MANAGING PUBLIC PERCEPTIONS OF RISK ON CONSTRUCTION AND ENGINEERING PROJECTS: HOW TO INVOLVE STAKEHOLDERS IN BUSINESS DECISIONS

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Abstract
While the construction industry has developed sound technical skills in dealing with risk, its ability to deal with the human perceptions of construction risk is less well developed. This in turn has often led to irrational reactions to even the most innocuous development proposals. The implicit question which now faces every construction organisation is not just whether it is managing its risks effectively but also, whether it is managing its wider responsibility to society and whether it is communicating this effectively. It is in this context that this paper critically analyses traditional technocratic approaches to risk management in the construction industry. It argues that a new approach is needed which recognizes the social, political, psychological and cultural complexity of risk. A case study is presented to show how this can be achieved in practice using a new multimedia risk management system called ROMS (www.risk-opportunity.com).

Keywords
Risk, Opportunity, Perceptions, Stakeholders

INTRODUCTION

The interrelationship between the public’s health, wealth and security and the business, governmental and regulatory institutions that govern their lives has never been clearer (Berry 2004, Werther and Chandler 2006). The almost ritualistic pursuit and exposure of corporate scandals and white collar crime in our daily newspapers has rocked the business world and resulted in unprecedented scrutiny of our management practices. The construction industry is not immune from this trend and while many concerns about construction activities are clearly justified, we appear to live in an increasingly paranoid society, driven by a fear of and preoccupation with risk where even a relatively small development problem has the potential to be perceived by the public as a major crisis (Loosemore et al 2005). The danger of undeserving negative stigmatism of construction companies and over reaction to even the most innocuous construction project is an increasing possibility and how we incorporate heightened public perceptions of risk into corporate strategies, processes and activities is a challenge which companies must address.

It is against this backdrop of heightened public perceptions of risk that governments around the world have introduced increasing stringent risk-related legislation to regulate, monitor and call-to-account, the activities of the business community. Increasingly, government policy, guidelines and legislation stresses the importance of consultation, collaboration and community engagement, requiring a paradigm shift from a narrow conceptualisation of management to a