

Spinning out the asbestos agenda: How big business uses public relations in Australia

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Received 14 November 2005; received in revised form 25 April 2006; accepted 29 May 2006

Abstract

Although health warnings associated with asbestos were first documented in 1898, by 2020 there are expected to be 60,000 deaths associated with asbestos in Australia. This paper examines how Australia's dominant asbestos producer's used public relations to limit media coverage and influence government policy related to its asbestos liabilities. It then traces the company's failures to manage the resulting crisis when external stakeholders and media interests became alerted to the corporation's agenda.

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Keywords: Asbestos; Public relations strategy; Media management

1. Setting the public agenda

As a building product, asbestos has the desirable attributes of being light, portable, long lasting and cheap. There is, however, a serious problem with the product. The inhalation of asbestos fibres, most of which are invisible to the human eye because of their size (3–20 µm), can cause a number of painful and lethal conditions including asbestosis (a form of lung fibrosis), mesothelioma, and lung and asbestos-related Pleural disease. It is claimed that Australia has the world's highest incidence rate of a previously rare cancer, malignant mesothelioma, typically associated with past exposure to asbestos (Tossavainen & Takahashi, 2000). An estimated 7000 Australians have already died from asbestos related cancers, and this is predicted to rise to 18,000 deaths by 2020 (Prince, Davidson, & Dudley, 2004). In addition, other asbestos related cancers are predicted to be responsible for between 30 and 40,000 deaths in the same time frame (Prince et al., 2004). The financial estimates of Australia's total liability for future asbestos claims start around \$6 billion (Quinlaven, 2004).

The first known warning of the health dangers of asbestos came in 1898 when a British factory inspector identified the “easily demonstrated danger to the health of workers and because of ascertained cases of injury to bronchial tubes and lungs medically attributed to the employment of the sufferer” (Pearce, 2004, p. 1). The first successful claim for compensation made by an asbestos worker was in 1926 in Massachusetts, USA (Pearce, 2004). In 1935, in the Australian state of Western Australia, an inspector at a James Hardie factory (Australia's largest asbestos manufacturer) reported the adverse effects of asbestos dust on workers' lungs (Pearce, 2004) although it took until the mid-1960s

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before James Hardie acknowledged that “the inhalation of asbestos fibres could cause mesothelioma” (NSW Govt, 2004a, p. 126). The use of asbestos in Australia was finally banned in December 2003.

This paper reveals how issues management processes and theory were used by public relations professionals to set an agenda to further the interests of one corporation. Public relations practitioners framed a matter of potentially great public interest (i.e., asbestos related health issues) to be under the level of public interest. It then examines the public fallout when external stakeholders and media interests became alerted to the corporation’s agenda.

2. Separating from asbestos related legacies: spinning “Project Green”

James Hardie Industries (JHI) began manufacturing asbestos in 1917 and held an estimated 90% of market share in the growing Australian market (Jones, 2004). In 1998, the company began to explore ways of separating any potential legacy issues associated with the manufacture and sale of asbestos, such as compensation payouts to asbestos victims, from other parts of its business. This project became known as the “Project Green Board Paper Communication Strategy.”

A fundamental component of Project Green was for JHI to relocate to a sympathetic jurisdiction in order to avoid potential litigation. The public relations consultancy of Hawker Britton was selected to assist JHI to develop and implement a government relations strategy because of their close working relationship with and intimate understanding of the key figures and policy positions of the NSW Government (NSW Govt, 2004b, p. 146). Hawker Britton’s task was to “sell the concept it called ‘separation from legacy’—in other words, cutting financial ties with asbestos compensation claims still in the pipeline” (Hardaker, 2004 para 7). Although four of Australia’s eight states and territories had rejected similar proposals, Hawker Britton successfully lobbied the New South Wales government for approval for the relocation of JHI to the Netherlands and the establishment of the Medical Research and Compensation Foundation to cover future compensation payouts (Hardaker, 2004). Once this move was achieved, JHI’s challenge was to control information about the shift to various publics.

2.1. Framing Project Green’s message

Due to an increase in negative coverage of asbestos issues in 2000, JHI formed the view that the general media were “hostile” (NSW Govt, 2004b, p. 145). To minimise risks of adverse media exposure, JHI used its “very sound relationships” with various business journalists to “confine the story to its business context” (NSW Govt, 2004b, p. 154). It sought to manage the general media “one on one” to “avoid a media ‘siege’ and tailor messages to specific types of media” (NSW Govt, 2004b, p. 103). Only the chief executive officer Peter Macdonald and then board chairman Peter McGregor were available for individual interviews with the media after James Hardie’s briefing.

The announcement date enacting Project Green was planned “to avoid ‘questions in the house’ [i.e., parliament] which could lead to wider news interest or quickly turn the Trust into a political football” (NSW Govt, 2004b, p. 147). Federal parliament had concluded the week prior to the announcement and no state parliament was in progress that week. Further, JHI undertook “pre-announcement consultation” with senior advisers in the Carr Government to ensure “we are forewarned . . . should the government’s response be negative” (NSW Govt, 2004b, p. 156).

The announcement of the establishment of the Foundation and the separation of JHI’s asbestos-related companies was framed as a business story and timed with the Third Quarter company results that were made to analysts and business media only. The main reason was to ‘spin’ the message to the financial media and announce separation in a “pure business context [to] focus on the financial outcomes” for JHI (NSW Govt, 2004b, p. 153). JHI also employed the public relations tactic of limiting the time available to digest and analyse information between announcements by reducing from the time between the business presentation of their financial results and Foundation launch announcement. Further, JHI did not web-cast the briefing “live” as was usually done and explained as “due to technical difficulties” (NSW Govt, 2004b, p. 153).

The resulting media coverage during 2001 supported the separation and “much of the reporting by the financial press at the time about this offshore move was positive, along the lines of this is JHI shedding its asbestos liabilities, which the finance reporting concluded would be a drag on their future profits” (Jones, 2004, para 9). The communication strategy had been initially successful in achieving the JHI’s initial agenda in Project Green.

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