

Third world sustainability: Saving the rhino vs. better education

By Khomotso Mathelela and Luan de Wet

Ask Afrika and TGI



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1. Introduction

1. Introduction



Picture source: nooruddins.com

Environmental protection is increasingly becoming a **necessity** and part of a bigger agenda **in the urbanising world of developing countries** (Tantawi *et al*, 2009).

2. Research objectives

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The aim of this study was to **uncover** both the **corporate** and the **consumer views** on **sustainable behaviour** by meeting the following objectives:

- **Uncover the elements** that corporate leaders identify as key factors of corporate sustainability in a developing country such as South Africa;
- Describe **consumer's awareness** of and perceptions towards elements that relate to sustainable behaviour;
- Determine which South Africans are **categorised** within the following segments: Engaged Greens, Green Supporters, Neutral Greens, Green Cynics and Green Rejectors;
- **Uncover recent** Green developments in South Africa.



3. Understanding sustainability

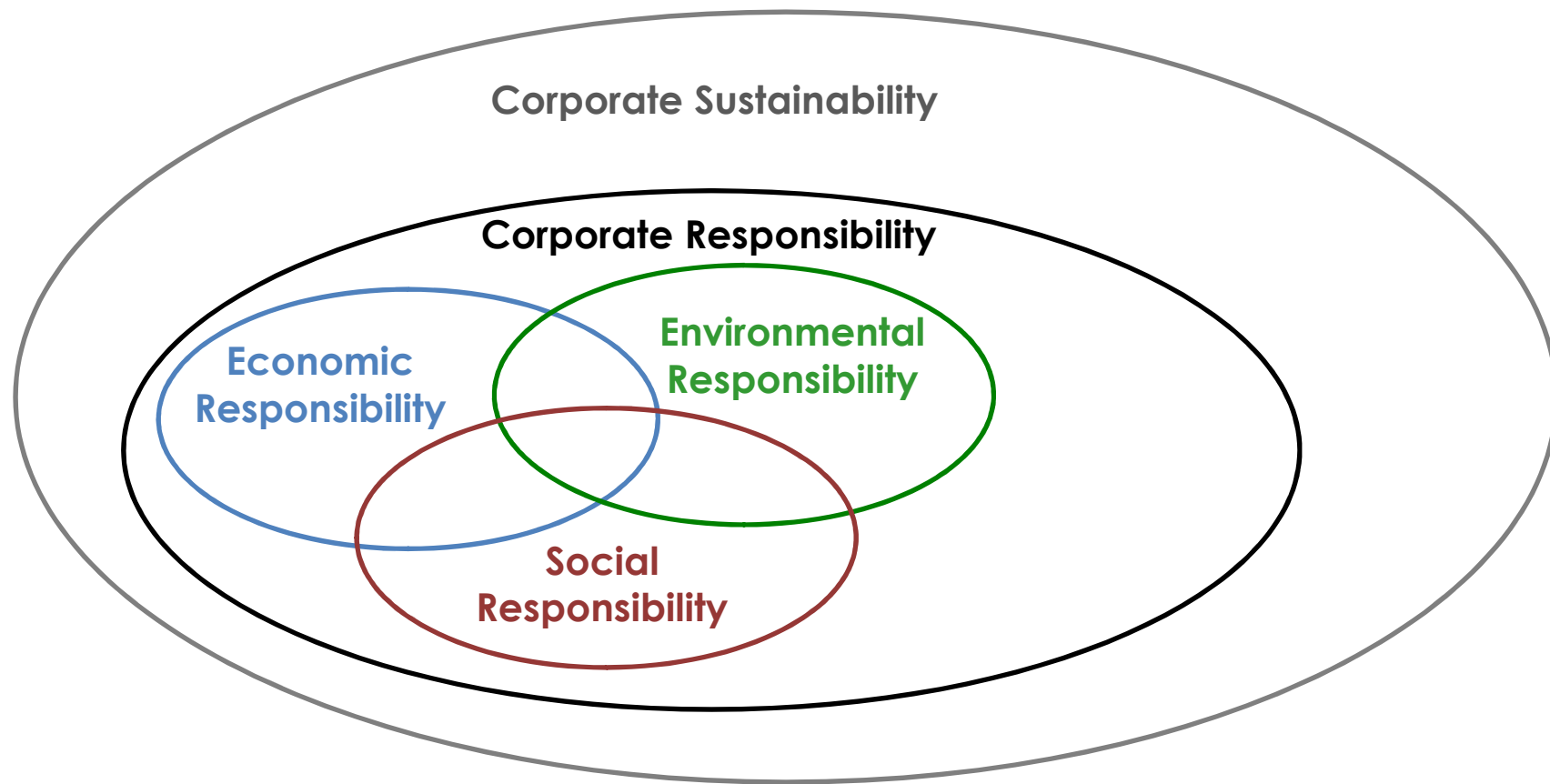
3. Understanding sustainability

Important dates in the development and definition of the concept - sustainability



3. Understanding sustainability

The corporate sustainability model



3. Understanding sustainability

Consumers and sustainability – How do they know and why should they care?

Increased exposure globally through media



Increased pressure and challenges

Natural



HAITI



JAPAN



CHINA

Economic - Recession

4. Research methodology

4. Research methodology

For the purpose of this research project, results from two quantitative research projects were used to address the research objectives:

- Ask Afrika Trust Barometer® 2010
- Target group Index (TGISA)

Ask Afrika Trust Barometer® 2010

Design:	<ul style="list-style-type: none">• For the purpose of this research paper Ask Afrika Trust Barometer® 2010 data will provide insight into the views of South African corporate leaders on corporate sustainability in a third world country, such as South Africa.
Participants:	<ul style="list-style-type: none">• Target audience: CEOs, directors, EXCO and senior management that report directly to EXCO, of the JSE listed companies in South Africa (list obtained from the Stock Exchange Handbook).
Research instrument:	<ul style="list-style-type: none">• Telephonic interviews were conducted, where the corporate leaders spontaneously chose their top three most trusted companies in South Africa and rated those companies on 11 reputation drivers (attributes)
Data collection:	<ul style="list-style-type: none">• n=198, 20 - minute CATI interviews• Data collection period: 24 June 2010 to 31 August 2010
Data processing:	<ul style="list-style-type: none">• An index was calculated using the 11 reputation drivers (attributes) to choose the winning company with the best reputation in South Africa for 2010.• For the purpose of this research paper the sustainability attribute will be unpacked to give the South African view on corporate sustainability

4. Research methodology

Target Group Index (TGISA)

Design:	<ul style="list-style-type: none"> For the purpose of this research paper, TGI SA 2009B/2010A data will provide insight into consumer's awareness of and perceptions towards elements that relate to corporate sustainability and to also investigate consumer segmentation based on Green Values.
Participants:	<ul style="list-style-type: none"> Adults 16+ Residents in private HH, hostels or similar accommodation within SA Urban formal and urban informal Area stratified probability sample in communities with 8000+ inhabitants ~20 million adult South Africans 15000 interviews per annum / 7500 per biannual release 15 metro areas and 22 non metro areas Main place and sub places randomly selected HH randomly selected and respondent randomly selected using Kish grid
Research instrument:	<ul style="list-style-type: none"> Self-completion product, brand and psychographics questionnaire Probability survey using a face-to-face data collection methodology Interviewer administered media and demographics questionnaire
Data collection:	<ul style="list-style-type: none"> Interviewing all days of the week 10 months of the year 6 equal waves of data collection 2 Data releases per year Rolling databases, 7500, 15000, 30000, trended Fieldwork conducted by Ask Afrika since 2008 Data made available on Choices 3 software Fully SAMRA, ESOMAR, ISO 20252 quality compliant
Data processing:	<ul style="list-style-type: none"> Data weighted to STATS SA population estimates All analysis was done by making use of the KMR Choices3 software.

5. Empirical findings

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5.1 The three arms of sustainability in the SA corporate environment – Economic sustainability

The following elements were identified which corporate leaders have pin-pointed as being important in ensuring the **economic sustainability** of companies in South Africa:



- **Important for companies to have long-term investment value: 70.55%**
- **Financially sound company is an indication of financial integrity: 71.61%**
- **Companies which exhibit a long-term view to enable future sustainability are viewed as being companies with financial integrity: 67.91%**

5. Empirical findings

5.2 The three arms of sustainability in the SA corporate environment – Environmental sustainability

The following elements were identified which corporate leaders have pin-pointed as being important in ensuring the **environmental sustainability** of companies in South Africa:



- **Companies which make a conscious effort to reduce their impact on the environment are considered to be sustainable organisations: 58%**
- **Companies which intend to be around for a long time, have long-term sustainability as part of their strategy, thus also being considered as valued-based organisations: 70.50%**

5. Empirical findings

5.3 The three arms of sustainability in the SA corporate environment – Social sustainability

The following elements were identified which corporate leaders have pin-pointed as being important in ensuring the **social sustainability** of companies in South Africa:



- **Sustainable organisations make a visible contribution to social transformation: 62.14%**
- **Companies should reflect quality products and services: 65.54%**
- **Companies should be ethical in their dealings: 64.54%**
- **Socially responsible corporate citizen, plays a role in whether or not a company can be viewed as being socially responsible: 63.36%**

5. Empirical findings

5.4 The qualities of the most sustainable company in South Africa



The most important qualities in South Africa for sustainable companies:

- a) Exhibits a long-term view to enable future sustainability,
- b) Contributes positively to social transformation and the development of the respective industry it operates in, and
- c) Makes a conscious effort to reduce its impact on the environment.

As the King III report (2009, page 11) put it: “the success of companies in the 21st century is bound up in three interdependent sub-systems – the **natural environment**, the **social system** and the **global economy**. Global companies play a role in all three and they **need all three to flourish**.” The King III report goes on to say that planet, people and profit are inextricably intertwined.

5. Empirical findings

5.5 The consumer voice in the sustainability debate

Statements relating to sustainable behaviour (% definitely agree)

Money is the best measure of success (29.1%)

I am willing to sacrifice my time with my family in order to get ahead (24.0%)

All packaging for products should be recycled (25.8%)

There is too much concern with the environment (23.5%)

I only go to work for the money (16.4%)

It is important that a company acts ethically (32.4%)

I would be prepared to pay more for environmentally friendly products (19.9%)

People have a duty to recycle (26.4%)

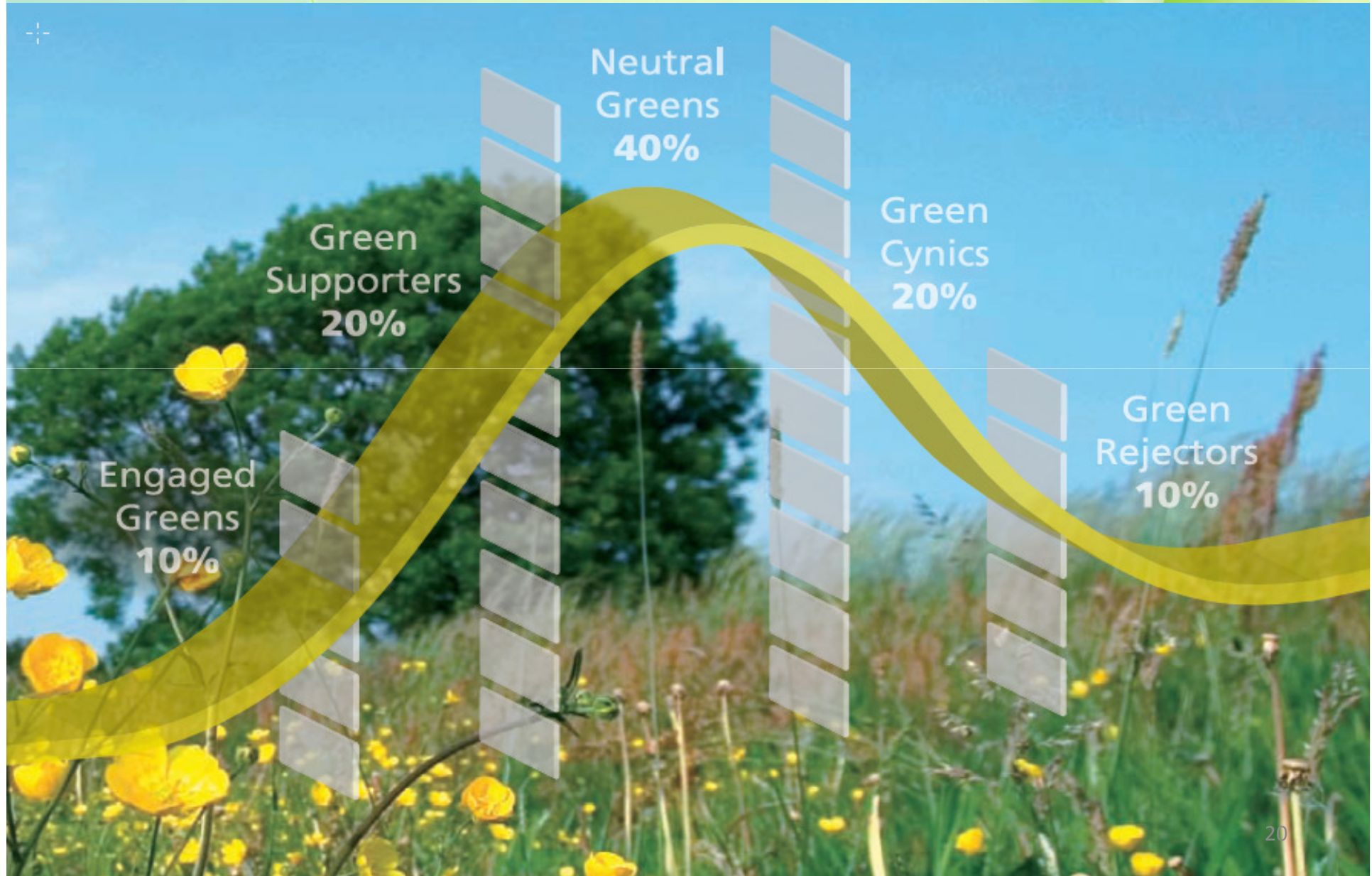
I would never buy toiletries and cosmetics that have been tested on animals (20.1%)

Corporations that sponsor educational events are only doing it to sell more products (18.1%)

I believe in supporting charity (28.7%)

5. Empirical findings

5.6 Consumer Green Values



5. Empirical findings

5.6 Consumer Green Values

Lifestyle statements used to create Green Values segments

- | |
|---|
| • There is too much concern with the environment |
| • I would be prepared to pay more for environmentally friendly products |
| • It is important that a company acts ethically |
| • People have a duty to recycle |
| • All packaging for products should be recycled/recyclable |
| • I am worried about the pollution and congestion caused by cars |

5. Empirical findings

5.6 Consumer Green Values

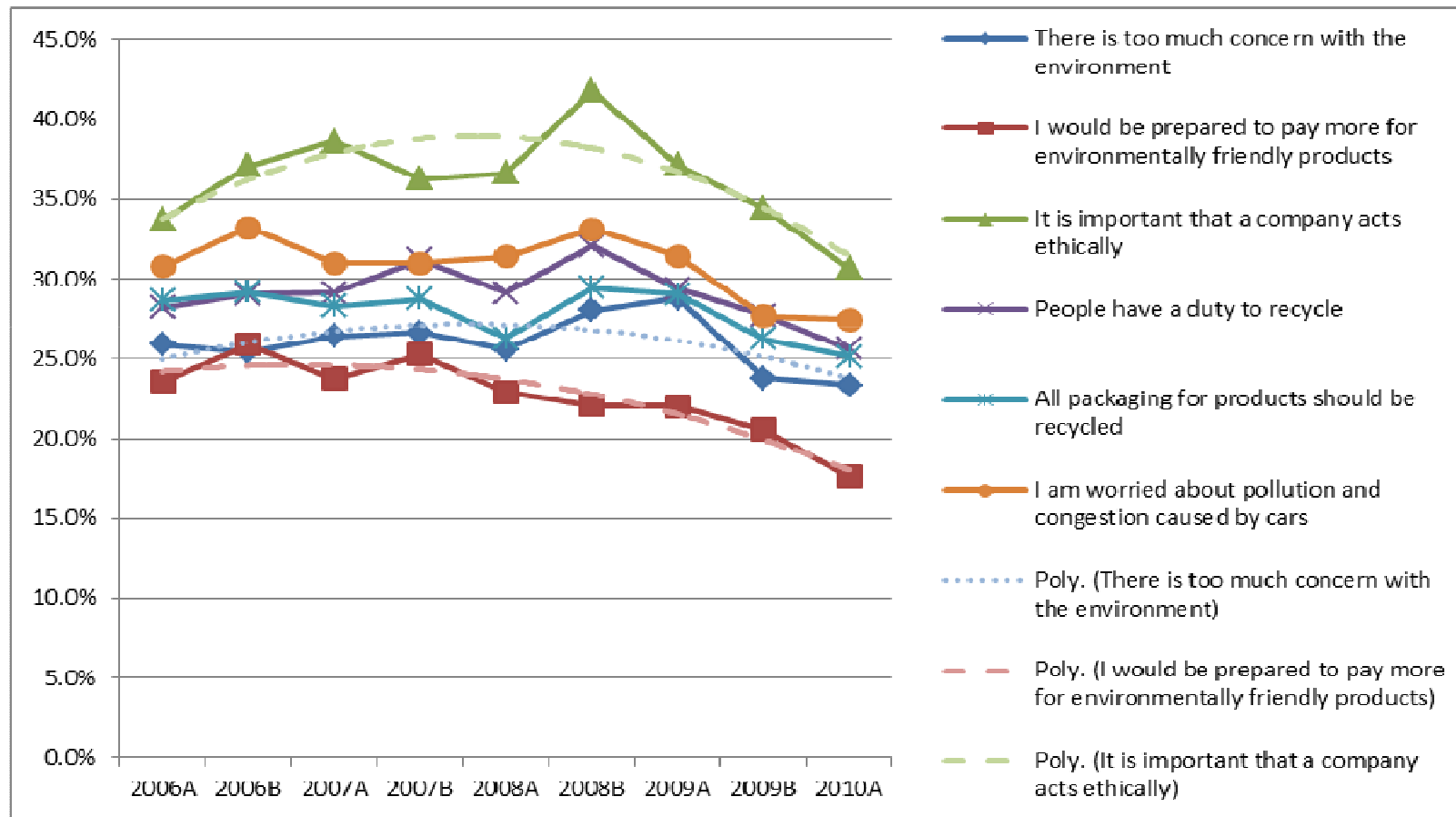
Green Values definitions

Engaged Greens	The most passionate green consumers, who will go out of their way to help tackle climate change and pay a premium for eco-friendly products.
Green Supporters	Care about the environment and would like to adopt more sustainable habits, but won't make big sacrifices in terms of price, comfort or convenience.
Neutral Greens	Aware of environmental issues and will buy into green initiatives, but only if they offer functional benefits too.
Green Cynics	Doubtful about the value of environmental initiatives and unlikely to choose green alternatives.
Green Rejecters	Disengaged and most likely to rebuff all green concepts.

5. Empirical findings

5.6 Consumer Green Values

Green Values statements over time



Source: TGISA

5. Empirical findings

5.7 Profiling 'Engaged Greens' and 'Green Rejectors'

Significantly more likely than average SA adult to be:



Engaged Greens

- White
- LSM 10
- Have paid domestic help
- Personal income of R14,000+
- Heavy users of media – especially print, cinema and Internet
- Traditional and philanthropic life values

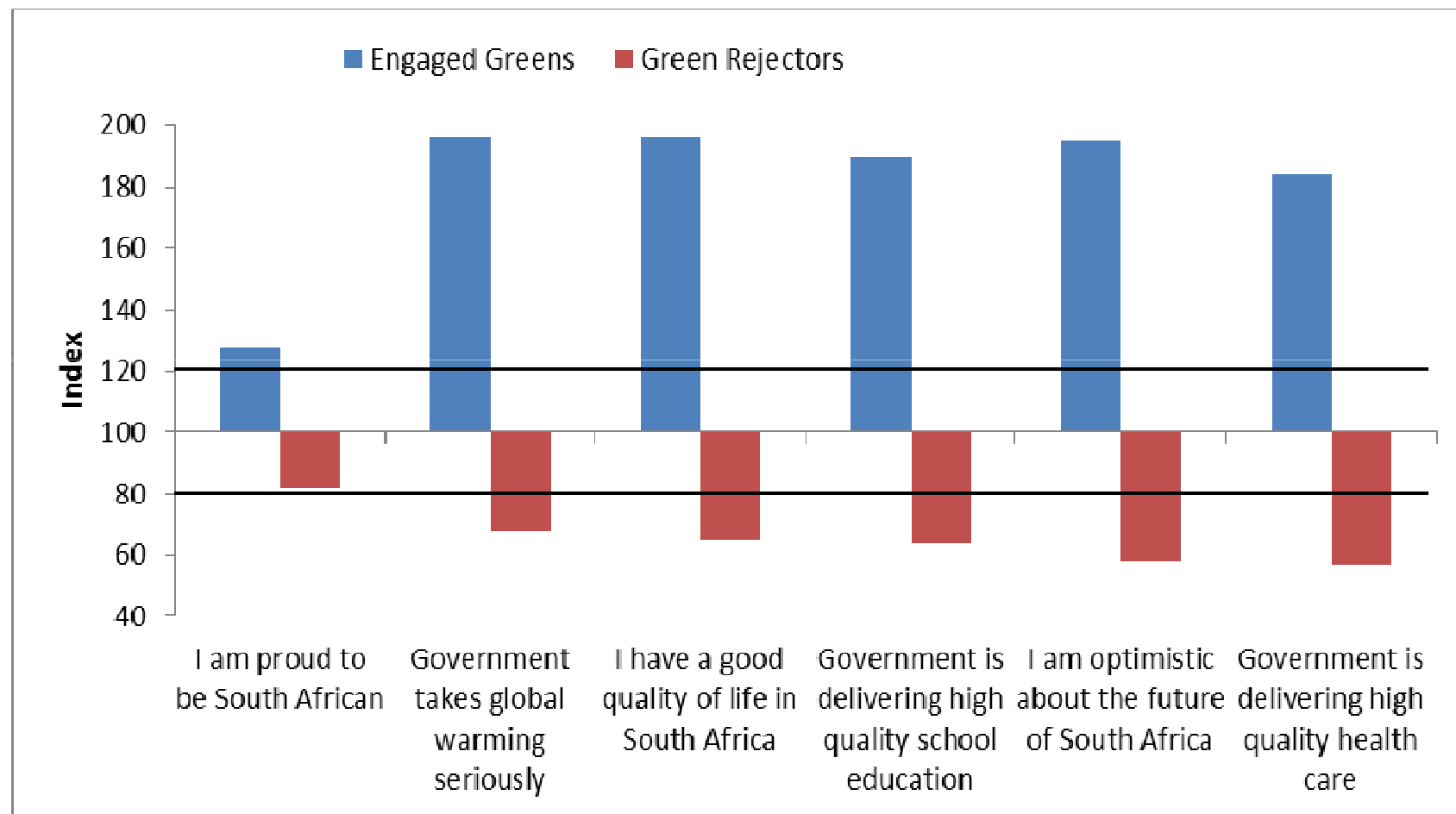


Green Rejectors

- Younger (28% aged 16-24)
- LSM 3-5
- Stay in shack/informal settlement
- Thrill-seekers
- Self-expressive
- Image-conscious

5. Empirical findings

5.7 Profiling 'Engaged Greens' and 'Green Rejectors'



Source: TGISA 2009B/2010A

Index > 120 is significantly more likely

Index < 80 is significantly less likely

6. Sustainability in practice

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6.1 Sustainability: The consumer view

- Growing concern about environment = driving force behind current shifts in consumer attitudes (WOM) and behaviour (spend) around the world
- Marketers should **align green marketing messages with consumer expectations**
- SA context – **decreased concern about ethical behaviour**
 - decline in consumer's concern about **environmentally friendly products**
- Economic climate, lack of availability and lack of awareness could be to blame

6. Sustainability in practice

6.2 Sustainability: The Government view

In the **2011 Budget speech, Mr Pravin Gordhan** announced government's plans and allocated funds pertaining to protecting the environment and adaptation to climate change based on the following:

- Funds amounting to R800 million have been set aside over the next 3 years for **“green economy” initiatives.**
- The minister also proposed additional allocations for research into **energy-efficiency technologies.**
- A total of R2.2 billion has been allocated for **environmental employment programmes** over the medium term period.
- Funding has also been provided for Minister Molewa's vote for hosting **the conference on climate change in November this year.**
- The total spending in the integrated national **electrification programme** will increase to R3.2 billion in 2013/2014.

6. Sustainability in practice

6.3 Companies making strides in the “Green arena”



launched a 120 Kw biomass-powered gasification plant in Honeydew, Johannesburg. The technology which enables the gasification plant converts carbon-based waste products, such as wood chips, garden waste and solid municipal waste into electricity through a specially designed gasification process



The 2010 Nedbank and WWF crossed the R100 million milestone in funds donated towards environmental sustainability through The Green Trust. The contributions have largely been raised through Nedbank's Green Affinity programme, where clients contribute through the use of Green Affinity current, savings and credit cards, investment products and eco-insurance options.



JSE Listing Requirements now comply with King III, including those requirements that deal with sustainable efforts. King III highlights the importance of building a sustainable business, in economic terms but also considering the social and environmental impacts

6. Sustainability in practice

6.3 Companies making strides in the “Green arena”



THE GLASS RECYCLING COMPANY



The Glass Recycling Company has a mandate to set up new businesses throughout South Africa that will pay for any waste glass that's brought to them for recycling, thus making a contribution to job creation in the formal and informal sectors.



Pick n Pay

Inspired by you

Pick 'n pay launched in-store recycling bins for energy-efficient light bulbs and used batteries, in order to provide consumers with a responsible way of disposing of their used light bulbs and batteries.



WOOLWORTHS



Woolworths partnered with Engen and Nampak to start up a trail of recycling facilities at eight Engen service stations in the greater Cape Town region last October. Residents could drop off their glass, paper, plastic and cardboard for recycling while filling up their cars or shopping at selected Woolworths food shops and Engen convenience shops.

7. Conclusion

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- Sustainability is a **necessity for third world countries**
- Two dominating driving forces in SA
 - **Legislation** – King III
 - **Organisational best practice** (influenced by global standards)
- Declining concern among consumers with regards to elements relating to environmental sustainability
- Those who feel they have a **good quality life in SA** are significantly more likely to be '**Engaged Greens**'.
- Recommendations for further research:
 - Investigating **relationship between consumer's demographic profile** and their **concern about environment**
 - Uncovering the extent to which **organisations' sustainability efforts** actually **influence the behaviour and / or perceptions** of the SA public

"To waste, to destroy, our natural resources, to skin and exhaust the land instead of using it so as to increase its usefulness, will result in undermining in the days of our children the very prosperity which we ought by right to hand down to them amplified."

Theodore Roosevelt

Thank You