Social Risk Management for Large-Footprint Service Company Projects
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Abstract
This paper is a review of a social risks management (SRM) process developed by an international oil and gas services provider to identify social risks that have the potential to affect communities on and around the oilfield. The paper uses case studies to identify social risks management factors key to the successful implementation of operations.

The SRM process is intended to enhance the service provider’s ability to anticipate and manage the impacts arising from its operations. The proprietary process has three integrated phases—planning; implementation; and monitoring and evaluation—and is governed by its own risk management guideline. Since 2010, the process has been used to complete field assessments and planning exercises for operations in the Africa, Asia Pacific, Latin America and Middle East regions. In those regions the SRM process has enhanced the service provider’s ability to identify and analyze social hazards and to understand how related prevention and mitigation measures can help in managing its operational presence.

An important factor in the successful execution of operations with unusually hazardous risk profiles, or operations in areas with significant social footprints, is proactive assessment. Close observation of the community has enabled the oilfield services provider to identify social hazards that might affect communities, and to develop social management plans and portfolios of measures to prevent or mitigate those hazards. Typically, prevention and mitigation measures can range from codes of conduct to community outreach programs designed to improve community acceptance of company activities and to maintain long-term support for operations. For example, in one country the social risks plan included procurement of local produce and water, employment of local labor, infrastructure and furniture donations to local schools and, in collaboration with the oilfield operator, deployment of medical camps run by a respected national non-governmental organization (NGO). More than 500 patients were screened during eye clinics—225 of them received medication, 300 were given eyeglasses, and 30 patients underwent surgery to correct vision.

This paper describes the key features of the SRM process along with a range of measures adopted by the service provider to address social risks. Developed and implemented by the service provider, as opposed to an oilfield operator, the SRM process is providing the E&P sector with new perspectives and lessons learned for managing social risks in oil and gas projects. The lessons learned can be used to evolve the SRM process and for future projects in sensitive areas.

Introduction
Oilfield operators typically retain most risks, as their rewards are substantially higher than service companies, but new project configurations and increasing activities in areas of fragility have led service providers to develop expertise in managing social risks. A social risks management (SRM) process (Fig. 1) developed by an international oil and gas services provider is now being used to identify the risks that may affect communities on and around the oilfield. The SRM process is intended to enhance the company’s ability to anticipate and manage impacts arising from social risks related to operations. The proprietary SRM process has three integrated phases—planning; implementation; and monitoring and evaluation—and is governed by its own risk management guideline.

Having been developed and implemented by a service provider, as opposed to an oilfield operator, the SRM process brings to the E&P sector some new perspectives and lessons learned for managing social risks in oil and gas projects which have so far been welcomed by customers. Key distinguishing characteristics between operators and service providers are that service providers:
• Work for multiple customers across numerous locations for varying amounts of time often within a single country. Contracts typically run from one to three years. Service providers are remunerated for service provided, and they assume risks that are commensurate with the reward.
• May be one of dozens or hundreds of contractors in the value chain. Operators typically do not wish contractors to independently manage such risks given that it is their brands that are more exposed and that they play the coordinating role. They normally require service providers to align themselves to a project-wide approach to community relations and outreach.
• Have traditionally perceived non-performance resulting from community-related work stoppages in terms of its financial impact. This perception is changing within the integrated project context.

Service providers are normally expected to conform to the operator’s requirements which are often presented in the annex to a contract or integrated into health, safety and environment (HSE) induction sessions for new employees, and often they must perform in a manner that contributes to an operator’s social license to operate. However, new project management configurations can see service providers taking on more responsibilities and liabilities, and in some cases becoming the de facto operator. By going beyond compliance and sharing the challenge of managing social risks, a proactive service provider can:
• Reduce reliance on the operator in understanding the risks specific to oilfield activities.
• Transfer knowledge and lessons learned from other contexts to address project-specific social risks.
• Improve its ability to align with the overall community relations programs of operators.
• Identify gaps in the deployment of programs by operators to manage community-related issues.
• Lobby for additional support or resources.
• Ensure that appropriate mitigation and prevention measures are selected to manage social risks.
• Reduce the likelihood of decisions or operating practices creating community resentment by increasing awareness of issues, concerns or problems.
• Improve the ability of subcontractors and other personnel to successfully interact with the local workforce and to reinforce the service provider’s code of ethics and culture of respect for the community.

The main focus of the proprietary SRM process described in this paper is to address social risks related to the projects of a service provider already working as a contractor on oilfields, but consideration is also given as to how the process can be easily adapted and applied in differing circumstances. Examples of such circumstances might include the start-up of new operations within a country, or defining a general operating approach for multiple customers within a given territory. In parallel, the process has driven a number of wide-ranging improvements to the service provider’s ability to manage its social performance (Fig. 2). While most social performance themes remain predominantly under the jurisdiction of oilfield operators (who sometimes furnish service providers with requirement guidelines), the SRM assessments described below have prompted internal discussions that are helping the service provider develop a deeper understanding and greater capacity to manage social performance issues in the field.

In a rural location in the Asia Pacific region where the service provider was project-managing drilling and workover rigs, an assessment was undertaken to support the company and its drilling contractor in executing socio-economically conscious drilling activities. The findings were used to develop social performance, local content and indigenous participation plans for the project. By recognizing potential social impacts from drilling activities, the service provider acknowledged the need to manage a range of issues including workforce behavior; land access; traffic management; environmental disturbances resulting in a community impact; respect for cultural heritage; and community complaints.

In the Latin America region, an assessment was undertaken to help the service provider understand the social risks facing a company-led consortium that proposed to operate an oilfield in partnership with a national oil company. The findings of the assessment were used to develop terms of reference for a socio-economic baseline study; to prepare a social vision statement for the consortium; to identify key procedures that needed to be developed by the consortium including a community employment procedure and a grievance management procedure; and draft a bridging document to promote consistency in practice between the national oil company and the consortium relating to social performance requirements.

Prior to the construction of a new base camp and workshops within the Africa region, an assessment was undertaken to support the proposed expansion of the service provider’s footprint within the project area.

Statement of Definitions

As a risk-based methodology, the SRM process first requires that an assessment be conducted to determine which events are to be mitigated or prevented. A risk-based language is used and such events are referred to as “hazards” where others might refer to them as “impacts.” The hazards in questions are of a social nature and are generally understood to be events that result in negative changes resulting from project activity in to any of the following categories: socio-economics, governance and institutions, culture, religion, human rights, beliefs, housing, values and organization (IPIECA 2004). Changes in the socio-economic environment might be caused by physical changes such as project vehicles using public roads; or from misaligned community expectations with respect to improvements in social services and infrastructure; or from social problems in the
community that become associated with operations due to geographical proximity (such as water scarcity perceived as resource competition when water tankers are seen in the area).

The SRM process considers social risks as social hazards that have been assessed and quantified for the likelihood of the events occurring and the severity of the events in terms of potential monetary or reputational loss for the project. This includes social hazards directly affecting stakeholders who have the means to negatively affect projects, as well as any negative change that may lead to a buildup of resentment in the community and increase or reinforce negative perceptions of oilfield operations, which in turn may increase the likelihood of community-related disruptions.

The primary objective of the SRM assessment is to improve the service provider’s ability to operate in complex environments, and to deliver project activities and objectives. This is different from a traditional social impact assessment, which seeks to build partnerships with communities or to define social interventions. The SRM process ensures that not only are the overall social impacts of oilfield operations avoided, reduced, compensated or mitigated by the project proponent or oilfield operator, but that different stakeholders and risks associated with sub-activities are considered and that the specific role of the service provider in managing those risks is identified. An assessment of a drilling project at a single wellpad would be expected to identify a different set of stakeholders, for example, and therefore a different set of social hazards compared to a project providing bundled services for the oilfield operator on the same oilfield.

Application of the Process
Oilfield operators outsource many of the services required to explore or produce a hydrocarbon asset, and they typically retain most of the risk as commensurate with their rewards. Given their major interest in maintaining positive long-term relationships with specific communities on and around oilfields, operators have traditionally been the parties to manage the social impacts of oilfield operations through a range of techniques such as social baseline studies to understand the prevailing conditions, stakeholder analysis studies to identify actors whose interests may be affected by the project, and social impact assessments to appraise the impacts of operations on communities usually over the lifecycle of the investment.

Nonetheless service providers working in numerous locations for varying amounts of time are often in close physical proximity to communities, which can mark them as proxy targets for community dissatisfaction. Service providers can become the means by which community members transmit concerns, problems or issues to the oilfield operator particularly in the physical absence of the actual operator on integrated projects.

So, in 2004, prime contractors involved with major capital projects including those on oilfields began to develop their own processes, such as the Balfour Beatty Opportunities and Risk Management Framework. This particular framework supports planning when doing business where the socio-economic environment is poor, underdeveloped, complex and unpredictable, recognizing that social risk has both a company and customer dimension (Balfour Beatty 2004). Today, oil and gas services providers, as opposed to the EPC contractors, have also started to develop their own standardized approaches to manage social risks. This is driven in part by a need to support a good reputation and to sustain strong relationships in countries of operations; in part to avoid work stoppages and other negative consequences that could threaten delivery of results; in part to manage increasingly integrated projects which can result in a reallocation of liabilities; and in part to facilitate the ability to operate in situations of fragility.

Additionally, requests in some tender pre-qualifications require an overview of service company policies and practices with regard to social impacts, and clauses are now appearing in tenders requiring service providers to undertake some form of project social risk analysis, or to prepare a social performance plan. Project managers are beginning to understand the need to develop a solid understanding of the social environment and to increase their awareness of cultural sensitivities. For many of these managers, the benefits of adopting a formalized approach to identifying and managing social risks are becoming self-evident.

Methodology
The SRM process at this oilfield services company was developed to enable project managers to standardize their approach to social issues, to capitalize on lessons learned from other operations, to create a platform to increase internal competencies, and to provide a transparent process for decision-making. While the process incorporates best practices drawn from a range of sources, including the IFC performance standards, the majority of the content described below is proprietary and customized to one service provider’s activities and processes.

Planning
The major premise of the first phase of the SRM process—the planning phase—is that social hazards that can lead to community-related work stoppages affecting service providers can be identified by developing knowledge and profiles of the community, the project, the customer and the stakeholders. As Zandvliet and Anderson (2009) reasoned, “when a process can be predicted and its sources and mechanisms understood, it is likely that it can also be prevented.”

Phase one is composed of five stages. The community profile covers all social elements that can influence or be influenced by the project. Building a geographical, demographic and economic portrait of the community enables increased understanding about the social, economic and cultural context.

The project profile describes the operational footprint and, when overlaid with the community profile, points to the nature of the impact on local communities. The profile builds an overview of the physical footprint of activities including
infrastructure, equipment and staffing; the contractual structure including related obligations, decision-making authority and financial exposure; as well as actual (according to contract) and perceived (according to the community) responsibilities including community relations or social investment.

The customer profile examines the oilfield operator’s attitude toward social and environmental responsibility, the past practices of the customer, and their expectations for how contractors should perform and in some cases interact with them on community-related matters.

A stakeholder map identifies the individuals and groups that can influence or be influenced by the project. It determines their current position toward the project, their degree of influence, and the informal networks that exist between stakeholders.

For physical and environmental risks, for all operations, the service provider has in place a robust risk assessment process along with management and control standards, tools and processes. The company’s risk management tool, a Hazard Analysis Risk Control (HARC), was adapted to include social risks. The tool is familiar to project managers and allows them to approach social risks in the same way they think about other types of project-related risks, such as financial or environmental risks. The fifth of the five stages in phase one provides an evidence-based approach to capture the social hazards and risk control measures in four stages:

I. Define social hazards and the associated changes in local context, potential impacts and stakeholders affected.
II. Prepare a social risks matrix to quantify the likelihood and severity of each risk.
III. Brainstorm all possible measures to prevent or mitigate each risk.
IV. Assess the feasibility of each measure and quantified residual risks.

The amount of resources committed to the above five stages of the planning phase will vary depending on the size of the contract, the operational timelines, secondary information provided by the operator, the availability of secondary data, and access afforded by the operator to the community within the area of operations. For example, following extensive desk research including literature review the SRM planning for a project in one country was undertaken over a single week. It focused around the project manager and a social expert visiting the project sites and meeting the operator’s community relations team, with employees and family members from the project impact area, with other contractors already working in the area, and with local authorities. The phase one process culminated in a presentation to senior management reviewing the findings and proposing action plans for the implementation phase.

By quantifying social risks and identifying residual risks, project managers are able to better focus resources on developing mitigation measures that address most severe risks to the project and are most likely to have the greatest effect. An example of how a social risk may be treated was typified in a country in the Latin American region, where the community and project profiles showed that drilling activity would likely increase temporary environmental nuisances such as dust, noise, light and vibrations for households near well pads, which could lead to a build-up of resentment in the community and the blocking of access to worksites (Stage I).

After the project team met to discuss the likelihood of environmental nuisances negatively impacting the community and ways in which the community might respond (Stage II), a number of measures were identified to address the risk including agreeing with the customer to develop standards for drilling in proximity to households; ensuring proper notification was given to affected households before rig moves; making environmental monitoring data available to the customer if required; and enabling affected household concerns to be received at the worksite and quickly addressed through the oilfield grievance mechanism (Stage III). The cost implications and complexity of implementing each measure were then reviewed and possible unintended consequences were identified, such as a concern that the oilfield operator might be establishing standards not consistent with their other oilfield operations (Stage IV).

Implementation
The second phase—implementation—involves the development of specific prevention or mitigation measures for each hazard identified during planning. All measures are submitted to an initial reality check to ensure that the measures will address project needs, are practical and are unlikely to introduce unmanageable unintended consequences to the community, and are aligned with company policies and standards. For some measures, no additional planning is required, either due to their simplicity or because they only reinforce the way the company already operates.

More complex measures, however, require project management frameworks detailing the specific objectives related to the implementation of each measure, along with key performance indicators, a schedule showing milestones, a budget, and a risk assessment showing what can go wrong. Finally, a governance structure is developed addressing how decisions are made and approved and how the executing team is supported by project management and, if applicable, within the customer organization.

Where contractually required or internally deemed as a requirement, the implementation phase also facilitates the development of project-specific social management, socio-economic, or social performance plans. These plans describe how the company intends to interact with communities on and around the oilfield, what measures are available to manage social hazards and to address local community concerns, and how the company will monitor, evaluate and report its social performance.
Monitoring and Evaluation
The third phase—monitoring and evaluation—sets out procedures for ongoing monitoring to ensure that objectives for each measure are achieved and to identify and remedy any unintended consequences. A process is established to identify lessons learned and to use those lessons internally to improve the effectiveness of each measure.

In complex and dynamic environments, a monitoring and evaluation plan needs to be continually relevant and responsive as requirements to manage social risks change and new ones emerge. By including it as an individual phase in the SRM process the service provider ensures that it occupies a central place in the social risks management process and that a culture of review and evaluation is fostered within the company. The monitoring and evaluation phase ensures that the service provider is able to determine the impacts of its measures; to oversee the recalibration of measures if required; to formulate recommendations for future improvement; and to establish accountability for measures to external audiences such as customers, authorities and communities.

Applications
A fundamental value of the SRM process has been to show that there is no single solution for getting it right with the community. The process demonstrates that by engaging in the various steps and stages project teams are able to follow a logical, sensible and doable process to develop measures that ensure that company policies, operating practices and project activities do not unintentionally exacerbate tension or build up resentment in the community.

Each time an assessment has been undertaken the social context has been different—even within provinces or territories. Project activities have differed and the expectations of the operator have varied. Nevertheless, the information collected in the planning phase and used to prevent or mitigate social risks has thus far led to the successful adoption of a range of measures. These measures can be placed into five core areas (Fig. 3):

- Ethics and Standards.
- Health, Safety and Environment.
- Local Content.
- Capacity Building.
- Community Outreach.

Ethics and Standards
The SRM process has led to cultural and social induction programs, often a mandatory requirement of customers, becoming much more nuanced to address social risks identified during the planning phase. Such programs have traditionally attempted to ensure that company personnel and the personnel of contractors have a minimum level of cultural skills; increase their understanding of the challenges of the working environment; reduce the potential for misunderstanding; facilitate positive working relationships; and improve individual job satisfaction. As the examples below show, the SRM process has stimulated greater critical enquiry at this oilfield service provider, at project level, about what information should be provided; the makeup of specific components; and which stakeholders should be brought into the process to accurately reflect community thinking.

In a location in the Asia Pacific region, a cultural and social induction program is being developed to mitigate social risks identified in the SRM assessment. This program is helping managers effectively manage the social aspects of labor relations in projects where some of the workforce has their first exposure to paid labor and workplace issues. The program ensures that international personnel are aware of the potential for workforce conflict or violence, and are able to monitor for and preempt triggers. It also provides national personnel with a forum to discuss the challenges of working with expatriates and with ways to ensure concerns are promptly addressed.

In a country in the Middle East region, a more strategic approach to the development of cultural and social induction programs has led to the involvement of local civil society organizations to develop social and cultural primers (pamphlets) for all new personnel, helping the company to establish a voice for the community and better ensuring the workforce is aware of community concerns and issues.

The SRM process has also seen new components added to programs, such as high-level presentations to increase awareness of social risks, lectures on the application of a conflict lens in decision-making, and the development of employee codes of conduct available in local languages and focused on reinforcing relevant parts of the company code of ethics in a simplified format. As an example, a location in the Asia Pacific region reminded personnel about the importance of their behavior and how it could have an impact on the community, including obeying traffic rules and land access regulations, maintaining cordial social interactions within the community and properly managing grievances.

HSE
While most company policies place emphasis on ensuring human health, operational safety, environmental protection, quality enhancement and community goodwill, it is often left unsaid that service providers care deeply about health and safety both in the oilfield and in the community. A number of social risks revolving around community safety have been addressed through the SRM process by supporting the HSE function to ensure consideration is given to accounting for community concerns.
Examples of the risks addressed in this manner include:

- Guards at worksites negatively affecting the perceptions of individuals about their own security, or infringing on the privacy of proximate households.
- Waste management plans not accounting for smells and smoke from burning that could affect local families and the possibility of children or foraging animals falling into waste pits if not cordoned off.
- Households in close proximity to work locations being affected by environmental incidents (for example, leakages, spills, H2S) and their expectations of being covered in emergency response plans.

To account for increased road traffic levels during rig moves, in a location in the Asia Pacific region the SRM assessment led to the adoption of route surveying methods. The measures accounted for social infrastructure such as schools, health centers, open markets and pedestrian crossing areas. The interaction of rig movement times and high-risk traffic areas in the community such as school bus routes and children pick-up/drop-off areas was considered, along with private land where minors could be driving. This information was used in the selection of routes and in the scheduling of rig moves. It also reminded company drivers of possible safety risks within the community while reinforcing the responsibility of drivers to adhere to safe driving standards and to obey local road rules.

Similarly, in a location in the Latin America region the SRM assessment promoted discussions with oilfield operators about local community safety projects such as safety signaling and signing, pedestrian crossings and road safety training with local school children.

**Community Economic Content**

Community economic content relates to what some operators refer to as local-local content or simply community content. Such content is the portion of the value chain to which the people most immediately impacted by the project activity can legitimately aspire. However, for their expectations and the industry’s ability to meet them to be aligned some focused and specific effort can be required to close skill set gaps. Such measures have been developed on a number of oilfields to ensure that the expectations of communities within the project impact area are met and that company activities are providing employment, supplier opportunities and livelihood benefits, albeit often a relatively modest scale given the nature of the gaps which is where Capacity Building can come in to play. Primarily by raising awareness of the expectations of the community, the SRM process has also led to the identification of more complex issues associated with hiring a local workforce or using local vendors. Measures have supported company efforts to communicate and provide, in a fair and transparent manner and to the maximum extent possible, employment and supplier opportunities to communities affected by company operations. This has led to more tailored measures to address social risks such as perceived corruption within the recruitment process in the sector, unrealistic expectations in the communities regarding the capabilities of the local workforce to fill skilled roles, inter-tribal resentment in the workforce that could lead to workplace disputes or violence, difficulties adhering to procurement processes for small local businesses, or sector-driven wage inflation affecting the long-term viability of local businesses.

The service provider has traditionally been aware that hiring policies are an important way in which communities view the impact of activities on their lives, and this is embodied in the company’s policy of recruiting where it works. New SRM measures are helping build on this awareness by:

- Integrating discussion regarding community matters into all project planning and execution meetings especially in relation to local hiring and workforce management.
- Collaborating more closely with customers to identify fair and transparent recruitment mechanisms for each oilfield for the recruitment of unskilled and semi-skilled employees.
- Further pushing employment agents to align themselves with company performance expectations for the identification, recruitment and management of temporary non-employee workers.
- Creating local employment initiatives to increase community participation by employing and mentoring employees chosen by the community to improve their future prospects in the industry.

Customers expect service providers to support local businesses where reasonable, lawful and economically practical. New measures have built on this by:

- Developing awareness in the supply chain of potential conflict between community groups over the selection of vendors from the project impact area.
- Being more open to modifying the procurement process and to ensuring it is accessible to local vendors, especially in helping small vendors receive payment in a timely manner.
- Proactively building relationships, for example through participation in local Chambers of Commerce, and by making company representatives available for introductions by national content managers or developing supply-side surveys to identify possible new vendors.

**Capacity Building**

To ensure the long-term impact of community benefits and to address unrealistic expectations that the local workforce could fill skilled roles, a location in the Asia Pacific region went beyond hiring to provide opportunities for vocational training and advancement. This training involved developing the skillset of the local workforce to improve the quality of positions and
improving access to opportunities for the pool of candidates in the community. An important aspect of this was the establishment of a local workforce development program recognizing that locally hired positions can be temporary. The company can still bring about long-term improvements to the skills of the local community. Examples of measures that were introduced include maximizing short-term employment and trainee opportunities for local people; undertaking individual skills assessments; preparing training development plans for the local workforce; helping local hires get officially certified for skills they already possess; and providing further education opportunities in such areas as literacy, numeracy or language training.

Community Outreach
While employees have long been encouraged to volunteer in the community, on their initiatives or in company-sponsored community outreach programs, the SRM process has brought about:

- Increased involvement of managers in the direction of outreach programming.
- Improved levels of community consultation.
- Better understanding of the needs of communities to better target social investment initiatives.
- Broadened the scope of social investment initiatives to ensure that community-identified priorities are reflected in outreach programming.

However, the use of social investment can actually increase risks if, for example, local people see that more difficult communities receive more community projects than peaceful ones simply because companies are focusing on the communities that pose a potential threat (Zandvliet and Anderson 2009). By using social investment as a risk management tool, companies can help communities benefit from their presence before a given community has adopted a negative position toward a project (as identified in the stakeholder map). Companies can proactively build trust and respect with the communities affected by their activities, and build a forum to share information, review operating practices and gauge the sentiment of the community toward operations. In implementing social investment initiatives, it is recognized that these initiatives are insufficient in themselves to establish good relations with communities. The company must also ensure that day-to-day activities and operating practices do no harm at a minimum and at best have positive impacts within the areas where it is working.

In two cases, SRM assessments have led to community development projects based on a tripartite association strategy for social investment in which selected local partners were able to bring on board community representatives to identify and prioritize the projects that best addressed the needs of their communities. Areas of activity that were considered for funding included the mitigation of risks associated with oilfield operations, and efforts aligned with the company’s corporate responsibility focuses: climate change; HSE and education, and disaster relief.

In one country, to inform the community of a drilling project in an area that had not previously witnessed oilfield activity, the project began with the deployment of an eye clinic in collaboration with a customer, the oilfield operator. Run by a respected national non-governmental organization (NGO), more than 500 patients were screened. Of these patients, 225 received medications, 300 were given eyeglasses and 30 underwent surgery to correct vision.

In the Middle East region, drilling at a well pad on the edge of a large village where some households were within 100 meters of the worksite leveraged the community-based work of an international NGO. The NGO formed a community action group whose members received training on advocating for community needs. They decided to use available funding to address the needs of a local school where new classrooms had recently been built. The funds were used to deal with overcrowding, equipping the new classrooms, repaving the road in front of the school to improve winter access, and providing a way for students to access safe drinking water at school. The NGO arranged for permits from the local authorities and the Ministry of Education, and oversaw the tendering process to local suppliers. Monitoring and evaluation of the project is being undertaken collaboratively by the NGO and the service provider, helping to build on the relationships formed with key actors in the community.

Conclusion
Social risks and the measures for managing these risks will vary for each project, depending on the local context and on community dynamics, project activity and the customer’s expectations. Oilfield operators generally expect their multiple contractors to conform to their social performance frameworks. Nevertheless, developing and using a Social Risks Management process specific to the needs of an oilfield service provider has positioned the company to better understand and manage its impacts on local communities in several areas of operation around the world.

Much of the value of the SRM process is derived from its integrated approach. The three-phase process is based on familiar, pre-existing risk management tools, and it requires appropriate levels of governance throughout the various stages. By promoting the application of core risk management principles in complex social contexts, the SRM process is helping the service provider ensure that consideration for community concerns, problems and issues becomes an integral part of all relevant organizational processes.

The mainstreaming of social risks into operations has other benefits. Personnel who engage in the SRM process are more likely to take time to talk about social risks during project planning and execution meetings. This in turn means that project managers are now making decisions based on more complete information, and they start new projects with a much clearer idea of how to ensure that the community perspective is taken into account, especially when a decision has consequences that
impact the community and that may affect community perceptions of company operations. This has already led to significant changes in mind-set. Instead of simply ticking off generic entries in project risk registers that cover all community-related risks, outdated assumptions are being challenged including the belief that community matters are by default the operator’s problem and that therefore service providers have only a passive role in safeguarding compliance requirements.

Managers engaged in the SRM process are now more able and willing to address uncertainty by:

- Asking customers the questions needed to better manage community relations, whether in regard to information-sharing mechanisms, established grievance mechanisms or preferred methods for improving community content.
- Identifying weaknesses or gaps in operator-contractor alignment and proposing imaginative measures to facilitate improvement in the management of social risks.
- Empowering personnel and subcontractors to provide an early-warning system for identifying and understanding new social risks, thereby ensuring the project is dynamic, iterative and responsive to change.
- Empathizing with communities and empowering project personnel to develop greater understanding of the social dimension, implicitly showing that community concerns matter.

At the executive level, the SRM process has helped regional and country managers use the experiences of their project managers to articulate visions for managing social performance and to develop principles in managing relations with communities. This is improving transparency and inclusiveness by aligning expectations for performance among operators and the service provider. The process is also helping region and country managers identify location-specific social themes to build on as country-wide operations grow. In some locations, for example, the primary focus has been on the social aspects of labor disputes and workforce management, while in other locations the focus has been on engagement mechanisms with local organizations that support relationship-building within affected communities. In all cases where it has been deployed the social risks management process has helped the service provider identify social risks in complex environments, and to put in place prevention or mitigation measures designed to manage those risks.

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Figures

Fig. 1—Social risks management process.

Fig. 2—Themes of social performance.

Fig. 3—Portfolio of mitigation and prevention measures addressing social hazards.