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## **ENVIRONMENTAL PERFORMANCES – WAY TO BOOST UP FINANCIAL PERFORMANCES OF COMPANIES**

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### **Abstract**

The aim of this paper is to evaluate the link between environmental and financial performance. In this study, we use a sample of 76 Romanian companies that are listed at Bucharest Stock Exchange, in 2011. The results reflect a negative correlation for the internal performance of the company represented by ROA and a positive correlation for the external performance represented by Tobin's Q. Our study reflects the fact that environmental investments are not immediately reflected in an increase in the companies' internal performance but rather in an increase in investment costs and a decrease in assets' efficiency. For investors, these investments in environmental activities are appreciated as "good news", as a factor that will ensure long-term sustainability of the company; this aspect being correlated with Tobin's Q rate's growth, yet not with other market indicators, namely Market capitalization or Price to book ratio.

*Key words:* corporate governance, corporate social responsibility (CSR), economic and financial performance, environmental performance

*Received: Aprilie, 2013; Revised final: February, 2014; Accepted: March, 2014*

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