

A SOCIAL LICENSE FOR ENERGY OPERATIONS, DEVELOPMENT AND TRANSITIONS

ENERGY IN THE WEST CONFERENCE

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JESSICA M. WESTERN, PH.D.



UNIVERSITY
OF WYOMING

Ruckelshaus Institute
Collaborative Solutions

“..the boom of activity in the planet's underworld has brought to the surface not only an abundance of hydrocarbons, but a deep reservoir of buried political and social tension.”



Photo: High Country News

Patty Limerick, *The Fractured Terrain of Oil and Gas Opposition*, High Country News (Feb. 22, 2016)

SOCIAL LICENSE, ENERGY AND THE FUTURE



WHAT SOCIAL LICENSE IS:

- rooted in beliefs and attitudes held by the local population and other stakeholders about the project,
- granted by the community,
- intangible, unless effort is made to measure these beliefs, opinions and perceptions,
- dynamic and non-permanent because beliefs, and attitudes change as new information is acquired.
- Social License has to be earned and then maintained.

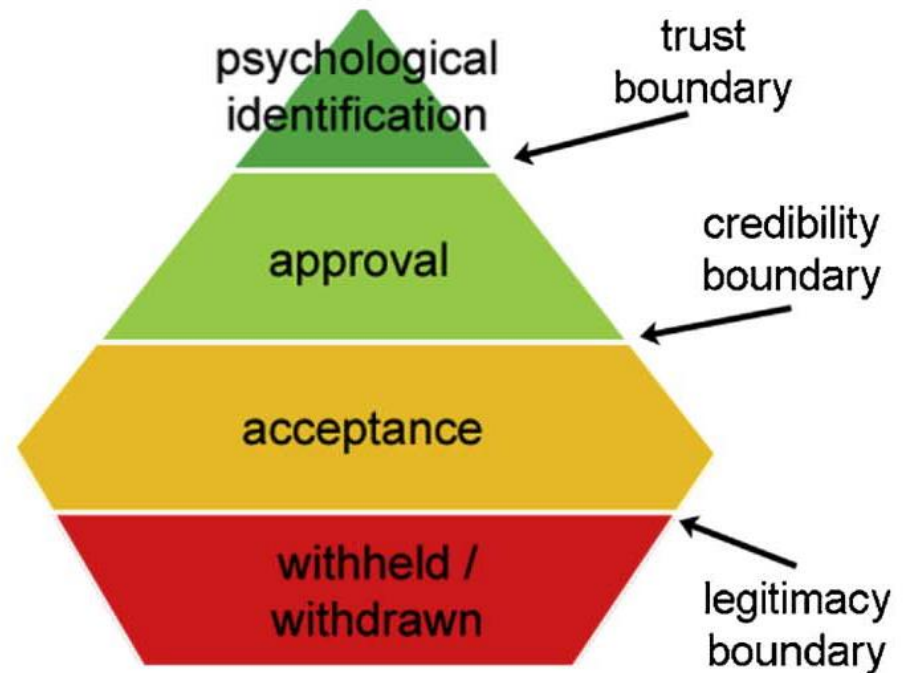


Fig. 1. The Social License Pyramid Model.
Source: Thomson and Boutilier (2011).

NORMATIVE COMPONENTS OF SOCIAL LICENSE

LEVEL OF SOCIAL LICENSE	SYMPTOMS/INDICATORS
WITHHELD / WITHDRAWN	Shutdowns, blockades, boycotts, violence / sabotage, legal challenges
ACCEPTANCE / TOLERANCE	Lingering/recurring issues & threats, presence of outside NGOs, watchful monitoring
APPROVAL / SUPPORT	Company seen as good neighbour, pride in collaborative achievements
PSYCHOLOGICAL IDENTIFICATION	Political support, co-management of projects, united front against critics

DIFFERENCE BUY-IN AND SOCIAL LICENSE

- Buy-in: acceptance of and willingness to actively support and participate in something.
- Origin of term comes from buying shares in an undertaking. More based on economic value creation only e.g. jobs.
- Social License: an undertaking that creates value culturally, socio-politically and environmentally as well as economically.
- Need for social license more recently fueled by social media: Facebook, bloggers, Tweeting, etc. Knowledge and information is unbounded, thus also perceptions, misinformation, arguments based on cultural, environmental, etc. values (Gehman, Lefsrud and Fast, 2017).

SOCIAL LICENSE INGREDIENTS

- Trust
- Transparency
- Inclusion beyond regulators and elected officials
- Ongoing communication and engagement
- Broadened decision-making procedures
- Establishment agreement that includes social, economic and environmental aspects.
- Accountability between corporations and communities.



AMAZON: TWO COMMUNITY APPROACHES - NEW YORK CITY AND VIRGINIA



- New York City: Big money, behind closed doors. Many questions, many assumptions = little legitimacy, credibility or trust.
- Virginia: Less money offered, transparent process, and commitment to provide employees but boosting related education = community legitimacy, credibility and trust.
- Difference between community approaches.

SOCIAL LICENSE AND SHAREHOLDERS

- The Business Roundtable pledged to compensate employees fairly and provide “important benefits,” as well as training and education. They also vowed to protect the environment and to foster inclusion, dignity and respect.
- The companies **did not provide specifics** on how it would carry out its ideals, offering more of a mission statement than a plan of action.

The New York Times

Shareholder Value Is No Longer Everything, Top C.E.O.s Say

Chief executives from the Business Roundtable, including the leaders of Apple and JPMorgan Chase, argued that companies must also invest in employees and deliver value to customers.



Chief executives who are members of the Business Roundtable, include, left to right, front row: Julie Sweet of Accenture North America, Brian Moynihan of Bank of America, Tim Cook of Apple, Robert F. Smith of Vista Equity Partners of Austin. Back row: Jeff Bezos of Amazon, Mary Barra of General Motors and Larry Fink of BlackRock.
All to right: Greg Kaba for The New York Times, Arnd Wiegmann/Reuters, Boboto Matthews/Associated Press, Chester Higgins Jr./The New York Times, Patrick Semansky/Associated Press, Mike Cohen for The New York Times and Damon Winter/The New York Times.

SOCIAL LICENSE: HOW?

How to?

- Provide complete and accurate disclosure of relevant information.
- Engage Communities and Publics
- Address Impacts.



- Multi-party Consensus Building Process, or Collaboration.

SOCIAL LICENSE AND COLLABORATION

Achieving social license includes meaningful forms of public engagement

Collaboration:

- Explore project and its benefits and impacts to e.g. community, landscape.
- Explore corporate, community, landscape interests.
- Issues to address.
- Explore options within regulatory frameworks, corporate budgets and capacity, community values, environmental components.
- Build consensus around options that meet as many interests as possible.
- Create a living document e.g. “Collaborative Agreement”.



CONSIDERATIONS

- Takes time and money at the front end.
- Requires in-house expertise in collaborative processes.
- Requires in-house understanding and full support for collaborative process.
- Complete commitment by corporate and regulatory leadership to seriously consider recommendations, with accountability back to stakeholders of implementation or reasons for non-implementation.
- Commitment to ongoing process to keep communications fluent and maintain trust

WHY INVEST IN SOCIAL LICENSE?

At minimum:

- Reliable operations.
- Reputation matters.
- Return on investment

Better:

- Long term value creation for company, community and shareholders.

QUESTIONS AND DISCUSSION

- Dr. Western's presentation is based on work conducted with Temple Stoellinger, J.D. and Steve Smutko, Ph.D. at University of Wyoming in the article "Collaboration through NEPA: Achieving a Social License to Operate on Federal Public Lands (2018) **Public Land & Resources Law Review 203.**

