THE SOCIAL LICENCE TO OPERATE:
What it is and why does it seem so difficult to obtain?

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ASPIRATIONS OF EXPLORATION

• Prove/disprove presence of potentially economic mineralization

• Maintain environmental integrity

• Gain a ‘Social Licence to Operate

Through a process involving episodic campaigns of variable duration in the field.
THE ‘SOCIAL LICENCE TO OPERATE’

• Granted by the local community
• Intangible, informal, non-permanent
• Has to be earned and then maintained
• Defined as
  – Ongoing Approval (BSR and AccountAbility)
  – Ongoing Approval, broad social Acceptance (Joyce and Thomson)
  – Ongoing Acceptance (Nelson, and many others)
A QUESTION OF DEFINITIONS

• Approval
  – Favourable regard, commendation
  – Agreeing to or being pleased with

• Acceptance
  – Disposition to tolerate
  – Agree to consent to or allow

• TWO LEVELS OF SOCIAL LICENCE
GAINING A ‘SOCIAL LICENCE’: Language of the Companies

- Maintain Positive Corporate Reputation
- Understand culture, customs, language history, etc
- Educating local stakeholders about project
- Ensuring open communication amongst all stakeholders
- Business partnerships with communities
- Workforce training
- Community support and capacity building
- Employing innovation and technology

From Nelson, 2005
GRANTING A ‘SOCIAL LICENCE’: Language of the Communities

• Do they Respect us?
• Are they Listening?
• Do they let us Participate?
• Are they Transparent with us?
• Can we Believe what they say?
• Are they Responsive to our issues?
• Can we Trust them?
CULTURAL DISTANCE

- Companies try to gain a SOL on the basis of tasks and process that are mechanistic, didactic and transactional – ‘make a deal’

- Communities grant a SOL on the basis of the perceived quality of the relationship
NORMATIVE COMPONENTS OF ‘SLO’
COMMUNITY PERCEPTIONS OF:

• Legitimacy
  – Conforming to established norms – norms may be legal, social, cultural and both formal and informal

• Credibility
  – The quality of being believed – the capacity or power to elicit belief

• Trust
  – Willingness to be vulnerable to risk or loss through the actions of another

• Also components of Social Capital - relationships
WHAT IS SOCIAL CAPITAL

• **Collaborative Capacity** - the stock of active connections among people: the trust, mutual understanding and shared values and behaviors that bind the members of human networks and communities and make cooperative action possible.”

The highest measure of Social Capital is the presence of significant “trust” between individuals and groups.
DIMENSIONS OF SOCIAL CAPITAL

• Dimensions of relationships that determine collaborative capacity
  • **talking**: communication, networking
  • **thinking**: shared understanding & language; mutual goals/visions
  • **working**: shared experiences and problem solving
  • **trusting**: from transactional reciprocity to mutual identification
    • Modified from Nahapiet & Ghoshal, 1998
GAINING THE SOCIAL LICENCE

TRUST

APPROVAL

CREDIBILITY

ACCEPTANCE

REJECTION

LEGITIMACY
BASIS FOR ACTION

• Legitimacy
  – Legal legitimacy – permits and permissions
  – Social legitimacy – engagement with stakeholders

• Credibility
  – Technical vs Social Credibility
  – Provide reliable information
  – Act responsibly
  – Honor commitments
  – Do what you say – no surprises

• Trust
  – Create common/shared experience – working together
  – Build collaborative – transformational opportunities
  – Contractual<Competence<Goodwill
OPERATIONAL CHALLENGES

• Creating ‘Social Legitimacy’
  – ‘Emerges for a process that engages the full range of voices’
  – Time for comprehensive engagement

• Establishing and maintaining ‘Social Credibility’
  – Meeting expectations
  – Do what you say – no unrealistic promises (expectations)
  – Use ‘contractual frameworks’

• Building ‘Social Trust’
  – From transaction to collaboration to goodwill
  – Use ‘contractual frameworks’

• Transition from personal to institutional relations
  – Informal to formal structures
FUNDAMENTAL PROBLEMS

• Exploration teams frequently confuse:
  – Acceptance for Approval
  – Co-operation for Trust
  – Technical Credibility with Social Credibility

• Exploration teams:
  – Fail to understand the local community (Social Profile) and the local ‘rules of the game’ (Social Legitimacy)
  – Delay stakeholder engagement
  – Fail to allocate sufficient time for relationship building
  – Undermine their own credibility
  – Fail respect and listen to the community
WHY IS IT SO DIFFICULT?

• The character of exploration is counterproductive to building relationships
  – Episodic, unpredictable periods of ‘separation’, high uncertainty of outcome (most projects ‘fail’)
  – Reactive, compliance driven

• Seeing the SLO in terms of a series of tasks and transactions rather than relationship building

• Under-estimating the time and effort required to gain a SLO

• Over-estimating (or, worse, assuming) the quality of the relationship with the community
THANK YOU

On Common Ground Consultants Inc.

Social Aspects of Resource Development