



# Monetary compensation can increase public support for the siting of hazardous facilities



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## ABSTRACT

In this paper, we propose that the offering of monetary compensation can be useful to prevent or solve controversies regarding the siting of hazardous facilities as long as it is 'rhetorically redefined' as having sacred (moral) rather than merely secular (non-moral) value. The results of three experiments confirmed our predictions. People were more supportive of the decision to accept a hazardous facility in a community when monetary compensation was (versus was not) rhetorically redefined as having sacred value. This effect was (partially) mediated by the perceived commensurability of the compensation offer and the risk associated with the facility (Experiments 1–3) and experienced emotion (Experiment 3). Furthermore, the effect was quite robust: It was neither affected by the explicitness with which the decision-making authority had considered the monetary value of a human life, nor by the height of the compensation offer, nor by how the decision-making authority had justified its decision.

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## 1. Introduction

Local public opposition can form a significant barrier to the siting of necessary, but locally unwanted facilities such as power plants, landfills, nuclear waste repositories, and prisons (O'Hare, Bacow, & Sanderson, 1983; Schively, 2007). An important cause of such opposition is that people living near a proposed site tend to perceive an imbalance between the benefits of the facility on the one hand, and its costs on the other hand (Himmelberger, Ratick, & White, 1991; Kunreuther, Fitzgerald, & Aarts, 1993). That is to say, facilities typically produce benefits that concentrate on the regional, national, or even international level, whereas the costs of such facilities are mostly incurred on the local level. Local costs can be financial in nature (e.g., loss of property value), but can also involve risks to human health and safety (Gregory, Kunreuther, Easterling, & Richards, 1991). The implementation of compensation measures may be used as a strategy to redress the imbalance between local costs and benefits, and can thus help to prevent or reduce opposition within the local public (Himmelberger et al., 1991; Ter Mors, Terwel, & Daamen, 2012).

Himmelberger et al. (1991) have defined host community compensation as a form of equity adjustment aimed at correcting

imbalances between regional benefits and local burdens associated with the siting of new or expanded facilities. One way to compensate host communities is by means of monetary compensation (for other types of compensation, see Gregory et al., 1991). Monetary compensation can take different forms, including community grants to local government, monetary payments to individual members of the designated host community (with or without property rights), and the provision of tax rebates. Although this type of compensation can be effective in increasing local public support for the siting of non-hazardous facilities (e.g., Bacot, Bowen, & Fitzgerald, 1994), it tends to be ineffective when a proposed facility is perceived as hazardous (Frey, Oberholzer-Gee, & Eichenberger, 1996; Jenkins-Smith & Kunreuther, 2001; Kunreuther & Easterling, 1996; Kunreuther, Easterling, Desvousges, & Slovic, 1990; for a review, see Ter Mors et al., 2012). Frey et al. (1996) even found monetary compensation for hosting a nuclear waste repository to be counterproductive as it decreased support for the facility in the designated community.

In the present research, we examine why the offering of money to compensate for the (potential) adverse local impacts of hazardous facilities tends to be ineffective with respect to increasing public support for facility siting decisions. Based on social psychological literature on taboo trade-offs (e.g., Tetlock, Kristel, Elson, Green, & Lerner, 2000), we propose that accepting monetary compensation for hosting a hazardous facility is seen as partaking in an exchange between what people perceive as a sacred value (human safety) and what they perceive as a secular value (money).

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Proposing or partaking in such a type of trade-off is generally considered taboo and evaluated very negatively (Tetlock et al., 2000). However, as we will show, people respond considerably more positively when monetary compensation is 'rhetorically redefined' in such a way that it fits the threat to a sacred value posed by the proposed facility.

### 1.1. A taboo trade-off perspective on monetary compensation

Tetlock and colleagues (Fiske & Tetlock, 1997; Tetlock, 2003; Tetlock et al., 2000) differentiate between two types of values: sacred values and secular values. The difference between the two is that sacred values carry moral importance for individuals, whereas secular values do not. A human life, for example, carries moral importance for most individuals and can thus be seen as having sacred value. Money, on the other hand, does not carry moral importance and can thus be seen as having secular value. Based on the distinction between sacred and secular values, three types of exchanges can be distinguished, namely routine trade-offs, tragic trade-offs, and taboo trade-offs. Routine trade-offs are exchanges between secular values, such as using money to buy groceries. In this case neither of the commodities being exchanged carries moral significance. Tragic trade-offs concern exchanges between two sacred values. For example, when a physician has to choose which of two individuals to save after a traffic accident, both options carry moral significance. Finally, taboo trade-offs are exchanges between sacred values and secular values, such as trading money for a human life. Research shows that exchanges between secular and sacred values (i.e., taboo trade-offs) are considered much less moral than exchanges between two secular values (i.e., routine trade-offs) or exchanges between sacred values (i.e., tragic trade-offs; Tetlock et al., 2000). More specifically, people see the values exchanged in taboo trade-offs—but not the values exchanged in tragic and routine trade-offs—as incommensurable (i.e., not fitting) and this incommensurability causes taboo trade-offs to be evaluated very negatively (Tetlock & Oppenheimer, 2008).

The findings from the taboo trade-off literature may have important implications for our understanding of why offering monetary compensation for hosting a hazardous facility tends to be ineffective. After all, these findings suggest that insofar as a facility threatens values that people hold sacred, becoming host of such a facility in exchange for monetary compensation will be seen as partaking in a taboo trade-off. However, this does not mean that monetary compensation measures will always be ineffective in terms of raising local public support for the siting of hazardous facilities. Based on the taboo trade-off literature, here we put forward that providing a rhetorical redefinition of monetary compensation can significantly increase the effectiveness of such compensation. That is, rhetorically redefining monetary compensation in such a way that it fits the threat to a sacred value posed by the hazardous facility should increase the perceived commensurability of the compensation offer and the risk associated with the facility, and transform the decision to accept the facility in exchange for monetary compensation from a taboo trade-off into a tragic trade-off. In other words, merely suggesting that the designated community may use the money offered in service of a sacred value (e.g., by using it to implement measures to increase public safety or to build a hospital) has the potential to transform an exchange from a taboo trade-off into a tragic trade-off and render monetary compensation more effective. This idea connects to the finding that people tend to respond more positively to host community compensation in the form of the provision of 'public goods' (i.e., a type of compensation that benefits the host community as a whole) than in the form of monetary payments to individuals (Mansfield, Van Houtven, & Huber, 2002) or local government

(Jenkins-Smith & Kunreuther, 2001). That is, we essentially propose that monetary compensation may be more useful as a means to prevent or solve controversies regarding the siting of a hazardous facility when it is framed as public goods compensation that has sacred value; for instance, by offering the suggestion to spend the money on implementing measures to increase public safety in another domain, such as placing a traffic light at a dangerous crossroad in the community.

Thus, we predict that rhetorically redefined monetary compensation for the siting of a hazardous facility leads to a more positive evaluation of, and more support for the decision to site the facility than monetary compensation that is not rhetorically redefined (*Hypothesis 1*). We further predict that this positive effect of rhetorically redefining monetary compensation is mediated by the perceived commensurability of the compensation offer and the risk associated with the facility (*Hypothesis 2*).

### 1.2. Overview of the present research

We have tested these predictions in a series of three experiments. In each experiment, participants read a short vignette describing the decision of the municipal council of a small community to host a hazardous facility in exchange for monetary compensation. According to the scenario, this facility was anticipated to cause the loss of the life of one community member every ten years. As such, it threatened a sacred value. Participants then read that the municipal council accepted the siting of this facility in exchange for monetary compensation (a secular value). In all three experiments, the trade-off was manipulated to be either taboo or rhetorically tragic. In the rhetorically tragic trade-off condition, but not in the taboo trade-off condition, the scenario read that the national government and the company that would be operating the facility had pointed out that the money offered as compensation is equal to the costs of placing a traffic light at a dangerous crossroad, a measure that was expected to save the life of one community member in the next ten years. Thus, in the rhetorically tragic trade-off condition, but not in the taboo trade-off condition, the compensation offer was rhetorically redefined to fit the risks associated with the hazardous facility.

In addition to the type of trade-off manipulation, different aspects of the scenario were varied across experiments. We manipulated the explicitness with which the municipal council considered the monetary value of a human life (Experiment 1), the height of the compensation offer (Experiment 2), and the type of justification offered by the municipal council for accepting to host the facility in exchange for monetary compensation (Experiment 3). In each experiment we measured participants' evaluation of the decision of the municipal council to accept the siting of the hazardous facility in the community as well as their support for this decision as the dependent variables. Perceived commensurability of the compensation offer and the risk associated with the facility was measured as the proposed mediator. Finally, in Experiment 3 we also measured participants' emotional reactions to the decision to accept the hazardous facility in exchange for monetary compensation as a potential additional mediator.

## 2. Experiment 1

### 2.1. Method

#### 2.1.1. Participants and design

Eighty-four undergraduate students from Leiden University (54 women, 30 men,  $M_{\text{age}} = 20.77$ ,  $SD_{\text{age}} = 2.65$ ) took part in this experiment in exchange for €3 or course credits. They were randomly assigned to the conditions of a 2 (type of trade-off: taboo

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