



SOCIAL MARKETING

REBELS WITH A CAUSE

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Social Marketing Rebels with a Cause

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11. Moi(s) sans tabac: the first collective challenge for smoking cessation launched by Santé publique France <i>Karine Gallopel-Morvan, Olivier Smadja, Anna Mercier, Elodie Safta, Jennifer Davies, Romain Guignard, Pierre Arwidson and Viêt Nguyen Thanh</i>	444
12. Food waste in higher education institutions: ‘Smaller Eyes than Belly Movement’ <i>Sara Balonas and Susana Marques</i>	453
13. Civil society monitoring of tobacco industry point-of-sale marketing in Colombia <i>Juan Miguel Rey-Pino, Liliana Andrea Ávila-García, Jaime Arcila Sierra and Marian Lorena Ibarra Ávila</i>	462
14. Reducing the negative environmental impact of SMEs in Pakistan’s leather and tanning industry <i>Anne M. Smith and Aqueel Imtiaz Wahga</i>	468
15. Changing population salt intake behaviour: lessons from the UK salt reduction strategy <i>Michael Barry and Maurice Murphy</i>	478
16. The Act-Belong-Commit mental health promotion campaign <i>Rob J. Donovan and Julia Anwar McHenry</i>	482
17. From concept to action: integration of systems thinking and social marketing for health disparities elimination <i>Brian J. Biroscak, Carol A. Bryant, Claudia X. Aguado Loi, Dinorah Martinez Tyson, Tali Schneider, Laura Baum, Aldenise Ewing and Peter S. Hovmand</i>	492
18. Fast fashion: a wicked problem for macro-social marketing <i>Ann-Marie Kennedy, Sommer Kapitan, Neha Bajaj, Angelina Bakonyi and Sean Sands</i>	502
19. Whale sharks, Ningaloo Reef, Western Australia <i>Sarah Duffy and Roger A. Layton</i>	509
20. Wheels, Skills and Thrills <i>Alan Tapp</i>	525
21. An evaluation of Sea for Society using system indicators <i>Patricia McHugh and Christine Domegan</i>	534

Reducing the negative environmental impact of SMEs in Pakistan's leather and tanning industry

Anne M. Smith and Aqueel Imtiaz Wahga

Introduction

In the year 2000 the Norwegian Agency for Cooperation and Development (NORAD) and the Pakistan Government began to work together to reduce the environmental impact of small and medium-sized enterprises (SMEs) in Pakistan's private sector.¹ Initial work began with the leather and tanning industry; one that was particularly known to be responsible for water pollution impacting on the availability of clean water to local communities. A social marketing programme was launched to change SME owners'/managers' behaviour so as to reduce waste and negative environmental impact. At the same time SMEs would benefit from developing new capabilities, improving working conditions, increasing efficiency and cost savings, enhancing product quality, reputation and profitability. The programme was judged to be successful and was subsequently extended to other industrial sectors. However, while many SME owners adopted the new behaviours, others did not. This case study particularly focuses on the differences between adopters and non-adopters of pro-environmental behaviours to suggest how those implementing social change programmes can best target their interventions and accelerate the adoption process.

Problem definition

Studies have highlighted how organisations, and not individuals, are the main cause of many environmental problems (Smith and O'Sullivan 2012). Pakistan's leather and tanning industry has, in the past, been particularly problematic from an environmental perspective. This sector is of substantial economic and social importance, directly employing 500,000 people (Vogt and Hassan 2011: 47) and indirectly many others, for example from the agricultural sector and chemical industry. Leather is Pakistan's third largest export earning industry with almost 60% of exports destined for European markets. However, traditional production methods involve unhealthy working conditions and the discharge of waste into water supplies, thereby endangering human wellbeing as well as the natural environment. The industry is dominated by SMEs which, unlike larger businesses, often lack the resources (technology, knowledge, human and

finance) to implement environmental measures such as newer, cleaner production technologies and methods.

Competitive analysis

Three main categories of competition can be identified from the case. First, at the individual SME owner/manager level, negative beliefs, attitudes and behaviours will prevent the achievement of desired behavioural change and therefore programme aims and objectives. These include:

- Inertia, i.e. acceptance of existing behaviours based on traditional practices or habit.
- Perceived costs of change, i.e. both financial costs and the time to learn about the new methods.
- Lack of knowledge (or belief) in the business benefits of change.
- Lack of environmental awareness/concern.

Second, SMEs may wish to adopt new technologies and methods but lack the finance, knowledge, skills and other resources necessary for change. Third, the existing infrastructure may not support adoption (for example availability of technologies, training and finance and government action to support behavioural change or deter existing behaviours, e.g. incentives and fines).

Stakeholder analysis

NORAD: The overall objective of Norway's development policy is to fight poverty and bring about social justice. The Norwegian government, through the Norwegian Agency for Cooperation and Development (NORAD), is involved in a range of projects aimed at addressing social problems in developing countries and provides substantial funding.

Pakistan Government: The Pakistan Environmental Protection Agency was established to enforce the Pakistan Environmental Protection Act, 1997. The agency works to "promote research and the development of science and technology which may contribute to the prevention of pollution, protection of the environment, and sustainable development; identify the needs for, and initiate legislation in various sectors of the environment; provide information and guidance to the public on environmental matters; specify safeguards for the prevention of accidents and disasters which may cause pollution; and encourage the formation and working of nongovernmental organizations, community organizations, and village organizations to prevent and control pollution and promote sustainable development" (<http://environment.gov.pk/about-us/>). In addition, the agency can fine and even close down businesses which do not comply with environmental legislation.



Figure CS14.1 The Leather Products Development Institute at Sialkot

The Pakistan Gloves Manufacturers and Exporters Association (PGMEA): The PGMEA is a regional association of Pakistan's leather industry (the national association is the Pakistan Tanners Association (PTA)). It was the industry-level institution which managed the programme, acting as liaison between NORAD, the Cleaner Production Centre (see below) and the industry. The PGMEA continues to manage the current programme including the ongoing work of the Leather Products Development Institute (LPDI) (see [Figure CS14.1](#)) which focuses on developing design skills among workers including sketching, cutting and stitching, thereby minimising leather waste during production. The PGMEA's main interest is in increasing the export volume of leather and leather products through meeting the environmental demands of international buyers.

The Cleaner Production Centre: The CPC is an outcome of the collaborative arrangements between NORAD, PGMEA and the Pakistan Government. Its focus is the environmental capacity-building of SMEs in Pakistan's leather industry. The initial project was signed in 1998 and implementation began in 2000. The main objective of the CPC was to study the engineering techniques of leatherworking in SMEs and identify how they could reduce their environmental footprint while also becoming eco-efficient. This environmental support institute raises the level of eco-literacy among owner-managers and workers by organising workshops and seminars. The CPC also arranges on-the-job training showing how SMEs can conserve resources and reduce the pollution load by adopting cleaner production techniques (CPTs). Currently, the CPC does not receive any financial support from NORAD or the Pakistan Government. It is managed and funded by the PGMEA. While the CPC continues to guide leatherworking firms in Sialkot about adopting

cleaner production, there is also a laboratory, Tti laboratories, on site which offers product-testing services to a wider range of industries.

Buyers of leather goods: Major international buyers of Pakistan's leather goods can, through their pro-environmental purchasing policies, have a major influence on their suppliers.

SME owner/managers in the leather and tanning industry: As the target audience these were a major stakeholder group with a considerable interest in the change programme and the perceived benefits (or drawbacks) which it would achieve. They have the power to accept or reject change.

Local communities: Local communities have a significant interest in the programme from at least three major perspectives. First, as employees of SMEs (and also owner/managers as above) in this sector they are dependent on business success. Second, the programme involves improved working conditions in terms of health and safety, for example wearing protective gloves and shoes. Third, reduced pollution will improve the quality of drinking water for them and their families, reducing health risks.

Other stakeholders: These may include SME owner/managers in other industries who benefit from the extension of the programme; those in other industries reliant on the leather and tanning industry etc.

Aims and objectives

The main aim was to minimise negative environmental impact by making changes to the product (leather goods) or by improving production methods. The programme aimed to achieve the following changes in the industry:

- Control discharge of pollutants such as harmful solid waste and heavily polluted water.
- Reduce treatment/production costs with the introduction and implementation of 'cleaner production techniques' (CPT) in the industry.
- Encourage green businesses in Pakistan.

Achieving these aims required SME owner/managers to adopt the following behaviours:

- Engage in process improvement with the help of technical assistance from the 'cleaner production centre'.
- Install water meters to aid in water conservation.
- Control air pollution by the installation of dust collectors.

- Reduce water pollution by the construction of grit chambers trapping the sludge from the effluent.
- Use desalting tables to curtail the element of salt in effluents.

The intervention

The initial phase of this intervention took place between 2000 and 2003 and was later extended to 2006. It is currently in its fourth phase. The initial intervention was mainly funded by NORAD and designed collaboratively with industry association, industry consultants and the export promotion bureau of Pakistan. The target audience comprised SME owners/managers in the leather and tanning industry in Pakistan who were using environmentally degrading technologies and production methods.

The various components of the intervention can be classified according to the elements of the marketing mix as follows.

Product

The 'product' offered to SME owner/managers comprises benefits, tangibles and intangibles (service).

- Benefits included cost savings through reduced resource consumption and waste generation; improved production efficiency and reduced compliance costs (fines). Increased financial gain would be achieved through enhanced product quality and improved reputation with buyers and other stakeholders. Improving working conditions would benefit SMEs through their reputation as a good employer, improved employee morale and wellbeing. Other benefits included the development of a continuous improvement capability contributing to competitive advantage and long-term growth.
- Tangibles relate to the new clean production technologies (CPT) offered for adoption for example, water meters, dust collectors, grit chambers, chrome recovery plant and protective clothing for employees.
- Services aimed to provide the facilities required by SMEs to enable them to adopt cleaner technologies. For example, the CPC provided testing laboratories and information centres offering the expertise and knowledge which were lacking. Other vital services included training programmes and on-site visits (see Place and Promotion below).

Price

Much of the financial cost was borne by the CPC, for example they provided financial support for installing new machines and developing infrastructures including the provision of water meters and dust collectors free of charge. They also developed grit chambers specifically for SMEs and purchased a dumper to collect solid waste. From the

SMEs' point of view this significantly reduced the financial cost of adopting new technologies although, as highlighted later, other costs such as time spent away from the business, time for staff to retrain and production downtime were also incurred.

Place

The CPC is located in Sialkot, a city which houses a large number of export-oriented leatherworking firms. However, to reduce the need for travel and increase convenience, training and consultancy are also conducted in-house at SME premises. Leather technologists from the CPC visit SMEs, observe their production processes and advise on how to adjust chemical combinations to reduce chrome (which could be a carcinogen), implement water and energy conservation measures through reconfiguration of the production process, install water flow meters, and take health and safety measures for example by equipping employees with masks, rubber gloves and shoes.

Promotion

Information about the programme was disseminated by the CPC through their news bulletins, industry reports and training programmes, including lectures and seminars. The CPC also established an information centre to provide technical information about the latest technologies and knowledge about how pollution can be reduced with the help of solid waste management systems. As illustrated consultants from the CPC also visited SMEs to promote the benefits of the new technologies. As the programme developed, case studies were developed of SMEs who had adopted the new technologies and methods. Peer groups were formed to work on, for example, water and energy conservation and later to cascade the practices in other SMEs.

Research and evaluation

Although no formal research was conducted prior to the intervention, the programme designers included industry experts (consultants and agencies) who were familiar with the attitudes and behaviours of the target audience. During and post-intervention, consultants involved in the programme collected data from SME owners/managers as to their opinions with respect to adopting the new technologies and production methods. They concluded that adopters and non-adopters differed according to the following characteristics:

- adopters were better educated and widely travelled entrepreneurs who had greater exposure to environmentally relevant market opportunities;
- non-adopters were less educated entrepreneurs and lacked awareness and knowledge of environmental issues.

The findings (summarised below) show notable differences between those who adopted the new behaviours and those who did not across three criteria: perceived business benefits and costs; environmental concern/awareness; and perceptions of government/infrastructure factors (A = adopter; NA = non-adopter).

Business benefits and costs

- Customer pressure is the main reason for adopting new methods, primarily coming from the European markets (A).
- Some SMEs want to increase their goodwill (A).
- Environmental engagement does not make economic sense (NA).
- Training and knowledge transfer focused on environmental awareness are considered a waste of time; some small firm owners prefer to stay with their unit to avoid revenue losses (NA).
- Entrepreneurs are not willing to invest in environmental initiatives at the cost of the usual financial needs of their businesses (NA).

Environmental concern/awareness

- A few others voluntarily want to address the environmental problems because they are damaging natural resources (for example, marine life is endangered) and also causing health problems for individuals and communities (A).
- Despite having environmentally concerned staff, some entrepreneurs are not willing to invest in environmental initiatives (NA).
- Lack of awareness of environmental impact (NA).

Government/infrastructure factors

- Pressure from government to become environmentally responsible (but not a significant reason) (A).
- Ineffective implementation of environmental rules and regulations (NA).
- Inspection of firms by environmentally incompetent staff from the government resulting in weak legislative implementation (NA).
- Even if the community raises concerns about environmental impacts, the factory owner is very influential so pressure from local authorities does not matter (NA).
- Unplanned expansion of firms does not allow for the provision of effective common facility/service support (NA).

Finally, SME owner/managers commented on features of the intervention/programme which had, or could, influence them positively or negatively:

- Perceived ownership of the programme by the industry-related consortium of firms, the Pakistan Gloves Manufacturers and Exporters Association (PGMEA), was a positive factor.

- If SMEs perceive a direct benefit, for example by getting a solution to their problem, only then will they adopt environmental measures (seminars do not provide the solution so small firm owners, generally, do not even attend these). However, medium-size firms do attend such events relatively frequently.
- The people involved are important. They should be informally dressed and use the local language so as not to be considered a tax-officer or a person who will just waste their time.

Outcomes

The success of CPT in this industry has been apparent. After the first two phases of implementation changes include:

- 25% reduction in water usage.
- 30 to 40% reduction in effluent.
- 20% reduction in waste production.
- 20 to 30% reduction in treatment costs.
- 10% reduction in the use of chemicals.

(Source: Pakistan Gloves Manufacturers and Exporters Association, 2009)

Consequently CPT initiatives have been extended to other industries and further extensions are planned, including cutlery, metal finishing, sports goods, textiles, sugar, surgical instruments and paper.

Discussion

The case study illustrates a number of factors relating to the adoption of new behaviours and technologies first described by E. M. Rogers in 1962² and often used in marketing studies. First there is the difference in adopter/non-adopter characteristics. In particular customers who are 'early adopters' often exhibit the characteristics found in this study (although there can be differences depending on the nature of the product). Adopters of CPT were better educated and widely travelled entrepreneurs who have had greater exposure to environmentally relevant market opportunities. Non-adopters were less educated entrepreneurs and lacked awareness and knowledge of environmental issues. Those who are most likely to adopt new behaviours are often referred to as 'the low-hanging fruit' in that they are more accessible and easier to reach.

Rogers also describes five product (or innovation) characteristics that can affect the speed of adoption. These are:

- Relative advantage – What are the benefits, advantages or efficiencies that the new product has over alternatives?

- Compatibility – How well does this new product fit with the potential adopter’s needs, value system, existing products and technologies etc.?
- Complexity – How difficult it is to understand, learn about or use the new product?
- Trialability – Can the new product be tested on a limited basis?
- Observability – To what extent are the benefits visible?

Social marketing interventions need to address the above characteristics to encourage the target audience to adopt new behaviours. Question 1 below asks you to develop a detailed target audience profile (the ‘low-hanging fruit’) for early adopters of CPT, while question 2 asks you to recommend how a social marketing intervention should be designed to optimise the potential for success in changing the behaviour of SME owner/managers. The five characteristics outlined above will be useful here.

Finally, although this case study emphasises the successes of social change programmes on a local level, further consideration needs to be given to the need for systemic change. As highlighted above, some SME owner/managers resist change, as for them the costs outweigh the benefits. In addition there is evidence that the Pakistan government could do more to enforce changes thereby increasing the perceived costs of non-adoption. The negative impact of this industry on the health of workers in other developing countries has also been highlighted. For example, the World Health Organization has identified the significant negative impact of the leather tanning industry on the health of the local population and particularly children in Bangladesh. A recent report states:

Children as young as eight working in the tanneries of Bangladesh producing leather that is in demand in the west are exposed to toxic chemical cocktails that are likely to shorten their lives

and in addition:

About 90% of those who live and work in the overcrowded urban slums of Hazaribagh and Kamrangirchar, where hazardous chemicals are discharged into the air, streets and river, die before they reach 50.

Case study questions

1. Based on the case study, and particularly the research findings, develop a detailed target audience profile for an intervention to reduce the environmental impact of working practices of SMEs. This should focus the intervention on potential early adopters (the ‘low-hanging fruit’).
2. Many developing countries are dependent on a large number of SMEs for employment, production and exports. Yet many SMEs provide poor working conditions and are responsible for substantial environmental damage. By analysing the case study above recommend how a social marketing intervention should be

designed to optimise the potential for success in changing the behaviour of SME owners/managers.

3. Outline the main features of the social marketing system as described in the case study. In your view where are the potential areas for collaboration/fit or conflict between the social marketing system and the marketing system for leather goods. How can a Community Social Marketing approach influence the quality of life of workers and local communities?

Notes

- 1 SMEs, in Pakistan, are defined differently by various institutions. According to the SME policy of Pakistan (2007), an SME is considered to employ up to 250 people with paid-up capital up to Rs. 25 Million and annual sales up to Rs. 25 Million. For details see this link: www.smeda.org/index.php?option=com_fsf&view=faq&catid=3&faqid=48.
- 2 For a later edition see E.M. Rogers, (2003) Diffusion of Innovations, 5th edition. New York: Free Press.

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