



*The Corporation and the Community:  
Credibility, Legitimacy, and Imposed Risk*

*A presentation at Los Alamos National Laboratory,  
April 19, 1991*

**Los Alamos**

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*Isadore Rosenthal\**

*\*Official Visitor at Los Alamos. Senior Research Fellow,  
Risk and Decision Process Center, Wharton School,  
University of Pennsylvania, Philadelphia, PA 19104.*

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Los Alamos Los Alamos National Laboratory  
Los Alamos, New Mexico 87545

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**THE CORPORATION AND THE COMMUNITY:  
CREDIBILITY, LEGITIMACY, AND IMPOSED RISK**  
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by

Isadore Rosenthal

**ABSTRACT**

In this age of rapid change, large segments of society no longer trust any institution or authority in regard to pronouncements on what is safe. Because of this distrust, the public has demanded and obtained increased rights for individuals to intervene directly in decisions affecting them. Rosenthal warns that an organization that just fulfills its legal requirements for safety is no longer doing enough. Industry leaders must work toward re-establishing credibility by identifying persons who are potentially at risk as a result of industry activities, involving them in the communication process, and justifying the firm's social benefits. Seeking social legitimacy, chemical manufacturers have formed self-assessment groups and community councils, which have reaped unexpected benefits but have forced them to deal with issues they would have preferred to avoid. To industry leaders who contend that these types of activities are not worth the effort, Rosenthal presents a timely warning. Government and business must reduce public concerns significantly and make stakeholders more willing to tolerate imposed risk because of perceived benefits. If the public's concern is not reduced, we will all be required to make greater and greater investments in an inefficient and largely fruitless pursuit of absolute safety.

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**Foreword**

Isadore "Irv" Rosenthal brought a poignant message to Los Alamos National Laboratory-- that many governmental, corporate, and political institutions lack credibility with the general public because of perceived differences between the institutions' public statements and actions. Dr. Rosenthal gained his expertise in the evolving field of risk communication through a lengthy career in the chemical industry. For thirteen years he served as Corporate Director of Safety, Health, Environmental Affairs and Product Integrity for Rohm and Haas, a US-based multinational chemical manufacturer. In this position, he played an important role in controlling hazards and risks in both the products the company sold and in its workplaces around the world. He is currently a Senior Research Fellow at the Risk and Decision Process Center of the University of Pennsylvania's Wharton School and is a member of the Chemical Manufacturer's Association.

His visit responded to a request by the Common Ground Working Group, an *ad hoc* committee that has been asked by the director to develop a set of environmental principles for the Laboratory and was cosponsored by the Health, Safety, and Environment Division, the Community Relations Group, and Club 1663.

Carol Wade  
Group IS-11

## 1. Setting the Scene

We are in an age of rapid change—change so dramatic that on occasion there appear to be discontinuities, sudden quantum leaps in the level of what is considered to be safe practice. Witness our view of the risk from chloroflourocarbons in the stratosphere before and after the discovery of the ozone hole over Antarctica. Witness societal reactions and the way the industry viewed its operations before and after Love Canal, Seveso, Three Mile Island, Bhopal, Chernobyl and the Exxon Valdez. What was considered to be safe the day before these incidents occurred no longer appeared to be safe the day after.

Complicating this situation is the fact that large segments of society no longer trust any institution or authority in regard to pronouncements on what is “safe.” In fact, the very word safe has fallen into disfavor among risk analysts. Safe has been replaced by terms such as acceptable risk, tolerable risk, and *de minimis* risk, none of which have proven to be of greater operational utility than the word they replaced: safe.

In earlier times, the safety and environmental performance required of business under the law was fairly close to the performance that society thought was appropriate. Today much of the United States public believes that the laws governing risks from business activities are flawed and do not offer them the level of protection to which they are entitled. Thus even when it is operating well within the law, (compliant in the legal sense) business does not necessarily achieve social legitimacy because the public believes that the law itself does not meet reasonable societal expectations.

A great credibility gap exists. The public lacks confidence in the truthfulness of statements made by government, corporations, and politicians. A difference is perceived between their statements and their actual performance or behavior.

As a result of this credibility gap, the public has demanded and obtained increased rights for the individual to intervene directly in decisions affecting his or her well-being. Public interest groups that foster such individual intervention have also grown as a result of this social trend. Today, the individual can and often does offer a stronger challenge than was even imaginable two decades ago to governmental decisions and business practices.\* These changes are also reflected in the fact that in many instances employees and the community now consider themselves to be stakeholders in the business with as much a right to hold management accountable as are financial stakeholders.

## 2. The Concept of Stakeholder

What is a stakeholder? The definition of this word has evolved with the changing social scene. Originally a stake was defined as something that was wagered in a game, race, or contest. Later, a second meaning emerged. A stake became a monetary or commercial interest, investment, share, or involvement in something in hope of gain. This meaning clearly covers the stockholders in a firm. Recently a third meaning has emerged. The second edition of the Random House Dictionary of the English language published in 1987 cites this third usage for the word stake as “a personal or emotional concern, interest, involvement or share.”

\* These changes in the way society views business and government *vis à vis* industrial risks have been discussed by authors such as Canadine,<sup>1</sup> Douglas and Wildavesky,<sup>3</sup> Fischer, McClelland and Schulze,<sup>4</sup> Gerlach,<sup>5</sup> Kunreuther, Easterling, DesVouges and Slovic,<sup>7</sup> O’Riordan and Wynne,<sup>8</sup> Otway and Thomas,<sup>9</sup> Otway,<sup>10</sup> Pollack,<sup>11</sup> Rayner,<sup>12</sup> and many others whose work cannot be properly acknowledged in the context of a general overview. See reference 1.

As we know, the usage of words mirrors society's thinking. This most recent usage joins together as stakeholders in the firm, people who have *emotional* concerns and those having financial interests. It implies that people with emotional concerns have rights in the business that are in some sense similar to the conventional rights that investors have historically held with regard to financial rewards and financial accountability.

This is not a didactic construct. Some courts in the United States have actually made firms pay awards to individuals on the basis that the firm's negligent operations have caused anxiety (fear of cancer) in the community. Is this totally different from similar awards made to investors on the basis of negligent financial management? The financial stakeholder expects profit or interest levels commensurate with his perceived risk. The local resident, told that his being or property has been placed at risk by a nearby business, has also begun to look for benefits proportional to his perceived risk. In the absence of perceived benefit, what level of imposed risk would you suffer in silence?

### 3. New Demands on Business

All of these changes in the way the community views imposed risks place new demands on business. Meeting these demands has important implications for the way that business managers need to think, conduct, and communicate about the management of the risks attendant to their business operations and products. The vast majority of firms are not equipped to handle these demands. For example, risk analysts, accountants, and engineers can calculate the financial return or the decrease in risk that might be realized from a given investment in reliability (accident prevention). But are they equipped to handle the same exercise in regard to achieving a given decrease in the mental injury that results from a citizen's or employee's concern? Yet resolving stakeholders concerns about imposed safety, health, and environmental risks is one of the most critical challenges facing business. Anyone who doubts this should speak with the management firms as diverse as Proctor and Gamble, McDonalds, Dupont, or to their local hospital trying to cope with the handling and disposal of its medical wastes.

If government and business are not able to reduce these concerns significantly and are not able to make potentially affected stakeholders more willing to tolerate risk, society will be required to make greater and greater investments in an inefficient and largely fruitless pursuit of absolute safety.

### 4. Critical Issues for the Firm: Legitimacy and Credibility

Once citizens believe that a significant risk has been imposed on them by a business, they often question the legitimacy of that firm's presence in their community. It's credibility becomes very important to them. Of course the citizens do not express their thoughts in terms of credibility and legitimacy, but the questions they often raise when they become aware of an imposed risk requires that these issues be addressed by the firm.

I am going to describe two positions that a firm imposing risks on the community might take with regard to legitimacy and then explain the actions that I believe are required to establish and communicate such positions credibly. To provide a better perspective on how members of the community might react to these different positions, I want to try to convey some of the concerns that residents of a community might experience when they become aware of the existence of an imposed risk that might lead to serious injury. To do this I am going to draw on my experience in informing local residents about major accident hazards that exist at a local chemical plant. This type of communication and

the formation of local emergency response councils is now required, some three years after Bhopal, under Title III of the US Superfund Amendments and Reauthorization Act (SARA).

## 5. The SARA Title III-Type Message: Answers or Questions?

Imagine that you work as an auto mechanic, an accountant, a teacher, or a salesman. You live in a suburb and your home is close to a plant that manufactures chemicals. It is a good plant, in a good community that also has an effective local emergency response council. One day you read in the newspaper or learn from a letter that the local chemical plant uses a toxic material that could be accidentally released and cause death or serious injury as a result of either an explosion or release of toxic vapors. You also receive a notice from the firm or your local emergency response council that tells you the means by which you can minimize the possibilities of injury to you or your family in the event of such an accident. The notice tells you that if an accident does occur, you will hear warning signals on a siren system. You should then tune in your local radio station and listen for further instructions in regard to either closing all windows and remaining indoors or evacuating.

Are your concerns allayed by these thorough preparations for an accident? Do you trust the company's or local emergency council's opinion that the accident is highly unlikely? Would you question why, all of a sudden, they are making all these plans, if the accident is so unlikely? If nothing has changed, why didn't the company tell you about this earlier? Might you possibly ask the firm or agency that warned you what "unlikely" means? If you were told that the accident was as unlikely as being struck by lightning, might you ask how they knew that? Would you wonder why you ought to put up with any anxiety even about an unlikely accident? If you were told that the reason you ought to put up with your anxiety is because the company paid taxes to the community and provided jobs, does it cross your mind that it doesn't provide you with a job and that you receive no more tax benefits than a family who lives at the other end of the town far from your neighboring plant? If you subsequently hear about a minor accident or a small chemical release in your neighboring plant, would you worry whether things were really under as good control as you were told?

Imagine another set of circumstances. From time to time you smell a faint strange odor in your home. You suspect that the odor originates from your nearby chemical plant. You telephone the plant to ask about it. The plant is very responsive and if they think that the odor you describe could have come from their plant, they acknowledge it, apologize, tell you what the material is and tell you not to worry because the amount you smell can not possibly hurt you. They even send you their material safety data sheet (MSDS), which describes the properties of the material.

Are you satisfied? Are you completely relieved?

What if you learn either from the MSDS, from your local community activist, or from your newspaper that the material in question is reputed to cause cancer or birth defects in animals? Has your anxiety increased? How do you feel about the smell if you are pregnant or two cancer cases appear on your street? What level of benefit do you imagine would make living with this anxiety worthwhile for you—particularly if your real estate agent tells you that your property is worthless because of the chemical plant.

To generalize and conclude this exercise, let me ask whether you believe that furnishing information about an imposed risk that consists of a description of the hazard and its potential consequences and community evacuation procedures will eliminate the concerns of the person at risk. Might it instead raise questions about the credibility of the firm imposing the risk and the legitimacy of their doing so? The way a firm positions itself to answer these questions must shape the way it conducts its business, manages its risks, and communicates with its stakeholders.

I am going to continue to use imposed major accident risks to the community as an illustrative example throughout the rest of this paper for the purpose of simplicity. However, I believe that the points I will be making apply to all other imposed safety, health, or environmental risks.

## **6. Choosing, Managing, and Communicating the Firm's Position**

### **A. Legal Legitimacy**

If the firm's management believes that a message on a major accident hazard in one of its plants will not evoke the type of questions that we have posed with our imaginary citizens, then aiming for legal legitimacy may be appropriate. All that is required to achieve legal legitimacy is compliance with the safety regulations covering its operations and meeting the notification requirements of SARA.

Some managers argue that to attempt more is an uneconomic use of the firm's resources given the low probability of an incident that would create an uproar. A much smaller number of managers believe they will be able to tough it out without achieving more than legal legitimacy even if there is an accident that causes an uproar in the community. My experience is that the legal approach to legitimacy often does work, particularly for small firms, provided there are no significant concerns in the community. However, my experience also says that if legal legitimacy and toughing it out fail, they fail miserably. Once the community is seriously aroused, the fat is in the fire and attempts to placate do not work because toughing it out has destroyed the firm's credibility. In any case, while the firm is toughing it out, the community will harass the firm, directly, or indirectly, through regulatory agencies and government officials. The fact that the firm is in substantial compliance with the law (no one is ever in complete compliance with a complex law) does not prevent the community from suing the firm under any one of a number of statutes. Likewise, any agency that wishes to do so can find violations of one or more of their regulations upon close examination of any firm's operations.

If one or more of these actions fails to yield results, communities can, and have, organized a boycott of the firm's products or pressured pension funds to take action as stockholders. The costs to the firm of any one of these actions can be tremendous.

### **B. Legal Legitimacy: Delivering the Message**

If the firm does elect a strategy of legal legitimacy, its message to the community on major accident hazards might read as follows:

"ABC Company has announced today that the company has provided the government all of the data and information required under Title III of SARA, and has sent the required notice about major accident hazards and mitigation measures to those members of the community specified by the law.

Company operations have always been carried out in accord with applicable law and the company has not been cited for major safety regulation violations."

Maintaining or establishing credibility in this case largely depends on avoiding visible incidents, complying with the law and avoiding nuisance actions such as excessive noise or very bad aesthetics. Such a message might be delivered via a press release or, for that matter, not publicly delivered at all because the law does not require public notice in the form of a press release.

### **C. The Quest for Social Legitimacy**

If, on the other hand, the firm believes that a SARA Title III communication on major accidents will evoke the type of questions and concerns that were postulated previously, then the firm should seriously consider going beyond legal compliance and aim at establishing the social legitimacy of the firm.

Before starting on its quest for social legitimacy, the firm needs to establish the community's expectations. Market research and informal dialogue with the firm's internal and external stakeholders should precede actual work and communications on the program. In many ways, developing



and selling social legitimacy is no different than developing and selling any other product. The firm must determine the customers' needs, develop a product that meets these needs competitively, make customers aware of the product's performance, and sell them on the product's value to them.

In my experience, this market research and dialogue will typically show that establishing social legitimacy requires the firm to deal explicitly with both the benefits and problems associated with its presence in the community. The firm must try to establish that it is a valued contributing member of the community, rather than an outsider that takes value out of the community and only brings in problems.

The risk-to-benefit ratio is infinitely high to the individual citizen who perceives any level of risk and zero benefits. If the perceived level of risk is low enough, the citizen will most likely take no action, even in the absence of perceived benefits because of inertia, though feeling put upon. On the other hand, if the perceived level of risk is very high, the citizen will feel outraged regardless of the level of benefits and is very likely to take action.

The challenge facing the firm seeking social legitimacy is to find a balance that the community as a whole at least finds tolerable or better still acceptable. This involves more than achieving risks and benefits that are reasonable on the average. In most cases the distribution of risk is also critical. Few communities will override protest actions by even a small minority of its citizens if it feels that this minority is being subjected to outrageous risks against their will. To achieve social legitimacy, the firm must address factors such as

- the employment it provides for local people (of paramount importance).
- the social utility of the firm's products and their contribution to the viability of other, supposedly safer, industrial operations.
- the importance of its taxes in supporting the local community.
- special contributions by the firm and its employees to the community.
- its history in the community.
- the nature and level of risk that it imposes on the community as a whole and to the most-exposed individual.

The firm trying to establish social legitimacy must also address other negative impacts that might be associated with its operations in addition to the risks of personal injury and environmental damage; problems such as traffic, aesthetics, and the effect of its presence on property values. Management must also keep in mind that it can not expect to establish credibility in regard to its statements on risk to the community if it does not also perform in accordance with its statements on easily verifiable items such as stability of employment, minority rights, and aesthetics.

#### **D. Implications of the Quest for Social Legitimacy on the Firm's Risk Assessment and Risk Management Processes**

Because of my special interest in risk management, I want to elaborate on the many implications that the quest for social legitimacy and credibility has on the way a firm must plan and carry out its risk assessment and risk management processes. These processes must be designed so that when all required activities are completed, the firm has all the information it needs to respond to questions such as the ones that we postulated the imaginary residents might raise when the firm in our exercise delivered its major accident message. If management did the market research and conducted the dialogue described in section 6B1, they should have some insight into the important concerns of its particular community stakeholders and should know the data needed to back up risk communication. In my experience, the following things are required in any risk assessment management program seeking social legitimacy:

- search out and manage community concerns about risks in the same fashion as those of governmental or internal technical people. The firm cannot limit itself to investigating and managing

only those risks and hazards specified under law once the community expresses concerns about items outside this universe.

- be responsive to community complaints about its operation.
- prepare and be willing to share its guidelines on the levels of risk that the firm will reject. Please note the distinction from the concept of establishing acceptable risk levels.
- make available to the community all of its risk and safety studies that relate to imposed risks while protecting its true trade secrets.
- commit itself, as a matter of principle, to continually reducing all imposed risks even if the firm meets current standards.
- abstain from promising performance that cannot be delivered.
- be open in acknowledging the existence of incidents even if the consequences are not serious; be prepared to discuss the causes and any corrective measures it plans to take.
- make provision for specific process hazard management plans that ensure that the underlying assumptions on which the estimates of the level of risk were based remain valid in the future.

The risk assessment/risk management program sketched above is a resource hog. Therefore, before the firm begins its quest for social legitimacy it must determine whether it has the technical resources and the will to develop and implement the required programs. This is a formidable job not to be lightly undertaken because the failure to perform against new promises will damage whatever credibility existed before the new programs were undertaken. On the other hand everything does not, in fact can not, be done tomorrow and does not have to be promised before the firm starts or communicates its quest for social legitimacy—provided that the firm is able to outline and publicly commit itself to accomplishing the required set of goals.

As formidable as this risk assessment/risk management program may seem, a significant number of firms are presently committed to programs similar to that outlined above. They have decided that this is the best way to protect their businesses and their profits, which is not to say that they do not believe that either they or society could make better use of some of these resources in attacking other social risks and problems.

## **E. Social Legitimacy: Delivering the Major Accident Message**

Delivering the firm's major accident message in the social legitimacy mode requires a much more complex process than is needed when management seeks only legal legitimacy. The message can be summarized in a news release but can only be communicated over time through actions and a continuing dialogue with organizations representing a cross section of the community. As noted above, this dialogue with both the internal and community stakeholders should ideally have begun before the risk assessment/risk management program was started. These meetings might be conducted separately with each organization or with a council of such organizations set up to deal with community concerns about the firm's operations. One example of a press release by a plant manager covering some of the social legitimacy issues relating to major accident hazards might read as follows:

"As you may know, XYZ company considers members of the local community to be stakeholders together with its employees, customers, and shareholders. In accord with this consideration, I and other plant people have been regularly meeting with representative community organizations in our community advisory council. This is part of a continuing effort to ascertain and handle any problems we may create. It is also to discuss additional contributions we can make toward our common goal of continually improving our community.

One of the areas of increased concern to both the plant and the community advisory council since the industrial catastrophe in Bhopal, India, has been the possibility of accidents in the plant that could cause injury in the community. To deal with this concern, the company has placed primary emphasis on programs that reduce the potential for major accidents.

At the same time we have worked with the community advisory council to create more effective measures for assisting and informing the public on how to mitigate the consequences of such an accident in the unlikely case that it should occur.

Although our goal is to eliminate major accident hazards that could significantly affect the community, our ability to achieve this goal is still some time off. Meanwhile, we will continue to keep you informed directly and through the community advisory council about such hazards, our guidelines on the level of risks that we will allow to exist in our facilities, the progress we are making in reducing risks, and emergency response plans.

A new law regarding emergency response measures and communication with the local community about major hazards has come into effect. You will be shortly receiving information from us and the local emergency preparedness committee on this subject as required under this law.

While our previous communications to you about major accidents and risk mitigation measures have been at least as complete as those required by the law, we urge you to study these new communications carefully."

The firm needs to pay careful attention to risk description and risk communication techniques in framing its communications. If these areas are handled poorly, the public's understanding of the firm's actual performance can become distorted.\* However, I strongly disagree with the claims of some industry people that the major problem the chemical industry faces is one of inaccurate public perceptions of risk rather than the need by industry to meet new social expectations.

## **7. The Chemical Industry and the Community: From the Past to the Present**

With the possible exception of concerns over nuclear power, public concerns about health and the environment have been most highly focused on the chemical industry. Initially the industry paid little attention to these concerns. The book *Silent Spring*, published in 1962, was scoffed at by many in the industry and viewed as the work of a "do-gooder" who did not recognize the important benefits of pesticides such as dichloro-diphenyl-trichloroethane (DDT); someone who valued birds more than the millions of lives saved by the near eradication of malaria and increased crop production through use of DDT. We do not have the time here to trace the intervening years in any detail. Suffice it to say that during the next two decades after *Silent Spring*, the chemical industry viewed, with some sadness, some anger and great puzzlement, a continuing deterioration of its public image in spite of increased public relations and technical communications efforts.

The catastrophe in Bhopal, India in 1984, and the subsequent incident at Institute West Virginia were watershed events for the chemical industry. Bhopal was particularly unsettling because it represented a performance failure within a highly regarded company with a respected engineering division. Bhopal drove home the realization that the previous emphasis on classical public relations, good science, and the techniques of risk communications could not by themselves deal effectively with the public's concerns about the safety of the industry or its credibility.

This new realization led to the initiation of an industry program that called for plant managers to work in and with the community on preparations for emergency response measures to mitigate the

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\* For illustrative information on the literature dealing with public perception of risks and risk communication, see Covello, Sandman and Slovic;<sup>2</sup> Fischer, McClelland and Schulze;<sup>4</sup> Kasperson;<sup>6</sup> Renn, and Swanton;<sup>13</sup> and Slovic, Fischhoff, and Lichtenstein.<sup>14</sup> See Reference 1.

consequences of major accidents. This program, started in 1985, was called CAER,<sup>15</sup> an acronym for community awareness and emergency response and it was quite successful. These same realizations also gave birth, after a five year gestation period and a difficult delivery, to an ambitious far-reaching program called Responsible Care.

## **8. Responsible Care: Concentration on Changing the Industry's Performance Rather than the Public's Perception**

Responsible Care<sup>16</sup> is described by the Chemical Manufacturers Association (CMA) as

"a performance based program requiring constant interaction with the public to ensure that it is responsive. The industry is fully aware that if its emphasis is on communication before performance, the effort will be dismissed as bad public relations."

The key elements of the Responsible Care initiative include:

- the development of codes of management practices,
- public input as codes are developed through the use of a public advisory panel, and
- a good faith effort to implement codes and improve performance as an obligation of membership in the CMA.

Responsible Care is an ambitious undertaking by the chemical industry but its goals are achievable. In fact the best companies in the industry already perform at levels higher than is required by Responsible Care. If a substantial majority of the industry performed as well, the chemical industry will have gone a long way toward achieving credibility and social legitimacy. The danger to industry rests in not moving fast enough. If progress is too slow or too limited, the industry will be overtaken by over-regulation and smothered to death.

## **9. Community Advisory Councils**

Community advisory councils can play an important role in the search for social legitimacy. The following are a few observations of what needs to be done to get the most out of a community advisory council and what can and cannot be accomplished or expected from such a council. I will draw from my experience at Rohm & Haas.

### **A. Goals: Why Form a Council?**

First and foremost, the firm that wishes to start a community advisory council must have a clear idea of what it expects to get from a community advisory council and what it is prepared to give in return. The dynamics of community councils can force the firm to take actions that are costly and may not show any direct return on the bottom line. They can be sure short-term rewards will be few. Once the company launches a council it can not easily disband the council.

On the other hand, important dynamics in a properly formed community council can benefit the firm working toward social legitimacy. Under the best conditions, the firm's presence or an operation of the firm may impose costs on some citizens that are greater than their perceived benefits. Costs to citizens may be tangible such as devaluation of property, noise, increased traffic, or imposed risk; or they may be intangible such as opposition, on principle, to the manufacture of pesticides, birth control devices, or armaments. Management may have difficulty replying convincingly to any single group of citizens when the group asks "What right do you have to impose costs on us?"

Management will most likely appear self-serving in its reply. However, other stakeholders may well be able to respond more appropriately. For example, citizens to whom the firm offers the only good jobs available or to whom tax abatement is vital can ask the disaffected citizens "What right do

you have to drive away the firm whose presence is vital to our very existence?" The discussion then becomes one focused on competing rights, rather than one limited to the imposition of wrongs by the firm. Again, as noted above, the community is not likely to tolerate the imposition of outrageous risks or moral affront on even a small minority of its citizens.

## **B. Community Advisory Councils: Guidelines and Startup**

The general guidelines developed at Rohm & Haas are that the company will

- keep no secrets.
- answer any questions as truthfully as it knows how.
- explain in detail the nature of its operations plans for the future.

In return, potential council members were asked to agree to the following:

- to provide feedback from the community on the plant's operations, community concerns, and interests in the company.
- to assist the plant in developing a comprehensive information program that addresses many of the community's concerns and questions about the operation of the plant.
- to identify for the plant management areas within the community the plant should be addressing such as support of community programs and other social commitments.

Limits must be made clear: the council can not be asked to defend the company's positions nor can the company be bound by the councils recommendations. While council members should obviously not be paid by the company, the company has to be prepared to carry the council's expenses. A number of other housekeeping matters must also be resolved such as should a facilitator be used in the meetings? What about press coverage?

Provisions also have to be made for direct public inputs, how long council members should serve, and so on. These arrangements have never presented a significant problem. In starting a council, the company initially chose about sixteen to twenty council members drawn equally from four constituency categories:

- government.
- local community activists.
- regional interest groups, and
- community-based organizations.

After the Rohm & Haas council was formed, vacancies were filled by voting in council with the proviso that any replacement had to be drawn from the constituency of the departing member. Rather remarkably, turnover resulting from resignations has been very low.

## **C. Results**

On the whole, the company's experience with councils has been very good, as witnessed by the fact that six more were formed after the initial one was started in 1986. Relations with the community and the media have definitely improved but not to the point where everyone loves the company. Differences still exist. Some projects that the company wanted to launch were fought in the public arena by a small number of council members even though the council as a whole including members from the environmental constituency, felt that the project would make a positive contribution to the community. However, attacks on the company were less vindictive than before the council was formed. Activists who opposed particular actions would more often than not preface their attacks with an acknowledgment that, generally speaking, the company was much better than the rest of

the industry in managing its risks even though they were in the wrong on the particular issue that the activist was pressing.

Some unforeseen benefits have resulted from the councils, the most important of which is that safety, health, and environmental performance in the plant improved. The improvement appears to have resulted from the fact that from time to time each of the area managers and many of the employees appeared before the council. These appearances were generally informational, but sometimes they were for the purpose of explaining an environmental incident. Either way, plant employees are now personally involved and have a better appreciation of the impact of their actions on real people. For example, employees and managers realize that they might be back again to explain why dimethylamine leaked again, stinking up the community after they had personally reassured the council that the first release was a rare accident unlikely to occur again because of the new increased precautionary measures the responsible managers were putting in place.

Some down sides to community advisory councils include a time investment on the part of plant management. Also, the company has been drawn ever deeper into the social concerns of the community. Inevitably, this has cost additional dollars and also put the company in the midst of certain controversies that management would have rather avoided.

#### **D. Issues that Can Not Be Resolved**

Community advisory councils are not panaceas for solving all community relations problems. This is not at all surprising. Some issues cannot be resolved by discussion even within close families that have common values. Certainly all social issues are not resolvable by negotiation even within single issue groups. Therefore members of a community end up fighting for issues, elections, or for a favored candidate. Note the use of the word fight in the political arena. What has been surprising has been the number of people within the company and the council who were disappointed by this finding. Expectations of achieving a consensus on all issues are unrealistic. Management has to be prepared to fight politically for its position. They also must respect similar actions by individual organizations within the council.

#### **10. Conclusion**

The chemical industry must achieve social legitimacy if it wants to maintain its efficiency and continue to grow. Not all of the managers in the industry share this view. Many complain that the work and resources required to achieve social legitimacy and credibility are not worth this effort.

They should reflect on the state of the nuclear power industry in the United States today and then ask themselves, "What is the alternative?"

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