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Social Costs of Environmental Justice Associated with the Practice of Green Marketing

Philemon Oyewole

ABSTRACT. This paper presents a conceptual link among green marketing, environmental justice, and industrial ecology. It argues for greater awareness of environmental justice in the practice of green marketing. In contrast with the type of costs commonly discussed in the literature, the paper identified another type of costs, termed "costs with positive results," that may be associated with the presence of environmental justice in green marketing. A research agenda is finally suggested to determine consumers' awareness of environmental justice, and their willingness to bear the costs associated with it.

KEY WORDS: environmental justice, green marketing, industrial ecology, social costs

Introduction

Green marketing has gained wide acceptance among several companies as being a viable competitive strategy. As noted by Shrum, McCarty, and Lowrey (1995), the term "green" is often used interchangeably with "pro-environmental." Although there is no single definition of the concept (Dam and Apeldoorn, 1996), one typical definition describes "green marketing" as the practice of ". . . adopting resource conserving and environmentally-friendly strategies in all

stages of the value chain . . ." (Johri, and Sahasakmontri, 1998, p. 265). Many companies claim to be committed to green marketing in their marketing communications. The aim is to capture a sizable share of the large and growing market of environmentally conscious consumers. The green market was estimated to include some 52 million households in the United States in 1995 (Ottman, 1993). The trend is growing also around the world. Wasik (1996) stated that in Germany, 88% of consumers reportedly said that they would switch brands to a greener product. Corresponding figures were 84% in Italy, and 82% in Spain. This desire for greener products, the green movement, is said to be spreading from the West to the Pacific Rim, Eastern Europe, Africa, and the Middle East. Thus, it is understood why companies are adopting green marketing as a means of sustainable competitive advantage.

A related issue to green marketing, which is attracting widespread attention among scholars, policy makers, and activists alike, is environmental justice. This paper discusses the following questions: How does environmental justice relate to green marketing? What are the costs associated with environmental justice as an integral part of green marketing? Would consumers be willing to pay these costs? What factors would determine consumers' willingness to pay? These questions are important to businesses. Having answers to the questions would help them to respond effectively to the growing environmental demands of consumers and regulatory bodies (Davis, 1994). It will help companies to conduct business in a more ethical and socially responsible manner. This could turn out to be a win-win practice. As consumers are served ethically, companies may

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benefit financially. Smith (1988) pointed out that companies that are ethical also tend to be more profitable.

The need for greater awareness of environmental justice in the practice of green marketing

In practicing green marketing, companies often embark on such things as: (i) using packaging and raw materials that are recyclable, reusable, photo-degradable and/or biodegradable, (ii) pollution-free production processes, (iii) aerosol-free raw materials, (iv) pesticide-free farming, (v) anti-chemical methods of food preservation, (vi) less bulky packaging that uses less of the raw material, (vii) natural, as against synthetic fertilizer etc. While all these are essential to responding to consumer environmental demands, they focus more on the technical aspect of green marketing. Equally important though is the ethical aspect of green marketing. Green marketing should not only be concerned with the environment but also with people in the environment. In other words, it should be concerned with environmental justice.

“Environmental justice” has been defined as “the pursuit of equal justice without discrimination based on race, ethnicity, and/or socioeconomic status concerning both the enforcement of existing environmental laws and regulations and the reformation of public health policy” (Chavis, 1993, p. 3). There are concerns that this is not currently being achieved in the business community. For example, Wasik (1996) stated that it is an “established reality that the most pollution-intensive facilities are most often located adjacent to the poorest communities” (p. 22). Earlier, national studies by the United Church of Christ (1987, 1994), reported that race is the major determinant of where polluting facilities go. It was found that 3 of the 5 largest commercial hazardous waste landfills in the United States were located in predominantly African American or Hispanic communities. These three landfills reportedly account for 40% of the total estimated commercial landfill capacity in the entire country. Likewise, 3 out of every 5

African Americans and Hispanic Americans lived in communities with one or more uncontrolled toxic waste sites. Environmental justice interest groups continue to protest against siting nuclear plants, and toxic-emitting chemical facilities in minority and low-income neighborhoods. Recent examples include the protest against Shintech’s PVC plant in Convent, Louisiana (Westervelt, and Fairley, 1997), and the Clairborne Nuclear Enrichment Center in Clairborne Parish of Louisiana (Payne, 1997).

The cry for environmental justice has reached the ears of the Federal Government leading to President Clinton issuing the Executive Order 12898 on February 11, 1994. The Executive Order establishes environmental justice as a national priority. It directs all federal agencies with a public health or environmental mission to make environmental justice an integral part of their policies and activities. The Order was actually titled “Federal Actions to Address Environmental Justice in Minority Populations and Low-income Populations” (Environmental Protection Agency, 1995). Although environmental laws and regulation are enacted, racial imbalance has been documented in their implementation. Following an extensive investigation by the *National Law Journal*, Lavelle and Coyle (1993), reported that penalties for environmental laws and regulations violations were higher for businesses that are located in minority communities than those in white areas. Specifically, it was reported that minority communities saw lower average penalties in federal enforcement of the Clean Air Act, by 8%; the Safe Drinking Water Act, by 15%; the Clean Water Act, by 28%; and the Resource Conservation and Recovery Act, by a staggering 506%. As reportedly argued by Professor Bullard, an environmental-racism scholar, the result of this penalty disparity was that violators were driven to minority communities, since the penalties there would be “low enough to be discounted as a cost of doing business” (Lavelle and Coyle, 1993, p. 140).

Green marketing could be an effective avenue for businesses to address the ethical issue of environmental justice. However, it appears that there is need for a greater awareness of the link

between green marketing and environmental justice among writers and practitioners alike. For example, in his review of three books¹ on green practices and communication, Depoe (1997) reported that "one important aspect of environmental communication and political action which is not covered by these three books is environmental justice" (p. 370). Likewise, the conditions for the 1991–93 Eddison Award, for best green products and companies, did not include environmental justice. Wasik (1996, p. 44), one of the green marketing experts on the panel of judges for the Award gives the following as the "high standards of environmental achievement" that recipients must meet:

1. The product had to be new or an extension of a line.
2. The product (and its manufacture) had to represent a significant achievement in reducing environmental impact.
3. The product had to incorporate strategies of recycling, recycled content, reduced packaging, or using less toxic materials.
4. The product had to be widely available and had to enjoy commercial success.

Nine companies received the Award. They included, McCloskey, 3M, Procter & Gamble, Sanyo, Webster Industries, FoxFibre, Deja, Green Paint, and Wellman. None of these nine Eddison Award recipients laid any claim to the pursuit of environmental justice as one of the goals in their practice of green marketing. On the other hand, they laid claims to reduced air pollution, reduced packaging, returnable package and product, and recycled content, paint, and plastic (Wasik, 1996, p. 45). In order to address the ethical issue of environmental justice, these green marketers should have been required to also indicate where and how they dispose of their industrial wastes and other toxic materials. This would promote the awareness of environmental justice as an integral part of green marketing.

Another ethical issue is the need to obtain all stakeholders' inputs in the integration of environmental justice in green marketing. Ottman (1993) recommends involving stakeholders for successful green marketing programs. Among others, these stakeholders include environmental

groups, consumers, and the public at large. By extension, these stakeholders should be involved in the integration of environmental justice into the practice of green marketing. This will be necessary to satisfy the need to keep the consumers informed of activities that affect their well being. In addition to informing them of the evident benefits of environmental justice, which seeks equal treatment for all, consumers should also be made aware of the social costs involved. They should be given the opportunity to indicate how much of these costs they are willing to bear.

Conceptual relationship among environmental justice, green marketing, and industrial ecology

There is a conceptual link among environmental justice, green marketing, and industrial ecology. Figure 1 illustrates the relationship among the three concepts. As discussed above, green marketing aims at marketing products that are environmentally friendly. It seeks to provide consumers with products that meet their needs while at the same time, do not pollute, emit toxic waste, deface, or destroy the natural habitat. If green marketing is fully implemented, environmental justice will be assured. This is because the environment to be protected will be defined by where the consumers are located. Since every single person is a consumer of something, in fact, of several things at a time, wherever people are found is an environment to be protected. This would be so, irrespective of people's color, race, or income. For this reason, the circle of environmental justice has been placed to intersect that of green marketing in Figure 1. This is to illustrate the fact that environmental justice and green marketing are intertwined. Green marketing could not be fully implemented without consideration to environmental justice. While companies make products that cater to the environment in the interest of the society, the welfare of the minority and the disadvantaged should not be sacrificed in the process. Otherwise, it would give rise to serious ethical concerns.

Figure 1 also shows the circle of green marketing placed within that of industrial ecology.

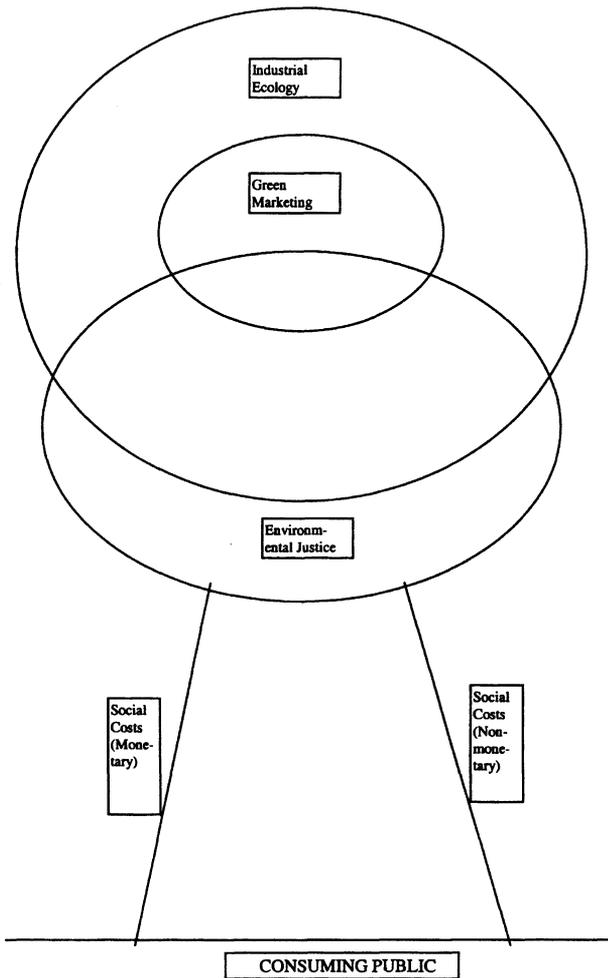


Figure 1. A conceptual relationship among industrial ecology, green marketing, and environmental justice.

This illustrates the fact that industrial ecology provides the long-range vision to the implementation of green marketing. Further, industrial ecology is also shown as intersecting environmental justice. As pointed out by Wasik (1996), industrial ecology follows the principle of nature. In nature, nothing is wasted, or forever discarded. Almost everything is recycled.

Two simple, though not simplistic, examples could be given to illustrate the recycling in nature. The first is carbon dioxide and oxygen. Whereas man gives out carbon dioxide as the “waste” product of the process of respiration, this gas is not wasted. It is exactly what the green plant needs as input in the process of photosynthesis. During this process, the plants give out

oxygen as “waste” product. However, it is the gas that man needs as input in the process of respiration. The second example is the water cycle. Rainwater falls, plant roots take it in, and some flows into the rivers, the seas, etc. However, the used water is evaporated by the sun into the sky, where it forms clouds and falls again as rain, to begin the cycle all over again. Thus, it could be said that there is no waste product in nature. Every output is an input to something else. All natural processes are interwoven, and interdependent. Duplicating the example in nature, industrial ecology also looks at units of a production process in an industry as interwoven. It also looks at all industries as a web, forming a close link with one another in an interdependence network. Fully realized, industrial ecology will ultimately ensure that there is no “waste” from any production process. What we would have is “residual” from one process, forming input for another process. This is where industrial ecology links with green marketing. If industrial ecology were adequately operationalized throughout the world, ultimately, there would be no “waste” to prevent, or control in any neighborhood. There would be full environmental justice. It would be in line with the sentiment expressed by Ottman (1993) who stated that waste prevention is better than waste management.

In Figure 1, supporting the three circles are two pillars labeled: social costs (monetary, and non-monetary). This illustrates the fact that some public costs are involved in achieving environmental justice. These costs could be monetary, thus quantifiable, or non-monetary, non-quantifiable. Both of these types of social costs are borne by the consuming public, either directly, or indirectly. The next sections discuss some of the major costs, associated with the achievement of environmental justice, that consumers (i.e., the society) may have to bear.

Theoretical foundation for the concept of social costs of environmental justice

The concept of social costs of environmental justice to the consumer issues from the social

contract theory (Dunfee, Smith and Ross, 1999), the integrative social contracts theory (Donaldson and Dunfee, 1994, 1995 and 1999), and the ABC-analysis of ethical behavior (Nijhof and Rietdijk, 1999). The social contract theory originated from the consent theories of the 17th/18th century. Consent theories themselves developed from a search by philosophers of the rationale for the legitimacy of state authority following the decline/demise of feudalism, and royal dynasties during the 17th/18th-century upheaval in Europe. Philosophers, like John Locke (1632–1704), Thomas Hobbes (1588–1679), and Jean-Jacques Rousseau (1712–1778) proposed that the state could only derive its authority from the personal consent of the people to obey its laws. On the other hand, the people would consent to obey the state because they could see this as the only logical solution to the woes of a world without a state, identified by Hobbes as “a state of nature.” In such “state of nature,” everyone would be against everyone else in the quest for self-preservation (Hampton, 1992).

Thus, people consent to the ruling authority of the state in anticipation of some derived benefits from the state’s exercise of its authority. Jean-Jacques Rousseau describes this phenomenon as a “social contract,” between the state and the people. In this “social contract,” the state has obligations towards the people, and vice versa, all in an attempt to prevent or solve presocial discords (Reath, 1992). As summarized by Dunfee, Smith, and Ross (1999, p. 17), “. . . three elements are common to most social contract theories: (i) consent of the individual, (ii) agreement among moral agents, and (iii) a device or method by which an agreement (actual, or hypothetical) is obtained.” Given these elements, social contract theory has been extended to business ethics, in search for the legitimacy of corporate power (or authority) to make business decisions that affect consumers (Freeman and Gilbert, 1988).

Along this line, Donaldson (1982, 1989), and Donaldson and Dunfee (1994, 1995, and 1999) developed a social contract theory for business. This stipulates that corporations derive their legitimacy from the consent of the society that

they serve to abide by their decisions and actions. This consent would be given by the society in anticipation of some derived social benefits from such business decisions and actions. Donaldson (1982, p. 54) advanced that “corporations . . . exist to enhance the welfare of society through the satisfaction of consumer and worker interest.” He emphasized that the implied contract between the corporations and the society must not violate certain minimum standards of justice. For example, corporations (productive organizations) must “. . . show respect for their workers as human beings, and . . . avoid any practice that *systematically worsens the situation of a given group in the society.*” (Donaldson, 1982, p. 53; italics are mine).

From this perspective, it could be argued that absence of environmental justice in the practice of green marketing by corporations, violates a social contract. It could be said that it “systematically worsens the situation of a given group in the society.” The situation of poor African Americans and other minority groups is being “systematically worsened” by the absence of environmental justice in the practice of green marketing. In the expanded social contract theory, styled integrative social contracts theory (Donaldson and Dunfee, 1994) provisions are made for a dissenting member of a business community, distressed in a social contract, to have the right of exit, and right of voice (Dunfee, Smith and Ross, 1999). Right of exit means possibility of total severing of relationships with the business community. Right of voice refers to the opportunity to present one’s side of an issue, and seek to change, or influence an objectionable decision or action of the business community. In the case of environmental justice the exercise of the rights of exits, and/or of voice by the consumers often include staged protests, demonstrations, boycotts, court cases etc. This leads to the application of the ABC-analysis of ethical behaviors to social costs of environmental justice.

The ABC (Antecedent-Behavior-Consequence)-analysis that was first developed in the field of psychology (Grant and Evans, 1994), has been applied to ethics, to better understand why people behave ethically in organizations (Nijhof

and Rietdijk, 1999). The main notion of the ABC-analysis is the integration of the two major, often conflicting orientations, in the philosophy of ethics. These two orientations are the teleological and the deontological theories of ethical behavior. The teleological theory judges behavior as ethical or unethical based on the consequences of the behavior on others. On the other hand, the deontological theory bases its judgment on the intention of the actor, irrespective of the consequences of the action on others (Ferrel et al., 1989; Williams and Murphy, 1990; Rogers et al., 1995; Delener, 1998). The ABC-analysis combines these two approaches into one. It holds that a behavior "is a function of antecedents that precede it and consequences that follow it." Behavior was defined as "any action that is seen to be performed by an individual." Antecedent was held to be "a person, place, thing, or event preceding a behavior . . ." (Nijhof and Rietdijk, 1999, p. 42). Consequences are outcomes of behavior which "can be negative, neutral or positive for the performer of certain behavior" (Nijhof, and Rietdijk, 1999, p. 43). ABC-analysis can be used both for descriptive (or diagnostic), and interventional purposes in ethical issues. By tracing a behavior backward to all its possible antecedents, and forward to all its possible consequences, ABC-analysis serves as a descriptive (or diagnostic) tool. On the other hand, when certain antecedents, or consequences are changed, or manipulated to obtain a particular ethical behavior, the ABC-analysis is being used as an interventional tool.

In applying ABC-analysis to the subject matter of this paper, the *antecedent* would be the absence of environmental justice in the practice of green marketing. Since a group of consumers perceive this as unethical, because it "systematically worsens" their situation, they would want to exercise their right of voice and/or right of exit in the form of organized rallies, staged protests, demonstrations, boycotts, court cases etc. This constitutes the *behavior* in the ABC-analysis. This behavior would lead, hopefully, to restoration of environmental justice, but along with attendant costs to consumers. These are the *consequences*.

The consequences would include some costs to the consumers in three ways. First, there

would be costs to consumers resulting from direct consequences of their own actions. Second, there would be costs to consumers resulting from the actions of business organizations attempting to ensure environmental justice in response to consumer's exercise of right of voice. Thirdly, there would be costs to consumers resulting from the action of the government to mandate, and enforce business organizations to practice environmental justice, in response to the cry of the distressed group of consumers. Examples of business organizations' actions that could result into costs to the consumers are relocating contended operations away from low-cost neighborhoods, or paying fines to the government in lieu. Similarly, government actions could include refusal to give license, or permit to companies who seek to locate objectionable operations in a low-income/minority neighborhood; relocating people from an area of danger; cleaning up a site; and/or giving tax breaks to companies that comply with government's regulations on environmental justice. These costs, which are direct or indirect consequences of the behavior of the consumers, could be termed "costs with positive results," because they are associated with obtaining environmental justice for the affected group.

Costs of environmental justice with positive results

The costs of environmental justice, commonly discussed in the literature (e.g. Roberts, 1993; O'Connor, 1993; Gillespie, 1994; Green Cross, 1994; Williams, 1996a, 1996b, 1996c, 1997), often refer to the consequences of its absence. Williams (1996a, 1997) described the situation as "environmental victimization." Without a doubt, this inflicts heavy costs on the affected consumers in the form of such things as, increased incidence of deaths, diseases, birth defects, and inhuman living conditions. However, these costs constitute just one type of costs associated with environmental justice. Since they are the costs incurred when environmental justice is absent, they could be termed "costs with negative results." The other type of costs, which consists of "costs with

positive results” elaborated on above, is rarely discussed. As Fritzsche (1996, p. 291) correctly pointed out: “increased safety can only be achieved with increased effort, and in the final analysis, cost.” By this reasoning, there are several “costs with positive results” that would be associated with ensuring environmental justice nationally or globally. Below is a compilation, albeit not virtually exhaustive, of such “costs with positive results.”

1. The time of the society is consumed in organizing rallies, and protests to fight against proposed undesirable projects, or to undo existing ones. Such time could be spent on some other productive ventures.
2. In addition to time, energy is consumed for the same endeavors as above. The energy could be diverted to some other productive pursuits.
3. In addition to time and energy, money is also consumed such as on legal fees, written protests, and banners (Cornitius, 1997). Such money could be used on some other beneficial projects.
4. Protest rallies are a form of social disturbance, which may lead to arrests and all sorts of inconvenience. Lavelle and Coyle (1993) for example, reported that in 1982, a church-led protest by Black residents against a toxic landfill in North Carolina led to 500 arrests.
5. In demanding environmental justice, boycotts of some or all of a company’s products may be called for. Compliance could mean a lot of hardships for those who depend on such products, especially when substitutes are hard to find.
6. When substitutes of boycotted products are available, they may be more costly for consumers. This can be due to initial higher cost of the substitutes, or new inflated prices resulting from cross-price elasticity of demand.
7. Real estate is usually cheaper in minority, and low-income neighborhoods. Hence, another source of higher product price to consumers is increased production costs of companies who are denied being able to

locate in a low-cost neighborhood as a result of protests by interest groups. Such companies may be forced to relocate into other areas with much higher real estate costs. The increased costs of production may be passed on to consumers by way of higher prices.

8. If companies opt for paying fines or penalties, like Chevron who reportedly paid \$6.5 million in environmental fines (Environmental Prevention Agency, 1994), the costs may be passed on to the consumers in the form of higher prices.
9. Conversely, it can be said that, consumers are denied the opportunity to have lower priced products from companies that are located in neighborhoods where real estate is cheaper. The lower cost of production could have been passed on to the consumers by way of lower prices.
10. Denying companies from locating in a low-income neighborhood may also mean denial of needed industrial jobs to the low-income people around the proposed site. They are denied jobs both during the construction phase, and during the lifetime of the denied projects.
11. In addition to lost jobs, denied projects may mean loss of the only opportunity for neighborhood development in some low-income areas. An example was the nuclear plant enrichment center that was proposed to be located in Forest Grove, northern Louisiana, by the Louisiana Energy Services. Although this project was protested against, the State of Louisiana had earlier declared the proposed site an enterprise zone. Specifically, the State encouraged companies to locate near the poor African Americans of the area. This was to provide these low-income people with jobs and educational opportunities (Payne, 1997).
12. If relocating people was found to be the only plausible choice to ensure environmental justice in a given situation, there would be the cost of moving, which would be borne by the relocated individuals. This cost would be double-sided.

There would be the stress of leaving a familiar place to which people might have strong emotional or other forms of attachment. There would also be the challenge of adapting to a new and/or strange location.

13. There is also the potential of division among the citizens themselves on whose behalf cases for environmental justice are being pressed. This can develop into a situation where a part of the affected group opposes a project, while another part is in favor of it. An illustrative case was the Shintech's controversial permit for a PVC (polyvinyl chloride) complex at St. James, Convent, Louisiana. It was reported that in a poll of 300 residents in St. James Parish, 60% favored the project, while 24% were against. Of the African American residents polled in the Parish, 53% were in favor, and 30% were opposed, while the rest of the people were undecided (Westervelt, 1997).
14. Some have rightly expressed the fear that compliance with President Clinton's Executive Order on environmental justice by Federal agencies would significantly delay many environmental decisions and increase the cost of running the agencies that make them (Payne, 1997).
15. If that occurred, higher taxation might have to be borne by consumers to run these governmental agencies.
16. If tax breaks were given to companies that complied with government's environmental guidelines/standard, this might result in higher tax for the consumers, or increased government deficit at the local or national level.
17. Likewise, if the government embarks on sites clean ups to ensure environmental justice, the costs of such clean up may be indirectly passed on to the consumers in the form of higher taxes.
18. Further, by the President's Executive Order, Federal agencies are being called upon to handle cases that they are not trained for. Historically, these agencies have issued licenses solely based on tech-

nical grounds. Now they are to intricately weave into their decisions non-technical social issues for which they lack expertise, training, and/or experience. This could cause an increase in job-related stress among the affected federal officers. It is of interest to note that when EPA blocked Shintech's PVC permit, EPA Administrator, Carol Browner based the decision on technical grounds, not on environmental justice grounds over which interests groups have lodged their complaint (Payne, 1997).

19. Finally, based on several of the factors discussed above, there is the cost of potential strained relationships within, and among the communities, governmental officials/agencies, and businesses over environmental justice debates which may carry over unnecessarily to several other issues.

A theory of consumer's willingness to bear the costs of environmental justice

The "costs with positive results" associated with environmental justice in the practice of green marketing ultimately fall on the consuming public – directly, or indirectly. The question comes up whether the consumers would be willing to bear such costs. There is a theoretical basis to believe that they would. The rational actor paradigm, widely used in risk analysis (Rosa, 1997), provides a basis for a theory of consumer willingness to pay the price (bear the costs) of achieving environmental justice in the practice of green marketing. According to this paradigm; actors, given their preferences and often incomplete knowledge about outcomes can, and will select those actions that maximize their subjective utility in a given situation (Renn, 1997). The rational actor paradigm has been employed in various forms in the risk field, such as in probabilistic risk analysis, revealed preferences approaches and the expected value orientation of actuarial-based risk management judgments (Rosa, 1997).

Absence of environmental justice in the

practice of green marketing constitutes a risk in at least 3 major ways. It is a risk to human (i) health, (ii) life, and (iii) dignity, as has been variously demonstrated in the literature ((Roberts, 1993; O'Connor, 1993; Gillespie, 1994; Green Cross, 1994; Williams, 1996a, 19996b, 1996c, and 1997). It could be advanced therefore that a rational actor, aware of the risks associated with the absence of environmental justice would take risk aversion actions to prevent it. As stated by Perhac, Jr. (1996, p. 300), "risk aversion involves a willingness to accept benefits that are lower on average (or incur costs that are higher on average) in order to avoid a gamble involving a potential loss." Risk is a probabilistic phenomenon with uncertainty of occurrence. Thus, risk potential could be overstated, or understated. However, arguments have been made in favor of conservatism, when the risk involves human health and life (Finkel, 1989, 1994). Under the premise that it is better to be safe with regard to human health and life than sorry, conservatism has been defined as "a preference for erring on the side of overstating as opposed to understating risk under conditions of uncertainty" (Perhac, Jr., 1996, p. 299).

On the bases of conservatism, and the rational actor paradigm, a conservative risk aversion theory of consumer's willingness to pay could be advanced. According to this theory, consumers would prefer to overstate the risks involved with the absence of environmental justice in the practice of green marketing and would be willing to bear the costs of risk aversion actions that would ensure, or restore environmental justice in their communities of interest. The underlying assumption of this theory is that the distribution of risk involved with the absence of environmental justice is asymmetrical, and is skewed to the high side of the mean (average amount of potential risk). Under that condition, a greater potential for losses to human health, life, and dignity would result, should the risk be underestimated (Perhac, Jr., 1996).

This conservative risk aversion theory of consumer's willingness to pay is evident in other areas of consumer concern, apart from the ethics of environmental justice. For example, consumers pay more for brand name products to ensure

quality purchases. Smith (1988) gave the example of consumers paying more for Perrier bottled water, because they consider the risk of water borne diseases to be greater than the extra costs they are paying. The theory could also explain why people would be willing to pay extra for registered mail delivery, as against regular delivery to ensure delivery of very important documents. Also, consumers purchase all sorts of insurance, such as auto, home, life, and accident insurance policies. Although there are uncertainties of whether they would ever use those policies, most consumers would prefer to overstate the risks involved, and pay the premiums associated with those insurance policies. Further evidence in support of the plausibility of the proposed conservative risk aversion theory of consumer's willingness to pay is found in the study on clean fuel done by Xenergy, a consulting firm based in Burlington, Massachusetts. It was found that a "significant segment of customers" are willing to pay premiums of up to 10% for environmentally clean energy (Emond, 1997). While evidence in support of the conservative risk aversion theory could be found in several areas of the consumer life, the theory still needs to be tested in the area of environmental justice associated with the practice of green marketing. Possible directions to follow in this are suggested below.

Research directions and hypotheses

Writers on risk measurement have shown that there are two sides to risk. These are (i) the objective magnitude of risk, and (ii) the subjective perception of risk (Fritzsche, 1996). The former defines the material aspects of harm, which could be quantified, while the latter deals with emotional concerns. "This latter one", the subjective perception of risk, "is rarely quantifiable, and varies from person to person depending on their higher personal values and idealistic aims" (Fritzsche, 1996, p. 291). It could also be advanced that the level of consumer knowledge of even the former, the objective magnitude of risk that is associated with the absence of environmental justice varies from person to person.

Given this premise, magnitude of willingness to pay (or the amount of costs that consumers would be willing to bear) for environmental justice could be hypothesized to be a function of their level of awareness (knowledge) of the risks posed by environmental injustice, on the one hand, and their perception of these risks on the other. Both of these would vary according to socio-demographic characteristics of individual consumers. In one national survey where 1512 respondents were asked to rate 25 potential hazards in order of magnitude of risks posed, it was found that gender determined the difference among respondents' subjective perception of risk, with the males specifying lower risks. It was further found that race significantly contributed to this observation on gender. White males were found to be the low risk subgroup who accounts for the overall gender difference in risk perception (Flynn, Slovic and Mertz, 1997). Similar influence of socio-demographic characteristics could be expected in the case of risks associated with the absence of environmental justice, and consumer's willingness to bear the cost of averting it. The resulting process could be schematized as in Figure 2.

In the Figure, socio-demographic characteristics occupy the bottom box. These influence the contents of the next two boxes, namely: level of risk awareness, and consumer perception of these risks. Subsequently, both of these influence the magnitude of consumer's willingness to pay the costs of environmental justice located in the fourth box. Finally, the strength of a consumer's willingness to pay would determine to what extent s/he engages in conservative risk aversion actions to ensure environmental justice depicted in the last box of Figure 2.

On the basis of the above, the following research hypotheses are suggested for future studies:

H.1. Level of consumers' awareness (knowledge) of risks, posed by the absence of environmental justice in the practice of green marketing, will vary according to their socio-demographic characteristics.

H.2. Consumers' perception of risks posed by

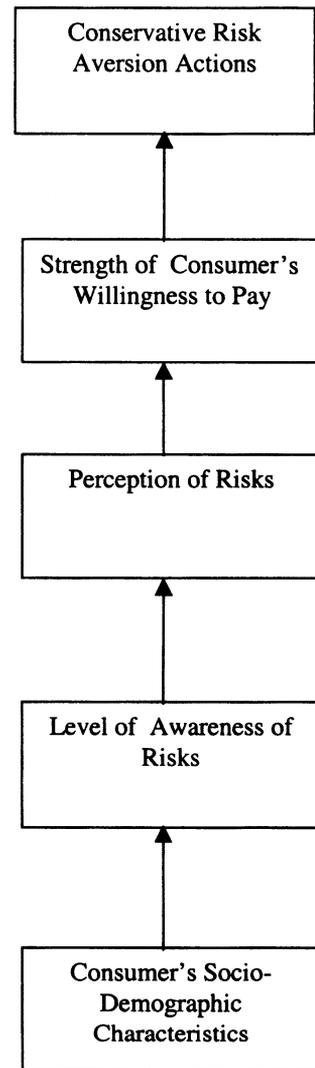


Figure 2. A process of consumer's willingness to pay for environmental justice associated with green marketing.

the absence of environmental justice in the practice of green marketing, will vary according to their socio-demographic characteristics.

H.3. The greater the level of consumers' awareness (knowledge) of the risks, posed by the absence of environmental justice in the practice of green marketing, the stronger their willingness to bear the costs of averting it.

H.4. The stronger consumers' willingness to

bear the costs of environmental justice in the practice of green marketing, the greater their involvement with risk aversion actions to ensure it for their communities of interest.

- H.5. In general, Non-white consumers will be more willing than White consumers to bear the costs of ensuring environmental justice in the practice of green marketing.

Conclusion

There is need for greater awareness of environmental justice in the practice of green marketing. This ethical aspect of green marketing should not be neglected if consumers are to derive long term personal benefits from any business actions purported to save the physical environment. It could hardly be said that a company is ethical if its practices "systematically worsens the situation of a given group in the society," while claiming to be green. This would be the case if environmental justice is absent in any practice of green marketing. This paper has shown that environmental justice could not be achieved without costs (both direct and indirect) to the consuming public. These have been termed "costs with positive results," because the ultimate end-result (environmental justice) is beneficial. Since human health and life are involved, it is advanced that consumers would go by the tenets of conservatism, and be willing to pay the costs of achieving environmental justice, as they embark on risk aversion actions. Nonetheless, the strength of individual's willingness to pay these costs, and engage in such risk aversion actions will vary from person to person. It is hypothesized that this variation will be a function of the level of people's awareness of the risks associated with the absence of environmental justice, as well as their socio-demographic characteristics. Future studies would do well to test this relationship empirically.

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Note

- ¹ The three books are: "The Symbolic Earth: Discourse of Our Creation of the Environment", J. G. Cantrill and C. L. Oravec (eds.); "Green Culture: Environmental Rhetoric in Contemporary America", C. G. Herndl and S. C. Brown (eds.); "Earthtalk: Communication Empowerment for Environmental Action", S. A. Muir and T. L. Veenendall (eds.).

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