Chapter 16
The Impact of Energy and Water Consumption on Supplier Credit Disbursement:
Stakeholder Pressure Towards the Greening Agenda

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ABSTRACT

The 4IR is fading away to usher in Industry 5.0. Finding its bases on Industry 4.0, the 5IR emphasises sustainability and human to machine collaboration. The rationale resides in encouraging warehouses to harness new innovations given Industry 4.0 and 5IR. The researcher seeks to investigate if corporate green performance influences suppliers' support. In congruency to the quantitative nature of the study, a positivist stance was adopted to test the set hypothesis. Archival data were drawn purposively from the FTSE/JSE Responsible Investment Index to compute a short panel data set comprising 19 companies and 114 observations over a six-year period. Pearson's pairwise correlation and first differenced econometric models for Fixed effects were employed for statistical analyses. The study yielded mixed findings as energy consumption indicated a significant positive effect on supplier credit disbursement. Conversely, water consumption was found to be statistically insignificant. The results render practical implications that green warehousing calls for stakeholder support.

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1. BACKGROUND AND INTRODUCTION

The concept of greening has since gained traction globally as the planet battles the prevailing climate change crisis. Thus, the greening agenda embodies a wide range of initiatives that seek to promote environmental responsibility (Ramadhini, Adhariani & Djakman, 2020). According to Gigante and Manglaviti (2022), integration of environmental considerations in corporate practices across various industry sectors is the primary goal of lobby groups that are custodian to the greening agenda. Abba et al (2019) posit that greening practices are beginning to show in industry sectors such as transportation, agriculture, urban planning, energy and waste management. However, more work still needs to be done to promote green practices given that it is regarded as an emerging phenomena (Kordsachia, Focke & Velte, 2022; Meyer *et al.*, 2019). Steyn (2014) argues that a considerable number of industries are still lagging despite numerous companies beginning to adopt green practices following the advent of mandatory integrated reporting. Moreover, the greening agenda places emphasis on greening cities and towns, large events, raising public awareness on environmental issues and promoting biodiversity (Margaretic & Pouget, 2018; Cini & Ricci, 2020).

Issock Issock, Mpinganjira & Roberts-Lombard (2020) notes that energy consumption is a crucial metric employed as an indicator to measure corporate sustainability performance. Thus, energy consumption affects the environment adversely through habitat destruction, exacerbating climate change crisis and polluting the atmosphere and water. Fahim and Mahadi (2022) states that the primary source of energy is largely fossil fuels which has sky-rocketed South Africa's standings as the largest emitter of greenhouse gases globally. Conversely, Ameli *et al.* (2021) contends that excessive water consumption can significantly impact the environment. While different sectors of the economy participate actively in pushing water consumption levels high, the warehousing industry has considerable impact in this regard (Akintokunbo & Arimie, 2021; Luster *et al.*, 2009). Fahim and Mahadi (2022) claims that, if it remains unchecked, water consumption can lead to water scarcity, perpetual climate change risks, disrupts and degrades the ecosystems.

In the view of Edeh (2020), stakeholder pressure is imperative in compelling companies to adopt green practices. To this end, producing sustainability reports in South Africa is currently voluntary despite enormous pressure exerted by various lobby groups who call for mandatory disclosures (Favotto & Kollman, 2021). However, the Johannesburg Stock Exchange (JSE) has made it mandatory for companies to adhere to the provisions of the King IV which encourages sustainability disclosures and integrated reporting. This means that stakeholders accessing these reports make crucial decisions holistically based on both financial and non-financial data disclosed in the integrated reports (Ramjee & Gwatidzo, 2012; Gwatidzo, Ntuli & Mlilo, 2017;