

Environmental and financial performance: Sectoral analysis

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Sectoral hypothesis

“Early” and “Late” movers (Hart & Ahuja 1996)

“Late” environmental movers derive more low-cost improvements and therefore reap greater financial benefits than “early” movers. This assumption is based on the suggestion that there are diminishing returns on environmental actions.

High-growth and low-growth industries

(Russo & Fouts 1997),

The relationship between environmental and financial performance is moderated by industry growth relating to newness of the capital stock and an “innovative” culture.

Main conclusion

- No empirical support to suggest that the environmental/ financial relationship differed within sectors
- These results were corroborated by results from the bivariate probit regression models.

Policy implication

- No need to dispense targeted sector information to business about possible benefits of reducing their environmental impacts (f.ex. from participating in voluntary environmental programs)

Limitations

- These analysis evaluate facilities across sectors at one point in time and were based on simple bivariate statistics
- Time series panel data would have been preferable

Further research

- Do more country-specific analysis, corroborate the (self-reported) data and draw on secondary sources.