015a). (Blanchett and Zeller, 2012: 62), explains that government actions have been described as a “knee jerk response to *minority* interest group pressure.” highlighting the ‘value amplification’ tactics of social movement organisations (Snow et al., 1986). This implies that the views of lobby groups (be it industry, environment or social groups) may not necessarily represent the silent majority or could be at odds with evidence based policy solutions. If governments respond reactively to interest groups, outcomes may reflect the preferences of those actors who have resources to engage in lobbying and advocacy which may result in undemocratic outcomes potentially undermining the legitimacy of the regime. This can also raise the question of which groups have a legitimate stake in particular issues? While it is important for policy development to encompass a variety of knowledge, defining the role of state and non-state actors and the weighting of values and interests appears to be getting increasingly difficult. This is both particularly evident and especially important in an era of transnational activism.

Schouten and Glasbergen (2011), in their discussion of the Roundtable for Sustainable Palm Oil, touch on the risk of compromising the ‘moral and legal’ when negotiations may lead to less rigorous or lower standards. The risk is that such compromise may reduce ENGO support and diminish the legitimacy of any agreed regulation or standard. Nonetheless, given the failings of state regulation in many environmental arenas, civil society driven approaches focusing on social licence have begun to thrive (Bernstein and Cashore, 2007).

Conclusions

The influence that civil societies’ values and beliefs, portrayed through the application of social licence, have on decision-making highlights the changing and fickle nature of relationships between communities, ENGOs, industry, scientific experts and policy makers. This paper extends the work of (de Bakker, 2012) which makes the connection between social networks, social movements and institutional change. Specifically we highlight the need for further research into the specific network interactions between activist groups and corporations in the process of negotiating a social licence to operate. With the expansion of communications technology and associated forms of media, the public can become increasingly active and engaged in policy issues (Lester and Hutchins, 2009). As the public become more empowered they become more demanding (Sobkowicz et al., 2012). This has allowed practices surrounding social licence to move and grow at an unprecedented rate and now more than ever “political legitimacy ultimately rests on community building” (Bernstein and Cashore, 2007: 364).

The community trust bestowed upon ENGOs, and therefore the influence they have over community views, puts them in a position of power to challenge the legitimacy of government or a regulator if there is a perception that they have strayed from what they assume to be the communities expectations (Deegan and Islam, 2014). Similarly, the reach, persuasive nature and agenda setting capabilities of media are also effective in determining how an organisation is perceived by the community which suggests that communications strategies may be usurping expert evidence in policy process (Brown and Deegan, 1998). The growing ability for ENGOs and media outlets to promote a particular agenda has prompted concerns over uneven playing fields, emphasizing potential difficulties in achieving legitimacy. Taking this further, the influence that withholding a social licence can have on political decision-making processes highlights the potential civil society groups to undermine the authority of government.

The overlapping of boundaries between state and non-state players gives a wider range of stakeholders a greater role in policy formation. As the public domain is evolving there is a growing movement toward more collaborative approaches to governance. However, due to the unpredictability, fast paced and subjective nature of social licence difficulties arise when trying to address such complexities, especially when there are significant time constraints. Although the ultimate goal of withholding a social licence is to improve social, environmental and/or economic standards, there is the apparent risk of unsubstantiated political decisions and ineffective outcomes. One conclusion which can be drawn from this analysis is that governance regimes must be adaptable in order to cope with changing information, attitudes, values and beliefs. Nonetheless, it is argued that social licence is an imperative for environmental regulation and plays a fundamental role in highlighting concerns that are otherwise overlooked or even ignored. Essentially, withholding a social licence can be an effective political instrument for driving positive long-term change if the political system allows.

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