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**The Role of Stakeholder Engagement in Mediating A Social Licence
A Case of The UK Shale Gas**

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The Role of Stakeholder Engagement in Mediating A Social Licence: A Case of The UK Shale Gas

By

Pearl Oruamabo

A thesis submitted in partial fulfilment of the requirements for the degree of Doctor of Philosophy at the University of Dundee, Scotland, United Kingdom.

DEDICATION

To the memory of father, a man like no other, my king, a champion, who gave selflessly to
the very end, my guy!

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LIST OF ABBREVIATIONS

BGS- British Geological Survey

BTU- British Thermal Unit

CCC- Committee on Climate Change

CCS- Carbon Capture and Storage

CSR- Corporate Social Responsibility

DECC- Department of Energy and Climate Change

EA- Environment Agency

HSE- Health and Safety Executive

MPA- Mineral Planning Authority

NGO- Non-Governmental Organisation

OGA- Oil and Gas Authority

PEDL- Petroleum Exploration and Development Licence

PSC- Production Sharing Contract

SIA- Social Impact Assessment

UKOOG- United Kingdom Onshore Oil and Gas

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DECLARATION

I, Pearl Oruamabo, the candidate, declare that I am the sole author of this thesis, that all references cited have been consulted by me; that the work in this thesis was done by myself and that this work has not been previously accepted for a higher degree.

Pearl Oruamabo 24/05/2021

ABSTRACT

This research investigates the operationalisation of stakeholder engagement in the UK shale gas industry. Stakeholder engagement is a central feature of many natural resource development projects globally, especially in controversial projects like shale gas development. Community engagement is not only a desirable business practice, but a mandatory exercise prescribed by operating licences as a prerequisite for development. Resource extraction is usually characterised by complexities due to a multiple stakeholder environment and organisations are increasingly recognising that effective stakeholder engagement is key to gaining a social licence to operate. There is however, limited research on the nature of the linkages between the stakeholder engagement process and the SLO. This thesis investigates the role of stakeholder engagement in gaining a social licence in shale gas development.

A qualitative case study approach was adopted, focusing on the development of shale gas in specific licensed areas. Semi structured interviews and documentary analysis were used to obtain the perspectives of engagement managers, regulators, local communities, Non-Governmental Organisations (NGOs) and industry experts. Collectively, all study participants were stakeholders in the shale gas development process. There was consistency in the understanding of who or what constituted as stakeholders; however, stakeholder engagement was often viewed as prescriptive, serving the interest of the shale gas industry. The implication being that engagement approaches did little to ensure that stakeholder involvement influenced planning and decision making. Friedman and Miles' ladder of engagement was used to examine the extent of stakeholder engagement in the shale gas

development process. The findings indicate that for many stakeholders, contributions to decisions seemed to occur at a tokenistic level, resulting in barriers that further prevent the benefits of stakeholder engagement to be achieved. Insights from the interviewees are analysed in relation to the extent stakeholder engagement can be a legitimising tool. Drawing on the legitimacy theory, this study finds that there are elements of legitimisation in the engagement efforts of the shale gas operators; however, it stops short of finding these efforts successful in achieving legitimacy as a prerequisite of the social licence.

CHAPTER 1: INTRODUCTION AND STUDY CONTEXT

1.1 Introduction

Natural gas has emerged as the preferred fossil fuel to bridge the gap between fossil fuel dependence and renewable energy, it is often referred to as a 'transition fuel'. Natural gas has several applications commercially in homes, industries, and the transportation sector. Natural gas is the cleanest of all fossil fuels and the main products of combustion of natural gas are carbon dioxide and water vapour (Liang et al., 2012). The authors opine that compared to coal and oil, the combustion of natural gas releases very small amounts of nitrogen oxides (NO_x), sulphur dioxide (SO₂), carbon dioxide (CO₂), carbon monoxide (CO), other reactive hydrocarbons and virtually no particulate matter. Coal and oil are composed of much more complex molecules and when combusted, they release higher levels of harmful emissions such as nitrogen oxides and sulphur dioxide. They also release ash particles into the environment. Supporters argue that increased reliance on natural gas can be used in the reduction of pollutants into the atmosphere, this is premised on the fact that the pollutants emitted from the combustion of fossil fuels have led to the development of a number of pressing environmental problems that include, but is not limited to emission of greenhouse gases, which could contribute to global warming, smog, air quality and acid rain, which is detrimental to human health and the wider ecosystem.

The crossroads of urban development and improved technological methods allowing oil and gas development in new areas can often result in contentious community issues. The

development of unconventional gas and oil resources from organic shales has risen to the vanguard of energy and environmental policy debates in the United Kingdom since 2011. The rapid development and deployment of horizontal slickwater hydraulic fracturing in the 1990s and horizontal drilling techniques in onshore oil and gas extraction (a technique commonly referred to as 'fracking' in industry sources, and 'fracking' in activist and media sources; hereafter referred to in the popular shorthand 'fracking') is a growing source of global environmental controversy. This debate can be highly emotional; Kargbo et al. (2010) believe that these 'fracking' techniques deployed mainly in America and Canada combined with rising fossil fuel prices has led to the profitable expansion of global unconventional gas production to become the most rapidly expanding trend in onshore domestic fossil fuel exploration and production worldwide.

Researchers and industry alike recognise the highly emotive nature of the shale gas debate and several authors have explored the social issues associated with shale gas development in terms of social license to operate (Smith and Richards, 2015); ethics and environmental justice (Cotton, 2017); public participation, risks and benefits (Wheeler et al., 2015); NIMBYISM (Cotton, 2013). Smith and Richards (2015) assert that as many as 300 million people around the world, across six continents, occupy land overlying a shale reservoir and warn that industry must address community issues, and earn a "social license to operate". Due to the contestation around shale gas development, some local councils have taken matters into their own hands, going so far as suspending or banning fracking activities within council limits.

Today in the United Kingdom, resistance from local communities continues to threaten shale development. In an interview, Alex Hohmann, Stakeholder Relations Manager for Anadarko Petroleum, asserted that shale resources often go undeveloped, not for the lack of a legal license, but rather for the lack of a social licence. Some of the reservations held by local communities about the impacts of shale gas development include possible ground and surface water contamination, air quality pollution, induced seismicity, increased traffic, noise pollution; corporate power, democratic legitimacy, community disempowerment and industrialisation of the countryside, and questions about how the exploitation of unconventional resources and obligations under international climate agreements might be reconciled. However, “popular concerns about potential hazards to personal health and safety are often inconsistent with scientific evidence regarding the probability or risk that such hazards will actually happen” (Thomson, 2015). He goes on to say that regardless of whether the hazards are probable, the mere presence of potential hazards creates a stigma of harm, whether founded in fact, fiction, or emotion, which must be addressed by companies wishing to explore for and develop shale resources.

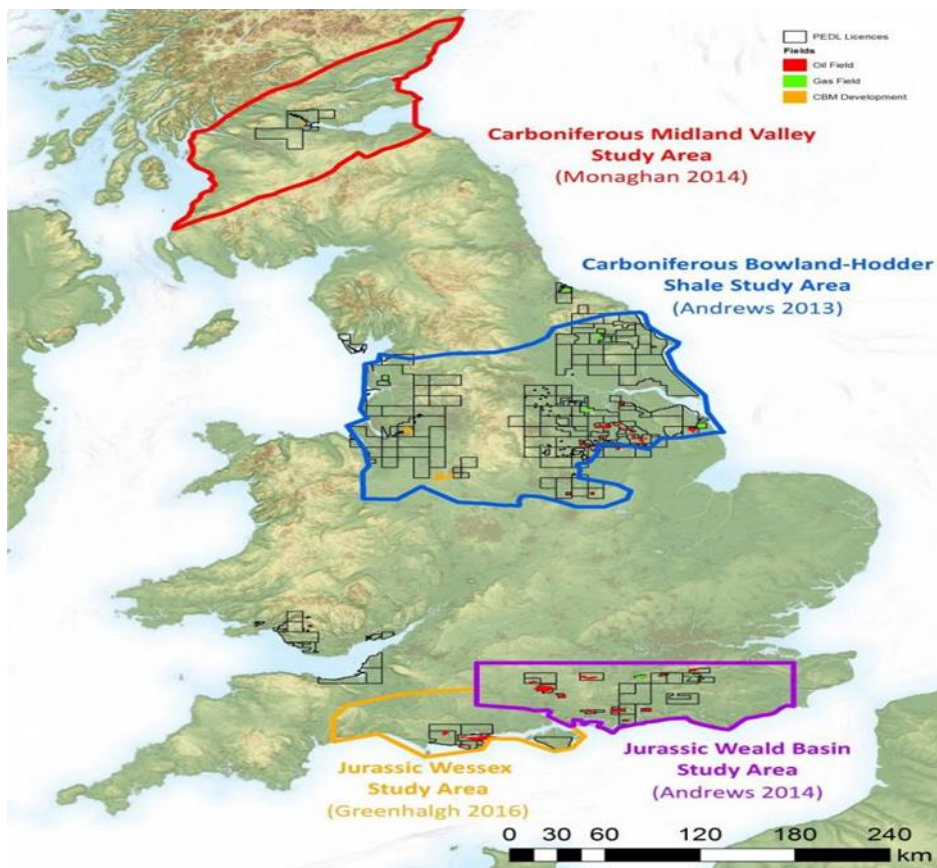
Due to the environmental and social risks of shale gas development, there is considerable scrutiny of the industry from various stakeholder groups such as local community, regulators, NGOs, the media and others. While the concept of stakeholder engagement has evolved to become a standard business practice in the wider extractive industry, the shale gas sector is in a developmental phase with a regulatory and legal environment in flux (Reeder, 2010); thus the need for increased public participation in framing governance. This offers a unique opportunity to study stakeholder and societal influences along with organisational response

as this nascent industry seeks legitimacy. This study therefore seeks to investigate, and provide fundamental knowledge about stakeholder engagement, validate its application to the development of shale gas, particularly in the United Kingdom, discuss current ongoing efforts for industry to address societal pressures and seek legitimacy and by extension, social acceptance through stakeholder engagement efforts.

1.2 Shale gas in the United Kingdom: context and issues

The United States has taken centre stage in the development of unconventional onshore resources, currently having production-phase commercial-scale unconventional operations. Nevertheless, a host of other countries are thought to have substantial unconventional resources, and early-stage exploratory and development operations are underway, the UK is one of such countries. Unconventional resources in the UK include coalbed methane (CBM), shale oil, and shale gas; although, shale gas has become the primary focus of the unconventional resource development debate. Experts believe that shale gas deposits in the UK can be found in the Lower Carboniferous around the Pennines, in Jurassic layers in the Weald and Wessex, in the Upper Cambrian in the Midlands, and possibly in the Lower Palaeozoic black slate of Wales and South West England; these areas are considered the major 'shale plays' in the UK.

Figure 1.1 Shale areas in the UK



Source: BGS (2021)

The development of a shale gas industry in the UK has been different to that of the United States. In the US, fracking has been mainly used to extract from areas such as the Barnett and Marcellus shale basins for over a decade. Researchers have opined that the rise of the shale gas industry significantly transformed the energy portfolio in the US and also natural gas prices (Malin, 2014). Soeder (2010) adds that shale gas production in the US has resulted in one of the largest surges in energy production in the country's history. The shale gas industry in the UK is still at a nascent stage and although a number of wells have been drilled, in the

way of exploratory drilling, but as yet there has been no commercial drilling and it is not how much gas or oil is commercially recoverable. Shale gas operations were halted in 2011 over concerns at earth tremors in Lancashire, which were attributed to Cuadrilla's operations there. Following this incident in 2011, there has been strong public opposition and against fracking in the UK. Social science-based research suggests that multiplicity of issues such as the implications of shale exploration, and the motivation of the industry have resulted in numerous activist groups forming and protesting against exploration activities.

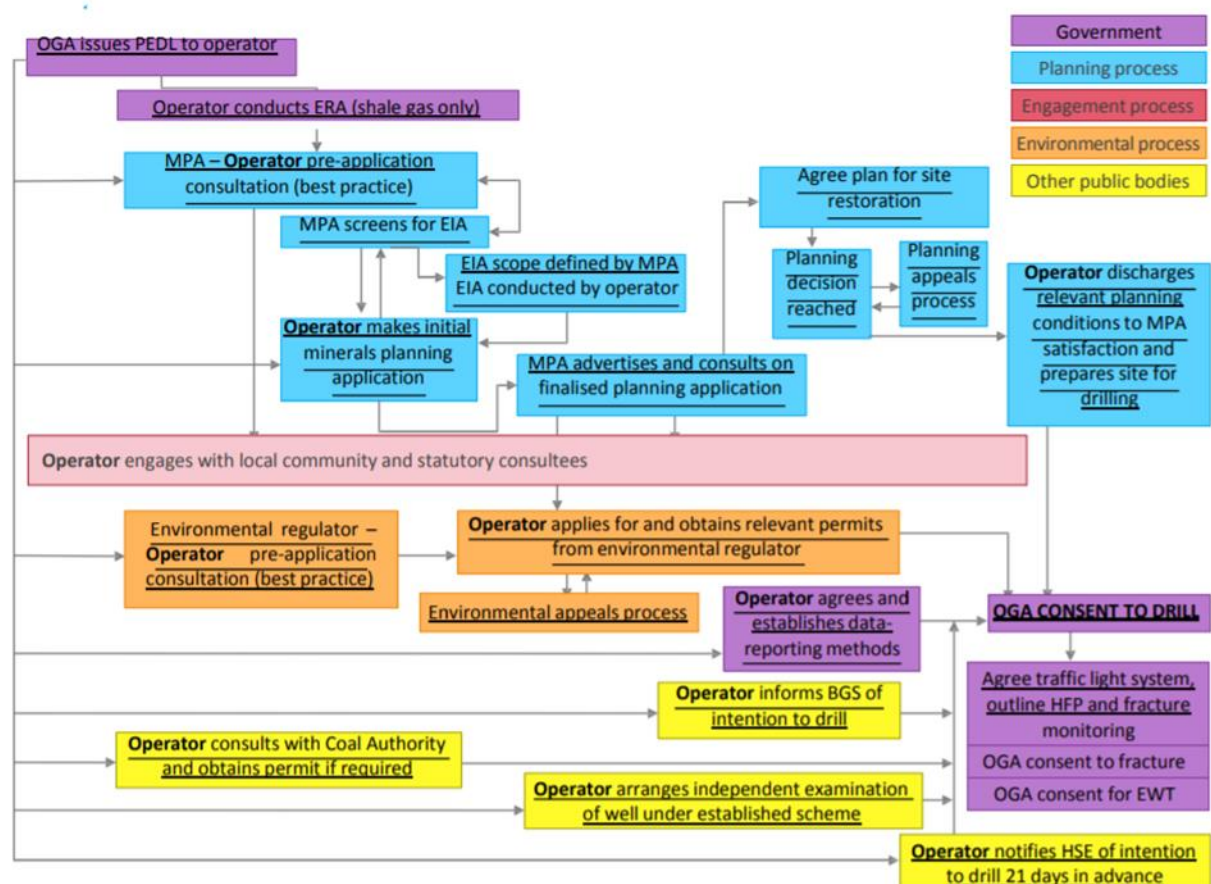
Despite the growing debate over shale gas in the UK, the government seem to be in favour of a 'shale gas revolution', seen as a mechanism to reduce dependence upon imported gas, it is hoped that lower gas prices would improve the export competitiveness of UK gas industry (Stevens, 2013). Raeng (2012) note that the development of shale gas on a significant scale in the UK could have the following benefits: "enhancement of energy security through a decreased reliance on imports; an affordable bridge fuel towards renewables-based electricity generation; enable decommissioning of high-emission coal-fired generating capacity; reduce the risk of gas price increases or even lead to falls in prices; reduced costs for energy-intensive businesses and the petrochemicals sector that also use gas as a feedstock." However, shale gas operations still suffer from strong opposition mainly because of the environmental concerns over hydraulic fracturing- the technique used to produce shale gas from shale rocks-also, there are also concerns over the subsequent greenhouse gas emissions arising from fugitive methane emissions during shale production and CO₂ emissions when the gas is burnt.

Shale gas operations have been widely criticised in environmental terms in the context of water pollution, greenhouse gas emissions, noise and dust. The quick spread of the use of hydraulic fracturing for shale gas production led to a sharp rise in research activity focussing on the environmental impacts of this new technology. A major environmental impact is the amount of water needed to access shale gas through hydraulic fracking. Although estimates vary, a study from Duke University found that as much as 250 billion gallons of water was used in fracking in the United States between 2005 and 2014 (frackoff, 2021). Using such vast amounts of water results in corresponding amounts of wastewater which can cause minor earthquakes if injected into the earth. In the UK pressure groups and local action groups have made strong cases against shale gas production due to being an extreme energy process as a result of fracturing fluid volumes. The UK fracking industry continues to find it increasingly difficult to drive its plans through massive community opposition, with numerous of anti-fracking groups across the country, the anti-fracking movement putting up a concerted resistance across the UK. The shale gas industry has responded to criticisms through a series of consultations, PR exercises, and an industry-wide engagement charter. However, despite these efforts, the shale gas industry continues to struggle with increased opposition and lack of legitimacy to operate.

Stevens (2013) notes that an effective, credible regulatory framework needs to be put in place to mitigate these concerns because community acceptance is vital to secure and maintain any shale gas operation. Such regulations would need to pay particular attention to the quality of well completion and the treatment of waste fracking water. This might help to address the

concerns of local communities in the proximity of the operations. The regulation of shale gas in the UK largely draws on the experience of its over 60-year-old onshore and offshore oil and gas industries. Shale gas operators in England, Scotland and Wales are Petroleum Exploration and Development Licences (PEDL) by the Department for Business, Energy & Industrial Strategy (BEIS). These PEDL licences are issued with consents for particular activities and controls can be imposed accordingly (RAENG, 2012). The regulation of the shale gas industry continues with inputs from Mineral Planning Authorities, Health and Safety Executives, Environment Agency, etc as demonstrated in the regulatory roadmap in Figure 1.2

Figure 1.2 Regulatory Roadmap for Shale gas Production



Source: DECC, 2015

This regulatory system involving several departments and agencies may seem as a robust system to check the activities of the industry; however, questions abound about the appropriateness of this regulatory system to manage the risks of fracking and the ability of citizens to engage and participate in this system (Whitton et al., 2017). Consequently, although developing a regulatory regime specifically for managing and controlling shale gas operations is vital, effective stakeholder engagement needs to be embarked on to get the community to support the development of shale gas. Such engagement may include active public relations campaign, and a policy of public disclosure of chemicals used in fracking. This might help persuade many concerned communities and hence secure a social licence to operate for mining companies.

1.3 Research aims and objectives

This thesis seeks to explain shale gas organisations' stakeholder engagement strategy with community stakeholders and the effect this has on gaining a social licence for the industry. In recent years, there have been calls for extractive companies to increasingly demonstrate accountability to stakeholder groups which are highly affected by their operations (ICMM, 2010). While stakeholder engagement has consistently become a catchphrase in response to the call, the processes and practices companies adopt to engage their stakeholders have noticeably been variable (Kolk and Lenfant, 2013), depending on whether managers draw on the instrumental (Heugens et al., 2002) or descriptive perspective (Jawahar and McLaughlin, 2001) or normative perspective (Noland and Phillips, 2010). The majority of these studies have empirically tested organisations' interaction with stakeholders using normative and instrumental stakeholder theories. However, according to Bourassa and Cunningham (2012),

it is not sufficient for scholars to empirically understand the strategies and processes of stakeholder engagement from normative and instrumental perspectives alone. Jones and Wicks (1999) argue, from a descriptive stakeholder viewpoint, that the majority of scholars tend to ‘fall short of both substantive prediction and description of the mechanisms through which the predicted behaviour might occur’. This thesis will therefore draw on descriptive stakeholder theories in explaining stakeholder engagement practices and processes. The descriptive stakeholder theory, unlike the instrumental and normative strands, is vital in moving the stakeholder debate from a theoretical standpoint to an account of its practical implications for firms, managers, and stakeholders.

Stakeholder engagement has also been the focus of a few scholars, for example, Andriof and Waddock (2002) suggest that “stakeholders require more, and different management attention than they conventionally received: that is, there is increasing demand for engaged stakeholder relationships”. Nolan and Phillips (2010) agreed that the nature of firms’ stakeholder engagement is the one topic that has not received very much attention in the literature until recently. Even so Wenzel et al. (2021) argue that stakeholder engagement remains an underrepresented and underdeveloped field in business and society research, and management research more generally. The many descriptive studies have all captured several vital yet different components of the whole-stakeholder engagement. However, the full implications of stakeholder engagement cannot be understood by simply studying its different components. Consequently, there is a need for an account of stakeholder engagement practices that incorporate these fragmented descriptive studies into a more robust and holistic narrative detailing and evaluating the different concerns and challenges of

stakeholder engagement in the shale gas industry. The absence of such a narrative is obviously a major gap in the stakeholder literature. This study will explore several characteristics of stakeholder engagement such as the mechanisms used by shale gas companies to engage with plethora stakeholders as well the organisational and societal factors that impact engagement and the outcome of stakeholder engagement efforts. Consequently, this study seeks to examine the motives, identities, ideologies, and tactical choices of stakeholders, and the consequences for the process and the outcome of engagement in the shale gas industry. This study will compile the perspectives of various groups of stakeholders, primary and secondary stakeholders, in shale gas development with the hope that a more comprehensive view of engagement can be brought together.

Stakeholder engagement has become increasingly emphasised in natural resource management since the 1960s (Johnson et al. 2018; Reed 2008; Sulkowski et al., 2018) with participatory decision-making being central to planning and development proposals. As a result of its popularity, participation featured strongly in the sustainable development agenda of the 1990s (Reed, 2008). This is also reflected in a range of international agreements such as the Aarhus Convention (UNECE 1998), and later has been adopted as legal requirements, for example, in the European Landscape Directive and the European Water Framework Directive. The field is however a hotbed of disagreements, not least because arguments for stakeholder participation are based on diverse rationales. Normative authors (Rowe and Frewer 2000; Larson and Lach 2008; Reed 2008; Green and Penning-Roswell 2011) argue that participation can promote fundamental human rights and values such as democracy, procedural justice, citizenship, and equity. Another school of thought, pragmatics, stress the

benefits could enhance outcomes by incorporating local interests and knowledge and policy solutions may be better adapted to local conditions (Dougill et al. 2006; Reed 2008). Other authors have identified that in some cases, stakeholder participation can change the existing power structure leading to unexpected conflicts, rather than a hoped-for consensus (Kothari, 2001; Sultana et al., 2008) or can reinforce privileged interests and marginalise minority perspectives (Nelson and Wright 1995). Dorcey and McDaniels (1999) opine that involving stakeholders in decision-making can be unproductive in finding solutions and too time-consuming and could potentially delay decisive action. Despite the differing positions, participatory approaches have been continually approved, from the available evidence, as promoting higher-quality decision making (Irvin and Stansbury, 2004). This research does not address the disparate ideas around stakeholder participation, one way or the other, the researcher is however of the opinion that stakeholder engagement in major environmental projects, such as shale gas development, remains important and should be promoted in the interest of social acceptance of the project. The study will examine the level of participation or engagement of stakeholders using the Friedman and Miles (2006) model with the recognition that some factors may impact the engagement process. These factors present opportunities and/or impediments to engagement and can be theorised as being institution driven or stakeholder driven. These are, of course, inherently interlinked and overlapping, but are considered in more detail in chapter six.

A further aim of this study is to assess the outcome of stakeholder engagement. This study addresses the process aspect of engagement as suggested by Chess and Purcell (1999) and will seek to evaluate the outcome of the engagement process. In doing so, this study will

explore how stakeholder engagement practices performed by shale gas companies might impact on legitimacy as a primary step in acquiring a social licence to operate. It is conceptualised that stakeholder engagement activities have the potential to impact on the social licence to operate. This study agrees with the extant literature that the process of stakeholder engagement influences the interactions of legitimacy, credibility, trust, and thus affects the wider concept of the social licence to operate (Thomson & Boutilier, 2011). In this study, engagement is viewed as an activity of relationship management that seeks to enhance understanding and alignment between organisations and their stakeholders (Gable and Shireman, 2005). Different engagement activities will have varying impacts on the organisation-stakeholder relationship, thus an understanding of how and to what extent engagement may influence the exchange-based organisation-stakeholder relationship is valuable. To bring together all of the issues discussed, this study aims to investigate the extent to which stakeholder engagement may affect the achievement of a social licence for shale gas development in the UK. This focus on the nature of this organisation-stakeholder relationship gives justification to the choice of the qualitative methods used for both data collection and analysis, as these are deemed to give deeper insights into these relationships.

In order to achieve these aims, this thesis has the following objectives:

- i. To examine the process of stakeholder engagement evaluating the tensions and complexities in multiple stakeholder engagement practices as operationalised by shale gas organisations;

- ii. To analyse interview responses, in order to examine what central barrier(s) affect stakeholder engagement efforts in the shale gas industry;
- iii. To identify any legitimating efforts in the engagement process of the shale gas operators and its effect on gaining an SLO for the industry;
- iv. To shed light on the inherent multidimensional and nested nature of stakeholder engagement in extractive industries as well as the merits of the exploratory research design for its investigation.

1.3.1 Rationale for the research

Overall, there has been compelling arguments by both scholars and practitioners on the need and benefits of stakeholder engagement for gaining and maintaining the social licence. However, there are gaps in the literature pertaining to the process of stakeholder engagement, quality and outcomes, leading to a broader conceptualisation that provides appreciation of the basis upon which engagement can mediate a social licence, particularly one that fully addresses issues of stakeholder influence, participation, inclusion and democracy. Thomson and Boutilier (2011) provide a model that links legitimacy to the development of SLO; however, the literature has been silent on the mechanisms through which stakeholders develop a perception of legitimacy (Mercer-Mapstone et al., 2017). The following paragraphs reveal the nature and extent of gaps in literature.

A review of the literature found that stakeholder engagement remains an underrepresented and underdeveloped field in business and society research in particular, and management

research more generally (Wenzel et al., 2021). In a recent call for papers Wenzel et al. (2021) note that despite the propensity of stakeholder engagement to produce desired outcomes such as a social licence to operate, mainstream management research continues to reproduce a “managerialist bias by implicitly foregrounding organizational elites as decisionmakers who act in the best interest of all stakeholders, without challenging the limits of this taken-for-granted assumption.” In contrast to the more conventionally examined “management” of stakeholders, stakeholder engagement can be initiated, directed, performed, and contested by an organisation, its stakeholders, or both. The dimensions of stakeholder engagement differ in character, but they all foster organisational polyphony: that is, they represent a plurality of voices to which managers ought to devote attention (Trittin & Schoeneborn, 2017). Consequently, Wenzel et al. (2019) add that such polyphony creates tensions, contradictions and conflicts within the stakeholder engagement process and managers must address these to do justice to stakeholders’ interests. There is therefore a need to better understand how stakeholder engagement is performed, the barriers to the process, and with what consequences.

A fundamental definition of SLO in the extractive industry rests on engaging stakeholders for ongoing acceptance of organisational activities. Joyce and Thomson (2000) describe the presence of a social licence as “when a mineral exploration or mining project is seen as having the approval, the broad acceptance of society to conduct its activities... such acceptability must be achieved on many levels, but it must begin with, and be firmly grounded in, the social acceptance of the resource development by local communities.” An implication of this is that stakeholder engagement has a role to play in mediating a social licence for a mining

organisation. Whilst authors in the business and society literature have, to a degree, linked SLO as an outcome of stakeholder engagement activities more explicitly (Dare et al., 2014; Hall et al., 2015; Jijelava & Vanclay, 2017), there has been scarce detailed accounts which specifically demonstrate how this happens. Alluding to these gaps, Mercer-Mapstone et al. (2017) studied engagement strategies that support social licence and identified dialogue as pivotal in achieving positive outcomes. Their study focused on experts with a broad range of interdisciplinary backgrounds who were familiar with the SLO and had experience in stakeholder engagement within natural resource. Their study advanced the discussion around SLO as an outcome of stakeholder engagement, but as study participants were from the expert stakeholder group, there remains the need to provide a richer description of this phenomenon with a broad range of stakeholder groups. This also resonates with Mercer-Mapstone et al. (2017) thinking around directions for future research.

Further, although a small number of extant studies have highlighted the narrow selection of stakeholders as a potential failure of SLO in certain industries (Dare et al., 2014; Harvey and Bice, 2014; Moffat et al., 2016), they have not related this back to the specific stakeholder engagement process. For example, unsatisfied with the social licence being conceived as a single licence granted by a small group of stakeholders, all members of a community, Dare et al. (2014) argue that this collective concept of community does not apply to forest management or indeed any situation with multiple and diverse stakeholder groups. They propose a continuum of multiple licences achieved across various groups in the society as an alternative. In agreement, recent work by Meesters et al. (2021) suggest that the heterogeneity of stakeholders relevant for the social licence is overlooked and the SLO

literature is “based upon a limited conception of who is a stakeholder, what communities are, and whether and how they can be equal negotiation partners”.

The literature suggest that legitimacy must be in place as an initial boundary in gaining a social licence (Thomas and Boutillier, 2011) and legitimacy stems from the stakeholder engagement process. Braun and Busuioc (2020) highlighted how stakeholder engagement mechanisms can be a source of legitimisation. The practices of stakeholder engagement and their implications for legitimacy have been examined from diverse theoretical frameworks that do not often speak to each other (ibid). The full range of implications of stakeholder engagement for legitimisation has seldom been examined from a more comprehensive perspective; these implications are conceived as context-specific rather than a universal phenomenon (Braun and Busuioc, 2020). The authors studied the implications of stakeholder engagement for regulatory legitimacy; thus, there is scope and need to combine these developments in literature to understand how engagement represents a means of managing organisational legitimacy and can be a process of legitimisation.

The main gap identified in the literature is couched in the above points. To summarise, the notion of the social licence to operate and has been highlighted in the literature as an outcome of stakeholder engagement, but the process by which such an outcome can be achieved has not been sufficiently studied. Luning (2011) argue that the SLO concept leaves slack space for failing to address the process likeness of stakeholder engagement. Stakeholder engagement as a legitimisation process, and the widely recognised notion of legitimacy as a conceptualisation of social licence resonates intuitively with more recent literature on

organisational studies and the motivation for corporate engagement and social responsibility activities. This study is also placed in the context of a crossover between the stakeholder engagement literature and the social licence literature in relation to the legitimacy theory as well. The research gap has been developed from the literature as reviewed in the two literature chapters. It is believed that a deep exploration of stakeholder engagement as a process for gaining a social licence is an important and yet insufficiently explored area that deserves further attention as an avenue for empirical research. The findings of Meesters et al. (2021) concludes that “the way in which SLO is enacted is characterised by a limited conception of stakeholder engagement and by insufficient attention towards the local, regional and global social and environmental impacts of extractive operations.”

Table 1.1 Research Questions

What are the implications of stakeholder engagement for the social licence in extractive industries?		
How are stakeholder relationships managed in the UK shale gas industry?	What role does organisational or societal factors play in influencing the stakeholder engagement process?	To what extent does stakeholder engagement influence the specific attribute of legitimacy as a prerequisite to the development of SLO?

Attempting to address these gaps, the study starts out with an overarching research question: What are the implications of stakeholder engagement for the social licence in extractive industries? The supporting research question are as follows:

- 1) How are stakeholder relationships managed in the UK shale gas industry?

The stakeholder theory makes clear that organisations need to manage relationships with individuals or groups that may affect or be affected by the organisations- stakeholders (Freeman, 1984). The extractive sector is characterised by a variety of stakeholders ranging from local communities, governments, NGOs, etc. This diversity of stakeholders introduces complexities and competing demands that must be addressed for a successful organisation-stakeholder relationship. Echoing the views of Donaldson & Preston (1995), Flak et al. (2000) note that “every organisation has a variety of stakeholders and the organisations have moral and ethical duties to know and respect the interest of their stakeholders”. Stakeholder engagement emerges, in the academic literature on the stakeholder theory, as an important aspect of managing the increasingly complex and pressing challenges in the organisation-stakeholder relationship. Mutti et al., (2012) view stakeholder engagement as part of the stakeholder theory comprising three basic components: a) 'flow of benefits and potential threats between companies and stakeholders', b) 'varied and discrepant issues of companies and stakeholders' covering the ranking of stakeholders and their interests, and, c) 'stakeholder networks' comprising the understanding of particular stakeholder network composition (Ziessler et al., 2013). This study intends to explore these components as they feature in the dynamics of the relationship between the shale gas industry and its stakeholders.

2) What role does organisational or societal factors play in influencing the stakeholder engagement process?

Stakeholder engagement is a complicated process; Mease et al. (2018) describes the complexity of stakeholder engagement in extractive processes as stemming from “considering scientific and conflicting normative perspectives, attempting to meet the needs of diverse and often unknown stakeholders, and uncontrollable global forces.” The ‘engagement wheel’ conceptualised by Davidson (1998) illustrates that factors such as economic costs, social costs, regulation, etc present both inhibiting and enabling factors that contribute to a stakeholder’s agency to engage. This question therefore attempts to expose the complexity engagement managers face, particularly when working with diffuse and diverse stakeholder groups and networks.

3) To what extent does stakeholder engagement influence the specific attribute of legitimacy as a prerequisite to the development of SLO?

Increasing amounts of research have focussed on how to develop a social licence (e.g. Moffat and Zhang, 2014; Moffat et al., 2014; Thomson and Boutilier, 2011). Running through the models provided by earlier authors is that the development of SLO has been linked to factors such as perceptions of trust, fairness (procedural and distributive), legitimacy, credibility, compatibility of interests, impacts, contact quality, contact quantity, identity, and risk. However, the mechanisms or processes through which positive stakeholder perceptions of such factors are developed has undergone little explicit examination (Mercer-Mapstone et al., 2017). Thomson and Boutilier’s (2011) pyramid model posit that the legitimacy boundary is the first criterion an organisation must attain in the quest for a social licence. Recent

research has focused on the role of stakeholder engagement as a way to enhance the legitimacy of organisations, and to facilitate access to resources held by local stakeholders that are critical to the success of the organisations (Harrison et al., 2010; Henisz et al., 2014; Nartey et al., 2018). The basic tenet of legitimacy theory is that there is a social construct between business and organisation: whilst carrying out business activities in the society, organisations have to follow the social norms, values and rules, otherwise faces legitimacy threat. However, the literature is scant on the implications of stakeholder engagement for legitimacy (Braun and Busuioic, 2020). The extent of stakeholder engagement strategies on stakeholders' perceptions and the legitimization of shale gas operations, thus, are the considerations of this final question.

1.4 Relevance of the study

Previous studies have identified that local communities are stakeholders in mining projects; these host communities may or may not have cordial relationships with the focal organisation. Wheeler et al. (2002) have demonstrated that the organisation-stakeholder relationship in the oil and gas industry can be strained. Eweje (2007) and Frynas (2005) have characterised these relationships as being very volatile, violent and crisis ridden. Therefore, this study starts with the motivation of investigating how organisations could foster cordial relations with stakeholders to ensure the social licence to operate through the enhanced practice of stakeholder engagement. The use of genuine stakeholder engagement practices should be transparent such that legitimacy, credibility and trust is established in the relationship for the project benefits to be achieved.

This study is also motivated by the observation of the continuing breakdown in the relationship between the operators in the shale gas industry, and local communities. The focus of this research is on the actual management of stakeholder relationships by shale gas companies following on from the sharp polarisation of the shale gas debate. This will be handled by examining the features of the organisation-stakeholder relationship in a multi-stakeholder environment: how different stakeholder groups within the shale gas industry attempt to achieve their different goals and harness the benefits accruable to them. For the industry, these goals may be accessing the resources within a given area, and for the local communities, it may mean ensuring a better livelihood for its members by virtue of the possession of these resources. To enjoy these benefits, both parties employ different strategies they consider essential in ensuring their success. This study will investigate the nature of these strategies and the effectiveness, if at all.

Prior studies into exchange-based relationships between organisations and host communities in the broader oil and gas industry have mainly been undertaken from the perspective of Corporate Social Responsibility (CSR). These studies have therefore examined the perceived or actual responsibilities of operators towards the host communities and the activities undertaken by the operators in relation to these responsibilities (Idemudia and Ite, 2006; Eweje, 2007; Frynas, 2005). However, with such focus on CSR activities as a way of accessing resources, certain concepts such as legitimacy, and credibility are not featured as long as the organisation keeps 'giving', and the communities keep 'receiving'. This study takes a different approach to the study of exchange-based relationship. It examines such relationships through the lens of the stakeholder theory and legitimacy theory. It looks at the actual practice of the

management of the stakeholder-organisation relationships; thus, the nature and characteristics of this relationship is what is in focus rather than the operators' "image-making strategies".

Furthermore, the technique of hydraulic fracturing has already generated public concerns over the environmental implications of unconventional gas extraction. According to Healy (2012), fracking can be associated with certain risks, groundwater contamination, surface water contamination, and induced seismicity. However, as part of the engagement charter for shale gas development, the UK Onshore Operators Group (UKOOG) published a document which provides local communities with benefits at the exploration/appraisal stage of £100,000 per well site where hydraulic fracturing takes place and a share of proceeds at the production stage of 1% of revenues as a means of gaining societal acceptance. Such a move can be viewed as tokenistic within the Friedman and Miles (2006) ladder of engagement framework. Although there is an attempt to engage stakeholders, tokenistic strategies do not yield true engagement; in this case may be considered as politically motivated to gain legitimacy. Public opposition to shale gas development is not likely to be appeased through the provision of financial incentives only. It is hoped that this study will help to improve the organisation-stakeholder relationships in shale gas developments as it elucidates the features of such relationships. This could affect such relationships positively such that the volatility and potential for conflict is reduced and the benefits of development projects are accruable to all parties.

1.5 Organisation of the thesis

This thesis is organised into seven chapters. The current chapter introduces the background to the study, the issues and study context. The chapter also outlines the research aims and objectives and the relevance of the study. Chapter two presents an extensive review of existing literature on the stakeholder theory, highlighting its development from the stakeholder concept through to more recent descriptive with a focus on identifying stakeholder engagement as a more inclusive and participatory mechanism in the organisation stakeholder environment. Chapter three discusses legitimacy theory as the thesis' supporting theoretical underpinning. The literature on social licence to operate is explored, describing the variants of the SLO, with particular focus on the pyramid model. Chapter four discusses the philosophical positioning of the study, followed by the research methodology used for the study, empirical process, and the data collection and analysis conventions and the software used to aid the process. Chapters five and six are the thesis' empirical chapters: chapter five discusses the empirical findings relating to the operationalisation of stakeholder engagement, whilst chapter six discusses the findings on barriers to effective engagement and elements of legitimisation in the engagement process. Chapter seven presents a summary of the thesis' findings, conclusions, limitations, recommendations, and contributions.

Chapter 2: CONCEPTUALISING STAKEHOLDER ENGAGEMENT

2.1 Introduction

This chapter aims to introduce stakeholder theory as a theoretical concept as well as literature on the history and development of the stakeholder concept. It further reviews the literature on the development of the stakeholder theory. To this end it will first present extant literature on different definitions of a 'stakeholder' and develop the definition adopted throughout the rest of this study. This is followed by a review of further advancements of the stakeholder theory by Donaldson and Preston (1995), stakeholder influence strategies and stakeholder management as a process. The chapter concludes with a review of stakeholder relationship management literature with particular attention paid to stakeholder engagement, participation, and inclusion, this being the main conceptual component of the research.

2.2 The stakeholder concept: history and development

Freeman (1984) has been widely accredited for the development of the stakeholder theory and concept following his book- *Strategic Management: A Stakeholder approach*. Matten and Crane (2005) opine that this theory has found its hold as a recognised part of management theory. However, the work of Slinger (1999) identified that the word 'stakeholder' in its economic sense first appeared in management literature from an innovative work at Stanford Research Institute (SRI) in the early 1960s. The idea, which was profoundly subject to ideas that were developed in SRI's Long Range Planning Service, was described in terms of "creative judgement, intuitive reasoning, and involvement of people in all of a business's relationship"

was applied in a report on planning and distributed to a group of business subscribers (*ibid*). Slinger (1999) elucidated an obvious difference between the definition of stakeholders and stakeholder approach. He defined an organisation's stakeholders as those groups on whom the organisation has unfair non-contractual relations: and stakeholder approach as "regarding stakeholders as people with their own values, and aims, with whom the organisation tries to interact for mutual benefit". From the above, the definition of stakeholders is communicated as a contract, whereas the stakeholder approach is communicated in terms of ideologies that are responsible for behaviour.

Slinger (1999) argues that the stakeholder approach- from the beginning- was birthed from management practice. The term 'stakeholder' was initially meant to simplify the concept of *stockholder* as the only group to whom management need to explore relations with, and subsequently defined stakeholders as "those groups without whose support the organisation would cease to exist" (Freeman, 1984); the core concept being survival. According to Freeman and McVea (2005), the SRI urged managers to strive to understand the concerns of shareholders, customers, suppliers, employees, lenders, and society- that is its stakeholders- in a bid to develop objectives that would be acceptable to, and supported by stakeholders, as this support is essential for the long-term success and sustainability of business. Since positive stakeholder relationship is beneficial for the sustainability of business, Freeman and McVea (2005) advised that before business strategies are developed and deployed, managers should actively seek to explore the relationship with all stakeholders.

During this formative period, the stakeholder theory had to fight for its survival following critics discrediting the theory. One such critic is Ansoff who argued for the rejection of the stakeholder theory. According to a passage from Ansoff, in his classic book: Corporate Strategy (1965 cited in Freeman 1984)

While as we shall see later, “responsibilities” and “objective” are not synonymous, they have been made one in a “stakeholder theory” of objectives. This theory maintains that the objectives of the firm should be derived balancing the conflicting claims of the various stakeholders in the firm”.

However, Freeman (1984) argues that the SRI definition hinges on survival, and whether the SRI captured the right groups to be considered as stakeholders is a different issue, but the core of Ansoff’s criticism rest on a theory “which searches for a universal objective function, where stakeholders serve as constraints on the level of the objective which is obtainable at one point in time”. He notes that Corporate Planning literature during the subsequent years provides for the real objectives of the firm. Taylor (1971) wrote “in practice it is clear that in the 1970s business will be run for the benefit of other stakeholders too” and predicted that the significance of stockholders would be reduced. Hussy and Langham (1977) used a model of business and its environment – with stakeholders being separated from the firm and consumers- in an effective corporate planning process. Other authors have applied the stakeholder concept to the corporate planning literature. For example, Davis and Freeman’s (1978) method for technology assessment; Mitroff and Emshoff’s (1978) method for strategy formulation and Mason and Mitroff’s (1982) formulation of techniques for strategy analysis. System theorists also contributed to the advancement of the stakeholder theory. Ackoff and Churchman ‘rediscovered’ stakeholder analysis in the mid-1970s. Ackoff (1974) developed a

method for stakeholder analysis in organisational systems through a model of an “open systems” view of the firm. He argued for the use of fundamental institutions- designed with the interaction and support of stakeholders in the system- in solving many societal problems. By this argument, Ackoff suggests that system design can only be successful through stakeholder participation; therefore, stakeholder inclusion is necessary for solving system-wide problems.

Another mainstream of research into the social responsibility of business sought to advance the original work on the stakeholder concept conceived at SRI. This social responsibility of business is now known to be corporate social responsibility (CSR), and has attracted several researchers over the years. The highlight of the CSR literature is that it applies the stakeholder concept to non-traditional stakeholder groups, who ordinarily are considered adversaries to the firm. Dill (1975) argued:

For a long time, we have assumed that the views and initiatives of stakeholders could be dealt with as externalities to the strategic planning process: as data to help management shape decisions, or as legal and social constraints to limit them. We have been reluctant, though to admit the idea that some of these outside stakeholders might seek and earn active participation with management to make decisions. The move today is from stakeholder influence towards stakeholder participation.

Dill, therefore, set the scene for the stakeholder concept to be used as a tool in strategic management.

The development of the stakeholder concept in the organisational theory literature was dormant for the better part of the 1960s. However, following the desire of several organisational theorists to better understand the organisation-environment relationship, the stakeholder concept was explored. For example, is the work of Rhenman (1968 cited in Freeman, 1984) where 'stakeholders' was unambiguously used to title individuals or groups who the firm is dependent on and who in turn depend on the organisation for the provision of their personal goals. In a later work carried out by Pfeffer and Salancik (1978), a model of organisation-environment relationship was developed. This model posits that the effectiveness of the firm is dependent on the "management of demand, particularly the demands of interest groups upon which the firm depends for resources and support. This summarises the importance of stakeholders in corporate strategy and strategic decision making if an organisation is to be sustainable.

2.2.1 Freeman's pivotal contribution to the stakeholder literature

Freeman (1984) identifies a paradigm shift from "strategic planning" to "strategic management", and argues that all strategic management frameworks must be able to deal with some key questions such as: in what direction the organisation is headed, what strategies need to be deployed to encourage such strategic directions, what control mechanisms need to be put in place to ensure the success of those strategies, and what systems and structure are necessary for strategy implementation. Organisations exist within an environment, which exerts varying degrees of influence on them; the business environment defines business decisions and strategies. Managers have to respond by deploying strategies that would minimise the adverse influence of this environment on the organisation. Post (1978 cited in

Freeman, 1984) proposed that managers have four generic modes of dealing with changes in the external environment: *inactivity*- carrying on with business as usual and doing nothing; *reactivity*- responding to the changes after they must have occurred; *proactivity*- anticipating external changes and positioning the organisation towards these changes in lieu of occurrence; and *interactive*- actively pursuing relations with external forces and pressure capable of causing a change. According to Freeman and McVea (2005), such traditional strategic frameworks failed to assist managers develop new strategic directions, nor create new opportunities within a turbulent business environment. They believed that it is very tasking for managers to understand and react to external change -as most of the changes occurring in the business environment of the 1980s was as a result of the emergence of new groups, events and issues that could not be dealt with within the framework of existing models and theories. Also, as Freeman (1984) observed “...gone are the ‘good old days’ of worrying *only* about taking products and services to market... [O]ur current theories are inconsistent with both the quality and kinds of change which are occurring in the business environment of the 1980s... A new conceptual framework is needed”. This new framework proposed by Freeman is the *Stakeholder approach to strategic management*.

Freeman (1984) condensed the stakeholder concept into a strategic management framework, being inspired from the corporate planning, systems theory, corporate social responsibility, and organisation theory literatures. The motivation behind the stakeholder approach was to attempt to provide managers with a responsive framework that could effectively deal with the unparalleled levels of external turbulence and change at that time. Stakeholders were defined as “any group or individuals who can affect or is affected by the achievement of

organisations' objectives" (*ibid*). This definition attempts to expand the concept of strategic management beyond its traditional economic backgrounds, which otherwise viewed shareholders as supreme and the basis for strategic decisions. The essence of Freeman's stakeholder approach to strategic management is to advise on a dynamic framework to assist managers in the decision-making process in turbulent business environments. This approach recommends that managers consider the interests of all stakeholder groups and seek to satisfy different stakeholder groups in strategy formulation and deployment. It therefore provides organisations with a tool that allow managers to take a holistic view of their environments - including stakeholders- in order to reduce strategic shocks. Simply put, the essence of Freeman's stakeholder approach is to manage and integrate the interests of all stakeholder groups in a way that ensures the long-term success and sustainability of the organisation. This approach "emphasises active management of the business environment, relationships, and promotion of shared interests" (Freeman and McVea, 2005). It is developed to assist managers identify issues in their internal environment, and the actors of this environment whose activities are capable of causing changes in the external environment. Freeman (1984) notes that the stakeholder approach to strategic management involve managers developing the requisite expertise in understanding the emergence of stakeholder groups, their areas of concern, and the extent to which they are able to affect (support or impede) the achievement of the firm's objectives as a result of these issues. This stakeholder approach has several distinct characteristics as summarily described by Freeman and McVea (2005) below:

Firstly, its intent is to provide a single strategic framework with enough flexibility to allow managers deal with changes in the external environment without needing to adopt new strategic paradigms frequently.

Secondly, it presents as a strategic management process as opposed to being a strategic planning process. The focus of strategic planning is to try predicting potential environmental changes and provision for these changes. Whereas, strategic management actively seeks a new direction for the firm while holding in consideration how the firm may affect the environment and in turn, how the environment may affect the firm.

Thirdly, the principal concern of this approach is the survival of the firm, viz the achievement of the firm's objectives. This explicitly equates the achievement of objectives with survival of the firm. This framework "rejects the idea of maximising a single objective function as a useful way of thinking about management strategy". Stakeholder management is a continuous function of balancing and integrating several relationships and several objectives.

Fourthly, it elucidates an important role for values and values-based-management within business strategy by encouraging managers to look, not just within, but also outside of the organisation to identify, and invest in relationships that will ensure long-term success when developing strategies.

Fifth, it is a prescriptive and descriptive approach as opposed to being purely empirical and descriptive. It integrates economic, political, and moral analysis into strategic management. It is descriptive as it builds on concrete facts and analysis, but it must go beyond this to prescribe a strategic direction for the organisation in view of its stakeholder environment.

Sixth, it develops an understanding of the real concrete stakeholders specific to the organisation by providing concrete names and faces for stakeholders instead of simply analysing stakeholder roles. Managers can only develop strategies that are supported by all stakeholder groups only through such understanding.

Finally, it calls for an integrated approach to strategic decision-making. That is to say that strategies cannot be deployed for each stakeholder group, but managers must develop strategies that satisfy multiple stakeholder groups simultaneously.

2.2.2 Criticisms of freeman's stakeholder theory

Freeman's (1984) proposition of the stakeholder theory is based on the premise that the long-term success of the firm is dependent on the firm's ability to effectively manage the relationship with all its stakeholders. This view considers the social objectives of the firm as well as the economic objectives. However, some authors continue to advocate for shareholder value maximisation over stakeholder relations. For example, Sundaram and Inkpen (2004) argued for the primacy of shareholder maximisation over stakeholder relations. The argument centred on five claims is contained in their 2004 article titled "The Corporate Objective Revisited"; Freeman et al (2004) presented a counterargument to these claims. Table 2.1 summarises the argument for the primacy of shareholder maximisation by Sundaram and Inkpen (2004), and the rebuttals by Freeman et al (2004).

Table 2.1 Shareholder theory versus Stakeholder theory: the corporate objective revisited

Argument for the primacy of shareholder value maximisation. (Sundaram and Inkpen, 2004)	Counterargument for the stakeholder theory (Freeman et al 2004)
<p><i>The goal of maximising shareholder value is pro-stakeholder.</i></p> <p>They argue that it is shareholders, and not fixed claimants, who bear the cost of risk taking; therefore, managers should focus on managing for shareholders to "increase the pie" for all constituents.</p>	<p><i>Stakeholder theory is decidedly pro-shareholder.</i></p> <p>They reiterate that shareholders are stakeholders; therefore, creating value for stakeholders creates value for shareholders. Additionally, they point that there is no need not posit these theories as oppositional.</p>
<p><i>Stakeholder management distorts entrepreneurial risk-taking incentives.</i></p> <p>They argue that managing for stakeholders increases the potential for risk aversion because shareholders are mainly risk neutral whereas other stakeholder will be driven to minimise total risk. "In the process the firm runs the risk of forgoing investments in new opportunities for growth, in new markets and</p>	<p><i>Stakeholder theory gives us a correct way to think about entrepreneurial risks.</i></p> <p>They point to the fact that Sundaram and Inkpen argument left out the question of excessive risk and whether the avoidance of excessive risk is a good or bad thing. The proffer a solution of managers working with different stakeholder groups for testing new products and services. They cited the example</p>

products, in new technologies, and in cutting-edge areas of economic activity, all of which erode the firm's ability to innovate and, hence, stay competitive.	of corporate alliances and supply chain management as proof that stakeholders can see their interest as joint, not opposed.
<i>Having more than one objective function makes governing difficult, if not impossible.</i>	<p><i>Having one objective function makes governance and management difficult.</i></p> <p>They reject Sundaram and Inkpen's claim that management have only one responsibility of making money for shareholders. This view is more susceptible to moral myopia and could result in ethic disasters such as those that took place at Enron. Although the shareholder view also does not condone such ethical scandals, the question is which view allows managers to rationalise unethical behaviour? They ultimately claim, "a view that places morality largely out of the conversation, and that reduces managerial responsibility to making money, is more likely to foster unethical behaviour.</p>
<i>It is easier to make shareholders out of stakeholders than vice versa</i>	<p><i>It is easier to make stakeholders out of shareholders.</i></p> <p>Their response to this argument is that shareholders are already stakeholders.</p>
<p><i>The Law fills the judicial void for stakeholders.</i></p> <p>In the event of breach of contract or trust, stakeholders, compared with shareholders, have protection, or can seek remedies, through contracts and the legal system.</p>	<p><i>Stakeholders have remedies that shareholders Do Not Have.</i></p> <p>They admit that the issue is tricky. However, Freeman and Evan (1990) rebutted this argument. The recent Sarbanes-Oxley Act, transparency in financial reporting, and agitation over the Securities and Exchange Commission is to protect shareholders, putting shareholders in the same boat as other stakeholders.</p>

These rebuttals by Freeman et al (2004) continue to defend the primary position of the stakeholder theory as they explain

Stakeholder theory begins with the assumption that values are necessarily and explicitly a part of doing business...the focus of stakeholder theory is articulated in two core questions. First it asks, what is the purpose of the firm? This encourages manager to articulate the shared sense of the value they create, and what brings its core stakeholders together...second, stakeholder theory asks, what responsibility does management have to stakeholders? This pushes managers to articulate how they want to do business- specifically, what kind of relationships they want and need to create with their stakeholders to deliver on their purpose...Economic value is created by people who voluntarily come together and cooperate to improve everyone's circumstances...certainly shareholders are an important constituent and profits are a critical feature of this activity, but concern for profit is the result rather than the driver in the process of value creation.

2.3 Defining 'stakeholders'

Yet, what does 'stakeholder' mean precisely? Several critics and supporters of the stakeholder theory have often questioned what constitutes a legitimate stakeholder following Freeman's definition of stakeholders as "any group or individuals capable of affecting or is affected by the achievement of the firm's objectives" (1984). Laplume et al. (2008) note that this definition may have caught the attention of researchers looking for a more socially responsive management theory, but has been faulted by critics on the grounds that the 'can affect' criterion reduces the practical significance of the term stakeholders. They pointed to questions raised by one of such critics, "why should we espouse a theory of stakeholder management if all living entities in as much as they can affect the firm, must fall under the obligatory umbrella of managerial consideration?" (see Phillips and Reichert, 2000). Freeman et al. (2010) also acknowledge that the ambiguity in the definition of stakeholders have resulted in some authors to be disapproving of it attaining a theory status. Freeman's definition of stakeholders with the phrase 'can affect or is affected by' leaves three possible implications, which Mitchell et al. (1997) consider to be unidirectional or bidirectional: (a) Some groups or individuals can affect an organisation, but not be affected by the achievement of the organisation's objectives (unidirectional). (b) Some groups or individuals can be

affected by the achievement of an organisation's objectives but cannot affect the organisation (unidirectional). (c) Some groups or individuals can affect, and in turn be affected by the achievement of the organisation's objectives (bidirectional). Managers may be motivated to deal with stakeholders who fall under categories (a) and (c), for instrumental reasons as they can potentially affect the achievement of the organisation's strategic objectives. On the other hand, stakeholders in category (b) may be considered based on normative justification. Although Freeman's stakeholder theory initially had an instrumental justification, in his later works he collaborated with other others such as Evan and Gilbert to write "A stakeholder theory of the modern corporation" and "Corporate strategy and the search for ethics" (See Freeman and Evan, 1990; Freeman and Gilbert 1988). Both works attempted to marry the mainstream stakeholder management with moral and ethical philosophies, signalling a departure from the original strategic focus of Freeman's stakeholder theory. This created the base for Donaldson and Preston's (1995) normative stakeholder theory.

Authors of the stakeholder literature have differed considerably on whether to pursue a broad or narrow view of an organisation's stakeholders. Mitchell et al. (1997) identified characteristic differences between the broad and narrow views of stakeholders. They note that the narrow views of stakeholders are driven by the "practical reality of limited resources, limited time and attention, and limited patience of managers for dealing with external constraints". They cited the works of authors who have pursued narrowed views in an attempt to define a stakeholder, such as Bowie (1988) and Näsi (1995)- who have defined stakeholders in terms of their necessity of the firm's long-term success: Jones (1995); Cornell

and Shapiro (1987), who refer to stakeholders as contractors or participants in exchange relationships. On the other hand, stakeholder theorists who pursue a broad view are driven purely by the empirical reality that firms can indeed affect and be affected by almost anyone (Mitchell et al. 1997). This view can be extremely complex for managers to apply and leads to a plethora of typologies in the sorting rationales for stakeholder identification (discussed later in this thesis). Thus, definitions of stakeholders range from narrow views- generally concerned with groups relevant to the firm's economic interests- to broad and empirical statement. Table 2.2 introduces some definitions of stakeholder from narrow stakeholder theorists.

Table 2.2 Narrow definitions of Stakeholders

Author	Definition
Freeman and Reed (1983)	Those groups on which the organisation is dependent for its continued survival.
Hill and Jones (1992)	Constituents who have a legitimate claim on the firm...established through the existence of an exchange relationship. They supply 'the firm with critical resources (contribution) and in exchange each expects its interest to be satisfied (by inducements)
Kochan and Rubinstein (2000)	Those groups who contribute valued resources... which are put at risk and would experience costs if the firm fails or their relationship with the firm terminates and... have power over an organisation.
Orts and Strudler (2002)	Participants in business (who) have some kind of economic stake directly at risk
Reed (2002)	Basic stake whereby can be that of fair economic opportunity, a stake of authenticity, and one of political equality.
Donaldson and Preston (1995)	Those individuals with explicit or implicit contracts with the firm. Identified through the actual or potential harms and benefits that they experience or anticipate experiencing as a result of the firm's actions or inactions.

Similarly, Table 2.3 presents some definitions of stakeholders by broad-view stakeholder theorists. In that perspective, the meaning of stakeholders borders on the pragmatic reality that organisations can significantly be affected by or can affect anyone.

Table 3.3 Broad definitions of Stakeholders

Author	Definition
Freeman (1984)	Any group or individual that can affect or is affected by the achievement of the organisation's objectives.
Gray et al. (1996)	Any human agency that can be influenced by or can itself influence the activities of the organisation in question.
Gibson (2000)	Those groups or individuals with whom the organisation interacts or has dependencies and any individual or group who can affect or is affected by the actions, decisions, policies, practices or goals of the organisation.
Starik (1993)	Any naturally occurring entity that affects or is affected by organisational performance.

The common thread running through the stakeholder definitions provided by broad-view theorists is the recognition that anyone, and indeed anything can be affected by and can affect an organisation. Therefore, they provide both instrumental and normative justifications for identifying and dealing with different stakeholder groups. The varied definitions highlight the stakeholder concepts in two ways: they indicate the nature of the organisation-stakeholder relationship, and they may include qualifiers, which can help narrow the scope of who may be identified as a stakeholder. The narrowing of the scope of stakeholders can either be strategic or normative (Friedman and Miles, 2006). For example, Freeman (1984) provides a strategic narrowing as the achievement of the organisation's objective is what may affect and be affected by stakeholders. On the other hand, qualifiers such as legitimate and moral claims create a normative narrowing. Friedman and Miles (2006) provide a model of how stakeholder definitions can be distinguished along a strategic and normative dimension. Along the strategic dimension, they distinguished stakeholders with very high strategic implications for the firm to those that are critical to the survival of the firm;

at the other end of the spectrum, definitions involving legitimate claims may compel firms to deal with those stakeholders through contracts, explicit or implicit. In the middle band are definitions that identify stakeholders according to their power and influence on the organisation. Along the normative dimension, Friedman and Miles (2006) distinguish stakeholder definitions according to everything that could possibly be thought of as stakeholders, those that reflect societal norms such as that of legitimacy and validity.

Although several authors have attempted to define what a stakeholder is, Freeman's (1984) definition remains the most popular and preferred definition among researchers and in the stakeholder literature. This popularity is indicated by its use in the literature and the number of authors that have adopted this definition. See for example Berman et al. (1999); Frooman (1999); Goodpaster (1991); Jawaher and McLaughlin (2001); Jones and Wicks (1999); Rowley and Moldoveanu (2003); Wood and Jones (1995). The pivotal aim of this research is to examine how shale gas organisations operating in the UK manage and engage with their stakeholders; it will therefore adopt Freeman's (1984) definition of stakeholders "any group or individuals that can affect or be affected by the achievement of organisational objectives".

2.4 Advancing the stakeholder theory

Freeman (1984) may have pioneered what may be known as modern-day stakeholder theory, but other authors have expanded this theory and applied it in other fields besides strategic management. Donaldson and Preston made major contributions to the stakeholder theory in their article titled "the stakeholder theory of the corporation: concepts, evidence, and

implications (1995). They lauded the popularity of the stakeholder theory while noting that more than 100 articles with primary emphasis on the stakeholder concept have appeared in the literature following Freeman's (1984) 'Strategic management: a stakeholder approach'; significant recent examples include Alkhafaji (1989); Goodpaster (1991); Hill and Jones (1992); and Wood (1991). However, they lamented that upon critical review, the stakeholder concept, stakeholder model, stakeholder management, and stakeholder theory have been used by several authors in various ways and supported, or critiqued, with diverse and often contradictory evidence and arguments, which carries some implications that are rarely recognized or addressed. The stakeholder theory was designed to explain and guide the structure and operations of the organisation. Therefore, the stakeholder theory views the corporation as "an organisational entity through which numerous and diverse participants accomplish multiple, and not always entirely congruent purposes" (Donaldson and Preston, 1995). They argue that the stakeholder theory cannot be considered as a single theory, but rather a set of theories for the management of stakeholders. To clarify the blurred character of the stakeholder theory, Donaldson and Preston (1995) identified three ways the stakeholder theory has been presented and used: descriptive/empirical, instrumental, and normative.

2.4.1 Descriptive Perspective

This perspective of the stakeholder theory is used to describe and explain specific corporate characteristics and behaviour. For example, Brenner and Cochran (1991) used the stakeholder theory to describe the nature of the firm; Brenner and Molander (1997) used the stakeholder theory to describe how managers think about managing; Wang and Dewhirst (1992) have

used the stakeholder theory to describe how board members think about the interest of corporate constituencies; and Clarkson (1991); Kreiner and Bhambri (1991) have used the stakeholder theory to describe the management of some corporations. The descriptive perspective of the stakeholder theory reflects and explains past, present, and future relationships between stakeholders and corporations (Donaldson and Preston, 1995). It is highly important for managers to understand their stakeholder environment and effectively manage stakeholder relations to ensure long-term success. Wood (1991) pointed that a significant amount of social issues in management (SIM) research deals with the process by which “corporations understand and assess their stakeholder environments, manage their stakeholder relations, and try to improve their own positions of power and influence within stakeholder networks”.

Although of the three stakeholder perspectives- descriptive, instrumental and normative-, the descriptive aspect has received little attention in the management literature, some authors have attempted to advance this strand. The descriptive stakeholder theory was first proposed by Brenner and Cochran (1991): according to them, “the stakeholder theory of the firm posits that the nature of an organisation’s stakeholders, their values, their relative influence on decisions and the nature of the situation are all relevant information for predicting organisational behaviour”. Brenner and Cochran (1991) also argue that “values which are highly weighted should be favoured in actual choice situations”; however, they did not substantively predict and describe the mechanism through which the predicted behaviour might occur (Jones and Wicks, 1999).

Jones (1994) also attempted to advance the descriptive perspective; he argues, “managers behave as if stakeholders mattered because of the intrinsic justice of their stake on the firm”. Although Clarkson (1995) supports this claim to an extent, Jawahar and Mclaughlin (2001) disapproves of this argument on the grounds that though it is a single claim, it falls short of a descriptive stakeholder theory. Again, Mitchell et al. (1997) attempted to develop a descriptive stakeholder theory with the propositions of stakeholder identification and salience to managers being dependent on the stakeholder’s power to influence, the legitimacy of the claim, and the urgency of the stakeholder’s issue. At the heart of their thesis is that stakeholder salience will be positively related to the cumulative number of stakeholder attributes- power, legitimacy and urgency.

Jawahar and Mclaughling (2001) later propose a descriptive stakeholder theory after rejecting Brenner and Cochran’s (1999) descriptive theory because their central proposition is so broad that it is not falsifiable; adding that although Jones’ (1994) claim is falsifiable, it falls short of a descriptive stakeholder theory. According to Jawahar and Mclaughling (2001), Mitchell et al. (1997) model does not identify stakeholders who will be salient to the firm as it is limited to describing attributes that contribute to the salience of stakeholders. “The Mitchell et al. Model does not address an issue central to the stakeholder management: how an organisation’s management deals with stakeholders who vary in terms of salience” (Jawahar and Mclaughling, 2001). Jawahar and Mclaughling (2001) presented a comprehensive model of descriptive stakeholder theory: they integrate organisational life cycle theory, resource dependence theory, prospect theory, and stakeholder management strategies to present a descriptive stakeholder theory. In their work, they showed that at any given organisational

life-cycle stage, certain stakeholders, because of their potential to satisfy critical organisational needs will be more important than others; they identified specific stakeholders likely to become more or less important as an organisation evolves from one stage to another; they propose that the strategy an organisation uses to deal with each stakeholder will depend on the importance of that stakeholder relative to other stakeholders.

The thesis draws primarily from stakeholder theory and is descriptive and explanatory in the sense that focus is put on describing and explaining both stakeholder behaviour and the shale gas industry's stakeholder engagement activities. Therefore, as the study focuses on describing what is actually happening, it draws mainly from descriptive stakeholder theory (Donaldson and Preston, 1995). In addition, the role and impact of different contextual factors on the barriers of stakeholder engagement in an extractive project have not been widely investigated before. Miller et al. (2020) explored the barriers to, and opportunities for, stakeholder involvement in the governance of threats to marine migratory species in eastern Australia. Tseng and Penning-Roswell (2012) identified some barriers to active engagement of citizens in the appraisal of risk and the development of risk reducing options in flood risk management. In particular, examining the role of the above-mentioned contextual factors is believed to bring new insight about the dynamics of stakeholder related phenomena in the context of extractive projects. In addition to contributing to extant extractive industry research by increasing the current understanding of community stakeholder behaviour and corresponding managerial responses through the empirical study of shale gas exploration in the UK, the present research attempts to contribute to stakeholder research and research on

infrastructure/ development projects. Furthermore, the results of this study ultimately support the development of more effective stakeholder management approaches.

2.4.2 Instrumental Perspective

The instrumental theory seeks to identify connections, or the lack of connections between stakeholder management and the achievement of the firm's corporate objectives (Donaldson and Preston, 1995). Several instrumental studies have been carried out using different methodologies; for example, Cochran and Wood (1984); Cornell and Shapiro (1987) have used conventional statistical methodologies; whereas Kotter and Heskett (1992); O'Toole (1991) have used direct observation and interviews. These studies, irrespective of the methods applied have revealed that adherence to stakeholder principles and management have achieved organisational performance objectives as well as, or better than rival approaches. The instrumental stakeholder theory was first advanced by Jones (1995): the underlying assumption of this perspective is that all other varies held constant, organisations that practice stakeholder management will out-perform those who do not in profitability, stability, growth, *inter alia*.

At the core of Freeman (1984) argument is the conception that stakeholder management has an instrumental justification, as reflected in the passage:

We need to worry about enterprise level strategy for the simple fact that corporate survival depends in part on there being some "fit" between the values of the corporation and its managers, the expectation of stakeholders in the firm and the societal issues which will determine the ability of the firm to sell its products.

The instrumental theory rests on the assumption that the ultimate objective of corporate decisions is marketplace success. Managers view their stakeholders as an integral part of the business environment that must be managed to ensure revenue and profits for shareholders. Berman et al. (1999) argue that managers will attend to stakeholders' interests to the extent that those stakeholders can affect firm financial performance. Thus, the instrumental perspective is a means to an end, where the end itself may show no consideration for the stakeholder welfare in so far as shareholder interests are served. Berman et al. (1999) further espouse that an organisation's interest in stakeholder relationship is instrumental and contingent on the value of those relationships to corporate financial success. Citing Quinn and Jones (1995) who claim that "instrumental [strategic] ethics enter the picture as an addendum to the rule of wealth maximisation for the manager- agent to follow", Berman et al. (1999) claim that although stakeholder management is part of an organisation's strategic process, it in no way drives strategy.

2.4.3 Normative Stakeholder Theory

A significant amount of work on the stakeholder theory is gravitated towards the normative strand of the theory and is considered by several authors as the heart of the stakeholder theory. Donaldson and Preston (1995) highlight that although the descriptive strand and the instrumental strand are important aspects of the stakeholder theory; the core of the stakeholder theory is normative. They argue that the interests of all stakeholders are of **intrinsic value**: "that is each group of stakeholder merits consideration for its own sake and not merely because of its ability to further the interests of some other groups such as shareholders". Berman et al. (1999) identified two broad orientations from Freeman's (1984)

definition of stakeholders- 'strategic stakeholder management: an instrumental approach' and 'intrinsic stakeholder commitment: a normative approach'. In the intrinsic stakeholder commitment model, relationships with stakeholder groups are based on normative, moral commitments rather than on a desire to use those stakeholders solely to maximise profits. This view agrees with Donaldson and Preston's (1995) argument that the interests of stakeholders have an intrinsic value to the corporation. Therefore, in the normative theory, certain claims by stakeholder groups who do not affect the achievement of organisational objectives will still be accommodated in the firm's strategic decision making, though they do not bear any instrumental value to the firm.

The normative theory, although widely accepted as the core of the stakeholder theory, has received some controversy also. Freeman's (1984) stakeholder approach calls for firms to manage relations with groups other than shareholders. However, Freeman (1984) also realised how broad the list of 'other groups' could be and advised managers to eliminate unimportant, weak, or insignificant groups of stakeholders as a way of reducing this list of other groups: Walsh commends this instruction for providing a guide for managers to create a more viable organisation by satisfying important stakeholder groups (2005). Gary (1989) deliberate a collaborative approach where a sizeable group of stakeholders come together to reach decisions that will be acceptable to all. This approach aims to resolve conflict, advance the shared vision and collective good of the stakeholders involved; it encourages the sharing of power between the firm and stakeholders.

Berman et al. (1999) have argued that the normative stakeholder theory can be generated from two distinct, yet related sources within the business ethics literature. According to Berman and his colleagues, one genesis of the normative theory is the fact that organisational decisions affect stakeholder outcomes; therefore, an organisation shapes its strategy around moral obligations to its stakeholders. They propound that a Kantian posture (Bowie, 1994; Evan and Freeman, 1988), a feminist perspective (Wick et al. 1994) and a fair contracts approach (Freeman, 1994; Phillips, 1997) are examples of moral principles that provide foundation for the normative theory. The second genesis of the normative theory is the argument that making a strategic commitment to morality is not only conceptually flawed but is also ineffective (Berman et al. 1999). Therefore, managers who act according to moral principles only for self-serving reasons are not abiding within an ethical framework. Jones (1995) provides a practical perspective to Berman et al. (1999) argument by stating that a genuine commitment to ethical principles result in organisations achieving the instrumental benefits of stakeholder management. Thus, in the normative theory, moral principles should drive stakeholder management. Freeman and Evan (1990) note that the normative theory seeks to give a soul to the soulless corporations so that they can view their stakeholders by names and faces, with dreams and aspirations, act in a way that do not prevent these groups from achieving their own goals.

2.5 Stakeholder identification and salience

The focus of this study is on the stakeholder engagement practices by shale gas organisations. Prerequisite to embarking on a process to demonstrate engagement, it is necessary to identify those stakeholders to whom shale gas organisations should engage. Weiss (1995) state that

the first step of stakeholder management is to identify who or what constitutes a stakeholder. From a strategic management standpoint, a key question for the stakeholder theory is which individuals or groups constitute stakeholders and are deserving of management attention, and which groups are not? To answer these pertinent questions, several authors have proposed guidelines, frameworks, and classification schemes to identify and classify stakeholders (see Agle et al., 1999; Mitchell et al. 1997; Preston and Sapienza, 1990; Savage et al. 1991). As identified from the literature in earlier sections of this study, there is no consensus on the definition of a stakeholder. Kaler (2002) points to the alarming fact that within the context of business ethics, there is a deep divide in what constitutes a stakeholder of a business.

The stakeholder theory has been explored by several authors, from various perspectives, resulting in a myriad of typologies, classifications, and indeed criticisms, yet there appears to be no consensus on what Freeman refers to as ‘the principle of who or what really counts’ (1994). Therefore, the work of Mitchell et al. (1997) seeks to answer two questions: who are the stakeholders of the firm? And to whom or what do managers pay attention? Although stakeholder definition has typically fallen under broad or narrow views, Mitchell et al. (1997) identification schema adopt a normative theory position to distinguish between stakeholders and non-stakeholders systematically and reliably. According to Mitchell et al. (1997):

*The first question calls for a **normative theory of stakeholder identification**, to explain logically why managers should consider certain claims or entities as stakeholders. The second question call for a **descriptive theory of stakeholder salience** to explain the conditions under which managers do consider certain classes of entities as stakeholders.*

Thus, they propound a theory of stakeholder salience as a means of guiding managers on which groups to satisfy, as they argue “what is needed also is a theory of stakeholder salience that can explain to whom and to what managers actually pay attention”. Mitchell et al. (1997) model propose that stakeholder salience is defined by managers’ perception of three stakeholder attributes- power, legitimacy, and urgency. They defined salience as “the degree to which managers give priority to a variety of competing stakeholder claims”.

2.6 Stakeholder influence strategies

The stakeholder concept, stakeholder theory, stakeholder management, have always depicted the organisation and its stakeholders as having a two-way relationship. Freeman’s (1984) seminal work suggests the potential for stakeholders to influence strategic decision-making in organisations. However, much of the stakeholder literature has gravitated towards the firm’s point of view rather than from the stakeholders’ perspective: Laplume et al. (2008) note that this may be as a result of the stakeholder theory being initially developed as a framework aimed at improving organisational performance objectives. Several empirical studies have been carried out to study the relationship between stakeholder management and firms’ performance (Hillman and Keim, 2001; Harrison and Freeman, 1999; Ogden and Watson, 1999; Berman et al. 1999), and have largely found positive associations. More studies have started to focus on how stakeholders might influence firms’ strategies (Frooman, 1999; Rodgers and Gago, 2004; Hendry, 2005 Darnall et al. 2010). Early stakeholder theorists such as Freeman and Reed (1983) examined the potential for stakeholders to influence organisational strategies based on the nature of their stakes and the source of their power.

Mitchell et al. (1997) identify three stakeholder attributes that determine the amount of management attention that stakeholders receive. Frooman (1999) identified four types of stakeholder influence strategies: withholding, usage, direct and indirect strategies. Frooman (1999) identified these strategies using Pfeffer and Salancik's (1978) resource dependence theory; he also developed a two-way relationship between an organisation and its stakeholders to predict which influence strategies stakeholders are likely to be used.

Frooman's (1999) approach was to untangle stakeholder actions and develop a set of stakeholder influence strategies from the point of view of resource dependence. According to Frooman, the type of resource relationship between the organisation and its stakeholders form the basis for where power lies in the two-way relationship (1999). Rowley and Moldoveanu (2003) also contributed to the knowledge of stakeholder influence strategies by examining factors that influence whether or not stakeholder actions will be mobilised. Frooman (1999) recognises that prior to his work, other authors have simply implicitly discussed numerous strategies stakeholders employ in an attempt to change corporate behaviour; however, he makes a significant contribution by constructing a strategic model, which otherwise had not been done. Frooman (1999) began his work by drawing reference to Freeman (1984) "the stakeholder approach is about groups and individuals who can affect the organisation and is about managerial decision taken in response to those groups and individuals". Frooman (1999) set out with two research questions: what are the different types of stakeholder strategies? And what are the determinants of the choice of influence strategy? To answer these questions, he merged the stakeholder theory with resource dependence theory to form his proposition. Frooman considers the "resource dimension" of

a relationship and the power that stems from it: in this case 'power' is viewed differently from how it is considered in the work of Mitchell et al. (1997)- an attribute of stakeholders. Frooman's (1999) conception of power is as an attribute of the two-way relationship between an organisation and its stakeholders.

Several authors have suggested various taxonomies for categorising the type of power: formal, economic and political (Freeman and Reed, 1983); coercive, utilitarian, and normative (Etzioni, 1964 cited in Mitchell et al. 1997). Rowley (1997) have argued that from a social network perspective, an organisation deals simultaneously with multiple stakeholders, with interdependencies among these stakeholders; therefore, he defined power in terms of network structure and position. Also, Carroll (1989) has suggested that the budget size and staff strength as well as the source and amount of stakeholder funding could indicate the degree of power that the stakeholder possesses. The 'unstated' premise of the stakeholder theory is that organisations are bound to conflict with their stakeholders. Frooman (1999) contends that if the potential for conflict did not exist and organisations were in agreement with all their stakeholders, there would be no essence for the stakeholder theory or stakeholder management. Moving to the question of how stakeholders would try to influence corporate behaviour; Frooman (1999) notes that the answers have always taken the form of *particular* stakeholder influence strategies. For example, Vogel (1978) focused on proxy relations and boycotts; Paul and Lydenberg (1992) also focused on boycotts; Davis and Thompson (1994) suggested shareholder resolution as an influence strategy; and Corlett (1989); Shipp (1987) both focused on modified vendettas as a particular stakeholder influence strategy.

Frooman (1999) began his argument by using resource dependent theory- an open systems theory- as a starting point for understanding stakeholder influence strategies because power is a central theme in the argument; he reviewed power, as it exists within resource dependence theory. Frooman (1999) then used resource dependence theory to develop four types of stakeholder influence strategies- withholding, usage, direct and indirect strategies- to answer the question “what are the different types of influence strategies?”. To answer his research question, Frooman (1999) proposed four types of firm-stakeholder relationships: firm power, high interdependence, low interdependence, and stakeholder power. He also suggests that the type of relationship is a determinant of the choice of influence strategy. Frooman (1999) used the conflict between the EII, an environmental organisation, and StarKist as the context of his analysis. Based on our understanding of business and its environments, we know that businesses depend on the environment for ‘inputs’, which it processes into ‘outputs’ for the market. Pfeffer and Salancik (1978) suggests that

Because organisations are not self-contained or self-sufficient, the environment must be relied upon to provide support. For continuing to provide what the organisation needs, the external groups or organisation may demand certain actions from the organisation in return. It is the fact of the organisation’s dependence on the environment that makes the external constraint and control of organisational behaviour both possible and almost inevitable.

Simply put, the organisation’s dependence on environmental actors, such as stakeholders is what gives the actors leverage over the organisation.

It may be within the purview of a stakeholder whether to allocate or withhold its resources. According to Frooman (1999), this discretion translates into a stakeholder influence strategy

only if the stakeholder chooses not to allocate its resources. He therefore defines **Withholding Strategies** as “those where the stakeholder discontinues providing a resource to a firm with the intention of making the firm change a certain behaviour”. They could take the form of labour strikes, sabotage, ‘work to rule’, boycotts, non-renewal of loans, exclusion by investors or other forms of labour actions. Frooman (1999) defines **Usage Strategies** as “those in which the stakeholder continues to supply a resource, but with strings attached”: they may be in the form of strategic alliances, proxy resolutions or constructive dialogue. The mere threat of using any of these strategies may be as effective in changing organisational behaviour, as the actual use of the strategy. The resource dependence theory suggests that power can exist from the relationship with others who supply resources to an organisation. According to Frooman (1999), the pathways through which these influence strategies (withholding and usage) can proceed are **Direct Strategies** and **Indirect Strategies**. Direct strategies are those where the stakeholder controls the flow of resources to the organisation; indirect strategies are those in which the stakeholder works through an ally, by having the ally manipulate the flow of resources to the organisation.

To answer his second research question, “what are the determinants of the choice of influence strategy?” Frooman (1999) identified a typology of stakeholder-firm relationship based on resource dependence theory; he then proposes a four-way model that identifies influence strategies with the degree of interdependence between the stakeholder and the firm. Frooman (1999) made two assumptions: first, the level of firm dependence determines the type of pathway chosen; second, the level of stakeholder dependence determines the type of resource control chosen. In his first assumption, Frooman (1999) argues that a low

level of dependence of a firm on a stakeholder implies that the firm does not necessarily have to be responsive to the stakeholder. Thus, the stakeholder will tend to use indirect strategies by acting through an intermediary on whom the firm is more dependent, and conversely more responsive to. Frooman's (1999) second assumption is based on the argument that that a high level of dependence of the stakeholder on the firm means that the interests of the stakeholder is closely connected with the success of the firm. Therefore, the stakeholder will not wish to see the firm's success threatened, thus will focus on usage strategies as shown below.

Table 2.4 Typology of influence strategies

		Is the stakeholder dependent on the firm?	
		No	Yes
Is the firm dependent on the stakeholder?	No	Indirect/withholding (low interdependence)	Indirect/usage (firm power)
	Yes	Direct/withholding (stakeholder power)	Direct/usage (high interdependence)

Adapted from Frooman (1999)

Frooman (1999) concludes by making four propositions:

Proposition 1: when the relationship is one of low interdependence, the stakeholder will choose an indirect withholding strategy to influence the firm.

Proposition 2: when the relationship is marked by firm power, the stakeholder will choose indirect usage strategy to influence the firm.

Proposition 3: when the relationship is marked by stakeholder power, the stakeholder will choose a direct withholding strategy to influence the firm.

Proposition 4: when the relationship is one of high interdependence, the stakeholder will choose a direct usage strategy to influence the firm.

Frooman's (1999) and Rowley's (1997) contributions in addressing the question of stakeholder influence is through the structural approach that a stakeholder can exert influence over the firm- directly or indirectly- in a situation of resource dependence on the firm's end. However, De Bakker and Den Hond (2008) note that the question of stakeholder influence over organisations is challenging because, in terms of the stakeholder theory, many of such groups would be considered secondary stakeholders. Clarkson (1995) suggest that because secondary stakeholders lack a formal contractual bond with the firm, they do not have a direct legal authority over the firm, and consequently find themselves in a non-existent or very weak bargaining position vis à vis the firm. Stakeholder theorists have largely ignored their influence over firms because of their perceived lack of power.

Friedman and Miles (2006) also recognise that many stakeholder actions cannot be classified as withholding or usage strategies as they are independent of direction or degree of resource dependence between the organisation and its stakeholders. Stakeholders such as NGOs normally adopt modified vendettas, petitions, demonstrations, and letter-writing campaigns

because they do not have a recognisable resource relationship with the organisation to use as leverage. Friedman and Miles (2006) opine that because these NGOs and activists do have the potential to 'affect' the activities of the organisation and would therefore be regarded as stakeholders, relationships with them need to be managed; adding that a comprehensive model of stakeholder influence strategies need to incorporate these groups. To augment Frooman's (1999) work, two additional influence strategies are suggested by Friedman and Miles (2006): voice strategy and damage strategy, which can also proceed directly or indirectly. Voice strategies include aiming to inform, educate or persuade the organisation to change, whereas damage strategies can be pursued through litigation, defamation, demonstrations and sabotage (Friedman and Miles, 2006). The forms of argument used, the technology used, and the degree of threat involved can distinguish voice actions. Although the effectiveness of voice actions could depend on the direction and degree of resource dependency. Rowley and Moldoveanu (2003) believe that the effectiveness of letter-writing campaigns, customer complaint, or shareholder resolution may be due to other factors such as interest and identity overlap with other stakeholder groups. Damaging actions on the other hand may appear as expressions of frustration and desperation due to the perception that there are no other ways of achieving a change in organisational behaviour (Friedman and Miles, 2006). Damaging actions are most likely seen displayed by activists such as environmental NGOs.

Frooman's (1999) work and several other studies show that steps are being made to advance the question of stakeholder influence from the stakeholder perspective. Walker and Laplume (2014) conducted a study to understand how firms can be driven to change their behaviour

faster: the work concentrated on one research question “how can we bring about rapid and comprehensive organizational sustainability?” they elaborated the prospects for collective stakeholder influence strategies as useful for increasing changes in organizational behaviour. A fundamental stride was to recognize the likelihood of heterogeneity in the interests of the various members of (or subgroups in) a particular general stakeholder group making it difficult to agree on priorities and collective action (Rowley & Moldoveanu, 2003; Wolfe & Putler, 2002). Mobilizing for collective action may be more difficult when there are considerable differences between individual attitudes, whether between or within stakeholder groups (Cordano et al. 2004). Neville and Menguc (2006) also discussed and expanded the concept of “stakeholder multiplicity” by studying the significances and consequences of multiple, conflicting, complimentary, or cooperative claims within a particular stakeholder group. They defined stakeholder multiplicity as “the degree of multiple, conflicting, complimentary, or cooperative stakeholder claims made to an organization”. Other authors such as Hendry (2006) have elucidated the factors that increase the potential for a firm to be a likely target of stakeholder pressure. Hendry (2006) suggests that the likelihood that a particular firm will be confronted with stakeholder pressure increases if (a) there is a greater certainty that the firm is a source of an environmental impact, (b) that firm is a proven, repetitive trespasser of norms, such that there has been previous interactions between the firm and a particular stakeholder, (c) there is a dense relationship among a firm’s stakeholders, the better able those stakeholders are to monitor the firm and share information about the firm and the more likely they are to target the firm collectively, (d) the firm is influential in their organizational fields and therefore likely to be imitated, (e) if that firm operates in an industry that is under high levels of scrutiny by activist groups, or (f) the firm is closer to consumers in the supply chain.

2.7 Stakeholder management as a process

Stakeholder management as a strategic framework has gained considerable relevance in business as corporate failures in large corporations such as ENRON, Royal Dutch Shell and WorldCom prove that there is need for a wider dialogue in organisational management rather than a narrow focus on shareholder value maximisation. Fassin (2012) argue that strategic stakeholder management has indirectly been used as a major advocate of corporate social responsibility and corporate governance. One of the major theses of Donaldson and Preston (1995) is that the stakeholder theory is broadly managerial: it does not only describe existing situations or predict cause-effect relationships, but it also suggests attitudes, structures and practices, which together constitute stakeholder management.

Freeman (1984) points that understanding the processes an organisation employs in managing stakeholder relationships involves three distinct levels: first, from a rational perspective, there has to be an understanding of who the actual and potential stakeholders of the organisation are and what their perceived stakes are. The second level involves understanding the processes used by the organisation to implicitly or explicitly manage relations with its stakeholders and assess whether their processes 'fit' with the rational "stakeholder map" of the organisation. On the third level, there needs to be an understanding of the transactional relationship between the organisation and its stakeholders and deduce whether these fit with the rational stakeholder map and the organisational processes for stakeholders. An organisation's stakeholder management capability is defined in terms of its ability to bring these three levels of analysis together (Freeman, 1984).

At the process level, Freeman (1984) recommends understanding what processes organisations use to manage stakeholder relationships by looking at their “standard operating procedures”. This can be done through portfolio analysis processes, strategic review processes, and environmental scanning processes. It is important for managers to scan the business environment for key events, trends, actions, similar beliefs and interests between stakeholder groups and study the political, socio-economic, technological and managerial effects of these events and trends. According to Weiss (2003), politics, economics, media exposure and public reaction can alter stakeholder strategies and positions on issues.

2.7.1 Stakeholder management strategies

A distinguished work of stakeholder management strategy is provided by Rowley (1997), who considered multiple and interdependent interactions that exists simultaneously in a firm’s stakeholder environment. Rowley (1997) first described stakeholder influence strategies in a network, and the focal organisation’s strategies in playing off one group against another or finding a group with cooperative potential. Rowley’s position of considering stakeholder relationships in a network of influences is justified as Freeman and Evan (1990) have earlier argued that the stakeholder environment consists of “a series of multilateral contracts among stakeholders”. The firm’s ability and strategy to manage stakeholder influences will depend on the network of stakeholder surrounding the relationship. Networks can also act as governance mechanisms that encourage joint action and hinders individual opportunism. The

key factors for Rowley (1997) analysis are density (interconnectedness between stakeholders) and centrality (position in the network relative to others). Rowley (1997) proposes that as network density increases, coordination and communication between stakeholders increases, increasing the potential for coalition, thereby increasing the ability of a focal organisation's stakeholders to constrain the organisation's actions. Also, centrality will confer power, as the organisation's centrality increases, its ability to resist stakeholder pressure increases. Rowley (1997) provides four strategies based on density and centrality: *compromiser, commander, subordinate, and solitary*

Johnson-Cramer et al. (2003) summarised the important dimensions of an organisation's stakeholder management into three categories: activities, orientations and ethics. Activities perspective views stakeholder management as a bundle of related activities that an organisation performs to manage its relationship with a stakeholder group. Freeman (1984) lists activities such as explicit negotiation, communication and monitoring; and Morris (1997) specifies particular structures through which these activities are undertaken. Therefore, from the 'activities' viewpoint, if an organisation performs activities, within the specified boundaries, with its stakeholders, that organisation is perceived to have a certain level of competence in stakeholder management. Orientations perspective maintains that stakeholder management is a general orientation and not a set of activities. This orientation can be assessed differently; it could be assessed in terms of cognition (which stakeholders do managers pay attention to?), or in terms of values (which stakeholders do managers give priority to?). While Brenner and Cochran (1991) see stakeholder management as the stable pattern of values held by management, Mitchell et al. (1997) envision stakeholder orientation

in terms of salience. Ethics, a third perspective views stakeholder management as ethical. It believes that the moral quality, and not the activities or orientations, form the essence of an organisation's stakeholder management. Evan and Freeman (1993); Phillips (1997) have elaborated the ethics perspectives of stakeholder management rooted in the rightness, justness and equity of an organisation, actions; Greenwood and Van Buren III (2010) also elaborated in the trustworthiness in the organisation-stakeholder relationship.

Johnson-Cramer et al. (2003) note that stakeholder theorists have made generalisations, substituting the part-activities, orientations or ethics- for the whole in attempting to define 'good stakeholder management'. They argue that this generalisation is methodologically flawed, pointing that from a practical standpoint, managers who engage effectively with their stakeholders but ignore the ethical quality of their policies will not be achieving 'good stakeholder management'. In order to make a proper generalisation about an organisations approach to stakeholder management, stakeholder theorists need to integrate these diverse perspectives into a more comprehensive notion. Johnson-Cramer et al. (2003) posit that this integration starts with the recognition that "organisations must engage directly with stakeholder groups while still thinking about how decisions affect multiple constituencies simultaneously".

The activities perspective is explored in this study to understand the practical application of stakeholder engagement, understand the behaviour of organisations by examining the nature of, the mechanisms used, and the challenges posed by stakeholder engagement. Similarly, the orientations perspective is explored to understand the cognitive and values aspects of

stakeholder engagement. In this regard, this study seeks to understand how stakeholders perceive engagement activities in shale gas developments, and how stakeholder acceptance is achieved in the industry. In order to have an overall picture of stakeholder relationship management in shale gas development, the ethics perspective is explored to the notion of rightness, justness and equity, or the lack thereof, in organisation's activities and how this impact on stakeholder engagement in practice.

2.8 Stakeholder relationship management

Several definitions have been provided for various terms used in stakeholder relationship management, such as, inclusiveness, engagement, management, participation and involvement. It is therefore necessary to consider these individual terms as they feature in the stakeholder relationship management process. Engagement has been defined by authors such as Achterkamp and Vos (2007); Friedman and Miles (2006); Greenwood (2007), among others as steps and processes an organisation takes to seek the opinion of individuals or groups who may be affected by or can affect the direction of activities of the organisations business processes. Gable and Shireman (2005) particularly define engagement as a process of relationship management that seek to enhance the understanding and alignment between an organisation and its stakeholders. Participation is defined as "the degree to which open channels exist for stakeholders to express their concerns, voice their interests and thus participate in the processes by which their company formulates policies that, in turn, affect the particular group" Johnson-Cramer et al. (2003). Rowe et al. (2004) simply defined participation as a process where stakeholders and organisations choose to adopt an active position in the decision-making of policies that affect them. The World Bank (1992) defines

participation as a “process, through which stakeholders influence and share control over their own development initiatives, decisions, and resources which affect them.” On the other hand, the USAID (1995) defines participation as “an active engagement of partners and customers in sharing ideas, committing time and resources, making decisions, and taking action to bring about to a desired development objective.” It is evident that although the World Bank expressively ignores inequalities in stakeholder classification in its definition, the USAID acknowledges the divide in stakeholder classification and offers a definition where ‘participation’ bridges this divide, making all stakeholders and the focal organisation equal as far as developmental objectives and policies are concerned. Generally, the definitions provided for ‘participation’, ‘engagement’, ‘management’, ‘inclusiveness’ by various sources as it relates to the stakeholder-relationship management process, describe the means through which organisations seek to inform and align stakeholder interests with corporate objectives.

2.8.1 From stakeholder management to stakeholder engagement

This section introduces the concept of *stakeholder engagement* and then elaborates on what it entails. This thesis has earlier explored the stakeholder theory as it has evolved and unfolded over the years; detailed attention was given to the seminal works of Freeman (1984) and Donaldson and Preston (1995), stakeholder identification, classification and prioritisation, and stakeholder influence strategies. It can be said that until now, this study has focused on ‘stakeholder analysis’, which Reed (2008) considers to be in three phases, (1) Identifying stakeholders (2) differentiating between and categorising stakeholders; and (3) investigating relationships between stakeholders. It is now apparent that greater attention

needs to be given to the two-way relationships between organisations and their stakeholders. Rowley (1997) espoused a perspective of the stakeholder theory where stakeholders are not just viewed as subjects to be managed but as part of a network-based, relational and process-oriented system requiring an **organisation-stakeholder engagement**, based on mutuality, interdependence and power.

Also, the dynamic nature of the business environment have undermined the traditional boundaries between internal and external stakeholders as they relate to management principles and systems; consequently, Andriof and Waddock (2002) suggest that “stakeholders require more, and different management attention than they conventionally received: that is, there is increasing demand for engaged stakeholder relationships”. Stakeholder research has primarily focused on ‘stakeholder analysis’ rather than understanding stakeholder engagement (ibid): Nolan and Phillips (2010) agreed that the nature of firms’ stakeholder engagement is the one topic that has not received very much attention in the literature until recently. Even so Wenzel et al. (2021) note that “stakeholder engagement remains an underrepresented and underdeveloped field in business and society research in particular, and management research more generally.” Greenwood (2007) also writes, “Many accounts of stakeholders activities focus on the attributes of the organisation or the attributes of the stakeholders rather than on the attributes of the relationship between organisations and stakeholders”. In other words, it is not sufficient to only consider the actions organisations must and must not undertake in order to meet moral standards, but it is also necessary to pay attention to the relationships organisations must foster with their stakeholders.

Androif et al. (2002) in their two-volume book contend that there has been a paradigm shift from enhancing shareholder value to engaging stakeholders for long-term value creation. They create a distinction between stakeholder management and stakeholder engagement: they believe stakeholder management to be out-dated and organisation-centric in the recognition of engagement and consequent mutuality. Indicating that stakeholder engagement is a *process*, Androif et al. (2002) suggest that the engagement process creates a dynamic context of interaction, mutual respect, dialogue and change, unlike the one-sided management of stakeholders. Androif and Waddock (2002) argue that the process of stakeholder engagement can best be understood by integrating corporate social performance/responsibility, stakeholder and strategic relationship theories. "Stakeholder engagement and partnerships are defined as *trust-based* collaborations between individuals and/or social institutions with different objectives that can only be achieved together" (ibid): with the basis for successful partnerships being an agreement about rules for cooperation. Androif and Waddock (2002) conclude that stakeholder engagement can be viewed as a process for managing an organisation's social risks, connecting with stakeholders and building social capital: where social capital is the gift of connectivity that holds relationships together.

Greenwood (2007) set out to transcend the notion that stakeholder engagement is necessarily a responsible practice. Some works of literature create the assumption that the more an organisation practice stakeholder engagement, the more responsible it is. Greenwood (2007) argues that stakeholder engagement is a morally neutral practice that must be seen as separate from but related to corporate responsibility. According to Greenwood (2007):

Stakeholder engagement can be understood as practices that the organisation undertakes to involve stakeholders in a positive manner in organisational activities... Given the varied set of organisational stakeholders, engagement practices may exist in many areas of organisational activity including public relations, customer service, supplier relations, management accounting and human resource management. In these context, engagement could be seen as a mechanism for consent, mechanism for control, mechanism for cooperation, mechanism for accountability, as a form of employee involvement and participation, as a method for enhancing trust, as a discourse to enhance fairness, as a mechanism for corporate governance.

Therefore, by implication, Greenwood's argument means that stakeholder engagement can be morally good or morally bad, based on the motivation for engagement, the result of engagement, or a combination thereof. Engaging with stakeholders under deceptive conditions, acting as though the objective of the engagement is to meet stakeholders' interests, is a morally bad engagement and results in '*corporate irresponsibility*.' "Corporate irresponsibility occurs when the strategic management of stakeholders does not remain a responsibility-neutral practice but becomes an immoral practice based on the deception and manipulation of stakeholders" (Greenwood, 2007). Noland and Phillips (2010) therefore call for a distinction of engagement, moral and strategic, based on the goal, manner and method of engagement. In recent years, a significant number of scholars, such as Rasche and Benham (2008) have argued that this distinction of engagement is important with a lot riding on it.

Thomas Krick and colleagues suggested a definition for stakeholder engagement, which unlike definitions earlier considered in this study, is not based on the processes of dialogue but rather in terms of rights, obligations and actions: stakeholder engagement is "the acknowledgement of the rights of stakeholders to be heard, and the obligation of the organisation to account for its actions to these stakeholders in the light of their interests" (2005). Others have argued that the ethical engagement of stakeholders must be integral to an organisation's strategy if it is to achieve success (Freeman et al., 2004; Freeman et al.,

2007; Maak, 2007; Miles et al. .2006; Phillips, 2003). In Gable and Shireman's (2005) view, Stakeholder engagement is a process of relationship management that seeks to enhance understanding and alignment between organisation and stakeholder.

2.8.2 An integrated approach to stakeholder communication

Communication has been established as a fundamental elementary unit of stakeholder relationship management. However, Foster and Jonker (2005) argue that the approaches, methods, and responsibilities involved in genuine stakeholder communication, and the implications for organisational action, are not well understood. Crane and Livesey (2003) suggest that the characteristic complex array of shifting, ambiguous, and contested interactions between interested parties and within diverse organisations "highlights the central role of communication in constituting, managing and maintaining stakeholder relationship." According to Axley (1985) early communication theory described corporate communication as a simple linear process, where the organisation engages in a one-way communication with its stakeholders. In this process, stakeholders constitute 'receivers' for messages and the communication does not involve dialogue, described by Smircich and Stubbort (1985) as a "social process that brings meaning to life through negotiation and consensus." Public relations theorists such as Grunig and Hunt (1984) challenged the understanding of corporate communication that relates to managing stakeholder relationships and distinguished between one-way and two-way dialogue. One-way communication is aimed at persuading the communicator's audiences through rhetorically slanted messages. Two-way communication on the other hand, is either asymmetric or symmetric and is aimed at gathering information from the communicator's audiences in a bid

to identify messages most likely to produce attitudes and behaviours the communicator desired, while the symmetric model is designed to facilitate understanding and communication between parties.

Schultz et al. (1993) and Shimp (1997) have advocated for the integration of communication as an appropriate response to diverse and conflicting stakeholder demands. When deciding how to communicate with stakeholders in a one-way communication process, organisations are faced with a choice of standardisation or customisation. Crane and Livesey (2003) add that a standardised stakeholder communication is particularly important when an organisation is seeking to alter and/or protect its corporate image. Just as communicating a uniform message has some benefits for an organisation, customised messages can be potentially acute when an organisation is faced with multiple receivers with different stakes or conflicting interests. Communicating customised messages can enable an organisation improve stakeholder understanding of its position and behaviour (*ibid*): the idea is that when stakeholders are engaged on the level of their understanding, they may become empathic towards the organisation and also have more trust in the organisation.

Asymmetrical dialogue rests on the assumption that the communicator could control the message in the sense that it could determine how it was perceived by the audience; although asymmetrical dialogue may involve a two-way interaction, its communication is aimed at persuading or manipulating stakeholder behaviour (Grunig and Grunig, 1992). Foster and Jonker (2005) note that this form of dialogue fails to acknowledge that the dialogic nature of every act of communication involves fundamental sense making. Sense making is described

as being “about such things as placement of items into a framework, comprehending, redressing surprise, constructing meaning, interacting in pursuit of mutual understanding, and patterning” (Weick, 1995). Therefore, asymmetrical dialogue ignores the fact that a stakeholder will not just passively receive and understand messages but will actively seek to develop a meaning based on his perspectives and the information provided by his surroundings. This form of dialogue is still likely to destroy stakeholder trust in an organisation where stakeholders perceive messages to be manipulative. Asymmetrical dialogue is usually engaged for instrumental and rhetorical purposes and therefore susceptible to problems of discursive control in multi-stakeholder environments.

In response to the problems posed by asymmetrical dialogue, Grunig and Grunig (1992) suggest symmetrical dialogue—a two-way communication designed to ensure that the audience receives the message accurately or as intended. They argue that symmetrical dialogue is a superior form of communication because it is more ethical and achieves public relations goals more effectively. Cheney and Christensen (2001) have described symmetrical type dialogue as ‘genuine dialogue’: “a dialogue in which questions of interest and representation are constantly negotiated.” They also concluded that in today’s business environment, on-going genuine dialogue between organisations and their stakeholders represents the most appropriate solution for the management of complex issues confronting contemporary society. Hartman and Stafford (1997) suggest that genuine dialogue often occurs where stakeholders are perceived to possess a significant degree of power and influence and/or where relationships have been developed into an alliance. Genuine dialogue

can be employed as a preventive method of avoiding conflicts or be used in conflict resolution, should they arise.

2.9 Effective stakeholder relationships

Organisation-stakeholder relationships are typically complex, uncertain, multi-faceted and affect a network of actors and agencies. Therefore, there is a need for equally transparent decision-making that is both fluid to change and sensitive to the diversity of claims and values. Stringer et al. (2007) note that to achieve this, stakeholder participation is being courted and incorporated into decision-making processes. The use of stakeholder participation in decision-making processes is also being advocated by national and international conventions. For example, Agenda 21 (Chapter 8) advise organisations to allow public access to relevant information, facilitate the reception of public views and allow for effective participation as a means of improving decision-making processes (United Nations, 2000). Although participation has been generally accepted, Luyet et al. (2012) note that there is not a clear distinction between public involvement and stakeholder participation. There are many different definitions of participation based on decision-making processes and who should participate. World Bank (1996) defined participation as “a process through which stakeholders influence and share control over development initiatives and the decision and resources that affect them.” In this study, participation is defined as a fair, equal and transparent process where individuals, groups and organisations assume active roles in decision-making *that affect them* to promote equity, learning and trust among all actors (Reed, 2008; and Rowe et al. 2004). In this definition, participation refers more to stakeholders rather than the broader public participation giving that Freeman (1984) defined

stakeholders as groups or individuals that can affect or is affected by an organisation's decision-making.

There are many benefits as well as risks of stakeholder participation; Green and Hunton-Clarke (2003) argue that stakeholder participation can be particularly beneficial when the decision-making affects a wide range of individuals or groups, is potentially difficult, or where stakeholders' concerns are not fully understood. Organisations can also improve their reputation and competitiveness through stakeholder participation, and it helps them to take on the challenge of sustainability (*ibid*). Other authors have argued that participation leads to increasing trust, improving the substantive quality of decisions, reducing conflict, and achieving cost-effectiveness in decision-making (Beierle, 1998). On the other hand, other authors argue that the perceived risks of participation outweigh the benefits of conflict avoidance, hence the frequent argument against extensive public participation. Vining (1993) opine that some stakeholder groups may lack expertise and interest in participating resulting in decision-making processes being too complicated and expensive (Mostert, 2003). Consequently, certain stakeholder groups who are perceived to possess little power to cause conflict (Junker et al. 2007) are informed about the decision-making process, but not directly involved in it. The practice of deciding which stakeholder groups to involve in decision-making may be based on Mitchell et al. (1997) stakeholder identification theory; where only stakeholders with perceived levels of power, legitimacy and urgency are part of a stakeholder participation process. However, other identification techniques exist, to identify which stakeholders to include in the participation process, see for example: Mason and Mitroff

(1981). Luyet et al. (2012) opine that the choice of a specific identification technique will depend primarily on the scope of the projects, the project phase, and available resources.

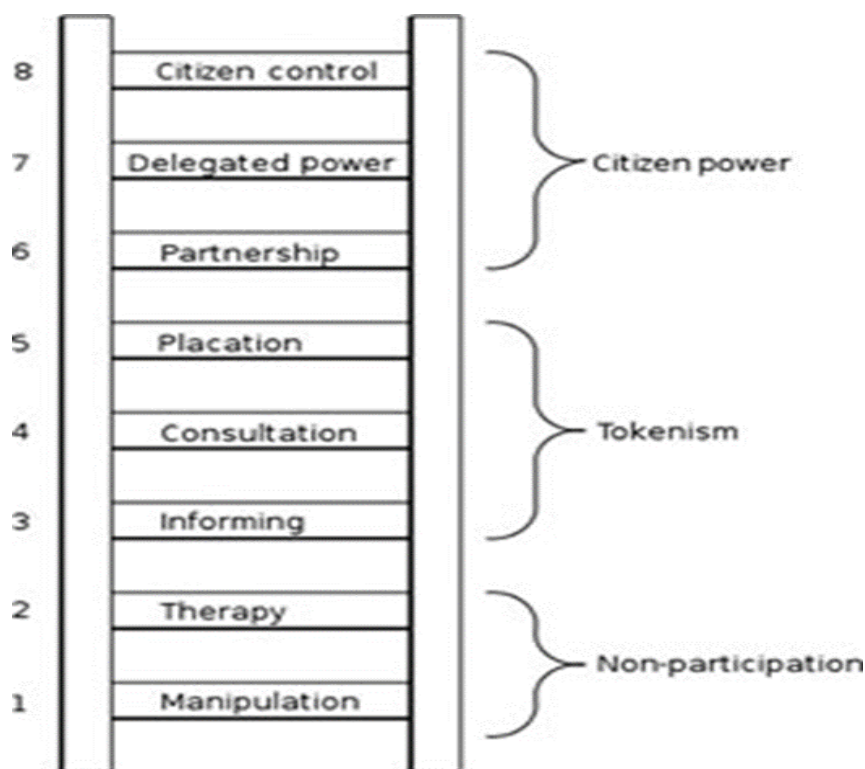
2.10 Levels of participation

Arnstein (1969) was perhaps the first to identify a model of the different levels of participation. These levels of participation are indicative of the degree of stakeholder involvement and participation in decision-making processes. Friedman and Miles (2006) present a model where the level of participation is used to assess the quality of stakeholder engagement from the perspective of the stakeholders. Chess and Purcell (1999) believe that participation can result in better-informed stakeholders and a more credible information base, it is therefore little wonder why organisations strive to encourage greater participation by involving stakeholders. Arnstein (1969) used rungs to represent eight different levels of participation within three general levels of 'non-participation' (manipulation and therapy), 'degree of tokenism' (informing, consultation, and placation), and 'degree of citizen power' (partnership, delegated power and citizen control).

The lowest rungs of level 1 and level 2 classified as 'non-participation' refers to levels where people can participate in decision-making process, but the objective here is to educate the participants therefore communication is one-way. Arnstein (1969) acknowledges that the non-participative rungs have been contrived by some to substitute for genuine participation. Rungs 3 and 4 within 'tokenism' allows for a two-way communication between participants, but under these conditions, although citizens can hear and be heard, they lack the power to

guarantee influencing a situation. Rung 5, placation is a higher level of tokenism where stakeholders are allowed to advise power holders, but the power holders reserve the right to decide. Further up the rungs, level 6, level 7 and level 8, there is an increasing degree of citizen power with a corresponding increase in citizen decision-making clout. At the partnership level, stakeholders can negotiate with power holders and there can be a shared decision-making process. At the topmost levels, delegated power and citizen control, stakeholders obtain the majority of decision-making capacity, or full managerial power.

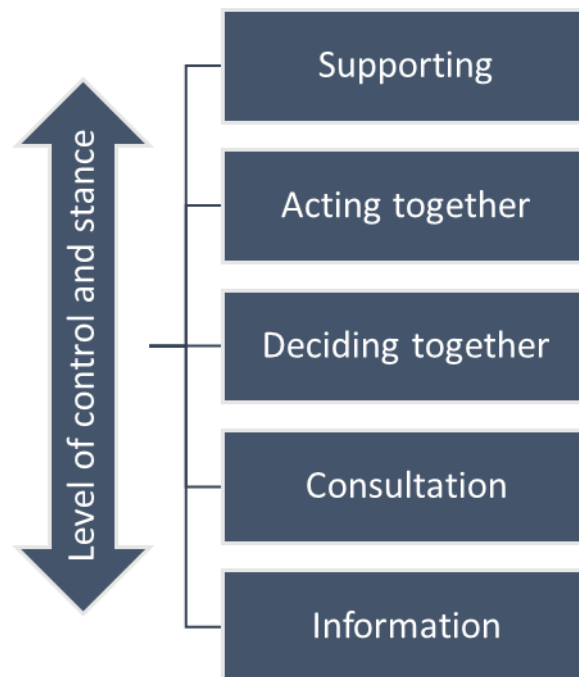
Figure 2.1 Arnstein ladder of participation



Source: Arnstein (1969)

Following from Arnstein's (1969) work, other authors have built on the ladder of participation and applied this to stakeholder engagement. Wilcox (1994) simplifies Arnstein's ladder to propose a five level or stages of participation as shown below.

Figure 2.2 Wilcox ladder of participation

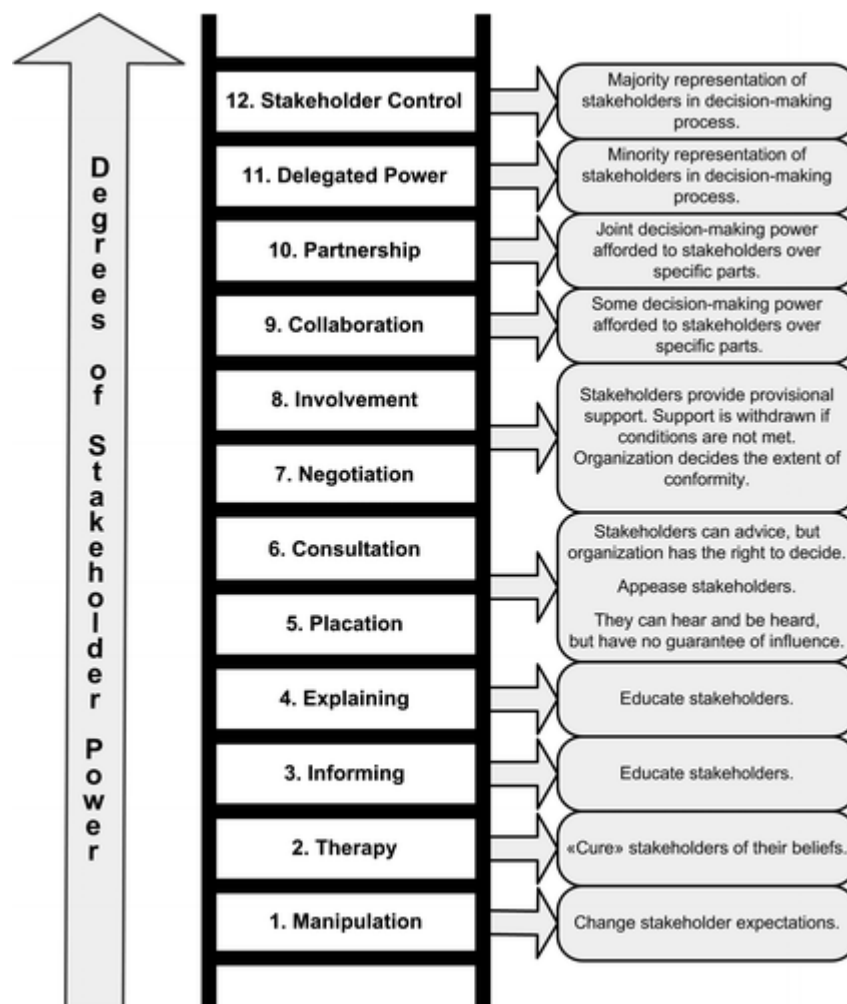


Adapted from Wilcox (1994)

Unlike Arnstein (1969), Wilcox (1994) does not comment on which level of participation is best but proposes that no one level is superior to the other, so the appropriateness of levels depends on the circumstance under which engagement is undertaken. The first stance is 'information', Wilcox (1994) notes that this stance underpins all other levels of participation and may be appropriate on its own in some circumstances. Gao and Zhang (2001) have also noted that information giving is a passive mode of engagement. Wilcox (1994), however warns that there could be a potential for conflict when stakeholders are expecting more of involvement and organisations are only willing to provide information. Stance 2: consultation

involves giving stakeholder a restricted choice and role in solutions. For example, stakeholders are given choices about an organisation's strategic plans- but not the opportunity to develop their own ideas or participate in putting plans into action. Stance 3: deciding together involves giving stakeholders the power to choose without fully sharing the responsibility for carrying decisions through. Stance 4: acting together may involve short-term collaboration or forming more permanent partnerships with other interests.

Figure 2.3 Ladder of Engagement



Adapted from: Friedman & Miles (2006)

Another comprehensive model of stakeholder engagement is presented by Friedman and Miles (2006), this model is based on Arnstein's (1969) ladder of public involvement. The Friedman and Miles (2006) ladder of stakeholder engagement comprises of twelve distinct levels as shown in Figure 3.6 In this model, the lower levels (***manipulation, therapy, informing***) is described as bad practice, if done in isolation because they are autocratic and do not reflect any form of participation between the organisation and its stakeholders. Here, stakeholders are merely informed of decisions that have already been taken by the organisation. Friedman and Miles opine that the lower levels are aimed at misleading stakeholders and attempting to change stakeholder expectations (2006). The middle levels (levels 4 to 7) contain varying degrees of tokenism, whereby stakeholders are given the opportunity to voice their opinions, but there is no assurance that their concerns will affect decision-making. Level 4, ***explaining***, the lowest level of tokenism generally has an overall objective of informing stakeholders of decisions already taken. This level creates grounds for potential conflict if stakeholders feel powerless to influence the situation and they may be unwilling to participate. Friedman and Miles (2006) stress that to facilitate participation, there must be trust and stakeholders must perceive a given matter to be relevant. The fifth level is ***placation***, which according to Friedman and Miles (2006) is a direct response to stakeholder unrest, which requires some form of appeasement in order to contain the situation. However, if the response is not genuine, the degree of resulting stakeholder influence is likely to be low. ***Consultation*** is the sixth level of engagement where organisations solicit stakeholder's opinion over pre-determined issues that are not necessarily of concern to stakeholders. The seventh level is ***negotiation***, the final category of tokenism, and the first category of engagement where stakeholders might have a chance of influencing decision-making process.

The highest levels of engagement, ***involvement, collaboration, partnership, delegated power and stakeholder control*** are characterised by active attempts at empowering stakeholders in corporate decision-making. Level 8 is ***involvement***, where an organisation engages with stakeholders over common issues in response to positive or negative stakeholder actions. Here, there is still no guarantee of agreement to stakeholder decisions, but there is the reality of being able to influence corporate decisions. At level 9, ***Collaboration***, organisations cooperate with stakeholders on specific projects, and although stakeholders may have a degree of power over the outcomes, absolute control still lies with the organisation. A typical example of collaboration is strategic alliances (Friedman and Miles, 2006). Partnerships, like collaboration, involves organisations and stakeholders working together on specific projects, but differs from collaborations as there is joint decision-making between organisations and stakeholders, as in joint ventures. The highest level of engagement, stakeholder control, is very rare and involves the renouncement of power to stakeholders such that top management have little input in decision-making. Friedman and Miles (2006) stress that trust between organisations and stakeholders is necessary to achieve these highest levels of engagement.

2.11 Chapter summary

The current chapter has sought to discuss the primary theoretical underpinning of the thesis, the process of stakeholder engagement and how the quality of engagement can be assessed. The chapter builds on the tenet of the stakeholder theory, organisations seek to have a relationship with their stakeholders to reduce potential conflict situations. The organisation-stakeholder relationship has evolved from being a 'management' action to having an

'engagement' culture with a strong focus on communication. Organisations are now more strategic and pursuing a more proactive role towards stakeholder engagement. It describes the advancement of the concept of stakeholder and their importance in organisational strategy with some organisations creating specific new management function with designations such as 'community manager', 'environmental manager', 'social responsibility manager' or even 'stakeholder manager'. Organisations pursue different strategies in their interaction with stakeholders and the operation and effectiveness of such interaction can be assessed using Friedman and Miles (2006) ladder of engagement. The next chapter discusses the social licence to operate as a representation of a social contract between organisations and their stakeholders; followed by an exploration of the legitimacy theory as a supporting theoretical underpinning of this study.

Chapter 3: EXCHANGE-BASED STAKEHOLDER RELATIONSHIP

3.1 Introduction

As indicated in the preceding chapter, stakeholder theory serves as the main theoretical framework for examining the process of stakeholder engagement in the shale gas industry as well as the outcome of such engagement activities, one of which is the social licence to operate. This chapter reviews the relevant literature on SLO, and the other supporting theoretical underpinning utilised in the thesis. The chapter begins with a discussion of the social licence to operate, its development in the literature and the different variants of the SLO. The chapter then set the scene for the examination of the perceived legitimacy of shale gas development as an indication of a social licence. The chapter also discusses legitimacy management and legitimation strategies pursued in the instance of gaining or defending legitimacy. Following a review of the literature presented in the two literature chapters, the research gap is identified followed by research questions to achieve the overall objective of the thesis.

3.2 The social licence to operate

There is a growing body of literature dealing with mining organisations' conflicting stakeholder relations, and social license to operate (SLO) is emerging as a critical success factor in managing environmental and social risks. It has become increasingly evident to mining companies that obtaining a formal licence to operate by the government, in the form of permits and full legal compliance with state environmental regulations is not enough to secure the smooth running of projects. Instances of mining projects shutdowns and slow ups by means of protest and blockades, non-issuance or retraction of government permits, and

other forms of public opposition have been extensively documented (Prno and Slocombe, 2012; Thomson and Boutilier, 2011). Demuijnck and Fasterling (2016) suggest that the SLO is most prominent where the impact of mining activities is high hence requiring the responsible companies to secure approval from the affected community.

Ballard and Banks (2003); Lemos and Agrawal (2006) agree that there has been notable shift in governance in the mining industry, predominantly aimed at improving social and environmental performance of the industry; consequently, the range of governing actors have been broadened to include civil society groups and market actors sharing governing duties with the state. Other researchers such as Hall et al. (2015) opine that the development of corporate social responsibility (CSR) in the mining sector and its increasing focus on stakeholder views and social obligations have affected decision making and political processes in mineral development. It has thus become evident to mining companies that complying fully with the regulations of government permits is insufficient with satisfying society's expectations with regards to mining issues; there is a need for an additional licence, the social licence to operate (SLO). Social licence has been described as an informal social contract that exists between an industry and the community in which it operates (Dare et al, 2014; Nelsen, 2006; Lacey et al. 2012). Joyce and Thomson (2000) described SLO as: "an acceptability (that) must be achieved on many levels, but... must begin with, and be firmly grounded in, the social acceptance of the resource development by local communities". Gunningham et al. (2004) add that SLO "governs the extent to which a corporation is constrained to meet societal acceptance and avoid activities that societies (or influential elements within them) deem unacceptable, whether or not those expectations are embodied in law."

The concept of 'social licence' depicts the idea that society can grant or withhold support for an organisation and its activities. Social licence to operate has been described as informal and intangible (Franks et al. 2014), difficult if not impossible to measure (Parsons et al, 2014). Owing to the informality and intangibility of the SLO, it may be difficult to determine when it has been achieved for a given development project; it is easier to identify where social licence has not been granted or has been withdrawn than where it exists (Kelly et al., 2017). Nevertheless, the SLO may manifest itself in several ways, Yates and Horvath (2013) provide conditions or good indicators of the existence of a social licence: a) the reduction or absence of vocal opposition to development; b) continued and increasing constructive participation in community and stakeholder dialogue; c) advocacy and expression of support for development; d) cooperation in community-based activities and enhancement measures, and e) willingness of key stakeholders to enter into partnerships or other forms of agreement. It is important to note that these conditions are not an exhaustive list, and the authors warn that they should not be judged as a reliable indicator of SLO but instead managers should rely on stakeholders to articulate their own level of satisfaction. Wilburn and Wilburn (2011) add that the social license to operate is difficult to implement owing to being voluntary and involving the consent of the community.

The SLO has also been described as a set of meaningful relationships between operational stakeholders based on mutual trust (Warhurst, 2001). Social licence to operate has largely stemmed from the CSR literature, and the key themes of corporate citizenship, social sustainability, reputation and legitimacy have been central to developing an understanding of an industry's position in its relationship with communities (Owen and Kemp, 2012). Since

the mid-1990s the notion of social licence has become ingrained in corporate sustainability policies within the mining industry; mining companies now actively seek to obtain, maintain, retain, and renew a social licence to operate (*ibid*). The concept of social licence initially emerged within the industry, from a risk-management perspective, as a response to social risk, (Boutillier and Thomson, 2011), but lacked qualitative understanding of a social context. Lacey and Lamont (2013) posit that despite social licence attracting increasing attention in research and consulting circles, there has been no “ethical and conceptual analysis of how a social licence might function as a form of social science.” In recent years, however, the growing and intensifying conflicts between business and communities over developments/mining has put strong focus on the SLO as it continues to be front and centre in high visibility industries such as the extractive industry. Several authors have attempted to shed more light on the SLO by exploring different dimensions surrounding the SLO; Bice and Moffat (2014) wrote on “power, role and expectations” of social licence; Moffat and Zhang’s (2014) paper describe how a social licence is granted and maintained. Another paper that couches SLO within the community engagement process is presented by Dare et al. (2014), they argue that social licence is better conceptualised as a continuum of multiple licences achieved across various levels of society. Aguilera et al. (2007) argue that the SLO has become an omnipresent and widely used means by which organisations seek legitimacy by showing concern for social and environmental issues. Meesters et al. (2020) agree that the SLO has emerged as a leading concept to assess the legitimacy of extractive operations. Organisations operating in the extractive industry are usually required to carry out a Social Impact Assessment (SIA) and a condition of their mining licence, Vanclay et al. (2013) advise that social licence considerations are important for the stakeholder engagement process that form part of the SIA. This chapter will now move to discuss the different variants of the social

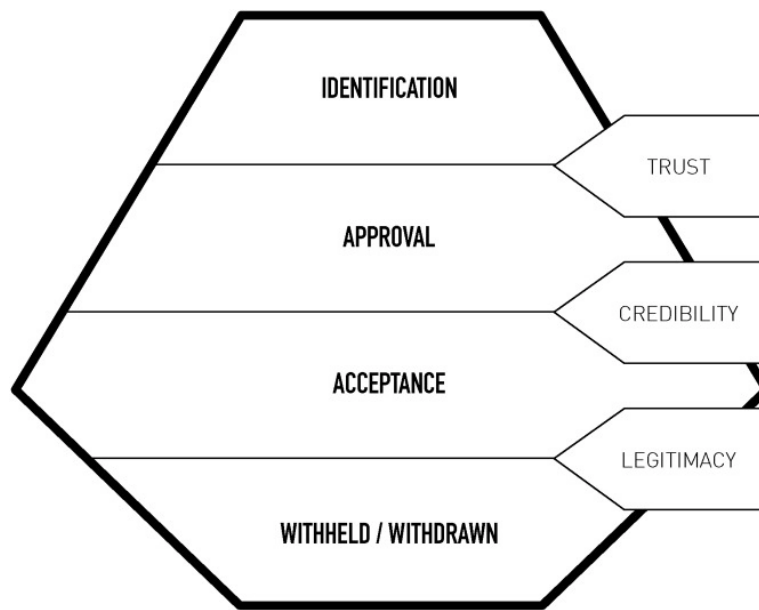
license that have been put forward to create a richer understanding of the SLO and its applicability.

3.3 Variants of the social licence

3.3.1 The pyramid model

The social licence to operate is usually granted by the community, which in this case, represents a network of stakeholders brought together by common interests in a mining project. Thomson and Boutilier (2011) provided a very influential theoretical work on the social licence to operate, they suggested a ***pyramid model*** with three central components: legitimacy, credibility and trust. Thomson and Joyce (2008) propose that the normative components of the social licence comprise of the stakeholder perceptions of the legitimacy and credibility of the mining project and the presence or absence of trust. Thomson and Boutilier (2011) add that these elements (legitimacy, credibility and trust) are acquired sequentially and are cumulative in building towards the social licence. That is, the mining project must be perceived as legitimate before credibility is of value in the organisation-stakeholder relationship, and both must be in place before meaningful trust can develop. A social licence has four distinguishable levels from the three boundary criteria that separate them, and the process of moving from one level to another is a smooth gradient of continuous relationship improvement through increasing social capital (ibid).

Figure 3.1 The Pyramid Model



Adapted from Thomson and Boutilier (2011)

In this framework, the withholding/withdrawal level is the worst-case scenario, the rejection level of the social licence. In this scenario, mining projects cannot be carried out because the community does not grant any level of social licence to proceed. To surpass this level of rejection, a mining project must pass the legitimacy boundary where legal permits, impacts of projects and socio-cultural understanding come into question. When legitimacy is established, the community responds by listening to the mining company and considering its proposals. If by the community standard, there is no doubt on the company's credibility, they may allow the project to tentatively proceed; this is the acceptance level of social licence (Thomson and Boutilier, 2011). When an organisation has established legitimacy and credibility, the next level of social licence, approval, may be reached where access to resources is granted. Thomson and Boutilier (2011) note that this level of social licence represents the absence of socio-political risks. However, they point that the approval level is

only at the threshold of opportunity; crossing the full-trust boundary achieves the co-ownership level, where the community takes responsibility for the success of the mining project. Recent studies have exposed trust to be a central element in the social licence, representing a mechanism by which perceptions of procedural fairness relate to acceptance and approval of a mining project (Thomson and Boutilier, 2011; Moffat and Zhang, 2014).

Recognising one of the challenges with the social license to operate- how to measure it- Boutilier and Thomson (2011) suggest a modified “arrowhead model” of the social license to compliment the pyramid model. In this model, four factors-economic legitimacy, socio-political legitimacy, interactional trust, and institutionalised trust- determine the level of social license based on the proportion of stakeholder required to achieve different phases of approval/acceptance/co-ownership. An organisation or project gains economic legitimacy if it is perceived to provide potential benefits to its stakeholders or community. Boutilier and Thomson (2011) suggest that if economic legitimacy is lacking, most stakeholders will withhold or withdraw the SLO; if present, many will grant an acceptance level of SLO.

An organisation gains socio-political legitimacy if it is perceived as contributing to the well-being of the region, respecting local customs, meeting expectations about its role in the community/society, and acting in accordance with the stakeholders’ views of fairness. Interactional trust involves the perception that the company and its management listens, responds, keeps promises, engages in mutual dialogue, and reciprocity in all company-community interactions. If either socio-political legitimacy or institutional trust is lacking, an approval-level of the SLO is likely and can still be granted. However, if both factors are lacking,

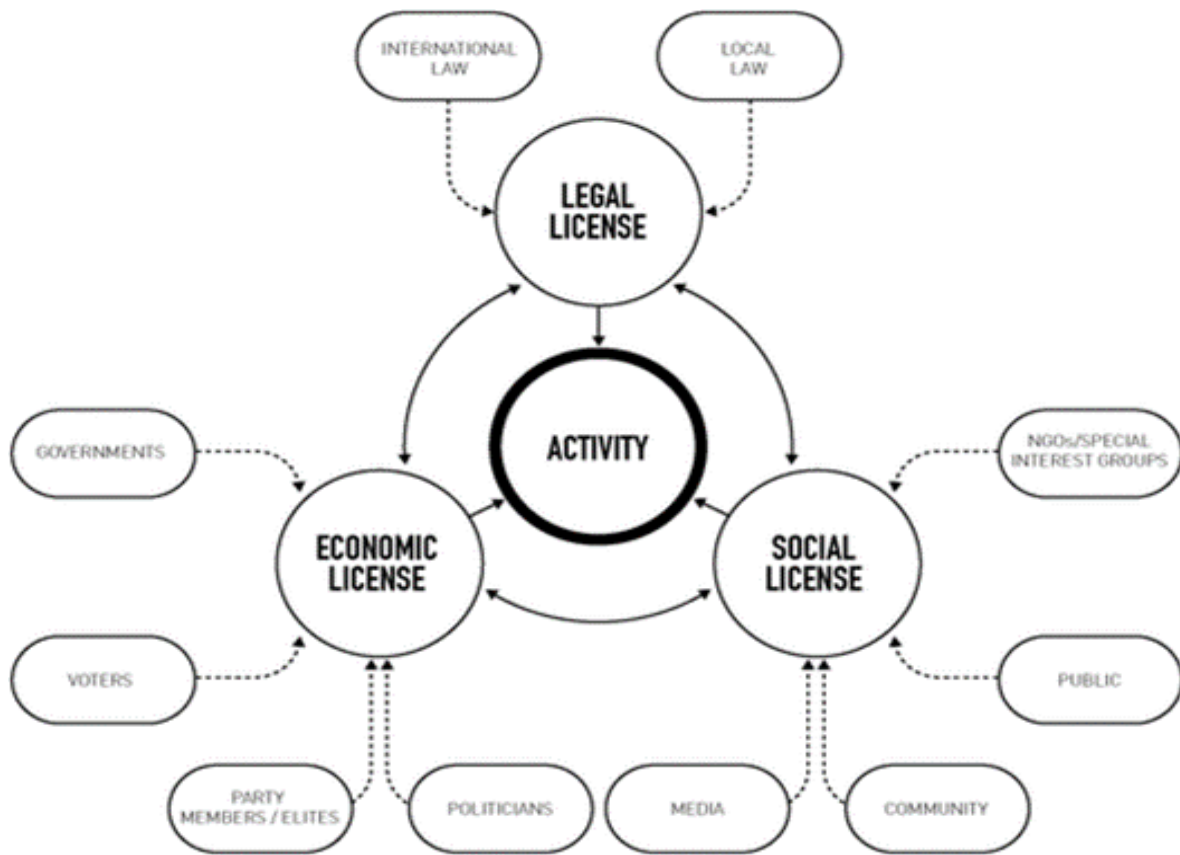
approval level is rarely granted by any stakeholder (Boutillier and Thomson, 2011). Finally, institutionalised trust is the perception that relations between the organisation and the stakeholder's institutions (e.g., the community's representative organisations) stems from an enduring regard of each other's interest. If institutionalised trust is lacking, (Boutillier and Thomson, 2011) opine that psychological identification is unlikely; however, if lacking but socio-political legitimacy and interactional trust are present, most stakeholders will grant approval level of SLO.

As with the pyramid model, the arrowhead model also emphasises the importance of legitimacy and trust in the social licence. The positioning of the trust and legitimacy diagonals in the arrowhead model suggests that a transitional level of social license is possible if an organisation is perceived as having both socio-political and economic legitimacy, but the organisation or its actors are not trusted. In other words, stakeholders are sometimes moderately satisfied with a strictly formal business arrangement, even when they do not have a particularly good relationship with the organisation. For example, if stakeholder believe that there are external institutional or legal remedies that could be brought upon a non-credible or untrustworthy organisation or actor.

3.3.2 The three-strand model

Another variant of the social licence is the three-strand model, developed by Gunningham et al. (2003). This variant place social licence in the context of different factors that allow businesses to operate successfully.

Figure 3.2 The three-strand model



Adapted from Morrison (2014)

Gunningham et al. (2003) studied the environmental performance of 14 pulp mills located in the United States, Canada, Australia and New Zealand. For these authors, social licence emerged as an independent variable pivotal to explaining why some companies went beyond merely complying with environmental regulations, while other companies fell short of regulatory compliance. The result of the study showed that organisations in “closely watched industries” depend on three strands to operate: a *legal license*, a *social license*, and an *economic license* (Gehman et al., 2017). The legal license relates to the regulatory permits and statutory obligations symbolising the demands of regulators, legislators, and judges. The

social license refers to the demands of local, national, and international environmental activists, local action groups and occasionally the general public. Finally, the economic license, refers to the profitability demands usually raised by corporate boards, lenders, and investors. These three-strands are not independent but have interactive effects. Environmental groups may seek to enforce social license directly (for example, through public shaming and adverse publicity), but also may attempt to indirectly influence economic license (for example, by generating consumer boycotts of environmentally damaging products) and legal license (for example, through citizen lawsuits or political pressure for regulatory initiatives).

More recently, Morrison (2014), proposed a variant of the three-strand model (Figure 3.3), this retains the legal license and social license but refers to political licence rather than economic license. Political license being the authority that the government gives to an organisation to undertake a particular activity. Following the original three-strand model other authors have made contributions to further the understanding of this model. Lynch-Wood and Williamson (2007) focused on how social license can affect the environmental performance of small and medium enterprises (SMEs). In particular, this work examined whether social license concerns are sufficient to entice SMEs to go beyond regulatory compliance in their environmental performance. They identified five factors that comprise social license—environmental impact of the firm’s products and processes; customer power; customer interest; corporate/ brand visibility; and community pressure—and argued that at least two of these factors must be salient for SMEs to go beyond compliance in its environmental performance. The authors concluded that for most SMEs, none of these five factors are significant enough to encourage going beyond compliance, and therefore,

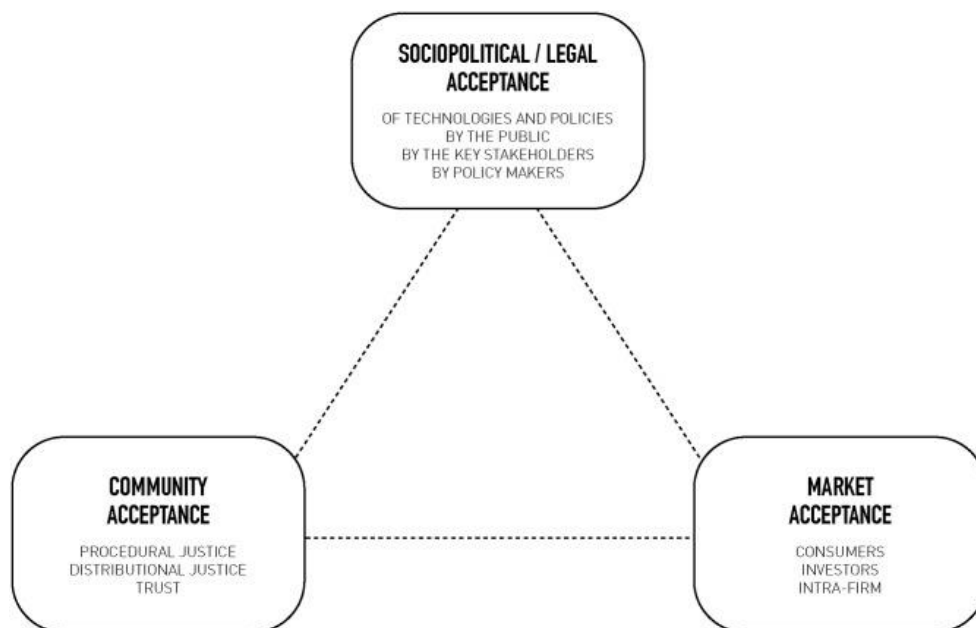
regulators cannot depend on social license considerations to either incentivize or sanction these firms. The three-strand model of social license emerged as an explanation for observed differences in corporate environmental performance. Follow-on work added to the understanding of how different stakeholder groups can influence social licence with an expansion to account for the impact of internal factors.

3.3.3 The triangle model

The previous models in the preceding sections explicitly discuss social license in the context of the mining sector (pyramid model) and closely watched industries such as pulp and paper mills (the three-strand model). The triangle model is another variant of the social license that developed from the concept of *social acceptance* that emerged in the 1970s and 1980s amid the overseas efforts to develop renewable energy policies. At the time policy makers, energy companies, investors and academics assumed that implementation of renewable policies will be largely straightforward due to consistently high support for other renewable technologies such as wind and solar. However, Carlman (1984) showed that public opinion surveys did not necessarily translate into public, political, and regulatory acceptance of renewables. These researchers considered social acceptance as “building confidence, familiarity, and trust in environmentally-friendly, but unproven technologies” (Gehman et al., 2017). Social acceptance is thus necessary to generate policy maker support for the financial and regulatory incentives required to overcome entrenched interests and the path dependency of conventional fossil fuel energy systems (ibid).

Wüstenhagen et al. (2007) described social acceptance as “a powerful barrier to the achievement of renewable energy targets.” They proposed three dimensions: the socio-political acceptance which is described as the widest or most general level of social acceptance of both policies and technologies by the public and primary stakeholders. The next being community acceptance which is described as “the specific acceptance of siting decisions and renewable energy projects by local stakeholders, particularly local residents and local authorities”, which may fluctuate over time (ibid). Finally, the third dimension is market acceptance or the process of prevalent embracing of an innovation. Energy projects have a multi-dimensional stakeholder structure that involve operators, investors, consumers, etc.

Figure 3.3 The triangle model of SLO



Adapted from Wüstenhagen et al. (2007)

Further studies applying these three dimensions provides greater discussion regarding this model of SLO. Devine-Wright (2011) and Pasqualetti (2011) found through opinion polls that

while there is a broad support for wind, solar, biomass, wave, geothermal and other renewable energy technologies from the general public (socio-political acceptance), there is not the same level of support from host communities (community acceptance). Bell et al. (2013) describes this as a “social gap” where public support for the general objectives of renewable technologies differs from the level of local/community support for same projects. It is within the community acceptance dimension that the concept of ‘NIMBYsm’ (not in my backyard) is rooted and this dimension deals with issues of procedural justice, distributive justice and trust (figure 3.3). Policymakers, renewable energy developers, and other experts have hitherto conceived those who oppose local renewable energy projects and adopt a not-in-my-backyard (NIMBY) position as being selfish, ignorant and irrational. However, researchers such as Cohen et al (2014) have sought to better understand local opposition to energy projects and caution that NIMBYsm cannot be overlooked as it is a rational reaction that should be recognized and addressed through policies that compensate individuals for costs associated with living close to energy projects.

Having discussed the different models of the SLO above, it is important to note that although social acceptance is often used interchangeably with the social license, largely because acceptance is a common basic feature throughout the various definitions of the social license, this should not be the case because the social license is a wider concept with much more profound political ties (Gehman et al., 2017). Typically, an organisation’s social licence is conceived as an ongoing acceptance or approval from the local community (Thomson & Joyce, 2008). This study will consider social licence as support from stakeholders that can affect a smooth running of shale exploration. Parsons and Moffat (2014) note that the difficulty with

defining SLO lie in its frequent description of being intangible and impermanent, subject to continual evaluation and renewal by local communities. Gunningham et al. (2004) submit that social licence is a set of demands and expectations held by stakeholders, for how an organisation should behave; and Salzmann et al. (2006) posit that the degree of match between stakeholders' expectation and organisation's behaviour will determine the likelihood of a social licence. Nevertheless, organisations increasingly seek a social licence as it is apparent that full legal compliance with regulations has become as insufficient means of satisfying society's expectations with regards to mining issues (Prno & Slocombe, 2012). Banerjee (2008) argue that the consultations carried out by mining companies as part of the SIA are concerned not with "whether or not mining should proceed but under what conditions should it be carried out". The implication being that the consultations around social licence may be "institutionally constrained by ideological assumptions regarding what is negotiable and what is non-negotiable" (Parsons and Moffat 2014). Similarly, Coronado and Fallon (2010) argue that these consultations appear ostensibly to suggest that organisations environmentally and socially responsible, while actually entrenching power relations between organisations and society and curtailing stakeholder interests. It is these discursive contestations that give birth to the role of legitimacy in understanding social licence (Parsons and Moffat, 2014). The rest of this chapter is devoted to unpacking the concept of legitimacy, the different types of legitimacy, and the strategies to gain, maintain and repair legitimacy, with a focus on how the various elements play out in the context of understanding the social licence. However, the focus of this study is on gaining a social licence because the study starts on the premise that the shale gas industry in the UK has not secured a social licence to operate as concluded by Bradshaw and Waite (2017).

3.4 Legitimacy? So what is it?

This section reviews relevant literature on organisational legitimacy and draws on multiple discourses to give credence to the fundamental theoretical perspectives of legitimacy in framing social licence in the UK shale gas industry. The primary objective of organisations is to survive, not just succeeding economically, but also achieving social acceptance and legitimacy (Mele and Armengou, 2016). Herod (2018) considers legitimacy as a prerequisite for an organisation's social licence and a rationale behind stakeholder engagement. As legitimacy is derived from how an organisation's stakeholders perceive the organisation at any given time, Mele and Armengou (2016) note a common thread between legitimacy and social licence. They argue that both are matters of social acceptance where legitimacy can vary over time and SLO remains in the possession of the organisation until it is withdrawn. Thomson and Boutilier (2011) pyramid model provide a different perspective; they propose that legitimacy is the minimum requirement for the most basic level of social acceptance. Therefore, this study aims to explore legitimacy and its role in obtaining a social licence, as such the legitimacy theory is discussed subsequently as a theoretical underpinning for this study. Parsons and Moffat (2014) however warn that based on the pyramid model of the SLO legitimacy theory alone does not adequately account for the full range of processes associated with the social licence.

3.5 Legitimacy theory

Legitimacy theory, like stakeholder theory developed from the broader political economy perspective. Although some differences exist between the stakeholder theory and legitimacy

theory, they are both concerned with the connection between the organisation and its operating environment. Neu et al (1998) clarifies the similarities and differences between stakeholder theory and legitimacy theory, noting that stakeholder theory is best used to explain managerial behaviour in a micro-level environment with identified stakeholders: legitimacy theory, although recognising competing stakeholders' groups operates at a conceptual level. Consistent with this view, (Moerman and Van Der Laan, 2005) asserts that at this conceptual level of legitimacy theory "perceptions and the processes involved in redefining or sustaining those perceptions and can accommodate notions of power relationships and discourses at a global level".

The "political economy" has been defined by Gray et al (1996) as the "social, political and economic framework within which human life takes place". The political economy perspective embraces the idea that society, politics, and economics are inextricably linked and inseparable; thus, economic issues cannot be meaningfully considered without corresponding considerations about the political and social institutions in which the economic activity takes place. Legitimacy theory is used to explain the environmental and social behaviour of organisations (see for example; Neu et al., 1998; Deegan et al., 2002, Milne and Patten, 2002; Deegan, 2002; O'Donovan, 2002; Reich, 1998). Deegan (2002) opine that the legitimacy theory posits organisations are continually seeking to ensure that they operate with the bounds and norms of their respective societies. According to Suchman (1995) legitimacy can be considered as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions".

Legitimacy theory can be applied to a broad range of corporate strategies, particularly those that involve public disclosure of information about an organisation (Deegan and Unerman, 2006). According to Suchman (1995) “legitimacy management rests heavily on communication; therefore, in any attempt to involve legitimacy theory, there is a need to examine some forms of corporate communications”. Today, organisations are not *choosing* to communicate with their stakeholders but are *having* to do so to meet the expectations of society as embodied in the ‘social contract’ between the organisation and the society with which it interacts. Shocker and Sethi (1974) succinctly explained the social contract concept, they assert that: “any social institution and business, without exception, operates in society via a social contract, expressed or implied, whereby its survival and growth are based on: the delivery of some socially desirable ends to society in general and, the distribution of economic, social, or political benefits to groups from which it derives its power”.

3.6 Organisational legitimacy

Following Suchman’s development of the seminal works of Parsons (1960) and Weber (1947) a clear case is made for the distinguishing of organisational legitimacy into two streams - strategic and institutional. The strategic approach views legitimacy as an operational resource that is rather manageable. It contends “organizations are able to make strategic choices to alter their legitimacy status and to cultivate the resources through corporate actions, by adapting their activities and changing perceptions” (Aerts and Cormier, 2009). Legitimacy as an operational resource is premised on the resource dependence theory (Pfeffer and Salancik, 1978) and takes a somewhat functionalist approach as an objective reality to be managed by organisations. Many social, political and organisational and management writers have

embraced Pfeffer and Salancik's work and adopted an approach that links legitimacy to continued access to resources and support from constituents. Dowling and Pfeffer (1975) provide a good definition of legitimacy at this level:

Organisations seek to establish congruence between the social values associated with or implied by their activities and the norms of acceptable behaviour in the larger social system in which they are a part. In so far as these two value systems are congruent, we can speak of organisational legitimacy. When an actual or potential disparity exists between the two value systems there will exist a threat to organisational legitimacy.

Suchman in his 1995 article expressed frustration over the frailty of the concept of legitimacy. He added that the term legitimacy had become quite pervasive among researchers in the social sciences, but only few define it- echoing Terreberry (1968) who opined that legitimacy is more often "invoked than described, and is more often described than defined". Capturing the complexity of defining legitimacy and expressing the sheer ambiguity of the concept Suchman (1995) asserts that:

Legitimacy is generalized in that it represents an umbrella evaluation that, to some extent, transcends specific adverse acts or occurrences; thus, legitimacy is resilient to particular events, yet it is dependent on a history of events... Legitimacy is a perception or assumption in that it represents a reaction of observers to the organization as they see it; thus, legitimacy is possessed objectively, yet created subjectively... Legitimacy is socially constructed in that it reflects a congruence between the behaviours of the legitimated entity and the shared (or assumedly shared) beliefs of some social group; thus, legitimacy is dependent on a collective audience, yet independent of particular observers... In short, when one says that a certain pattern of behaviour possesses legitimacy, one asserts that some group of observers, as a whole, accepts or supports what those observers perceive to be the behavioural pattern, as a whole—despite reservations that any single observer might have about any single behaviour, and despite reservations that any or all observers might have, were they to observe more.

At the strategic level legitimacy is viewed as an operational resource, a currency, which organisations strategically manipulate for the procurement of their goals, one of which may be gaining a social licence. It therefore follows that certain actions will increase or lower this resource- legitimacy- and studies have been carried out to measure organisational legitimacy. Tilling (2004) fears that such measurement of legitimacy can be overly subjective and flawed. As Hybels (1995) argues, “I reject this view because it is based on a conflation of the roles of observer and participant in social science”. Hearit (1995) suggests that an alternative to subjectively measure organisational legitimacy can be inferring that legitimacy “enables organisations to attract resources necessary for survival”.

The institutional approach to legitimacy is more socially driven; it views legitimacy as a “set of constitutive beliefs” (Suchman, 1995) and can be traced to the institutional theory to examine the organisations’ relationships with social institutions and the alignment of organisational objectives with the expectations and norms of the society (DiMaggio and Powell, 1991). ‘Institutional legitimacy’ takes a more external outlook and adopts a pluralistic and socially constructed framework premised upon a broader perspective of the stakeholder environment. Within the institutional tradition, legitimacy and institutionalisation are synonymous as both phenomena “empower organisations primarily by making them seem *natural and meaningful*; access to resources is largely a by-product” (Suchman, 1995). Meyer and Scott (1983) define institutional legitimacy as “the degree of cultural support for an organisation”- where “culture refers to the shared system of beliefs held by society in general and by organisational stakeholders in particular” (Massey, 2001). The institutional approach

has been criticised as it makes light of both how different institutional forces may pressurise organisations to prioritise different values (Sonpar et al., 2010), and the presence of institutional paradoxes requiring negotiation and settlement (Reay and Hinings, 2009). Drori and Honig (2013) believe that perhaps the most significant shortcoming of institutional legitimacy is its disregard for the existence of agency in relation to legitimacy.

While differences between the strategic and institutional traditions of legitimacy theory have real consequences Massey (2001) summarily asserts that “the strategic approach views legitimacy as a resource, and the institutional approach views legitimacy as a constraint”. Suchman (1995) opine that the distinctions between strategic and institutional approaches is matter of perspective “with strategic theorists adopting the viewpoint of organizational managers looking out whereas institutional theorists adopt the viewpoint of society looking in”. However, Massey (2001) agrees with Suchman (1995) that instead of viewing strategic and institutional perspectives as mutually exclusive, researchers should examine both the ways that organisations strategically attempt to manage legitimacy and the ways that cultural expectations place institutionalised constraints on organizational behaviour. “Because real-world organizations face both strategic operational challenges and institutional constitutive pressures, it is important to incorporate this duality into a larger picture that highlights both the ways in which legitimacy acts like a manipulable resource and the ways in which it acts like a taken-for-granted belief system” Suchman (1995).

Hybels (1995) agrees with this position and develops this in some detail:

Legitimacy often has been conceptualized as simply one of many resources that organizations must obtain from their environments. But rather than viewing legitimacy as something that is

exchanged among institutions, legitimacy is better conceived as both part of the context for exchange and a by-product of exchange. Legitimacy itself has no material form. It exists only as a symbolic representation of the collective evaluation of an institution, as evidenced to both observers and participants perhaps most convincingly by the flow of resources. ...resources must have symbolic import to function as value in social exchange. But legitimacy is a higher-order representation of that symbolism – a representation of representations.

Burlea and Popa (2013) assert that blending these two levels falls upon the reflection of the organisation's image in the society. According to Burlea and Popa (2013) acceptance is a mutual process: on one hand, an organization has legitimacy if it is accepted by the society, and on the other hand, the society is accepted by an organization if it offers some social and economic advantages. They further explain that an organisation will leave a society (delocalisation) when it considers that the society can no longer provide appropriate level of resources, e.g., as skilled labour. Also, when that organisation contravenes the norms of the same society, its legitimacy may be questioned and even its existence jeopardised. Legitimacy is therefore achieved when there is an alignment between stakeholder engagement strategies and societal expectations. Nonetheless there are several instances of incongruence between organisational values and expectations of the wider society – a mismatch: described as the legitimacy gap (Sethi, 1975). Researchers have in recent times represented the interplay of the institutional and strategic legitimacy in studies and analysis. DiMaggio and Powell (1991); Scott (2001) have described institutions as somewhat of a social element which affect the behaviour and belief of individuals and collective actors by providing templates for action, cognition, and emotion. Raffaelli and Glynn (2013) argue that institutions tend to be able to achieve this because they are relatively stable, inert, and generally resistant to change and innovation. Greenwood et al. (2008) also add that the stability that is the hallmark of

institutions results from the “more-or-less taken-for-granted repetitive social behaviour that is underpinned by normative systems and cognitive understandings that give meaning to social exchange and thus enable self-reproducing social order”. This position has gathered some currency as Suddaby et al. (2013) agree that institutions should not merely be considered as exterior structures “but rather as collective interpretations, shared meaning systems, and ongoing processes of collective sensemaking... not as enduring formal objective structures detached from the actors who authored them, but as contingent outcomes of ongoing interactions and intersubjective interpretations of the individuals and social groups through which they are constituted”. By discussing “sensemaking” and “intersubjective interpretations” the authors infer that institutions not only influence their environment but are also subject to influence from the environment. From this comes the main claim of neo-institutional theory that appropriate and legitimate decisions in organizations are institutionally defined rather than purely based on rational and technical arguments.

Neo-institutional theorists have stated that formal structures first and foremost reflect public understanding of social reality; consequently, the organisational quest for legitimacy becomes one of the corner arguments in the neo-institutional theory (Tolbert and Zucker, 1983; Suchman, 1995). As a result, it is easy to see how stakeholders could act as agents whose motivations, actions and relationships can influence institutions. Within the current research context, studying the shale gas industry and its legitimization strategies would be with the view of exploring strategic implications- how the industry gains legitimacy proactively, intentionally, and instrumentally- and how the stakeholders influence these processes, which in turn influences the social licence. It is only through this complex comprehensive perspective that the true process of stakeholder engagement and legitimization can be

unearthed and theorised. As a result, while this research will largely lean towards the strategic practice of legitimacy, in studying the legitimising processes undertaken by the UK shale gas industry, it does so with explicit recognition of, and appropriate attention to, the institutional perspective when analysing and interpreting results and articulating the implications.

3.7 Legitimacy management

Modern study of legitimacy within organisational research commonly reference older contributors such as Maurer (1971); Dowling and Pfeffer (1975); and Suchman (1995). These authors' works have highlighted the *process* of attaining legitimacy in addition to discussions of the *outcome* of legitimacy. According to Maurer (1971) "legitimation is the process whereby an organization justifies to a peer or superordinate system its right to exist". Dowling and Pfeffer (1975) pays particular attention to "the process of legitimation through which organisations act to increase their perceived legitimacy". Suchman (1995) devotes a substantial section of his seminal article to explore the challenges of legitimacy management, considering the distinction of gaining, maintaining and repairing legitimacy.

Deegan (2014) drawing from the social contract described 'legitimacy gap' as a situation where there is a deviation between how society believes an organisation *should* act and how it is *perceived* to have acted. Sethi (1977) describes two major sources of the gaps: first, societal expectations might change, leading to a gap regardless of whether the organisation continues to operate in the same manner as it always has. Nasi et al. (1997) describing an example of this source of legitimacy gap state:

For American tobacco companies in the 1970s, for example, the increasing awareness of the health consequences of smoking resulted in a significant and widening legitimacy gap (Miles and Cameron, 1982). The tobacco companies had not changed their activities, and their image was much the same as it had been, yet they suddenly faced a significantly different evaluation of their role in society; they faced a significant and widening legitimacy gap.

This demonstrates that societal expectations are not static, but rather, change across time thereby requiring organisations to be proactive to changes to the environment in which they operate. Deegan (2014) warns however, that although organisations might adapt their actions to conform to societal expectations, legitimacy gaps will arise if the momentum of organisational change is slower than the changing expectations of society. Lindblom (1993) capture the dynamism relating with changing expectations:

Legitimacy is dynamic in that the relevant publics continuously evaluate corporate output, methods, and goals against an ever evolving expectation. The legitimacy gap will fluctuate without any changes in action on the part of the corporation. Indeed, as expectations of the relevant publics change the corporation must make changes or the legitimacy gap will grow as the level of conflict increases and the levels of positive and passive support decreases.

According to Sethi (1977) the second major source of legitimacy gap occurs when previously unknown information becomes known about the organisation. In agreement, Nasi et al. (1997) make an interesting reference to 'organisational shadows' they state: "the potential body of information about the corporation that is unavailable to the public – the corporate shadow (Bowles, 1991) – stands as a constant potential threat to a corporation's legitimacy. When part of the organisational shadow is revealed, either accidentally or through the activities of an activist group or a journalist, a legitimacy gap may be created". According to Suchman (1995), "Legitimation techniques/tactics chosen will differ depending upon whether the organisation is trying to gain or extend legitimacy, to maintain its current level of legitimacy, or to repair or to defend its lost or threatened legitimacy".

Perrow (1970) identified that legitimacy is “problematic” for organisations and suggests that organisations take actions to ensure their continued legitimacy. Dowling and Pfeffer (1975) suggests three things organisations can do to become legitimate:

First the organisation can adapt its output, goals and methods of operation to conform to prevailing definitions of legitimacy; second, it can attempt, through communication, to alter the definition of social legitimacy so that it conforms to the organisation’s present practices, outputs and values; finally, the organisation can attempt, again through communication, to become identified with symbols, values or institutions which have a strong base of social legitimacy.

These strategies heavily highlight communication as pivotal to legitimation, which is consistent with the mechanisms of stakeholder engagement. Consistent with this ‘communication strategy’ Lindblom (1994) proposes four strategic choices for an organisation who feels that its organisation is being threatened or according to Deegan (2008) whose actions are at variance with society’s expectations and not in accordance with the social contract. These choices are:

1. Seek to educate and inform its ‘relevant publics’ about changes in the organisation’s performance and activities which bring the activities and performance more into line with society’s values and expectations.
2. Seek to change the perceptions that ‘relevant publics’ have of the organisation’s performance and activities- but do not change the organisation’s actual behaviour (while using disclosures in corporate report to falsely indicate that the performance and activities have changed).

3. Seek to manipulate perception by deflecting attention from the issue of concern onto other related issues through an appeal to, for example, emotive symbols, thus seeking to demonstrate how the organisation has fulfilled societal expectations in other areas of its activities; or
4. Seek to change external expectations of its performance, possibly by demonstrating that specific societal expectations are unreasonable.

Dowling and Pfeffer (1975) and Deegan (2008) have provided broad legitimising strategies without differentiating specific options for gaining, maintaining or repairing legitimacy. Perhaps because Deegan (2008) does not agree with such differentiation based on an organisation's position of legitimacy, as he states:

Whilst researchers have proposed that legitimisation tactics might differ upon whether the entity is trying to gain, maintain or repair legitimacy, the theoretical development in this area remains weak. Although the literature provides some general commentary, there is lack of guidance about the relative effectiveness of legitimisation strategies in regard to either gaining, maintaining or regaining legitimacy.

Suchman (1995) describes legitimacy management as a cultural process whereby organisations attempt to gain, maintain, and in some cases repair stakeholder support for organisational actions. He further adds that legitimacy management rests heavily on communication between the organisation and its stakeholders. Suchman admits the challenges of legitimacy as he proposes strategies of legitimacy management:

Admittedly, no organization can completely satisfy all audiences, and no manager can completely step outside of the belief system that renders the organization plausible to himself or herself, as well as to others. However, at the margin, managerial initiatives can make a

substantial difference in the extent to which organizational activities are perceived as desirable, proper, and appropriate within any given cultural context.

3.7.1 Gaining legitimacy

The extant literature provides that gaining legitimacy occurs when an organisation moves into a new area of operations, particularly one with few precedents, the organisation often is faced with proactively engaging to win acceptance: this has been termed “liability of newness” (Ashforth and Gibbs, 1990). Suchman (1995) describes two distinct aspects of this “liability of newness”: first, when new operations are technically challenging or poorly institutionalized, early entrants must devote a substantial amount of energy to sector building, creating objectivity and exteriority. The second challenge of legitimacy building applies equally to new sectors and also to new *entrants* into old sectors. This challenge is the two-pronged outreach task of (a) creating new, allegiant constituencies and (b) convincing pre-existing legitimate entities to lend support. According to Ashforth and Gibbs (1990) both *constituents* and *supporters* are likely to prove most resentful when organizational technologies are uncertain or risky, when organizational objectives are contested or unconventional, and when the anticipated relationship with the organization is lengthy and difficult to exit.

Suchman (1995) proposes several strategies for gaining legitimacy. Managers are usually aware of the need for legitimation and are generally proactive with their strategies. Roughly, legitimacy-building strategies fall into three clusters: (a) efforts to conform to the dictates of pre-existing audiences within the organization's current environment, (b) efforts to select among multiple environments in pursuit of an audience that will support current practices,

and (c) efforts to *manipulate* environmental structure by creating new audiences and new legitimating beliefs. Regardless of the strategy chosen, there is the need for a complex mixture of solid organizational change and persuasive organizational communication (see Dowling & Pfeffer, 1975); however, they clearly fall along a continuum from relatively passive conformity to relatively active manipulation (Oliver, 1991).

Conforming to environments: positioning an organisation within a pre-existing institutional regime is often the easiest strategy for managers when seeking to gain legitimacy. Meyer and Rowan (1991) stressed the advantage of this conformist strategy is that it signals allegiance to the cultural order and pose few challenges to established institutional logics. Oliver (1990) also opines that this type of strategy does not require managers to break with the prevailing cognitive frames, but by conforming, managers can rely on being cultural “insiders” to turn a liability into an asset.

Selecting among environments is a legitimacy gaining strategy that could appeal to a manager who does not wish to have his organisation remade in the image of the environment. This strategy will require a higher degree of proactivity but can be simplified by selecting an environment that will grant the organisation legitimacy “as is” without demanding many changes in return. “Thus, rather than simply conforming to the demands of a specific setting, managers may attempt to locate a more amicable venue, in which otherwise dubious activities appear unusually desirable, proper, or appropriate” (Suchman, 1995).

Manipulate environments: conformity and environment selection, while popular among manager seeking to gain legitimacy, these may not suffice for some organisations. Innovators and pioneering organisations may need to depart substantially from the existing practice and create a cultural niche for themselves in order to garner support specifically tailored to their distinctive needs. Ashforth and Gibbs (1990) have warned that such proactive cultural

manipulation is less controllable, less common, and, consequently, far less understood than either conformity or environment selection.

3.7.2 Maintaining legitimacy

The general consensus is that maintaining legitimacy is a far easier task than gaining or repairing legitimacy. According to Ashforth and Gibbs (1990) "once conferred, legitimacy tends to be taken largely for granted. Reassessments of legitimacy become increasingly perfunctory if not 'mindless' (Ashforth and Fried, 1988) and legitimation activities become increasingly routinized." Some organisations may even ignore maintaining legitimacy totally; however Suchman (1995) pointed that anomalies, miscues, imitation failures, innovations, and external shocks threaten the legitimacy of even the most secure organization, especially if such misfortunes either arrive in rapid succession or are left unaddressed for a significant period of time.

Suchman (1995) highlight three aspects of legitimacy which create a challenge for its maintenance: (a) audiences are often heterogeneous, (b) stability often entails rigidity, and (c) institutionalization often generates its own opposition. The first assumption rests primarily on the fact that legitimacy is not a possession of the organisation, but a representation of the organisation's relationship with the society. Ashforth and Gibbs (1990) note that in a fragmented institutional environment, satisfying, or even recognizing, all factions may prove virtually impossible. This could create a vulnerability for the organisation as it attempts to satisfy different stakeholders' claims. As organisations become more

comfortable in an environment, taken-for-grantedness impede responsiveness to shifting conditions, creating the tendency for legitimacy to become a "house of cards" (Jepperson, 1991). If organizations become homogeneous while cultural environments remain heterogeneous, unsatisfied demands will create niches for "outlaw" entrepreneurs, who devise and adopt innovative, albeit peripheral, organizational forms (Powell, 1991). Suchman (1995) warns that there is the tendency for any degree of institutionalisation, short of total taken-for-grantedness, to generate its own opposition. Describing further, he adds that legitimation strategies "(particularly proactive attempts at advertising, proselytization, and popularization) usually attract attention, and often this attention proves hostile—if only because proactive managers will already have enlisted most of the potentially supportive audiences during the project's earlier stages...Some of the new critics may hope to delegitimize the whole sector by attacking its least institutionalised member". It is therefore easy to see how legitimacy cannot be considered to be done-and- dusted and in the bad for any manager.

Suchman provides two broad strategies for maintaining legitimacy: perceiving future changes and protecting past accomplishments (1995). Perceive change legitimacy-maintenance strategies focuses on improving the organization's ability to recognize audience reactions and to foresee emerging challenges. "Thus, managers must guard against becoming so enamoured with their own legitimating myths that they lose sight of external developments that might bring those myths into question... With advance warning, managers can engage in pre-emptive conformity, selection, or manipulation, keeping the organization and its environment in close alignment; without such warning, managers will find themselves

constantly struggling to regain lost ground” (Ibid). Protect past accomplishments requires organizations to seek to buttress the legitimacy they have already acquired. As Ashforth and Gibbs (1990) noted, "having adjudged the organization credible, constituents tend to relax their vigilance and content themselves with evidence of ongoing performance vis-a-vis their interests and with periodic assurances of 'business-as-usual.' “Consequently, organizations should avoid unexpected events that might reawaken scrutiny.

3.7.3 Repairing legitimacy

Repairing legitimacy has been linked to crisis management, reputation management and image management. O’Donovan (2002) notes that there are similarities between repairing legitimacy and gaining legitimacy. He opines that the major difference is that repairing legitimization strategies are reactive, and usually apply to an unforeseen and immediate crisis, whereas strategies used for gaining legitimacy are usually “*ex ante*, proactive and normally not related to a crisis”. He further likens legitimacy repair to legitimacy maintenance as the both require a light touch and sensitivity to environmental reactions. Suchman (1995) warns that repairing legitimacy can be highly challenging for managers reacting to a crisis as their ability to manoeuvre can be impaired and relationship with previously reliable external allies may be severed. Legitimation crises itself tend to become a negative spiralling chain of events as social networks recoil to avoid “guilt by association” (ibid). Sutton and Callahan (1987) describes how this retraction of support can aggravate performance failures simply by disrupting critical resource flows. Suchman (1995) adds that the threat of this “retraction cascade” is greater when the “networks in question networks in question provide legitimacy, rather than purely material exchanges... Because legitimization is frequently mutualistic, the

risk of negative contagion may drive even long-standing allies to disassociate themselves from a troubled counterpart and to engage in ritualistic sniping and ostracism”.

The strategies for repairing legitimacy following a crisis are much the same as the legitimacy building strategies in so far as the organisation continues to enjoy some degree of credibility and interconnectedness with the relevant audiences. The strategies for repairing legitimacy can be classified according to the underlying type of legitimacy, be it either strategic or institutional legitimacy and whether there is to be any real changes in organisational practices or values (i.e., substantive management and isomorphism) or, otherwise, merely embark on manipulating audiences’ perceptions of organisational practices and values (i.e., symbolic management and decoupling). Legitimacy crisis often arise from the failure of an organisation to act in a manner the society considers normatively appropriate, therefore repairing legitimacy will involve proving that the organisation has adopted violated values. Ashforth and Gibbs (1990) describes this as substantive management - demonstrating a real change in organisational processes or institutionalised practices. On the other hand, symbolic management entails implementing strategies which make the organisation *appear* to respond to stakeholder concerns or *appear* to be congruent with society’s norms and expectations. Suchman (1995) proposes a symbolic management legitimization strategy to repair legitimacy: “the delegitimated organisation must first address the immediate disruption, before initiating more global legitimization activities... In particular, organisations must construct a sort of "firewall" between audience assessments of specific past actions and audience assessments of general ongoing essences”.

3.8 Legitimacy versus the social license

Having discussed a range of key concepts and diverse frameworks associated in discussions of the social license to operate and legitimacy and legitimation strategies, this section will seek to establish linkages between SLO and legitimacy. The 2017 paper by Joel Gehman and colleagues provides a brilliant standing point to begin to examine these linkages. To begin with, all three variants of social license invoke legitimacy regardless of their different origins. Max Weber (1978) is typically credited with introducing legitimacy into social theory, and for linking the term with conformity to social norms and formal laws. For their part, Dowling and Pfeffer (1975) distinguished three symbiotic categories of organizational behaviour— those that have economic viability, those that are legal, and those that are legitimate—noting, “a legitimate purpose will not necessarily ensure resource allocation, nor will resource allocation necessarily ensure legitimacy.” Although laws in a democratic polity are likely correlated with societal norms and values, these correlations are less than perfect, for at least three reasons: (a) changes in the two spheres may take place at different speeds; societal norms are dynamic and change over time, while legal change which is more formal is delayed and may be contingent on changes to specific statutory or common law (b) norms may be contradictory, whereas there is a greater presumption of consistency in legal frameworks; and (c) societies may tolerate certain activities without legally sanctioning them. These interdependent sets of organisational actions- economic, legal and legitimate bears strong similarities with the elements of the social license, especially the three-strand and the triangle models.

Following the work of Dowling and Pfeffer (1975) other organisation theorists have sought to define legitimacy, for example Scott (1995) opined that “Legitimacy is not a commodity to be

possessed or exchanged but a condition reflecting cultural alignment, normative support, or consonance with relevant rules or laws.” However, Suchman in his 1995 article expressed frustration over the frailty of the concept of legitimacy. He offered what has become perhaps the most widely cited definition of legitimacy: “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.” Legitimacy is conferred when an organisation/project’s stakeholders endorse and support the organisation/project’s activities and objectives.

Within the sphere of public administration legitimacy has also featured highly with scholars linking the concept of legitimacy to democratic accountability and governance. Dobersterin (2013) suggests that the advent of social license reflects a wider trend towards “networked governance”, or a move from traditional hierarchal and centralised governance to a more horizontal one. Other public administration scholars have observed that legally constituted administrative bodies often issue guidelines that are not considered strictly “legal licenses” in the sense that they are not subject to ordinary mechanisms of legal review and democratic accountability (Houle and Sossin 2006). Relatedly, Demuijnck and Fasterling (2016) proposed a definition of the social license to operate which stresses the role of legitimacy: the social license to operate is a “contractarian basis for the legitimacy of a company’s specific activity or project. . . [which justifies] an institution or a moral or political rule by referring to the consent of all persons concerned with it.” Demunijnck and Fasterling (2016) are not the only authors to underline the interrelatedness between legitimacy and the social licence; however,

Gehman et al. (2017) warned that social license must not be confused as a new name for the long-standing concept of legitimacy while providing useful distinctions between them.

First, the social license to operate is used to describe stakeholders' acceptance of a company or project to proceed with its activities and objectives. This is usually a one directional evaluation of a company by its stakeholders: on the other hand, the conferring of legitimacy can be multi-directional. While "legitimate" is often used to reflect stakeholders' evaluations of a company, it also can be the company's evaluations of its stakeholders, or stakeholders' evaluations of each other (for example, Mitchell, Agle and Wood 1997). Secondly, the pyramid model of the social license assumes that SLO is built in successive layers: that is, an organisation or project creates acceptance by following the rules, then approval by engaging with stakeholders, and then identification through trust building collaborations. Equally, Bitektine and Haack's (2015) research into the process of legitimacy building does not assume a linear path dependence, they argue that although an organisation may gain regulative, then cognitive and then moral legitimacy with its stakeholders, that does not necessarily have to be the case. Thirdly, the three strand and triangle models of social license classify stakeholders according to their interests in the company or project. Socio-political/legal acceptance is a function of the company's technologies and policies meeting or exceeding regulatory and statutory requirements; community acceptance depends on demonstrating procedural justice, distributional justice, and trust; and market acceptance depends on embracing of innovation to fit within prevailing economic expectations. Conversely, an organisation is evaluated for legitimacy along a multi-dimensional process regardless of who is doing the evaluating. For example, according to Gehman et al. (2017) communities can and do judge a project according to multiple dimensions of legitimacy, such as: cognitive (Do I

understand what the company is doing?), regulative (Are they following the law?), pragmatic (Does this project work for me?), and moral (Are they doing the “right” things?). Given these differences despite similarities, this study will examine the engagement strategies of shale gas companies and how these impact on legitimacy and achieving a social license.

3.9 Gaps in the literature

Overall, there has been compelling arguments by both scholars and practitioners on the need and benefits of stakeholder engagement for gaining and maintaining the social licence. However, there are gaps in the literature pertaining to the process of stakeholder engagement, quality and outcomes, leading to a broader conceptualisation that provides appreciation of the basis upon which engagement can mediate a social licence, particularly one that fully addresses issues of stakeholder influence, participation, inclusion and democracy. Thomson and Boutilier (2011) provide a model that links legitimacy to the development of SLO; however, the literature has been silent on the mechanisms through which stakeholders develop a perception of legitimacy (Mercer-Mapstone et al., 2017). The following paragraphs reveal the nature and extent of gaps in literature.

A review of the literature found that stakeholder engagement remains an underrepresented and underdeveloped field in business and society research in particular, and management research more generally (Wenzel et al., 2021). In a recent call for papers Wenzel et al. (2021) note that despite the propensity of stakeholder engagement to produce desired outcomes such as a social licence to operate, mainstream management research continues to reproduce

a “managerialist bias by implicitly foregrounding organizational elites as decisionmakers who act in the best interest of all stakeholders, without challenging the limits of this taken-for-granted assumption.” In contrast to the more conventionally examined “management” of stakeholders, stakeholder engagement can be initiated, directed, performed, and contested by an organisation, its stakeholders, or both. The dimensions of stakeholder engagement differ in character, but they all foster organisational polyphony: that is, they represent a plurality of voices to which managers ought to devote attention (Trittin & Schoeneborn, 2017). Consequently, Wenzel et al. (2019) add that such polyphony creates tensions, contradictions and conflicts within the stakeholder engagement process and managers must address these to do justice to stakeholders’ interests. There is therefore a need to better understand how stakeholder engagement is performed, the barriers to the process, and with what consequences.

A fundamental definition of SLO in the extractive industry rests on engaging stakeholders for ongoing acceptance of organisational activities. Joyce and Thomson (2000) describe the presence of a social licence as “when a mineral exploration or mining project is seen as having the approval, the broad acceptance of society to conduct its activities... such acceptability must be achieved on many levels, but it must begin with, and be firmly grounded in, the social acceptance of the resource development by local communities.” An implication of this is that stakeholder engagement has a role to play in mediating a social licence for a mining organisation. Whilst authors in the business and society literature have, to a degree, linked SLO as an outcome of stakeholder engagement activities more explicitly (Dare et al., 2014; Hall et al., 2015; Jijelava & Vanclay, 2017), there has been scarce detailed accounts which

specifically demonstrate how this happens. Alluding to these gaps, Mercer-Mapstone et al. (2017) studied engagement strategies that support social licence and identified dialogue as pivotal in achieving positive outcomes. Their study focused on experts with a broad range of interdisciplinary backgrounds who were familiar with the SLO and had experience in stakeholder engagement within natural resource. Their study advanced the discussion around SLO as an outcome of stakeholder engagement, but as study participants were from the expert stakeholder group, there remains the need to provide a richer description of this phenomenon with a broad range of stakeholder groups. This also resonates with Mercer-Mapstone et al. (2017) thinking around directions for future research.

Further, although a small number of extant studies have highlighted the narrow selection of stakeholders as a potential failure of SLO in certain industries (Dare et al., 2014; Harvey and Bice, 2014; Moffat et al., 2016), they have not related this back to the specific stakeholder engagement process. For example, unsatisfied with the social licence being conceived as a single licence granted by a small group of stakeholders, all members of a community, Dare et al. (2014) argue that this collective concept of community does not apply to forest management or indeed any situation with multiple and diverse stakeholder groups. They propose a continuum of multiple licences achieved across various groups in the society as an alternative. In agreement, recent work by Meesters et al. (2021) suggest that the heterogeneity of stakeholders relevant for the social licence is overlooked and the SLO literature is “based upon a limited conception of who is a stakeholder, what communities are, and whether and how they can be equal negotiation partners”.

The literature suggest that legitimacy must be in place as an initial boundary in gaining a social licence (Thomas and Boutillier, 2011) and legitimacy stems from the stakeholder engagement process. Braun and Busuioc (2020) highlighted how stakeholder engagement mechanisms can be a source of legitimisation. The practices of stakeholder engagement and their implications for legitimacy have been examined from diverse theoretical frameworks that do not often speak to each other (ibid). The full range of implications of stakeholder engagement for legitimisation has seldom been examined from a more comprehensive perspective; these implications are conceived as context-specific rather than a universal phenomenon (Braun and Busuioc, 2020). The authors studied the implications of stakeholder engagement for regulatory legitimacy; thus, there is scope and need to combine these developments in literature to understand how engagement represents a means of managing organisational legitimacy and can be a process of legitimisation.

The main gap identified in the literature is couched in the above points. To summarise, the notion of the social licence to operate and has been highlighted in the literature as an outcome of stakeholder engagement, but the process by which such an outcome can be achieved has not been sufficiently studied. Luning (2011) argue that the SLO concept leaves slack space for failing to address the process likeness of stakeholder engagement. Stakeholder engagement as a legitimisation process, and the widely recognised notion of legitimacy as a conceptualisation of social licence resonates intuitively with more recent literature on organisational studies and the motivation for corporate engagement and social responsibility activities. This study is also placed in the context of a crossover between the stakeholder engagement literature and the social licence literature in relation to the legitimacy theory as

well. The research gap has been developed from the literature as reviewed in the two literature chapters. It is believed that a deep exploration of stakeholder engagement as a process for gaining a social licence is an important and yet insufficiently explored area that deserves further attention as an avenue for empirical research. The findings of Meesters et al. (2021) concludes that “the way in which SLO is enacted is characterised by a limited conception of stakeholder engagement and by insufficient attention towards the local, regional and global social and environmental impacts of extractive operations.”

Attempting to address these gaps, the study starts out with an overarching research question:

What are the implications of stakeholder engagement for the social licence in extractive industries? The supporting research question are as follows:

- 1) How are stakeholder relationships managed in the UK shale gas industry?

The stakeholder theory makes clear that organisations need to manage relationships with individuals or groups that may affect or be affected by the organisations- stakeholders (Freeman, 1984). The extractive sector is characterised by a variety of stakeholders ranging from local communities, governments, NGOs, etc. This diversity of stakeholders introduces complexities and competing demands that must be addressed for a successful organisation-stakeholder relationship. Echoing the views of Donaldson & Preston (1995), Flak et al. (2000) note that “every organisation has a variety of stakeholders and the organisations have moral and ethical duties to know and respect the interest of their stakeholders”. Stakeholder engagement emerges, in the academic literature on the stakeholder theory, as an important aspect of managing the increasingly complex and pressing challenges in the organisation-stakeholder relationship. Mutti et al., (2012) view stakeholder engagement as part of the

stakeholder theory comprising three basic components: a) 'flow of benefits and potential threats between companies and stakeholders', b) 'varied and discrepant issues of companies and stakeholders' covering the ranking of stakeholders and their interests, and, c) 'stakeholder networks' comprising the understanding of particular stakeholder network composition (Ziessler et al., 2013). This study intends to explore these components as they feature in the dynamics of the relationship between the shale gas industry and its stakeholders.

2) What role does organisational or societal factors play in influencing the stakeholder engagement process?

Stakeholder engagement is a complicated process; Mease et al. (2018) describes the complexity of stakeholder engagement in extractive processes as stemming from “considering scientific and conflicting normative perspectives, attempting to meet the needs of diverse and often unknown stakeholders, and uncontrollable global forces.” The ‘engagement wheel’ conceptualised by Davidson (1998) illustrates that factors such as economic costs, social costs, regulation, etc present both inhibiting and enabling factors that contribute to a stakeholder’s agency to engage. This question therefore attempts to expose the complexity engagement managers face, particularly when working with diffuse and diverse stakeholder groups and networks.

3) To what extent does stakeholder engagement influence the specific attribute of legitimacy as a prerequisite to the development of SLO?

Increasing amounts of research have focussed on how to develop a social licence (e.g. Moffat and Zhang, 2014; Moffat et al., 2014; Thomson and Boutilier, 2011). Running through the models provided by earlier authors is that the development of SLO has been linked to factors such as perceptions of trust, fairness (procedural and distributive), legitimacy, credibility, compatibility of interests, impacts, contact quality, contact quantity, identity, and risk. However, the mechanisms or processes through which positive stakeholder perceptions of such factors are developed has undergone little explicit examination (Mercer-Mapstone et al., 2017). Thomson and Boutilier's (2011) pyramid model posit that the legitimacy boundary is the first criterion an organisation must attain in the quest for a social licence. Recent research has focused on the role of stakeholder engagement as a way to enhance the legitimacy of organisations, and to facilitate access to resources held by local stakeholders that are critical to the success of the organisations (Harrison et al., 2010; Henisz et al., 2014; Nartey et al., 2018). The basic tenet of legitimacy theory is that there is a social construct between business and organisation: whilst carrying out business activities in the society, organisations have to follow the social norms, values and rules, otherwise faces legitimacy threat. However, the literature is scant on the implications of stakeholder engagement for legitimacy (Braun and Busuioic, 2020). The extent of stakeholder engagement strategies on stakeholders' perceptions and the legitimization of shale gas operations, thus, are the considerations of this final question.

3.10 Justifications for the use of theories

Chapter Two and Three has been aimed at presenting the theories applied to this study and their various features as outlined above. However, this section is concerned with providing

justifications for the use of these theories. This discussion of justifications includes, presentation of the links between the features of the theories applied in this research.

Stakeholder theory is concerned with the relationship between an organisation and its stakeholders. The works of Freeman (1984; Freeman 1994; 2005) and several scholars (for example, Clarkson 1994; Clarkson 1995; Donaldson & Preston 1995; Harrison & Freeman 1999; Branco & Rodrigues 2007; Carroll & Buchholtz 2009) addressed most of the core ideas related to the stakeholder theory. This study has adopted the Freeman (1984) definition of stakeholders as “any group or individual who can affect or is affected by the achievement of the firm's objectives”. Although there has been various classifications and typologies of stakeholders; strategic and moral stakeholders (Goodpaster 1991); latent, expectant, and definitive stakeholders (Mitchell et al. 1997); and primary and secondary stakeholders (Clarkson 1995) were identified. The main aspect of these categorisations emphasises that there are various stakeholder groups with different or conflicting expectations. Based on the stakeholder perspective, an organisation should meet these multiple expectations of its various stakeholder groups, rather than only the expectations of shareholders. The value of the stakeholder theory for this study is drawn from the descriptive perspective which explains the specific corporate characteristics and managerial behaviours regarding stakeholders (Donaldson and Preston, 1995). However, it seems fair to say that “perspectives on stakeholder theory have moved away from an entirely corporate-centric focus in which stakeholders are viewed as subjects to be managed towards more of a network-based, relational and process-oriented view of company-stakeholder engagement” (Andriof and Waddock, 2002). Therefore, similar to Steurer (2006), this study focuses on stakeholder engagement, describing the corporate-perspective (how organisations deal with stakeholders), the stakeholder perspective (how stakeholders try to influence organisations)

and, the conceptual perspective (how the concepts of trust, social contract or social licence, relate to organisation-stakeholder interactions).

Legitimacy theory posits organisations are continually seeking to ensure that they operate within the bounds and norms of their respective societies (Deegan, 2000). According to Suchman (1995) legitimacy can be considered as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions.” The continuing existence of organisations, therefore, depends on obtaining and maintaining social approval (Thompson and Boutilier, 2011). Organisational legitimacy is not a steady state. This variability is not only temporal, but also spatial or across stakeholder and cultural groups. Thus, legitimacy is dependent on a collective audience, *stakeholders*. Therefore, depending on an organisation’s perception of its state or level of legitimacy, an organisation may employ ‘legitimation’ strategies (Lindblom, 1993). Studies suggest that legitimation strategies depend on communication (Elsbach, 1994), and in this study, communication between the shale gas industry and its various stakeholders. Successful legitimation strategies require diverse techniques and an awareness of the appropriate response for any given situations. Legitimacy is conferred when stakeholders endorse and support an organisation’s goals and activities. If stakeholders become dissatisfied with an organisation’s actions, they may retract support for an organisation’s activities or they may reduce their participation in the organisation (Hybels, 1995). Mitchell et al. (1997) develop the idea that stakeholders become salient to managers to the extent that those managers perceive them as possessing power, legitimacy and urgency as discussed in section 2.4.1. At this point, this study supports previous studies which argue

that stakeholder theory can play an important role in influencing legitimization strategies (Mousa, 2010). Legitimacy management, thus legitimacy theory establishes the inclusion of social issues in the context of organisational decision-making.

Furthermore, the social licence to operate (SLO) has been explored as a conceptual perspective to describe stakeholders' acceptance of fracking in UK communities. Jijelava & Vanclay (2014) define SLO as "a conceptual approach an organisation applies in engaging with communities and stakeholders. It helps organisations in identifying proactive actions they that could increase the likelihood of maximum support of the communities where they work." Even so, Demuijnck and Fasterling (2016) define SLO as "a contractarian basis for the legitimacy of a company's specific activity or project." This study focuses on the contractarian viewpoint of exploring how organisations seek to secure legitimacy of fracking by gaining the consent of stakeholders towards achieving a SLO.

3.11 Summary

The current chapter has sought to discuss the exchanged based relationships that occur between an organisation and its stakeholders, exploring normative concepts of legitimacy and the SLO and how they interact within the stakeholder-firm relationship. The chapter builds on the arguments in chapter two that the stakeholder theory establishes the theoretical basis for linking the impact of a firm's activities on stakeholders and how they in turn respond to influence cooperative behaviour. With the social licence defined as an informal contract existing between an organisation and the community in which it operates, the granting or

withdrawal of SLO is a way stakeholder influence organisational behaviour. The chapter discusses the variants of the social licence and the boundaries and organisation/industry will pass to achieve social acceptance. Within the case study context, the focus is on the legitimacy boundary and the legitimacy theory provides a further explanation into the environmental and social behaviour of the case organisations. This forms a basis for evaluating whether stakeholder engagement activities result in legitimation to the point of achieving social licence. The next chapter will discuss the methodological approach used in this study.

CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY

4.1 Introduction

Reviewing the relevant literature and outlining the objectives of the study help in making the necessary methodological choices and constructing the appropriate research design. Based on the stakeholder theory, the main objective of the present study is to empirically examine the relationship between stakeholder engagement mechanisms and gaining a social licence for the UK shale gas industry. The methodology to be followed in the study's empirical investigation is justified in light of the philosophical viewpoint adopted by the researcher. Following the Saunders et al (2019) research onion, this chapter starts off with explaining *interpretivism* as the research philosophy or viewpoint of the research and how this verifies the choice of methods to be used in carrying out the study. It further moves on to present the research design, research approach and sampling technique used in the study, while substantiating the use of a case-study as the research strategy. Subsequently, the chapter explains the researcher's experience of conducting semi-structured interviews as the primary data collection method. Thereafter the data analysis and coding convention is outlined, and lastly, the chapter looks at the ethical considerations of the research, and the steps taken to ensure the quality of the research, before culminating in a chapter summary.

4.2 Ontological and epistemological foundations of the study

Several authors (for example Guba and Lincoln, 1994; Creswell et al, 2007; Marshall and Rossman, 2006) have accepted the presence of a basic system of ontological, epistemological, axiological and methodological assumptions that guide researchers in their research

approach. These parameters describe perceptions, beliefs, assumptions, individual values and the nature of reality and knowledge. They can and do shape the way research is undertaken. According to Blaikie (2000), these parameters are part of a plethora of choices that a researcher must consider and these choices must be connected back to the original research problem. Blaikie (2000) considers these parameters as a compass to a research inquiry; however, James and Vinnicombe (2002) caution that a researcher's inherent preferences are likely to shape his research designs. Blaikie (2000) argues that these parameters are particularly relevant in social science research since the researcher's inherent preferences and 'free will' adds a complexity that is usually not present in natural sciences.

Ontology is 'the science or study of being' Blaikie (2000); Saunders et al. (2009) add that ontology is concerned with the nature of reality and raises questions of assumptions researchers have about the way the world operates and the commitment held to particular views. The eternal ontological debate among researchers is whether there is a reality that exist independent of the human mind, consciousness and experience or reality exist as a product of the human mind, consciousness or lived experiences. Ontology has been described by Morgan and Smircich (1980) as not being a fixed entity, but a fluid notion as researchers have to make a choice between objectivism and subjectivism. Saunders et al. (2009) describe objectivism and subjectivism: where objectivism represents the position that social entities exist in reality external to social actors, while the subjective view is that social phenomena are created from the perceptions and consequent actions of social actors. Cunliffe (2011) builds upon this distinction to propose a continuum of three choices faced by researchers: objectivism, which assumes that a concrete reality exists independently from our

interactions; subjectivism, which posits that meaning and knowledge are “relative to the time, place, and manner in which they are constructed” and intersubjectivity, which extends the contextuality of the subjective reasoning to focus on an interactional, multiple and shifting construction of meaning. This study supports the belief that reality is socially constructed, it holds the position that everyday realities are not just sitting, waiting to be discovered in an objective sense, but are brought into being through social action; and as explained by Hackey (1998), a social constructionist ontology aims to “reveal the structure of meanings as constructed by individuals engaged in a social process”. Thus, this research rests on a subjective ontology, and focus on how “realities, identities and knowledge are created and maintained interactions, and are culturally, historically and linguistically influenced” (Jupp, 2006).

Epistemology focuses on what constitutes acceptable knowledge in a field of study and how a researcher can obtain such knowledge (Saunders et al, 2009; Easterby-Smith et al, 2015). Eriksson and Kovaalaine (2008) define epistemology as “what is knowledge and what are the sources and units of knowledge”; they discuss how epistemology defines how knowledge can be produced and argued for. Chai (2002) describes epistemology as "how and what is possible to know". Blaikie (2000) produces a definition that closely couples epistemology with ontology. He defines epistemology as "the theory of science of the methods or grounds of knowledge expanding this into a set of assumptions about the possible ways to gain knowledge of reality, how what exists may be known, what can be known, and what criteria must be satisfied in order to be described as knowledge." There is an interdependent relationship between ontology and epistemology, one both informs and depends on the other

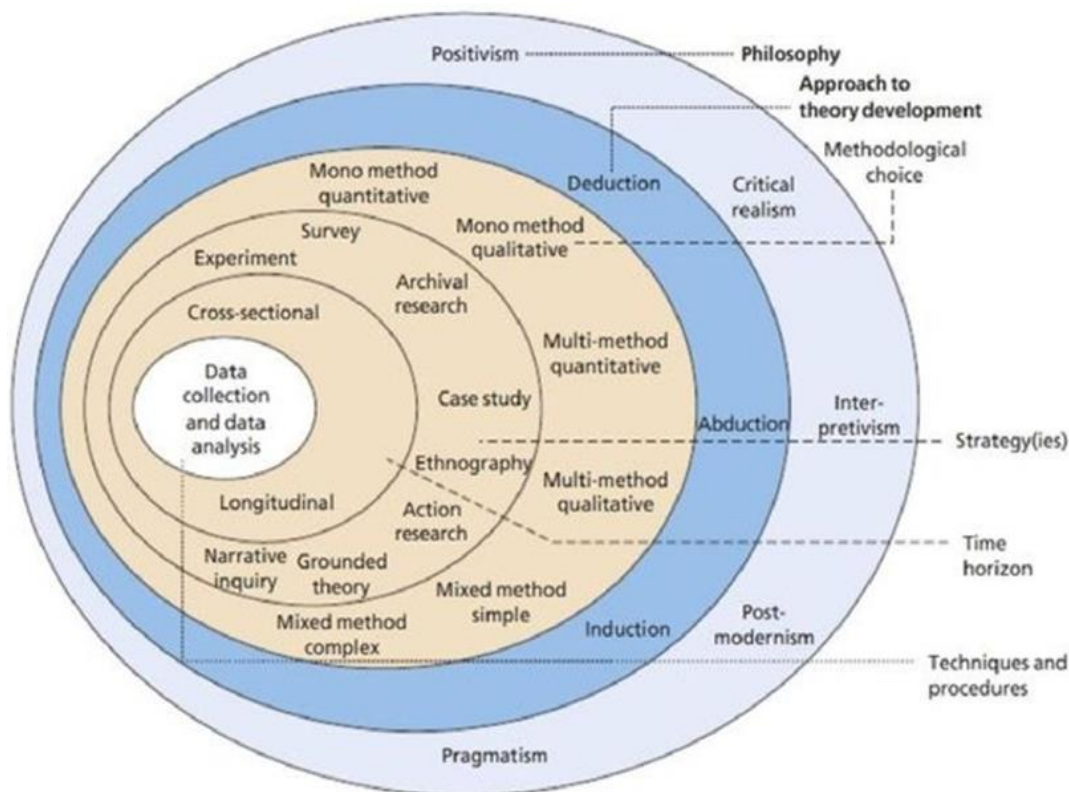
(Annells, 1996; Crotty, 1998). It is against this background that a researcher has to clearly define his position as the researcher's ontological position may influence the epistemological conclusions drawn.

Epistemology, much like ontology has both objective and subjective views. According to Eriksson and Kovalainen (2008), objective epistemology works with the assumption that a world exists, that is external and theory neutral, whereas in subjective epistemology, the researcher's observation and interpretations is primary. Bryman and Bell (2011) contends that a central issue for epistemological considerations is the question of whether or not the social world can and should be studied according to the same principles, procedures and ethos as the natural sciences. Crotty (1998) defines objectivism as the belief that truth and meaning reside within an object and is independent of human subjectivity. An objective researcher discovers knowledge devoid of bias. Levers (2013) opine that in objectivity, the observer does not change what is being observed, nor is the observer being influenced by the observed. Subjectivism on the other hand is the belief that knowledge is "always filtered through the lenses of language, gender, social class, race, and ethnicity" (Denzin & Lincoln, 2005). In this case the researcher influences what is being observed and vice versa. Denzin and Lincoln (2005) assert that subjective research is aimed at developing understanding, increasing sensitisation to ethical and moral issues and personal and political emancipation. This research as an interpretive study is both ontologically and epistemologically subjective.

4.3 Research paradigm

Filstead (1981) defines paradigm as a “set of interrelated assumptions about the social world which provides a philosophical and conceptual framework for the organized study of that world”. Paradigm refers to “a system of ideas, or world view, used by a community of researchers to generate knowledge. It is a set of assumptions, research strategies and criteria for rigour that are shared, even taken for granted by that community” (Fossey et al. 2002). According to Denzin and Lincoln (2005) paradigms are the “net” that holds the ontological, epistemological, and methodological beliefs of the researcher; they opine that the research paradigm informs the researcher’s philosophical assumptions about the research and the selection of tools, instruments, participants and methods used in an investigation. This belief is also shared by Mills et al. (2006) who advise that “to ensure a strong research design, researchers must choose a research paradigm that is congruent with their beliefs about the nature of reality”. The literature provides numerous classification and schemes of paradigms; Saunders et al. (2019) used Burrell and Morgan’s four paradigms for organisational change for mapping different research philosophies: positivism, critical realism, pragmatism, interpretivism, postmodernism. For the purpose of this study I will adapt the schema of Saunders et al. (2019) as I find it more concise and manageable to avoid the confusion that can sometimes arise as a result of understanding the relationship between research paradigm and research philosophy. The authors also present the ‘research onion’ (see figure 4.1) as a way to guide an understanding of choices made in a research. This section will discuss the choice of interpretivism as the research philosophy after a consideration of possible alternatives.

Figure 4.1 The research onion



Saunders et al. (2019)

4.4 An interpretivist philosophy

Positivism promotes an objective view of the world and seeks to integrate as far as possible the natural and the social sciences. To position this study in that tradition did not appear to be an option, because the main purpose of the study is not to look for measurable cause and effect relationships, rather to understand the complexities of stakeholder engagement and its implication for social acceptance (Grix, 2010; Bryman, 2004). This requires understanding how stakeholders construct social reality within the engagement process and the meanings they assign to their own and others' actions (Bryman, 2004). A positivistic perspective appeared unlikely, therefore, to accommodate the research aim and objectives. I then

considered realism which begs the questions: "do objects exist independently of our knowledge of their existence?" (Saunders et al., 2009). Phillips (1987) defines philosophical realism as "the view that entities exist independently of being perceived, or independently of our theories about them." The philosophy of realism suggests that reality exists and that is the responsibility of the researcher to access and assess this reality based on objective data collection methods. A key feature of critical realism referred to as the 'epistemic fallacy' by Bhaskar represents the tendency to integrate a realist ontology (there is a real world that exists independently of our perceptions) with a constructivist epistemology (our understanding of this world is inevitably a construction of our own perspectives and assumptions). Frazer and Lacey (1993) echoed the same position as they put it, "Even if one is a realist at the ontological level, one could be an epistemological interpretivist... our knowledge of the real world is inevitably interpretive and provisional rather than straightforwardly representational." So, although critical realism shows surface similarities to Interpretivism, as both approaches take knowledge to be socially constructed, critical realism acknowledges the reality of natural order, events and discourses of the social world and argues that reality is that which exists regardless of whether we understand it or have experience of it. However, with a relativist ontological stance adopted, yielding to the subjective perceptions and views of stakeholders in the shale gas industry, I expect little help from critical realism.

Interpretivism is at the other end of the spectrum from positivism. Interpretivists are often critical of the positivist approach to social research and argue that the social world is far too complex to lend itself to theorizing by definite laws in the same way as the natural science

(Saunders et al. 2009). It is argued that interpretivist studies favour expression over precision (Bate, 1997); depth of inferences over breadth, and allow researchers to focus upon the intricacies of human interaction. Hatch and Cunliffe (2006) describe interpretivism as anti-positivist and Blaikie (1993) consider this position post-positivist. Interpretivism advocates that it is necessary for the researcher to understand differences between humans in our role as social actors. There is the argument that individuals and groups make sense of situations based on their individual experiences; therefore, the reality of an interpretivist is mediated by his/her senses. Crotty (1998) notes that reality emerges when consciousness engages with objects which are already pregnant with meaning, where meaning is constructed and over time constantly reconstructed through experience resulting in many different interpretations. Grix (2004) note that the world does not exist independently of our knowledge of it: knowledge and meaningful reality are constructed in and out of interaction between humans and their world and are developed and transmitted in a social context (Crotty, 1998).

Having considered the various research paradigms, this study will adopt the ***interpretivist*** paradigm, with its ontological position of constructionism; reality is a finite subjective experience, and nothing happens outside of our thoughts (Denzin & Lincoln, 2005). Interpretivists look for meanings and motives behind people's actions like behaviour and interactions with others in the society and culture (Whitley, 1984). The primary aim of this study is to inquire into the tensions and complexities that exist in multiple stakeholder environments with respect to achieving acceptance among various stakeholders, interpreting these findings in the context of academic literature on stakeholder engagement, legitimacy and the social licence to operate. These complexities and the dynamic relationship in a multi-

stakeholder environment are impacted and constructed by the interactions with and between these stakeholders. Byrne (2011) opine that these interactions are not absolute but are contextual and build our knowledge of social reality.

In the interpretivism paradigm, there are multiple realities and interpretivism does not question ideologies; it accepts them. Neuman (2000) add that these multiple realities depend on other systems for meanings, which make it difficult to interpret in terms of fixed realities. Interpretivism aims to bring into consciousness hidden social forces and structures. Cohen et al. (2007) opine that the social world can only be understood from the standpoint of individuals who are participating in it. Interpretivism finds its core in phenomenology (the way in which we humans make sense of the world around us) and symbolizes interactionism (we are in a continuous process of interpreting the social world around us); Saunders et al. (2009) note that an interpretive researcher has to adopt an empathetic stance and must face the challenge of entering the social world of his research subjects and understanding their world from their point of view. Guba and Lincoln (1994) believe that social forces and structures are elicited and understood through interaction between the researcher and his research participants. Interpretivism is formed of several strands, hermeneutics, phemenology and symbolic interactionism (Crotty, 1998) they each suggest different approaches to interpreting the social world. Phemenologist study existence and focus on participants' lived experiences, their recollections and interpretations of those experiences. Hermeneutics is concerned with the study of cultural artefacts such as text, symbols, stories, and images (Saunders et al., 2019). Symbolic interactionism on the other hand see meaning as something that emerges out of the interaction between people with strong focus on observation and analysis of social

interaction such as conversations, meetings, and teamwork (ibid). Oliver (2001) note that meaning making in symbolic interactionism is a social process: “to define a situation we put ourselves in the position of the other actors in the situation. We also draw on an inner voice called the ‘generalized other’ or the ‘me’, which develops from infancy as we internalize the influences of important individuals and social institutions.” Symbolic interactionism was conceived from behaviourism but redefined human behaviour as a response to individual interpretations of the world rather than to the world itself (Charon, 2007). The researcher preferred symbolic interactionist perspective to understand the operation of stakeholders in the shale gas industry from ‘bottom up’ shifting the focus to micro-level processes that emerge during engagement activities in order to explain the operation of stakeholders (Carter and Fuller, 2015). This study will focus on the interpretation of subjective viewpoints and how stakeholders make sense of their world from their unique perspective. Since the conjecture underpinning this study holds that organisations can gain legitimacy and ultimately a social licence through stakeholder engagement activities a symbolic interactionist perspective will present an opportunity to conduct an in-depth study of the extent of this interaction. This would probe the process of stakeholder engagement used by shale gas organisations and the avenues stakeholders use to influence organisational behaviour and the consequences of these activities for legitimacy and SLO.

Table 4.1 A comparison of research philosophies

Research Philosophy	Positivism	Critical Realism	Interpretivism
Ontology (nature of reality)	Real, external, independent One true reality (universalism) Granular (things) Ordered	Stratified/layered (the empirical, the actual and the real) External, independent Intransient Objective structures Causal mechanisms	Complex, rich, socially constructed through culture and language Multiple meanings, interpretations, realities Flux of processes, experiences, practices
Epistemology (what constitutes knowledge)	Scientific method Observable and measurable facts Law-like generalisations Numbers Causal explanation and prediction as contribution	Epistemological relativism, Knowledge historically situated and transient Facts are social constructions Historical causal explanation as contribution	Theories and concepts too simplistic Focus on narratives, stories, perceptions and interpretations New understandings and worldview as contribution
Typical Methods	Typically deductive, highly structured, large samples, measurement, typically quantitative methods of analysis, but a range of data can be analysed	Retroductive, in-depth historically situated analysis of pre-existing structures and emerging agency Range of methods and data type to fit subject matter	Typically inductive, small samples, in-depth investigations, qualitative methods of analysis, but a range of data can be analysed

Adapted from Saunders et al. (2019)

4.5 Approach to theory development

In keeping with the interpretivist position, a somewhat ‘abductive’ approach to data analysis and interpretation is adopted in this study. This study aims to provide connections between data and theory and a ‘constant comparison’ approach sees the author move back and forth

between data and theory (Bluhm et al., 2011). In doing so, this research attempts to employ a flexible research design which allows themes to emerge from the data. This approach complements the fluid and ubiquitous nature of multi-stakeholder engagement, allowing patterns to be explored as they arise. The focus of this study is on understanding phenomena rather than on clear-cut explanations of causal character, the deep digging efforts of case studies become highly relevant. This gives credence to the argument that theory should be generated from data rather than from the traditional deductive way (Glaser & Strauss, 1967). Theory generation from data, however, does not imply proposing a completely inductive approach where the researcher sets out to interpret empirical observations without any preconceptions or theoretical foundations. Glaser and Strauss (1967) argue that “most hypotheses and concepts not only come from the data but are systematically worked out in relation to the data during the course of the research”; however they also observe that certain ideas, and even models, can come from other sources. The logical reasoning guiding this study is a somewhat moderate deductive approach through foregrounding observations in relevant literature, and theory building (induction) that acknowledges inferences drawn from the account of the research subjects (Blaikie, 2010). This sort of reasoning has been referred to as ‘abduction’ (Kirkeby 1990; Shani et al, 2020). According to Peirce (1958 cited in Kraus, 2003) abduction is defined as an exploration of a set of facts which are permitted to suggest a theory. Echoing Pierce’s assertion that abduction sees a theory, Flick (2014) notes that in terms of theoretical predisposition, abduction attempts as far as possible to begin its observations without presuppositions and without theories “abduction makes its start from the facts, without, at the outset, having any particular theory in view, though it is motivated by the feeling that a theory is needed to explain the surprising facts...” Blaikie (2013) weighs in by elaborating on the use of the abductive research strategy, he explains that abduction

can be used to answer 'what' and 'why' questions: abduction answers 'why' questions by producing understanding rather than an explanation, by providing reasons rather than causes.

4.6 Research strategy

The next layer of Saunders et al (2009) research onion, following research philosophies and research approaches is the research strategy, which they define as "the general plan of how the researcher will go about answering the research questions." Remenyi et al (2003) believe that the research strategy provides the overall direction of the research and provides the researcher with a process by which to conduct the research. Similarly, Bryman and Bell (2011) describe research strategy as a "general orientation to the conduct of research." Collis and Hussey, 2009; Easterby-Smith et al, 2015; Saunders et al, 2009 identified the common research strategies used in business and management research as: experiment, survey, case study, action research, grounded theory, ethnography, and archival research. With as much research strategies available, it could be a daunting task for a researcher to settle on which strategy to adopt. However, Saunders et al (2009) tried to simplify the process of choosing a research strategy. They advised that the choice of the research strategy should be based on the research questions and objectives, the extent of existing knowledge on the subject area to be researched, the amount of time and resources available and the philosophical underpinnings of the researcher. Yin (2009) also provides a selection criteria for choosing research strategies based on three factors: the type of research question posed, the extent of control an investigator has over actual behavioural events, and the degree of focus on contemporary as opposed to historical events. Although Saunders et al (2009) and Yin (2009) propose selection criteria for research strategies based on some factors, Taylor et al (2006)

believe that there is no clear explicit criteria that directs a researchers choice to a particular strategy, but it depends on the preferences of the researcher and the way s/he chooses to focus upon the topic of research. There may be a plethora of strategies for a researcher to choose from, each with distinctive features and characteristics, but Saunders et al. (2009) and Yin (2009) agree that there are large overlaps among them; thus, the primary consideration would be to select the most advantageous strategy for a particular research investigation. After examining the various research strategies, this study will adopt the case study strategy and justifications for its preference over other strategies will be presented in the following section.

4.6.1 Case study research

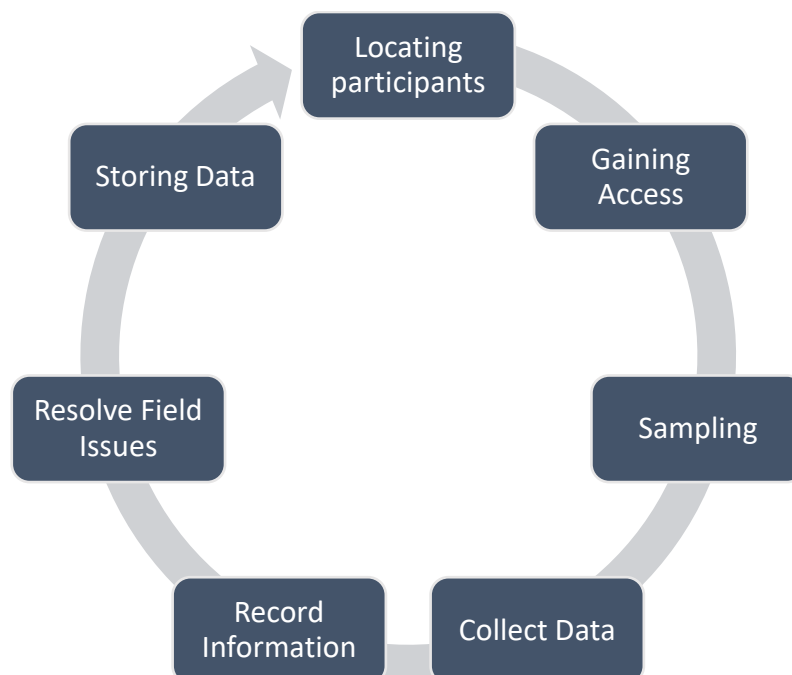
At the core of this PhD project is to gain insight into how stakeholder engagement is operationalised in shale gas development projects in the UK and the extent to which it impacts on gaining a social licence, to do this I need to probe with qualitative “how” and “why” research questions, thus my affinity for the case study as the most appropriate research strategy (Stake, 1995). Robson (2002) defined case study as "a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within real life context using multiple sources of evidence" and Yin (2009) describes this definition as setting the scope of a case study. He believes that the case study is a two-fold definition and provides the encompassing definition: "a case study is an empirical inquiry that investigates a contemporary phenomenon in-depth within its real life context, especially when the boundaries between phenomenon and context are not clearly evident." The second part of Yin's definition comprises of contextual conditions and acknowledges that

phenomenon and context are not always distinguishable in real life situations: other technical characteristics, including data analysis strategies are included in the technical definition for case studies.

According to Yin (2009) the case study inquiry "copes with the technical distinctive situations in which there will be many more variables of interest than data points, and as one result; relies on multiple sources of evidence, with data needing to converge in a triangulation fashion, and as another result; benefits from the prior development of theoretical propositions to guide data collection and analysis". This definition depicts case study as covering the scope of the research design, the data collection methods and the approaches to data analysis. Feagin et al. (1991) opine that the case study is an ideal strategy when a holistic in-depth investigation is needed. In exploring how stakeholder engagement practices are being operationalised in an extractive sector, using case study will allow the researcher to demonstrate the study in greater detail. This study will benefit from the case study strategy as it creates an opportunity for the researcher to explore several themes and subjects by targeting a more focused range of people, organisations or contexts (Gray, 2009). Case studies thus seem to be an appropriate method for understanding dynamics in settings where the phenomenon under scrutiny is embedded in complex relationships with its context. The strength of case studies lies in their potential to explore social processes as they unfold, allowing for a processual, contextual, and longitudinal analysis of the actions and meanings constructed (Hartley, 1994).

Bryman (2004) believe that one of the most contested issue in qualitative research involving case studies is to ascertain whether a single case or multiple case strategy would allow for the generalisation of the study findings over a study population. However, Silverman (2005) deemphasises the importance of this as he argues that the decision to use either a single case or multiple case strategy is in the purview of the researcher, and has no fundamental bearing as an issue in qualitative research, neither does either strategy prove more superior. This study chose a single case study strategy as it aims to produce background material, from stakeholders, to a discussion about social acceptance of shale gas and fracking in the UK (Solberg Sjøilen & Huber, 2006). The choice of a case strategy in this study is justified by Creswell's (2013) assertion that "The case study method explores a real-life, contemporary bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information."

Figure 4.2 Data collection activities



Adapted from: Creswell (2007)

4.7 Accessing study participants

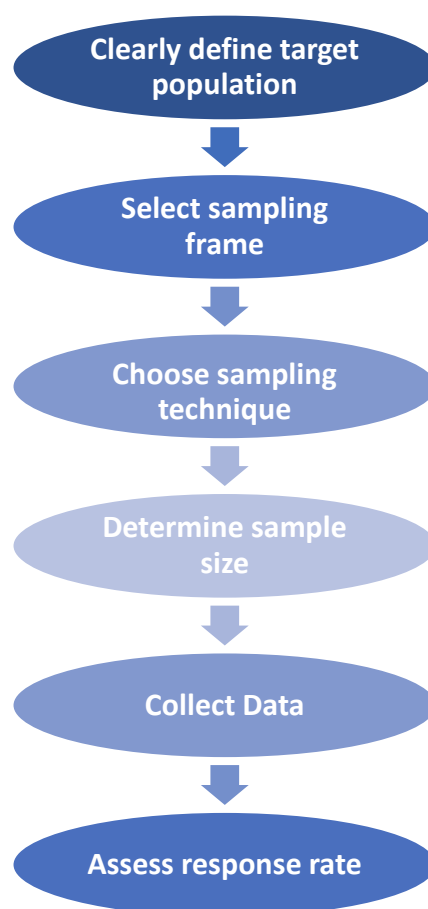
My access to study participants began by undertaking investigation of the shale gas operators, using publicly available information from the companies' websites and news articles to further explore and identify the various stakeholders involved in the discourse on fracking. After identifying potential companies with operating licences, I proceeded to send a letter of introduction, with a brief overview of my research, requesting access to stakeholder engagement managers (sample letter of introduction in appendix). However, the researcher did not receive any acknowledgement of the letter or agreement to partake in the study from any of the companies. After 2 months of the initial letter, a subsequent letter was sent followed by telephone calls. For one of the operating companies, I was directed to a PR company, operating on their behalf, for any questions regarding stakeholder engagement activities. I contacted the PR company and was met with reluctance to participate in the study or provide further answers to my questions. Following this initial setback, I decided on the advice provided by Devers and Frankel (2000) "to understand the field better and develop contact, researchers can involve themselves in settings where subjects are likely to be located": I attended the ShaleWorldUK conference. As this was an industry conference, it provided the opportunity for me to be in proximity to different stakeholders: community representatives, media, academics, industry representatives, regulators, and engagement managers. During the conference, I observed several round table discussions, but was particularly interested in discussions centred on community engagement issues. I was able to introduce myself to potential subjects and secured further appointments, at the very least in some cases I secured the attention of "gate keepers" who facilitated access to other members of their organisation/network. I also attended some open events such as general meeting of

frack-free groups and town-hall meetings, which further facilitated recruiting participants from the community groups. Following the progress made with regards to accessing participants I was now in the position to employ the sampling approach chosen for the study.

4.8 Sampling approach: purposive and snowball

To answer the research questions, the researcher is unable to collect data from all cases due to time and resource constraints; thus, there is a need to reduce the number of cases using a sampling technique.

Figure 4.3 Sampling process steps



Source: Taherdoost (2016)

The sample is derived from a population, the entire set of cases from which the research sample is drawn (Taherdoost, 2016). Saunders et al. (2009) describe sampling as a selection of a fraction of the total number of units that allow a conclusion to be drawn from that subgroups about the population to achieve the research objective(s). Figure 4.3 illustrates the stages that a researcher is likely to go through when conducting sampling.

A non-probability sampling technique was employed for this study. Purposive and snowball sampling techniques were applied in this study as they were the researcher's best options to sample participants relevant to the study. The sampling technique was carefully chosen as data gathering is a crucial undertaking in research, as Tongco (2007) puts it, no amount of analysis can make up for an improperly collected data. The purposive sampling technique was employed by making a deliberate choice of a participant due to the qualities they possess, such as their knowledge and proximity to the case study. The purposive sampling involves identification and selection of individuals that are proficient and well informed with a phenomenon of interest (Creswell and Plano, 2011). In addition to knowledge and experience, participants were chosen based on their availability and willingness to participate in the study. As the study adopted a case study approach, the sample size was very small therefore I took steps to select participant that were very informative.

The study participants were purposively selected through heterogenous purposive sampling across different engagement managers in the shale gas licenced companies; regulatory agencies; communities, NGOs, people who have expressed knowledge in the industry

discourse in the media, to allow the capture of various accounts of reality. Maximum variation sampling, or heterogeneous sampling, is a purposive sampling technique used to capture a wide range of perspectives relating to the thing that researchers are interested in studying; that is, maximum variation sampling is a search for variation in perspectives, ranging from those conditions that are view to be typical through to those that are more extreme in nature (Saunders, 2012). These participants were then classified into five categories: industry, community, NGO, regulators and experts. The industry category comprises of Public Relations or Engagement managers who are believed to have a wealth of experience and knowledge of the industry's engagement methods and adaptations through the years. The community category comprises of members of communities that have licenced shale operations and members of CLGs with relevant knowledge of the community concerns and the method(s) of raising these concerns with the shale gas operators. The NGO category is made up of conservation and environmental NGO who operate on a global and national scale with a wealth of experience in the activities various industries. These national NGOs provide support and direction to local action groups in various communities, who are also classed as NGOs for the purpose of this study. The regulators consist of the officers in MPAs, HSE, EA, and DECC, they are responsible for setting policy and monitoring compliance with the prescribed requirements set out in the PEDL licences. They are very knowledgeable on engagement methods and outcomes of other similar industry and the effectiveness of current and any proposed regulation. Finally, the expert group is made up of people who gave written extensively or granted interviews on shale gas industry related issues. They mostly have a broad experience with several stakeholder groups with the benefits of having an unbiased position on pressing issues in the industry. This categorisation provided the maximum variation of participants, as the study required (Saunders, as seen in Symon and Cassell, 2012).

The snowball sampling technique was applied following referrals mainly from the initial study participants. According to Brewton and Millward (2001) the snowball technique is most applicable in small populations that are difficult to access due to their closed nature. The researcher observed some hesitation among some groups to be recruited for the study, making the snowball method the researcher's best chance to increase the sample size. Table 4.2 presents information relating to the number of interviews conducted with each respondent category.

Table 4.2 Overview of study participants

Category	Number of Interviewees
Industry	Three interviews conducted with stakeholder engagement managers, and senior managers of shale gas operating companies
Community	Four interviews conducted with members of community liaison groups, local action groups, and residents with close interactions with the shale gas debate.
Regulators	Four interviews conducted with policy managers in the HSE, DECC, and MPAs
NGO	Four interviews conducted with senior campaigners of national environmental groups, national conservative groups, trade unions and local frack free groups.

Experts	Three interviews conducted with members of the media with extensive coverage of the shale gas development, and senior managers of other non-competing industries.
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4.9 Sources and selection of data

This section details the data sources and types used in the study. Data used in this research has been mainly *primary* data and to a lesser extent *secondary* data. The primary data was mainly semi-structured interviews, and secondary data came from industry reports news articles, inquiry submissions and agency publications. Interviews were conducted among five groups: community, NGOs, regulators, industry representatives, and experts. The choice of interviewees was done with a consideration for the interviewees' relevance to the study and the potential to help develop explanations for stakeholder engagement in the shale gas industry (Mason, 2017). Industry interviewees were persons involved with the stakeholder engagement process such as the community representative, or PR person for the organisation. Jamali and Neville (2011) praised such diverse portfolio of interviewees for resulting in better understanding and interpretation of the study context.

According to Bryman (2004), documents are any materials which can be read and have not been produced explicitly for research purposes, are preserved to become available for analysis, and are relevant to the concerns of a researcher. Several organisations produce an array of documents for a multitude of reasons. For example, public documents such as

mission and vision statements, annual reports, sustainability reports, and public relations materials are public documents, whereas, minutes of meetings, process manuals and many financial documents are part of private documents (Bryman et al., 2019). Documents are commonly used in qualitative research to provide a rich source of information. However, before considering using any documents as a data source, it is pertinent to identify relevant documents and determine appropriate selection criteria. For this study, I faced some difficulty accessing some of the shale gas operators and other community action groups resulting in my reliance on publicly available materials. Although this was the case, it was still important to ensure that the documents were authentic, free from blunders and met other criteria of adequacy (Thomas, 2004). The main documents that were analysed for this study included: industry news reports, inquiry submissions, agency publications and other relevant news articles. The document analysis was undertaken before and during the primary data collection phase of the project. As suggested by Duffy (2005) the document analysis was used in this study as a supplementary method to validate the reliability of evidence given in interviews.

Analysing the secondary documents took a different approach to the primary data analysis. Whereas the interview data provides structure with regards to analysis as the questions posed to respondents will usually have a direct link to the study focus, secondary data sources do not offer such structure. However, Cope (2003) advises researchers to be flexible and open to change when using existing data sources. To overcome this challenge, the study documents were analysed and coded using a thematic coding framework developed by the researcher providing the benefit of allowing the researcher the opportunity to explore the topic of inquiry beyond the time scale of the interviews. Combining secondary data with the rich data

gathered from the semi-structured interviews provided a fuller picture of the complexity of stakeholder engagement and the complexities and tensions it presents within the shale gas industry. A list of some of the secondary data sources and their description is included in the table below:

Table 4.3: List of Secondary Data

Document Number	Description
Document 1	Company X community pledge 2014
Document 2	2015/16 Parish Council Chairman's Report
Document 3	Media Soundbite from CPRE
Document 4	Company X Annual report 2018
Document 5	IoD report 2013
Document 6	Shale gas and water report 2016
Document 7	Government agency report on developing onshore shale gas and oil - 2013
Document 8	News article for the inquiry into company X (February to March 2016)

The researcher kept reflective notes throughout the data collection process, during interviews, the researcher's personal thoughts and feeling, which could not be captured by the audio recording device, was immediately written in the field notes and formed part of the analysis and interpretation process. Additionally, data was obtained from agency, company and industry stakeholder engagement publications and reports, which were mostly given by interview respondents for additional reference following an interview. Data from these reports included pages that appeared before the introductory page, usually between 1-3

pages long and comprises of the Executive messages, including forewords from the key persons: CEO, Chairman, Managing Directors and Presidents of the agencies or organisations. This study recognises that while the messages contained in the Executive messages may not have been written by the key persons, they do to some extent represent the 'tone at the top'. This view is consistent with a management theme that an organisation's leadership, as represented by the CEO, strongly influences the tone at the top of the organisation and the culture of the organisation. As Schein (2004) asserts that "culture is created by shared experience, but it is the leader who initiates this process by imposing his or her beliefs, values, and assumptions". Weber (2009) also supports this thinking when he conducted a study assessing the moral reasoning of CEOs, he recognised that executive messages in reports represented the values and inspirations of the top management by virtue of the messages being given an explicit endorsement, usually with a photograph or signature of the key persons placed next to the message. According to Weber (2009),

"Given that the CEO's photograph and signature often appear along this letter, it is reasonable to assume that these words, even if not written personally by the CEO but by the company's communication staff, represent the CEO ethical thinking and belief"

Although, these industry/company reports and publications have the distinctive feature of providing rich accounts of the stakeholder engagement operationalised by the organisation, the study exercises caution with the use of these reports due to their underlying bias. Surma (2006) warns that company reports are often used as "instruments of self-promotion and as expression of corporate vision". Forster (1994) shares similar opinion and argues that company reports are hardly a true representation of life in the company, insisting that such documents are "invariably political and subjecting, hence should not be taken at face value".

However, this study does not aim to discover the accuracy of these publications, but rather to understand how these organisations construct their stakeholder engagement reality without excluding their unique context in these reports.

4.10 The semi structured interview process

The primary data for this research are based on semi-structured interviews and observations. This section justifies the selection of this method as the most appropriate data collection methods for this study. According to Maccoby and Maccoby (1954) interview is a “face-to-face verbal exchange in which one person, the interviewer, attempts to elicit information or expressions of opinion or belief from another person or persons”. However, the definition of interview has since changed, Shuy (2002) acknowledged that many forms of interview are being conducted via the telephone and James and Busher (2012) also recognise that the internet is also a medium for interviews. Denzin and Lincoln (2018) assert that semi-structured interviews are the most widespread interview type in the human and social sciences as “semi-structured interview can make better use of knowledge-producing potentials of dialogues by allowing much more leeway for following up on whatever angles are deemed important by the interviewee, and the interviewer has a greater chance of becoming visible as a knowledge-producing participant in the process itself rather than hiding behind a pre-set interview guide”. As this study adopts a qualitative approach, it was important to use a less structured and more flexible interviewing style to allow for co-creation of meanings with interviewees by reconstructing perceptions of events and experiences related to the research focus and questions. Gordon (1975) has argued that the phrasing and structure of all the questions in a standardised interview should be exactly the same for each respondent so that: “. . . we can be sure that any differences in the answers are due to

differences among the respondents rather than in the questions asked". It therefore stands to reason, though implicit, that respondents of the standardised interview share a common vocabulary and every word has the same meaning to each respondent. In contrast, semi-structured interview allows the interviewer to change the words but not the meaning of questions and Treece and Treece (1986) posit that this feature of the semi-structured interview acknowledges that not every word has the same meaning to every respondent and not every respondent uses the same vocabulary. Denzin and Lincoln (2018) assert that in the semi-structured interview, validity and reliability does not depend on the repeated use of the same wording sequence in each question, but on conveying equivalence of meaning, which helps to standardise the semi-structured interview and facilitate comparability.

This study chose the semi-structured interviews because they are well suited for the exploration of the perceptions and opinions of respondents regarding complex and sometimes sensitive issues and enable probing for more information and clarification of answers (Barriball and While, 1994). Furthermore, the varied professional, educational and personal histories of the sample group barred the use of standardised interview schedule. Interviews were conducted within a 12-month period. A total of 18 interviews were conducted with stakeholder engagement managers of shale gas companies with PEDL licences, members of community action groups, mineral planning officers, NGO representatives, and individuals with expert knowledge of the industry's engagement efforts and debate.

The interviews, followed –although not precisely – an interview schedule and covered, amongst other things, the interviewee’s interpretation of the nature of the social issues arising from the fracking debate , the management of public engagement from the industry, and their perception of the state of acceptance of fracking. The interview guide was useful in helping me narrow down some areas or topics that I wanted to ask the respondents. A completely unstructured interview has the risk of not eliciting from the respondents the topics or themes more closely related to the research questions under consideration. I personally found the interview guide useful as it guided my questioning along the lines of important themes derived from the literature and further discourse around developing shale gas in the UK. The interviews were all digitally recorded, and the recordings ranged from 30 to 90 minutes, with an average length of about 50 minutes. Most of the participants from the community group had participated in a town-hall engagement meeting at least once; however, there were some who, despite never having attended a public engagement meeting, were active in the debate through their role in community action groups. The interviews provided insights into personal interpretations of the nature of stakeholder engagement in the shale gas industry in general but also the individual organisations’.

Reflection notes were also taken down in my journal to chronicle details that cannot be electronically recorded. These notes include participant’s facial expressions, body posture, tone of voice, pitch, pacing of speech and other gestures that go together with their opinion, stance or verbal expressions during the interview. For example, one respondent has demonstrated a strong opinion towards the proposed development plans and its ability to change the ‘sense of place’ enjoyed by the community, to the point it got so emotive and very upsetting for the respondent. This was explicitly shown from her non-verbal gestures, sad

facial expression and sobbing. From my observation, not all participants were open and receptive towards an academic interview. Particularly, among the community action groups and NGOs, there was initial scepticism towards the process. One reason for this apprehension was their impression of the industry. They had the term 'fracademics', referring to the industry subsidising universities to carry out research that often favoured the industry position. This belief was very strongly rooted among the community and NGO groups, and did not change even at the end of some interviews. It was therefore important for me to build rapport with the respondents very early on in the interview process. The importance of building a rapport with the participant has been emphasised (Spencer et al 2003), and others (DiCicco-Bloom and Crabtree 2006, Rubin and Rubin 2005) have identified that it occurs in stages throughout the interview. Douglas (1985) defines rapport as involving trust and respect for the interviewee and the information him or her shares. It is also the means of establishing a safe and comfortable environment for sharing the interviewee's personal experiences and attitudes as they occurred. After all, it is through the connection of many 'truths' that interview research contributes to our knowledge of the meaning of the human experience (Warren and Karner, 2005). Stages of rapport between the interviewer and the interviewee have been described by several authors (Rubin and Rubin, 2005; Miller and Crabtree, 1999) and generally include apprehension, exploration, co-operation, and participation.

The initial stage of the interview, the apprehension phase, displays elements of strangeness and uncertainty (DiCicco-Bloom and Crabtree 2006). The interviewer was aware and cautious during this phase and engaged in general conversation before the beginning of the interview to induce a more relaxed atmosphere. In view of the potential discomfort that the participant can feel, it was important to carefully plan the wording of the opening question. DiCicco-

Bloom and Crabtree (2006) suggest that it should be clearly focused on the research but also open-ended and broad, which can then be followed by a 'prompt' question that repeats the key concept. Prompt questions are crucial to the interview process because they help the interviewer to gain more information, especially if the participant does not provide detailed replies. Treece and Treece (1986) stress that questions need to be planned well, particularly because some can cause unexpected embarrassment or discomfort. It is useful to make a list of 'prompt' questions before the interview and read and reread these to ensure familiarity. In addition, 'prompt' questions can ensure that the key issues are addressed, and the flow of the interview is maintained. Although the opening phase of the interview helped to lower apprehension, it was sometimes not until much later in the interview that both parties felt relaxed.

The exploration phase is described by DiCicco-Bloom and Crabtree (2006) as when the interview progresses, and the participant is happy to begin to engage in more in-depth descriptions. During this phase I continued to use open-ended questions to probe thereby encouraging the respondents to be more expressive. It has been observed that good use of interview questions will maintain interaction and lead to the generation of knowledge. Price (2002) suggests that novice researchers often find it difficult to think quickly in the interview and to decide how far to probe. This was particularly true for my experience as the focus of the interview was of a sensitive nature. I overcame this challenge by practicing some probing techniques and questions (see Bernard, 2000).

It is during the *co-operative* phase that a comfort level is reached and there is the potential for a freer discussion. DiCicco-Bloom and Crabtree (2006) opine that during this stage, the

interviewer and participant show signs of enjoying the process and are less worried about offending each other. It was during this stage that I often shared some information about myself, shifting away from the study focus, but taking care not to allow the interview degenerate into a 'chat'. Oakley (2016) suggest that it is acceptable for the interviewer to share information about themselves and their families. It was also during this phase of the interview that I asked more sensitive questions seeing that confidence had grown, and clarification can be used more widely. Collins (1998) explained that this can prompt a confessional element from the participant that can give more depth and richness to the data collection. At this stage rapport develops and the interview can be a fulfilling experience.

It is during the *participation* phase that the greatest rapport is developed, success is indicated by the interviewee 'guiding and teaching the interviewer' (DiCicco-Bloom and Crabtree 2006). However, due to varying lengths of the interviews conducted, this phase was not always reached. However, short interviewing time may not be the only reason the participation phase was not always achieved; other causative factors could have been the interview focus, the environment, or the timing.

4.11 Transcribing and data management

Transcription is as important aspect of qualitative data collection and management; it has the potential to affect the way participants are understood, the information they share, and the conclusions drawn (Oliver et al., 2005). The authors present two possible schemas that correspond to certain views about the representation of language: *naturalism*, in which every utterance is transcribed in as much detail as possible, and *denaturalism*, in which idiosyncratic

elements of speech (e.g., stutters, pauses, nonverbals, involuntary vocalizations) are removed. Naturalised transcription is also referred to as verbatim description of speech (Schegloff, 1997) places strong emphasis on language as a representation of the real world. Poland (1995) stresses the importance of ensuring that interview transcripts are close to “verbatim” accounts of what transpired. Sutton (2015) argue for the supremacy of verbatim transcription “all audio recordings should be transcribed verbatim, regardless of how intelligible the transcript may be when it is read back.” It is against this advice that I performed the transcription myself and shortly after conducting the interviews to minimise errors. The interview recordings were transcribed as close to verbatim as possible using a manual transcription tool, provided by transcribe,wreally.com which allowed the audio file to be uploaded and allowing typing and voice controls in the same page (A sample of a transcript is presented in the Appendix). Once the transcription was complete, I cross-checked the transcript for accuracy, I did this by reading it while listening to the recording and correcting spelling and grammar errors; I also anonymised the transcript so that the participant cannot be identified from anything that is said, for example names, places and significant events. The transcribed data and audio recordings were stored electronically, and password protected to maintain confidentiality. Lin (2009) described confidentiality as the responsibility for information obtained in the interaction between the researcher and the participants; the duty to maintain confidentiality is rooted in the participants’ right to privacy and control of information.

4.12 Analysing the data

The preceding section described the interview process and the collection of the research data; however, data alone does not make any sense if it is not properly analysed to reflect its meaning and patterns (Braun & Clarke, 2006). This research therefore applied thematic analysis to analysis the data gathered. According to Saunders et al. (2009) thematic analysis involves the identification of patterns of meaning across the data gathered, which can be assembled into meaningful and related categories intending to provide answers to the research question(s). Thematic analysis seemed fitting for this study as it is compatible with constructionist paradigms, and it flexible and useful in providing a rich, detailed and yet complex account of data (Braun and Clarke, 2006). To facilitate thematic analysis of the qualitative data, I had to first code the data by identifying words or brief phrases that captures the essence of why I think that a particular bit of data may be relevant (ibid.) The data analysis in this study followed the six-step approach proposed by Braun and Clarke (2016) as described in the table below.

Table 4.3 Phases of thematic analysis

Phase	Description of the process
Familiarizing yourself with your data:	Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas.
Generating initial codes:	Coding interesting features of the data in a systematic fashion across the entire data set, collating data relevant to each code.
Searching for themes:	Collating codes into potential themes, gathering all data relevant to each potential theme.

Reviewing themes:	Checking if the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), generating a thematic 'map' of the analysis.
Defining and naming themes:	Ongoing analysis to refine the specifics of each theme, and the overall story the analysis tells, generating clear definitions and names for each theme.
Producing the report:	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis.

Braun & Clarke (2016)

I started off by familiarising and myself with the data, this process started at the field while the data was being collected and continued throughout the transcription phase. I continued familiarising with the data by actively reading the interview transcript and the field notes, uploading the transcripts onto NVivo, searching for meanings and patterns whilst putting down my initial thoughts and ideas for coding. Following this, the formal coding process began where codes were initially identified from the research objectives and interview guide and subsequently emerged from the data. Saunders et al. (2009) note that thematic coding can be done in one of two primary ways, coding could be done inductively, or bottom-up, generated from the data, or deductively, or top down, derived from literature. The coding was done through the NVivo software which was chosen as this was the preferred option from my institution and was recommended to me by colleagues. I found the software easy to

use and the ability to import documents from other sources such as Microsoft Word and PDF files to be displayed in the NVivo work screen was also a convenience afforded by the software. There is substantial literature on the benefits of using computer software for data analysis; Rettie et al. (2008) lists some of them as data reduction, systemic coding, effective searching, analysing large data sets, etc. St John and Johnson (2000) suggest that the software systems can assist in supporting the rigour and validity of the research because of the way it enables all data related to a topic to be examined. However, opponents of computer assisted data analysis like Roberts and Wilson (2002) argue that such software may encourage the creation of too many codes and subsequent loss of context. I therefore adhered to Braun and Clarke's (2006) advice by coding the extracts inclusively, keeping some relevant surrounding data where necessary. Codes were then assigned to chunks of text within the data and this is visible along the margins on NVivo such that I can see where the codes have been used in the data. Where necessary I used the memos function to put down notes, such as non-verbal cues, or hesitations not captured in the text, about a particular aspect of the data which could be linked to other relevant texts in different documents. After coding all of the data I proceeded to analyse the coded data to see how they form an overarching theme and subthemes. The themes were then reviewed and refined such that some themes were merged into another, others were discarded as they lacked the structure to justify them. The themes initially identified were expanded as I moved to new transcripts and revisited the literature. Braun and Clarke (2016) remind researchers that during the data analysis process there is need to revisit the codes and modify, if required, according to the latest reflexivity captured. Birks et al. (2008) argue that "the very nature of qualitative research requires the researcher to assume a reflexive stance in relation to the research situation, participants and data under study". As the process evolved, the emerging themes and patterns helped me to

begin to make sense of the data, I was able to map out diagrammatically how these themes relate to each other, how the themes intersect to create a network in expanding the observed pattern(s) towards answering the research question (Bazeley, 2013). Thus, thematic analysis was a useful method for examining the perspectives of different participants, highlighting similarities and differences, and generating unanticipated insights (Braun and Clarke, 2006). Other authors have pointed to the benefits of thematic analysis in qualitative research; for example, King (2004) note that thematic analysis is useful for condensing key features of a large data set by forcing the researcher to take a well-structures approach to handling data, leading to a clear and organised report.

4.13 Ethical considerations

According to Atkins and Wallace (2012) “an ethical approach should pervade the whole of your study”. Research ethics refers to “a code of conduct or expected societal norm of behaviour while conducting research” (Sekaran, 2003). Three important aspects of ethics need to be considered when conducting a research: minimising the risk of harm, obtaining the informed consent of participants, and protecting the anonymity and confidentiality of the participants. For this study, the researcher adhered to the University of Dundee policies and procedures for research on human subjects. Permission was requested and received from the University of Dundee Social Science Research Ethics Board following acceptance of the interview guide, interview request and participants’ information sheets were provided for approval. The participants’ information sheet contained all information about the project from the research objectives to how the data would be collected and protected. Communicating this information prior to the data collection enabled the participants to

answer the questions freely. Also, permission was sought regarding the use of a recording device for the interviews.

To protect individuals from identification or unanticipated consequences arising from participation in the research, participants' names were kept confidential. However, there existed a slight possibility that the individual or the organization could be identified through association with this form of research. The use of participant codes was employed, with only the researcher knowing true identities of the participants. Beyond this, participation was kept confidential and private. These measures support the concept of "doing no harm." Numeric identifiers were used to code the responses and data. At the conclusion of the interview session, the audio file was transcribed by the researcher with the help of voice typing software. All the research materials including audio recordings and interview transcripts will be retained in a locked filing cabinet in the Social Sciences PhD office. These records will not be accessible by any other individual outside the research team and will be destroyed at the end of the period as required by the University. All paper copies of transcripts and printed copies will be shredded and disposed of in a secure manner. With the above safeguards, the risk to those participating in the research will be minimal.

4.14 Quality in qualitative research

According to Guba and Lincoln (1989) there are four criteria widely used to assess the trustworthiness of qualitative research: credibility, dependability, confirmability, transferability. These criteria proposed by Guba and Lincoln (1989) is a refinement from the

conventional quantitative quality appraisal criteria of validity and reliability. This section outlines the steps the researcher took to ensure the quality of this research in relation to these appraisal criteria.

4.14.1 Credibility

Guba and Lincoln (1989) claimed that the credibility of a research is determined when readers are confronted with the experience, they can recognize it. It demands that the methodology chosen should be well explicated and justified and addresses the “fit” between respondents’ views and the researcher’s representation of them (Tobin & Begley, 2004). There are several practices suggested by Guba and Lincoln (1989) to address credibility: data triangulation, prolonged engagement, persistent observation, justification of methodology, sampling technique, etc. This study explored several research paradigms before deciding on interpretivism, this justification as well as an explanation of why the choice was made following consideration of alternatives has been described in the earlier sections of this chapter. Stenfors et al. (2020) the number of respondents or the length of observations are not necessarily the key markers to indicate high-quality research. They suggest instead that when appraising quality, the focus needs to be on the depth, richness, and appropriateness of the data, and whether, when analysed, the data provide enough evidence to answer the research question(s). This study chose semi-structure interviews with the interview guide used to prompt discussions but allowing open-ended responses from participants for more in-depth information.

The case study was selected for this study to provide an intensive, in-depth method of enquiry focusing on a real-life single case using a variety of sources of evidence (Hewitt-Taylor, 2002). Corcoran *et al* (2004) also consider that the case study can provide a critical analysis of practice that will result in the transformation of practice in others. However, has been criticised for the subjective nature of the data collection and Yin (2009) notes that credibility can be a concern for this reason. To address credibility concern of the case study, triangulation, the use of multiple sources of data, has been suggested (Yin, 2009; Thompson, 2004; McGloin. 2008). While most data from this study was from semi-structured interviews, other source such as associated documentation and observation of the case under investigation was used. Thompson (2004) argues that by using such a variety of methods, the credibility of the case study should be enhanced.

4.14.2 Dependability

Dependability refers to the consistency and reliability of the research findings and the degree to which research procedures are documented, allowing someone outside the research to follow, audit, and critique the research process (Streubert 2007). As Guba (1981) puts it: “how can one determine whether the findings of an inquiry would be consistently repeated if the inquiry were replicated with the same (or similar) subjects (respondents) in the same (or similar) context?” according to Shenton (2004) a detailed reporting of the methodology and methods employed in a study allows the reader to assess the extent to which appropriate research practices have been followed. To this end, this chapter provides the research methodology for this study using the research onion (Saunders, 2009) to document the different layers of the study, evidencing the assessment of alternatives and providing a

justification for chosen method. There are close ties between credibility and dependability (Lincoln and Guba, 1989); they argue that in practice, a demonstration of the former goes some distance in ensuring the latter. Thus, the strategies employed to ensure credibility also apply to dependability.

4.14.3 Confirmability

Confirmability rests on the researcher's concern to objectivity (Shenton, 2004). He warns that steps must be taken to help ensure as far as possible that the work's findings are the result of the experiences and ideas of the informants, rather than the characteristics and preferences of the researcher. It is the extent to which findings are the result of the participants in and conditions of the research, and not the result of other influences, biases, or perspectives (Krefting, 1991). I acknowledge this is a challenge with qualitative research, particularly with studies underpinned by an interpretive paradigm. Again, Shenton (2004) suggest that triangulation is useful to promote confirmability by reducing the effect of the researcher's bias. Another key criterion for confirmability is the extent to which the researcher admits his or her own predispositions (Miles and Huberman, 1994). Consequently, the rationale for decisions made and methods used in this study have been explicitly stated, including the critique of such methods.

4.14.4 Transferability

Transferability refers to the extent to which the findings can hold under different conditions, and hence considers if the findings can be generalised beyond the research's population,

time, or setting (Singleton & Straits, 2005). Transferability presents as a challenge for researchers, more so for qualitative researchers than for quantitative researchers. Shenton (2004) sheds light on this challenge by noting that since the findings of qualitative studies are specific to a small number of particular environments and individuals, it is impossible to demonstrate that the findings and conclusions are applicable to other situations and populations. Some authors like Erlandson et al. (1993) believe that, the challenge of transferability holds for both quantitative and qualitative studies; they note that in practice, even conventional generalisability is never possible as all observations are defined by the specific contexts in which they occur. Case studies are often criticised for a lack of transferability; however, Denscombe (1998) suggest that, although each case may be unique, it is also an example within a broader group and, as a result, the prospect of transferability should not be immediately dismissed.

Following the work of Cole and Gardner (1979) this study recognises the existence of boundaries and conveys this throughout the reporting. Shenton (2004) provide a list of information that should convey the research boundaries:

- a) the number of organisations taking part in the study and where they are based.*
- b) any restrictions in the type of people who contributed data.*
- c) the number of participants involved in the fieldwork.*
- d) the data collection methods that were employed.*
- e) the number and length of the data collection sessions.*
- f) the time period over which the data was collected.*

Shenton (2004) argue that the results of a qualitative study must be understood within the context of the characteristics of the organisation or organisations and, perhaps, geographical area in which the fieldwork was carried out. He adds that different investigations may

produce different results, which does not imply the superiority of one over the other but a reflection of multiple realities. This is consistent with Dervin's (1997) argument: "to posit... every contradiction, every inconsistency, every diversity not as an error or extraneous but as fodder for contextual analysis. To ask and re-ask what accounts for this difference or this similarity and to anchor possible answers in time-space conceptualisings". It should thus be questioned whether the notion of producing truly transferable results from a single study is a realistic aim or whether it disregards the importance of context which forms such a key factor in qualitative research (Shenton, 2004).

The study however took steps to ensure issue of transferability is addressed by providing background data, through a review of the literature, to establish the context of the study and detailed description of stakeholder engagement process to allow comparisons to be made. As an interpretive study, the findings are a co-construction between the researchers and the data, it is therefore unlikely that any other researcher would create an exact replica as previous knowledge and disposition will influence the conclusions drawn. Ultimately, as Lincoln and Guba (1989) puts it, "It is, in summary, not the naturalist's task to provide an index of transferability, it is his or her responsibility to provide the data base that makes transferability judgements possible on the part of potential appliers."

4.15 Summary

This chapter has presented detailed information regarding the methodologies employed in this study and their respective justifications. The research relied on multiple sources of

evidence, utilising a case study research design, and employing the methods of semi-structured interviews and observations. Interviews were conducted with engagement managers, community representatives, NGOs, regulators, and industry experts in an attempt to gain a holistic view of the current situation surrounding stakeholder engagement and the social license to operate. The main themes from the research data are presented and discussed in Chapters 5 and 6.

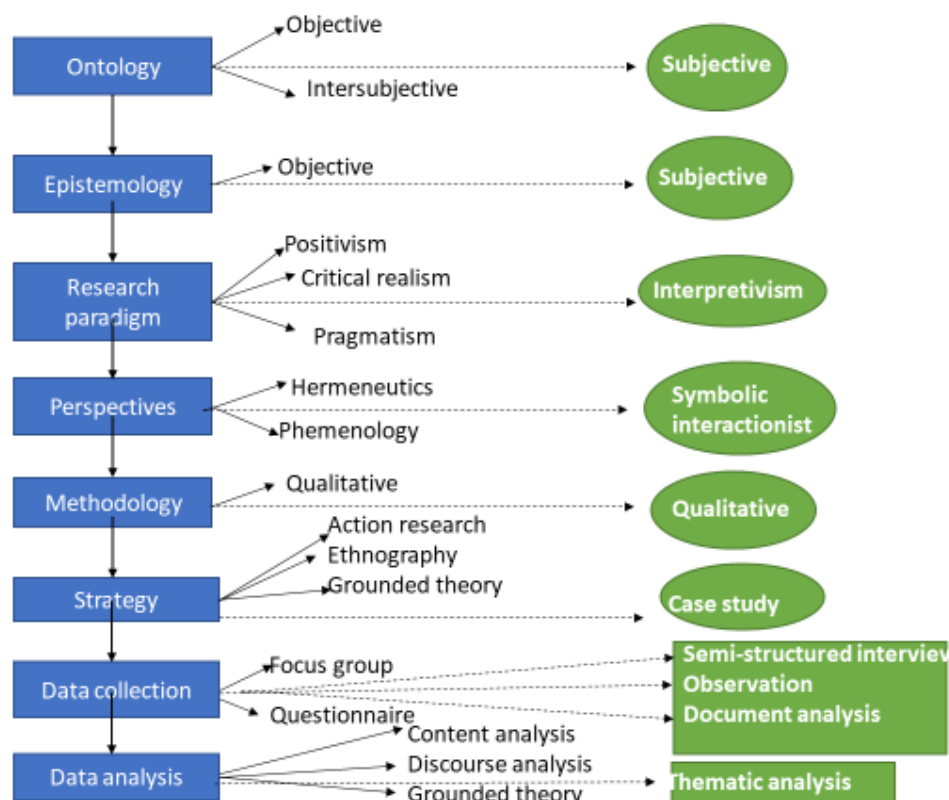


Figure 4.4 Summary of methodological choices

CHAPTER 5: STAKEHOLDER ENGAGEMENT IN ACTION

5.1 Introduction

This is the first of the thesis' two empirical chapters; it presents evidence gathered during the data collection process. The evidence is based on identifying and exploring major themes from the interview transcripts and supplemented by field observation notes and secondary qualitative data from reports and the websites of the organisations concerned in this research. Before going into the analysis, it is important to note that the study is based on *interpretivism* as the underlying philosophical assumption in which reality, i.e., the empirical evidence to be presented, is based on a subjective relationship between the researcher and the participants. According to Kaplan and Maxwell (1994) interpretive research does not predefine dependent and independent variables but focuses on the full complexity of human sense-making as the situation emerges. Following the interpretive approach, this study aims to explain the subjective reasons and meanings that lie behind social action (Reeves and Hedberg, 2003; Myers, 2019). Therefore, the empirical evidence presented in this study is value-laden and based on the researcher's interpretation of the respondents' viewpoints and the secondary data consulted.

The chapter begins with a discussion of stakeholder identification and some of the prevalent stakeholder concerns in the UK shale gas industry. It then moves on to discuss the nature of stakeholder engagement- the mechanisms, the tensions and stakeholder influence network. The quality of stakeholder engagement is subsequently assessed using the 'ladder of engagement'. To explore participants' perception of stakeholder engagement, the researcher kept preliminary questions deliberately neutral, asking questions such as: How would you say

your organisation interacts with the community? What is the relationship with your stakeholders? What have you done to pass your message across to your stakeholders? The researcher intentionally avoided introducing the terms 'stakeholder engagement', 'public engagement' or 'community engagement' early in the interview, allowing these to naturally emerge during the interview process. This allowed much of the construction and understanding of the stakeholder engagement term to develop in a conversational way and in an exploratory form. However, the researcher found that in most cases it was unavoidable to introduce the term, stakeholder engagement.

5.2 Who are the stakeholders and what are the issues?

The first step in the analysis of interview data is to define the stakeholder and the situation that is of concern to them: developing shale gas in the UK considering the required consultation of stakeholders and community participation in the planning process. Extractive industries face challenges, regulation, high risk, high cost of investment, that make stakeholder identification and engagement increasingly important (Fragouli and Joseph, 2016). Public participation is becoming increasingly embedded in national and international environmental policy, as decision-makers increasingly become aware of who is affected by decisions actions they take, and who has the power to influence their outcome- *stakeholders*- (Freeman, 1984). Reed *et al.* (2009) however warn that although stakeholder identification is a vital first step in any participatory exercise, important groups can potentially be marginalised, bias results and jeopardise long-term viability and support for the process, when stakeholders are identified and selected on an *ad hoc* basis.

This study does not follow a structured approach to stakeholder identification, the PEDL licences given to operators lists the community as stakeholders to be consulted and planning application further provides a list of statutory consultees. Listing the stakeholders in the PEDL licences and planning documents acknowledge the fact that stakeholder identification is an important step for any stakeholder engagement process, which is a major underpinning of the stakeholder literature and as such several theoretical classification models have been put forward (Mitchell et al. 1997; Frooman, 1999). The stakeholders enlisted in this study draws from this, in the case of this study, stakeholders are industry operators (licence holders and service organisations), government, farmers' associations, individual landowners, Non-Governmental Organisations, regulators, environmentalists, researchers and residents (community).

When asked, all participants showed an appreciation regarding the diversity of who a stakeholder could be. Some participants provided extensive lists of potential stakeholders who should be involved in the decision: to frack or not to frack, the quote below demonstrates this well:

Well I think that the primary stakeholders are the operators themselves. Say the, the companies like, the oil and gas companies like IGas, Cuadrilla, Egton, Ineos and Third Energy. You get, the kind of companies that you have heard of, probably in the news in relation to sites in North Yorkshire, and then Lancashire, Balcombe and here in Nottinghamshire. And so, I think that they are probably the first stakeholder because without them, there would be no industry (interviewee 12).

The interpretation of the qualitative data suggests that the respondent views an almost autocratic method of power holding when he stated that "I think that the primary stakeholders are the operators themselves. Say the, the companies like, the oil and gas

companies like IGas, Cuadrilla, Egton, Ineos and Third Energy... so I think that they are probably the first stakeholder because without them, there would be no industry" (interviewee 12, regulator). The notion 'primary' in this context has been made equivalent to the operators holding the power to determine stakeholder relationships in the debate; this is a typical assumption as power inequalities in mining operations are well documented. Kemp et al (2011) argue that mining operations are frequently "marked with imbalances in political, economic, and cultural power. The interviewee continued to describe other stakeholders:

And then there's stakeholders in terms of the local communities and this this is where we're talking about the types of people that are interested in a local development. Oil and gas extraction and they, they may be the types of people to raise concerns or draw attention to matters to it at the planning authority during the planning application process (interviewee 12).

From the above quotation, the interviewee appears to be alluding to the fact that the local communities are powerful stakeholders that could potentially cause delays to projects through objections raised to the planning authorities. The paper by Bradshaw and Waite (2017) describe in detail the delay caused by such objections raised at the Lancashire County Council resulting in the refusal of three applications for exploratory drilling. Similarly, the literature on the delays caused by local communities or 'community stakeholders' through protests and other mechanisms is well documented. It therefore is unsurprising that the community stakeholders are listed by the interviewee in the order- right after the operators. Empirical data from all source (interviews, field notes and documents) suggest an overall consensus on the range of stakeholder interests/issues in the context of the shale gas development debate. Most of the respondents explicitly mentioned, implicitly referred to or provided examples of how these issues are of importance to them and they go about communicating their concerns to decision-makers. For instance, Interviewee 1, a respondent

from the NGO group indicated a range of concerns while bearing focus on his primary concern:

I think the single biggest threat is in the what it does, it locks into British energy policy of fossil fuels to the negative side if you like of offering renewables. I think we have seen that explicitly in the current government energy policies, where they have reduced in the last 12 months the financial subsidies to renewable energies particularly solar, as well as wind power at the same time as expanding and helping the shale gas industry often using rhetoric around low emission fuels, but I think doing it in a way locks in fossil fuels into the long-term energy policy for UK. I think that would be disastrous in terms of emissions that would contribute to climate change. I also think there are other knock-on effects in terms of the impact upon the local communities and so on, but those are secondary to my real concern which is the impact in terms of the climate change.

The respondent considers the conditions giving birth to the industry as a key reason for him to be concerned. He considers the industry's strong tie into the British energy policy as major source of legitimacy. Since energy policies are being set at government level and the public may have little control over the process, this creates an extra need for him to scrutinise these policies for appropriateness. In this context, the respondent believes that an emergence of a shale gas industry will be at the detriment of renewables, including solar, and wind power generations. To him, shale gas being a low emission fuel is not a rhetoric that he is willing to accept. More specifically, business and government should be more actively working towards embedding climate preservation into policies and business action, and a shale gas industry does the opposite of that. Given this, his argument indirectly implied a personal perception of unfair or insufficient government support for renewables that contradicted his personal values and believes the shale gas industry to have caused this and made this statement:

I think the problem is... by giving a nod even for the best intentions and (I'll be honest that some of the trade unions in Britain have got this line as well) what it does is to lock shale gas thus fossil fuels as a part of the energy mix. We have the technology, we have the understanding to get our energy from the much cleaner renewable sector that requires government spending, government will. I fear the

interest of the wider oil and fossil fuel industry is here coming to dominate the government policy (Interviewee 1, NGO)

He further articulated the focus on the perceived unfairness in energy policy:

I think that there is a growing awareness in the question of climate change and interest contributing to solution to that something that is being badly hit by the government's reductions on tariffs and supports of subsidies for renewable energies. I think, part of the problem is the U.K.'s energy policies have undermined the awareness of climate change and what can be done (Interviewee 1, NGO).

Responses from community interviews and NGO groups indicated that stakeholders were concerned about the impact shale gas activities would have on the environment and climate change:

primarily, one of my biggest areas of concern is climate change. I think that in order for us to really reduce the amount of carbon into our atmosphere, we need to keep oil in the ground. We need a dramatic change of route, and I think that this can be done (interviewee 3, NGO)

What concerns me the most, is, the potential for methane to leak out of wells when they are finished, when they are allegedly closed. And therefore, there shouldn't be any fracking if there isn't mandatory closure and sealing of the well when they finish fracking (interviewee 13, expert)

Meanwhile, industry respondents argued that compared to other forms of energy sources used in electricity generation (coal, nuclear), natural gas was better for the environment. Discussing what was important about shale development in energy generation, an industry interviewee said:

In general, 40 odd percent [of electricity generation] is from gas and 25% normally comes from nuclear and wind is 15ish percent, something like that, coal's lower just now because we've got a lot of stuff that's either getting shut down or getting maintained...but I guess that's the picture of where everybody gets their energy from and when you look at things like nuclear getting shut down right now, and no plants that eminently going to come along for nuclear what's going to fill that 25% in the meantime? So you're going to see gas is going to go up just in terms of producing electricity, we want

to rely on renewables in the future and you know, what gets you to that area, you know, what gets you to that stage in the cleanest way in the meantime is gas, cause gas is a much cleaner fuel than coal etc, in terms of your greenhouse effect (Interviewee 18, industry).

Again, other respondents, especially NGOs and community groups raised the notion of shale gas being a cleaner fuel as debate. In their opinion the development of an unconventional natural gas industry was in direct contrast to the principles of the Paris climate agreement which the UK ratified in 2016:

At the same time elsewhere, the government is talking a good game or is trying to talk a good game on the international stage about its commitment to the Paris Climate Change Agreement in trying to keep temperature rises to 1.5 degrees. But at the same time as it's doing that, it's also dramatically trying to start up a new fossil fuel industry. I think people get that that is the wrong; that is entirely the wrong direction for our energy policy to be heading (Interviewee 16, NGO).

It is not uncommon for there to be a mismatch between organisations and stakeholders as in this case. Jefferey (2009) advise that recognising possible commonalities between organisations and their stakeholders is key to working through this mismatch of interest leading a win-win outcome. However, this advice is contingent on these commonalities to be identified ahead of the consultation process as a way of 'setting the right tone' for the engagement process. Therefore, signing up to the Paris agreement may be a significant step in recognising that stakeholders are increasingly concerned about the climate, but it appears as though the UK is playing lip-service to the issue of climate change and does not go further to close the interest 'gap'.

According to the Guardian, the Paris climate agreement is a climate change accord agreed by nearly 200 countries in December 2015, which came into force on 4 November 2016. The agreement commits world leaders to keeping global warming below 2C, seen as the threshold

for safety by scientists, and pursuing a tougher target of 1.5C. the carbon emission curbs put forward by countries under Paris are not legally-binding but the framework of the accord, which includes a mechanism for periodically cranking those pledges up is binding. The agreement also has a long-term goal for zero emissions which would effectively phase out fossil fuels (2016). The Paris climate agreement has implications for the UK climate and energy policy as well as business and investors.

Research has indicated that shale gas has significant implications for global climate change. Natural gas produces approximately 45% lower CO₂ emissions per British thermal unit (BTU) than coal, alongside significantly lower levels of sulphur dioxide, nitrogen oxide, carbon monoxide and mercury (Howarth et al., 2011; Kargbo et al., 2010). However, concerns over fugitive methane emissions have been raised, as methane exacerbates the global greenhouse effect and diminishes local air quality (Howarth et al., 2011). One respondent felt very strongly about fugitive methane as a deterrent to his acceptance of the industry, this respondent was not completely opposed to the industry; however, he believed that the regulation and provisions of the PEDL licence was insufficient in its current form: *“what concerns me the most is the potential for methane to leak out of wells when they are finished, when they are allegedly closed and therefore there should not be any fracking if there isn’t a mandatory closing and sealing of the well when the finish fracking”* (interviewee 13, expert). Community and NGO respondents are largely not convinced that the nature of activities involved in the hydraulic fracturing process associated with extracting shale gas from shale rocks is in keeping with the Paris agreement. They also argue that starting a new fossil fuel industry does not fit into the UK carbon budget and perceive an emerging shale gas industry as not just bad for energy policy but a threat to the Paris agreement.

Although the issue of climate change was mostly raised by NGOs and some community respondents, experts seem to agree with their concern about shale gas not being compatible with the UK energy budget. The Committee on Climate Change (CCC), a committee which has a duty under the Infrastructure Act (2015) to advise the Government on the compatibility of exploiting domestic onshore petroleum, including shale gas, with UK carbon budgets and the 2050 emissions reduction target under the Climate Change Act (2008), has also opined that exploiting shale gas by fracking on a significant scale is not currently compatible with UK climate targets unless certain tests are met. The committee recommended Carbon Capture and Storage (CCS) as one of the possible ways of keeping gas consumption in line with carbon budgets. The CCS technology is not currently in use and this was raised informally by respondents and during non-participatory observation of meetings. Joan MacNaughton, Chair of the World Energy Trilemma of the World Energy Council has also condemned the government's decision to withdraw support for the CCS technology: "I think that the overall direction of travel of the UK government needs to be revisited in the light of this agreement. The world's energy trajectory is now clearly a low-carbon one, and to go forward with a huge push on unabated gas is a very big gamble, which risks some very large stranded assets and leaves the country vulnerable to a possible long-term recovery in world gas prices. The government's decision arbitrarily to cancel its longstanding CCS plans is as inexplicable as it is regrettable."

A further theme emerging from interviews relating to stakeholder concerns about fracking was the issue of pollution. Interview respondents, primarily community respondents,

articulated the perceived risks of fracking and were particularly concerned about pollution.

Interviewee 5 provided an insightful answer when asked: “what are the primary concerns of your community regarding fracking?”

he stated that:

I think as a community, locally, the concerns are mainly about amenity. So we are talking here about the impact of traffic and air pollution and noise pollution associated with the development of the pads. I think. That is probably people’s prime concern. And the impact of industrialization effectively of the countryside here.

As the interviewing process unfolded, it became clearer that local stakeholders were more concerned about the issue of pollution. For example, when asked the same question another respondent, an NGO representative cited pollution as one of the main concerns, according to him:

so I think there are three, but I think firstly we are worried about disturbance and loss of habitats, so if I break that down for you that’s, noise and light pollution can impact on wildlife, and surface infrastructure associated with fracking as well as the well pads themselves obviously reducing, potentially resulting in a direct loss of habitat. If we have potentially thousands of wells across England or the UK at some point, the cumulative impact of that loss of habitat could be quite significant (Interviewee 17, NGO).

Although there are several organisations in the shale gas industry, the issues and concerns are not organisation-specific, but industry wide and Industry community engagement managers are well aware of the issues raised by and being discussed at community level, when asked what these issues are, one respondent replied to say:

Ah, it does cut across to the industry. I mean, when you go ahead into the community, the 3 main things they are concerned about are generally transport, noise pollution and then safety is the other one because the majority of them comes down to safety things. So they’re worried about, well integrity or you know operating with chemicals etc (Interviewee 18, industry).

Table 5.1 is a capture of the broad and specific issues raised by different stakeholders during the data collection process.

Table 5.1 Stakeholder issues regarding fracking in the UK

Theme	Specific issues
Environmental	<ul style="list-style-type: none"> • Shortage of water • Groundwater contamination • Wastewater • Earth tremors • Climate change • Competition with renewables • Fugitive methane • Carbon budget • Greenhouse gases
Health	<ul style="list-style-type: none"> • Carcinogens • Burden on public health service
Sense of place	<ul style="list-style-type: none"> • Disruption to place of attachment • Industrialisation of countryside • House prices • Ecology • HVGs and traffic • Road use • Visual amenities • Noise disruption • SSSIs
Social dimensions	<ul style="list-style-type: none"> • Lack of trust • Regulatory gaps • Fairness of risk/benefit distribution • Local impacts vs national benefits • Compensation to host communities • Public participation in decision making • Access to information

The data from the interviews were based on the interviewees' perceptions regarding the impact of shale gas development and the concerns around the shale gas debate. The new industry according to interviewees was more about advancing fossil fuels in the British energy

policy at a time when the stakeholders would like to see the country embracing more renewable technologies (interviewee 1, interviewee 3, interviewee 13). This agrees with the findings of Cotton (2015) whose work into stakeholder perspective on shale gas showed that stakeholders are not accepting the narrative of shale gas being a bridge fuel, but consider it the antithesis of renewables such that investments in renewable is stifled as a result of the government's support for shale gas.

The researcher found that different concerns were raised by different stakeholder groups, and usually corresponded with their interests or proximity to shale gas sites. For example, community stakeholders showed more concern for pollution and industrialisation of the countryside, whereas NGO were concerned about the broader issues of climate change and methane leaks. The diversity of interest shown is unsurprising because the stakeholder theory posit that stakeholders are diverse constituents comprising of shareholders, governments, community, NGO, etc; consequently, several identification and classification models have been proposed (see Clarkson, 1995; Mitchell et al. 1997). However, this disparity in interests did not prevent stakeholder groups from working together towards a unified goal of expressing displeasure for the proposed shale gas industry.

5.3 Approach to stakeholder engagement

Generally, all the organisations and regulatory agencies use a variety of engagement mechanisms with their stakeholders. These methods include town-hall meetings, deliberative workshops, leaflets, promotional banners and stands, community liaison groups, private meetings, web platforms and surveys. However, the operators in the industry show

slight difference in their stakeholder engagement strategy. Some operators have a centrally based stakeholder engagement team which interacts directly with stakeholders, collect feedback, and prepare responses to concerns regarding fracking; other operators have relied on Public Relations (PR) organisations to carry out engagement activities on their behalf. This study however did not set out to assess which strategy was most effective: in-house engagement team or use of PR. Of all the stakeholder engagement mechanisms listed above, face-to-face methods of engagement are usually lauded as being most effective. The researcher also observed an increase use of the internet and social media platforms for engagement activities. According to one community engagement manager, although there is greater reliance on verbal engagement via face-to-face meetings, they also use their web platforms 'to give stakeholders easy access to draft or consultation documents (cleared for publicity)' and 'electronic newsletters are used to provide information and updates on processes'. Some MPAs also use the internet to keep stakeholder updated on planning applications and maintain a mailing list for interested parties.

This increased use of the internet and social media may reflect the changing climate for organisations. The past few years have seen sustainability climb the business and political agenda, with increasing stakeholder action in encouraging socially responsible corporate behaviour. Where the issue of corporate responsibility was once an add-on to business-as-usual, allowing companies to generate goodwill towards brands, it is now a matter of legal and social obligation for many companies including those in high visibility industries. Particularly in the shale gas industry, there has been an overwhelming response to the environmental impacts of shale gas development, which has seen a growing influence of

opposition groups such as Frack Off, together with political debate from elected officials, environmental and conservative NGO and news media organisations on issues of environmental justice, regulatory frameworks, risk governance, property rights, community engagement and social sustainability in different national and regional policy contexts. These groups rely heavily on the use of the internet and social media platforms to share information between members, sympathisers, and collaborative partners.

Interviewees highlighted the importance of the internet for sharing upcoming events and news updates. One interviewee boasted about the recognition of his group as a major stakeholder because of prior works done in the community and the strength of their online followership:

We have our own website. We have our own Facebook page with something like, [I don't know 600-700 likes]. So the fact that we've done all this work in the past, we have a couple of hundred people on our mailing list, 600 people on our Facebook page, and then we could go along (to the inquiry) and you get pretty good rights, you can bring along your own expert witnesses to challenge what (the organisation's) expert witnesses say. If you can afford it, you can have your own barristers to cross examine (the organisation's) barristers or you can present information yourself. (Interviewee 19, community)

For this interviewee, the strength of his social media presence if positively linked to the power his group could wield with regards to decision making in fracking debate. 'Followership' and 'likes' also translated to financial gains from the opposition groups which could then go towards solicitors and experts to take on the more powerful stakeholder- the shale gas operators and to a certain extent the central government. The researcher found this to be the sentiment shared by the community interviewees.

Another interviewee comments on how engagement mechanism may be adapted to keep pace with the ease of exchange of information that the internet provides:

And certainly there are lots of groups such as Friends of the Earth, local frack free groups such as frack free Nottinghamshire and frack free South Yorkshire who are very active and they have regular correspondence with us both in terms of responding to consultations on the planning application but also in general such that that if there's any research anywhere in the world that relates to shale gas one of the local groups will, within a day or so to send us a link to it saying "have you seen this?" (Interviewee 11, regulator)

Stakeholder engagement managers and regulators appear to be reactive and adopting strategies to manage the ease of information sharing that the internet has provided stakeholder groups. This was not explicitly mentioned by the interviewees but when asked "how do you deal with the opposition to shale gas development, especially in the age of growing social media adoption by different groups and the ease of information sharing?" A community engagement manager replied: "Yeah I mean that's what we've said all along, the frack free groups use emotion and they target emotions, whereas we can't really do that we have to we have to talk about facts and science and research, which doesn't, impact the same way that you can with emotional stuff. It's really difficult" (interviewee, 9). This difficulty may stem from the nature of stakeholder engagement which in itself is a messy process, often characterised by conflict, disagreement and diverging viewpoints (McCool and Guthrie, 2001).

Another community engagement manager described how different strategies are deployed to manage the impact of information flow from opposing groups. One of the strategies involved face-to face interactive sessions with operational specialists as opposed to using PR firms. He notes the importance of referring attendees to independent sources of information

as a means to counterbalance the proliferation of emotive information from the antis or frack-free groups. According to him:

To manage that, we then moved to public exhibitions where we ran 18 public exhibitions around the license areas that we have up here. Those were sort of 5-6-hour sessions where members of public could just drop in. What we did at those was we had whole lot of banners we had little leaflets that we've created, talking through various concerns that people have about parts of the process, trying to talk them through it based on science and facts and we also took that opportunity to point them to independent sources of information they could go to for further information essentially (interviewee 18, industry)

According to Bourne and Walker (2006), organisations need to be adopting different strategies in engaging with stakeholders, prioritising stakeholder satisfaction for a successful project. However, I found that engagement managers and the community stakeholders often operate from divergent or conflicting socio-cultural contexts (Hicks et al., 2013). Managers are bound by formal structures and procedures largely prescribed by regulatory and planning laws, whereas community stakeholders struggle to engage with such formal structures when their perceived rights to their living environment is licenced and regulated by a seemingly distant central government. This creates a somewhat behavioural dilemma that makes the actions of the 'antis' to appear as emotive.

The interviews also highlighted various mechanisms used by organisations to overcome the challenge of managing multi-stakeholder groups. For instance, one interviewee noted the different engagement strategies used by the industry when asked to describe how stakeholder engagement was operationalised:

[They] preceded the application to fracking in [community X] with community involvement mainly in terms of, from their point of view, relatively small grants of few thousand pounds at a time to local community groups. Yeah, they gave one of the villages they want to frack in about £2000 for the local sports club, they gave £500 to the local scout's club. So that is about their main engagement. There's

also the plan- quite well developed for a fracking college- supposed to be an investment that is potentially offered to train local people for potential and then get jobs in the fracking industry. That's what [company X] has been doing (Interviewee 7, community).

There's also been the other level of engagement which is the conferences designed to influence the decision makers. These are basically forums to influence the people in the water authorities, the local council planning offices and so on. People who would be making decisions on fracking and to kind of give them the information on and the tools to allow them to process the applications. I think they've probably been a lot more successful with that type of engagement, rather than engagement with public directly where frankly, they've just not been able to compete with us directly (Interviewee 7, community).

In the first and second part of the extract, the respondent explicitly confirmed that he is aware of the different strategies used by organisations to target different stakeholder groups. This is clearly manifested through the phrase “There’s also been the other level of engagement which is the conferences designed to influence the decision-makers”—acknowledging the fact that the perceived importance of a stakeholder group has the power to shape engagement activities or mechanisms. From the language used by the respondent, it can be understood that the respondent may want to distance himself from the industry’s engagement approach. While he expressly states that there have been attempts by the industry to engage with the public and specifically community groups, he believes that what has been done so far barely scratches the surface and has been largely unsuccessful. The respondent is also critical of the persistence of the industry in engaging in social investment programs or charitable actions as a means of public engagement. What is interesting to note is that although the respondent starts off talking about the strategy used by one specific organisation, he quickly generalises to the broader industry when he says “I think **they've**

probably been a lot more successful with that type of engagement, rather than engagement with public directly” ... When pressed further on why he thought the industry was more successful in engaging with decision makers, he replied:

Because basically they can do it in technical terms and legal terms. And the processes as laid down by the government are in favour of the fracking industry. Council planning officers really have very narrow range of criteria they can apply to all planning applications, to fracking applications... There's not a great deal of uniformity in the way councils and the Environment Agency approach fracking applications. They are pretty much being railroaded down a direction of travel that the government has already decided (Interviewee,7, community)

This interviewee's response associates the idea that the industry is more willing and successful at engaging decision-makers with power that they possess because of government position or policy. Being from a community with shale gas licence areas, the interviewee is one of the main actors taking part in anti-fracking activities at the local level and considers himself to be a powerful stakeholder backed by perceived public support for his position. His judgement of activities is therefore one of “us versus them” where the industry has the government support, leaving planning officers and regulators handicapped to perform their roles. As the literature reveals power is the capacity to impact the surrounding world and the capacity to dominate others (Lukes, 2005). Power is a significant attribute when dealing with stakeholder groups. Daake and Anthony (2000) assert that stakeholders' own perception of power affects the tendency to be involved in an organisation's decision making or engagement process. They further warn that a stakeholder always has the tendency to perceive others as more powerful than themselves, a term they called 'relative powerlessness'. The danger of such relative powerlessness is the lack of willingness on the part of the stakeholder to participate due to the belief that they lack the influence and that their opinions do not make a difference to the organisation's practices or decision making.

This 'relative powerlessness' has been observed from the interviews and discussed in later sections on the challenges the shale gas industry face in engaging with stakeholders.

5.3.1 Public and resident meetings

The researcher found that one of the preferred mechanisms of engagement is the use of regular community or town-hall meetings and exhibitions. The organisations' community managers usually organise these meetings involving parish councillors, town councillors and residents for a face-to-face engagement, or as one operator call it, "information events". To evaluate the conduct and effectiveness of face-to-face engagement the researcher attended some of these public meetings hosted by operators and other closed meetings of opposing groups. Invitation to the residents' meetings was disseminated through the hosting operator's website and social media platforms, and leaflets distributed to residents in the licenced area. During these events, the operators attempt to gain acceptance of the communities living around site areas by going along with specialist teams to make presentations and respond to questions. According to one of the operators:

At the meetings and exhibitions, we explain our plans and our view of how shale gas can be extracted safely, with due regard for the built and natural environment. We will also listen to what the community is saying to us. Senior management have made presentations to many of them. Parish and Town Councillors are elected by the communities to represent them and we believe that is right to start our conversation with those representatives (interviewee 14, industry).

Although it is clear from conversations with engagement managers that the meetings are an important part of the engagement process and a great deal of planning and logistics is put into preparing for these meetings, some community respondents have not had positive

experience with the process. Community respondents seem to be at odds with the operators claim to be engaging with communities and providing a fair platform of information sharing and the opportunity to present questions. When asked “in terms of dealing with operators, regarding shale gas development, how would you say [operator] has been able to engage with your village?” One community response was:

I don't think they've done very much with my village at all. Only through what they've done with with this village. They invited the parish council to join, initially the [village A] group. And then later the [village B] group. To my knowledge they've have not given any presentations to the parish councillors other than just inviting them to the usual activities. There was a leaflet that was delivered into the village to invite local residents to an open event, an [operator] open information event. But that was patchy distribution. Definitely not everyone in the village got one (Interviewee 2, community)

When asked the same question, another community respondent noted that the operator did actually hold community engagement events. In agreement with the operators’ claim he notes that during these engagement meetings, there was the opportunity for questions to be asked of the operators. He however bemoaned the lack of clarity in the operator’s estimation of the number of well pads to be drilled in the area, which was of particular importance to him. This respondent, although acknowledging that there is some community engagement through these meetings, his overall assessment of the quality and outcome of the process is less than satisfactory. In his response he says:

They held community meetings which has not been very successful because obviously people like me turn up and ask a lot of questions, but they kind of have to do that, obviously to be seen to be doing something along those lines. [when they do hold engagement events] they kind of put it in the most awkward place that you possibly could do it, for anybody to get to, whether that was by design or simply bad planning, I don't know, I don't want to be unfair to them but I suspect it might have been by design. So, what I'm saying is that I don't think they are trying too hard to engage with the community (Interviewee 5, community)

The researcher observed two town hall meetings in different licence areas as well as an open day event hosted by the community liaison group (CLG). The town hall meetings were opened to the residents as well as anyone who wanted to come along for information about shale gas development in the area and was organised by the operator as part of their community engagement program; the open-day event on the other hand was hosted by the CLG. The open-day event was designed as an interactive session where different groups had information stands and exhibition banners, the public could move around the stands to ask questions and seek clarification. The exhibitors were a mix of pro-fracking (industry groups, operators); anti-fracking (local frack-free groups, some NGOs); and regulators (Environment Agency, Health and Safety Executive and council planning officers). During the open-day event the researcher had the opportunity to observe interactions between NGO organisations, residents, regulators, operators and local frack-free groups. The proposed development plan had received significant opposition from environmental NGOs, local frack-free groups and residents were constantly exposed to various sources of information. The event served to provide the platform for residents to hear from the different actors of the debate. The frack-free groups and NGOs distributed leaflets justifying their opposition to the development on environment grounds, including potential groundwater pollution, noise pollution and the adverse effect on the human and wildlife population in the surrounding area. The researcher observed that the event was very peaceful and orderly; although the exhibitors held different positions, there was relative calm as attendees went in between stations picking up fliers and asking questions. A member of the CLG mentioned to the researcher that in the past such events had been a little volatile as some groups would attempt to dominate the meeting by strongly expressing their discontent. The CLG member continued to say that such actions disrupted the meeting by complicating engagement with the local residents as it inhibited

attempts at explanation and clarification from the operators and residents were cautious about expressing themselves for fear of being judged by the opposition. According to the CLG member, the event witnessed by the researcher had run smoothly because the CLG, being the host, had sought assurance of orderly conduct from frack-free groups and 'antis' before they were invited to the event.

Figure 5.1 Protesters outside an event



Source: frackfree Notts (2018)

Figure 5.2 Frack-free group stand at open-day event



Figure 5.3 Sample of leaflet distributed at open event

What's going on?

Licences for new, extreme forms of gas extraction (see reverse) have been approved by the government. Companies are preparing to start drilling in order to test how accessible the methane gas is from the ground below. The site at Daneshill Road is the first in the area to be explored for what is known as Coal Bed Methane.

Why should we be worried?

In other countries where this type of gas extraction has happened there have been huge problems with methane gas **contaminating land, water supplies and drinking water** whilst having an extremely **negative effect on house prices and insurance**. There are no guarantees that this won't happen here in Lound and surrounding areas.

What can you do?

Find out more about fracking and unconventional gas exploration and dangers here: www.frack-off.org.uk

Come to the meeting on 19th March to find out more

For more information before the meeting contact frackfreenotts@gmail.com or find us on Facebook

Dart Energy, the company active on the site at Daneshill road have already cleared the site ready for drilling. They are making fast progress so your support at this still early stage is vital!

Frack Free Nottinghamshire is working in partnership with Bassetlaw Against Fracking to peacefully question and oppose plans.

5.3.2 Community Liaison Group (CLG)

Another common means of engagement favoured by the shale gas operators is the use of resident committees such as the community liaison group (CLG). This means of engagement involves setting up a CLG or using an existing CLG if there is one in the licence area. The CLG typically acts as a channel for residents and communities to participate in the proposed project. Interactions between shale gas operators and communities have largely been framed as emphasising community and economic development, public awareness, or social acceptance objectives. Developing shale gas with the hydraulic fracturing technology has been proven to have some environmental impacts that are largely being debated in discursive arenas. Environmental problems are typically complex, uncertain, multi-scale and affect multiple actors and agencies. This demands transparent decision making that is flexible to changing circumstances and embraces a diversity of knowledge and values. For Stringer et al. (2007), the solution to achieving the desired transparency lies in embedding stakeholder participation into decision-making processes, from the community to international levels. Also, the National Research Council (2008) noted that to improve the quality, legitimacy, and capacity of environmental decisions, public participation has begun to include more direct roles for involvement and dialogue, such as formal comments, public hearings, and citizen suits. In recent years, the public has also helped to inform a wide range of planning and decision-making processes by participating in stakeholder, also referred to as citizen, advisory groups (Crowfoot and Wondolleck, 1990; Beatley et al., 1994; Patterson, 1999; McCool and Guthrie, 2001).

The shale gas operators have used the CLG as a way of fostering stakeholder participation in the shale gas discourse by enabling members of the community to voice their concerns and get feedback. For example, one operator emphasises the importance of the CLG as a mechanism that “keeps them [community] well informed of our progress and of the facts about our operations”. According to this operator:

An important part of local engagement involves setting up a community liaison group within the local area of any proposed site or planning application. We invite local parish councillors and representatives from the community to attend regular meetings where we can ensure that our neighbours have access to the most up to date and relevant information and expert guidance. This keeps them well informed of our progress and of the facts about our operations. It also provides an opportunity for the community to share their concerns with us so that we can answer questions and offer independent guidance and expertise (Company X website).

This extract shows the operator’s commitment to pursue planning permits while also acknowledging its responsibility to community stakeholder expectations. This therefore implies that the operator acknowledges the responsibilities that it has to the local community rather than merely concentrating on its business interests. In this way, it demonstrates a commitment to shifting from purely profit-driven conduct to examining the broader stakeholder landscape. By stating that the CLG “provides an opportunity for the community to share their concerns with us” the operator signifies its commitment to listen to the concerns of the community and make this participatory process part of its day-to-day business. While this demonstrates a culture of having the local community as part of the decision-making process, it does not implicitly refer to the actions taken to support this commitment.

The community liaison group appears to be a form of citizen participation model favoured by the shale gas industry. Citizen participation and involvement have long been important themes in both the normative and descriptive forms of liberal-democratic theory (Head, 2008). It has been claimed that more participatory approaches to tackling environmental challenges have the capacity to reduce conflict, build trust, and facilitate learning among stakeholders and publics, who are then more likely to support project goals and implement decisions in the long term (e.g. de Vente et al. 2016). Several authors have hailed the benefits of participation as a stakeholder engagement mechanism. For example, according to Ledoux et al. (2000) the aim of deliberative and inclusionary processes is to, “improve the quality of decision-making process so that the outcome is implementable, acceptable to all stakeholders, transparent and enduring”. Highlighting the beneficial nature of the participatory process, Petts (2001) posit that benefits can take several forms such as: personal benefits (with individuals feeling that their viewpoints are valued); gain from understanding how others are affected, and subsequently react; and an opportunity to raise key points in an arena where issues may be unfamiliar and very radical. In fact, one interviewee views the CLG as being a very integral part of their community engagement process, praising the benefits of the CLG, she says “they also take questions from the local community about their concerns and often take it back to us and we frame the answers for them. And. So that's the CLG and that works incredibly well in fact I don't really think you could say you're doing any community engagement without having that kind of a group. They're really integral and can more involved in the community” (interviewee 9, industry). Also speaking of the benefits of the CLG, another interviewee says:

Something else that [operator] has done is that they've facilitated the setting up of a community liaison group...and so that's something that is a point of contact between the community and [operator]. So, the community could raise concerns and feed them to [operator] and [operator] could answer

questions and update the community on the development with the proposed application or the ongoing application (Interviewee 11, regulator)

The CLG meetings cover a range of issues pertaining to the development site. The CLG ask questions covering day-to-day concerns such as traffic management, safety, noise, making documents public, and matters relating to regulation. Observations of the meetings demonstrated that the meetings were chaired by the chairperson of the CLG or a designated stand-in. The operating company's community engagement representatives were mainly in attendance to answer questions and present evidence. There was usually an open and meaningful discussion about issues (some of which were potentially contentious). Although the researcher observed a meaningful and pragmatic meeting of the CLG, discussions with the members of the CLG indicated that the membership held different views that were not always discussed at meetings. When asked to describe the composition of the CLG, one interviewee said:

The bottom line is the [operator] Community Liaison Group was set up by [operator], as a part of their consultation process. And when you read their planning you know that they write all... this is all the consultation that's done, and they then own it as a very positive thing that they have done. Their vested interest in the CLG is to get communication out there so that they can say number one tick the box (Interviewee 2, community).

It was significant to capture the diverse nature of the CLG composition and the relationship between different members of the CLG. However, despite the positives attributed to the CLG by industry interviewees and some regulators, in stark contradiction, some participants described it as manipulating the community into accepting the operator's agenda due to the prescriptive mode of controlling the narrative through the CLG, made up of mainly parish

councillors. The use of terms such as “tick the box” implied a mechanical method of working which was not reflective of the complicated process of a true engagement. This interviewee appeared to be very sceptical of the intentions of the operator using the CLG as a participatory process. Her opinion was that the motives behind the formation of the CLG does not serve the interest of the community but that of the operator, in this sense she did not believe that the operator was ‘engaging’ with the community but manipulating to situation to appear that they are. Treby and Clark (2004) have noted that a participatory process will often have consensus as a goal, where the results are legitimate and accepted by all stakeholders and produce both “outputs” (tangible products) as well as “outcomes” (less definable results such as improved communication) from the process (see also Milligan et al. 2009 and Van den Hove, 2006). Emery et al. (2015) further warned that when stakeholder and public engagement fails to deliver expected outcomes, this can inflame latent conflicts, turning conflict of interests into much deeper and more intractable issues, which may escalate into alienation and distrust. Speaking further with the interviewee, she goes on to say:

I am not convinced that the people on the [operator] community liaison committee, whoever they are, can necessarily represent their community. I'm only representing me and a community that don't want fracking if we are really honest about it. Because I'm there saying I don't think we should do this I don't think it's safe I don't think it's good for the long-term health of our planet and our people. So, you know there's going to be people who are sat thinking well she's not representing me very well because I've told her that I am pro-fracking. So yeah, the whole thing is difficult if you are talking about representing the community because the community isn't a solid thing (interviewee2, community)

From the first sentence of the above extract, it is evident that the respondent does not trust the operator or the participatory process of the CLG. She perceives the presence of the operator in the community as conflicting with her interests, as someone who is sympathetic to environmental causes, she does not want fracking in the community. As Emery et al. (2015) warned, the failure of the engagement process in the mind of this respondent had escalated

to alienation, such that although she considered herself a vanguard of the community, she questioned her representation of the said community. This could be a potentially emotional situation for the respondent, one that she could not convey at regular CLG meetings. The researcher wondered how such dynamics could impact the ability or willingness of the CLG to be that mouthpiece for the operator.

Another respondent felt that the use of the community liaison groups is biased as the CLG attracted only a certain group of people. This may have therefore impacted on the balance of issues discussed at the CLG meetings or the message going back to the community “and...they....they have set up a....[operator] has set up a community liaison group. I think some local people are dissatisfied with the way it operates because the people who sit on it tend to be Parish Councillors. And they are handpicked by [operator]. So, they may be selecting people who they think won’t create any problem.” (Interviewee 10, expert). Regardless of whether the actors of a participatory process are entirely happy with the outcome, a participatory process is in itself beneficial. They may at least be satisfied that the decision-making process in which they took part allowed them to express their thoughts, and opinions, explain their concerns and argue for their views (Buanes et al. 2004). The researcher observed this expression of varying opinions in the CLG meetings and even interviewees who were critical of the CLG agreed that they could maintain their views independent of what the operator expected of them. When asked **“as a member of the CLG, do you do you think that CLG is just a mouthpiece for [operator]?”** interviewee 2 responded to say “No I think the CLG... I think some members of the CLG do question and some challenge and so you know from that point of view, that’s good.” This corresponds with the information provided to the residents of the community about the purpose of the CLG (Document 2). Also, Chess and

Purcell (1999) agree that the outcome of a participatory process is not as important as the value of the process itself in a fundamental democratic sense. Likewise, there have been numerous arguments for integrating public participation into environmental decision-making: integrating local knowledge, working with democratic ideals, and including the principles of legitimacy and fairness (see Few et al., 2007). In an earlier study, Stojanovic et al. (2004) observed that when stakeholders or those affected by a decision take part in the decision-making process, then they are more likely to support the implementation of that decision. However, the researcher did not observe this to be the case. Speaking with members of the CLG revealed that very few members had changed their position about developing shale gas in their community, they held on to the same views about the shale gas project as they did before joining the CLG. In this case, in direct contrast to the claim by Stojanovic et al. (2004), being part of the participatory or decision-making process had no bearing on the stakeholders' support for shale gas development.

Despite the previous praise given by most industry respondents to the CLG process and its ability to keep the community "well informed about the progress" of the shale gas project, following an in-depth discussion of its composition, those benefits were now minimised. The majority of those industry respondents now acknowledged that while the CLG continued to provide benefits, there were some challenges that required the operator to pursue a different strategy as can be seen in the following quote:

... at the exhibition one of the people that came was from a certain parish council had said that the information is not getting out, it's getting within the parish council but not getting any further to the community. So, in that case it is not working, we're going to have to think again as to how we can make sure that the word gets out to the community in that area so it's [the benefit of having a CLG] very dependent on having good parish councillors. What we've noticed is that with certain councillors, particularly councillors who are very much against what we are doing, when we give them information that they can use against us, they pass it on. We give them an information to show that actually there

wasn't going to be a lot of transport going through the village, we gave them a graph, but they didn't use that they didn't share that with anybody because it showed us in a good light. But as long as we know that, then we can make use of other message (Interviewee 9, industry)

5.4 Stakeholder engagement: participation on whose terms?

Considering that in an ideal situation, stakeholder engagement would take the Rawlsian form of a “mutually beneficial and just scheme of cooperation” between an organisation and its stakeholders (Phillips, 1997). In this ideal representation, stakeholder engagement is depicted as a moral partnership of equals. However, in reality, it is very probable that the organisation and its stakeholders do not share this partnership of equals because they are not of equal status and the terms of any engagement or participation are set by the more powerful entity. Thus, the process of participation in the stakeholder engagement process is assessed in this study. As mentioned in earlier sections, identifying all of the stakeholders with any accuracy in the UK shale gas industry is currently beyond the remit of this study. Therefore, this study uses a more qualitative approach to identify relevant stakeholders as well as make statements about the levels of participation of various stakeholder groups. As evidenced by the referral to different groups in strategy documents and interviews, there is good awareness of the range of stakeholder groups and the issues surrounding their involvement and coordination within the UK shale gas sector. The United Kingdom Onshore Oil and Gas (UKOOG) strategy documents and wider context appear to have embedded the view that stakeholders should be engaged and so at least consideration of stakeholder groups appears to be foremost in procedural thinking. There is a widespread awareness that the number of stakeholders that are known is extensive given the development of the onshore oil and gas activity and the MPA’s prescribed consultation process for planning permits. Yet despite the significant level

of knowledge about who some of the stakeholder groups are, it is only recently that certain groups have begun to be recognised — particularly those groups that might be considered as being more ‘peripheral’.

I think what we’re trying to do increasingly is to broaden out kind of who’s having the conversation in the relevant local areas. So, we’re trying to talk to trade associations, trade unions, other kind of people who are influential in local economic activity in the different parts of the country. So that those interested people can have a sensible grown up conversation about what does this mean? what are the opportunities to the area? what are the costs? is it worth it? and then to encourage these conversations we support that by providing the material and write-ups and try to push the agenda (Interviewee 6, regulator).

This narrative rests on the assumption that making an economic argument for shale gas is vital to secure the acceptance of the local communities. However, the reality is that community interviewees have expressed scepticism towards the benefits of the projects and feel deeply that the costs to be borne by the local communities will by far outweigh any benefits from the project. This chasm between the stakeholders was prevalent throughout the data collection period and added to the tensions and difficulties in the stakeholder engagement process. The thesis employs Friedman and Miles’ (2006) ladder of stakeholder engagement as an approach not only to elicit feedback from respondents, but also to illustrate the quality of the stakeholder engagement process. The model is based on Arnstein’s Ladder of Citizen Participation (1969) that conceptually represents the degree of power given to citizens in community decisions.

5.4.1 Manipulation and therapy

These first two levels are the most basic form of stakeholder management and involve information releases via the internet, briefing sessions, leaflets, magazines, newsletters, corporate social and environmental reports, or other publications. The aim of manipulation and therapy is to control, skilfully manage or manoeuvre stakeholders' opinion. In this context, managers try to brainwash stakeholders through intensive bombardment of self-laudatory corporate information until they are indoctrinated with the same principles of the corporation or until they believe that the culture or ideology gap has been reduced to an acceptable level. Stakeholders are not part of decision making and are only informed via information releases of the outcome after a decision has been made. Friedman and Miles (2006) note that the power is firmly on the side of the organisation and stakeholders are unable to influence the practice. There is no dialogue, merely a one-way communication process. These forms of stakeholder management were observed during the interviews, stakeholders recalled the engagement process to comprise of informational seminars or open days mainly concerned with awareness and sensitisation and orientation programs. Largely, this one-way communication process is extractive in nature and is favoured by some engagement managers who seek to mainly consult stakeholders on particular issues rather than involve them in a sustained dialogue.

And so the whole point of them is that there are mixture of people who for and against and ambivalent about our development. And the point of them is to, we bring presenters to the meetings, so you know you're getting a geologist or a seismologist or a planning specialist, give them a lot of information and then re-disseminate that back to the local community. And they also take questions from the local community about their concerns and often take it back to us and we frame the answers for them (Interviewee 9, industry)

When questioned about the stakeholder engagement process, one interviewee responded as seen above. Key phrases like 'frame the answers' for them indicates the intention behind the stakeholder engagement process. This respondent was referring to the engagement with the community using the CLG, where 'a lot of information' was disseminated to the community via the CLG, and if question arose of the back of that information sent out, the organisation would 'frame' the answers and pass that back to the community.

What we see is Shale gas is a good way of ensuring security of supply within the UK and a way for us to get, get to the point where we can then say okay, we're ready. We've got everything in place, we can now keep UK running on renewables... we'd say, gas is the best solution to get you from here to there, in the meantime, so why demonize that? (Interviewee 18, industry)

And then the wider community, we just, we have a website and we send newsletters, we've got a Facebook campaign, and just to keep them informed of what's going on. So, so we do a lot of work to, to make sure that people are informed... I think, to begin with as I say it's a case of keeping the information common in language, have information they can read, having the CLGs taking back information to them so they start to doubt some of the points that are maybe made by some of the anti-groups and then start researching themselves (interviewee 9, industry)

From the above extracts, it appears that the intention behind stakeholder engagement is to convince those who are against the development plan to change their minds and care enough about the benefits that developing shale gas in the UK would bring. Interviewee 18 presents a vision of what these benefits could be when he listed energy security and protection of jobs in manufacturing as the positives following that quickly with how shale gas was the most viable option to get the UK to the point of being dependent on renewables. Speaking with the interviewee the researcher got the impression that he did not believe that objection to shale gas development was justified and people needed to be told of the benefits to change their minds. There was evidence of 'manoeuvring of opinion' when the interviewee replied to say

as part of their engagement activities, they tell people “don’t make an enemy of what the best solution is to get there.”

5.4.2 Informing

As part of engagement, all the operators interviewed described how information is released to stakeholders through electronic and print media, this is usually done to portray the organisation as open and transparent. Friedman and Miles (2006) note that the techniques and tools of manipulation and therapy are also used in informing, but there is no intent to control or manipulate opinion or to deceive stakeholders. A common tool of informing is face-to-face, the analysis showed that engagement managers inform stakeholders of developments at exhibitions and town-hall meeting, etc, as presented in the following extracts:

we’ve just begun our process of engagement down there. So just two weeks ago we did one meeting in each of the three areas that we are involved in, inviting over 400 parish councillors to the meetings and essentially I was saying, this is who we are, this is how we operate, this is what you’ll be seeing us coming and doing throughout the process of it and just telling them that we here to communicate with them, that’s one of the first things that we circled on the plans so to speak that’s because you need to get out there and speak to as many communities and stakeholders as possible (interviewee 18, industry)

And what we do with them is we send them letters maybe once every 6 months, just saying, this is what we’re doing, and do you want us to come and talk to you? and after that we’ve gone and spoken to them, we’ve gone into people’s homes and actually sat for hours... me and the project directors... and then the wider community, we just, we have a website and we send newsletters, we’ve got a Facebook campaign, and just to keep them informed of what’s going on. So, we do a lot of work to, to make sure that people are informed. We also go and talk to various organisations we talk to Chamber; we talk to the provost club. We go and talk parish councillors. Whenever we are asked, we turn open and we also have public exhibitions (interviewee 9, industry)

Similarly, the use of informing as an engagement tool was observed in the interviews with regulators. For example:

...And right from the start, even before we were considering applications for exploratory borehole, we made sure to respond to any information request on the application when it came in, we've been putting press releases out, and, to keep people informed and we've done media interviews with radio and television because the media headlines can be quite frightening, but people do want to know more. And as public servants working for the local authority, it's part of our role to ensure that the information that we have that relates to the planning process, we do share. I think it's our approach to get as much information to the public domain as much as we possibly (Interviewee 11, regulator)

The first things we have to do is we have to put an advert in the local paper. We have to put up site notices and we have to send letters to the nearest local residents. But we have, we've gone beyond that with this application. We've been releasing press statements to the local media along the way notifying them of different elements of progression with the application (interviewee 12, regulator)

5.4.3 Explaining

Friedman and Miles (2006) describe the next category of levels as 'tokenism', where the powerless are allowed to have a voice but lack the power to ensure that their voices are heeded. Explaining is the lowest level of tokenism, and an example of explaining will be holding workshops. Although the nature of workshops involves a two-way dialogue, generally the overall objective is to inform stakeholders of decisions already taken, prior to their public announcement (*ibid*). At this level, there is little room for stakeholder opinion to influence corporate policies as there is 'no follow-through, no "muscle", hence no assurance of changing the status quo' (Arnstein 1969). This particular approach is used extensively in the engagement strategy of the shale gas operators interviewed:

And whenever we are asked, we turn open and we also have public exhibitions... we do have, quite often have quite big public exhibitions where we have boards that explain exactly what we're going to

do. We bring all the experts from London and they are there to answer questions for the community (interviewee 9, industry)

But then we'll be kicking off our wider community engagement like we did up here. And we think if we're there explaining things to people, and talking to them about the process, and answering questions, that will change a lot of perception... And when you, when you're able to explain that process to them and stuff, it allays a lot of fears that people have because they don't actually know or just haven't been told all the information (interviewee 18, industry)

So as a company, our position is to get out and do what we've been doing, to go and talk, to explain our businesses to the local community, to explain the energy usage, to try to explain the gas provision element and actually just address that first and foremost (interviewee 14, industry)

Friedman and Miles (2006) warn that If stakeholders feel powerless to influence the situation, the process may be viewed as unproductive and they may not be willing to participate. This may result in conflict and present as a barrier to meaningful engagement (discussed in the next chapter). Another interviewee described the limitation and frustration of this type of engagement:

One of the difficulties in the formal route that you would raise concerns, some of those concerns do not count into the planning application process. For example, If I was to say that I think it's going to have a negative long-term impact on the climate, that wouldn't count. So to raise it with [Company X] at these meetings, yes we have raised it. But they are hardly going to sort of listen to, or they maybe listen to that, but they are hardly going to take note that's what the whole industry is about, you know, sort of gas (interviewee 2, community)

Authors have advised that organisations may wish to encourage genuine two-way dialogue to improve the quality of engagement and to reduce potential conflict. Stakeholders are more likely to be committed to an initiative if they participate in the process and have some ownership of ideas (Friedman and Miles, 2006).

5.4.4 Placation

This level of participation involves the use of advisory panels, task forces, and focus groups typically encouraging a two-way dialogue prior to a decision being made and providing an opportunity for stakeholders to influence the eventual outcome. This level should ideally give stakeholders some voice in deciding their interest, but Ihugba and Osuji (2011) suggest that placation is usually ad-hoc and reactionary, used to assuage or control stakeholders when serious concerns are raised. This view is also shared by Friedman and Miles (2016) who opine that placation affords a channel for organisations to obtain expert opinion, to keep abreast of developments, and to assess stakeholder opinion and can generate innovative approaches. What happens at this level is that power holders allow stakeholders to supposedly participate in decision making while withholding the power of final decision. For instance, they may be consulted and later overruled (Arnstein, 1969; Cumming, 2001) by the power holders who have the advantage and ability to deprive the stakeholders of needed technical expertise to articulate their interests and priority properly. One interviewee described how placation was evident in the participation process:

But as it stands at the moment, I am decidedly unimpressed. The local council clearly made a decision which was within their remit to make and I believe they made it in a way which fulfils their responsibility. [Company X] clearly also has the right to appeal, that much is true and fair, so there we had an appeal. At that point then it became called in. I think an incredibly lot people within the community began to feel incredibly disenfranchised, because we don't have a problem with the council making decision, we don't have a problem with an appeal from [Company X], it's the process that's the way it works. We do have a problem with that decision being taken away from the local community by a minister for local community who is on record as stating that the local community should have the power to make the decisions (interviewee 5, community)

From the above extract, the interviewee was not impressed by what is perceived to be placation, and that influenced the interviewee's position towards shale gas development in the community. The interviewee's opinion was that the people of the community trusted the local council to act on their behalf and the fact that the council was overruled after a process of consultation was a major sticking point for most of the community. This consultation and appeal process were a lengthy process where different groups- those in favour and those against- were allowed to make their case. In describing mechanisms for placation, Friedman and Miles (2006) suggest that stakeholder representatives from interest groups who disagree on a proposed action meet with a neutral facilitator to search for solutions that are acceptable to all. The facilitator structures the process, determines the agenda in consultation with the participants, and ensures compliance with the ground rules. Although the stakeholders can advise and inform decisions, they do not generate proposals and the organisation has the continued right to decide upon its action. This was definitely the case when the consultations led to small gains for the communities such as distance of well sites from living dwellings but ultimately this did not halt the operations of the shale gas companies. Placation is often described as a stakeholder management tool for political purposes which may offer a degree of legitimacy and independence to the strategic outcome (Friedman and Miles, 2006). However, although this research found evidence of placation in the stakeholder engagement process there was no indication that it served to improve legitimacy. "This is a total denial of democracy. Our parish council, our borough council, our county council all threw out this application. We have pursued every democratic channel we can do, there's nothing left for us. We're pretty disgusted and very upset." (interviewee 5, community). The image in figure 5.4 is a graffiti that captured the sentiment of some interviewees in the aftermath of the long

public inquiry process that culminated in a planning approval being decided at the central government level.

Figure 5.4: Graffiti protesting fracking



Source: Williams and Sovacool (2020)

5.5 Evidence and quality of engagement

Reflecting on the semi-structured interviews, levels of engagement seem to be concentrated at the lower level of Friedman and Miles's ladder of engagement (2006), i. e. the bottom five rungs of the ladder. Despite the use of various engagement mechanisms such as workshops, roadshows, roundtables, CLGs, etc it appears that only level 5 (placation) was attained because these mechanisms consisted mostly of one-way communication and dissemination

of information or where there is two-way communication, the received views may well not be used or acted on. Engagements which aim at 'informing' the stakeholders, are observed to be quite common among the shale gas operators. Stakeholder engagement at the lower levels did not improve the relationship between the communities and the shale gas industry. This further led to eroding trust and amplifying concerns about the hydraulic fracturing process. In fact, an industry report found that the current engagement between shale gas operators and communities did not comply with the dictates of the community engagement charter put forward by the UK Onshore Oil and Gas (UKOOG). "These commitments have been put in place for planning applications submitted for three sites in Lancashire and North Yorkshire. Yet public opposition in these areas remains strong. Building public trust is still a key issue for the industry to ensure it has a social licence to operate" (Document 6). This finding is in keeping with the conclusion of other researchers (see Manetti, 2011). Arnstein (1969) points that in the majority of companies studied, stakeholder engagement is limited to the first five levels. Cummings reasons that the higher levels of the ladder cannot be reached owing to the problem of balancing different expectations among stakeholders. To reach the eighth level, companies would have to redefine their statutes, sometimes violating the principal that is commonly found in company law of safeguarding, as a priority, the investors and shareholders.

In analysing the quality of the stakeholder engagement carried out in the shale gas development process this research found that communication needs to be improved. Speaking with engagement managers, it does not appear that the operators fully recognise that the current approach is not meeting stakeholders' needs. However, interviewees from

the community and some experts do not agree that there is an adequate level of two-way communication resulting in a major gap in the operators' ability to meet stakeholders' expectations. The fault does not necessarily lie with the engagement mechanism, but rather with the way these engagement activities are conducted. The next chapter will discuss, in detail, some of the factors that enable or impede engagement.

5.6 Summary

The overall empirical findings in this chapter have provided further insights into the experiences of the interviewees and their views on stakeholder engagement in practice. The chapter started off by descriptively analysing the concerns and views provided by the different interviewees as relevant to developing shale gas in the UK. Some of the key themes emerging from the data relating to stakeholder concerns are water pollution, seismicity, climate change, impacts of production, health risks, energy security, distributive justice, procedural justice, and sense of place. The findings in this chapter are summarised as follows: Firstly, stakeholder engagement is difficult and riddled with tensions arising from the diverse interests of the stakeholders and the nature of the energy source itself. Despite this seeming difficulty, stakeholder engagement is not only desirable but is it a prerequisite for the development as mandated by the PEDL licence. The different stakeholder groups and their dominant concerns appear to be acknowledged by the operators but stops short of getting addressed by engagement activities. The diversity of stakeholder interest does not prevent the stakeholder groups working together to increase their influence over the operators and government policies.

Secondly, the organisations operating in the shale gas industry show similar patterns in their stakeholder engagement strategies and employ a range of strategies with different stakeholder groups. These strategies take the form of townhall meetings, press releases, and community liaison groups. The use of various strategies appears to support participation of the different stakeholder groups in the shale gas discussion. The researcher notes that participation has mainly been conceived as a ‘tick-the box’, process usually perforated by power asymmetries and the stakeholders not being able to influence any real change within the participatory process.

Finally, an assessment of participatory efforts using the ladder of engagement points to engagement concentrated at the lower rungs of the ladder with the stakeholders in a relative state of powerlessness. Data also pointed to the reluctance of some stakeholder groups to participate in the engagement process retaining an “us versus them” approach which is a plausible explanation of continuing opposition to shale gas development despite varying degrees of stakeholder engagement. The findings in this chapter point to recommendations on how to address the tensions observed in a multiway engagement and also provide evidence that will contribute towards filling the identified gaps in current knowledge on establishing a relationship between the stakeholder engagement process and the social licence to operate.

CHAPTER 6: STAKEHOLDER ENGAGEMENT, LEGITIMACY, AND THE SOCIAL LICENCE

6.1 Introduction

Having unearthed the way stakeholder engagement is operationalised by the case study organisations and some of the issues of concern to various stakeholders, this chapter will further discuss the results of the research with the view of answering the second and third research questions. As with the previous chapter, the chapter also considers possible theoretical explanations for the interactions between the contextual elements of the case study and the observed stakeholder engagement, and legitimising events. The chapter focuses on factors that constrain effective stakeholder engagement, which have been identified across four themes. The chapter then moves on to consider the extent to which the identified stakeholder engagement practices reflect an attempt at legitimisation as an initial step in the process of achieving a social licence.

6.2 Barriers to stakeholder engagement in shale gas development

Participants discussed several barriers experienced during the stakeholder engagement process itself, which were perceived to detract from or negate altogether, effectively engaging stakeholders in the shale gas development process. These barriers are theorised across four themes: institutional, awareness, risk perception and trust. These are, of course, inherently interlinked and overlapping, but are considered, below.

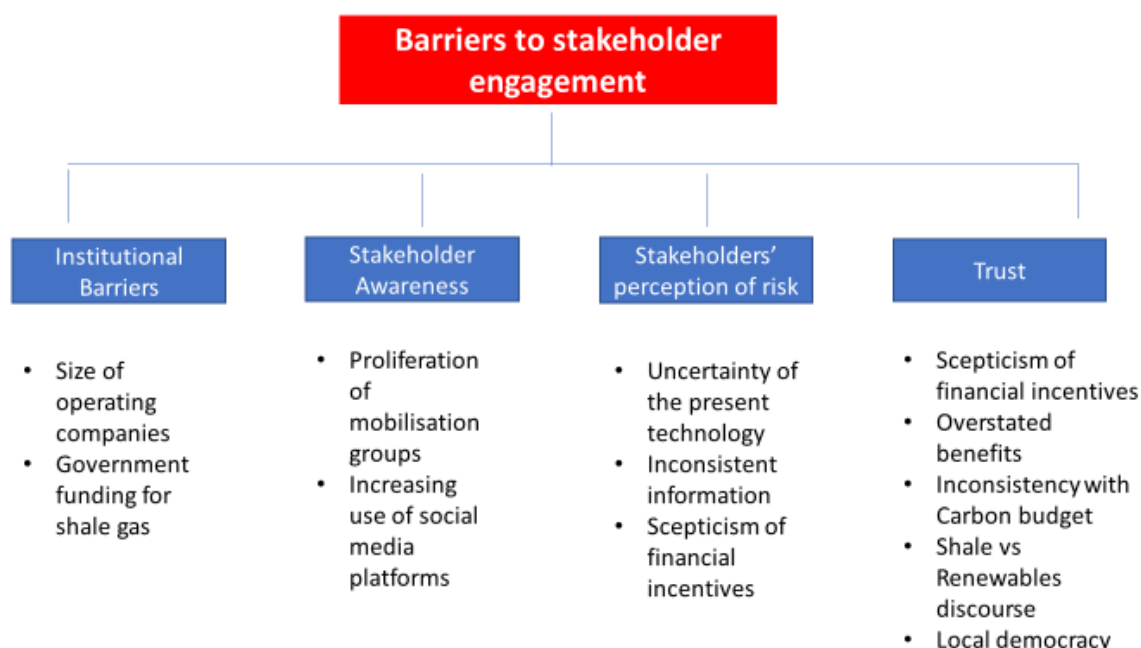


Figure 6.0 Summary of Barriers to stakeholder engagement

6.2.1 Institutional barriers

Institution-based barriers are a major deterrent to initiating or undertaking engagement processes and are essentially economic, in the form of time, direct costs and staff resources. A clear appreciation of the industry's efforts towards participation and engagement was present; however, respondents felt that this was not enough or effective. Most participants described the size of the operating companies in the shale gas industry as a constraint to the type and extent of engagement exercises, they could undertake.

I think the question of the size of the companies is interesting because I think it relates to how they would view communities, how they would view entire regions and the type of money that they are

willing to spend and the type of propaganda they are willing to produce. So, for them to get into a debate like fracking, they do not have the resources of the experience like many of the big companies that the green groups are used to going up against (interviewee 1, NGO).

In the above extract, the respondent indicated that the size of the organisation determined the quality and knowledge-level of the engagement officers. Effective stakeholder engagement requires a specific skill set. The absence of the right skills can hinder the effectiveness of the process and make it hard to identify issues and opportunities. This can result in damaged relationships between organisations and stakeholders. Highlighting the negative sense of weakened engagement efforts, the respondent bragged that the opposition to shale gas development or (antis) had stronger and more resourced mechanisms to mobilise groups to present a more formidable opposition bringing new challenges to the stakeholder engagement process:

The same time [while there was an ongoing protest] we also called an activist parliament days of action around particular weekends where we encouraged the wider community from across sort of region to come to the area and take part in the much larger scale protests and they often was sort of the focus for the trade union bringing their banners from other cites or other towns or even from local to join with the local community and local environmental activists in sort of a larger display of strength (interviewee 1, NGO)

Another interviewee agreed that the organisation size and thus, resources impacted the stakeholder engagement programs.

The sort of thing [Company X] is doing is beyond their capacity they don't have the money or the staff to do it. [Company X] has got a lot of licence blocks so, they need to get their skates on (Interviewee 10, expert)

From the interviews conducted, it appears that the engagement managers and regulatory officials lack sufficient institutional support and funding constraints are indeed major constraints of effective stakeholder engagement. The shale gas industry, still in its nascent stage is dominated by small-sized organisations with less budgets for engagement activities than organisations in other well-developed fossil fuel industries. There are also very limited direct efforts from the government to carry out engagement activities, therefore government funding to support regulatory agencies in their promotion of stakeholder engagement is also limited. There was consensus that there should be more funds made available to regulators, one participant described the extent to which ‘money’ was a major barrier to engagement:

I think, I mean, I suppose money. That is if you compare the kind of previous industries, that have been comparably contentious in the past but have taken off for example. So, if you look at that nuclear industry when it took off and at that time they had a very large government agency that was responsible for kind of going out to the areas and so doing road shows frequently and talking about what is this? what does it really mean? and what are the benefits to the area? what are the costs? so that the information could get out there and people could talk about it rationally. Also, historically with other industries you had very big companies to do that. But in this industry... what we tend to have is... there isn't enough government funding these days to go out and run a kind of large-scale public engagement programme that would reach the number of people we need it to reach. And the kind of operators actually involved in the industry are too small to be doing large scale public engagement as well. So that's an issue (Interviewee 6, regulator)

This respondent felt that at the operational level, stakeholder engagement activities lacked the momentum that otherwise would be expected in similar industries due the size of operators involved and the lack of government funding. Although most interviewees constantly spoke about how important funding is to carry out engagement activities, there was significant variance in how the government prioritised these activities. For example, one participant who worked in a local council and had active planning applications from shale gas operators stated that their direct involvement in engagement activities was minimal and also suggested that this perceived lack of interest from government agencies had been

detrimental to reaching and educating stakeholders through public engagement activities. The opposite end of this perspective was provided by another regulator who believed that there were not as much engagement activities because of the attitudes of those opposed to fracking and stated simply that “and from the point of view of those opposed to hydraulic fracturing, normally there’s been less face-to-face contact there until quite recently. They found it quite difficult, (I think) to engage with us as regulators” (interviewee 15, regulator).

Participants portrayed an inconsistent belief regarding the role government agencies should play in promoting shale gas through public engagement activities. On the one hand, regulators verbalised their frustration at inadequate government funding for stakeholder engagement activities, on the other hand when discussing whose responsibility, it was to adequately inform and educate stakeholders, some engagement managers believed it should be the responsibility of the operating companies and not the government. When asked if he thought that the government should be doing more to carry out public engagement, one respondent said:

“No, not at all, many of us say that’s how it should be because we are a business and we are in it to make some money out of it as well. So, I definitely believe that it is down to us to go out there and educate people and get that information across. You know, it shouldn’t be up to the government to do it, we should be seen to be out there and doing as much as we can to educate and get things on the ground and as an operator” (Interviewee 18)

6.2.2 Stakeholder awareness about shale gas

A significant factor identified as one of the main barriers to engagement is the awareness of the stakeholders on the issue of developing shale gas. There is a lot of information about shale gas and fracking that is available to residents through the internet and other mobilisation groups. Residents together with other groups and campaigns have played a pivotal role in mobilising communities locally and nationally to participate in the public debate on shale gas in their area and the UK. They do so by organising many outreach and networking meetings as well as solidarity actions. Through this medium, they are able to inform the public about shale gas and raise questions about whether there is a need for a new fossil fuel industry and if fracking constitutes a progressive and safe path to pursue in the age of countries committing to cut carbon budgets. An interviewee described how she became aware of shale gas development and how her awareness has evolved:

So, in terms of shale gas and fracking, I sort of was concerned about it. I heard that there were some threats in the area. So, I decided to find out more and I went in the initially meeting and that's how I got more involved... I'm a member of [a local action group] I didn't particularly want to join a group of sorts when I went to the very first meeting, I really just wanted to find out what was happening, just to find out more really, I didn't know enough about it then but also, my gut feeling was that it wasn't going to be a good thing... You know, you can only work with things that you know, and we know more about fossil fuel and the gas industry safety records. We know much more now, and we know that there are alternatives, things have developed a lot from the initial time when coal mines were first developed (Interviewee 2, community)

The interviews with community stakeholders demonstrated that the respondents view shale gas development as a threat, particularly residents close to a proposed development site. This view hardly changed and the more the respondents knew about fracking, the more they felt

opposed to the idea of it.

I got involved from the Barton Moss campaign in November 2013, when fracking came to Manchester. Most people in the country may have got an awareness about fracking in detail when there was a protest at Balcombe. I was no more than vaguely aware of fracking in America, United States until at that point. I think to the point when fracking arrived in Manchester at Barton Moss, nobody outside of the green community knew anything at all about it. So, the whole area was in a pretty steep learning curve with what fracking actually was (Interviewee 7, NGO)

I'll tell you what, the thing is that very few people knew anything about fracking 5 years ago, apart from a tiny number, of, I think just about the professional campaigners make a point of following these things. Most people even in the fracking industry probably didn't know much about fracking probably even until 2 years ago. So, we've all really got all sorts of information from different sources over the last couple of years. So, we've all been on a pretty steep learning curve (Interviewee 5, community)

So I think what we we're seeing then is communities getting involved when maybe they hear from companies that are coming on, that they are coming into their area. So, the community in [xxxxx] got mobilized when they heard that [Company X] was planning to come to their area. The community in [xxxxxxx] got mobilized when they heard that [Company X] was planning to move into their area. What we're hearing, what we've seen now, as awareness of fracking has risen hugely over the last few years is communities getting involved at a much earlier stage (Interviewee 16, NGO)

Evidence from the interviews found that local movement groups and community action groups were mainly against the plans to develop shale gas in their area and these groups often lend support to other areas with proposed fracking plans. These community groups had strong grassroots mobilisation and held regular meetings. This was also confirmed through the researcher's observation of meetings held by local frack-free groups. The researcher attended a meeting hosted by a frack-free group in one of the shale gas licenced areas. During the meeting, it was observed that the groups maintain organisation and support through coordinated efforts with more established local groups and other national NGOs. Although the researcher was unable to ask questions during the meeting, the attendees seemed very knowledgeable about the issues regarding the fracking operations in the area. There was also

a carefully communicated plan on how the group can oppose the fracking operations in the local area through lobbying elected officials or mobilising for further action. Through collective action, they can increase the awareness of residents and other stakeholders. Taking advantage of social media, residents have actively promoted information about unconventional gas exploration and extraction processes as well as have contributed to the mainstream media coverage of the issue, which helped expose many people in the UK to a wide range of perspectives on and dimensions of the problem. Hwang et al. (2011) implied that the target of collective action is often directed at eliminating an external threat or reducing the negative impacts on a community's way of life. According to a 2016 statistic published by DECC, the more people know about fracking, the less likely they are to support it and concludes that the declining trend in support for fracking can be attributed to growing awareness and knowledge of the process in the UK (DECC, 2016). This awareness and preconception by stakeholders that shale gas and fracking is a threat does fracture the possibility of a meaningful engagement. The stakeholder theory posits that organisations are managed not just for shareholders and stakeholder engagement promotes creating the greatest possible value for all stakeholders (cf. Freeman, 2010). According to Kujala et al. (2016), the first attribute of value-creation is 'joint interests', which was not evident in the relationship between the operators and local stakeholders.

Interestingly, this research found that within the local action groups, there are different beliefs and reasons for opposing shale gas development; however, an interviewee argues that these different held beliefs among members do not impact on their collective aim of opposing shale gas:

...I have worked with and seen lots and lots of different organisations and individuals who are motivated to oppose shale gas for a whole number of reasons and in the process of working together, other individuals become aware of much wider questions around the government, energy policy, the economy, the environment and so on...I think the experience with social movement is that the dialogue which takes place in the process of working together helps to raise awareness and break down those barriers (Interviewee 1, NGO)

Pretty and Ward (2001) developed a model to describe changes in social and organizational structures, commonly characterizing diversity in structure and performance according to stages or phase. They described the awareness-interdependence stage as:

“This stage involves a ratchet shift for groups- they are very unlikely to unravel or, if they do, individuals have acquired new worldviews and ways of thinking that will not revert. Groups are engaged in shaping their own realities by looking forward (bringing forth a new world- cf. Maturana & Varela, 1982), and the individual skills of critical reflection (how we came here) combined with abstract conceptualization (how would we like things to be) means that groups are now expecting change and are more dynamic. Individuals tend to be much more self-aware of the value of the group itself (the value of social capital). They are capable of promoting spread of new technologies to other groups, and of initiating new groups themselves. They want to stay well linked to external agencies and are sufficiently strong and resilient to resist external powers and threats.”

This research found this to be particularly true as community respondents described themselves as being part of a local action group and relied on their local group and others like it for information. Stakeholder theory points out that society is not a homogeneous group of individuals with identical expectations but is made up of different groups that have different expectations about a firm's actions and a varying ability to influence its behaviour. Since stakeholder relationships do not occur in a vacuum of dyadic ties, but rather in a network of influences, a firm's stakeholders are likely to have direct relationships with one another (Deegan, 2002). This approach moves the focus away from an individual stakeholder or group to one that looks at a network of stakeholders which is more appropriate to the shale gas

industry. Speaking on the importance of such groups and the need for every member of the group to be aligned to a common aim, one respondent said:

One of the interesting things of the [opposition] campaign is that the initial protest developed by the local community were concerned about the impact upon their village, their community, of having a shale gas operation near them affecting house prices, children's safety all sorts of questions like that. Actually, the question of climate change and the environment was very low on their agenda... the active participation of the people in the movement to break those barriers down and to raise awareness of all the issues leading to a very successful campaign that involved all sorts of activists, all sorts of campaigners, all sorts of trade unionists in opposing fracking (Interviewee 1, NGO)

The challenge with these types of networks or local action groups is that it introduces a kind of dynamism in the stakeholder-organisation relationship, making engagement somewhat difficult. As Mitchell et al. (1997) typology describes: latent stakeholders can increase their salience to engagement managers and move into the "expectant stakeholder" category by acquiring just one of the missing attributes from the network. Mitchell et al. (1997) continue to say that if the stakeholder is particularly clever, for example, at coalition building, political action, or social construction of reality, that stakeholder can move into the "definitive stakeholder" category (characterized by high salience to managers), starting from any position-latent, expectant, or potential.

The stakeholders in the shale gas industry are very invested in action groups that it is sometimes difficult to isolate their individual concerns. This presents a problem to engagement managers because they must constantly adapt engagement strategies as the situation develops. As observed from the interviews, engagement managers have successful interactions with concerned stakeholders or groups but as that stakeholder interacts within

community groups, more questions are raised and there is need to go back to hold consultation with the same stakeholder usually on a new concern that they might have. When asked to describe the engagement process, one manager described how the engagement team have had to repeat consultation with the same person(s) *"... after that we've gone and spoken to people in their homes and actually sat for hours, me and the project directors to have gone through all the questions. And for some of the residents we have been called back for more clarity, we've actually done that maybe three or four times."* (Interviewee 9, Operator).

The stakeholders may be needing repetitive consultation because as I found during the interviews, interviewees morphed between speaking as residents, as members of community action groups or as both. For example, during an interview session I specifically asked a respondent how he/she will be speaking to me and the reply was:

I suppose what I'm saying is it's difficult to pick for me. Perhaps I am slightly a special case because clearly, I am very prominently anti-fracking. I have my own group; I have my own website. I have been described as a group, but I'm just me... I don't know, but I'm a member of [local action group], in a way, you know, in the sense, that I'm a member of the facebook page. But I don't know what a member is. That's what I am trying to say. I don't know how to pitch it all myself. I would regard myself as a member of the community, rather than a member of a particular group (Interviewee 5, community)

Then when I asked what community he/she represented; the response was even more unclear what interest(s) was being represented:

...ah, that's a very good question. Ah, I probably need on the basis of what you've just said I have to rephrase that. I am actually also a member of the group called [community group] and I'm definitely a member of that, in fact I'm the [position in group], but we're not an anti-fracking group as such. We are a group which is aimed at preserving the local town, community value, part of which currently

revolves around fracking. So, I probably do need to say I'm a member of a group. Sorry (Interviewee 5, community)

6.2.3 Stakeholders' perception of risk

As the respondents' awareness about fracking increased, they also questioned the uncertainty of the present technology- hydraulic fracturing. A fundamental principle of stakeholder theory calls for organisations to balance stakeholder interests (Freeman, 1994). In agreement with Freeman (1994) Donaldson and Preston (1995) point out, "Stakeholder management requires, as its key attribute, simultaneous attention to the legitimate interest of all legitimate stakeholders" for this to happen, effective engagement is needed for shale gas operators to appreciate how the stakeholders perceive the risks posed by fracking. For engagement to be meaningful, the operating companies must appreciate how stakeholders view the risks posed by the potential development because relationships are mediated by a balance of trust and risk-taking (Das and Teng, 2004). Indeed, understanding stakeholder risk perception is a crucial component of multi-stakeholder dialogues because "risk perception shapes the mental attitudes that are preconditions to such dialogues by affecting individuals' cognition and knowledge construction, which are critical parts of the dialogue process" (Payne and Calton, 2004).

Some respondents identified that there were a lot 'unknowns' about the technology and scale of fracking that prevented them from making a decision. According to Donald Rumsfeld (2002) "there are known knowns. These are things that we know. There are known unknowns. That

is to say there are things that we know we don't know. But there are also unknown unknowns. There are things we don't know we don't know." Participants acknowledged that there was high uncertainty and possibility of surprise that previous engagement efforts have failed to address, and they are unsure how much further engagements will serve to clarify. One respondent expressed his dissatisfaction with previous engagement outcomes below:

It's very difficult to get any accurate or consistent information from the fracking companies themselves about the level of impact we can expect. So, we have to do our own extrapolation (Interviewee 5, Community).

This respondent expressed frustration with the level of uncertainty about fracking, which has been heightened by inconsistent information leading to increased uncertainty, and like most other community respondents would rather 'err on the side of caution' at least at the current state of understanding. Most community respondents and groups are not very optimistic about the technology and believe that the government and fracking companies are rushing into the decision to frack before all the facts are known. This feeds into the commonly expressed sentiment that there is a risk of rushing these decisions, one respondent felt that the opposition to fracking grows stronger as more potential risks are discovered. According to him:

I mean I think there's an extremely strong case for fracking not going ahead and as you say putting aside, local people, when they object to fracking, the starting point is... they're concerned about the risks to the local environment, they are concerned about the risk to their health. There are well-founded and sound reasons for them to be concerned about that. The more evidence we see from where fracking has been used in the U.S., the more we see that we should be concerned about the health impacts, we're starting to see, what we're seeing now is the peer reviewed medical evidence is starting to catch up with the development of the industry (Interviewee 16, NGO)

Other respondents in the expert category expressed some cautious optimism about shale gas development. Some believed that the benefits of developing shale gas in the UK have been overstated, ignoring the potential challenges, including that of geology, in the ‘dash for gas’. Interviewee 13 explained that he was in support of the development but only if he is convinced that there would be enough regulation for the industry.

I think the impact on society in the UK will be quite small because I think that the amount of Shale gas that is going to be economically recoverable in the UK is not going to be very much. And evidence from other European countries suggest that that it's likely to be the case, and not that we will know until we did some drilling, it looks like that this is the second order issue... What concerns me the most, is, the potential for methane to leak out of wells when they are finished, when they are allegedly closed. And therefore, there shouldn't be any fracking if there isn't enough regulation such as the mandatory closure and sealing of the well when they finish fracking (Interviewee 13, expert)

Some respondents like the above interviewee really wanted clarity that regulation and structure will be sufficient to mitigate the perceived risks of having shale gas developed; however, other respondents did not feel that cost of the development was commensurate to any benefit that the industry would bring. This study observed vociferous campaigns from green groups and other local action groups, urging a frack-free Britain, or at least a more precautionary policy in the ‘dash for gas.’ Watterson and Dinan (2017) explored several studies advocating or championing a precautionary or preventative approach to future shale gas development but the detail on how exactly such approaches could be implemented were often lacking. The authors attributed this to the difficulty of applying the precautionary principle where the evidence base is absent, emerging, or contested. Respondents continued to be split on the level of acceptable risk. Watterson and Dinan (2017) note that the precautionary principle is one that has not been adopted readily in the United Kingdom. However, a recent report by Health Protection Scotland recommended that any future

unconventional gas extraction development (including fracking) in Scotland, if permitted, should proceed with “relative precaution.”

One respondent acknowledged that while he may not have a full picture of the potential risks of shale gas development, he is willing to accept the risks based on a strong regulation for the industry:

We are not absolutely sure. You must take a judgement on the basis of the balance of evidence. And you then have to monitor what is actually happening very closely, this goes back to the point about regulation. It cannot be that we issue a permit and then just let them get on with it. They must be monitored. And if the actual evidence is, that it is worse than expected, then it can and should be stopped. If it is as expected or better than expected, then it can continue. The point about are we absolutely sure is very important but the answer is NO, we're not absolutely sure and if people are advocating the use of the precautionary principle to take any risk, then we'll do nothing (Interviewee 13, expert).

However, not all stakeholders are willing to accept the risks. Some preferred a ban or temporary moratorium as they believed that there was compelling evidence about significant harm to public health. The researcher got the impression from talking to community stakeholders that there have already been two small earth tremors from exploratory drilling, and longer-term intense commercial operations can only amplify this. This is how one interviewee articulates the issue:

Things go wrong, there are calculated risks every day in life. We can't stay in the dark ages just so that we don't have problems. But we're talking about our drinking water potentially being contaminated, we're talking about our air being polluted. We're talking about the very crust of the earth being affected in the long term. And I don't think they are risks worth taking. So, you know that's my bottom line on it.... I'm sure the experts didn't expect the minor earthquake in Blackpool, but we had one. So, I'm afraid I have to come down on the side of caution because if I'm going to be wrong, I'd rather be

wrong, on this particular issue, on the side of caution, rather than, you know take the side of let's frack. So, I suppose that's my default position (Interviewee 2, community)

Reports, such as those conducted by the Royal Society and Public Health England (2013), have expressed the opinion that if a 'robust' regulatory system is in place the risks associated with fracking can be reduced and controlled. Such claims have been repeated by political figures such as David Cameron at the 2014 World Economic Forum. However, this research found that apart from the potential dangers of fracking, stakeholders are concerned about the present knowledge of the regulators and the institutional responses to public concerns about the dangers themselves. Some respondents believe that regulators may have been too complacent in the past and may continue to be reactionary to the perceived ills of the industry as there continue to be 'regulatory gaps'. One expert interviewee summarised her observation and discussions with various community stakeholders highlighting their concerns about the regulatory frameworks charged with managing risk events:

...fracking regulation about how there are lots of things where there are all gaps in it. And that issue comes up with all the different people having different responsibilities. It's certainly true that at Balcombe, people were very dissatisfied about the response of the regulatory agencies to noise. Because there was a ridiculous situation in Balcombe where they reckoned that the noise was greater than the planning application allowed but the planning authority had no way of measuring what the noise actually was on the ground because they don't, they are not responsible noise monitoring. The next level down was the District Council. So, the District Council had nothing to do with the planning application apart from give a response to it years and years before. They were being called to monitor something on behalf of another local authority. So, it got more complicated. And they were also very dissatisfied about the response of the Environment Agency when they asked for the Environment Agency to come out and it didn't. The same thing happened at Horse Hill, people complained to the Environment Agency about the smell. And the staff didn't come out in time to smell it. So, I suspect it's going to become more of an issue as and when more sites become active (Interviewee 10, expert)

6.2.4 Trust

A dominant theme emerging from data collected with regard to barriers of engagement with shale gas stakeholders (particularly, community stakeholders) is **distrust**—of the industry and government in particular, and to a lesser extent of regulators. This research found that distrust of the shale gas industry is widespread, respondents were sceptical of the promises made by the gas industry. This distrust may be as a result of a number of factors including perceived unfairness, lack of information provision, overstated benefits, previous interactions and antecedents and heavy-handed corporate tactics and proximity of industry to government. Some respondents are increasingly distrusting of the industry because of the belief that greed, profit and short-termism have guided, and will continue to guide, the drive for shale and decision-making processes.

I am quite concerned though that the industry is not coming clean with us, that the industry itself doesn't appear to be particularly good partners with local communities and we've seen that in the States and I see no evidence at the moment to suggest that we are going to have a better situation here than they have there... So one of the issues here that worries people, if you look at for example [Company X's] corporate structure, you will see that there's a group and under that group, there is an individual company for pretty much every well site that they have. So there's a company called [Company X, well location] there's a company called [Company X, well location]... So we have to ask ourselves, why would they do that. One of the suggestions of course is if they have particular problems with the well, we can close down the company. Now, that may not be fair, there may be another reason to it, but it's a suspicion and a valid suspicion because it has been done elsewhere in Canada and the States. So what happens then, if a company drills a well, caps it, the well starts to leak and it causes a problem, which has to be expensively remediated, the company no longer exists, because obviously the implication then is that the community itself has to pay for remediation (Interviewee 5, community)

In the above comment, the respondent judges the trustworthiness and intentions of industry actors and he does not appear to have confidence in the integrity of the energy industry (from antecedents elsewhere in the United States), and this reinforces existing mistrust. When he

says “that may not be fair, there may be another reason to it” he acknowledges that there may be other strategic reasons for the multiple corporate structure, but he does not trust the industry hence his heightened perception of risk. Interviewee 5 was not alone in suspecting the motives of the fracking companies. Some other respondents were also doubtful about the long-term interests of the current shale gas operators, they believed that the fracking industry is dominated by smaller organisations and if successful, these organisations will sell their interest to larger multinationals that they perceive to have poor environmental and social standards.

... but when you look at some of these companies, they are tiny subsidiaries of bigger groups, which are in themselves funded by offshore companies, so I think there is a suspicion about the financial organisation of some of the companies (Interviewee 10, Expert)

What could happen is once the successful well is established a company could sell-up, or could be bought up or swallowed up by one of the big oil multinationals certainly and I think there's always a tendency I think to sometimes seek smaller companies as being somehow inherently better than say multinationals that has got its tentacles in every country...(Interviewee 1, NGO)

Distrust also stems from the arguments that are made in favour of fracking in the UK, one of which is the economic benefits – economic growth, job creation, lower gas prices and financial benefits for local communities. Speaking about these benefits, UKOOG – the representative body for the UK onshore oil and gas industry- say that “in addition to the very direct injection of cash into communities, operators and the industry as a whole will look to ensure that as many jobs and services are created within the local area as possible. A recent report by the Institute of Directors suggests that for the first 100 sites 74,000 jobs could be created.” However, respondents disagreed with the assessment of the number of jobs that can be

created and how local communities can be better from having wells drilled.

...because they've made lots of promises about the fact that this is going to improve the economy of the country but when you actually start to probe these things, to me, they don't hold up (Interviewee 5, community)

At the same time as exposing some of the misinformation from the shale gas industry about the number of jobs, the type of jobs that will be provided, in the aftermath of the [opposition] campaign that has been a lot of legal case about whether or not fracking should be allowed in the north-west and Lancashire and as part of that the shale gas companies have had to admit the number of jobs to be provided from the shale gas is much lower but also the type of jobs would be short-term insecure jobs often security guards, or service and support industries rather than the technological jobs often people perceived that are going to come to the area (Interviewee 1, NGO).

There has been substantial economic benefits and job creation in the US but, the US is very different in terms of geology but also in terms of concentration of people I mean it's a big country. There are lots of areas where there are many people living. That that is not the case in the UK. So, it was always going to be very different economically in the UK. And the geology, well, we don't know because testing and drilling hasn't been done. But the geology in the UK, from what we know about Geology, suggest that economically it's going to be less beneficial here than in the US. So, the Shale gas task force report on the economics made this point. It's not going to be a major economic benefit, it could be an economic benefit, but it's not going to be a game changer in the way that it has been in the US (Interviewee 13, Expert)

Again, they promised massive jobs, they promised to keep the gas, and they promised complete safety. Had they brought their promises somewhat near to realism, they might actually have had a bit more chance to get their message across, if they had said there will be some jobs, that there would be some gas, that there would be some dangers, then it wouldn't have been quite so easy, first to knock their propaganda down. If they were to start again, they will have to start earlier and with a more realistic message. They're on a different level on the stage now I think people have pretty much made up their minds either way (Interviewee 7, NGO)

These extracts reflect the respondents feeling of distrust with the extent of economic benefits that the industry could achieve. The general feeling amongst residents is that the government and industry are overstating the benefits of developing shale gas including the government's narrative that shale gas would boost the UK's energy security. This seems to be consistent with the conclusions of the Energy and Climate Change Committee at the House of Commons. The Committee's (2011) report on shale gas highlighted that there is the uncertainty as to the extent to which domestic gas extraction could drive the price of conventional gas down. This has also been supported by the findings of an EU impact assessment (2014), which concluded that the effect of shale gas on energy security was unlikely to be massive and stated that security of supply considerations should not be the main driver of policy in relation to shale gas extraction. Campaigners and NGOs have also produced alternative research and evidence that dispute the government and industry claims of the number of jobs that will be created by a shale gas industry. This research found that where these discrepancies exist, local residents choose to believe the evidence from the campaigners over the industry, and interviewee 1 says that as a result of this "...the shale gas companies have had to admit the number of jobs to be provided from the shale gas is much lower..." which further reduces trust in the industry and institutions.

Trust was also an issue in interest advocacy dialogues, particularly on climate change issues where shale gas development was being presented as being driven by the need to lower carbon emissions. Pro-fracking groups usually describe shale gas as a 'bridge fuel' or 'transition fuel' to prevent burning 'dirtier' forms of energy such as coal. These claims were often disputed by participants, and a regulator agrees that people do not trust this narrative.

And I know there's been talk of shale being a bridge to renewable sources but there's a lot of people that don't agree with that and that's only something that has come across in the consultation response we've been receiving (Interviewee 11, regulator)

But I think the climate change argument is becoming quite an issue to the industry and I think that explains why the argument which started off with shale gas will provide cheap fuel and that turned out not to be true and was rebutted and obviously they backed out. And then they went on to energy security and then again there's argument proven against that. And then it went on to climate change and saying "you know this is a low carbon fuel" which it isn't unless it will be the transition or bridge again, there are questions over that. And I think now the companies are saying that shale gas will be a feedstock for industry, and this will be a way of revitalizing the manufacturing industry (Interviewee 10, expert)

When asked about shale gas being a transition fuel, an interviewee articulates his mistrust of the industry and institutional actors:

I think one aspect of fracking that has not really got the attention it deserves is that fracking is being used as an excuse for building a new generation of gas fired power stations. These will last 25 to 30 years. In other words, they would probably outlive, (even by the optimistic estimates), they will outlast British shale gas production. So, one of the things is that we are locked into another generation of fossil fuelled power stations (Interviewee 7, NGO)

Current targets for CO₂ reduction and move towards renewable energy were highly prescriptive, resulting in shale gas supporters describing the development as a 'bridge fuel'. By default, the UK government embraced this narrative of shale gas as a 'transition fuel' creating the impetus to build more gas fired power stations. Participants believed this was counterproductive as the power stations will outlive the shale gas industry and areas for energy policy investment are prioritised in favour of shale gas against the renewable industry limiting the trust for the gas industry. An implication being that stakeholder interest and willingness to engage is low, limiting the scope for stakeholder involvement in decision-

making. The House of Commons Energy and Climate Change Committee has raised concern that the United Kingdom will not achieve its 2020 renewable energy targets (ECCC 2016) and EU policy initiatives have also highlighted the aim of accelerating the decarbonisation of the economy in order to meet these targets (European Commission 2015).

The perspective expressed by many participants showed that they had resigned themselves to the belief that a major reason for transitions to unfold more slowly than might otherwise be expected, lies in obstruction and resistance by actors at the 'regime' level – typically involving the government and gas industry- blocking the deployment of renewables technology in order to protect existing business models. The understanding being portrayed by some participants was that the shale gas industry was backed by the wider fossil fuel industry, who lobby governments to protect their investments:

The colossal amount of investment that the big oil multinationals have in fossil fuel infrastructure and that's not just in the UK that is in the North Sea, that's in South America, that's in Africa and so on and I think that means that the system as a whole wants to protect those interests and the profits that they produce and I think that affects the extent the British government but also perhaps more obviously the American government are prepared to protecting those interests rather than damaging it by saying that we can switch the economy to renewable energy (Interviewee 1, NGO)

This was intensified further as the level of scrutiny surrounding decarbonisation efforts by countries signed up to the Paris agreement was quite high. Participants noted that it was a welcomed step for the UK to sign up to the Paris agreement; however, some participants mainly the community and NGO groups, believe that a new gas industry undermines the commitment to carbon reduction. The quote below implies an implicit desire for the UK government to temporary stop or completely ban fracking to demonstrate its commitment to the Paris agreement:

At the same time elsewhere, the government is talking a good game or is trying to talk a good game on the international stage about its commitment to the Paris Climate Change Agreement in trying to keep temperature rises to 1.5 degrees. But at the same time as it's doing that, it's also dramatically trying to start up a new fossil fuel industry. I think people get that it is wrong; that is entirely the wrong direction for our energy policy to be heading (Interviewee 16, NGO)

While community and NGO participants constantly saw shale gas as the 'enemy' of the renewable industry, opinions differed among expert interviewees and engagement managers. One participant believed that there was need for shale gas in UK energy policy and the distrust among communities was being propagated by an environmental NGO for selfish reasons, as illustrated in the following quote:

...and in my view, [NGO] decided that this was a great campaign opportunity particularly for their local groups and so went with it, and the bigger picture about the role of gas including shale gas in the UK energy policy and then the low carbon transition has just been ignored. They are saying everything should be done with energy efficiency and renewables, which is not possible but it's a good soundbite (Interviewee13, expert)

A feeling of frustration was articulated on behalf of many engagement managers in response to how the industry is being perceived as the enemy, the industry respondents believed that this was an unfair assumption. The researcher observed that the industry respondents believed that they were in support of renewables and were just more practical about providing a cleaner solution until the UK can be fully reliant on renewables as the quote demonstrates:

Yeah, I mean, it's a hard one when people come along and think that we are like the enemy of renewables, but they are massive customer for us, as we supply a lot of lubricants and plastic technology that go into turbines. So, we're far from against renewables and we say that we are backer

of renewables and yes, we want to get to a stage where renewables can supply us with our energy needs. But unfortunately, that capacity is not there just now and what gets you to that stage in the cleanest way in the meantime is gas, because gas is a much cleaner fuel than coal etc, in terms of your greenhouse effect (Interviewee 18, industry)

Public concerns relating to trust in government were more readily acknowledged by interview respondents. Participants commented on the close relationships between the government and the shale gas industry and some went as far as suggesting that research was being publicly funded to advance private interests, and this had an impact on institutional trust. Participants expressed a lack of trust that either the government or the shale gas industry would deliver a fair and equitable system to respond to stakeholder concerns as the quotes below demonstrates:

...because I must say that's a lack of trust in officials. And which has become a bit of a culture in this village... in this country and in world politics really but generally there are fewer and fewer altruistic politicians and generally there's probably something to gain for themselves or their friends or colleagues (Interviewee 2, community)

There's a great deal of distrust in government as well that they are not acting in the public interest, that the government actually is acting for their friends in business. The other thing that really concerns people is the fact that they see a lot of corruption, at least, prejudice, or, let's put it this way, conflicts of interest, in central government, because they see that there are people who are connected with fracking, have direct vested interests in fracking, who are helping to draft government policy (Interviewee 3, community)

One of the major areas of contention and reason for distrust in government officials is the issue of local democracy and the perceived fairness of the planning process. All community respondents throughout this research have been forceful in their feelings that the government's insistence to extract shale gas in the UK is undemocratic because it is against

the will and best interest of the local people as well as the entire population of the country. The government and the shale gas industry are perceived to be imposing this development on local communities, which nullifies the government's democratic mandate and renders void the idea of democracy itself. Following the decision by the LCC to reject the fracking application from a shale gas operator. The government responded by announcing plans to fast-track planning applications, the then Energy and climate change Secretary said:

"To ensure we get this industry up and running we can't have a planning system that sees applications dragged out for months, or even years on end. Oversight by the Health and Safety Executive and the Environment Agency of shale developments makes our commitment to safety and the environment crystal clear. We now need, above all else, a system that delivers timely planning decisions and works effectively for local people and developers."

This decision was met with strong criticisms and fierce opposition. It strengthened the belief that there was some sort of 'clubiness' between the government and the industry, further eroding trust in industry actors. Communities saw this as an attempt to override local councils and local democracy; several respondents described how they felt about the decision:

Most of the fracking applications have not gone very well, in communities, as I'm no doubt you are well aware. People don't want it, they fought against it, and they very successfully fought against it. That's why the government's going out of its way to force it upon communities, whether they like it or not (interviewee 16. NGO)

This announcement signals an outright assault on local communities' ability to exercise their democratic rights in influencing fracking applications. It reads like a wish list from the fracking companies themselves. The government may want to provide "sweeteners" for communities affected, but nothing will change the fact that this will be a bitter pill to swallow. Our countryside is the breathing space for us all - it must not become an industrial testing ground for a fracking industry that has no environmental, economic or social licence (Document 3)

The issue of trust ran through the inquiry into one of the shale gas operator's activities and a submission made by a resident suggested that the regulators could not be trusted to protect communities:

I am convinced that Government persuaded or colluded with the Environment Agency to adjust these results... The real issue is that we simply cannot trust Environment Agency to do a proper job regulation when the Government has already indicated the outcome it wants to achieve... Given the prejudicial support that he and others have expressed for shale gas development in yet another Ministerial Statement recently, I have no confidence in his ability to take decision impartially (Document 8)

This sentiment was shared by a number of others who expressed their views through submissions at the inquiry. Public trust (including trust in and between industry and government) reinforces any industry's ability to operate successfully. When trust is eroded or absent, the consequences can be severe and may contribute to high levels of social conflict and shutdown for industry (Franks et al 2014). Trust has been shown to be a key element of social licence to operate (SLO) (Thomson and Boutilier, 2011; Moffat and Zhang, 2014).

6.3 Absence of local support

This section presents a discussion from the data gathered for the purpose of addressing how the engagement experiences of community stakeholders affect social acceptance of fracking

in their communities? The preceding chapter described the practice of stakeholder engagement in the shale gas industry and the previous sections of this chapter discusses some of the impediments of effective stakeholder engagement. This section will now explore how stakeholder engagement affects the social licence to operate (SLO).

Research indicates that many factors contribute to SLO including trust, perceived fairness, legitimacy and credibility. Community perceptions may be influenced by the quality and quantity of contact that they have with the fracking companies (Moffat and Zhang, 2014) and consequences can be dire and costly when stakeholder engagement is not constructive and meaningful (Davis and Franks, 2014). Kuch et al. (2013) also suggest dissenting communities often unite around perceived negative impacts of resource development, with dissent arising from lack of communication. The authors went further to propose that effective stakeholder engagement can avoid or resolve such conflict since engagement drives trust and social acceptance. This research has not explored measuring the quality of contact in quantitative terms; however, stakeholder engagement as carried out by the fracking companies was assessed for quality, using the 'ladder of engagement', in the previous chapter.

The opportunity to discuss the concept of SLO as it relates to the fracking industry elicited a good deal of interest from the study participants. Without exception, every interviewee described the industry as lacking the social licence. A key debate in the social licence discussion is around the question of who grants the SLO, this research found that engagement managers are quite mindful that community stakeholders are the "social licensors". This agrees with Gunningham et al. (2004) who argue 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 “and these community stakeholders play an intrinsic role in defining not only the criteria underpinning a social licence, but the concept of the licence itself.

According to Thomas and Boutilier’s (2011) pyramid model, legitimacy, credibility and trust are important factors that will determine how a community will move up through three distinct boundaries of the social licence model. This pyramid model assumes that social license is built in successive layers: an organisation creates acceptance by following the rules, then approval by negotiating with stakeholders, and then identification through trust-building collaborations. However, due to the ongoing debate and growing opposition voices against fracking, this study found that the shale gas industry was really within the legitimacy boundary to secure the minimum level of acceptance; consequently, the need to evaluate the legitimising efforts towards seeking a social licence.

6.4 The role of stakeholder engagement in legitimization

Following the discussion of stakeholder engagement in the shale gas industry in the previous chapter, this section more explicitly provides a discussion of the outcome of the field study, particularly in relation to the review of literature in chapter three, and as a means of further emphasising the contributions derived from this research. A central aim of the discussion is to bring together the findings from the sub-research questions, to help answer the main research question. The main question posed in this research is; ***what are the implications of stakeholder engagement for the social licence in extractive industries?*** and the contributions

of the research are explicated here in line with the discussion, and outlined in more detail in the conclusion chapter. Research suggests that legitimacy is a critical construct of the social licence to operate; an organisation is considered legitimate and granted an SLO when its operations meet stakeholder expectations and satisfy societal norms (Gunnigham et al. 2004; Thomson & Boutilier, 2011). Following prior studies that promote 'participation' as a way of demonstrating legitimacy (Leardini et al., 2019) and establish the possibility of stakeholder engagement as a way of enhancing legitimacy (Braun & Busuioc, 2020; Choudhury & Ahmed, 2002; Swanson, 2013), this section explores ways in which engagement as practised in the shale gas industry, has to a certain extent, affected legitimacy. Data analysis of transcripts and secondary documents has revealed a mixed perspective on the issue. A few interviewees directly relate stakeholder engagement to legitimacy; for example: "their purpose of carrying out stakeholder consultations and all the other actions around stakeholder engagement is so that they can have some kind of legitimacy for their operations" (interviewee 10). This respondent believed that the shale gas operators had a strategic reason for carrying out engagement- achieving legitimacy.

Another respondent directly linked engagement efforts as a way of promoting legitimacy:

By engaging, we've been keen to point out that we have gone out on the ground and we've tried to communicate the things that we're hearing, what are people concerned about, how do we think that could be addressed in terms of the consultation, how should we try and set out means of monitoring that win that confidence and trust (Interviewee 14, industry)

Although this respondent has not used the term 'legitimacy' it can be inferred from the respondent's statement that the industry seeks to appear legitimate by following societal norms, in this case, consulting with stakeholders. There is the clear understanding that communities and stakeholders expect, almost demand, to be consulted before exploration

activities are carried out. Despite its wide use, legitimacy itself remains abstract and indefinite (Hybels, 1995). However, Suchman (1995) argues that legitimacy is relational in nature and as stakeholder confer legitimacy to an organisation according to their perceptions, legitimacy is subjectively created and socially constructed. Thus, when the respondent says that “we’ve been keen to point out that we have gone out on the ground and we’ve tried to communicate the things that we’re hearing” this respondent is sharing values with stakeholders in a way that allows the organisation to gain public support because they are trusted to have a true knowledge of stakeholders’ needs (Dart, 2004).

However, there were other interviewees who felt that engagement is not at all genuine or with the objective of gaining legitimacy for the shale gas industry:

Well, I mean, community engagement programmes are basically cynical attempts by the corporations to try and stop local opposition. There's sort of a proven, tried and tested process of corporate social responsibility and sometimes it's honest and sometimes it isn't. If it is honest, when they carry out community engagement program the feedback they get is that we don't want you here so just go away and go somewhere else. The fact that that's never happened shows that it is a dishonest process (interviewee 3, community)

Another respondent echoed a similar opinion, stressing that the pursuit of engagement activities is mainly to provide information or ‘narrative’.

The industry seems to be saying they are not getting their story across properly which isn't quite the same thing as them saying they want to engage with us. I think the thing is, they seem to believe that it's about narrative. They have got that very wrong by the way (interviewee 2, community).

The above are stakeholders’ perceptions of stakeholder engagement as it relates to

legitimacy, the data shows that from an industry perspective, legitimacy seeking is at the core of the engagement efforts. However, while engagement activities may have resonated positively with some stakeholders, others have viewed it as a 'cynical attempt' to silence opposition and thus driven the industry further away from the point of being deemed legitimate in the eyes of these stakeholders. Thus, consistent with Braun and Busuioic's (2020) claim that like 'Schrödinger's cat' (both dead and alive), stakeholder engagement is simultaneously both a source of legitimation and de-legitimation.

It is worthwhile to note that above statements (interviewee 2 and 3) reflect how the community stakeholders have very little trust in the engagement efforts of the operators and also the legitimacy of the industry. The analysis showed that there is a misunderstanding or a mismatch of stakeholder expectations with corporate actions, creating a 'legitimacy gap', threatening the image and reputation of the industry. Hence, legitimacy theory posits that organisations avoid conflicts and ensure that they operate within the boundaries and norms of the society, so that their activities are perceived as legitimate (Sethi, 1977); failing to close the legitimacy gap and adapting to new expectations from stakeholder groups puts the industry at risk of failing to gain an SLO (Langer, 2008). When faced with reputational crisis, Braun and Busuioic (2020) argue that organisations can apply stakeholder engagement strategies in order to establish, maintain, extend or defend legitimacy. The next section will present the findings on stakeholder engagement efforts and its implications for legitimacy.

6.4.1 Elements of legitimacy within stakeholder engagement

Within this sub-section, the research focuses on assessing the elements of legitimacy present within stakeholder engagement activities. Literature suggests that there are several views to be considered when assessing legitimacy. To evaluate the extent to which stakeholder engagement may impact on legitimacy, it is useful for this study to start by identifying elements of legitimacy in the engagement mechanisms of shale gas operators. For stakeholder engagement to have an impact on legitimacy, there must be elements of legitimation, whereby activities are carried out by the operators to justify to stakeholders its rights to continue to explore for shale in the communities (Maurer, 1971).

The literature suggests that legitimacy is the outcome of, on the one hand, the process of legitimation carried out by an organisation, and on the other, the actions affecting relevant norms and values taken by other groups (Dowling and Pfeffer, 1975). This suggests that legitimacy is a cultural process and managing legitimacy depends heavily on “communication between the organisation and its various audiences” (Suchman, 1995). The research found that shale gas operators actively seek to communicate with their stakeholders via a range of communication channels:

They have a dedicated website with the information about the planning application and latest news on it. And they also have dedicated community liaison points (Interviewee 12, regulator)

“Those community exhibitions have really been about sitting down with people in community halls in the licence areas and just talking about what they have got from Google, what does that mean, what are the risks we are dealing with as a business, when we are looking to explore, how do we build up a picture that gives us more certainty. These are just early conversations. So as a company, our position is to get out and do what we’ve been doing, to go and talk, to explain our businesses to the local community, to explain the energy usage, to try to explain the gas provision element and actually just address that first and foremost.” (interviewee 14, industry)

These statements describe the engagement programs and activities carried out by the shale gas operators. The first statement highlights that the operators open communication channels with the communities before even putting in planning applications. The literature suggest that organisations may face a challenge of winning acceptance when embarking on a new line of activity, described as “liability of newness”, requiring new entrants to devote a substantial amount of resources to overcome this challenge. “The UK shale gas industry is still in its infancy. All the same, its potential to supply and regenerate some of our most deprived communities means that it could be a real game-changer. To realise this potential, residents who are being asked to host shale gas operators need to be more involved, better informed and listened to.” (Document 4). Engagement activities carried out by shale gas operators has been described in greater detail in the preceding chapter. It demonstrates that stakeholders are engaged through various mechanisms such as leaflets, surveys, CLGs, road shows, etc. importantly, this study found that the selection/choice of engagement mechanism is made based on the perceived needs of the stakeholders.

A further evaluation of legitimacy is provided by Suchman (1995) who views legitimacy as a process. His seminal work is not focused on legitimacy as a static state but rather a process through which legitimation occurs and describes three key processes by which legitimacy is constructed and maintained: *conformance, selection and manipulation*.

Table 6.1 Evidence of legitimization strategies

Conformance	efforts to conform to the dictates of pre-existing audiences within the organisation's current environment	<i>"As our North Sea reserves deplete, the prospect of a plentiful, reliable, secure domestic energy supply is something too important to ignore" (Document 4)</i>
Selection	efforts to select among multiple environments in pursuit of an audience that support current practices	<i>"[Company X] has set up a community liaison group. I think some local people are dissatisfied with the way it operates because the people who sit on it tend to be Parish Councillors. And they are handpicked by [Company X]. So they may be selecting people who they think won't create any problem." (interviewee 10)</i>
Manipulation	efforts to manipulate environmental structure by creating new audiences and new legitimising beliefs.	<i>"So, what that's doing is creating jobs in America, creating tax revenues in America, literally what American public benefit from... We're offering a community package as an operator as well" (interviewee 18)</i>

6.4.1.1 Evidence of conformance

This represents efforts by shale gas operators to adapt their methods of operation to conform to prevailing definitions of legitimacy. Analysis of the study data shows that conformance was the most dominant legitimising strategy. This is unsurprising as managers

seeking legitimacy find it easiest to simply position themselves within the prevailing rule, and “no manager can completely step outside of the belief system that renders the organization plausible to himself or herself, as well as to others” (Suchman, 1995). Interviewees referenced some element of conformance to the existing environment when legitimising fracking in the UK, for example:

... and obviously our drive is to explore for shale in the UK, so that we can have our own indigenous gas resource, not just for security of ours but also for national gas network and hopefully bringing down the reliance on some imported gas (interviewee 18, industry)

In the above statement, the respondent is exploiting the issue of energy security and job creation/security as a source of legitimacy. The statement is meant to position the organisation as legitimate because it seeks to promote an industry, not merely seeking its own profits but improving other wider issues such as unemployment and energy security. Speaking directly on how the shale gas industry can help communities, another industry expert sought to promote legitimacy by going further than the job creation narrative to suggest that fracking would support the country’s decarbonisation efforts and also encourage local tourism:

“Lancashire, Cheshire, North Nottinghamshire, Derbyshire and Yorkshire boast some of the UK’s most beautiful countryside and tourism destinations. They are, though, also some of our unemployment hotspots where youth joblessness is endemic with young people moving away in large numbers or remaining with few or no opportunities at home...For those people who care about meeting our decarbonisation targets, domestically-sourced shale gas can help here too: in the US where the shale gas revolution has made America an energy super-power, switching from coal to gas has seen a reduction in carbon emissions of over 10% in the last decade” (Document 4)

There is strong evidence in the data of economic returns being prioritised, and so influencing how individuals legitimise fracking when engaging with stakeholders. Stakeholders are

particularly concerned about issues of job creation and increase in economic activity. Therefore, through engagement activities, managers attempt to position shale gas development as being able to address these concerns as a way of business activities meeting societal objectives. The shale gas industry although pursuing business interests, display conformance by elaborating the economic benefits of the sector and the its importance for energy security and reduction in carbon emissions.

The predominance of economics within the fracking debate was clear from interviewees across different stakeholder groups:

“I think one of the arguments used by the shale gas industries itself and by the government is that shale gas can bring jobs to an area. This is very tempting, for instance, the Northwest has high levels of unemployment particularly amongst young people and so there is an attractive proposition around the question of industry coming to an area and bringing the potential for jobs. I think certainly in the Northwest where I have been most focused what the fracking companies have done is to use the question of jobs in the economy to, as a large part of their argument.” (Interviewee 1, NGO)

“We talk to a few (trade union groups). I mean the kind of the interest that they have, well partly in terms of the job that this might create but more so in terms of the jobs that this will protect in terms of there are lots of industrial companies working in the north west and they will almost all kind of benefit from having domestic gas supply which then fuels their processes which then protects all these jobs.” (interviewee 6, regulator)

While engagement may adopt a conformance legitimising strategy this does not necessarily mean that it will be successful. Certainly, in the case study, conforming to the environment has not the been a legitimisation success as it appears that the arguments has so far failed to change enough minds about fracking and have even come under scrutiny from stakeholder groups. A consequence of reliance on conformance strategy is described by one interviewee:

One of the things we did is we commissioned a study of shale gas in the [local area] and compared the amount of jobs that would be created through that with the amount of jobs that could be created if the renewable energy would provide the same amount of energy as a shale gas energy so that we could concretely say to people, look there are more jobs, better jobs, cleaner jobs in the renewable energy not shale gas (interviewee 1, NGO)

This raises the threat that over-promising in relation to conformance legitimisation may have longer term consequences for the legitimising process, and potentially, legitimacy as an outcome. This is also an indicator in these results of a temporal component to legitimising. Legitimacy and legitimising is not to be assumed as a stable condition, but rather is actively and continually negotiated. Suddaby et al. (2016) argue that the characteristic elements of legitimacy are not expected to be “fixed and universal, rather, because the social conditions of legitimacy are constantly open to negotiation, its constituent elements are understood to be continually in a state of flux.”

Ultimately, there is strong evidence of conformance legitimising strategy, driven mainly by economic returns, used during engagement activities in the shale gas industry. Does this work? this study does not seek to answer questions on the success of legitimising strategies resulting in legitimacy; however, understanding how a conformance strategy is used to legitimise fracking may form the foundation for a future research. It should be noted however, that using conformance as a legitimising does not guarantee success.

6.4.1.2 Selecting among environments

The examination of selection as a legitimising strategy is particularly interesting given the multi-stakeholder focus of this study. Selection strategy is preferred when managers wish to

avoid having their organisation remade in the image of the environment, moving beyond conformity and embracing more proactive strategies such as “selecting an environment that will grant the organisation legitimacy ‘as is’ without demanding many changes in return” (Suchman, 1995). For example, “rather than simply conforming to the demands of a specific setting, managers may attempt to locate a more amicable venue, in which otherwise dubious activities appear unusually desirable, proper, or appropriate” (*ibid*). This strategy clearly accepts that an organisation may have multiple stakeholders with competing interests some of which may also provide amicable venues for organisational legitimacy.

This study did not observe a significant use of selection as a legitimising strategy; however, engagement with some stakeholder groups appeared to be more successful. The engagement with decision-makers such as planning authorities and other regulatory bodies showed more favourable outcomes. These groups provided an amicable venue and were sometimes out with the shale gas operators at engagement events such as town-hall and open-day events. Multiple selection strategies were evident from a number of interviews. For example, one interview acknowledged the success of the industry with a certain type of engagement mainly with decision-makers where success was accredited to the use of technical and legal terms.

...There's been the other level of engagement which s the conferences designed to influence the decision makers...I think they've probably been a lot more successful with that type of engagement, rather than engagement with the public directly (interviewee 7,community)

The research found that the reason why the same success could not be replicated beyond the regulators is because the opposition to shale gas was very strong it would have been difficult for organisations to find an amicable venue in community stakeholders or NGOs.

Although there were a few cases where the shale gas operators chose to sponsor activities of specific groups in exchange for recognition in the community, this again failed to change community perceptions.

“So, guess what, look [Company X’s] website, you’ll see that they have sponsored an under 11s football team, you’ll see they’ve sponsored a rugby club you’ll see they have sponsored the community gardens bar. They’ve cherry picked a few local things and pumped a little bit of money, not too much – 10 thousand pounds here, 15 thousand pounds there, but significant amount of money for small local causes which allows them to sponsor the St George’s day festival once a year. Then they get to be seen as a part of the community, they get to be seen to be primarily into it.”

Another evidence of selection observed was the set-up of a community liaison groups, this was favoured by the operators to pass information to the host communities. It was believed that the members of the CLG were picked by the operators to prevent scrutiny.

[Company X] has set up a community liaison group. I think some local people are dissatisfied with the way it operates because the people who sit on it tend to be Parish Councillors. And they are handpicked by [Company X]. So they may be selecting people who they think won’t create any problem.” (Interviewee 10, expert).

The CLG was considered an avenue by the operators to avoid criticism by selecting parish councillors who are elected through a democratic process and possess the respect and admiration of the community. This study however found that while the CLG is usually formed by the operators, the members are not “selected” to be favourable to the operators. When asked directly if the CLG members are a mere conduit for the operators, a respondent describes how the CLG is formed of different opinions in a way that shows the ability for the CLG to be objective:

No, I think the CLG... I think some members of the CLG do question and some challenge. So from that point of view, that’s good... but so you know I think that people on the CLG are individuals at the end

of the day so they will bring their own views, values, knowledge, expertise, opinions, personality, bravery or lack of to that meeting (interviewee 2, community)

This data suggests that the use of the CLG presents a hybrid selection and manipulation strategy, the latter which is discussed below.

6.4.1.3 Manipulating the environment

The literature on legitimising strategies suggest that most organisations gain legitimacy primarily through conformity and selection of environments; however, Suchman goes further to describe manipulation as a strategy that is deployed when these two will not suffice (1995). “In this case managers must go beyond simply selecting among existing cultural beliefs; they must actively promulgate new explanations of social reality... such proactive cultural manipulation is less controllable, less common, and consequently far less understood than either conformity or environmental selection” (ibid). This study will now further explore manipulation as a legitimising strategy. As stated earlier the CLG appears to manipulate the environment by creating a new structure and focal communication point, albeit using existing members of the community- parish councillors. Another common evidence of manipulation was found in the announcement of economic returns to host communities. As part of the community engagement charter, the shale gas operators have committed to put in place benefit schemes appropriate for local communities that host operations at the different phases of development, which include a share of proceeds at the production stage of 1% of revenue. It is the scale of this endeavour which classifies it as a manipulation strategy, with the industry attempting to change the perception of the community by creating a social reality where local resources can bring direct economic benefits providing funding for local

authorities to improve services. One interviewee talks about the economic benefits of a UK shale gas industry and points to the positive outcomes in America and how these can be replicated in the UK.

So, what that's doing is creating jobs in America, creating tax revenues in America, literally what American public benefit from... We're offering a community package as an operator as well (interviewee 18, industry)

At this point it is worth noting that attempts to gain legitimacy through manipulation has been challenging. The push for exchange of financial incentives for acceptance of fracking has been viewed as bribes due to cultural notions of appropriateness. The following extracts described how stakeholders viewed this strategy:

Even to do so, the fact that they are giving these financial incentives, which really are, quite literally, in very crude terms, bribery. I mean, crude terms ... They are bribes, but they use the word incentive. It's appalling. Even 25 years ago, this sort of thing, people would have just dropped their mouths open in shock, and horror. For some reason, now, these incentives, and bribes, have taken on a new sort of meaning. They're somehow presented as being a good thing. From my perspective, and people I've spoken to, they're absolutely quite shocked by this (interviewee 3, community).

I think people can see through it. I think they've already tried to bribe people in different ways, you know, with money going into community things that we talked about, trying to divide the community when they've talked about, paying people off with 1% (interviewee 5, community)

Offering financial incentives was largely seen as a bribe by stakeholders although industry representatives continued to promote this strategy in engagement activities which further

bolstered the resistance to fracking. Furthermore, operators seeking to manipulate the environment faced a huge challenge in relation to implementing this strategy. For example, while there is the commitment of returning some revenue to the host communities, it remains unclear how this would happen in practice. During an interviewee the difficulty in the application of this strategy was laid bare:

Now, how we define the local community is, something that we are wanting to chat to local communities about, how we administer it, how we set up, how it will be administered to make sure that those funds go directly back to, as local as possible because we don't want to give it to, back to council level and it gets distributed into whatever they decide they want to do because they'll get the business rates back (interviewee 18, industry)

In conclusion, manipulating environments as a legitimising strategy involves an organisation attempting to promulgate new explanations of social reality to achieve legitimacy at the basic pragmatic level or a best case cognitive taken-for granted level. This study looked at achieving legitimacy through direct exchange and influence relations between shale gas operators and host communities. While the UKOOG offer of financial incentives for host communities was a clear example of manipulation, there were challenges associated with this strategy. Most notably, the operators were seen as handing out bribes to gain support as such strategy was seen as culturally unethical. As a nascent industry with a lot of scrutiny the shale gas industry may have judged this strategy as needed to win support; “innovators who deviate substantially from prior practice must often intervene pre-emptively in the cultural environment in order to develop bases of support specifically tailored to their distinctive needs” (Suchman, 1995). There was scant use of manipulation strategy for legitimisation in agreement with the literature that consider manipulative strategies as high-cost and time

consuming (Karlsson & Middleton, 2015).

6.5 Impact on the social licence to operate

An important principle of the pyramid model is that organisations seeking to gain a social licence must cross certain boundaries, or meet certain conditions, the bare minimum being the legitimacy boundary. According to Thomson and Boutilier (2011) the first step to granting an SLO involves 'economic legitimacy' where an organisation must prove that the "project/company offers a benefit to the perceiver. Through the stakeholder engagement process, the economic arguments for shale gas has been made, the researcher witnessed some of this and also interview respondents points to this argument:

I think one of the arguments used by the shale gas industries itself and by the government is that shale gas can bring jobs to an area. This is very tempting, for instance [local area] has high levels of unemployment particularly amongst young people and so there is an attractive proposition around the question of industry coming to an area and bringing the potential for jobs (interviewee 3, community).

An industry representative concurred with this, stating in particular that economic benefits can be felt at a more individual level outside of existing government structures by returning a percentage of revenue to the local area in exchange for hosting shale wells.

Because you're acknowledging that there is activity happening around people. You're trying to link a direct benefit to it, to say the activity is going on, it is happening in the community, here's the linkage... Once you satisfy people that it is safe, it's then a decision that they are making that 'I can see that it's safe and I'm convinced that there's good conduct there, actually there is a good local reason to deliver this within the economic landscape'. It makes it directly relevant locally.

The idea behind making a pledge to return some revenue to the host communities may stem from an attempt to address issues of distributive justice. The local stakeholders interviewed were concerned with immediate issues such as pollution and industrialisation of the countryside, these issues could be seen as the cost of the shale gas operations. The benefits on the other hand would be more national, addressing issues of energy security and increased government revenue through taxation. This type of economic legitimacy speaks to the 'transactional' relationship described by Boutilier (2014) in which support from stakeholders is conditional on a flow of short-term benefits. Interviewees commented on how this transactional relationship of offering 1% of shale gas revenues to communities was not enough to change the minds of stakeholders towards some kind of economic legitimacy although local councils may be swayed:

I think it probably will impact upon acceptance, in some instances, especially where the local authorities, I mean, country councils are cash strapped and it will. Local authorities are desperate for money, and so yes, I think it probably will make them more likely to want to accept an application (interviewee 3, community).

Boutilier (2014) further warn that managers caught in this transactional cycle sometimes assume that increasing the flow of benefits from the company to the stakeholders would raise their prospect for a social licence. This was certainly observed in the data as one operator deviated from the industry prescribed 1% share of revenue for communities and was offering as much as 6% of revenue for the host communities.

We are signed up to the UKOOG offer but our offer, we give back 6% to the community and landowner, so it will be split so that we give 4% back to landowners and homeowners that are above where we are extracting the gas from (interviewee 18, industry)

As shown from an earlier section this strategy was insufficient in changing stakeholder perceptions and I found that the shale gas industry did not possess economic legitimacy in the minds of mainly the community stakeholders and the NGOs. As a matter of fact although these financial returns were considered to foster legitimacy and increase the possibility of a social licence, like Richert et al (2014) warned they were perceived “as a means of circumventing environmental responsibilities”, even considered bribery and thereby hinder the possibility of a SLO: “The conflicts of interest, the bribes, the lack of transparency and accountability, I think, has made the whole thing very difficult” (interviewee 3, community).

6.6 Summary

This chapter has discussed how some macro and micro factors can impact on stakeholder engagement. In evaluating this, four main themes: institutional, stakeholder awareness, perception of risk and trust, have been explored. Many respondents considered these factors as either impeding the quality of engagement carried out or alienating certain stakeholder groups from getting involved in the process. The chapter discussed the size of the companies in the UK shale gas industry in terms of their budget and experience of engagement managers to manage the scale of opposition against fracking in relation to other extractive sectors.

The level of stakeholder awareness regarding shale gas development was also discussed as a barrier to engagement. Stakeholders from different communities are available to a wide range of resources to keep them informed on any fracking proposals in their local area, sometimes before the operators start the consultation process. The analysis shows how this presented an opportunity for the stakeholders to mobilise and form networks bolstered by local and national NGO groups to present a formidable opposition to fracking. The collective

actions of the stakeholders are then targeted at eliminating an external threat and reducing the perceived negative impact on the community's way of life (Hwang et al. 2011). A government publication already found that the more people know about fracking, the less likely they are to support it, concluding that the declining trend in support for fracking can be attributed to the growing awareness and knowledge of stakeholders (DECC, 2016). The chapter showed how engagement managers were having to play 'catch-up' in the engagement process as stakeholders' awareness grew.

Moving on from the barriers of engagement, the chapter then discusses stakeholders' perception of the engagement performed by the industry and how this impact on the social licence to operate. Legitimacy was discussed as the very basic criterion or prerequisite for the SLO according to Thomson & Boutilier's (2001) pyramid level. The analysis of the role of stakeholder engagement in legitimation exposed a mixed perspective on the issue. Some interviewees considered that stakeholder engagement was done strategically to secure legitimacy for the industry; others viewed engagement as a cynical attempt to silence the opposition. However, the chapter found that there were elements of legitimacy in the engagement activities. The shale gas industry through engagement efforts sort to gain legitimacy through conformance, selection and manipulative strategies. The evidence shows that legitimacy was sought mainly by conforming to the environment; however, like Schrödinger's cat stakeholder engagement was a source of legitimation and de-legitimation (Braun and Busuioic, 2020).

CHAPTER 7: DISCUSSION AND CONCLUSIONS

7.1 Introduction

The aim of this research is to examine the nature of stakeholder engagement and its ability to manage and improve relationships in the UK shale gas industry, particularly with affected communities. The conclusions made in this thesis are reflected against the research questions set out at the beginning of this thesis. These questions were posed to frame the thesis and are repeated in this chapter to evaluate both their relevance and the extent to which this thesis has addressed them. To answer these questions, the research design and methodology incorporated a semi-systematic review of the literature, including the review and assessment of the literature findings. This was followed by an interpretivist approach to research, data collection, analysis, and discussion. The findings of the literature review, interviews, and document analysis are presented and analysed in the preceding chapters. These findings were then discussed, scrutinized, and reviewed in order to establish an original contribution which is presented below. This chapter outlines the study's contribution to both research and practice, the latter emerging from the cluster of interviews undertaken with operating companies and local government officers. It then concludes with the study limitations and provides suggestions for future research directions.

7.2 Research summary

The thesis' main findings are summarised below:

7.2.1 Stakeholder engagement practice in context

In relation to research question one: *“How are stakeholder relationships managed in the UK Shale gas industry?”* This thesis finds support for the arguments of Androif et al. (2002) that there has been a paradigm shift from organisation-centric stakeholder management in recognition of the value of more holistic stakeholder engagement. Throughout this research the evidence is that stakeholder engagement is not a new phenomenon within industries, especially the mining industry, although implementation methods may differ, they continue to develop and expand with the diverse experiences and changes. The current stakeholder engagement process in the UK shale gas industry is highly dependent on regulatory prescriptions of PEDL licences and directives that favour achieving community acceptance and achieving the social licence. Engagement charters have been created, within the state and private sectors, to define and set levels of community engagement in shale gas developments. Up to the present time, there are several approaches to community/ stakeholder engagement that have been proposed by the industry body and carried out by shale gas operators in the UK, for example UKOOG (UK Onshore Oil and Gas Operators Group). Some of these initiatives are relatively new and have not been previously practised by other existing extractive industries for example UKOOG’s “Good neighbour” model. As a result, the empirical research relative to such new mechanisms of engagement used in the shale gas industry is not extensive, and there remains much to learn about the effectiveness of such actions.

This study explored stakeholder engagement from the perspectives of shale gas operators, local communities, regulators, and NGOs to give a fuller understanding of stakeholder engagement in the context of developing shale gas in the UK. It highlighted the ways in which

the activities of the shale gas operators are perceived to affect or have affected the local communities. The stakeholder theory, lauded for its relevance and potential interface with several management practices including strategic management, marketing, corporate governance, corporate social responsibility, business ethics and public management (Mainardes et al. 2011; Freeman 2014), has been used as a valuable theoretical framework for this study. Mainardes (2011) work in particular provides a definition of and explores important (more salient) stakeholders (who can affect or are affected by an organisation) and an explanation for organisation-stakeholder interaction processes and specific actions stakeholders take against the companies to influence decision making.

Generally, all the organisations and regulatory agencies use a variety of engagement mechanisms with stakeholders. These methods include town-hall meetings, deliberative workshops, leaflets, promotional banners and stands, community liaison groups, private meetings, web platforms and surveys, etc. However, the operators across the industry show only small differences in their stakeholder engagement strategy. Some operators appear to have a centrally based stakeholder engagement team which interacts directly with stakeholder, collect feedback, and prepare responses to concern regarding fracking. Other operators have relied on Public Relations (PR) organisations to carry out engagement activities on their behalf. Within the shale gas case study context, there was clear evidence of the use of multiple channels for engagement and engagement managers sought to vary these according to appropriateness such as the context of the issue, the desired outcomes, and the stakeholders' preferences. Section 5.3 (p. 177) describes the approach and strategies of engagement; it sheds light on the rise of the internet and social media platforms for

information sharing. The engagement methods employed indicates that stakeholder engagement is used as a strategic tool to the industry's advantage. Despite showing a mature stakeholder engagement strategy by using a variety of engagement methods, engagement managers have only been more successful at interactions with more salient stakeholders with whom they have cordial relationships, and they focus on topics of interest to the industry. However, stakeholders such as community groups and NGOs perceive such an instrumental approach to engagement as inauthentic and potentially dishonest. They are also less interested in cooperating in the engagement process, making the process more complicated and lengthier.

There is a heavy reliance on the use of print media such as leaflets, pamphlets, booklets, etc as a way of disseminating information to stakeholders especially the community stakeholders. Such one-way communication method indicates the lack of power that community stakeholders have in decision making as information contained in the prints relates to prior decisions. While avenues are provided for residents to initiate engagement, such as the Community Liaison Groups (CLG), this external, organisation-imposed mechanism of stakeholder participation was not devised to reflect the local flavour but as part of a contractual obligation. The shale gas operators favour the use of CLG as a participatory process, but it is viewed by some community stakeholders as a manipulating tool to somehow get the community to accept the shale gas agenda being provided by hand-picked members of the community (see 5.3.2 p.191). An implication of such mechanical methods of stakeholder involvement being the most prominent mechanism promoted is that stakeholders show limited enthusiasm to become involved. This study also found that there

is substantive understanding of stakeholder concerns, but this understanding does not systematically improve the engagement process but rather designed to avoid or reduce conflict. This is highlighted in section 5.4.4 (p. 202), where an interviewee expresses dissatisfaction with such placating efforts “We do have a problem with that decision being taken away from the local community”. Stakeholder groups perceived as being too difficult are often not invited to engagement events and very controversial issues are avoided at large events with managers preferring to respond privately or with a smaller group after main open events.

The findings of this study show that engagement is concentrated around the middle levels of engagement on the Friedman and Miles (2006) framework, which involve some form of stakeholder participation (explaining, placation, and consultation). At these levels stakeholders can voice their concerns prior to decision-making. However, there are no assurances that they will have an impact on organisational practice. Placation is usually a direct response to stakeholder unrest, which might require some form of appeasement to contain the situation (Friedman and Miles, 2006). This was the case when consultations led to small gains for the communities such as distance of well sites from living dwellings but ultimately this did not halt the operations of the shale gas companies. Placation is often described as a stakeholder management tool for political purposes which may offer a degree of legitimacy and independence to the strategic outcome (Friedman and Miles, 2006). However, although this research found evidence of placation in the stakeholder engagement process there was no indication that it served to improve legitimacy. This strategy, which is more or less a stopgap measure, served to further damage the trust communities had for the

shale gas companies. This could probably be responsible for the researcher's observation about the apparent lack of appetite for community stakeholders, particularly local action groups, to engage in an open and cooperative discourse with the shale gas operators. This reluctance to engage which would seem to severely limit the potential of mechanisms of engagement such as town hall meetings as platforms in promoting mutual understanding and greater cooperation.

7.2.2 Observed barriers to effective stakeholder engagement

This study finds that there are institutional and societal barriers to effective stakeholder engagement resulting in different societal visions and values regarding the issue of developing shale gas, producing ambiguity and controversy. These barriers fall into four broad headings (as shown in chapter 6.2, p. 208): institutional barriers, stakeholders' awareness, perceptions of risk and trust. Institutional barriers are a major deterrent to initiating or undertaking engagement processes and are essentially economic, in the form of time, direct costs and staff resources. Chapter 1 argues that the shale gas industry has made very apparent efforts to engage with stakeholders (see page 25), but these efforts fall short of being sufficient or effective at least not at a level consistent with other extractive sectors. The size of the operating companies in the shale gas industry limits the type and extent of engagement exercises, they could undertake. Section 6.2.1 demonstrate that the shale gas industry is dominated by small to medium organisations that lack the financial capacity to carry out stakeholder engagement to a scale that matches other established sectors such as the oil and gas sector. Also, traditionally regulators such as the Environment Agency and the Health and Safety Executive will have complemented stakeholder engagement efforts running large scale

road shows and public meetings, strengthening the engagement efforts; however, section 6.2.1 (p. 210) show that this is not the case. At an operational level, stakeholder engagement activities lacked the momentum that otherwise would be expected in similar industries due to the size of operators involved and the lack of state-backed engagement activities which has been detrimental to reaching and educating stakeholders through public engagement activities. The result of this is seen in the industry's reactionary and fire-fighting approach to engagement as communities are supported by many local action groups and national NGOs to oppose shale gas developments through planning applications. In chapter 6, p.246 the scale of this fire-fighting approach is laid bare, by offering a share of the revenue from shale gas production, the industry was viewed as attempting to bribe communities into acceptance of fracking. I observed that the policy of giving financial incentives to host communities was rushed such that the details of implementation was still sketchy. The effect of weakened engagement efforts resulted in the opposition or (antis) who had stronger and more resourced mechanisms to mobilise groups to present a more formidable opposition bringing new challenges to the stakeholder engagement process. The findings within this research recognised that stakeholders have already taken 'strong' positions on the issue of fracking so that loosening positions and considering new viewpoints appear to be difficult. For example, a member of a CLG still held the same position about fracking (at the time of the interview) as she had before joining the CLG despite having a privileged proximity to the operators.

The emerging data highlighted how the awareness level and perception of stakeholders could be pivotal when shaping the engagement process. For example, the extracts on page 213 describe how knowledge about fracking was within a small group of campaigners in the early

days, but, at the time of the time of the interview, I observed that there was pervasive knowledge about fracking in communities around licenced areas. There is a lot of information about shale gas and fracking that is available to residents through the internet and other mobilisation groups (cf. frack-off.org.uk). Residents together with other groups and campaigns have played a pivotal role in mobilising communities locally and nationally to participate in the public debate on shale gas in their area and the country. They do so by organising many outreach and networking meetings as well as solidarity actions. Through this medium, they are able to inform the public about shale gas and raise questions about whether there is a need for a new fossil fuel industry and if fracking constitutes a progressive and safe path to pursue in the age of countries committing to cut carbon budgets. Section 2.2.2, p.212 discuss the findings in relation to how information is shared between stakeholders and how they mobilise to present an opposition to fracking. Section 6.2.3, p. 218 show that with community stakeholders view shale gas development as a threat, particularly residents close to a proposed development site. This view hardly changed and the more the respondents knew about fracking, the more they felt opposed to the idea of it (Chapter 6, p. 221).

Evidence from the study appeared to suggest that local movement groups and community action groups were opposed to the plans to develop shale gas in their area and these groups often lend support to other areas with proposed fracking plans. These community groups had strong grassroots mobilisation and held regular meetings. Through collective action, they do increase the awareness of residents and other stakeholders. Taking advantage of social media, residents have actively promoted information about unconventional gas exploration and extraction processes as well as have contributed to the mainstream media coverage of

the issue, which helped expose many people in the UK to a wide range of perspectives on and dimensions of the problem. Indeed, several researchers argue that stakeholders will act to protect their interests (Frooman, 1999; Savage et al. 1991). This research finds with Frooman (1999) that stakeholders exert their influence over organisations through mobilising structures, like the various Frack-Off groups, which provides an organised and connected base of influence that coordinates strategies among stakeholder members. The study found that community stakeholders reported a lack of motivation to be involved with the engagement process because the more they became aware of fracking the more they were convinced against the development.

As the respondents' awareness about fracking increased, so did questions regarding the uncertainty of the present technology- hydraulic fracturing. Evidently, risk perception was a significant deterrent to the engagement process; Payne and Calton (2004) claim that "risk perception shapes the mental attitudes that are preconditions to such dialogues by affecting individuals' cognition and knowledge construction, which are critical parts of the dialogue process." This study finds this to be true such that community stakeholders believed that there are a lot 'unknowns' about the technology and scale of fracking that prevented them from making a decision in favour or against fracking (Chapter 6, p. 219). Inconsistent information from various sources including industry representatives at engagement events increased the uncertainty about shale gas development. Throughout the thesis period information about the benefits and risks of shale gas development was almost continually in a state of flux and multiple changes were occurring simultaneously. Some major changes included the number of jobs that the industry would create, the size of recoverable shale gas

from reserves, the impact of shale activities on seismicity, a change in government and responsible regulatory agencies (see page 225). These changes further led to the uncertainty that impacted on stakeholders' acceptance and willingness to be involved in the engagement process. However, participants in the expert category expressed some cautious optimism about shale gas development despite believing that the benefits of developing shale gas in the UK have been overstated, ignoring the potential challenges, including that of geology, in the 'dash for gas'. This study found in page 221 that some stakeholders may be willing to continue to engage despite the perceived risks if the industry can be adequately regulated.

Following from the growing awareness about shale gas development and stakeholders' perceptions of the risks associated with fracking, there is a strong distrust of the industry, mainly among the community stakeholders. This research found that distrust of the shale gas industry is widespread, respondents were sceptical of the promises made by the gas industry. Stakeholders are increasingly distrusting of the industry because of the belief that greed, profit and short-termism have guided, and will continue to guide, the drive for shale gas and decision-making processes. Trust is also a primary concern in interest advocacy dialogues, particularly on climate change issues where shale gas development was being presented as being driven by the need to lower carbon emissions. While pro-fracking groups usually describe shale gas as a 'bridge fuel' or 'transition fuel' to prevent burning 'dirtier' forms of energy such as coal; these claims were often disputed NGO groups and experts also agree that people do not trust this narrative. Trust reinforces any industry's ability to operate successfully; this study finds with Franks et al (2014) that when trust is eroded or absent, the consequences can be severe and may contribute to high levels of social conflict and shutdown

for industry. This apparent lack of trust is clearly an important issue that was highlighted in the interviews and needs to be addressed by the shale gas industry.

7.2.3 Stakeholder engagement as a mechanism for achieving a social licence to operate (SLO)

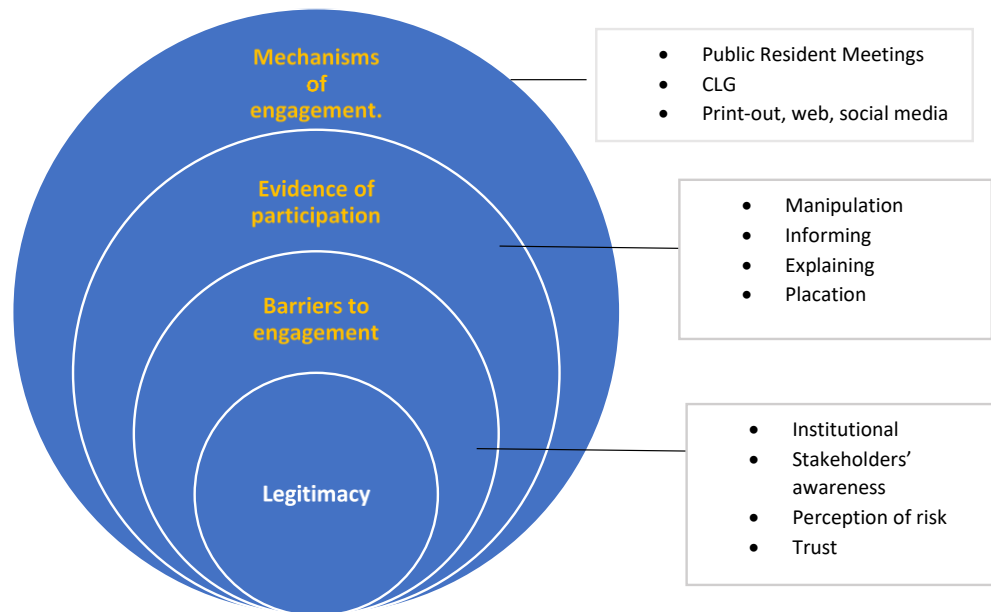
The third objective of this thesis is to identify legitimating efforts in the stakeholder engagement process and its impact on gaining a SLO. Research indicates that many factors contribute to SLO including trust, perceived fairness, legitimacy, and credibility; this study presents findings with strong emphasis on legitimacy as the first boundary in the SLO process (Thomson & Boutilier, 2011). Following prior studies that promote ‘participation’ as a way of demonstrating legitimacy (Leardini et al., 2018) and establish the possibility of stakeholder engagement as a way of enhancing legitimacy (Braun & Busuioic, 2020), this study explores ways in which stakeholder engagement as practised in the shale gas industry, has to a certain extent, affected legitimacy.

Throughout this thesis I have been able to show that there are strong opposition voices against fracking; consequently, this study finds that the shale gas industry operates within the legitimacy boundary (Thomson & Boutilier, 2011) – to secure the minimum level of acceptance. Regarding the potential of achieving legitimacy through stakeholder engagement, this study found elements of legitimisation in the engagement efforts in the study context. This is not surprising as legitimacy itself is a cultural process depending heavily on communication with stakeholders. Legitimacy theory proposes that organisations can gain legitimacy through conformance, selection and manipulation strategies (Suchman, 1995).

However, this study found that stakeholder engagement pursuing these strategies is not necessarily successful. The process of stakeholder engagement and the barriers to engagement impact on stakeholders' perception of the industry and thus legitimating efforts were largely criticised and failed to achieve legitimacy.

This study set out to explore stakeholder engagement, as practised by the shale gas industry, and the way in which such engagement affects the social licence to operate. Essentially, this study has shown that shale gas operators pursue several engagement strategies with various intentions and motivations, and that there are barriers to these efforts, affecting its effectiveness and thus the achievement of legitimacy (Figure 7.1). The thesis finds that stakeholder engagement between the shale gas operators and its local communities is being driven by strategic rather than ethical consideration. Thus, the operators appear to be driven by satisfying the obligations of the PEDL licences. The overall level of engagement observed is medium falling within the 'degrees of tokenism' rungs on the Friedman and Miles (2006) ladder of stakeholder engagement. This "tokenism" leaves stakeholders feeling alienated from the decision-making process, expressing a lack of agency, often accompanied by a sense of injustice, frustration, or dismissiveness. Unsurprisingly, given the industry's strategic approach to engagement and the barriers to engagement, stakeholder engagement as practised within the study context results in deficiencies. Further, the engagement does not result in the attainment of the legitimacy benefits identified in the literature (Leardini et al. 2017). Consequently, the shale gas industry does not move beyond the legitimacy boundary and the social licence to operate is withheld by local communities.

Figure 7.1 Illustration of the relationship between legitimacy and stakeholder engagement



7.4 Contribution to knowledge and implication

The findings of this doctoral research have several important implications for practice of stakeholder engagement in an extractive industry. One significant contribution of this study is detailed in the analysis of how stakeholder engagement is performed in the shale gas industry. Organisations and stakeholder managers can benefit from the investigation into the firm-stakeholder relationship on the basis of the engagement strategies, stakeholder issues, stakeholder expectations and some factors that prevent a meaningful engagement, which was carried out with insights provided from different stakeholder groups. The shale gas

industry offers a unique setting to study the firm-stakeholder relationship because like other onshore infrastructure projects, it elicits strong emotional positions in highly salient stakeholder groups. As with many other similar industries, the environmental impact of extraction activities has been scrutinised by green groups as well as some communities. However, to the best of my knowledge, I am unaware of any similar industries failing to proceed as a result of opposition from communities and NGOs. This PhD illustrates the complexity of stakeholder engagement in the shale gas industry. This complexity increases the risk of stakeholder engagement failing to achieve the desired outcomes such as a SLO for the shale gas industry. Other stakeholder groups such as NGOs and communities may have achieved their preferred outcome by stopping the extraction of shale gas in the UK. This PhD thesis sheds light on the limits of stakeholder engagement in a multi-stakeholder environment and the basis for a social licence in the context of the existing licensing and economic development model. In particular chapter 5 highlights the different interests and concerns of stakeholder groups (table 5.1, p. 178). The PhD thesis also reveals in section 6.4.1, p. 239, the challenges that shale gas operators face in the context of seeking legitimacy through stakeholder engagement. However, operating companies can be a lot more open in their engagement with community stakeholders. There needs to be more transparency in the engagement process as a way of establishing trust. Trust in the organisation-stakeholder relationship will enable communities to be positive about the proposed project. The operating organisations have so far sought to separate themselves from the community, promoting project activities as a bridge or conduit for economic gains to the communities. The operators instead need to commit to real partnerships with affected communities in a way that creates lasting and meaningful relationships with the local communities.

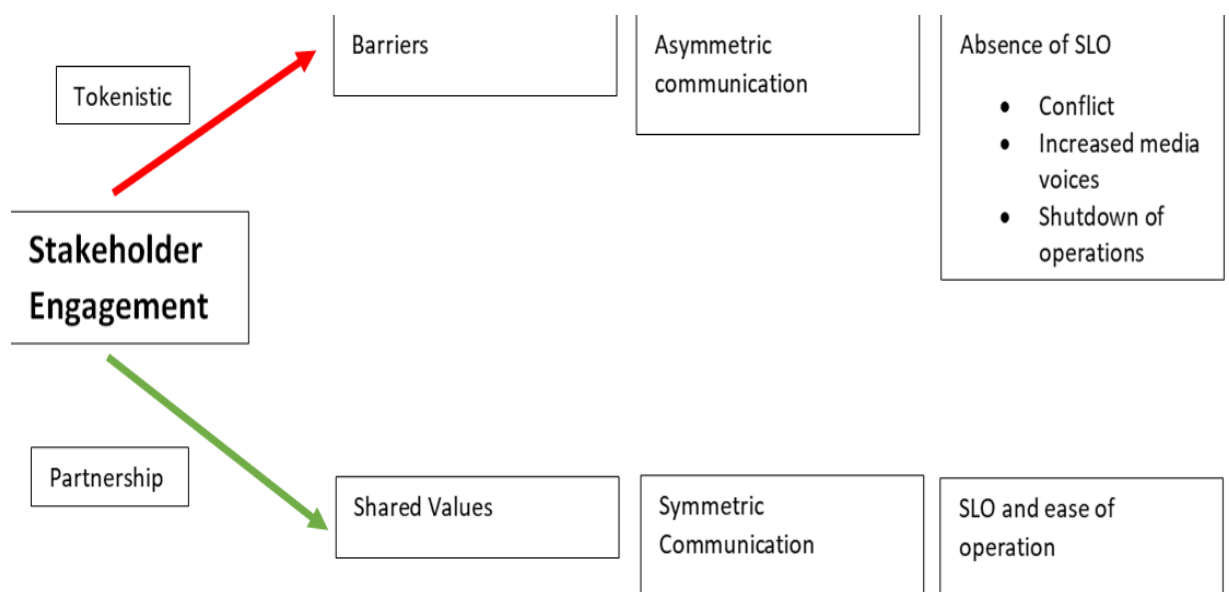
7.4.1 A possible model for stakeholder engagement

A central aspect of the stakeholder theory is the notion of value creation. A value creation approach will move the framing of the organisation stakeholder relationship to one that is focused on lasting relationships. This thesis showed in section 6.2.4 (p.223) that community stakeholders perceive that the industry is driven by short-term goals and capitalism to the point that corporate structures are considered suspicious. These suspicions have been shown to exacerbate stakeholders' perceptions of risk and alienate community stakeholders from the engagement process. Shale gas operators could move away from the cloud of such barriers by embracing more effective engagement strategies like Production Sharing Contracts (PSCs) in a genuine display of creating benefits for highly salient stakeholders.

Although the shale gas operators favour a somewhat participatory approach in the form of the CLGs (see section 5.3.2, p. 118) as a way of enabling members of the community to voice their concerns and get feedback. This still largely falls far short of an ideal participation because it does not involve collaboration and lies within the tokenistic category where stakeholders are supposedly given a voice but lack any real influence over decision-making. A PSC between operating firms and local communities can be an intensive proactive form of engagement that can create value for both sides. Such partnerships can ensure congruence in the organisation-stakeholder goals and afford host communities with decision-making powers. An attempt by the industry to share a percentage of the production revenues with host communities failed to win over community stakeholders and was viewed as a bribe and an admission of the dangers of the project (see section 6.5). However, with stakeholders given some decision- making power through PSCs, trust will be built over time as both sides work

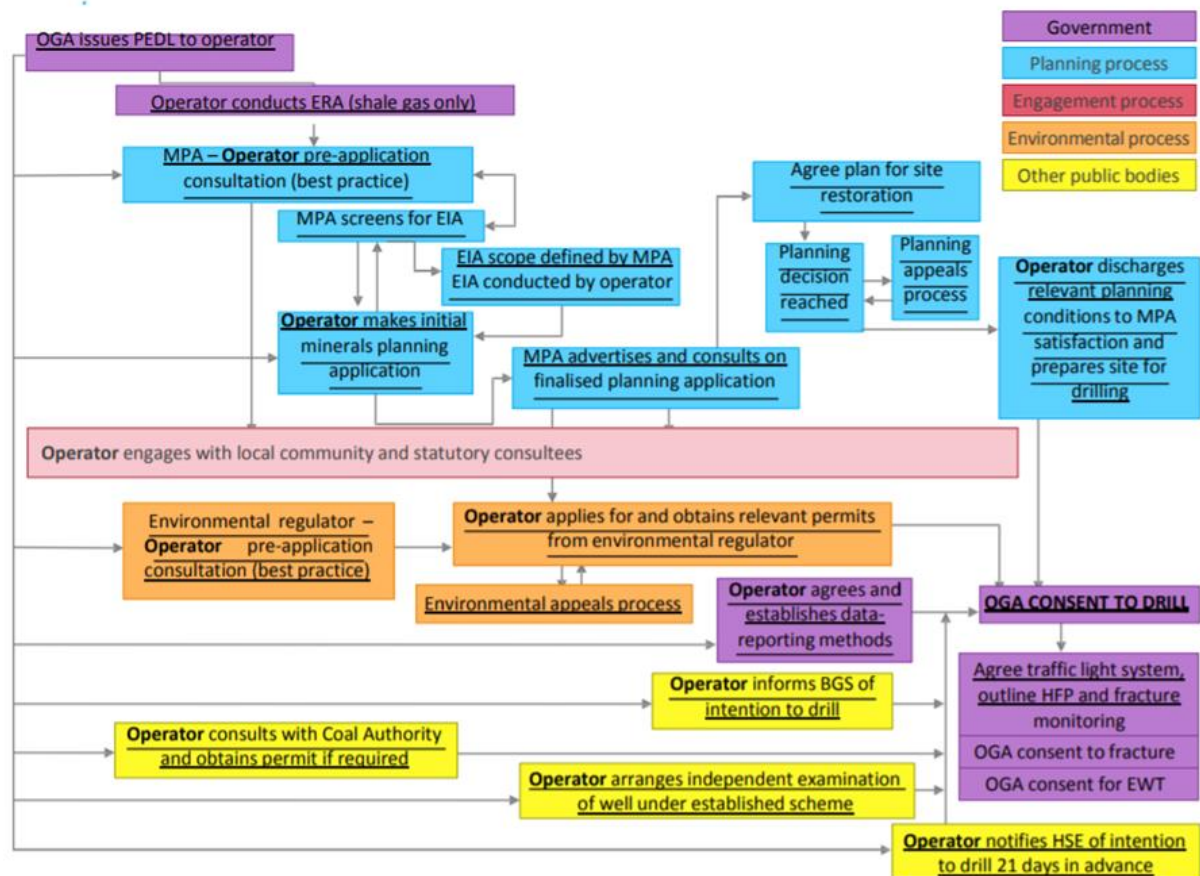
collaboratively to pursue joint-interests. Figure 7.2 show the current state of engagement in the shale gas industry and the resulting lack of a social licence. A proposed future state with stronger partnerships could result in ease of operations and a social licence for the industry.

Figure 7.2 Current and possible state of stakeholder relationships



Also, current licensing arrangement (figure 7.2) mandates shale gas operators to engage with local communities but fails to acknowledge the communities as ‘licensors’ by highlighting legal/regulatory permits as the prerequisite to drill. A new model of licencing making the social licence a requirement for any exploration and drilling activity could foster a more inclusive and participatory stakeholder engagement process and possibly better outcomes for gaining legitimacy.

Figure 7.3 Regulatory roadmap for onshore oil and gas exploration



Source: DECC (2015)

For policy makers, the implications of the findings of this study are numerous though they are mostly related to the improvement of relationships between stakeholders. These findings highlight the fact that making payments to host communities may not be the best way to win the support of residents to accept fracking operations mainly because these promised financial incentives are not considered adequate for compensating against the potential risks of a fracking project. This research identified that community payments are viewed as a bribe and heightens the community stakeholders' perception of the risks associated with fracking. Policy makers may be more successful in increasing support for fracking if stakeholder engagement activities are genuinely to establish trust through inclusive and participatory decision making. Government and policy makers need to pursue their agenda in a way that

encourages a balanced debate that look beyond short-term considerations of economic benefits but include wider concerns about climate change, sense of place, and alternative energy which are of concern to communities. This is likely to involve sensitivity to public concerns, which may not necessarily be covered by current planning laws and submitting both alleged benefits and risks of fracking to equal levels of scrutiny (Williams et al., 2017). Perhaps if the public perceive that the Government and industry actors are being entirely open with information about fracking, and feels properly involved in developing the rationale for decisions, then the 'clubiness' discourse which is a powerful negative frame in UK fracking debates can be overturned resulting in some support for fracking in the UK.

Another significant implication of the study is that it provides theoretical and empirical basis for examining the nexus between stakeholder engagement, legitimacy, and the social licence to operate. This is important because although stakeholder engagement has been recognised as a means of achieving a social licence to operate, there has been limited studies, to the best of my knowledge, that critically assessed the nature of the linkages in a contentious industry like the shale gas sector. The thesis findings on the barriers of effective stakeholder engagement is an additional contribution to the literature.

Exploring legitimacy as the first step towards gaining a social licence, and stakeholder engagement as a legitimising tool, this thesis links the strategic and institutional traditions of legitimacy by showing how episodic efforts, through engagement activities, are used to manage legitimacy, in the short term, with the view of achieving SLO, in the long term through conformance with societal norms and customs. Contrary to the prevailing dominance of

legitimising strategies of conforming, selecting, and manipulating being used to gain legitimacy, this thesis has shown that institutional pressures impact on the success of such strategic actions.

7.5 Limitations and suggested areas for future research

In recognising the contributions this research makes, it is important, as with any research, to acknowledge the key limitations. This thesis finds that the social licence to operate is influenced by institutional as well as stakeholder pressures. This study has mainly looked at these influences through the lens of the stakeholder theory; however, Herold (2018) caution that both institutional as well as stakeholder theory, on different levels provide a theoretical foundation for examining these influences. Institutional theory is thought to demonstrate institutional complexity by linking different outcomes to the influences of competing institutional logics on the field level (ibid). Although the thesis finds that the interview accounts are strongly suggestive of disparate responses to stakeholders' concerns, there is need for additional research into the 'hybridity' of the organisation-stakeholder relationship, the institutional logics at play, and these logics co-exists and how stakeholders fight for the dominance of their favoured logic.

Secondly, as this research is exploratory in examining qualitatively the relationship between stakeholder engagement, legitimacy, and social licence to operate in the UK shale gas industry, there is a need for additional research from different theoretical and methodological perspectives to further explore and develop the linkages. This thesis explores legitimacy as an

outcome of stakeholder engagement in the industry's quest for gaining a social licence. Other possible normative constructs of SLO including credibility and trust in the stakeholder engagement process can be examined for their impact, independently and collectively on relationships and outcomes. While this study has looked at a nascent industry in the exploration phase, with contested legitimacy, credibility and trust can be examined through a longitudinal study as the industry moves on to production and possibly decommission phases. Such future research will be useful to demonstrate the changes in stakeholder engagement over the shale gas lifecycle as the objective is to gain and or maintain the SLO (Caruana et al., 2015). This study was unable to follow a longitudinal approach due to the time and other resource constraints within which this thesis was undertaken.

Additionally, given that stakeholder engagement is concentrated along the middle rungs of the engagement ladder, a resource governance approach may shed light on how the management of the shale gas resource could benefit from actors negotiating various trade-offs, sharing information and building common knowledge. The results from the current research suggest that the top-down centralised resource governance model does not address the complexities inherent in the societal structures around resource locations.

Finally, as an interpretive study, this PhD sought to provide a rich, contextualised understanding of stakeholder engagement in an extractive industry. This limits the generalisability of the findings as these have been interpreted, and meanings attached through my own consciousness. Therefore, there is an opportunity for a quantitative study into the shale gas industry and other similar industries to establish an understanding of the

dynamics of trust and saliency within multi-stakeholder contexts. A positivistic study could also lend further understanding into the causal relationship between stakeholder mobilisation and engagement strategies of organisations.

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Appendices

Appendix A: Sample interview transcript

Pearl: Hello. Good afternoon, xxxxx.

E: Hi, hi.

Pearl: I'm very happy to be talking to you this afternoon. I'm recording this interview, is that still okay?

E: Yeah, that's fine. That's fine.

Pearl: Okay. We can go ahead now.

E: Okey-doke.

Pearl: All right. First of all, could you just tell me a bit about yourself, and then your involvement with the shale gas debate?

E: Okay. I'm a middle aged xxxx. I'm xx years old. I've been campaigning on environmental issues for 25 years. My main interest is improving the environment, living within our environmental limits, understanding the finite nature of what the planet has, and how we have to really reform our way of living, in order to live within the environment, or the Earth rules, if you like.

Pearl: Okay.

E: During these many years I've been campaigning on these issues, I've been dealing with obviously energy, land use, development, and any issue that comes up that impacts upon the environment, and I think that it is not appropriate. That's really where I come from. I'm trained. I'm trained as a barrister, at law. I have also got a bachelor in Fine Arts. My background is Art/Law. I decided to do a law degree during some campaigning, some of my campaigning activities, because I realized that it would be very useful to have a better grasp of how law and policy work together, in terms of our self-governance, and the environment.

Pearl: Okay.

E: That's a basic overview.

Pearl: Okay. What's your position regarding the fracking in the UK?

E: Well, I'm against fracking in the UK, for a number of reasons. Basically, because it hasn't been proven to be safe. I don't think it can be proven to be safe. The evidence

coming out of the US is very clear on this, and some of the evidence that's coming out of the UK, as well. The best available science shows that. I think a much better way of dealing with our energy issues is by renewable energy, which is not being supported as it ought to be, by this government, either.

Primarily, one of my big areas of concern is climate change. I think that in order for us to really reduce the amount of carbon into our atmosphere, we need to keep oil in the ground. We need a dramatic change of route, and I know that this can be done. The reason I say that so confidently is because we did it during the war with rationing. I know that we can change our ways. It would be probably difficult, and we wouldn't like it, but we can do it. I don't see shale gas, in all its forms, either oil or gas, as something that can really contribute to this in any meaningful way, especially as our targets for carbon reduction are actually [inaudible 00:03:32] inadequate, again, according to the best available science coming out of the IPCC and other scientists. Yes, so that's where I stand on that.

Pearl: This particular position of yours, has it had to change over time, or has this always been your position?

E: Well, I didn't know much about it, initially, so I didn't have any sort of stance until I found out more about it. Once I found out more about it, obviously, I made a decision. Of course fracking is relatively new. It is a brand new sort of thing in the UK, on ground. Obviously what's being suggested, what policies are being pushed by the government, and therefore once one researches this and looks at all the evidence, then you make decisions based on that.

Pearl: Okay.

E: I don't have any fracking ... There were fracking proposals in where I live, near where I live, but not immediately affecting me. I got more involved with this through other people who asked for my assistance looking into legal avenues.

Pearl: Are there any other organizations or groups that you've had to work with in the process?

E: Well, yes. In 2013 we set up a group called xxxx, we call it xxxxx, which stands for the xxxxx in xxxxxx xxxx xxxxx xxxxxx.

Pearl: Okay.

E: The reason we set up that group was, we thought it was necessarily to have a group that was looking at law and policy coming from central government, rather than just for sighting where every new fracking proposal was being proposed, in the UK. We had meetings with lawyers, and we also sent out questionnaires to the other fracking groups, the other community groups that existed at the time. There's many more now, but at that point, there were fewer, because of the new PEDL licenses around, that were coming out. We found out what was needed, and a lot of local groups were interested in having some sort of a group that would looking into legal issues, and try and help get legal documentation out there, for them to look at, and also research into legal avenues of opposing fracking in the courts.

- Pearl: Mm-hmm (affirmative). Okay. Like you just mentioned, there are a lot of groups coming out now that are actually voicing out their position about fracking. What would you say are the current social issues that are within the debate of fracking, as whole?
- E: Well, obviously it depends where you're located, but the primary concern for people is drinking water.
- Pearl: Okay.
- E: Earthquakes, damage to their property, through fracking. Drinking water. Long term health effects. Methane. There's numerous things. Health impacts, obviously, the drinking water, of course, comes back to health. Also, the assertion made by the UK government that there are regulations that are adequate is just not believed. People know that the local authorities and the statutory bodies have very little money. The environment agency, DEFRA, their budget's constantly being slashed, so I think that people feel, generally, that there's just no possibility whatsoever for any of these promises to be properly followed.
- There's not a great deal of confidence, I think, in the government's assertions of how they can make it safe, at all. I think that's really coming across. The other thing that really concerns people is the fact that they see a lot of corruption, at least, prejudice or, let's put it this way, conflicts of interest, in central government, because they see that there are people who are connected with fracking, have direct vested interests in fracking, who are helping to draft government policy, like xxxx xxxxx. There are sorts of things. People are very aware of this, and they're quite shocked.
- Another thing that people are shocked at, that I see, is the fact that the government makes an announcement that they won't do something, and then they turn round and decide to do something. That obviously concerns the fracking under National Parks and special sites of scientific interest, and so on. There's a great deal of distrust, in government, as well, that they're not actually acting in the public interest, that the government, actually, is acting for their friends in business.
- Pearl: Could you tell me a little bit more about some of the perceived corruption in central government, and this distrust in government, is it just for government, or also for operators?
- E: I'm not sure about the operators, although I think that people ... if you're saying the operators, you're talking about the individual companies, are you?
- Pearl: Yes.
- E: Like xxxxxxx, and so on. Well, I mean, the fact is that people like xxxxx xxxxx, xxxxx xxxxx who is a xxxxx, at the moment, for xxxxx xxxxxx, xxxxx has connections to do with gas storage. There are connections, and things going on which people aren't happy about, and they feel that ... I know that people have been trying to get an inquiry into the governance, and why is it that there are such close talks between people with vested interests, and those who are making decisions, supposedly in the public interest. Why are there people involved? Why is it right that these vested interests are being allowed to influence policy?

The evidence that people have been putting forward, there's lots of evidence that individuals and groups, because obviously there's engineers, and there's scientists, and there's lots of people involved in opposing fracking. It doesn't seem that the scientific evidence, or the concerns, are being given any due weight. It seems that what the government will push forward this, whatever the evidence, whatever's being said, irrespective of the concerns, rightly or wrongly.

Even to do so, the fact that they are giving these financial incentives, which really are, quite literally, in very crude terms, bribery. I mean, crude terms ... They are bribes, but they use the word incentive. It's appalling. Even 25 years ago, this sort of thing, people would have just dropped their mouths open in shock, and horror. For some reason, now, these incentives, and bribes, have taken on a new sort of meaning. They're somehow presented as being a good thing. From my perspective, and people I've spoken to, they're absolutely quite shocked by this.

Pearl: Okay. I can see some of the concerns you have raised, but there's also been the talk about shale gas potentially being able to create some kind of economic benefits, including energy security and job creation. Don't you think that for the larger society, this is going to be something that will be important to them?

E: Well, we hear these economic arguments all the time, don't we? I can't argue about what jobs might be created or might not be created, but if you look at it in perspective of climate change, and the costs of climate change, of the greater flooding, the incidents, and the things that we will need to address will have to be made resilient, at the end of the day, by throwing all this money into something that should be kept in the ground is a complete and utter waste of money.

You might get some short term benefits. These benefits are very short term, in the sense that maybe jobs will be created, but the long term harms will be so great that those benefits will just be wiped out, within a very short period of time. If we look at short term, you can always come up with some sort of supposed benefits, but long term what's going on is incredibly destructive, and we won't be able to dig ourselves out of this one. It's really the old short term, long term argument, here. With the environment, you see, we have to always think of the long term. Unfortunately, the way our political system is, and the way we tend to live our lives, it tends to be on short term.

Pearl: Most of the operators that have been granted license seem to be very enthusiastic about stakeholder engagement. They've made claims about engagement with communities, being transparent. What do you think about the engagement processes?

E: Erm... I don't think I'm in a position to respond to that, because I don't have any experience with that. I know that people that I've spoken to who, who are involved, where they have direct fracking things that they're opposing in their own areas, do not feel that that's been the case. I don't know myself, I'm just repeating what they've said. I can't really comment on that.

Pearl: Okay. Could you tell me a bit more about the pre-application discussion that has to be carried out by operators? If you've been privy to any of these discussions, do you think there's any bit of clarity or transparency with them?

E: Well, it really depends at what stage the discussions are going on. There's things that are happening, and if they've gone through the planning process, they've gone through the county council, they've gone through the licensing, and it's been rejected, and then it's imposed on them afterwards, I don't think it really matters, one way or the other, what sort of discussions they have with the company. Maybe it might ... I don't know. This is such an early stage. All we've had is the exploration, so we haven't really had that. Most of the fracking applications have not gone very well, in communities, as I'm no doubt you are well aware. People don't want it, they fought against it, and they very successfully fought against it. That's why the government's going out of its way to force it upon communities, whether they like it or not. Down the road, when it's forced upon communities, and then the operatives, ie, xxxxx, and others, have these discussions with the community, I have no idea how that will bear out. I can't believe they'll be very friendly.

Pearl: Oh, okay. If we come back to the financial incentive you talked about, the £100,000, and a further 1% from producing wells, do you think that is likely to impact on acceptance from the public, in any way?

E: Yeah, I think it probably will impact upon acceptance, in some instances, especially where the local authorities, I mean, country councils are cash strapped and it will ... It's just like the new homes bonus. Local authorities are desperate for money, and so yes, I think it probably will make them more likely to want to accept an application.

Pearl: Well, again, back to some of these criticisms about fracking in the UK. You note that some of the reservations people have about fracking in the UK largely stems from the environmental fallout from the US, and this government is saying that the UK case is going to be different. How comfortable are you with the government, and then the local councils, to provide adequate regulation and monitoring?

E: No, not at all.

Pearl: Not at all?

E: No. Absolutely not.

Pearl: Okay. You don't think it's going to make any change, whether it's happening in the UK, or it's happening in the US?

E: Well, I mean, obviously the United States is a much bigger country, but the fallout in the US ... Fracking's been going on in the US for a long time. They're trying to get it going in Canada. I'm Canadian, actually. They've been trying to get it going in Canada, for some time, as well, with huge outcries. The point is, I think, that I don't think you can create the evidence that is out, says that fracking cannot be made safe. Therefore, creating regulations that's going to make something that can't be made safe, safe, is unlikely.

In any event, even if we did have regulations, which I don't think would work, and I know wouldn't work ... At least, I don't believe they would work. They're unlikely to be put in force, or followed through properly, because our bodies, ie, the environment agency, and the health and safety executive, do not have sufficient funds to do the job properly. They can't do their jobs now, looking at flooding. They

aren't carrying out their functions properly now, in other areas, how on earth are they going to carry out their functions in fracking, either? I can't see it happening.

Pearl: Okay. One very big question I would like to ask, given everything that we've already talked about. Do you think that there are steps that could be taken by the government institutions and industry operatives that could increase public confidence, and maybe make you more receptive towards the development plans, with fracking?

E: Sorry, could you just start that first part of the question again? I just missed that.

Pearl: Do you think that there are any steps that the government could take, or the operators could take, that could make the public more accepting, more confident and more receptive towards fracking, in the UK?

E: I think if there was a public inquiry, a great big public inquiry into all the issues, by people that didn't seem to have vested interests, over the whole government's energy policies, actually, and looking at fracking properly and giving evidence, and being open, and not just ... There was a short inquiry by the environmental audit committee in parliament, but that was only one day. I think if there was a proper inquiry into the whole issue, and looking at energy, and where the country should go, because I think that would ...

Let's say the result of that inquiry was positive to fracking, although I'd be very surprised if that was the case, because if the evidence was properly considered, then I think the public would be more happy about what position the government was taking. I think that the government is being seen to be acting in a less than honest manner. The conflicts of interest, the bribes, the lack of transparency and accountability, I think, has made the whole thing very difficult.

I think that if the government actually went out to try and do things honestly, not just doing it, saying, "Oh, we'll do this now, and then we'll have fracking anyway." If they do that, then obviously they're just going to shoot themselves in the foot. If they actually went about it in a very honest way, and all the evidence was properly looked at, then I think the public would be persuaded to go on whatever ... would be more to be in agreement with the government's position.

Pearl: There's this perception that some environmental groups sometimes provide some misleading information to heighten public opposition, what is your position on that?

E: I don't know about that. The reports that we concern ourselves with are reports from scientists, and science bodies, so I don't know. That's like saying anything, isn't it? If somebody wants to go left, they'll be a report saying, "No, we think it's better to go right." I don't think that one can say, "Oh, well, because of the NGOs, whatever those NGOs might be, and whatever those NGOs are saying, they are somehow misrepresenting information."

Even if groups are misrepresenting information, they can always be challenged, like anybody can. Let them be challenged, like anybody would. If you come across an

advertising company that misrepresents the facts, you can take them to court. Likewise with others, but I haven't seen anything in any of the newspapers, or heard about any of the NGOs, environmental or otherwise, being taken to court for misrepresenting facts.

Pearl: Okay. All right. Are there any final points that you want to be highlighted, from this interview?

E: The final points?

Pearl: Yeah, if there's anything else you think would be relevant to talk about?

E: I think that our governance structures are weak, are becoming weaker. I think that there's a great deal of public mistrust in what's going on, and I think that that's something that needs to be looked at, not just in terms of the environment, but with decision making needs to be seen to be made in the public interest. It has to be shown to be, and people have to believe that it's so.

I think that's not what's happening in this situation, and it's also appearing in other areas, too, because of course it's not just in environmental decisions that this is happening, it's happening across the board. I think that really the governance issue is something that I know is very strongly felt by many, many groups, and not just environmental groups, social justice groups, people I've been discussing issues with, that the governance of this country is in poor shape. At least, not as good as it has been in the past. People believe it can be made better.

Pearl: Okay. Thank you very much for your time today

XXXXXXXXXX

Appendix B: Sample interview guide

INTERVIEW GUIDE FOR EXPERTS

PREAMBLE

- Permission to record
- What the study is about

SECTION 1: PARTICIPANT INFORMATION

1. Can you tell me about yourself?
 - a. Role and responsibilities
 - b. Are you a resident of a shale licenced area? If yes, do you play any leadership role in the community?

SECTION 2: ENGAGEMENT

I define stakeholder/public engagement as interactions between organisations and their stakeholders/public that range from informing to participation in development projects:

2. Can you tell me about the conflicts that arise between organisations and local communities with regards to fracking?
 - a. Causes/ issues in contention
 - b. Project cycles at which conflict is most likely
 - c. Trigger events that has led to the emergence of overt opposition?
 - d. opposition solidarity agents (that is, persons who are able to mobilise people and resources necessary for opposition) within the community
3. What role, if any, does your organisation [or the individual respondent] play in industry-community interactions?

SECTION 3: PARTICIPATORY PROCESSES

4. What are some of the ways that residents communicate their ideas, proposals or complaints to: (a) planning officials (b) Regulators and (c) shale gas companies? And how are these handled?
5. How would you describe your public engagement process? Do you feel there was support for this participatory initiative among councillors?
6. What do you think was the degree of awareness and support on the part of awareness and support on the part of political elites/ and local communities?
7. Have engagement activities had any effects on decision making?
8. What influence has civil society participation had on the shale gas debate?
9. How do regulators/industry seek out how stakeholders feel about fracking in the UK? And how do they typically provide information to stakeholders?

10. Do most public administrators/ engagement officers value public input? Why or why not?
11. How do public administrators/industry encourage citizens to be involved?
12. Do you think this is sufficient or more should be done? If so, what do you think needs to be done to increase public involvement in the fracking debate?
13. Has your organisation been asked to participate in the decision making process in any way?
14. Do you attend public meetings organised by industry/ regulators? And what is your opinion about these meetings?
15. Can you describe to me a typical public meeting day?

SECTION 4: SOCIAL LICENCE TO OPERATE

16. Do you feel the industry needs a social licence to operate?
17. What constitutes a social licence to operate in this context?
18. Do you think that the governance around the development of this resource shouldn't rest on the sanctions of the government alone?
19. What do you think can begin to form solutions to range of issues affecting public perception that have emerged from the fracking debate?

Follow-up

Are there any questions about participation and engagement that you think I've missed?

Do I have your permission to attribute quotes from this interview?

Is there anything else you would like to say?