

The power of engagement science



Engagement science helps organisations improve social performance, says Dr Kieren Moffat, CEO of engagement science specialist Voconiq.

Using data insights to mitigate social risk

With social conflict adding significantly to the cost of many major projects, 'engagement science' allows organisations to better comprehend and quantify social risk, so community concerns can be addressed in the boardroom alongside other ESG risks.

Environmental, social and governance have become key metrics by which many organisations are judged. Of the three, organisations are typically the least mature when it comes to measuring and mitigating social risk, which impacts their social licence to operate, even though the issue may sit high on their risk register.

'Social licence to operate' refers to the ongoing acceptance of an organisation or industry's practices – not just by regulators, but also by employees, investors, other stakeholders and the general public.

The phrase 'social licence to operate' was coined in the late 1990s to convey to mining executives the importance of social risk, using the familiar language of regulation and operating licences to help them understand their broader responsibilities.

Not just an abstract notion, social licence to operate is a tangible concept and the costs of failing to address social risk can be significant. More than \$20 billion in Australian infrastructure projects have already been delayed, cancelled or mothballed over the past decade due partly to community opposition. It costs billion-dollar mining projects about \$20 million a week, according to a study published in the US National Academy of Sciences journal, *PNAS*.

Engagement science is a branch of data science

that creates insights, tools and strategies to better understand social risk and inform an organisation's approach to community engagement. The goal is to mitigate risk by improving outcomes and reducing social conflict that can result in cost blowouts, delays, negative publicity, reputational damage and increased regulatory scrutiny.

The importance of mitigating social risk is not just limited to the mining sector. Infrastructure and property developers also face the risk of losing their social licence to operate in entire regions if they do not actively monitor and address social risk. The risk becomes more complex when multiple developers are working in the same areas and engaging the same stakeholders without co-ordinating their efforts.

Engagement science brings community voices into the boardroom, in a systematic and quantifiable way, so that organisations can drive better social performance, strategy and action, says Dr Kieren Moffat – co-founder and CEO of Australian engagement science specialist Voconiq.

Spun out of CSIRO in 2019, Voconiq is a data science and community engagement company built on more than a decade of research and industry practice. It helps organisations harness the relational mechanisms that underpin social licence to operate and to build trust with the communities with which they work.

Engagement science involves gathering data on social attitudes and applying sophisticated statistical methods to understand which relational characteristics are most influential in predicting community acceptance. The idea is to

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Kieren Moffat

help boardrooms better understand communities, and the impact of their organisation on those communities. By identifying and addressing issues before they escalate, engagement science can increase beneficial outcomes for all involved, Moffat says.

"Social risk clearly matters, we all know that, we've seen plenty of examples where community sentiment can significantly disrupt and even stop new developments," he says.

"Social licence to operate might seem like a buzz phrase, but the concepts it references are absolutely real and they have a razor-sharp edge for organisations and entire industries.

"There are now ways to understand and control these risks that are also rewarded by the market through outstanding ESG performance."

The risk of social rejection is continuing to increase, often because organisations ask the wrong questions when considering the issues. They can also make the mistake of only

consulting a small range of key stakeholders, which may not represent the broader sentiment within the community.

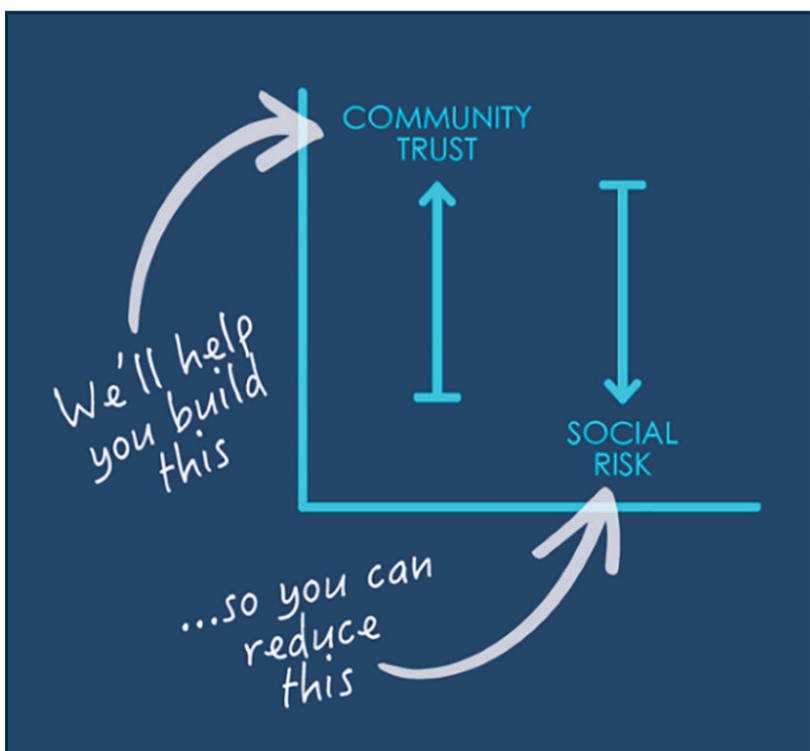
Trust sits at the heart of the concept of social licence to operate and is key to developing statistical models, regardless of the size of an organisation, its industry sector or where in the world it is operating.

"Not managing your relationships effectively has real cost on the business," Moffat says. "Organisations can't afford not to invest effort into building acceptance and avoiding community rejection.

"What Voconiq does is bring the voice of community into the heart of the decision-making spaces, helping you manage those relationships through systematic science-driven techniques and methods."

While the concept of social licence to operate is especially pertinent in the mining sector, looking at it purely through the lens of environmental concerns risks oversimplifying the issue. Green initiatives like new wind farms are just as vulnerable to social risk as new coal mines, Moffat says.

"Even if a new project or infrastructure gets an environmental tick and is for the common good, it can still be incredibly disruptive to communities and create conflict, which increases social risk," he explains. "Organisations shouldn't make the mistake of assuming that goodwill in terms of positive environmental outcomes is enough to mitigate social risks, which can significantly slow down progress, drive up costs and even see projects grind to a halt."



Engagement Science. Insights.

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