Chapter 6

Social Sustainability to Social Benefit: Creating Positive Outcomes through a Social Risk-Based Approach

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ABSTRACT

Project managers must recognize that socially sustainable development is a key factor in project success and requires far more than public relations or community consultation. Companies are becoming aware of the risk that community dissatisfaction can have on their projects. Communities are becoming increasingly expectant that the management of socially sustainable development, which maximizes the positive outcomes for communities, is incorporated in all types of projects. Planning for social maximization needs to occur at project design phase, and key issues and actions should be placed under the control of the project manager directly. This chapter considers the lessons from managing community impact in the development sector, which can be used to manage social risk for all projects.

INTRODUCTION

When examining risk in a project management context, our common considerations are financial (Smithson, 1998), logistical (Caron et al., 1998) and occasionally reputational (Fombrun et al., 2000), yet the most significant risks for many projects increasingly fit into the reputational category (Raftery, 2003). Social impacts however demonstrate a whole range of factors which can result in the failure of an otherwise successful project.

Social impact is often given a perfunctory assessment with only legislated and regulatory risks addressed. Technical staff also often naively assume themselves capable of anticipating a project’s social impact, placing the project itself at risk (Clark et al., 2004). By considering the potential risks that social impacts pose upon projects, organisations have an opportunity to move beyond those projects which merely sustain and create to those which truly benefit communities (Clark et al., 2004). This approach is not just for large government projects or for projects in the
development sector; it can be applied to projects of all sizes and disciplines. Risks and their impacts, when handled correctly, can become project opportunities, where the potential impact becomes a measurably improved chance of a positive outcome (Vancaly, 2004).

This chapter will explore the ways in which the incorporation of social risk monitoring can significantly improve the likelihood of a project’s success. In relation to the concept of socially sustainable development, projects are now considered to have a moral responsibility to create a net positive impact on the communities in which they operate. Resource extraction companies, for example, are moving away from the application of traditional risk mitigation approaches towards the maximization of positive outcomes for communities.

Social monitoring indicators such as those of human rights, gender and social and economic impact should be incorporated in overall project management. Projects in the development sector (whose primary aim is social change) have incorporated social risks and impacts in order to maximize socially sustainable development and, as the World Bank states, many lessons exist for all major projects in this regard. Communities now expect that the management of socially sustainable development, which maximize the positive outcomes for communities, is incorporated in all types of projects (Heltberg et al., 2012).

Increasingly, companies and governments are becoming aware of their impact on the communities in which they work. Moreover, communities have become aware of their ability to halt projects which they perceive as not meeting their social and economic needs. Companies realise that in order to develop a ‘social licence to operate’ they must develop positive long term relationships with their most vociferous critics (Wheeler et al., 2000) but what this term means is as ambiguous as the dress code ‘business casual. Developing a social licence to operate is not just necessary to demonstrate good corporate social responsibility but is a sensible approach for the risk adverse project manager. Too often social risks are ignored or understated by project management, though even rudimentary definitions of risk in the project context imply that they are as important as financial or logistical challenges. The US Department of Defence defines a risk as ‘an uncertain event or condition that, if it occurs, has a positive or negative effect on a project’s objectives’ (“Risk management guide,” 2006) and what is less certain than public opinion?

It is important to highlight the need to assess and measure potential social social impact and to incorporate a monitoring system within existing project management frameworks. In recent times, projects have had a social and economic impact assessment which may then be incorporated into a risk management plan that remains the responsibility of the community relations manager. It is the design and application of effective monitoring, however, that is the required next step in creating positive outcomes for communities involved in and around projects.

This chapter will give an outline of the context of risk management and sustainable development in the context of social sustainability, including a brief discussion on the corporate social responsibility and the ‘social licence to operate’. The following section will provide a summary of the changing context of development theory, and the move towards incorporating all projects in the context of traditional development. It will also briefly consider the challenges associated with the identification of social risk. From this background, the chapter will examine some case studies of failure to recognise social risk and one project which has turned its challenges into social benefit, focussing on project accountability, and establishing a ‘social licence to operate’. Though the lessons of these projects, the chapter will then set out a method to monitor and to manage social risks in project management.