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# ***The Business Case for Sustainability: EPA Research Interests***

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# ***Broad EPA Interest in Corporate Behavior Research***

- Regulatory Programs (Water, Air, Waste, Toxics, Pesticides)
- Enforcement and Compliance Programs
- Innovation & Partnership Programs
- Information Management Programs
- Market-based Programs



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# ***Environmental Behavior Research Questions***

## **Simple Questions:**

- What motivates environmentally sustainable corporate behavior (CEB)?
- How can government use available tools to improve CEB?



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# ***Environmental Behavior Research Questions***

- What motivates environmentally sustainable corporate behavior and performance?



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# ***Environmental Behavior Research Questions***

- What motivates environmentally sustainable corporate behavior and performance?
- The Bottom Line (aka the almighty dollar, profits)



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# ***If the answer is obvious, why do we need research?***

- Does “the bottom line” mean the same to all firms?



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# ***If the answer is obvious, why do we need research?***

- Does “the bottom line” mean the same to all firms?
- Yes (profitability) and no (different costs, products, customers)
- Not so simple
- Policy approaches not obvious



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# *Two ways sustainability and profits may be related*

- Reduce costs
  - Minimize waste/maximize production efficiencies (pollution prevention pays)
  - Minimize friction costs
    - Regulators, labor, liabilities, neighbors
- Increase sales
  - Gain market share by looking/being green



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# *Complications*

- Does a firm's motives change with product life cycle, capital investment plans, business cycles?
- Does management structure make some firms more sustainable than others?



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## *Policy Implications*

- Administrative efficiency:  
Align the intervention to  
match the firm's motives



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# *Efficient interventions*

Behavioral Motive	Intervention
Reduce production inefficiencies	Technical Assistance, Incentives
Reduce friction costs	Enforcement, Recognition
Gain Market Share	Tech. Assist, Partnership, Recognition