The paradox of public opinion on the energy industry

Every year, numerous national and international polling entities produce extensive macro-level survey results on perceptual issues associated with the oil and gas industry. These findings are then widely disseminated through the mass media.

One example that I often use when discussing perceptual issues with energy-industry personnel is the Gallup Organization’s poll on the images of various business and industry sectors in the United States. For the past eight years, Gallup has polled Americans on their views of more than 20 sectors of business and industry. The survey asks respondents to rate each business and industry sector in the United States on a five-point scale ranging from “very positive” to “very negative.”

Between 2001 and 2008, the industries ranking near the top and bottom of the list have remained fairly consistent. Either the computer industry or the restaurant industry has topped the list as the most favorably viewed sector each year. (The computer industry rated most favorably in 2001, 2002, 2003, 2004 and 2008. The restaurant industry rated most favorably in 2005, 2006 and 2007.) Can you guess which industry has constantly ranked as the least favorably viewed industry? If you guessed the oil and gas industry, then you are spot-on.

In 2001, the year of Gallup’s initial such poll, slightly more than half the respondents (54 percent) viewed the oil and gas industry in a negative manner (“somewhat negative” or “very negative”). One year later, that percentage dropped to 44, and in 2003 it dropped to 43.

From 2004 through 2008, however, the slightly improving pattern reversed itself. The percentages of respondents who rated the oil and gas industry negatively in 2004, 2005, and 2006 were 58, 62, and 77, respectively. In 2007, this figure dropped to 67 percent. According to the most recent Gallup data (August 2008), approximately three of every four respondents (76 percent) regarded the oil and gas industry in a negative light. This perception is interesting and, to some extent, predictable – but I wonder how beneficial such data are to the oil and gas industry in its decision-making processes.

Several of my students and colleagues and I have engaged in a recent series of research projects that may not only be of interest but also of value to energy producers, as well as to state and federal regulatory agencies, environmental organizations, private landowners and the general population. Two topics of substantial interest are the popular perceptions of the industry, and of potentially problematic issues associated with natural gas development.

Recent and current studies

In three Barnett Shale counties – Johnson County and Wise County, in 2006; and Tarrant County, in 2009 – we asked members of the general population to give their impressions of the energy industry. By-and-large, we found that the public has a mixed view. Overall, almost nine in ten individuals (88 percent) said they believe that natural gas operators must adopt and use more environmentally-friendly drilling practices. Roughly three of every four individuals (77 percent) said that natural gas companies will do what is required by law. That same 77 percent agreed that not enough information concerning the development of natural gas is being made available to the general public.

Approximately two of every three individuals (67 percent) said they believe that natural gas operators are drilling and producing too close to homes and businesses, while 65 percent said that too little attention is being paid to the social costs of natural gas development. Fifty-three percent agreed that natural gas operators in their local areas are too politically powerful. Fifty-five percent said that, even when carefully controlled, natural gas development is likely to upset the quality of life in a local area. And 50 percent agreed that the natural gas companies have no compassion for the natural environment.

At the same time, however, 61 percent agreed that the benefits of natural gas development for their local areas are greater than the costs. Moreover, 75
percent agreed that, in the long run, the people in their local areas will be better off if their natural gas resources are developed.

Furthermore, when asked about potentially problematic issues associated with natural gas development, respondents viewed social and environmental issues as “getting worse” as a result of development. Such issues included the amount of freshwater used, depletion of aquifers, noise pollution, air pollution, environmental quality and disagreements among local residents, among other concerns. Conversely, economic and service-related issues such as local police protection, medical and health-care services, quality of local schools, fire protection services, and availability of good jobs were all viewed as “getting better” because of the development of natural gas.

A paradox

Herein lies the paradox: On the one hand, the general public distrusts the intrusion of the gas industry and dislikes certain problematic issues perceived to accompany it. On the other hand, the majority of citizens appreciate and welcome the economic and service-related benefits that accompany the industry.

So what can industry do to change the negative (mis)perceptions? A paramount concern involves the funding and promotion of informational and educational programs at the local level. Take, for example, the popular notion that natural gas operators must adopt and use more environmentally friendly drilling practices. Almost nine in 10 individuals in our study agreed with that statement.

The reality is that an increasing number of industry operators are striving to satisfy energy demands while safeguarding the natural environment. These operators are producing hydrocarbons, using an environmentally-friendly approach to energy development, which includes advances in areas such as these: rig technology (smaller and lighter-weight drilling rigs); drilling technology (directional, multilateral, extended-reach drilling and pad drilling); waste management (reduction, reuse and safe disposal of drilling wastes); low-impact access and transport (artificial or temporary road technologies to eliminate or reduce negative ecosystem impacts); and pollution control (reduced rig noise and air emissions). The fact that the majority of the public does not know about these environmentally-friendly measures indicates that the industry must do a better job of promoting its accomplishments.

Second, energy operators must make a more concerted effort to communicate openly with the public and enhance involvement at the community level. Residents need to be informed about local energy developments. Open communication – including full and honest disclosure about the potentially positive aspects and negative consequences of energy development – is likely to reduce the chances of rumors and inaccuracies about current activities and proposed developments. Moreover, efforts to find ways to work with and give back to communities will contribute to the connection between local residents and the energy industry and, in turn, may decrease community dissatisfaction and increase support of industry operations. As I often say, such efforts will surely mean investments in time and money; failure to do so, however, may prove to be even more time-consuming and costly.

Finally, the energy industry must recognize that it cannot change its negative (mis)perceptions alone. Oil and natural gas producers and service companies must develop working partnerships with universities, governmental and regulatory agencies, environmental organizations and other stakeholders if they are to gain the trust of the general public.

In short, my take-away message is this: Oil and natural gas producers and service companies must initiate the process that will build trust, promote their environmentally-friendly measures, and remedy the misconceptions the public holds toward their industry. By doing so, the companies will likely see fewer objections to increased development.

And a substantial amount of new gas resources from unconventional reservoirs can then be realized.

Gene L. Theodori is associate professor and director at the Center for Rural Studies: Research & Outreach in the Department of Sociology at Sam Houston State University in Huntsville. He can be reached at gtheodori@shsu.edu.