

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.”
- Cohen and Prusak, *In Good Company* (2000)

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

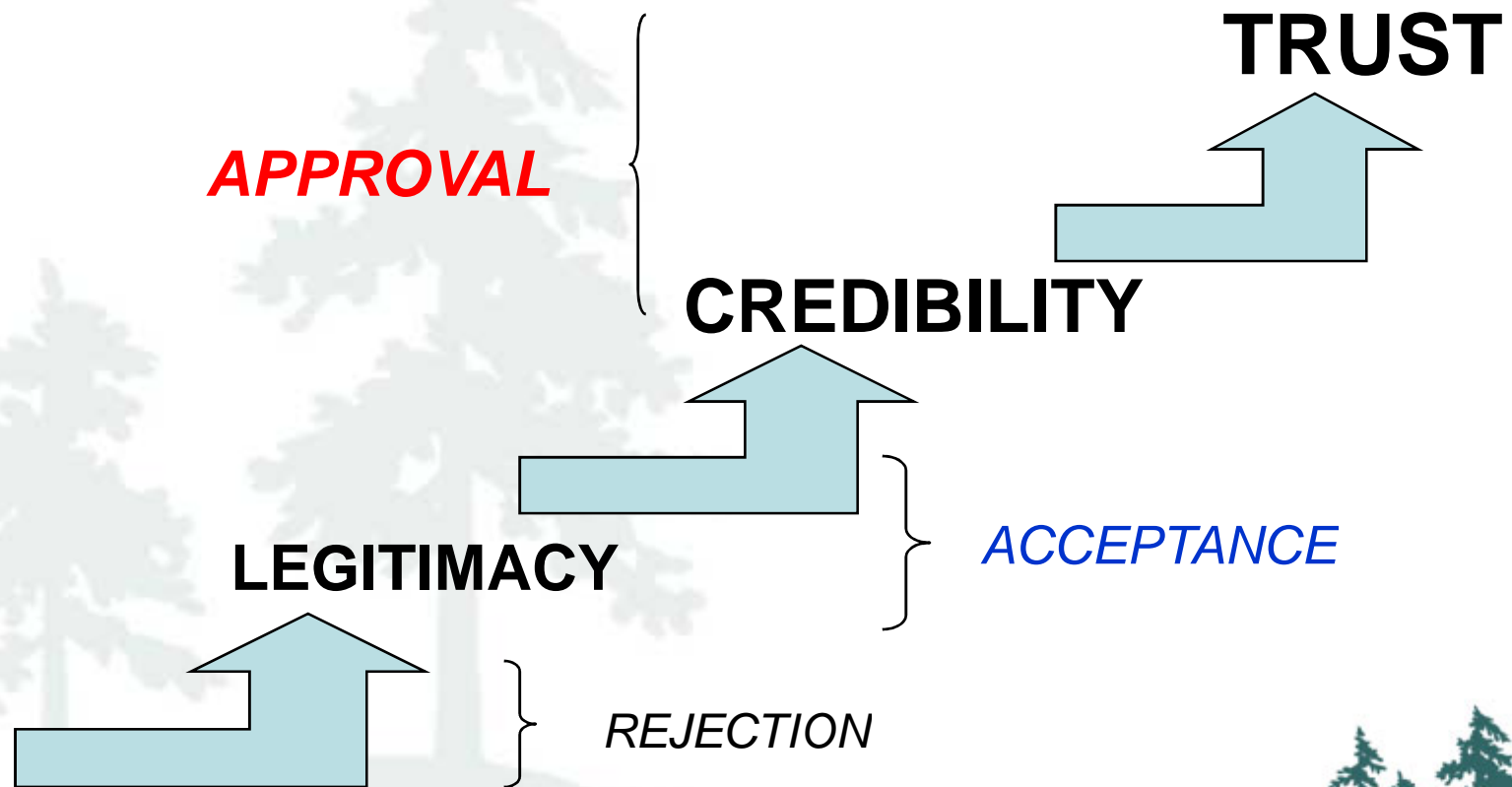


DIMENSIONS OF SOCIAL CAPITAL

- 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



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

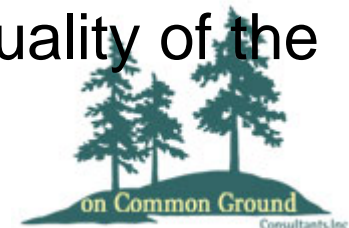
- **Exploration teams:**

- 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



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THANK YOU

**On Common Ground Consultants
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Social Aspects of Resource Development

