



***ICEEM/03 – ENVIRONMENTAL MANAGEMENT
SECTION***

***Environmental Integrated Management and
Risk Management***

**AN EMPIRICAL ANALYSIS OF ENVIRONMENTAL
MANAGEMENT AND PROFITABILITY IN SOUTH
AFRICAN FIRMS**

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Abstract

A model for the link between Environmental Management and Profitability in South African-based firms was developed by the author in 2004. Environmental Management was delineated into six factors: Top Management Commitment, Product and Process Technology, Risk Management, Stakeholder Partnerships, Employee Relations and Resource Conservation. Profitability was defined by Return on Investment, Intellectual Capital and Competitive Advantage. This paper extends the model with input data from 1000 South African companies and tests the data using confirmatory factor analysis and path analysis with latent variables. The empirical analysis indicates that Top Management Commitment and Stakeholder Partnerships exert a positive causal influence on Competitive Advantage, with Stakeholder Partnerships acting as a mediator variable.

Keywords: environmental management; profitability; factor analysis
