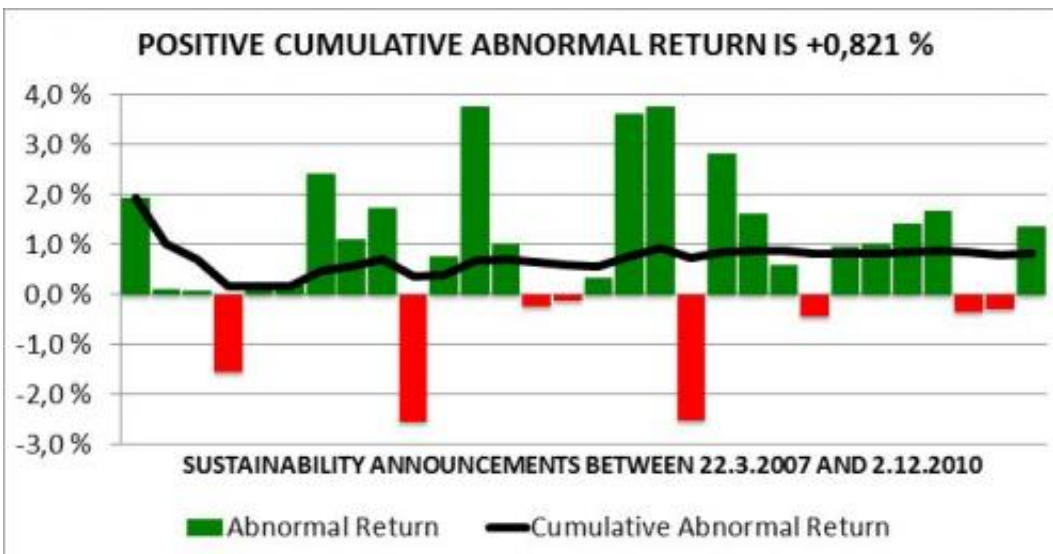


Sustainable business innovation adds firms' market value

December 5 2012



This graph shows that sustainable business practices and business success go hand in hand. Credit: Seppo Junnila

Sustainable business innovation is good business; researchers from Aalto University, Finland have proved. The researchers tested how sustainability business innovations and the market value of companies in the construction sector are connected. The study is a first of its kind. An event study model was used to analyse large construction sector companies in several European countries as well as Australia.

The most important finding of the study is that a positive and statistically

significant association exists between sustainability innovation announcements and the market value of companies.

When sustainability innovation announcements are reported regularly it explains an increase of 0.82% in the market capitalisation of the studied companies. Sustainability innovation announcements can be for example about [renewable power](#) solutions, sustainable workplace concept and carbon audit software.

Investments on [sustainable practices](#) by companies lead to the creation of economic value. The results imply that sustainability innovations can be relevant to the top management of companies operating in the business development. On top of that, information on sustainability innovations can also be useful to stock market investors when they evaluate the future growth potential of companies, says Professor Seppo Junnila from Aalto University, Finland.

Provided by Aalto University

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