

## **How Environmental Responsibility Pays Off?: An Analysis of the Financial Performance of Environmental Responsible Indian Companies**

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### **Abstract**

Environmental disclosure has become a significant concern in business management. Impact of business on the environment is likely to be of increasing importance for managers over the coming decades. Environmental awareness among Indian stakeholders gets strengthened with advancement in communication technology. Stakeholders are sensitive about the harmful impacts of industrial activities on environment. Such high propensity of environmental awareness ensures a more cautious approach among Indian corporations to be environmentally responsible. Under this background, the objective of this paper is to establish a possible relationship between sustainable business practice and firm performance. Using a field survey methodology, a sample of sixty companies in India was studied. The firms were categorized into two groups, environmentally 'responsible' and 'irresponsible' firms. An investigation was undertaken into the possible relationship between firm performance and three selected indicators of sustainable business practice: Health Safety and Environment (HSE), Waste Management (WM), and Community Development (CD), common within the 'responsible' firms. Findings from empirical results reveal that the sustainable practices of the 'responsible' firms are significantly related with firm financial performance.

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