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ENVIRONMENTAL RESPONSIBILITY AND COMPANY FINANCIAL PERFORMANCE: THE CASE OF ROMANIAN MANUFACTURING INDUSTRY

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Abstract

The relation between the level of implementation of environmental practices and corporate financial performance (CFP) becomes important, especially when environmental policies, with corresponding standards and regulations, are adopted by the company on a voluntary basis and when companies' economic activities affect stakeholders. In our research, we relate environmental practices with CFP by designing a way of measuring a particular environmental rating *for which we didn't find any similar approach in the bibliographical references*. Our results show that there is a significant difference in CFP between companies adopting environmental policies and those which are not adopting environmental policies. We used as financial measures Return on Assets (ROA), Return on Equity (ROE), and Price to Book Value (PBV) on a sample of 21 companies from the manufacturing industry listed on the Bucharest Stock Exchange (BSE), over the period of 2011-2013.

Key words: corporate financial performance, corporate social responsibility, environmental rating, manufacturing industry, Romania

Received: March, 2014; Revised final: October, 2015; Accepted: October, 2015

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