

Ngwakwe, Collins C.

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Kontakt/Contact

ZBW – Leibniz-Informationszentrum Wirtschaft/Leibniz Information Centre for Economics
Düsternbrooker Weg 120
24105 Kiel (Germany)
E-Mail: [rights\[at\]zbw.eu](mailto:rights[at]zbw.eu)
<https://www.zbw.eu/>

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Corporate Health and Safety Disclosure and Sales Revenue Growth

Collins C. Ngwakwe¹

Abstract: This paper examined a possible relationship between health and safety disclosure and sales revenue growth in Woolworths Holdings Limited South Africa. The paper became apposite to add a nuance to burgeoning extant literature on environmental responsibility and firm performance from a health and safety perspective. This is with a view to accentuating the importance of health and safety element of corporate responsibility. In addition to a brief review of literature, the analysis approach was quantitative. Using the SPSS software, a Pearson correlation analysis between health and safety disclosure and revenue growth was conducted. At 5% significance level, a two tailed test showed that $P < 0.03$, this indicates a significant correlation at $r = 0.821$ and $P = 0.03$. Similarly a simple regression analysis was conducted and findings show a significant relationship at $\beta = 0.835$, $F(1, 5) = 0.0235$, $P < 0.03$ ($R^2 = 0.67$). Findings therefore indicate that, whilst holding other factors constant, health and safety disclosure correlates with growth in sales revenue in Woolworths Holdings Limited. The practical business implication thus is that given the emerging growth in customers' product health and safety awareness, the corporate may increase sales revenue by disclosing health and safety information on the face of sustainability reports. The paper suggested an agenda for further research on health and safety disclosure to include multiple companies in South Africa.

Keywords: sustainability disclosure; health & safety; revenue growth; good business journey; responsible business

JEL Classification: H51

1. Introduction

The emergence of burgeoning worldwide ecological consciousness and the current crusade for green economic development is positively shifting firms' consideration towards sustainable and environmentally friendly operations (D'Souza et al, 2006; Forbes et. al., 2009). Environmental friendliness has also metamorphosed from operational compliance to disclosure (Patten, 2014); for instance, health and safety disclosure about the safety of employees at work and the health and safety of customers as they consume the products are forming vital facets of social and environmental responsibility.

The campaign for environmental and social sustainability has brought about a development of numerous worldwide establishments articulating standards that guide corporate interaction with the society and environment (Christmann, 2004; Dechezleprêtre et al, 2015). These guidelines are influencing business to comprehend that their vital position in society has the ability to affect social and physical environment (Berry & Rondeinelli, 1998; Epstein & Buhovac, 2014). Aside from government pressure, growth in civil society's environmental awareness and the emergence of green purchaser consciousness is stirring corporate initiatives for environmental health and social obligation (Epstein & Buhovac, 2014). Hence, green consumers are gradually driving corporate health and safety initiatives (D'Souza et al, 2006) – on workers and on products and services offered to consumers. Consumers' awareness for green products is therefore refocussing consumer purchase habit towards

¹ Professor, PhD, Turfloop Graduate School of Leadership, Faculty of Management and Law, University of Limpopo South Africa, Corresponding author: collins.ngwakwe@ul.ac.za.

greater patronage for healthy and safe products and hence companies that sell these products tend to attract increased customer patronage and sales (Chamhuri & Batt, 2013). Whilst it can be acknowledged that, there exist a galaxy of extant research dwelling on and searching for potential relationship between sustainability disclosure and firm performance, research about health and safety disclosure and sales revenue growth is not common within the South Africa setting. However, the South African government's green economy agenda (Department of Environmental Affairs, 2015) and the growing consumer health and safety preferences for products make this research worthwhile.

Accordingly, the question that underpins this article is whether Woolworths' health and safety disclosure has any relationship with Woolworths' sales revenue growth. Therefore, the objective of this paper is to evaluate if health and safety disclosure relates with sales revenue growth in Woolworths South Africa. Using health and safety disclosure and sales revenue data from the Woolworths Good Business Journey (GBJ) reports, analysis demonstrate a correlation between health and safety disclosure and sales revenue growth. The findings of this paper should encourage firms that are already investing in health and safety to do more – seeing that it makes promotional and financial sense. More importantly, it should encourage companies that are still apathetic to health and safety investment to see that health and safety initiatives can be strategic in boosting corporate sales revenue growth.

The remaining part of this paper is organised as follows: the next section after the introduction presents a review of related literature. The methodology and analysis is presented after the literature review; the final section presents the conclusion and recommendation.

2. Related Literature

Literature evidence show that employers' efforts to improve workers' health and safety conditions resonate with enhanced productivity at work (Sullivan, 2004). Although environmental compliance may drive the impetus on managers' health and safety initiatives (Armstrong & Taylor, 2014), the economic benefit accruable from improved health and safety conditions is also a vital source of motivation for managers to engage in health and safety innovation (Koningsveld, 2005). Managers are not oblivious of the associated corporate performance benefits from improved workers' health and safety; research has disclosed that enhanced health and safety not only improves productivity, it also boosts workers' innovative ability and hence product quality (Riedel et al, 2001). A myriad of benefits accrue to companies that invest in health and safety of workers; these include *inter alia*, more refined products offered to customers, higher workers' morale, general improvement in target productivity, reduction in absenteeism and lost hours, reduction in cost of accidents and associated litigation (see. e. g. Armstrong & Taylor, 2014). Aside from improving workers commitment to work and concomitant improved productivity, production of healthy and safe goods endear customers to the company (Chamhuri & Batt, 2013; Ismoyowati, 2015), and hence a boost in market niche and relevant turnover. This benefit is more obvious when firms adopt effective health and safety information commutation to customers (Sammer & Wüstenhagen, 2006; Granato et al., 2010).

Health and safety information disclosure is a source of empowerment to consumers (Hartigan-Go, 2015); this is because health and safety disclosure informs consumers about the health components of the product value, which assist green consumers' purchasing decision. Extant research about consumer health and safety awareness in product purchase and consumption indicate that consumers are increasingly becoming aware of environmental, health and safety implications of their purchase and

consumption choices (2006; Ajayi & Salaudeen, 2014; Pahuja et al., 2014). The implication thus is that, with healthy living considerations, consumers are becoming and may become more selective during product purchasing with increased product health and safety consciousness (Granato et al., 2010). Therefore, the more green consumers are apprised about product safety, the more they are attracted to purchase those products that have been produced under strict health and safety environment (Granato et al., 2010).

Recent empirical evidence has shown that consumers are attracted to companies that disclose the associated health information of their products and services (Lee et. al., 2014). This therefore increases customers' patronage on the companies that sale healthy and safe products (Kang et. al., 2015). Based on the increased awareness of consumers about health and safe foods, Chamhuri & Batt, (2013) find a rising trend in the number of consumers purchasing healthy and safe foods from companies that disclose information about the health and safety of their products. Since consumers disseminate information about the quality of products they purchase (Chamhuri & Batt, 2013), this will attract more customers to the companies that produce and sell health and safe products.

Accordingly, some companies have therefore realised the importance of health and safety disclosure in boosting the credibility of corporate services and products. An example is the Woolworths South Africa health and safety disclosure. Through a state of the art product labelling strategy, Woolworths' customers are well educated to make apprised purchasing decisions. In addition Woolworths maintains a policy that enhances the reliability and safety of its products for adults and children, this includes *inter alia*, a rigorous quality control testing to improve product safety, use of metal detectors to maintain its no-pin policy for the safety of children's products (Woolworths Holdings, 2014).

To the best of researcher's knowledge, none of the past literature in South Africa has focussed on this unique aspect of environmental accounting and reporting literature to examine the relationship between environmental health and safety and corporate sales turnover. Hence, this paper adds to existing sustainability disclosure literature in South Africa.

3. Method and Findings

The research approach is a single case study of Woolworths South Africa; the source of data was from the archive of Woolworths' Good Business Journey Report 2008 – 2014. Data collection was by means of content analysis of health and safety disclosure in Woolworths Good Business Journey (GBJ) report for seven years. The word "health" was searched in Woolworths GBJ report from 2008 to 2014 and the number of counts was recorded against each year's sales revenue. The sales revenue data was also collected from GBJ report. Using the SPSS software, at 5% significance level, Pearson correlation analysis was conducted to determine possible correlation between health and safety disclosure and sales revenue growth in Woolworths Holdings Limited South Africa. In addition to the correlation, a slight triangulation was added by rechecking the relationship with a simple regression analysis at 5% significance level. In using the simple regression, the conventional regression assumptions were held constant.

Tested at 5% significance level, a two tail result show that $P < 0.03$, this indicates a two tail significant correlation at $r = 0.821$ and $P = 0.03$. Similarly findings from the simple regression analysis show a significant relationship, $\beta = 0.835$, $F(1, 5) = 0.0235$, $P < 0.03$ ($R^2 = 0.67$). The result of the analysis is presented in Table 1, Table 2 and Figure 1. These results therefore show that, whilst holding other

factors constant, Woolworths' health and safety disclosure significantly correlates with growth in sales revenue. This means that engagement in health and safety disclosure may pay off as it educates consumers about corporate health and safety initiatives on the products consumed by customers. It also implies that although health and safety initiatives may be costly for the firm, but it may result in benefits such as customer patronage that leads to growth in sales revenue.

Table 1. Correlation Analysis: health & safety disclosure and Revenue

Correlations		Revenue	HSDisclosure
Revenue	Pearson Correlation	1	.821*
	Sig. (2-tailed)		.024
	N	7	7
HSDisclosure	Pearson Correlation	.821*	1
	Sig. (2-tailed)	.024	
	N	7	7

*. Correlation is significant at the 0.05 level (2-tailed)

Table 2. Simple regression analysis: health & safety disclosure and Revenue

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.821007513
R Square	0.674053337
Adjusted R Square	0.608864004
Standard Error	4.390860052
Observations	7

ANOVA

	df	SS	MS	F	Significance F
Regression	1	199.3503114	199.3503	10.33993	0.023581615
Residual	5	96.39826	19.27965		
Total	6	295.7485714			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-3.1977	9.899904593	-0.323	0.759764	-28.64621492	22.25081	-28.6462149	22.2508149
H&S Disclosure	0.8353	0.259766784	3.215577	0.023582	0.167548224	1.503052	0.16754822	1.50305178

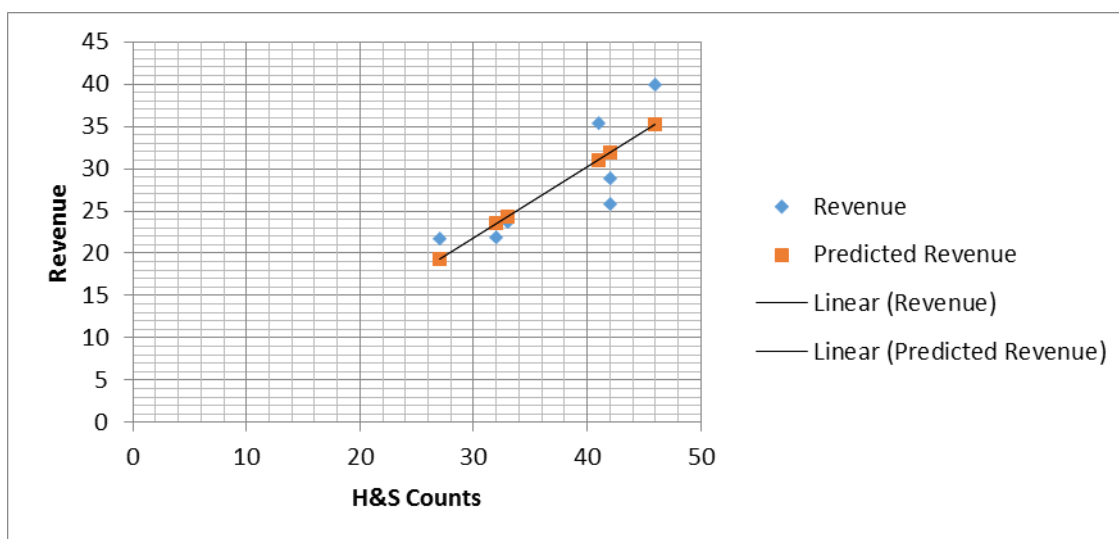


Figure 1. Line fit Plot: Health & Safety Disclosure and Revenue

4. Conclusion

The aim of this paper was to ascertain possible relationship between health and safety disclosure and growth in sales revenue in Woolworths Holdings Limited South Africa. A review of related literature indicates that corporate environmental and health responsibility including the disclosure does affect firm performance. Accordingly, given the paucity of previous case research literature in this niche – within the South Africa context, the researcher proceeded to analyse the relationship between health and safety and revenue data retrieved from various Good Business Journey reports of Woolworths Holdings Limited South Africa. Using the SPSS software, a Pearson correlation analysis between health and safety disclosure and revenue growth was conducted. At 5% significance level, results show that $P < 0.03$, this indicates a two tail significant correlation at $r = 0.821$ and $P = 0.024$. Similarly a simple regression analysis was conducted and findings show a significant relationship, $\beta = 0.835$, $F(1, 5) = 0.0235$, $P < 0.03$ ($R^2 = 0.67$).

Findings from the analysis therefore indicate that, whilst holding other factors constant, health and safety disclosure correlates with growth in sales revenue in Woolworths Holdings Limited. This finding adds credence to previous studies on the performance implication of corporate environmental responsibility. However, this paper adds a slightly modest nuance to existing literature in that it brings in an aspect that is somewhat overlooked within the South African context especially in a single company study. The practical business implication thus is that given the emerging growth in customers' product health and safety awareness, the corporate can increase sales revenue by disclosing health and safety information on the face of sustainability reports. This disclosure tends to apprise customers about concerted initiatives taken by a company to ensure the health and safety of the employees and products. It therefore signals that whilst health and safety disclosure complies with corporate environmental responsibility expectations, it also constitutes a worthwhile promotional strategy. This finding should motivate firms that are already investing in health and safety to do more since it makes promotional and financial sense. Furthermore, it should encourage companies that are still apathetic to health and safety investment to see that health and safety initiatives can be a strategy to promote firms' health and safety responsibility and boost sales revenue. The obvious limitation of

this paper is its focus on one company and short period of observation; hence, the paper suggests that further research on health and safety disclosure and firm performance should include multiple companies and more periods of observation.

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