

Contingency Approach to Sustainable Water Cost Management in a South African Brewery

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ABSTRACT Water is an increasingly expensive resource with rising costs that eventually affects business costs. Although businesses vary widely in their levels of water-use intensiveness, many of them do not always consider the full costs of their water usage; a factor that determines how far they are willing to reduce water consumption. Using the contingency theory approach, the present research paper provides an understanding to the effect that the determination of water costs should encompass sustaining human welfare, economic growth, ecosystems and the recognition that sustains each of these aspects is dependent on sustaining the others. Findings reveal that the SAB Ltd manages its water resources based on three contingent factors, namely: water recovery for sustainable production; water-use efficiency due to use of economic instruments and pricing; and managing water scarcity due to local nature and water-use licensing and enforcement. The paper recommends the provision of adequate and reliable water-related cost information to enable managers to identify operations with excessive water consumption and wastages and those that present opportunities to reduce such wastages.