LINK BETWEEN ENVIRONMENTAL AND ECONOMIC EFFICIENCY

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Abstract

The study contains a theoretical and methodological examination of the relationship between the environmental and economic efficiency of firms. It reframes the crucial question, not whether, but when environmental efficiency improvements are profitable for firms? The paper develops the novel concept of eco-profit and try to identifies three gaps in the previous knowledge: (1) the relationship may not be constant across environmental efficiency levels, which means that it needs to be considered a function of environmental efficiency; (2) the relationship may not be uniform across cases, which means that the determinants of environmental profit need to be identified; and (3) the relationship may not be static across time, which means that changes in the determinants of environmental profit over time need to be discussed.

Key words: economic efficiency, ecoprofit, environmental efficiency