

## **The Empirical Study of Corporate Environmental Performance and Financial Performance: Assessing Corporate Social Responsibility in Japan**

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### **Abstract**

The Corporate Social Responsibility (CSR) is observed as base point of compatible responsible business in the commencement of 20th century. There is a long term debate prevailing to outline the proper definition of CSR because the contents of CSR have different exposes and standards. To examine the linkage between CEP (Corporate Environmental Performance) and CFP (Corporate Financial Performance) have gained much attention under sustainability management in CSR outfit. Because previous efforts proclaimed inconsistent results due to dominant assumptions of studies. But the growing awareness on this matter is in a macro level. The current study attempts to present the corporations' relationship between environmental and financial performance to explore the CSR outfit in a developed nation. This case derives observing data from corporate sustainability reports or integrated annual reports in Japan. The sample is comprised of a total of 85 Japanese corporations observing data from year 2008 to 2014. The selected firms are listed in Tokyo Stock Exchange in the first section in the market division and categorized in various industrial sectors. The effort of current study revealed that corporate environmental measurements have different effects on financial performance. The evidence was less strong to evaluate the impact level of each variable but some results showed that positive link existed among selected variables. Few results were evident to reject the null hypothesis while articulating that there is a positive relationship between CEP and CFP, i.e. in the CFP dependent variable ROA (Return on Assets) shows positive linkage between particular independent variables; (GHG (CO<sub>2</sub>)) and waste discharge (WD). The findings of the study can suggest in company perspective to place more intent on purpose of CSR and for the academics' perspective to confront the confined observations.