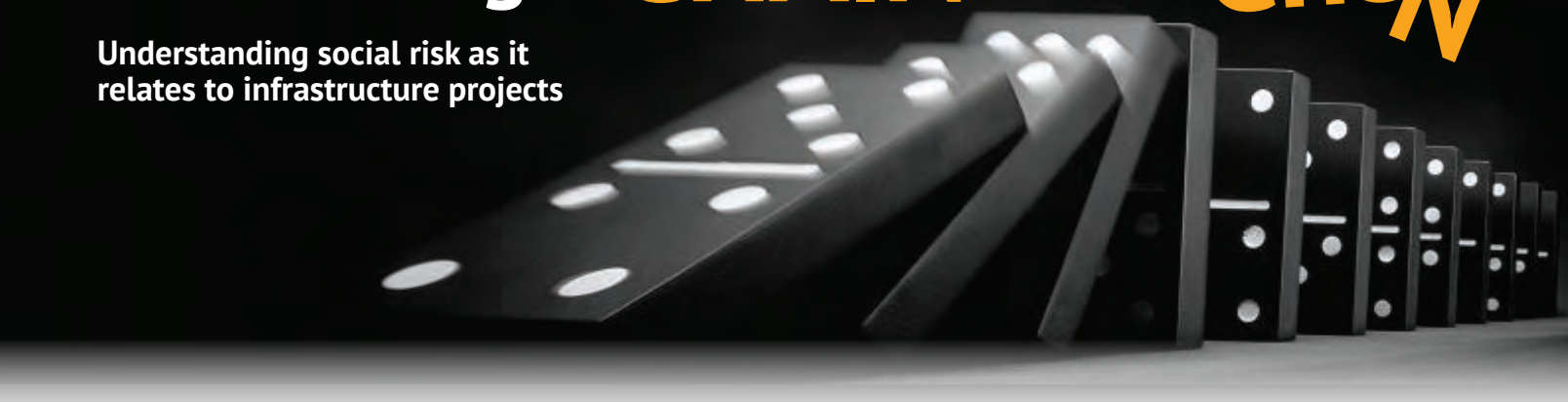
Preventing a CHAIN REACTION

Understanding social risk as it relates to infrastructure projects



BY JAMES KENT AND KEVIN PREISTER

A question from a real estate developer recently piqued our interest. He asked, "How can I measure social risk prior to beginning my project?" This question assumes that disruption is already in place when most of the time, in fact it is not. We suggested that he consider a different question, one that gives him an advantage when undertaking his project. It would be more appropriate to ask, "As a developer, how do I prevent the creation of social risk when implementing my project?"

There is a universal struggle to come to grips with social risk and accept its relationship to new infrastructure projects. To understand social risk, we need to be aware of how a specific community operates before a project is announced. The reality is, communities have well-defined cultural membranes that protect them from outside intrusions. If a project imposition is considered an absolute (finished product), resistance will follow because the residents feel as if it is being foisted upon them from decisions that have already been made—absent their consideration or input.

Three Basic Needs

To fully comprehend social risk, we have to recognize that all individuals have three basic needs in order to maintain power, survive and enhance their quality of life.

1. The ability to predict what is happening or going to happen in their community;
2. A desire to participate in the events that shape their lives; and
3. The necessity to control their environment from disruption by seeking quality of life enhancements.

Considering that these are the most fundamental needs, the very act of formally announcing a project— before engaging informally with the community— will set off an immediate chain reaction. This is because there is a major disconnect between the needs of the residents and the perception of the project proponent.

By nature, citizens feel compelled to protect their cultural boundaries from the unknown. Unfortunately, project managers often see this action as resistance to the project rather than an action to protect the local environment and lifestyle. When this misunderstanding occurs, project management often reacts to its own disadvantage by talking about imposing its right to survey on private land or its use of eminent domain. This leads to a loss of control over the project schedule because the language and action is polarizing, thereby shutting down communication and fostering the organization of resistance groups. The resistance can last for years until the project is either cancelled or approved under very adverse and costly conditions.

The good news is, with appropriate planning and consideration, this unfortunate sequence of events can be avoided entirely.

Managing Social Risk

Social risk management is the ability to recognize, analyze and respond to conditions that contribute to the development of citizen issues that impact a project's interests. It begins with project planning and becomes part of a decision-making process that relies on continuous communication and interaction among the project proponent, citizens and government agencies during project development and implementation. It is based on four premises:

1. Social disruption is less likely to occur when people can predict and manage potential changes in their environment;
2. Learning about local traditions, beliefs and geography-based land ethics as they relate to the project is essential;
3. Operating the project in a manner that does not create issues that are disruptive to the citizens is critical; and
4. Informal face-to-face communication is necessary through direct contact with citizens impacted by the project.

Consumers Energy, Michigan's largest utility, sponsored IRWA's Social Ecology Course in August 2014.

Held in Caro, Michigan, employees of Consumers Energy attended the two-day session and participated in the field experiences.

The Concept at Work

In August 2014, a two-day Social Ecology course was held for employees of Consumers Energy, Michigan's largest utility. In an effort to augment its energy sources in hydro and coal with wind energy, Consumers Energy is moving rapidly to build capacity in citizen engagement. The class was attended by 26 company employees, and the goal was to better understand wind development from a local perspective.

The fieldwork, an important component of the course, allowed participants to go into the community and engage residents and businesses in a conversation about the project's impact. Taking notes, everyone was asked to return to class prepared to share their experiences and lessons learned. The first-hand experience generated some lively discussion. On a positive note, the feedback confirmed that the company was in good standing among wide segments of the community. The local business people and residents provided compliments like, "The roads are better than before," and "They kept their word."

In the course of observing and interacting at a local restaurant, one class participant engaged two business owners in a conversation. Both men were long-time area residents. One owned a local restaurant and the other owned a farm-supply store, and they wanted to know two things about the project. The first asked, "In 15 years, what will the turbines look like and what happens when their life is finished?" The second question was expressed as, "Yes, farmers are paid for their impacts but what about the neighbors? What about people who have the visual impacts but don't get paid?" The workshop participant had agreed to get back in touch with them within 24 hours with a response.

Speaking with One Voice

When the class reconvened and the participants reported their findings, someone asked, "How does a company internally manage the collection of information and respond to citizen issues?" In this case, Consumers Energy had already developed issue management procedures for dealing with landowners, so the company benefitted from having the organizational capacity in place. However, the importance of speaking with one voice was raised as a critical concern, as well as the importance of closing the loop to ensure that all project questions and issues are addressed in a timely manner.

The next question was whether the company was going to encourage all employees to be the eyes and ears of the company or if citizen contact would be relegated to one or two individuals. These concerns about internal procedures made for a creative discussion. The group concluded that a company would be better served if citizen contact was encouraged with a wide range of company employees, but there had to be a central repository for the collection of information and issues and for instituting company responses.

Partnering with the Community

This hands-on social ecology experience proved to be an ideal opportunity for Consumers Energy to concentrate on community engagement as it relates to their wind project. As a company, they recognize the importance of systematically considering the community as an essential partner in their operations, thus reducing social risk. As International President Lee Hamre, SR/WA commented, "The recent pilot in Michigan was a tremendous success and it opened our eyes to even bigger and more profound opportunities for exposing entire companies and government entities to the value of early community engagement." ✪

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