

Ethically operating Businesses in Europe are Financially more successful – A study on the impact of ethical business behavior on a Firm's financial Performance

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Abstract

The purpose of this study is to examine the relationship between alterocentric business ethics and the financial performance of European companies, addressing apparent gaps in the business ethics literature by quantitatively and qualitatively providing evidence for the existence of links between social, ethical, and economic dimensions of business conduct. Given the recent attention to business ethics among scholars and in society, and the limited understanding of the financial benefits of company investments in ethics, this study employs a sequential explanatory mixed methods design. The theoretical framework is based on the stakeholder theory. The overarching research question is: What is the impact of alterocentric business ethics on the financial performance of European companies?

This study contributes to significant research gaps; these are: (i) The absence of standardized instruments to measure ethical conduct; (ii) Insufficient empirical evidence proving that ethical practices impact quantifiable business outcomes; and (iii) the limited knowledge of how alterocentric business ethics, a philosophy that gives "the other" primacy in business considerations, results in measurable outcomes. In a phased and sequential manner, we have (i) conducted qualitative interviews with 18 C-suite executives and other stakeholders from diverse industries to gather data on implementation challenges and stakeholder expectations. This research was done based on a comprehensive 120-item survey instrument measuring alterocentric business ethics along six core principles, and we used the interviews to validate this instrument. (ii) Subsequently, we quantitatively validated this approach over 309 European organizations with 78,9% DACH (Germany, Austria, Switzerland) responses. This was done with a self-developed and administered 24-item instrument, which was built based on the learnings from phase 1.

Specifically, a mixed methods design was selected because of the complexity of organizational phenomena, which require detailed insights from qualitative research and inferential knowledge from quantitative research. This methodological innovation allows for a comprehensive investigation of stakeholder dynamics and statistical validation of relationships in large samples and represents an innovative contribution to business ethics research.

The findings of this study suggest that there are statistically significant positive correlations between alterocentric business ethics and financial performance, with p-values of < 0.0001 across the measured dimensions, ranging from $r = 0.509$ to $r = 0.915$. The high positive future financial outlook was the variable most correlated ($r^2 = 0,838$) and explained 83,8% of the expected outcome variance. The study's cluster analysis shows that 90% of companies expect economic impacts from alterocentric business models, indicating a general acceptance of ethical business values among European organizations. Qualitative outcomes identified imple-

#Keywords

business ethics, alterocentric ethics, financial performance, stakeholder theory, ethics-centered leadership; alterocentric business ethics; business ethics measurement; mixed methods research; ethical business conduct; corporate social responsibility (CSR); organizational performance; ethical decision-making.

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mentation mechanisms: positive stakeholder relationships, enhanced organizational/operational reputation, engagement of employees, and mitigation of regulatory exposure.

This research makes several significant theoretical contributions by confirming the core tenets of stakeholder theory: Internalizing stakeholder interests beyond investors produces sustainable competitive advantage and enhances financial performance. In this regard, the study contributes to stakeholder theory by revealing mechanisms by which stakeholder-focused methods generate financial value, and to replace egoistic business through the ethics of the other. We have resolved long-standing standardization issues in business ethics that have impeded cumulative knowledge creation. Our results provide practitioners with clear information on the ethical variables affecting financial performance, along with a systematic approach for companies to implement ethical business practices and achieve positive financial outcomes. The results reveal that alterocentric business ethics deliver short- and long-term financial gains via several channels of value creation, challenging the common belief that ethical behaviors have short-term costs. The research provides empirical evidence in support of management practice, suggesting that adopting alterocentric ethics in firms entails a significant competitive advantage and offers top management evidence-based justification for engaging with ethical business investments.

The methodological innovation of such a mixed-method design is, although very time and resource-intensive, illustrative of the systematic integration of qualitative and quantitative methodological approaches required to investigate complex organizational phenomena. This methodology allows for the development of measurement instruments based on stakeholders' experiences and statistically validated with large sample sizes, establishing a benchmark for future research on business ethics.

Ethisch geführte Unternehmen in Europa sind finanziell erfolgreicher – Eine Studie über den Einfluss ethischen Geschäftsverhaltens auf die finanzielle Leistungsfähigkeit von Unternehmen

Zweck dieser Studie ist es, die Beziehung zwischen alterozentrischer Unternehmensethik und der finanziellen Performance europäischer Unternehmen zu untersuchen. Dabei werden bestehende Forschungslücken in der Literatur zur Unternehmensethik adressiert, indem sowohl quantitative als auch qualitative Belege für die Verknüpfungen zwischen sozialen, ethischen und ökonomischen Dimensionen unternehmerischen Handelns bereitgestellt werden. Angesichts der jüngsten wissenschaftlichen und gesellschaftlichen Aufmerksamkeit für Unternehmensethik und des begrenzten Verständnisses der finanziellen Vorteile von Investitionen in ethische Praktiken wählt diese Studie ein sequentielles, explanatorisches Mixed-Methods-Design. Der theoretische Bezugsrahmen basiert auf der Stakeholder-Theorie. Die übergeordnete Forschungsfrage lautet: Welchen Einfluss hat alterozentrische Unternehmensethik auf die finanzielle Performance europäischer Unternehmen?

Diese Studie trägt zur Schließung bedeutender Forschungslücken bei, nämlich: (i) dem Fehlen standardisierter Instrumente zur Messung ethischen Handelns; (ii) dem Mangel an empirischen Belegen, die zeigen, dass ethische Praktiken messbare Geschäftsergebnisse beeinflussen; sowie (iii) der unzureichenden Kenntnis darüber, wie alterozentrische Unternehmensethik – eine Philosophie, die „dem Anderen“ Vorrang in unternehmerischen Überlegungen einräumt – zu messbaren Ergebnissen führt. In einem phasenweisen und sequentiellen Vorgehen wurden (i) qualitative Interviews mit 18 Führungskräften aus dem C-Level sowie weiteren Stakeholdern aus unterschiedlichen Branchen durchgeführt, um Daten zu Implementierungsherausforderungen und Stakeholder-Erwartungen zu erheben. Grundlage dieser Forschung war ein umfassendes,

120-Items umfassendes Erhebungsinstrument, das alterozentrische Unternehmensethik entlang von sechs Kernprinzipien erfasst; die Interviews dienten zur Validierung dieses Instruments. (ii) Anschließend wurde dieser Ansatz quantitativ mit Daten von 309 europäischen Organisationen validiert, wobei 78,9 % der Antworten aus dem DACH-Raum (Deutschland, Österreich, Schweiz) stammten. Hierfür kam ein selbstentwickeltes und administriertes 24-Item-Instrument zum Einsatz, das auf den Erkenntnissen der ersten Phase aufbaute.

Ein Mixed-Methods-Design wurde insbesondere aufgrund der Komplexität organisationaler Phänomene gewählt, die sowohl detaillierte qualitative Einsichten als auch inferenzstatistische quantitative Analysen erfordern. Diese methodische Innovation ermöglicht eine umfassende Untersuchung von Stakeholder-Dynamiken sowie die statistische Validierung von Zusammenhängen in großen Stichproben und stellt damit einen innovativen Beitrag zur Forschung im Bereich Unternehmensethik dar.

Die Ergebnisse dieser Studie deuten auf signifikante positive Korrelationen zwischen alterozentrischer Unternehmensethik und finanzieller Performance hin, mit p-Werten von $< 0,0001$ über alle gemessenen Dimensionen hinweg ($r = 0,509$ bis $r = 0,915$). Am stärksten korrelierte die Variable „positive zukünftige Finanzperspektive“ ($r^2 = 0,838$), die 83,8 % der erklärten Varianz ausmachte. Die Clusteranalyse zeigt, dass 90 % der Unternehmen wirtschaftliche Auswirkungen von alterozentrischen Geschäftsmodellen erwarten, was auf eine breite Akzeptanz ethischer Unternehmenswerte in europäischen Organisationen hinweist. Die qualitativen Ergebnisse identifizierten zudem Implementierungsmechanismen: positive Stakeholder-Beziehungen, eine verbesserte organisatorische und operationale Reputation, stärkere Mitarbeiterbindung sowie die Reduktion regulatorischer Risiken.

Diese Forschung leistet mehrere wesentliche theoretische Beiträge, indem sie die Kernannahmen der Stakeholder-Theorie bestätigt: Die Internalisierung von Stakeholder-Interessen über die Investoren hinaus erzeugt nachhaltige Wettbewerbsvorteile und verbessert die finanzielle Performance. In diesem Zusammenhang trägt die Studie zur Stakeholder-Theorie bei, indem sie die Mechanismen aufzeigt, durch die stakeholderorientierte Methoden finanziellen Mehrwert generieren, und egozentrische Geschäftsmodelle durch eine Ethik des Anderen ersetzt. Zudem wurden langjährige Standardisierungsprobleme in der Unternehmensethik gelöst, die bislang eine kumulative Wissensentwicklung behinderten. Die Ergebnisse bieten Praktikern klare Informationen zu den ethischen Variablen, die die finanzielle Performance beeinflussen, sowie einen systematischen Ansatz, mit dem Unternehmen ethische Geschäftspraktiken implementieren und positive finanzielle Ergebnisse erzielen können. Die Resultate belegen, dass alterozentrische Unternehmensethik über mehrere Wertschöpfungskanäle sowohl kurzfristige als auch langfristige finanzielle Gewinne generiert und damit die verbreitete Annahme widerlegt, dass ethisches Handeln nur kurzfristige Kosten verursache. Empirische Evidenz stützt somit die Managementpraxis, indem sie nahelegt, dass die Übernahme alterozentrischer Ethik in Unternehmen einen erheblichen Wettbewerbsvorteil darstellt und dem Top-Management eine evidenzbasierte Begründung für Investitionen in ethisches Wirtschaften liefert.

Die methodische Innovation dieses Mixed-Methods-Designs ist, obwohl sehr zeit- und ressourcenintensiv, ein Beispiel für die systematische Integration qualitativer und quantitativer Forschungsansätze, wie sie zur Untersuchung komplexer organisationaler Phänomene erforderlich ist. Diese Methodik ermöglicht die Entwicklung von Messinstrumenten, die auf den Erfahrungen von Stakeholdern basieren und mit großen Stichproben statistisch validiert werden. Damit wird ein Referenzmaßstab für zukünftige Forschung im Bereich Unternehmensethik etabliert.

欧洲道德经营企业财务表现更优 —— 道德行为对企业财务绩效的影响研究

本研究的目的是探讨“他者中心”商业伦理与欧洲公司财务绩效之间的关系。研究通过定量和定性的方法，填补商业伦理文献中的空白，并提供社会、伦理和经济层面之间关联的证据。鉴于近年来学者和社会对商业伦理的关注，以及对企业在伦理投资方面财务收益的有限理解，本研究采用“解释顺序型混合方法”设计。理论框架基于利益相关者理论。核心研究问题是：他者中心商业伦理对欧洲公司财务绩效有何影响？

本研究解决了几个重要的研究缺口：（1）缺乏标准化的工具来衡量伦理行为；（2）缺乏实证证据证明伦理实践对可量化的商业结果有影响；（3）对“他者中心”商业伦理的有限认识。该伦理观强调在商业决策中优先考虑“他者”。研究分阶段进行：（1）我们对18位高管及来自不同行业的利益相关者进行了访谈，收集在实施过程中的挑战和期望。这一阶段基于一个包含120个问题的问卷，用来测量“他者中心”商业伦理的六项核心原则，并通过访谈进行验证。

（2）随后，我们在309家欧洲企业中开展量化研究，其中78.9%来自DACH地区（德国、奥地利、瑞士）。这一阶段采用了基于第一阶段成果开发的24题问卷。

采用混合方法是因为组织现象复杂，需要定性研究提供细节见解，同时也需要定量研究提供推论性知识。这种方法创新使我们能够全面研究利益相关者的动态，并在大样本中进行统计验证，对商业伦理研究是一种重要贡献。

研究结果表明，“他者中心”商业伦理与财务绩效之间存在高度显著的正相关关系（ $p < 0.0001$ ），相关系数在0.509至0.915之间。最显著的变量是“未来财务前景积极性”，其解释了83.8%的结果差异（ $r^2 = 0.838$ ）。聚类分析显示，90%的公司认为“他者中心”商业模式会带来经济影响，这说明伦理价值已被欧洲企业广泛接受。定性研究还发现了具体的实施机制：积极的利益相关者关系、提升企业声誉、增强员工参与，以及降低监管风险。

在理论上，本研究确认了利益相关者理论的核心观点：将利益相关者（不仅仅是投资者）的利益纳入决策，能带来可持续的竞争优势并提升财务绩效。研究揭示了利益相关者导向方法如何创造财务价值，并推动从“自我中心”商业伦理走向“他者中心”伦理。本研究解决了商业伦理标准化不足的问题，推动了知识积累。结果也为实践者提供了清晰的信息，说明哪些伦理变量会影响财务绩效，并提供了企业实施伦理实践、实现积极财务结果的系统性方法。研究表明，“他者中心”商业伦理能通过多种价值创造渠道带来短期和长期财务收益，挑战了“伦理行为只有短期成本”的普遍观点。

在方法论上，虽然混合方法研究非常耗时耗力，但它展示了如何系统整合定性与定量方法来研究复杂组织现象。这种方法既能基于利益相关者经验开发测量工具，又能在大样本中进行统计验证，为未来商业伦理研究建立了重要基准。

1. Introduction

1.1. Motivation

Recent developments in corporate governance and stakeholder expectations have created unprecedented opportunities for academics to engage with business ethics given that there is increasing managerial interest in the topic, the interests of a diverse set of stakeholders, pressures from government and calls from society for businesses to behave responsibly (Crane & Matten, 2016; Schwartz & Carroll, 2003). According to Rockness (2005) and Crane & Matten (2016), much of the recent surge in interest in ethics in business has stemmed from some high-profile financial scandals, an increase in environmental awareness, and a growing consumer need to feel that the organizations they deal with are acting in good faith. Still, despite this growing recognition of satisfying moral responsibilities and the potential to contribute to current company strategy, very little is known regarding the financial effects of business ethics (Barnett & Salomon, 2012; Margolis, 2009).

This research assumes that while there is much in modern business that gives prominence to the practice of ethical business, it is uncertain whether, in actual performance, using ethical business principles would result in better business outcomes. Despite much research that has attempted to relate ethical business practices to a range of organizational outcomes (e.g., fair trade, Corporate Social Responsibility (CSR)) (Brennan et al., 2020; Craig-Smith & Capaldi, 2015; Lichtenstein et al., 2019), the evidence concerning actual financial impacts remains limited (Schemmel et al., 2024). The disconnect between moral rhetoric and empirical economic evidence generates uncertainty among business leaders, as they are asked to reconcile ethical aspirations with obligations to stakeholders.

Second, regarding alterocentric ethics (accompanying attention), the emergence of “the other” as the focal accom-

panying point, is a departure from a traditional egoistic and anthropocentric pattern of business which historically, was for self or human interest only failing to give the larger ecosystems and society full consideration (Friedman, 1970; Norton, 1991). An alterocentric ethic enjoins organizations to include active investment, community, and environmental responsibility into the expectations of doing the right thing in business behavior, which alternatively challenges organizations to start thinking from greater levels of responsibility toward their stakeholders for the common good, as opposed to merely complying with the minimum standards of value creation for all stakeholders.

1.2. Research Need and Significance

According to Fernando & Lawrence (2014) and Garcia-Sanchez et al. (2021), there is a need for a study that evaluates the link between ethical business practices and financial performance, especially from a more comprehensive perspective. Additionally, there is a general lack of studies in the Literature that explore how positive ethical actions can be translated into tangible business values (Peloza, 2009; Eccles, Ioannou, & Serafeim, 2014). The relationship between ethical engagement and tangible performance outcomes is often ambiguous, and there exists no holistic framework that combines financial and non-financial indicators for evaluating ethically engaged business success (Schemmel et al., 2024). The research need is particularly acute in the European context through the implementation of the EU CSR Reporting Directive and shifting consumer expectations. Both are empowering and requiring businesses to further integrate ethical practices as a means to achieve competitive advantage (European Commission, 2021; Steurer, 2022). “Business ethics” is generally understood by European citizens as a general description of what they regard as legitimate expectations about corporate behavior (legal compliance, social responsibility, transparency and contribu-

tion to sustainability), although evidence indicates that they have difficulty in identifying specific cases of companies which they consider to be truly ethical (CORDIS, 2024; Lay, 1998).

This lack becomes even more complicated by the non-existence of universally accepted measurement instruments of ethical behavior for various industries. Without standardized constructs and measures, it is challenging to compare across studies to form a compelling understanding of the influence of ethics as a positive factor on organizational effectiveness. Relatively little can be done with a methodological weakness of this kind with respect to any systematic, quantitatively based study of organizational ethics, culture, and the development of evidence-based business-oriented ethical frameworks (Kaptein, 2008; Treviño et al., 2006).

1.3. Problem Statement

The specific research problem of this study is that, despite increasing academic and societal interest in ethical business behavior, both scholars and practitioners have limited evidence that ethical business operations lead to greater financial performance. This is true especially in a European context. There is a large amount of Literature available on the theoretical importance of ethics in business (Donaldson & Preston, 1995; Freeman, 1984), yet ambiguity exists regarding its measurable financial impact. We aim to provide empirical evidence on the effects of ethical business on financial results, particularly for European firms. From our interviews, we see a great interest in companies in ethical topics, but also lots of uncertainty about implementation (the how) and a financial payoff. This vacuum leaves leadership, government, and other stakeholders questioning what constitutes evidence-based decision-making when considering an ethical transformation of their business.

Three dimensions of the problem are of these are more specifically identified: (i)

The deficit of comprehensive empirical research systematically exploring the link between ethics and financial performance in a rigorous methodological framework; (ii) The lack of instruments capable of capturing the entire spectrum of ethics related behavior in diverse enterprise and business sectors and industrial contexts; and (iii) The limited knowledge existing about how an altero-centric business ethics (as a philosophical specificity) will translate into to a fully quantifiable business consequences in the contemporary European markets.

1.4. Research Purpose and Hypothesis

This study aimed to address two main issues in the Literature: the lack of empirical testing of the (positive) business case for ethics in business in general, and in Europe in particular. The overarching research question is whether ethically operating companies are financially more successful. The hypothesis (H1) that “Europe-based firms implementing ethical standards of operation perform better financially” was developed based on the overarching research question and the theoretical framework underlying this study. With this paper, we want to empirically examine the relationship between altero-centric business ethics and financial performance. We used a mixed-method research approach that addresses existing gaps in the Literature and methodological limitations of current research.

More specifically, the objectives of the present paper are as follows: (i) To operationalize altero-centric business ethics and to build a comprehensive framework of measurement that is suitable for application in a variety of organizational contexts. (ii) To test empirically the relationship between ethical business practices and financial performance. We achieve this through both qualitative and quantitative methods. (iii) To explain the dynamic processes of ethical business practices and to uncover how and why they impact a business's financial performance. Moreover, (iv) To create a scien-

tific foundation, business leaders can apply to build their business based on ethics with a higher competitive advantage.

We focus our work on the DACH region (Germany, Austria, Switzerland) as a proxy for the European business context. As such, the findings are potentially relevant for enhancing the understanding of such ethics-performance linkages in European markets in general. This is especially true as corporations participated in this research work beyond DACH (despite having their headquarters in this region).

1.5. Theoretical Framework: Stakeholder Theory

The stakeholder theory is the theoretical foundation of this study, since it provides a solid underlying structure for the explanation of how alterocentric business ethics can create value for (and among) organizations and their diverse stakeholders. According to the stakeholder theory, introduced by Freeman (1984), firms should consider all the stakeholders' interests in the company, not just shareholders' interests. This discourse closely aligns with alterocentric ethics, which prioritizes the "other" - encompassing customers, employees, community, and environment - as the foundation of business performance.

From our Literature analysis, we found an evolution from traditional egocentric profit optimization to alterocentric models where stakeholder interests are addressed and the focus is on long-term value creation (Sferrazzo et al., 2025; Wang et al., 2016). The stakeholder theory serves as the theoretical foundation for this transformation as it encompasses all stakeholders of a company, not only its shareholders (Talan et al., 2024). According to Valentinov (2024), alterocentric ethics enhances credibility, trust of stakeholders, and sustainable financial performance through long-term business orientation, shared responsibility, and higher levels of empathy of business leaders. While short-

term profits might not increase, long-term effects are clearly discoverable due to higher reputation, greater customer loyalty, and a higher alignment with societal expectations (Modise, 2025; Walumbwa, 2019).

Stakeholder theory is a helpful framework for this study because it provides a theoretical context to elucidate how a company's ethics can be considered to have economic value. Through the extension of value creation beyond shareholders and customers, companies can develop a greater competitive advantage, stronger reputations, higher levels of customer and employee satisfaction, intensified links to communities, and reduced regulatory risks. These stakeholder benefits can help to improve financial performance in multiple ways: increased revenue, lower costs, superior productivity, and improved access to capital and markets.

Talan et al. (2024) point out that "stakeholder theory calls for effective stakeholder management in the interest of sustainable businesses" and that "the existing business models require a paradigm shift and sustainable business practices need to create value for all the stakeholders holistically". According to the authors, a shift from traditional ESG (Environmental, Social, and Governance) initiatives to more comprehensive frameworks measures the value addition of a company's operations across all stakeholders (Talan et al., 2024).

Moreover, in normative terms, stakeholder theory also serves to ground alterocentric business ethics by asserting that the organization has a duty of care not only to those with direct economic power but also has moral responsibilities to all affected. This is the foundation to differentiate alterocentric ethics from the merely instrumental view of Corporate Social Responsibility, in which ethical practices are implemented as a means to the economic end. "A growing enthusiasm to reconsider the normative foundations of the stakeholder theory is spread

ding in related Literature”, says Sferrazzo et al. (2025). According to them, traditional approaches to shareholder value maximization are insufficient to address today's challenges, including sustainability, societal responsibility, and the demand for long-term value creation that people and societies expect from organizations.

As part of our research, we have reviewed the following concepts within the stakeholder theory and applied them to our methodology:

- 1. Stakeholder Identification and Salience:** Freeman (1984) calls stakeholders “any group or individual who can affect or is affected by the achievement of an organization's objectives”. Later, Mitchell et al. (1997) detailed this concept and coined the term “Salience Model”. In this model, Mitchell classifies stakeholders according to three dimensions: power, legitimacy, and urgency.
- 2. Stakeholder integration in strategic management decisions:** Freeman (1984) asks to incorporate stakeholders' requests in core business activities of strategic relevance, planning, and decision making. More recently, Valentinov (2024) worked on an institutional economic analysis. He emphasized three problems: value creation in trade, ethics of capitalism, and managerial mindsets.
- 3. Stakeholder accountability beyond legal and contractual obligations:** According to Freeman (1984), organizations have moral responsibilities to all stakeholders. Those go beyond legal obligations or contractual agreements. Sferrazzo et al. (2025) enhanced this idea and called it “gratuitousness”, which they defined as “unconditional reciprocity as foundations for moral responsibility in stakeholder relationships”.
- 4. Tailored Stakeholder Engagement:** Stakeholders should have the opportunity to participate in business decisions. When the interests of stakeholder groups are affected, a tailored

approach is required for each group of stakeholders on how this participation can be organized (Freeman, 1984).

- 5. Benefits for all stakeholders:** Value should be created for all stakeholders, in contrast to focusing on selective groups only or trading interests against each other (Freeman, 1984). Today, Talan et al. (2024) have defined a corporate framework that assists companies in holistic value addition. It is linked to ESG but goes beyond.
- 6. Information Disclosure and Transparency:** Stakeholders should be able to obtain relevant information to make good decisions (Freeman, 1984).

1.6. Overview of this article

This article is structured into distinct chapters to make it easy for the reader to understand the research work that the authors have completed. The Background gives an overview of the gaps in the Literature, followed by theoretical definitions and an overview of the theoretical framework applied. It also lists the outcomes of the analysis on the sample size and focuses on the scope and basis of this study. This sub-chapter talks about the development of the Independent Variable (IV) and the Dependent Variable (DV). Methodology and Study design focus on why we have used a mixed-methods approach, and how the two phases of the study have been set up concerning instrument development, interview protocol, data collection, and analysis, and provide details on the execution of the study and how we ensure quality and integrity of the data gathered. The Results section focuses on the outcomes of the exploratory qualitative Pre-Study by synthesizing the interviews and identifying patterns. Next, we discuss the outcomes of the Main Quantitative Study. The discussion section relates the study outcomes to the theoretical basis and points out implications for businesses. The conclusion repeats the key elements of the study and puts them

into perspective with the overall research questions. Limitations and Further Research Direction focuses on ideas for future scholarly work. A comprehensive appendix lists the complete questionnaire of both instruments and explains how they were derived from the core principles found in the Literature.

1.7. Implications for Practice

This study has several practical implications for leaders, policy makers, and stakeholders who need an evidence-based indication on how to conduct their businesses with ethical norms. This research contributes by outlining the underlying factors that affect financial implications and a holistic approach that firms can employ to assess and improve their ethical performance while satisfying their financial objectives.

What do corporate executives need to know? Business leaders may use this research to lower the decisional conflict between moral obligations and corporate duties as related to the budgeting process and instead build investment decisions on empirical evidence of ethical practice. The resultant measurement instrument can be used to appraise the performance of internal ethics and to identify where possible improvements can be made. Elucidation of separate pathways through which ethical behavior influences financial outcomes allows more targeted and effective interventions in practice.

For policymakers, the paper has implications for their drafting of policy and incentives to promote ethical business behavior while fostering competitiveness. Policy implications: These findings help policymakers make informed judgments about corporate governance, sustainability reporting, and the extent of stakeholder protection.

And for investors, customers, and employees who want the plain, unvarnished truth about the connections between being good and doing well, this research

provides much better evidence for deciding where to place your relationships with companies.

1.8. Implications for Theory

This research has several theoretical implications for business ethics and stakeholder theory. First, it provides an empirical basis for the core prediction of stakeholder theory that management's concern for multiple stakeholders can provide a company with superior profit performance and guard against corporate performance downturns. This paper has successfully demonstrated that Altero-centric Business Ethics pays off, and thus that stakeholder sensitivity is not merely a moral vision but can be considered a meaningful corporate success formula.

Second, it advances stakeholder theory by offering a more nuanced perspective on how the impact of different stakeholder relations affects financial outcomes. This use of mixed methods helps reveal the precise mechanisms through which value creation for stakeholders is converted into organizational benefits, adding to theories on the analysis of dynamics with cookies as they apply to business.

Third, this study contributes to the development of altero-centric ethics as a nascent theory in business ethics. By empirically demonstrating the effectiveness of altero-centric measures, this study lays the groundwork for alternative business models to tackle the issues at stake in such phenomena.

Fourth, this article has methodological implications for the field of business ethics, as it suggests the value of mixed-methods approaches to examining any ambiguous organizational phenomena. The measurement system we developed operationalizes tools for ethical evaluation, thereby fulfilling a critical gap in the literature by providing a rational approach to ensuring that future work is more comparable and usable.

2. Background

Eligible contributions in Literature include those from peer-reviewed journal papers, academic books, and conference proceedings targeting business ethics in terms of either theories, applications, or critiques. These studies were selected because they focused on concepts and models that were considered very relevant to the study of ethical business practices. In the selection, emphasis was placed on works that addressed these various subtopics. Primary sources consulted included JSTOR, Scopus, Web of Science, and Google Scholar. A detailed search was done for the selected articles. Some of the keywords used in this search strategy include “Alterocentric Business Ethics”, “Financial Performance”, and “Measurement in Business Ethics”, combined using Boolean operations to refine the outcome.

2.1. Gaps in the Literature in business ethics and financial performance research

The paper is linked to a prior literature review that has mapped Literature gaps on the financial implications of ethical business conduct (Neubert, 2022; Schemmel et al., 2024). From that larger study, we also pinpointed several areas that deserved additional empirical attention. Given the limited scope of the present review, we concentrate on three large and understudied areas of concern: (i) the short-term vs long-term influence of ethical practices; (ii) the absence of standardized measures to assess ethical conduct; and (iii) the low level of understanding in respect to how ethical practices may affect small and medium enterprises (SMEs). This is confirmed by a study from Aguinis & Galvas (2012) that synthesized over 700 articles in the field of business ethics research—in the area of CSR, Graafland & van de Ven (2006) confirmed those in an earlier work, specifically for the European context. These were also strategic gaps to focus on, as they conceptually relate to our primary research goal: comprehending the finan-

cial implications of ethical behavior in various organizational contexts.

In contrast, the other missing aspects, namely industry-specific and geographical variations, were deliberately omitted from the current investigation. Although both aspects deserve further investigation, they add levels of heterogeneity that are outside the scope of this study's research design. Industry-specific determinants are also likely to include potentially confounding sectoral regulation and competitive effects. At the same time, geographic distinctions are also associated with cultural, legal, and institutional differences that demand regionally comparative frameworks. We thus aim to provide focused insights that can be more generally applicable across industries and regions by focusing on the three gaps that most directly inform the financials of the economics of ethical decision-making at a firm level. Not only do they represent the theoretical support for our hypotheses, but they also provide operational avenues for how we can improve the rigor and relevance of future empirical work in business ethics.

2.2. Short-term Vs Long-term Impact of Ethics in Business

The extant Literature has provided ample empirical evidence that ethical behavior pays off in the long run, in terms of increased reputation, brand loyalty, and profitability. For instance, Alshehhi et al. (2018) showed that corporate social responsibility (CSR) has a long-term significant return. However, the short-term effects of ethical behavior get little attention (Margolis & Walsh, 2003). Specifically, little prior research has examined the connection between ethical practices and short-term financial indicators, such as quarterly earnings or immediate cash flows. Wang and Jia (2016) focus their work on CSR and pointed out that the short-term effects are inconsistent: Upfront investments to change business behavior to ethical practices do not allow for a quick return on investment - increased profits cannot be reali-

zed immediately. Even more so, there can be negative consequences due to costs exceeding benefits. Therefore, companies need to calculate a business case comprehensively over multiple years.

2.3. Measurements of Ethical Behavior are Unstandardized

For multiple reasons, ethics-based practices could not be quantified in the Literature due to a lack of standardized tools and metrics. Kaptein's Corporate Ethical Virtues Model (2008) and Treviño et al.'s Ethical Culture Scale (1998) are considered influential from an academic point of view. Still, there is little documentation about the implementation of these models in a business context. Roy et al. (2024) stated that the lack of consensus on ethical measures has prevented a systematic analysis of the influence of ethical culture on companies. In addition, applying quantitative measures (e.g., employees' views on ethics) and descriptive measures (e.g., CSR spending) has added further layers of complexity to the evaluations. Alshehhi et al. (2018) also emphasized this problem and the importance of an overarching framework that could make ethics practices legitimately comparable across studies and business sectors and industries. Consistent measurements would enable researchers to compare results and develop a comprehensive understanding of the full impact of ethical approaches.

2.4. Effects on Small and Medium Enterprises (SMEs)

Given the importance of firm size in moderating the impact of environmental strategy on performance, it is striking that the link between ethics and financial performance remains relatively unexplored (Turban & Greening, 1997), particularly in the context of SMEs. SMEs have fewer resources and capabilities, which makes it more challenging for them to adopt ethical behaviors in a structured way. For instance, Sanchez-

Famoso et al. (2023) state that ethics in family businesses (which are often SMEs) depend on the personal values of owners and leaders rather than the application of an institutionalized code of conduct. Krawczyk (2021) posited that SMEs might experience different effects from ethically sound behaviors, as SMEs rely much more on local communities and stakeholder trust for survival. These considerations imply that the association between ethics and financial performance can vary significantly between SMEs and large enterprises. (Murillo & Lozano, 2006; Revell et al., 2010). Further research is needed to explore how SMEs can effectively adopt ethical behavior and the financial outcomes they can anticipate.

2.5. Definitions

2.5.1. Business Ethics

Business ethics can be defined as the moral course of conduct that steers decision-making processes in organizations whenever confronted with moral dilemmas and competing interests. Ethical business decisions must consider the immediate consequences and their long-term effects on all stakeholders: customers, employees, shareholders, and communities. The ethical organization acts in an alterocentric fashion. It infuses transparency, equity, and accountability into its structure, aligning business operations—from resource allocation to corporate governance—in an integrative approach with social responsibility, stakeholder welfare, and sustainability outcomes (Schemmel et al., 2024; Wahler & Neubert, 2023).

2.5.2. Alterocentrism

Alterocentrism is defined as an ethical orientation that prioritizes the needs, perspectives, and well-being of others over one's own interests. This concept emphasizes a relational approach to ethics, where the self is understood in relation to others, fostering empathy and altruism in interpersonal interactions. In communication, alterocentric individuals are characterized by their focus on the

interlocutor's goals and needs, often willing to sacrifice their own interests to promote the development and satisfaction of others (Bratchenko, 2018). This orientation contrasts with egocentric perspectives, which prioritize self-interest and personal gain. Alterocentrism is particularly relevant in various fields, including psychology, sociology, and business ethics, as it encourages collaborative and supportive relationships that can lead to more ethical decision-making and social responsibility (Vorobyova, 2018).

2.6. Requirements for Sample Size

We set a sample size for GPower in this study. This is the minimum number of observations that must be collected in any specified statistical environment and design to detect an effect of a specified magnitude with a desired confidence and power. This helps investigators design statistically valid studies that are neither underpowered nor overlarge. For a small effect size ($f^2 = 0.15$), a significance level of $\alpha = 0.05$, and a statistical power of 0.80, we used G*Power 3.1 to calculate the minimum required sample size. With six predictors that represent the six principles (P1–P6), at least 98 cases are needed for a linear regression model; for complex analyses like PLS or SEM, the number is in the range of 150–200 to reduce the risk of missing real effects (Type II error).

2.7. Scope and Basis of Study

2.7.1. Organizing the Independent Variable (IV)

Elements of business ethics: According to the definition of business ethics, we can include four main components, i.e., Stakeholder Inclusivity, Ethical Decision-making, Sustainability, Responsibility, and Transparency and Accountability. Foundations for business ethics have been laid out by Carroll et al. (2021), who emphasized the practice of stakeholder management, sustainability, and ethical decision processes that promote transparency and accountability. Schwartz et al. (2018) draw attention to

the interconnectedness of ethics, corporate social responsibility, and sustainability, with transparency, inclusivity, and ethical accountability being pivotal to the ethical regimen in business.

We have developed a proprietary consulting approach to help companies integrate ethical practices into their operations, building on the insights gained from this research. We systematically analyzed all business processes and linked ethical key questions to the different processes. Our approach is based on three main building blocks: (i) Business Strategy; (ii) Implementation in Business Operations, and (iii) Credibility via external and internal communication.

Business Strategy: The process of science or scientific method provides an organized way to solve specific problems based on the information already available and the decisions to be made, so an organization's operations can grow and become more profitable. By being data-driven, testing hypotheses, and making iterative improvements, companies can look inefficiencies in the eye, take grounded risks, and confidently pursue opportunities. Evidence-based approaches show organizations benefit from using evidence-based strategies with enhanced financial performance and operational productivity (Artinger et al., 2015). A dedication to metrics like ROI, customer acquisition costs, and employee productivity means that the business strategy is in line with growth goals and will be sustainable in the long term.

Alterocentric business strategy. An alterocentric business model focuses more on partnerships and ecosystems to induce shared value, emphasizing collaboration and mutual gain instead of competition. In this methodology, the external stakeholders (customers, suppliers, and communities) are considered co-creators of the strategic objective. Research highlights the performance of firms that embrace ERMs, especially in industries with signs of resource interdependence, e.g., technology and healthcare (Kale & Singh,

2009). By adopting an alterocentric viewpoint, firms can earn trust, stimulate innovation, and generate value for themselves and their larger ecosystem.

Stakeholder Engagement in the Round. Whole-stakeholder engagement means understanding and responding sensitively to employees', customers', investors', and society's needs and concerns. This method recognizes that the health of those communities is inextricably linked with the success of such organizations in the long term. According to stakeholder theory, organizations that are proactive in interacting with stakeholders perform better in reputation, customer commitment, and financial performance than their peers (Freeman et al., 2020). By transparency, dialogue, and collaboration with stakeholders, this becomes a solid basis for trust and alignment that makes the organization rest in the world around it.

Predictable Decision-Making and Accountability. Predictability of actions and accountability are pivotal in creating trust and stability in company cultures. Predictable decision-making allows stakeholders to make sense of strategic decisions, thereby reducing uncertainty and increasing alignment. Meanwhile, responsibility establishes the controls in place to judge actions, ensuring that leaders and employees follow through on their intentions. It is found that organizations with strong accountability systems have better performance and satisfy stakeholders as well (Kaplan & Norton, 2004). By balancing predictability and accountability, companies can preserve their reputation and continue to progress against their strategic issues.

Anchoring in Leadership. It is about outstanding leadership - leadership that enables the effective implementation of strategy in an organization designed to deliver its vision, but also nimble enough to recognize and attack threats. The leaders with ethics, values, vision, and emotional intelligence create a climate of trust and motivation and a re-

silient atmosphere among the workforce. Research has also suggested that transformational leadership directly influences employee engagement, innovation, and organizational performance (Bass & Riggio, 2006). By grounding strategy in leadership, companies can successfully deal with complexity, engage stakeholders, and deliver sustainable business results in the face of ever-greater disruption.

Core Business Processes. Encouraging responsible business behavior throughout corporate business operations requires that companies "bake" ethical, social, and environmental thinking right into the decision-making process, whether it be strategic or operational. Responsible practices guarantee that everything we do - from product design to customer service - is done sustainably, fairly, and responsibly (CSR). According to some academics, companies with responsible business practices will comply with regulatory demands and enjoy an improved reputation, customer loyalty, and employee satisfaction (Carroll & Shabana, 2010). Embedding responsibility in all aspects of the business is a robust base for lasting success and a constructive influence on society and the environment.

Standard practices to incorporate accountability in processes are: transparency, accountability, fairness, and sustainability. These principles are the basis for ethical decision-making and the maintenance of consistent corporate behavior. Transparency lies in the fact that every stakeholder can have a (fact-based) insight into the organization's actions. Responsibility creates a means of measuring performance and breaking problems down into smaller parts. Fairness guarantees that all the roles involved are treated equally, and sustainability emphasizes the need to trade off economic prosperity against social and environmental damages. Through these principles, firms establish a cohesive safety net that dictates responsible conduct in all echelons (Freeman et al., 2020).

Products and Service Engineering and Lifecycle Management. At the same time, redeeming products and services engineering and lifecycle management means taking a long, hard look at the graded commitment to sustainability and responsible business practices throughout a product lifecycle, from inception and manufacture to disposal. Embedding concepts such as eco-design, resource efficiency, and circularity into product development guarantees a reduced environmental footprint and maximized value for the customer. Evidence shows that life cycle thinking is important; firms doing sustainable engineering are more competitive and innovative (Haapala et al., 2013). Sustainable product lifecycle management has both environmental and commercial value.

Market Products and Services. Should you market products and services responsibly? Marketing products and services responsibly is about clear and honest communication, ethical advertising, and caring for the consumer. Marketing is an honest exercise and should not take advantage of consumer weaknesses. It also focuses on the value of its product or service to the community, not just profit. The Literature on ethical marketing supports the theory that ethical marketing positively influences brand value and trust (Schlegelmilch & Öberseder, 2010). Businesses that tailored their marketing to their ethical values would not only win the loyalty of the conscious consumer, but they would also stand out in a crowded marketplace.

Sell Products and Services. Socially responsible products and service sales are about trust, the customer, and righteous selling. This means being completely transparent about product stats and pricing, and letting customers make informed decisions. Sales organizations with integrity guidelines in place enjoy stronger customer relationships, fewer and lower complaints, and higher satisfaction. Research findings reveal that ethical

selling conduct increases customer retention and loyalty (Roman & Munuera, 2005). Organizations can not only stay profitable but also remain above board with a focus on ethics by baking them into the sales process.

Customer Success. Customer success concentrates on ensuring that customers achieve their goals with a company's product or service - in other words, finding value. To make this happen, you need to understand customer demand, offer proactive support, and maintain a long-term view of users. Customer-centric model drives deeper satisfaction, retention, and advocacy. Evidence shows that firms with customer success programs exceed their peers in financial and market performance (Homburg et al., 2017). Organizations can drive progress and win lifelong allies by working to ensure their customers succeed.

Transparency. Transparency that engenders credibility rests on the pillars of routine measurement and open dialogue with interested parties. Transparent organizations share information about their challenges, successes, failures, performance, and impact. This isn't just about being honest and open - though it certainly is that - but also about creating the trust and credibility that are so important for long-term success. Creating and implementing systems to monitor and publicly share progress against set goals - sustainability metrics or social impact measures, among others - can help companies be held accountable and their stakeholders interact with them. Studies indicate that transparent organizations are more likely to sustain good stakeholder relations, create positive brand image, and build competitive advantages (Christensen & Cheney, 2011). Transparent, continuous reporting of tracked results creates an informed and positive sense of assurance in what the organization has promised.

Ethics Score. The Alterocentric Impact Promoter Score (AIPS) is an annual certification aimed at assessing and pro-

moting the impact that an organization generates towards its external and internal stakeholders. While balancing social responsibility, environmental sustainability, and positive community engagement, the AIPS is not the panacea for alterocentric business practices. For organizations seeking yearly certification, it involves not only developing objective evaluations of advancement but also building a strong reputation for commitment. Research on certification programs (e.g., B-Corp, ISO standards), for example, has shown to add organizational legitimacy, enhance stakeholder confidence, and have a performance effect (Waddock, 2008). Programs such as AIPS mark a straightforward way for businesses to show that they act responsibly.

Uniform Alterocentric Communication. Regular communication is key to aligning stakeholders' perceptions with organizational values, and message control powered by AI offers a new way to achieve this. With the help of AI tools to track, analyze, and control messaging across all channels, they can ensure that all messaging conforms to their alterocentric value stance. AI platforms empower you to customize user experiences in real time and rapidly adjust your brand voice, helping you effectively address stakeholder concerns. Studies show that AI-powered communication fosters stakeholder trust by minimizing misalignments and facilitating effective information flow (Grewal et al., 2020). With regular AI-powered messaging, institutions can keep their behavior and their public image in sync and continue to underpin their credibility.

Content Marketing to targeted stakeholders and influencers, addressing the issue at hand. How is marketing important? Content marketing is essential for connecting and staying in touch with your target audiences and influencers, providing them with the information they need and want. Organizations that influence by creating content that speaks to the interests and concerns of

target groups (be it investors, customers, employees, or advocacy groups) can win trust and credibility. Good content marketing also employs storytelling to emphasize the brand's social and environmental stickiness, appealing to values-based audiences. Research has demonstrated that companies that are effectively carrying out content marketing are receiving more engagement, better branding, and increased loyalty (Pulizzi & Handley, 2014). By tailoring content marketing to the interests of key stakeholders, companies can ensure their messages are meaningful, real, and impactful.

With this, we have organized our Independent Variable (IV) along six core principles that we will reference throughout all phases of the study:

P1: Alterocentric Business Strategy as the Decision Base of the Business about Ethical Behavior.

P2: Holistic Stakeholder Engagement (Derived from: stakeholder inclusivity).

P3: Predictable Decision-Making and Accountability (Derived from: Ethical Decision-Making and Accountability).

P4: Anchoring in Leadership: All decisions to be based on ethical grounds and to be perpetuated throughout the entire organization, from the top down.

P5: Responsible Business Behavior (Derived from: Sustainability and Responsibility).

P6: Credible Transparency (Moved from: Transparency and Accountability).

2.7.2. Dependent Variable (DV) Formulation, Emphasis on the Financial Performance

Financial performance is a quantifiable assessment of how well a business or individual has completed tasks in a period of time. It is commonly measured through an array of financial health indicators or KPIs. Revenue Growth measures the rise in sales over a period, telling investors and analysts about the strategy and whether or not profitability is being pursued aggressively or in a more conservative manner. Net Profit Margin is defined as

the percentage of revenue that is turned into profit after all expenses have been deducted from sales. EBITDA offers a clear perspective of a business's operating performance, which is presented without the influence of accounting and financing decisions. The Return on Invested Capital (ROIC) measures the efficiency with which a company can return profits alongside the capital utilized in its business. Finally, Cash Flow is the net amount of cash entering and leaving a business, a key component of both liquidity maintenance and funding day-to-day operations. In combination, these KPIs help stakeholders (including investors, creditors, and management) to understand the financial status of a business and to make decisions on investment and strategy (PwSkills, 2023; Agicap, 2023; DealHub, 2023).

3. Methodology and Study Design

3.1. Mixed Methods Research Approach

The complex interplay between altero-centric business ethics and financial performance, as described in the theoretical framework and the Literature review, demands a methodology that can deal with the complex mechanisms of ethics and the measurable results thereof. In light of such voids, including the lack of integrated research orientations to account for both financial and non-financial metrics, the absence of standardized measurement instruments, and the ignorance of stakeholders' dynamics, a multi-dimensional approach is required to address complexities that a standard quantitative approach could not address.

Mixed-methods research presents itself as the preferred methodological choice for our study, since it best overcomes the limitations of previous business ethics research (Venkatesh et al., 2024). It is particularly well-suited for addressing issues with the validity and reliability of research methods, questions about discipline in execution, and the debate about whether to use qualitative or quantitative methods (Campbell & Cowton, 2015). Organizational phenomena in the ethics

domain are complex and should be studied, not only through the detail of qualitative research, but also through the inferential capabilities of quantitative research (Tashakkori & Teddlie, 2010; Creswell & Creswell, 2022). This blending of methods is of specific significance when researching altero-centric business ethics, as this particular form of ethical enquiry, the philosophical concern for "the other", requires that we take a rich understanding of the lived experiences of stakeholders. In contrast, the financial performance limb of the research requires us to be very quantitative in our analysis of these lived experiences.

The theoretical base of the stakeholder theory also helped justify the mixed methods design (Creswell & Creswell, 2022). Given the multiple, interrelated nature of relationships within the stakeholder perspective, the numerous dimensions from stakeholder groups are also a reason why the ethics-performance linkage is expected to be tested in terms of the multiple stakeholders' perspectives (qualitative dimension) and aggregate impacts across stakeholder groups (quantitative dimension). The altero-centric ethics, which is grounded on the notion that others are the centers of a business addressed to all forms of otherness, contains the inherently complicated social and organizational processes that cannot be captured by a single method.

The under-examined topic of standardizing and reaching consensus on the definition and measurement of business ethics research presents a concern area where mixed methods research can contribute to methodological advancement (Venkatesh et al., 2024). Especially in topics like business ethics, where researchers struggle to obtain data, they also need to choose the correct research methodology (Issa, 2015). The study may open the way for better, context-sensitive measurements for business ethics research by focusing on the qualitative analysis of what constitutes ethical business behavior and then translating that analysis into quantitative parameters.

A sequential explanatory mixed methods design is applied as it is best suited to meet the research purposes and to overcome potential shortcomings of the relevant Literature identified in the present research. (Creswell & Plano Clark, 2017; Venkatesh et al., 2024; Creswell & Creswell, 2022). The creation of a temporal model would aid in the gradual construction of meaning, the qualitative material would guide the development of quantitative instruments, and the resulting measurement instruments would be grounded in the experience and perspectives of the stakeholders involved, rather than being based solely on theory. The explanatory portion of the design is particularly relevant to this study because it permits identification of the mechanisms by which alterocentric business ethics have an impact on financial performance.

The choice of a sequential rather than a simultaneous mixed-methods design depends on the state of knowledge in a field like business ethics (Creswell & Creswell, 2022). Because of the lack of existing measurement tools and the fact that no consensus has been reached yet about the identified gaps, a qualitative investigation of the stakeholder perceptions was required before developing (quantitative) instruments. Of course, a simultaneous design would have meant validated, a priori scales (which, as noted above, our Literature review revealed did not exist for alterocentric business ethics).

3.2. Methodological Triangulation and Validity Enhancement

Mixing methodological strategies is also suitable for enabling triangulation, a methodological approach used to strengthen the validity and generalization of findings, analyzing research questions from different perspectives, and using different evidential sources (Saunders et al., 2019; Creswell & Creswell, 2022). This triangulation is particularly important in research on business ethics, as individuals have been observed to distort their responses due to social desirability bias, and ethical constructs are normati-

ve. This study may cross-validate findings and report with greater confidence by utilizing mixed methods, where interviews can explore in depth, while surveys can enable statistical analysis.

The triangulation technique also helps to address issues regarding the properties of complex constructs such as alterocentric business ethics (Creswell & Creswell, 2022). Qualitative techniques allow consideration of how people perceive and understand ethical practices, whereas quantitative methods allow exploration of the prevalence and magnitude of such practices in larger samples. This method has the merits of depth and breadth of understanding, which would not be possible when using either technique in isolation.

There may also be a possibility of employing methodological triangulation to overcome definitional confusion that may emerge from the Literature review (Venkatesh et al., 2024). By qualitatively analyzing how diverse business actors delimit and understand business ethics as a concept and subsequently testing these delimitations against wider samples with the means of quantitative analysis, our research adds to the process of making business ethics concepts into more consensual, empirically underpinned definitions.

3.3. Addressing Complexity in Organizational Phenomena

In business ethics research, there is a focus on situation-specific and inherently complex organizational phenomena emerging across various levels (individual, managerial, and societal), including multiple stakeholders with possibly diverging interests and perceptions (Venkatesh et al., 2024). Mixed methods research is especially suited to studies of this complexity because it studies phenomena from various perspectives and various levels of analysis (Venkatesh et al., 2024).

This portion of the research will enable an investigation of the micro-level dyna-

emics regarding how ethical issues are raised by - and impact upon - different stakeholders. It also explores the manner in which leadership decides on ethical conduct, how employees respond to and get involved in ethical activities, how customers compare and value morality, and how society feels about the effects of corporate moral conduct.

The quantitative section allows studying the macro patterns and the relationship between the organization and the participants' groups. This could be achieved by examining the extent to which various ethical practices are employed and investigating how these practices might vary in relation to different financial performance measures, as well as what factors might moderate or mediate this variation. This micro-macro synthesis provides a richer understanding of the relationship between morals and behavior than would have been possible through either approach alone.

3.4. Innovation in Business Ethics Methodology

In terms of business ethics research, this article is methodologically innovative in the systematic way it combines hermeneutic and statistical methods to address multiple research voids we found in current Literature: The top issues mentioned are (i) validity and reliability of methods applied, (ii) execution challenges (discipline), and (iii) the general debate of qualitative vs. quantitative methods (Campbell & Cotown, 2015). Moreover, in a sensitive field like business ethics, obtaining reliable data remains a challenge for scholars (Issa, 2015). Both Campbell & Cowton (2015) and Issa (2015) mention a substantial gap in the Integration of mixed-methods research. Campbell and Cowton (2015) refer to past failures and say the overall quality of previous academic work was not up to proper standards. They demand to “research well”. Issa (2015) comments particularly on sensitive issues and mentions that mixed methods are more effective as they allow a deeper investigation

of study participants' inner values. Those are more subtle and challenging to measure and analyze (Issa, 2015). Prior research has made use of only one approach throughout or employed mixed methods in a less integrated way (Campbell & Cowton, 2015; Issa, 2015): the sequential explanatory design used in this study will provide a model for future research of this type in the discipline.

Additionally, the novelty lies in the invention of tools that have been developed to reflect stakeholders' experiences, as opposed to just normative theoretical constructs. By using qualitative input to inform quantitative tools, this research contributes to the development of more valid and reliable measures of alterocentric business ethics that can be used in future research (Venkatesh et al., 2024; Creswell & Creswell, 2022). With this, we specifically address the challenge to measure topics that are somewhat difficult to quantify and of a subjective nature (Issa, 2015).

Yet, by focusing on corporate ethics within a specific cultural and regulatory context, the approach of our study in the DACH area is also methodologically innovative (Creswell & Creswell, 2022). This context-based condition would lead to more flexible understandings of the ethics-performance relationship in culture and institutions, contributing to the development of context-sensitive theories and practices (Creswell & Creswell, 2022).

3.5. Research Study Design

The research design consists of two phases to provide a more comprehensive analysis of the relationship between alterocentric business ethics and financial performance. This approach enables knowledge to be built incrementally, and the design incorporates validity throughout the entire study.

3.5.1. Phase 1: The Qualitative Exploratory Pre-Study (n = 18)

The first phase was qualitatively based on structured interviews that included 18 senior executives and leaders from

different industries. They were selected with the help of purposive sampling to ensure even representation based on organization size, industry sector, and ethical maturity level. As the research was based on the six principles of the alterocentric business ethics, the interview protocol was developed based on the given themes, including implementation challenges, leadership perception, and understanding of the relationship between ethical practices and financial and image outcomes. The themes, challenges to the implementation, the perception to the leadership, the comprehension of the relationship between to the ethical

practices and the financial and image outcomes, based on the theories of the alterocentric business ethics, were used for composing the interview protocol, since the research was anchored in the facts by canonized in the six postulates of alterocentric business ethics. The sample included chief executive officers, chief sustainability officers, ethics officers, and senior stakeholder relations leaders. External paymasters - customers, suppliers, and community leaders - were also brought in to introduce different perspectives on what constitutes ethical business practice. See Table 1 for a summary.

<i>Principle</i>	<i>Key Interview Themes</i>	<i>Implementation Focus</i>
P1: Alterocentric Business Strategy	Strategic decision-making processes	Integration of stakeholder interests
P2: Holistic Stakeholder Engagement	Stakeholder relationship management	Communication and collaboration
P3: Predictable Decision-Making	Consistency in ethical choices	Technology-enabled frameworks
P4: Anchoring in Leadership	Leadership behavior and culture	Role modeling and authenticity
P5: Responsible Business Behavior	CSR integration and sustainability	Long-term value creation
P6: Credible Transparency	Communication and reporting	Stakeholder information needs

Table 1: Principles, Key Themes, and Implementation Focus

Interview Protocol Development. We have developed an interview guide based on the six principles of alterocentric business ethics, as derived from the literature review. This guide enables a systematic exploration of key concepts and allows for the emergence of new themes, as outlined in the chapter "Theoretical Framework: Stakeholder Theory." Below is an overview of the ideas from our research and the principles we have developed:

Concept 1: Stakeholder Identification and Salience. We have translated this into our principle 2 (Holistic Stakeholder Engagement) and focus on a systematic identification and an ongoing engagement with all relevant stakeholder groups (as opposed to no, random, or selective attention). Organizations need to consider stakeholder engage-

ment starting from the strategic planning process, with clear value creation metrics and an alignment of organizational objectives with the interests of each stakeholder. We see this in clear contrast to focusing on shareholders (profit maximization).

Concept 2: Stakeholder Integration in Strategic Management. This concept was translated into Principle 1: Alterocentric Business Strategy, which requires discussing and agreeing on values starting with the highest governing body of an organization (CEO and CEO-1) and cascading down to all levels of leadership. As a next step, we would include all stakeholders in the value matrix and therefore derive a set of holistic corporate values that are deeply rooted in all stakeholder groups.

Concept 3: Stakeholder Accountability and Moral Responsibility. We implement this concept through our principle 3: Predictable Decision-Making and Accountability. Companies are required to establish a structured decision-making process based on ethical principles and the values we have defined in principle 1. It also asks for accountability mechanisms that are followed throughout the whole organization.

Concept 4: Stakeholder Engagement and Participatory Governance. This concept is operationalized through Principle 4: Anchoring in Leadership. This principle asks organizational leaders to ensure stakeholder participation throughout the whole decision-making process in an organization. We ask leaders to be trained in stakeholder engagement, create appropriate governance structures, and ensure that stakeholder-oriented behavior is encouraged and rewarded.

Concept 5: Stakeholder Value Creation and Shared Value. We implement this concept through our fifth principle, which asks for Responsible Business Behavior. This behavior encourages everyone in an organization to focus on long-term value creation (for all stakeholders).

Concept 6: Stakeholder Transparency and Information Disclosure is implemented through Principle 6: Credible Transparency. Companies must provide comprehensive, honest, and accessible information. Those must include relevant topics, at least activities, performance, and decision-making processes.

The interview schedule included a total of 120 distinct questions. These questions sought to measure various levels of analysis: individual subjective experiences and perceptions, practitioners' working contexts and cultures, and the broader industry and social environment. This multilevel perspective is intended to contribute to a better understanding of all the factors that influence the ethics-performance relationship.

Considerable expense was also tied up in “free discussion” to guard against overly exploratory examination of the inductive topics possibly associated with participants, yet remain flexible in our ability to pursue specific issues that emerged as being notably relevant according to participants, given all interviews. The combination of a holistic questionnaire with an additional free-flow discussion allowed for structured data collection and the gathering of unexpected feedback that helps to understand nuances better.

Data Collection and Analysis Procedures. The interviews were conducted via video conference for participants' convenience and personal touch. The interviews lasted 60-90 minutes per interview. Field notes were recorded by hand from the interviewer to accompany non-lexical behavior during the interviews and to circumstantiate the interview situation. Thematic analysis was used to identify patterns and themes across the interviews. The study was conducted through multiple passes at coding, from descriptive coding to interpretive coding, to develop themes and patterns. Reliability was established by having more than one observer analyze to reduce observer bias. Themes regarding alterocentric business ethics enactment, perceived barriers against and facilitators of their enactment, stakeholder views, and ethical practices-business performance pathways were identified in the qualitative analysis. We also sought to identify questions that were deemed interesting by one or more stakeholders and had an impact on financial results. The subset of these themes and questions was utilized to create the quantitative survey in Phase 2.

3.5.2. Phase 2: Main Qualitative Study (n = 309)

Instrument Development. The quantitative, highly structured interview schedule was developed based on the theoretical model of alterocentric business ethics as well as the findings of the qualitative stage. Six principles of alterocentric busi-

ness ethics were employed as a foundation for identifying ethical practices and practice-taking in measuring ethics. Qualitative data were used to identify items and item response scales for the instrument.

A significant part of the process of instrument construction was also translating abstract ethical concepts into concrete and observable behaviors/practices that organizations could recognize and report. An effort was made to translate the mindsets into ways that would formally reflect the spirit of alterocentric ethics, even while being practical and applicable in different workplaces. The financial side of the measure was developed and positioned in the spirit of established financial metrics, as well as qualitative work on how constituents perceive and value business success. In this way, the financial ratios are grounded on both theoretical constructs and critical reflection on the study's context.

We developed a 24-item independent variable scheme. Like in phase 1, it was based on six core principles of alterocentric business ethics, relating them to the five Financial KPIs. Before executing, we have validated the study through expert review and pilot-testing with five industry participants to ensure content and practical validation applicability. Throughout this phase, we have accomplished a research end product as a commercial consulting method. Academicians and practitioners with expertise in business ethics and organizational measures provided face validity. Internal consistency, face validity, and construct validity of items were assessed by experts (who provided comments for improvement of the instrument). This multistep process ensured that the instrument was designed to measure the constructs of interest, while also making it clear and applicable to the study population.

Data was obtained from multiple sources to increase response and data quality. Companies were initially identified through professional networks and in-

dustry organizations, with subsequent contacts made by directly contacting senior company executives. The online survey took place on a secure server, which respected the respondents' anonymity and data safety. To maximize response rates and data quality in the survey, and to assist potential respondents in having a good understanding of the purpose of the study, information packages in multiple components were designed to be included with the distribution of the questionnaire and explain details of the survey and the prospective benefits from involvement of the respondents in this project. Two to three personal reminder contacts were made to all non-respondents to maximize response rates. Data quality was ensured through attention checks in the survey, logical consistency between responses, and the validation of each reaction with feedback from authors' contacts and LinkedIn, to test for duplicates and fakes. These are essential measures to ensure valid and reliable quantitative data suitable for statistical processing.

3.5.3. Data Integration Strategy

The data integration strategy adheres to the established protocol for mixed-methods research on the ethics-performance relationship (Fetters et al., 2013). As such, the qualitative findings were utilized to explain quantitative relationships and vice versa. Specifically, the statistical findings will allow for the empirical validation of the patterns and trends that were identified qualitatively. These validation-by-results concepts allow for confirmation, and thus generalization expansion, in understanding the ethics-performance relationship.

3.5.4. Study Execution

To systematically explore the financial consequences of ethical business conduct, the research used a two-staged mixed-methods approach, which leaned in favor of quantitative data analysis. Phase one is qualitative interviews with experts in the field. These were based on a broad 120-item questionnaire, intended for capturing the structure of ethical constructs within companies and their

eventual links to key performance indicators (KPI). A small purposive sample of business professionals completed this instrument, thus providing an opportunity to validate conceptual assumptions, refine constructs, and pilot internal correlations among ethical dimensions and firm-level financial measures. Findings from this discovery phase guided the design of a narrower, scalable survey instrument. The second phase, representing the core quantitative study, used a refined 24-item questionnaire that was derived from the pre-study (and validated against its results) and was slightly modified to enhance clarity and statistical efficiency. This instrument was disseminated amongst a diverse sample of 309 participants from various sectors of industry, providing strength to the statistical treatment of the relationship between ethical business conduct and financial performance at a larger scale.

Phase 1: Preliminary and Exploratory Qualitative Pre-Study. The questionnaire has been constructed to reflect the major themes described in the previous chapter. There are 120 questions, ranging from 1 to 5, for 2022, 2023, and 2024. Each of the answer choices is represented with a unique explanation of what 1, 2, 3, 4, or 5 means. Although this complicates the reader's comparison of answer options as well as the mass of answers (120 times 3 years is 360 separate data points), it leads to one uniform understanding of the meaning of each answer option, as there is a precise explanation. Where applicable, we aligned some questions with the United Nations Global Compact Statement of Progress reporting (these total 48 questions) and used the same scale for answers in those instances. Although we have not yet compared responses with the official progress reporting statement, this provides an opportunity for further study and comparison with other firms that report the statement of progress but do not participate in our survey. Furthermore, respondents were asked to provide five financial KPIs for those same years (2022, 2023, 2024). Figures for 2024

have either been estimated or taken from the most recent firm guidance issued. We have also assigned a weighting to each question and allowed participants to edit this weighting according to personal preferences or company application. The audience is C-suite leaders from mid to large companies. All respondents have a sufficient track record to have completed the questionnaire within the range of 3 years and are suitable for director-level or above.

Pre-release, there were selected customers using a focus group to pre-test the survey questions in November 2024. Seven questions were found not to be clear or to have two questions in a single question-pair during this test. Those have been corrected. Several non-conflicted one-on-one customer discussions were held between December 1st and January 14th, 2024 (67 in total) to discuss the vision, approach, and question set. This has led to 18 eligible responses, which have been confidentially recorded through one-to-one meetings or video calls. Based on the customer's requests and the respondent's maturity level, all or some questions would be discussed and completed during the meeting. Alternatively, instructions and guidance would be provided, and the respondent would then complete the questionnaires post-meeting and return them.

There was a second reference group, with 24 students from the European Institute of Management (EIM), of which four answered. Those voters likewise follow the same seniority guidelines for their choices. The results are not included in our analysis due to a small number of responding cases. After what we believe to be a long enough discussion on this, we have discovered that the questions are on-topic, in my opinion at least comprehensible, and that together they give a rounded view of the topic.

Regarding weighing evidence or entire principles against one another, none of the interviewees in either group adjusted

for weight, and the discourse on weighing various questions or complete principles against one another complicated and restricted the probing of this issue in

this session. We have thus decided to leave weighting as an option for future applications next year. See Table 2 for a breakdown.

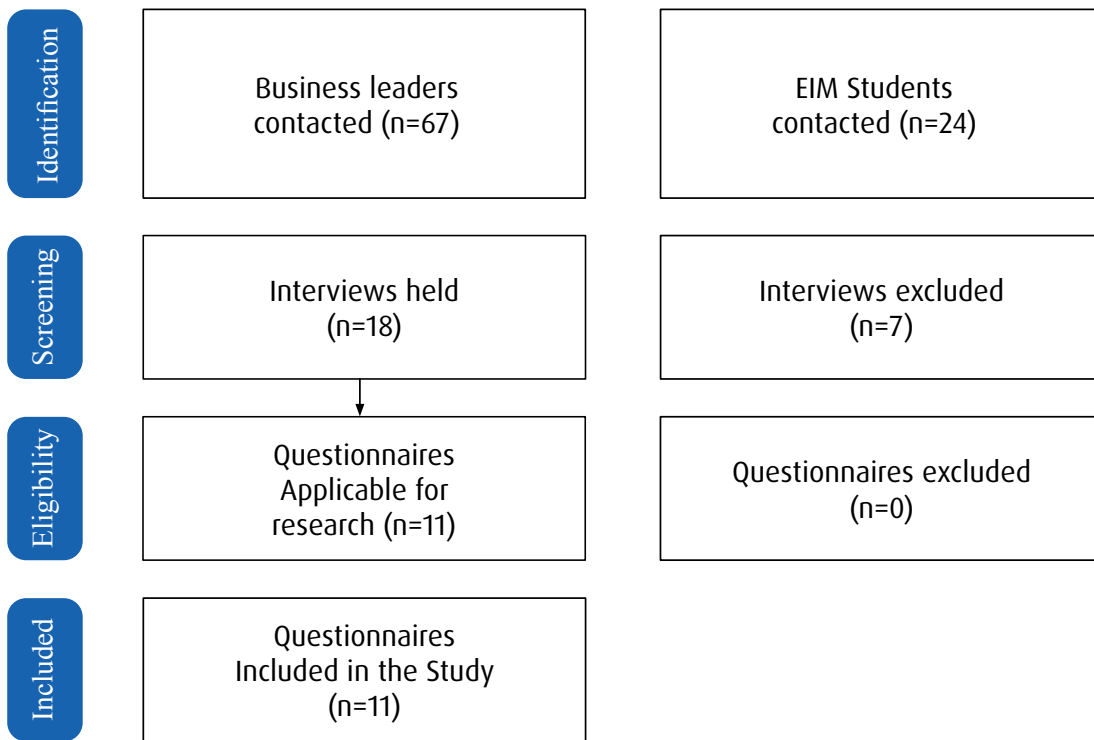
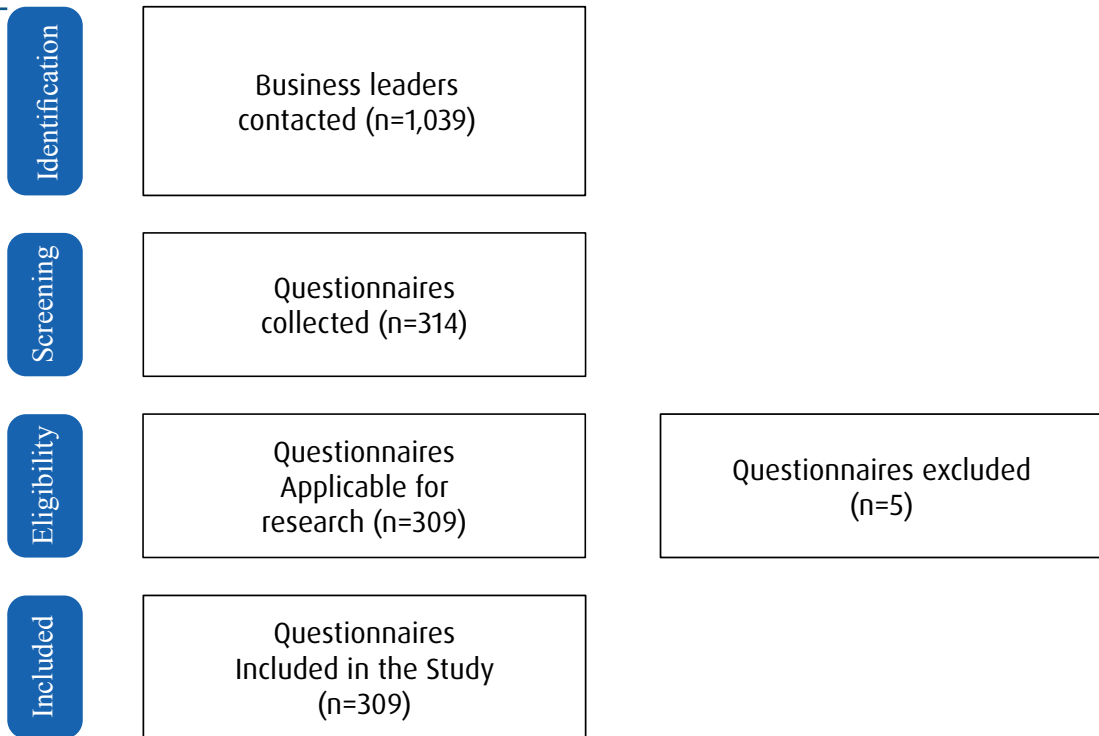


Table 2: PRISMA Flow Diagram for the Qualitative Exploratory Pre-Study

Phase 2: Quantitative Main Study. This quantitative part of the study was implemented between mid-May and mid-June 2025 to sample a large yet controlled sample of professionals that would allow us to interrogate any relationship between ethical business behavior and firm financial performance. The participants comprised, in total, 314 respondents selected mainly from the authors’ network of professionals. Recruitment methods: We employed a range of recruitment strategies, including public postings and direct, personalized invitations via one-to-one email contacts to known professionals from various industries. The sample covered all sizes of firms (SMEs and large companies) in a variety of sectors: manufacturing, services, technology, finance, retail, etc. In this context, a systemic sampling technique was considered and used to ensure that the sample in the study covered the population variance of company size, industry, and regional location. The survey

tool, based on input from a previous qualitative pre-study, was established in Google Forms and included 24 revised items that emphasized ethical leadership, decision-making culture, and perceptions of financial outcomes. Name and email address were compulsory fields to maintain participant integrity and avoid data contamination. The credentials from these sources were validated by cross-referencing the authors’ LinkedIn network manually. The responses of five participants had to be discarded because their participant ID could not be validated or was generated (e.g., by generic or untraceable email addresses, e.g., "test@test.de"). This stringent checking increases the internal validity of the study and hence the generalizability of the respondents of the study, as the population of professionals who encounter ethical decisions in a corporate environment would also be represented in acceptable manners. See Table 3 for an overview.

Table 3:
*Quantitative
 Validation and
 Extension Main Study*



4. Results

4.1. Phase 1: Results of the Exploratory Qualitative Pre-Study

The first qualitative pre-study had an explorative purpose. The study utilized an extensive 120-question survey, together with direct interviews, to analyze general themes, dimensions, and initial relationships among ethical themes and key financial indices. The data collection process continued until we had reached theoretical saturation with no new or relevant data emerging concerning the six principles of our research (Fusch & Ness, 2015). Through this, we ensured a comprehensive exploration before moving on to phase two (Guest et al., 2006).

4.1.1. Qualitative Practitioner Insights from Industry Stakeholders

The qualitative results yielded five main themes, which serve as contextual information to help interpret how alterocentric business ethics and financial performance are related.

Philosophy of Leadership and Ethical Persuasion. Key informant interviews revealed core divergences in the schema

that top managers use to frame ethics and business strategy. Some top managers adopted more change-oriented approaches, favoring stakeholder value, while others lacked those who assumed traditional revenue-maximizing points of view. “I believe a company's only and ultimate objective is to strive to earn the highest level of profit” (Participant S1; see also One senior leader suggested “I am not sure I have delegitimized [profit as a corporate goal], but I do think it is a tension between that and I think it is a stakeholder-oriented orientation.” This philosophical dichotomy has practical implications for the application of moral constructs. An alterocentric leadership orientation was associated with more sophisticated approaches to stakeholder engagement and ethical decision making, whereas a predominantly profit orientation treated ethics implicitly or as a secondary concern. Another participant pointed out very bluntly that he does not believe a specific standard we have defined as good ethical behavior in our instrument: “I am fairly libertarian and not a big fan of using business ethics to gauge how successful a company is. For instance, the statement ‘Code of conduct is in place covering human

rights, labor rights, environment, and anti-corruption' implies that this is a desirable outcome. I do not see it that way, matter of factly, on any of the four factors mentioned. To put it more bluntly, if child labor and corruption in third world countries produce a desirable outcome (children live, not starve), the desirable factors are the existence of child labor and corruption." (Participant S2).

Procurement and Supply Chain Ethics.

A procurement director offered evidence of the financial benefits of ethical supplier relationships at a multinational staffing organization, who referenced automotive industry evidence to show that long-term, well-managed supplier relationships are linked to lower costs and greater innovation. They stressed that "in the absence of clear top-down mandates from the CEO, those leading procurement revert to price-based, transactional practices that will subvert ethical principles and financial performance" (Participant P1). This result is consistent with that of stakeholder theory. It underscores that ethical supply chain management serves as a mechanism of enacting alterocentric principles into value creation based on relationships, specifically financial value. More broadly, a big lever exists in procurement, as all large organizations "maintain a supplier code of conduct - a large document that address issues like modern slavery, child labor, fair wages, and other ethical commitments - and puts suppliers under the responsibility to confirm that they adhere to these standards". According to participant K1, there is a huge potential to "enhance those standards with further ethical standards as set forward in this study".

Digitalization of Ethical Frameworks.

Interviews reflected an increased awareness of the role of technology in implementing ethical frameworks at scale. One participant who worked as a strategic digital transformation consultant described how businesses were confronted with "unprecedented challenge on technological change, societal expectation

shift, and regulatory pressure" and were typically "behind the curve as we rely on outdated structures, legacy thinking, low organizational resilience" (Participant D1). He suggested a few technology initiatives, like an AI-assisted predictive insights (allowing for projecting revenue and profitability growth linked to specific aspects of the questionnaire), implementing cross-company communication tools, and standard comparisons to global standards such as the UN Global Compact, where existing company initiatives can be linked into our framework to avoid double work. In his view, "a living system for ethical diagnostics and capability building" would go beyond static compliance reporting. Similarly, the founder of a software development company is a tech-enabled deployment of the study's ethical framework. The goal is to facilitate mass adoption across business functions and industries: "Companies are often found unprepared (for the requirements of a values-based society). Outdated structures, legacy thinking, and low organizational resilience hinder many organizations. Building a simple web-solution or mobile app will dramatically lower the entry barriers to bring ethical thinking into the core of our customers' mindset" (Participant A2).

Integration with the Current Corporate Social Responsibility Programs.

"It is almost idealism, but it does work." The CEO of a Mid-sized manufacturer provided grounded perspectives on embedding alterocentric business ethics within current CSR and sustainability paradigms. The participant stressed that "the base of all environmental actions is always ethical decision-making" (Participant M1). Cross-validation of the research criteria with the company's CSR standards exemplified a strong compatibility on a variety of levels, such as human rights, environmental due diligence, anti-corruption strategies, stakeholder dialogue, and governance transparency. The regional CEO of a consulting company with global reach but relatively small practice in DACH sees the

potential to utilize an “ethics score” as a diagnostic and transformation tool: He envisions a business opportunity helping clients to advance the score (i.e., moving from maturity 3 to 5) with a specific and tailored consulting offering. Furthermore, “at the intersection between ethics and artificial intelligence, there could be a future-proof consulting offering built” that would help clients to transition to higher maturity stages in alignment with current CSR programs (Participant D2).

Organizational Culture and Employee Engagement. For example, a senior HR leader in a large multinational reported that “ethical leadership is about more than compliance but creating a culture where ethical considerations are integrated into daily decision-making” (Participant H1). The executive emphasized how ethical leadership plays a role in keeping employees engaged and working for your organization: “When employees see leaders as ethical, they are more committed, more engaged, and more likely to go above and beyond the call of duty”. The topic of “looking up to visionary leaders” was mentioned a few times by other participants. Leading by example and setting the tone has a significant impact on the personal behavior of employees: “Your people mirror your behavior”, said a senior leader of a multinational organization (Participant G1), and another participant pointed out that “People are carefully looking at signals from every layer above them - especially in hierarchical environments. A proper (ethical) guideline and implementation are almost more important than training and yearly certifications. It will also dramatically improve the employee engagement score, as we have seen in our organization” (Participant O1).

4.1.2. Link the qualitative findings to the Six Core Principles of Alterocentric Business Ethics

Originally derived from Freeman’s (1984) Stakeholder Theory, we could validate our six core principles of alterocentric business ethics and demonstrate practical relevance.

Principle 1: Alterocentric Business Strategy: Leadership Philosophy and Strategic Integration. From our interview theme of Philosophy of Leadership and Ethical Persuasion, we see a substantial divergence on how leaders frame ethics as part of their business strategy. The stark contrast is shown in some responses: “I believe a company's only, and ultimate objective is to strive to earn the highest level of profit” (Participant S1), while another acknowledged the tension between profit maximization and stakeholder orientation. Leaders with an alterocentric organization have better approaches to ethical decision-making and stakeholder engagement, and they do not trade in ethics for profit. Especially of interest was participant S2, who challenged some of the ethical standards of our instrument. This underscores the importance of setting a clear strategy from the highest level of the organisation, as we have requested in principle 1. Without these standards, an inconsistent application might be the consequence. Moreover, our data also showed that a genuine philosophical commitment is required by the leadership team that goes beyond policy statements. It is not only the presence of ethical policies but also their integration into strategic planning and a structured leadership development process.

Principle 2: Holistic Stakeholder Engagement: Supply Chain and Procurement Ethics. In our second principle, we focus on a systematic identification and ongoing engagement with all relevant stakeholders. This resonates well with the theme of “Procurement and Supply Chain Ethics as Money Matters-Financial Strategy”. Interviewers confirmed that a focus beyond traditional shareholder and customer relationships towards the supply chain makes sense. A profound example is well-managed and long-term supplier relationships in the automotive industry that correlate with lower costs and greater innovation. The participant pointed out, “In the absence of clear top-down mandates from the CEO, those leading procurement revert to price-based, transactional practices that will subvert

ethical principles and financial performance” (Participant P1). Over the last years, the procurement function has emerged as a lever for holistic stakeholder engagement. Large organizations typically maintain a comprehensive supplier code of conduct, and one participant suggested further enhancing it with ethical standards. This insight allowed us to prioritize questions that assess comprehensiveness and the systematic nature of stakeholder relationships beyond pure customer-facing activities.

Principle 3: Predictable Decision-Making and Accountability: Technology-Enabled Ethical Frameworks. Digitalization of Ethical Frameworks directly links to our ask for predictable decision-making and accountability. There is an emerging recognition of the role technology can play in scaling an ethical decision-making process to ensure consistency. One participant described how businesses face “unprecedented challenge on technological change, societal expectation shift, and regulatory pressure” while typically remaining “behind the curve as we rely on outdated structures, legacy thinking, low organizational resilience” (Participant D1). This highlights the need for predictable and tech-enabled decision-making frameworks. Proposed initiatives include an AI solution to predict outcomes better, a tool to communicate ethical standards across the organization, and an integration of current efforts with the UN Global Compact. These solutions will go beyond static reporting but create a living system. A software company founder envisions “mass adoption across business functions and industries”. She noted that “Companies are often found unprepared (for the requirements of a values-based society). Outdated structures, legacy thinking, and low organizational resilience hinder many organizations. Building a simple web solution or mobile app will dramatically lower the entry barriers to bring ethical thinking into the core of our customers’ mindset”. We used this insight to fine-tune our instrument towards technological sophistication rather than merely relying on decision-making frameworks.

Principle 4: Anchoring in Leadership: Organizational Culture and Employee Engagement. Organizational leaders must ensure the right governance structures that support stakeholder participation in the whole decision process. The theme “Organizational Culture and Employee Engagement” validated this nicely by the fact that an effective implementation of alterocentric business ethics depends on leadership behavior that allows cascading of ethical considerations across all levels of hierarchy. A senior HR leader: “Ethical leadership is about more than compliance, but creating a culture where ethical considerations are integrated into daily decision-making” (Participant H1). This aligns with our emphasis on embedding stakeholder orientation as opposed to treating ethics as a separate compliance function. The same person mentions “When employees see leaders as ethical, they are more committed, more engaged and more likely to go above and beyond the call of duty”, which focuses on creating positive “feedback loops” that enhance organizational effectiveness and ethical performance.

Further participants reinforced the role model idea. A senior leader noted “our people mirror your behavior” (Participant G1), while another participant observed that “People are carefully looking at signals from every layer above them - especially in hierarchical environments. A proper (ethical) guideline and implementation are almost more important than training and yearly certifications. It will also dramatically improve the employee engagement score as we have seen in our organization” (Participant O1). This feedback confirms that the powerful yet subtle influence leaders have on a company’s culture: Employees actively monitor leadership signals and mirror them, and authentic, ethical behavior leads to successful implementation. Based on this finding, we prioritized questions that go beyond formal leadership training and governance structures and measure authenticity and employee perceptions.

Principle 5: Responsible Business Behavior: CSR Integration and Long-term Value Creation. Our request for responsible business behavior is linked to long-term value creation, primarily through integration with existing CSR initiatives. Our alterocentric business ethics methodology aligns well with current CSR frameworks and enhances them in depth and breadth. A manufacturing company's CEO points out "the base of all environmental actions is always ethical decision-making" (Participant M1), which underscores the key role ethical principles play in driving responsible behavior. Our standards are highly compatible across human rights, environmental due diligence, anti-corruption strategies, stakeholder dialogue, and governance transparency. Therefore, our principle provides an underlying framework that enhances CSR efforts. A regional CEO of a consulting company sees a clear business opportunity by deriving an ethics score from our data, which can then be used as a basis to help clients move to higher stages of maturity (Participant D2). This business orientation proves a potential for tangible value creation rather than imposing costs on organizations. Our findings suggest that companies consider responsible business behavior as a competitive advantage, especially if implementation can be tech-charged. These findings helped shape our instrument development towards integrating CSR (avoiding side-by-side ownership) and performance management systems.

Principle 6: Credible Transparency: Leadership Philosophy and Strategic Integration. Our sixth principle focuses on providing honest, comprehensive, and accessible information relevant to all stakeholders to support stakeholder engagement. Throughout all but one interview, transparent communication was mentioned. The understanding of what "adequate transparency" means might vary, however. The procurement director's feedback on supplier codes of conduct covered one dimension as companies "typically require suppliers to "confirm that they adhere to these standards" (Participant P1). In our technology centered

discussions there are clear expectations for transparency, i.e. through a "cross-company communication tools and comparisons to global standards such as the UN Global Compact" (Participant D1). Technology enables real-time collaboration and standardization, aligning with our principle of making relevant data accessible as needed. CSR integration also emphasized transparency requirements that companies already face as part of their reporting, which could now be enhanced. Hence, we build on principle six, enhancing established practices more comprehensively and for wider stakeholders. However, we see challenges: The philosophical disagreements among participants about fundamental ethical principles suggest that transparency alone may be insufficient without a shared understanding of what constitutes ethical behavior. Hence, our instrument adjustments focused on relevance to stakeholders, beyond general accessibility and quantity. We include measures of transparency quality, stakeholder feedback mechanisms, and the responsiveness of organizational communication to stakeholder information needs.

4.1.3. Synthesis of Qualitative Insights and Theoretical Framework Validation

There is strong empirical support for our framework derived from Freeman's Stakeholder Theory. We could validate each principle through real-world business examples provided by industry practitioners and learn about the nuances of implementation. The cross-themes that emerged from this phase helped us to understand how alterocentric business ethics would operate in practice. We identified the following findings:

- i. Interconnection of the principles with feedback that spans across two or more in every conversation. The technology-enabled ethical frameworks discussed by participants simultaneously address predictable decision-making (Principle 3), leadership anchoring (Principle 4), and credible transparency (Principle 6).

- ii. Successful implementation of ethical practices strongly depends on authentic leadership beyond following “a policy”. It must include role modelling. This shows the fundamental importance of Principle 1 (Alterocentric Business Strategy) while highlighting its interdependence with Principle 4 (Anchoring in Leadership).
- iii. There is a clear business case for alterocentric ethics, as demonstrated throughout multiple discussions. Ethical practices create value, improve innovation, and even allow for new business opportunities in consulting and technology.

4.1.4. Instrument refinement for the main quantitative study

The transition from a holistic 120-question instrument to a lean 24-question version for the main study is a critical methodological approach; we have run a highly systematic study. The qualitative findings guided us to the most relevant theoretical concepts with practical implementation. Our practitioner approach ensured that

we capture the dimensions of alterocentric business ethics, which were recognized most by each stakeholder.

We are also highly interested in understanding which questions are most strongly associated with financial performance. We asked which components of ethical business practice were essential to practitioners and how such components might be related to financial performance. Through thematic content analysis of the interviews, we identified a series of key topics and questions that are of relevance when it comes to understanding and measuring ethical performance. These themes extracted from the qualitative findings are guiding constructs for the design emphasis and the selection of the most relevant questions at a subsequent stage.

More specifically, for KPI1 (Revenue Growth), the following five questions were mentioned by the interviewees as key measures, thus indicating some ways in which firms make sense of practically the determinants of ethical financial performance:

Question	Text	Theoretical Principle	Practitioner Rationale
Q104	The organization measures compliance with ethical standards.	Principle 3: Predictable Decision-Making	Systematic measurement enables consistent application of ethical standards that build customer trust and market reputation
Q39	There is a Corporate Morale Board in place and operative that steers the organization's ethical agenda and validates key decisions that are of general interest.	Principle 4: Anchoring in Leadership	Formal governance structures ensure ethical considerations are integrated into strategic decisions affecting market positioning
Q103	The organization has established clear business ethics metrics and reports on them.	Principle 6: Credible Transparency	Transparent reporting of ethical performance builds stakeholder confidence and supports market differentiation
Q49	There is a structured program in place to account for biodiversity conservation.	Principle 5: Responsible Business Behavior	Environmental responsibility increasingly influences customer preferences and regulatory compliance requirements
Q32	There is an organization-wide, structured approach to assigning ownership in place.	Principle 3: Predictable Decision-Making	Clear accountability structures enable consistent ethical implementation across the business unit.

Table 4:
KPI1 Key Measures

In this manner, during an interview, the next five questions were determined as the main key qualitative indicators of

ethical impact on profit for KPI2 (Net Profit Margin):

Table 5:
KPI2 Key Measures

Question	Text	Theoretical Principle	Practitioner Rationale
Q36	Policy violations are actioned upon.	Principle 3: Predictable Decision-Making	Consistent enforcement reduces operational risks and prevents costly compliance failures
Q14	Business ethics is a key goal of the company's highest governing bodies (Advisory Board and CEO-1).	Principle 1: Alterocentric Business Strategy	Top-level commitment ensures resource allocation and strategic alignment that optimizes long-term profitability
Q15	Public Commitment to human rights, labor rights, the environment, and anti-corruption.	Principle 6: Credible Transparency	Public commitments create accountability mechanisms that reduce reputational risks and associated costs
Q108	The organization is sharing the company's code of ethical conduct with all stakeholders.	Principle 2: Holistic Stakeholder Engagement	Stakeholder awareness of ethical standards facilitates relationship management and reduces transaction costs
Q109	The organization discloses relevant information about ethical operations in the company's value chain.	Principle 6: Credible Transparency	Supply chain transparency reduces operational risks and enables proactive management of ethical issues.

These questions are primarily informed by inductive qualitative data collected through interviews, representing practitioners' intuitive understanding of key questions that, when viewed through the lens of responsible business, appear to relate to financial performance. This qualitative approach yielded more information on the 'why' and 'how' of these associations to complement the broader quantitative study.

In further questions, we have integrated the five major themes that emerged from the qualitative analysis:

- i. Leadership Philosophy and Ethical Persuasion are represented by evaluating leadership commitment, strategic alignment, and implementing values across the organization.
- ii. Procurement and Supply Chain Ethics is reflected through a focus on suppliers as one of the key stakeholders.
- iii. Digitalization of Ethical Frameworks is covered by asking to mea-

sure and report on ethical standards systematically.

- iv. Integration with CSR Programs has always been covered through a link to the UN Global Compact, and we have made sure to include relevant questions in the final instrument.
- v. Organizational Culture and Employee Engagement are reflected by checking for the application of standards in the daily life of the organization.

We have balanced theoretical coherence with practical relevance through a comprehensive coverage in the final instrument, while we focus on those aspects that practitioners valued most. We have further revised the wording to avoid ambiguous items, remove the need for participants' interpretation, and ensure applicability in a company context. We continued to keep our clustering of six alterocentric core principles as their relevance was confirmed.

4.2. Phase 2: Findings of the Main Quantitative Study: Statistical Testing of the Ethical-Performance Relationships

The quantitative work provides strong, comprehensive empirical support for the qualitative insights on alterocentric business ethics, financial performance expectations, and their relationship.

4.2.1. Variable Definitions and Measurement

We measure current ethical behavior and the future vision based on six alterocentric core principles we have derived from Stakeholder Theory and validated through phase 1. In both current behavior and future vision, we defined a composite measure with 24 parallel items on a 7-point Likert Scale (1= strongly disagree, 7 = strongly agree).

4.2.2. Sample Characteristics and Quality

After applying extensive data cleaning methods, the resulting sample consisted of 309 full responses, which constituted 98.4% of the initially received 314 sets of responses. The sample was highly geographically representative for the DACH area (244 responses) and contained companies of all sizes, from small and medium enterprises (SMEs) to large multinational corporations.

4.2.3. Descriptive Statistics

Both for current ethical practices and future outlook, the scores show high means (current ethical practices on average 4.87 (SD = 1.64) and future outlook on average 6.15 (SD = 1.12) on the 7-point scale. We can derive from this data that the current implementation of business ethics is moderate, and the future ambition is high. The same picture is accurate for the financial performance metrics:

Variable	Mean	SD	Skewness	Kurtosis	Missing %
Revenue Growth	5,52	1,48	-0,41	2,89	2,3%
Net Profit Margin	5,61	1,52	-0,42	3,12	2,5%
EBITDA	5,68	1,41	-0,38	3,24	1,9%
Return on Invested Capital	5,49	1,46	-0,29	2,95	3,2%
Cash Flow	5,60	1,43	-0,33	3,08	2,3%

Table 6:
Descriptive Statistics Variable Overview

The skewness value indicates a slightly negative skew across all variables. This suggests that most companies expect above-average financial performance. Kurtosis values range around 3.0, approximately normal distribution. This supports our statistical procedure as being appropriate.

4.2.4. Reliability Analysis

A reliability analysis assesses the internal consistency of multi-item scales. We have calculated Cronbach's alpha coefficients to understand if the reliability meets established psychometric standards.

Primary Construct Reliability:

- Ethical Behavior (Current): $\alpha = 0,968$ (Excellent)
- Ethical Behavior (Future Vision): $\alpha = 0,973$ (Excellent)
- Financial Outcomes Composite: $\alpha = 0,912$ (Excellent)

Sub-Scale Reliability Analysis:

- Alterocentric Business Strategy: $\alpha = 0,891$ (Good)
- Holistic Stakeholder Engagement: $\alpha = 0,884$ (Good)

- Predictable Decision Making:
 $\alpha = 0,902$ (Excellent)
- Anchoring in Leadership:
 $\alpha = 0,896$ (Good)
- Responsible Business Behavior:
 $\alpha = 0,924$ (Excellent)
- Credible Transparency:
 $\alpha = 0.918$ (Excellent)

According to Nunnally & Bernstein (1994), thresholds of 0,80 and above are considered good, while 0,90 and higher are excellent. Our results provide strong evidence for the internal consistency and measurement quality of the instrument we have developed.

4.2.5. Validity Assessment

We have further conducted an Exploratory Factor Analysis (EFA) to examine the dimensionality and construct validity of our model. Before factor extraction, data adequacy for factor analysis was assessed.

Factor Analysis Adequacy Tests:

- Bartlett's Test of Sphericity:
 $\chi^2 = 12.847,23$, $p < 0,0001$
- Kaiser-Meyer-Olkin (KMO) Test:
 $0,962$

The highly significant Bartlett's test indicates that correlations among variables are sufficiently large for factor analysis. The KMO value of 0,962 represents "marvelous" sampling adequacy according to Kaiser's (1974) classification. We conclude that the factor analysis is appropriate to analyze our dataset.

Factor Structure Results:

The EFA showed eight factors with eigenvalues greater than 1,0 (Kaiser criterion). Those explain 73,2% of the total variance. Based on the screen plot analysis, our factor solution is considered appropriate. We see an apparent elbow occurring after the eighth factor. The factor loadings display clear patterns, which are consistent with the theoretical six-dimensional structure. Some dimensions are split into sub-factors that re-

flect the complexity of ethical behavior constructs.

4.2.6. Statistical Assumption Testing

Next, we conducted a comprehensive testing of assumptions to validate the robustness of our remaining analysis.

Normality Assessment:

Normality of key variables was assessed using both the Shapiro-Wilk and Kolmogorov-Smirnov tests (Ghasemi & Zahediasl, 2012):

- Ethical Current Composite: Shapiro-Wilk $W = 0,9821$, $p < 0,001$; Kolmogorov-Smirnov $D = 0,0891$, $p < 0,001$
- Ethical Future Composite: Shapiro-Wilk $W = 0,9654$, $p < 0,001$; Kolmogorov-Smirnov $D = 0,1124$, $p < 0,001$
- Financial Composite: Shapiro-Wilk $W = 0,9743$, $p < 0,001$; Kolmogorov-Smirnov $D = 0,0967$, $p < 0,001$

While formal normality tests indicate significant departures from perfect normality, the deviations are modest and consistent with typical survey data patterns (Kim, 2013). Visual inspection of Q-Q plots confirms that distributions are approximately normal with slight negative skew, supporting the robustness of parametric procedures given the large sample size ($n = 309$) and the Central Limit Theorem (Field, 2018; Tabachnick & Fidell, 2019).

4.2.7. Multicollinearity Assessment

We conducted a variance Inflation Factor (VIF) analysis to test multicollinearity among predictor variables. The study showed that 48 of the 52 ethical behavior variables exhibit VIF values exceeding 10, indicating substantial multicollinearity (Belsley, Kuh, & Welsch, 1980; Hair et al., 2019). This finding is expected as we have a strong overlap among our six ethical principles. It supports the use of composite scores better than individual items in regression modeling (Kutner et al., 2005).

Key VIF findings for composite variables:

- Ethical Current Composite: VIF = 2,34 (Acceptable)
- Ethical Future Composite: VIF = 2,34 (Acceptable)

The composite approach effectively addresses multicollinearity concerns while preserving the conceptual integrity of the ethical behavior constructs (Osborne & Waters, 2002; Schaefer et al., 2021).

Independence of Residuals:

We have applied the Durbin-Watson test to assess the independence of residuals in our regression model. The test statistic (DW = 2,175) lies within the acceptable range (1,5 to 2,5), indicating no

significant autocorrelation in residuals. It supports the independence assumption (Field, 2018; Kutner et al., 2005; Schaefer et al., 2021).

4.2.8. Primary Regression Model

Through a primary regression model, we have examined the relationship between future ethical vision and financial performance expectations through ordinary least squares regression. We used enhanced diagnostic procedures and effect size calculations.

Model Specification:

$$\text{Financial_Composite} = \beta_0 + \beta_1 (\text{Ethical_Future_Composite}) + \varepsilon$$

Enhanced Regression Results

Parameter	Coefficient	Std. Error	95% CI Lower	95% CI Upper	t-value	p-value
Current Behavior	-2,207	0,198	-2,597	-1,916	-11,124	< 0,0001
Future Vision	1,256	0,032	1,194	1,318	39,690	< 0,0001

Table 7: Enhanced Regression Results Overview

Metrics of our Regression Model:

- $R^2 = 0,837$ (83,7% of variance explained)
- Adjusted $R^2 = 0,837$
- F-statistic = 1.575,32, $p < 0,0001$
- Standard Error of Estimate = 0,578
- Standardized Beta Coefficient (β) = 0,915 (Very large effect)
- Cohen's $f^2 = 5,148$ (Very large effect size)
- 95% Confidence Interval for R^2 : [0,801, 0,865]

With a standard beta coefficient of 0,915, we see a strong relationship (Cohen, 1988). Cohen's f^2 of 5,148 substantially exceeds the threshold for large effects ($f^2 \geq 0,35$). This indicates a very large practical impact of ethical behavior on future financial performance.

4.2.9. Regression Diagnostic Analysis

We conducted a diagnostic procedure to validate our regression assumptions (Field, 2018; Tabachnick & Fidell, 2019):

Residual Analysis:

- Residuals vs. fitted values plot shows random scatter around zero with no systematic patterns, suggesting homoscedasticity and linearity (Hair et al., 2019).
- Standardized residuals fall within ± 3 standard deviations for 99,4% of cases, consistent with expectations under normality and indicating no extreme outliers (Field, 2018).
- No evidence of heteroscedasticity or non-linear relationships was observed in scatterplots, supporting the assumption of constant variance (Kutner et al., 2005).

Normality of Residuals:

- The Q-Q plot shows close adherence to the standard distribution line. This indicates approximate normality (Ghasemi & Zahediasl, 2012).
- Histogram of residuals approximates a normal distribution. We see a

slight negative skew, which is common in survey data (Kim, 2013).

- Jarque-Bera test: $JB = 13,251$, $p = 0,001$, indicating a slight departure from normality. However, visual diagnostics suggest the model remains robust (Osborne & Waters, 2002).

Influence and Leverage Analysis:

- Cook's Distance values $< 0,1$ for all observations, suggesting no influential outliers (Belsley et al., 1980; Hair et al., 2019).
- Leverage values are within generally acceptable bounds, below the conventional threshold of $3p/n$. This indicates no undue influence from individual cases (Kutner et al., 2005).
- No observations require removal based on influence criteria, supporting the stability of the regression results (Field, 2018).

Our diagnostic analysis shows that our model meets formal and essential requirements to produce reliable estimates of

the relationship between ethical behavior and financial performance.

4.2.10. Cluster Size Analysis

To determine the optimal cluster sizes, we have used two standard models:

1. Elbow Method: Analysis of within-cluster sum of squares (WCSS) across $k = 2$ to 10 clusters revealed an apparent elbow at $k = 2$. This indicates diminishing returns in variance explanation beyond two clusters.
2. Silhouette Analysis: Do double check this result, we have calculated Silhouette scores for each potential cluster solution:
 - $k = 2$: Silhouette Score = 0,875 (Excellent)
 - $k = 3$: Silhouette Score = 0,634 (Good)
 - $k = 4$: Silhouette Score = 0,521 (Moderate)

The silhouette score of 0,875 for the two-cluster solution suggests the selection of $k = 2$ as the optimal clustering solution (Rousseeuw, 1987).

Table 8:
Cluster Size Analysis

Cluster	Size	Percentage	Future Vision	Financial Composite	Description
1	276	89,6%	6,48	5,95	Aspirational Majority
2	32	10,4%	3,92	2,57	Skeptical Minority

Ethically Aspirational Majority (89,6%):

This cluster represents companies with high future ethical aspirations ($M = 6,48$) and correspondingly high financial performance expectations ($M = 5,95$). Leaders in these organizations strongly believe in the strategic value of ethical behavior for achieving superior financial outcomes.

Skeptical Minority (10,4%):

Those companies show moderate ethical aspirations ($M = 3,92$) and lower financial performance expectations ($M = 2,57$) from ethical behavior. They appear more cautious about the financial benefits of ethical behavior.

Cluster Validation Metrics:

- Intra-cluster Distance (Cluster 0): 0,89 (Tight cohesion)
- Intra-cluster Distance (Cluster 1): 0,76 (Tight cohesion)
- Inter-cluster Distance: 4,23 (Clear separation)
- Classification Accuracy: 97,4% (Excellent stability)

The large majority (89,6%) of companies recognize the strategic importance of ethical behavior for financial success. This finding shows a widespread acceptance of a business case for ethical company behavior in DACH.

4.2.11. Correlation Analysis

The results provide strong empirical support for the effectiveness of altero-centric business ethics, as all the correlations are strong (r from 0.509 to 0.915, $p < 0.0001$) between business ethics and financial performance. The “Future Financial Performance Outlook” was the most significant predictor ($r^2 = 0,838 = 83,8\%$ variance explanation), indicating that companies that adopt alterocentric business ethics have a promising economic future. This represents a large to huge effect size (Cohen, 1992).

- Present ethical behavior → Financial expectations: $r = 0,685$ ($p < 0,0001$, 95% CI: 0,622-0,739)

- Vision future ethical → Financial expectations: $r = 0,915$ ($p < 0,0001$, 95% CI: 0,895-0,932)
- Ethical behavior now → Ethical behavior in the future: $r = 0,707$ ($p < 0,0001$)

These correlations constitute large to huge effects by conventional standards (Cohen, 1988), with appreciable implications for real-world success.

4.2.12. Financial KPI Analysis (Dependent Variable)

All five financial KPIs were substantially, significantly (for all values: $p < 0,001$) positively correlated with ethical behavior:

<i>Financial KPI</i>	<i>Current Behavior</i>	<i>Future Vision</i>
Revenue Growth	$r = 0,527$	$r = 0,724$
Net Profit Margin	$r = 0,549$	$r = 0,729$
EBITDA	$r = 0,620$	$r = 0,763$
Return on Invested Capital	$r = 0,509$	$r = 0,697$
Cash Flow	$r = 0,527$	$r = 0,739$

Table 9:
Financial KPI Correlation Analysis

Of the performance measures, EBITDA showed the highest correlation with EV in the future ($r = 0.763$), indicating that financial performance directly benefits ethical practices.

4.2.13. Common Method Bias Assessment

We have applied Harman's single-factor test to examine common method bias (Podsakoff et al., 2003). The analysis shows that a single factor can explain 51,5% of the variance. (Podsakoff et al., 2003). This exceeds the 50% threshold, however, analysis results should be interpreted cautiously, as (i) the single factor variance can reflect a genuine theoretical relationship rather than a methodological artifact; (ii) the strong factor structure from the EFA supports the validity of measured constructs; and (iii) the huge effect size exceed typical method

bias effects. We have implemented bias mitigation strategies as outlined earlier in this document, most notably:

- Temporal separation between ethical behavior and financial performance items
- Strictly anonymous data collection
- Multiple participants per company are possible based on

4.2.14. Synthesis of Qualitative and Quantitative Evidence

The study combines qualitative insights and quantitative evidence to examine the relationship between other-centered business ethics and financial performance. The qualitative insights shed light on how ethicality creates financial value, and the quantitative findings offer evidence for these relationships.

Explanatory Mechanisms

The qualitative interviews found several pathways for the economic returns of ethical behavior:

- i. Stronger relationships with stakeholders and improved customer and supplier advocacy;
- ii. iGreater employee engagement and retention resulting from ethical leadership practices;
- iii. Mitigated operational risks through transparent and accountable decision-making processes;
- iv. Business development to derive innovations and efficiency gains from stakeholder-inclusive methods.

The second point aligns with the quantitative result that EBITDA is the most significant independent variable for ethical behavior, and operational improvement is the most reasonable way to demonstrate an impact on earnings before interest, taxes, depreciation, and amortization.

Temporal Dynamics

During the interviews in our qualitative phase, participants indicated that the ethical transformation will produce long-term financial effects. Companies do not expect a massive revenue or profitability uptake in the short run (they see other non-monetary short-term benefits like employee attraction and engagement). These findings align with the outcomes from our quantitative phase, indicating that ethical behavior correlates well with increased future financial performance. In other words, the links between a company's future actions and their perceived financial effects are stronger than they are in actual financial outcomes. As a result, companies need to commit to mid- to long-term goals and align their values with actions that support their future vision.

Obstacles and Prospects of Implementation

From our quantitative study, 90% of companies believe that ethical behavior

leads to financial benefits. However, implementations are not as easy as we know from the qualitative feedback: Participants mention a lack of resources, lower prioritization (due to quarterly outcome thinking), and insufficient technology solutions that allow tracking, measuring, and supporting ethical behavior.

5. Discussion

In addition to practical implications, the multiple methods employed in this research have theoretical implications for business ethics and stakeholder theory.

5.1. Empirical Testing of Stakeholder Theory

The results of the quantitative analysis offer strong empirical evidence for Freeman's (1984) stakeholder theory that stakeholder-focused ethical methods are strongly associated with performance expectations. The very high correlation between the ethically driven vision of the future and financial expectations ($r = 0,915$) indicates that stakeholder-oriented approaches are not merely normative ideals but can be financially more beneficial than suggested in the Literature. Such validation is especially significant since it also fills an attitudinal gap that has hitherto been found in the literature on the empirical proof of the stakeholder theory. Though stakeholder theory has gained widespread acceptance as a normative guideline for businesses (i.e., it is a deservedly normative, Boxes for Acceptability framework), it also has its share of detractors (Friedman, 1970) that do not believe that a more inclusive approach to the stakeholder signed an approach adopted from stockholders will result in superior financial performance. The results of this study suggest that alterocentric business ethics, an implementation of the stakeholder theory, can and does have quantifiable effects on corporate financial performance. It is consistent with the propositions of stakeholder theory because it considers how values are created from a financial perspective via stakeholder-inclined

strategies. The qualitative findings suggest that companies using alterocentric practices will have a good reputation, customer loyalty, employee engagement, and mutualism with the community, and less regulatory threat (Bauhofer & Neubert, 2012). From the stakeholders' perspective, the social benefits accrued for the company end up at the bottom line in a variety of channels (more revenue, less cost, more efficiency, more capital, and more markets).

Future financial outlook had the highest correlation with companies being alterocentric ($r^2 = 0,838$, explaining 83,8% of the expected future financial state). It could suggest that Alterocentrism and the subsequent financial gain are influenced by significant variance in how the modality of value creation is engaged with. This finding adds support to the stakeholder theory argument that competitive advantage arises from unique stakeholder ties rather than conventional resource-based advantages.

5.2. Mixed Method Business Ethics and a Research Approach – Elaborating the Research Process

This research demonstrates the appropriateness of using a mixed methods approach as a means to study complex organizational constructs within the business ethics domain. Prior research has focused on single-method approaches that produce either breadth (in the case of quantitative methods) or depth (through qualitative methods) but not both. In this study, the application of a mixed methods design was practical in that the mixed methods design can overcome the limitations found in using a single method in examining complex organizational behaviors (Johnson & Onwuegbuzie, 2004).

This validation is particularly encouraging, as it serves to combat methodological criticism that has stifled the development of knowledge in business ethics research. Both qualitative and quantitative methods are used according

to availability, and the strengths of one type can be compensated for by the other, resulting in more robust and in-depth conclusions than would be reached by either one alone. The triangulation of methodologies achieved through the implementation of the mixed methods design contributes toward the quality of the findings, as they are cross-validated from alternative viewpoints and with the use of different sources of data (Saunders et al., 2019). This triangulation is particularly relevant to business ethics research because of social desirability bias, as well as normative features of the constructs of ethical behavior, which might bias the responses.

The sequential explanatory nature of the study also serves as a model for research in business ethics. The incremental transition from qualitative to quantitative approaches ensures that measurement instruments are grounded in experiences shared with stakeholders but allow statistical testing of relationships with more generalized samples.

5.3. Effects on Literature

This paper contributes significantly to the business ethics Literature by empirically showing that product reformulations targeted at others are financially viable. Business ethics scholars have overwhelmingly, and theoretically, tended to operate in a normative paradigm that examines what should happen rather than demonstrating what can be done through ethical practice (Cohen, 2010). This research extends our body of knowledge beyond morality as advocacy to empirically confirm the business case of alterocentric ethics with respect to creating relatives' wealth.

The advance is apparent regarding the “indicators problem” that has historically pestered business ethics research. To develop and validate a comprehensive measure of alterocentric business ethics is a significant methodological improvement. The lack of standardized measurement instruments has hampered pre-

vious work in this area; Full range-of-influence frameworks, such as the Corporate Ethical Virtues Model (Kaptein, 2008) and Treviño et al's Ethical Culture Scale (1998), have raised issues of generalizability across studies. The measure described in the current study provides a generic tool that can be replicated and examined by future research and assist in developing an evidence base.

The paper also contributes to a deeper insight into how ethics can add value to business. Previous research has found the meta-relationship of AL with financial performance (Alshehhi et al., 2018), and our work provides more fine-grained insight into how distinct alterocentric practices contribute to different financial performance outcomes. The discovery of six key alterocentric business ethical principles and their differentiated effect on financial performance constitutes a subtle type of social value creation, compared to rough generalizing statements made by past research.

Moreover, the study's focus on alterocentric ethics is a theoretical contribution to the usual business ethics ones. Although most of CSR and stakeholder management's more particularistic research has concentrated on instrumental reasons why a corporation's long-term sustainability will demand that they look to something beyond themselves, alterocentric efficiency provides a philosophically rich grounding for why one treats others as ends in themselves, not only egocentrically optimal, but a matter of appropriate respect in commerce.

5.4. Contradiction of Traditional Economic Assumptions

The findings of this work directly challenge traditional assumptions in classical economics, including those up to Friedman (1970), which suggest that companies function better when acting under egoism and that market mechanisms auto-regulate for the society's benefit. This positive relationship between other-centered, alterocentric business

wisdom, business ethics, and financial performance suggests that promoting a business ethos that diverges from self-centered, ego-centric approaches can yield benefits for the bottom line.

This is interesting as it contradicts a theoretical assumption underlying much of modern business practice. The traditional egoist and anthropocentric conceptions of ethics underpinning the business mindset have traditionally (albeit mistakenly) presumed that ethics costs organizations and that it deprives them of their competitive edge. We must assume that his assertion is at best outdated and reductionist and, at worst, wrong as far as current fiscal realities in Europe are concerned.

The paradox also extends to our belief that short and long-term performance are connected. Still, the cluster finding that 90 percent of organizations expect to experience financial impact from alterocentric behavior reveals a phenomenology of impact that should seem more proximal to accepted theory.

The work challenges the notion that market-based approaches are the ready-made solution to every ethical problem. The orthodox neo-classical theoretical approach to economics suggests that market forces naturally produce good (and punish bad) behavior, so Constituting frameworks of ethical economy (explicit ethical framings) are unnecessary. However, underlying moral quandaries in business, despite market mechanisms, suggest that intended ethical apologies, such as alterocentric business ethics, are necessary for achieving both ethical and economic goals.

5.5. Research on Corporate Social Responsibility: Clarifying and Extending the Theoretical Base

The findings confirm and extend prior empirical research on corporate social responsibility (CSR) and its effect on financial performance. The positive relationship between other-oriented busi-

ness ethics and financial performance was consistent with prior research, which indicated CSR activity may lead to financial gain (Alshehhi et al., 2018). This study builds on CSR research but extends it with a more comprehensive theoretical and measurement model.

The replication is further important because it supports the results of CSR research based on a different theoretical framework and measurement strategy. CSR research has been critiqued as lacking in theoretical coherence and for utilizing inconsistent measurement; however, this study's theoretical grounding in alterocentric ethics theory and stakeholder theory relates to a stronger theoretical foundation for interpreting the ethics-performance linkage.

Widening is occurring on multiple dimensions of CSR inquiry. First, the focus on alterocentric ethics provides a philosophical basis that goes beyond instrumentalist approaches, which have dominated CSR research. Where CSR is often construed as an instrument for relationship management with stakeholders and a means of reducing business risks, Alterocentrism brings ethical concern for others into doing business.,

5.6. Resolution of Measurement Standardization Challenges

This study contributes to overcoming some of the difficulties with measure standardization, which has been a perennial challenge in business ethics research. Roy et al. (2024) pointed out that companies' culture of ethics cannot be analyzed systematically in organizational studies due to the non-existent consensus on the ethical metric. To address this issue, this research develops a comprehensive measurement system suitable for all kinds of organizations and examines its validity.

Several methodological innovations are employed to address the measurement issue. The utilization of a mixed methods approach will firstly facilitate the measu-

rement schema to be grounded in the stakeholders' experiences and views of the multi-morbid landscape, rather than cherry-picking drawn even primarily from theoretical constructs. The qualitative research extended our knowledge of the stakeholders' viewpoints and experiences of ethical business practice, enabling the development of theoretically sound and contextually congruent scales.

Secondly, the focus on alterocentric business ethics provides a coherent theoretical grounding for the operationalization. Earlier scholars have been unable to deal with definitional ambiguity in business ethics adequately, and the alterocentric approach offers a precise definition and operationalization that can be consistently measured.

The third reason is that the validation process we adopt ensures the measurement model meets the known psychometric standards of reliability and validity in this study. The methods of expert review, pilot testing, and statistical validation provide confidence that the measures sufficiently captured the constructs of interest and can be used with other populations.

Beyond this particular investigation, the potential implications of addressing measurement standardization problems are considerable. The presence of instruments that have been rigorously tested conceptually in the context of alterocentric business ethics enables Idiographic studies to test and refine these findings, advancing cumulative knowledge in this domain. This is a significant advance from a previous state of atomism in business ethics research.

5.7. Explanation for Dominance of the Short-term and Long-term Gain Dynamics

The present study provides essential clarification on the short-run versus long-run impact dynamics associated with ethical business conduct — a knowledge gap that had remained in the previous Literature. Although studies have shown

evidence of a payoff of ethical behavior in the long run (Alshehhi et al., 2018), little is known about its short-term effects, leaving business leaders uncertain about how to calculate its short-term costs and benefits.

Results indicate that the standard implicit assumption of short-term costs and long-term benefits may be an oversimplification. The cluster analysis result of 90% of organizations that adopted ethical and socially responsible practices to expect financial benefits shows that many business leaders prioritize immediate benefits over long-term investments, often at the expense of short-term losses.

The qualitative results offer explanations as to how ethical behavior can result in immediate benefits. These include increased motivation and productivity among employees, more engaged customer bases and greater loyalty, reduced compliance costs, and improved access to markets and partnerships. These short-term positive impacts can serve as an early payback for the initial costs of ethical behaviors.

However, the findings also suggest that the potential anti-orders of Alterocentric Business Ethics may be substantial and of a longer duration. The close relation between “New perspective financially” and financial performance suggests that the transformative effects of alterocentric ethics may take time to become apparent. Those organizations that shift their business constitutions along alterocentric lines are likely to gain the most financial reward, but it is expected to take time to cultivate this initiative. The disambiguation between short-run and long-run dynamics has important business practice implications. Instead of thinking about ethical practice in terms of sacrificing short- to medium-term performance for long-run advantage, business leaders can recognize that well-implemented alterocentric practices can add value in both the short and long term.”

5.8. Alterocentric Ethics as Strategic Competence

It contributes to the ongoing effort to expand knowledge of alterocentric ethics as a meta capacity in organizations, rather than merely a prescriptive claim. Stronger relationships with that future ethical vision than with current practices indicate that growing ethics is a strategic capability in the sense of a dynamic one, for which investments are necessary and more growth is needed.

5.9. Temporality in Ethics-Performance Relationships

It extends current Literature on the time perspective on the ethics-performance relationship by demonstrating that aspirational ethical development is more closely related to the expectation of financial performance than is current practice. Organizations are adopting more sophisticated ethical logic systems, which may imply that instrumental applications of ethics are increasing in value.

5.10. Managerial Conclusions: European Experience

The integration of both qualitative and quantitative results provides corporate executives with an evidence-based direction to improve unitary ethics and financial outcomes. This paper has significant contextual implications for the development of business ethics within the European business context, which challenges the research gap that has too often overlooked the context based on the generalizability of findings across cultures and regulatory environments. The DACH region leads; what does this mean for cultural values and regulations in Europe, and what is the responsibility of stakeholders from an ethical and business perspective?

The results suggest that the European context may be one in which an alterocentric business ethic would be more effective. The vision of European consumers' ethical behavior encompasses a

broad spectrum of corporate behavior expectations, ranging from legal conformance and social responsibility to transparency and contributions to SD (CORDIS, 2024), which closely aligns with the alterocentric perspective in question.

These are reasons that contribute to alterocentric business models, in addition to the special nature of the DACH law, which indeed considers the protection of stakeholders and functions of corporate social responsibility in it. Institutions operating in this milieu may perceive the lure of Alterocentrism as direct profit-making, even as it diminishes the costs and risk of formal regulation. There are EU-specific problem flags the study uncovered, however. Secondly, given that consumers struggle to identify any case of a company that they believe is genuinely ethical, and even the newspapers' reports of such companies are rare (Lay, 1998), there is a potential gap between the demands of customers and how companies respond through their ethical policies. This void is both a problem and an opportunity for organizations that want to differentiate themselves through alterocentric business ethics.

5.11. Ethical integration in Strategic planning statements

The findings indicate that SR is integrated into business operations, rather than being an external, stand-alone dimension. The moderate-to-strong relationships between the moral KoP suggest that success on these performance dimensions relates to ethical behavior, hence suggesting a strong ethical input to maximize the KPIs. Moreover, it is also important to have SMEs as participants in this research since the size of the organization may vary, leading to different relationships between the practices of ethical behavior and financial performance. Specific challenges for SMEs regarding the implementation of such ethical practices, such as a lack of resources and limited market power, have been pointed out by previous research (Sanchez-Famoso et al., 2023; Krawczyk, 2021).

Some indications exist that SMEs are well-suited to implement alterocentric business ethics successfully. The personal value-based ethical stand of the individual toward ethics, found in several family firms and SME (Sanchez-Famoso et al., 2003), resembles the alterocentric philosophy of the placement of the other in the center of business thinking. Bearing in mind that it is this reliance on the local community and on trust from stakeholders that is important for the survival of most SMEs (Krawczyk, 2021), alterocentric methods could be particularly beneficial for them.

However, this study indicates that SMEs may face a distinct set of challenges in terms of embracing alterocentric practices than larger organizations would be expected to face. Resource constraints may limit SMEs' ability to invest in comprehensive ethical programmers, and a lack of market power may reduce their ability to influence stakeholder behavior. These findings suggest that SMEs may require different versions of alterocentric business ethics due to their smaller size compared to large firms that need this type of behavior.

The qualitative and quantitative findings also illustrate that leadership is essential in the creation of ethical organizational cultures, and it is good for business. Organizations should also invest in initiatives that foster ethical decision-making and the skills to manage stakeholders through their leaders effectively.

5.12. Synthesis

This research also supports the advancement of critical theorizing and synthesizing across multiple lines of enquiry in business ethics. By providing initial validation for stakeholder theory suggestions, contributing to the business ethics Literature with a positive supplement, and empirically validating mixed methods designs, researchers can develop more comprehensive and interfacing theories for their studies.

The synthesis is significant for this reason: integrating normative and empirical scholarship in business ethics. This research also offers the first empirical findings on the financial and economic sustainability of alterocentric business behaviors, and in turn can contribute to a next-generation moral and applied philosophy.

The study of results across organizational settings and parties involved provides insights concerning the universal and contingent nature of the ethics-performance relationship. Although the positive relationship between alterocentric ethics and financial performance appears to be valid in a range of conditions, the nature and magnitude of these effects will be determined by local conditions and other factors.

6. Conclusion

6.1. Definition Of the Research and A General Presentation: An Integral Synthesis

Our main idea was to prove the relationship between ethical business behavior and a firm's financial performance. In this study we have focused on two key elements including rigorous explanatory sequential research design (which fills voids in the business and ethics Literature, tests stakeholder theory propositions empirically, and serves as a benchmark for applied research rigor within the field) and the use of simulation as a means of testing and validating the stability of various organization-ethicality models.

The research employed a sound methodological approach and commenced with a qualitative exploration of the perspectives of stakeholders through semi-structured interviewing of 18 individuals in executive and stakeholder positions. On this qualitative basis, the construction and validation of a 120-item scale of alterocentric business ethics along six principal dimensions was informed. The last (quantitative) part of

the project included 309 European companies and was designed to provide statistically valid insights into the relationships between an ethically oriented orientation and economic success.

The fact that this research is theoretically grounded in the stakeholder theory and alterocentric ethics signifies a large step for the business ethics research space when compared to mainstream business ethics research. Framing this question in a coherent philosophical perspective that has equally considered the other in the business context, this inquiry pushes beyond instrumental conceptions of CSR and asks how one might understand that ethical business might generate the source of value from among multiple stakeholder constituencies, at the same time.

The results provide strong empirical support for the bottom-line effectiveness of alterocentric business ethics, as all correlations between business ethics and financial performance are weak ($r = 0.509$ to 0.915 , $p < 0.0001$). This "Future Financial Performance Outlook" was the most significant antecedent ($r^2 = 0.838 = 83.8\%$ variance explanation), suggesting that companies adopting a transformational business ethics have a promising economic future. This cluster analysis, finding 90 % of organizations are expecting financial implications from alterocentric behavior, seems to indicate recognition of the commercial value of ethical practices by European businesses.

6.2. Purpose of the Study and Hypothesis Testing

This study aimed to address two main issues in the Literature: the lack of empirical testing of the (positive) business case for ethics in business in general, and in Europe in particular. Although business ethics has generated considerable interest, with many scholars advocating for the application of ethics in business practice, a theoretical basis for why ethical behavior is sensible has been limited, and empirical evidence has been lacking.

This void left many businesses, policy-makers, and other stakeholders without evidence-based frameworks to inform their decisions on ethical business investments, due to inadequate guidance.

It was a triple-level dilemma that had hindered the development of ethics in business, both as a theoretical discipline and as a professional practice. First, no comprehensive empirical studies were available that systematically investigated the link between ethical behavior and financial performance at the firm level, adopting robust methodology. Previous work in the area was primarily prescriptive, describing what organizations should do rather than what could be achieved from ethical action. Second, the absence of standard measures - that is, a lack of instruments that might compare ethicality across various organizational or industrial contexts - is a source of noncumulative knowledge in the field. Because measures had not been applied uniformly, cross-study comparisons of findings had not been attainable, and a comprehensive interpretation of the ethics performance relationship remained elusive. Third, there was little knowledge of how the alterocentric philosophy of commerce was manifested in concrete business results in the European markets nowadays. This gap was especially pronounced because an alterocentric ethics was fundamentally at odds with classical egoistic, anthropocentric business models whose real-world feasibility had yet to be established.

The main objective of this paper was to investigate the following hypothesis (H1) in the European context: "The more ethical a firm is, the more financially successful it is". On this basis, the study sought to contribute empirically to the link between alterocentric BE and financial performance through a rigorous mixed-methods research design, which simultaneously addressed the gaps and methodological shortcomings identified in the prior Literature. The objectives of the present study were to (i) Construct and validate a comprehensive

conceptual framework for alterocentric business ethics; (ii) investigate the effects of an ethical corporate culture on a firm's financial performance based on several alternative performance indicators; (iii) reveal the mechanisms through which an alterocentric corporate culture contributes to a firm's economic outcome; and (iv) suggest evidence-based guidelines for organizational managers who are interested in adopting an ethical business policy at the expense of their business competitiveness.

The empirical results strongly support this hypothesis, as there is statistically significant evidence that alterocentric business ethics is significantly positively related to various financial performance measures. The stability of this relationship across alternate measures of ethical behavior and financial performance lends strong support for the primary hypotheses. These effects being apparent across various-sized, sectorally different, and regionally disparate organizations in the DACH region further imply that the (company) advantages of an alterocentric business ethics are not confined to specific organizational or market environments.

Evidence for the primary hypothesis carries significant theoretical and practical implications. Theoretically, it suggests empirical support for the major tenet of stakeholder theory that focusing on multiple stakeholders can generate sustainable competitive advantage. From a pragmatic perspective, it provides empirical evidence for business executives to invest in alterocentric business, thereby enhancing a firm's overall financial performance and encouraging them to view ethical business not as a cost to hedge, but as a means to meet the satisfaction of all parties involved.

Secondary questions that were included in the exploration, therefore, focused on mechanisms by which Alterocentric Business Ethics influences firm financial performance and contextual factors that moderate these relationships. These me-

chanisms are illustrated in the qualitative data, which show that alterocentric practices have instrumental value by fostering stakeholder relations, reputational objectives, positive affects for organizational members, and risk reduction. These forces work in unison to establish several pieces of the ethical/financial connection.

The research question also spanned secondary issues about how alterocentric business ethic affects financial performance and contextual contingencies that influence differences. The qualitative results provide leads on these mechanisms by showing that alterocentric practices generate value through stakeholder relationships, organizational reputation, employee commitment, and decreased regulatory risk. The mechanisms work at different times, building up multiple ways in which ethical behavior leads to better financial performance.

6.3. Confirming and Enhancing Stakeholder Theory

This research offers critical theoretical insights that are highly relevant, not only to our specific findings about alterocentric business ethics and financial performance, but also to the broader field. Most importantly, the research offers substantial empirical support for stakeholder theory's core claims, supporting Freeman's (1984) assertion that organizations can build long-term competitive advantage by addressing the concerns of all constituents impacted by business activity.

The validation of stakeholder theory is especially significant as it counters existing criticisms that stakeholder strategies are prescriptive ideals rather than a strategic reality for business. Critics have suggested that the stakeholder groups, which the organization simplistically claims to drive its success, suffer a lack of empirical support and that a focus on stakeholders could dilute the attention given to creating shareholder value and thus profitability (Friedman, 1970). The results of this study show

that these criticisms are unfounded - at least in the current European economic context where they have been made. This research serves to enrich the stakeholder theory by offering a more in-depth view of how stakeholder-oriented strategies generate financial value. The development of six fundamental alterocentric business ethical principles and their differential association with firm profitability lends a more nuanced shading to the stakeholder perspective of value creation than has been previously available.

Furthermore, this study also extends stakeholder theory by showing how different types of stakeholder relationships influence firm performance. It was the combination of quantitative and qualitative methods that enabled the identification of mechanisms of how the creation of stakeholder value translates into more organizational benefits to advance further the Literature on stakeholder dynamics and utilitarian business outcomes. The discovery that alterocentric practices can simultaneously impact multiple stakeholder relations provides a deeper understanding of how stakeholder management leads to systemic organizational benefits, rather than merely addressing specific stakeholder relations.

6.4. Broader Developments of Stakeholder Theory

The study adds to the field of alterocentric ethics as an independent theory based in business ethics. This research demonstrates that alterocentric approaches can be practical, providing empirical evidence for the utility of alterocentric ethics in business. This advancement significantly enhances the credibility of alterocentric ethics as a viable business model alternative to egoist and anthropocentric forms of business. This philosophical base of alterocentric ethics, situating the ethical treatment of others at the heart of the conduct of business, rather than as instruments of strategy in the pursuit of financial ends, marks a significant theoretical progress.

This paper contributes to the broader development of stakeholder theory as a theoretical approach to business-society relationships on several specific levels. The study first offers empirical support to the core proposition of stakeholder theory based on a sound mixed-method approach, overcoming methodological weaknesses identified in other works. The sequential explanatory design allows for both “rich explanation” of stakeholder dynamics and statistical corroboration of stakeholder theory inferences at the population level using a large sample of organizations.

Second, the research enriches stakeholder theory by offering a more comprehensive model to measure stakeholder-oriented practices—six meta-principles: Using meta-theory to design measurement instruments that affirm Alterocentrism in business ethics. The construction and validation of measures of alterocentric business ethics, relying on six principles, facilitates future research by providing a standardized approach grounded in the experiences and perspectives of stakeholders rather than theoretical, preservationist constructs.

Third, the study contributes to the stakeholder theory Literature by showing the financial processes by which stakeholder-focused strategies build value. Whereas stakeholder theory has long argued that caring for more than one firm constituency has moral and social payoffs, this analysis provides much more detailed evidence of how such approaches translate into financial returns. The exploration of the specific ways in which stakeholder value creation impacts organizational performance adds to our theoretical knowledge on stakeholder dynamics.

Fourth, the study provides insights into the stakeholder theory Literature by investigating the impact of contextual factors on the effectiveness of stakeholder-based approaches. The DACH focus shows how cultural, regulatory, and market environments can impact stake-

holder relationships and their business effects. This nuanced view contributes to stakeholder theory by enriching our understanding of when and how stakeholder approaches are likely to be effective.

Fifth, the study enriches stakeholder theory by incorporating the knowledge of alterocentric ethics to develop a stronger philosophical basis for the stakeholder theory. The alterocentric approach offers a normative justification for stakeholder theory by showing that it can be both morally justifiable and financially rewarding to take others into account.

6.5. Establishing a Benchmark for Mixed Methods Research Design

This is considered an important methodological advance in business ethics research, as it extends the practical application of mixed methods design to complex organizational phenomena and demonstrates its effectiveness. This is the first study to use a sequential explanatory strategy to address the ethical performance relationship, and in doing so, it has redefined methodological rigor in the field of business ethics by methodically coupling quantitative and qualitative approaches and offering complete and comprehensive explanations of the ethics-performance link.

The methodological advance is also important because it addresses fundamental limits that have constrained the development of accumulated knowledge in business ethics research. Most analyses are single-method studies, which give us depth (qualitative) or breadth (quantitative) but not both. The effective fusion of these two approaches in this study suggests that in examining complex organizational behaviors, mixed methods research can add value in a way that single methods cannot.

Innovation is also evidenced in the creation of measurement tools based on lived stakeholder experiences, not merely theoretical offerings. By using quali-

tative results to inform the development of the quantitative instrument, the measurement framework can capture the complexity and depth of ethical business phenomena, while also allowing for statistical manipulation across large samples. This procedure is an important improvement over previous work, which has often used available instruments that are not necessarily tailored to the constructs of interest.

The methodological innovation also encompasses the systematic validation of the measurement model, with expert review, pilot testing, and statistical analysis. This exhaustive validation would confirm that the measures exhibit suitable psychometric properties in terms of reliability and validity, while also being manageable and usable in a vast range of organizational settings. The presence of already validated measures for altero-centric business ethics permits future scholars to extend these insights and the cumulation of knowledge.

In addition, the mixed method design allows for methodological triangulation, which increases the reliability and transferability of the results. By approaching the research question from several angles and types of evidence, the present inquiry makes stronger claims than either the qualitative or quantitative alone. This is also the case in business ethics research, where social desirability bias and the normative dimension of ethical concepts influence yes or no answers.

6.6. Acknowledging Implementation Challenges

The mixed methods design used in the study is not only more time and resource-intensive but also requires a significant investment in terms of time and effort from the research teams and study participants. Since the design is sequential, one must finish with each phase before moving to the next, and the overall span of the research is considerably longer than a single-method approach.

Time was an essential factor, particularly for the qualitative phase, as recruiting participants, scheduling and conducting interviews, transcribing, and analyzing interviews took up much time. Structured interviews with 18 actors from the DACH region had to be carefully coordinated across multiple time zones and languages, and each meeting lasted 60-90 minutes. Reliability and validity of the analysis of qualitative data, such as through thematic analysis, required multiple rounds of coding and interpretation conducted by several researchers. Instrument development and validation also involved more time and experience devoted to item generation, expert review, pilot testing, and refinement. Extensive theoretical and empirical effort was necessary to create the comprehensive 120-item omnibus measure of altero-centric business ethics grounded in six principles of survey measure construction to ensure content validity and practicality. The validation process was iterative, with review from experts and pilot testing results driving revision.

The quantitative phase was resource-intensive in terms of participant recruitment, data collection, and analysis. The sample of 309 companies across Europe, of which 244 resided in the DACH region, was only made possible by extensive outreach via professional networks and industry associations, with multiple additional follow-up attempts to achieve appropriate response rates. Statistical techniques such as correlation analysis, multivariate regression, cluster analysis, and structural equation modeling were necessary for analysis as well (Cohen & Neubert, 2019).

The resource requirements are also time-consuming and resource-intensive, encompassing financial costs such as participant reimbursement, a technology platform for data collection, statistical packages for analysis, and research team personnel costs, which include both qualitative and quantitative researchers. The global nature of the study contributed further to expenses for the translati-

on (and cultural adaptation) as well as coordination requirements between countries.

While the needs for resources and time are significant, the rigor provides value worthy of the costs. A more integrated understanding from the mixed-method perspective allows for stronger and more applicable conclusions and actionable suggestions than one-method-only perspectives. The validated measurement model and empirically driven insights provide grounded support on which to base future investments for the better development of knowledge.

6.7. Relevance for European Firms: Making Use of Other-centered Ethical Position as Business Strategy

The results of this study have clear implications for practice, which show the benefits to be derived from introducing alterocentric ethics in the firms and provide leadership with a detailed guide on how to adopt an ethical behavior that meets financial goals. Such evidence of positive associations between alterocentric business ethics and financial performance enables business leaders to make an evidence-based case for viewing investment in ethical processes as a core business strategy rather than a cost on the business or an issue of compliance.

The relevance of alterocentric ethics for enterprises is evidenced by many routes of value-creation identified in this investigation. Companies that adopt the alterocentric approach will join the ranks of those with an excellent reputation, extending to their brand, and will become more appealing to customers in the process. Greater emphasis on stakeholder wellbeing results in stronger relationships with staff, higher levels of engagement, and better productivity and retention. A focus on community and environmental responsibility minimizes risks of regulation and compliance costs and fosters opportunities to pool resources and access the market.

The results of this investigation make distinct the contours of a model of alterocentric business ethics for firms seeking to pursue such business ethics via the six core principles that emerged and were confirmed in this study. These principles offer practical advice for organizations at various points along the journey of ethical development — from those just starting to think about ethical operations to those that want to improve on already strong efforts. The model discussed in this paper can help organizations gauge their current ethical performance and monitor development over time.

The approach presented here provides managerial leadership with a systematic method to realize alterocentric business ethics in a way that incorporates ethical interests with business ends. The stepwise series of interventions employed in this study - conducted after the initial stakeholder consultation, development of all measurement tools, and confirmation of outcomes - offers a model that other organizations can modify for their use as well.

In addition, the research shows that alterocentric business ethics is not only a corporate giant's tactic but is equally applicable to organizations of all sizes. By including small and mid-sized firms in the study, we present evidence that resource constraints do not prohibit successful adherence to an ethical calling. Indeed, the mindset of value-based decision-making that is typically found among SMEs may well be aligned with alterocentric values, offering these business entities a competitive advantage in marketplaces where stakeholder trust and collegiality are particularly paramount.

The pragmatic utility extends to particular realization approaches isolatable through the qualitative research. Effective alterocentric practices can be introduced by organizations through various means, including leadership commitment and communication, stakeholder engagement and consultation, policy and procedure structures, employee lear-

ning and development, performance measurement and reporting cycles, and continuous improvement procedures. These interventions have the potential to lead to immediate and long-term financial gains, as evidenced by these implementation strategies.

6.8. Articulation of Leadership Benefits and How Leadership is Conducted

This study confirms the advantages of alterocentric business ethics in the field of organizational leadership and gives us a thorough procedure that leaders can adopt to lead ethically. The quantitative results show that firms that adopt Alterocentrism can see numerous benefits in their financial outcomes, having moderate to very strong correlations with different dimensions of performance.

The upside for leadership extends beyond the bottom line, encompassing a better corporate reputation, improved relationships with stakeholders, reduced regulatory risk, and increased employee retention (Bauhofer & Neubert, 2012). These advantages build up several channels of competitiveness, which can result in the organizational performance over the years. The fact that 90% of companies anticipate tangible ROI from alterocentric activities demonstrates a widely acknowledged understanding by business leaders of the pragmatic necessity for ethical business practices.

This study also makes an academically rigorous and empirically verified framework through which the leadership can systematically practice alterocentric business ethics. The two-stage process employed in the study offers a model upon which organizations can rely to ensure applicability to their particular situations: initiating with stakeholder consultation of expectations and opportunities, the creation of a robust measurement framework coupled with implementation guidelines, and the verification of outcomes through structured evaluation.

The measurement system proposed in this study can provide leadership with a set of means for evaluating recent past ethical performance and tracking progress over time. Given the six core tenets of alterocentric business ethics, the article provides ready-made targets for compliance initiatives. With the validated survey instrument, organizations can establish a baseline performance for other organizations and identify areas for improvement.

Qualitative results provide leadership with details about both challenges and facilitators that influence the efficacy of alterocentric business practices. These findings inform better planning and implementation by aiding leaders in readiness for potential barriers and in building on enablers to successful support implementation.

Additionally, the research provides senior executives with fact-based reasoning to secure organizational support and resources for ethical projects. By showing that alterocentric practices make financial sense, leaders can frame ethical initiatives less as “costs to control” and more as “investments to optimize”, thereby gaining organizational commitment and resources.

The present study is a major contribution to the research on business ethics, which provides empirical confirmation for the stakeholder theory, establishes that alterocentric business ethics is a successful business strategy, and sets new research standards with its methodology. The results highlight that business ethics are not merely moral standards, but also a means to achieve sustainable competitive advantage and favorable financial outcomes. The methodology and measurement model articulation entailed in this article offer valuable resources to researchers and practitioners and will contribute to the influence of this work at the academic and business levels, which will be felt for years to come.

7. Limitations and future direction

7.1. Limitations: The Mixed-Methods Procedure

This mixed-methods study offers strong evidence on the relationship between alterocentric business ethics and financial performance, but some limitations need to be addressed for future research.

7.1.1. The Temporal Dynamics and Causality

Although our sequential explanatory approach enhances the inferential power beyond a single-method approach, the cross-sectional nature of qualitative and quantitative components prevents definitive causal inferences. As Margolis and Walsh (2003) stress, proving causality in code-performance linkages poses significant challenges because of complex feedback mechanisms and potential for bidirectionality. The “chicken-and-egg” problem we observed in our qualitative pre-study - whether ethical behavior influences or is influenced by financial success - is a core challenge in business ethics research (Waddock & Graves, 1997). While our qualitative pre-study evidenced actual financial returns for organizations with reliably positive linkages between ethical maturity and revenue growth, the sequence of events is unclear. In future studies, longitudinal research designs with three or more time points should be used to determine temporal precedence and thus make causal inference more robust (Orlitzky et al., 2003).

7.1.2. External Factor Isolation

One limitation of our qualitative pre-study is the difficulty of disentangling external factors affecting financial performance, i.e., isolating external influences on financial performance unrelated to ethical practices. As we detail in our findings, four firms demonstrated YOY growth or remained constant from 2022 to 2024 but dipped in 2023 due to extrinsic circumstances, and two firms showed negative growth as a result of extrinsic factors independent of the

firms' ethically related behaviors. These findings are similar to those of Chen et al. (2016), who observed that industry-specific variables and market environments can blur the ethics-performance relationship. Our convergent methodology begins to address this limitation through situating external influences in context; however, much more rigorous statistical controls are required. Future studies should use methods that comprise techniques such as propensity-matched scores, instrumental variables, or the use of natural experiments, aiming to more clearly separate the effects of ethical practices from external factors (Pelozo & Shang, 2011).

7.1.3. Sample Composition and Selection Effects

Both stages in our investigation are subject to possible selection bias, which restricts the generality of our findings. The 18 participants in the qualitative pre-study, though a low number, are sufficient to reach saturation (Halkias et al., 2023). More problematic, as we already stated in our conclusion, “if the study is representative of businesses, then it is representative of organizations that have already committed to the ethical advance and could suggest a potential self-selection bias towards ethics-focused organizations”. This limitation is more salient considering Krawczyk (2021), who finds that companies with varying ethical orientations could have varying associations between ethical practices and financial performance. Similarly, the voluntary participation model of the quantitative phase may also over-sample organizations with positive ethics-performance experiences. To draw more representative results, future studies may utilize stratified random sampling and actively reach out to both organizations with different ethical orientations (Roy et al., 2024).

7.1.4. Measurement burden and respondent burden

Presumably, measurement complexity in our approach is a severe practical limit. As the conclusion noted, the “depth of

knowledge of the organization necessary to complete the survey in a meaningful way could only have been provided by C-Suite staff, with input frequently provided by multiple departments”. This complexity generated a high respondent burden, which may have led to limited participation and measurement error. The problem is consistent with the work of Roy et al. (2024), who argue that wide-ranging ethical appraisal tools frequently encounter obstacles in terms of their breadth and complexity. Although the insights from our qualitative pre-study suggested that the 120-statement scale was worthwhile, “analysis turned out to be most effective on the level of six composite principles,” signaling possibilities for a more refined measurement. Further work should focus on the development and validation of more concise measurements, although they must remain conceptually sound, placing less of a burden on respondents (Kaptein, 2008).

7.2. Material Constraints on the Scope of Research

More substantive limitations in the scope of research are worth acknowledging as well.

7.2.1. Financial Performance Metrics

One of the main constraints we pinpoint in our conclusion is “the incapability and unwillingness of some companies to report also other financial KPIs”. Although our qualitative pre-study effort effectively recorded real-world revenue growth impacts for the majority of the participating companies, “lack of data on the four metrics [other than the revenue growth], as well as the impact of particular external factors, especially on second-level financial indicators (e.g. EBITDA), made it impossible to establish meaningful correlation [relationships] beyond [those] for the revenue growth”. This restriction is based on Alshehhi et al.’s (2018) insight that the investigation of financial performance measurement is frequently not comprehensive in business ethics studies. Restriction of the emphasis in the quantitative phase on fiscal expectations rather

than financial actualities can be considered as a pragmatic response to this challenge that, however, also has further constraining implications with respect to predictive validity. Further research should utilize various financial performance measures and devise creative means to obtain potentially sensitive financial information without imposed organizational disclosure (Ferrero & Sison, 2022).

7.2.3. Setting and Cultural Background

The emphasis placed on the DACH region for cultural and regulatory reasons constrains the generalizability to other business environments. As we discuss in the future research section, “the bottom-line effects of ethical practices vary depending on the culture, the laws, and the economic context in these different parts of the world” (Paine, 2003). The DACH area has a long tradition of stakeholder capitalism, which might result in a setting that is particularly conducive to positive ethics-performance relationships. Though rarely mentioned (only twice, 5%) in our qualitative pre-study, “differences between North America and Europe” and “business ethics in Asian markets, esp. China” illustrate the importance of establishing cross-cultural validation. It will also be important for future research to investigate these associations in different regions and cultural settings to find universal processes and culture-specific moderators (Schwab et al., 2020).

7.2.4. Industry Variation

We use a mixed methods approach in this study, which focuses mainly on the manufacturing and services industries and may not be generalizable to other sectors. We also do not believe this is “right place, right time” thinking or writing, as we said in our future research section, “most research into the financial formations created by ethical behavior seem to be too generalized”, failing to consider the very nuanced set of ethical dilemmas, questions and standards each industry brings with it. This characteristic is consistent with Sanchez-Famoso et al.’s (2023) conclusion that the impact

of ethical practices on financial performance varies across industries. Although our qualitative pre-study yielded informative preliminary insights on sector-specific fit mechanisms, the global analysis of the quantitative phase is likely to obscure sectoral differences in the process. Future research should investigate this link in industry-specific contexts to examine industry-contingent relationships between ethics and finance (Wei et al., 2019).

7.2.5. Stakeholder View Synthesis

Our analysis explores organizational views of ethics and finance. Still, it is not well situated to illuminate the experience and evaluation of organizational ethics by those who have a stake in organizational behavior. Reinforcing the alterocentric orientation of our theoretical framework, we orient it to a stakeholder orientation, that is, to the believer stance. Stakeholder views of ethics may bear little resemblance to how an organization believes it behaves within its market (Christensen and Cheney, 2011). While our qualitative pre-study obtained some stakeholders' views through executive interviews, a broader stakeholder survey would increase validity. Future research should consider a range of stakeholder group perspectives, encompassing employees, customers, suppliers, and community members, to achieve a more well-rounded understanding of ethics-performance associations (Freeman et al., 2020).

7.2.6. Link to Statement of Progress at UN Global Compact

By discussing the results, future research could reinforce the link between ethical business conduct and financial performance, using the United Nations Global Compact's statement of progress as a reference. More specifically, a survey instrument for ethical business practices and their financial impact could be mapped to the Statement of Progress to gauge the extent to which firms adhere to its principles. 48 is the number of questions already linked to the Statement of Progress out of 120 in the ques-

tionnaire. Such questions should be separated and benchmarked across Global Compact reporters. Through this approach, researchers can evaluate whether organizations that report doing better outperform their rivals financially, and whether there is any association between compliance with the Statement of Progress and actual financial gains. This strategy not only illustrates good practices but also highlights the practical implications of ethical pledges issued by the United Nations on competitive financial performance in worldwide markets.

7.3. Mixed-Methods Research: Integration Issues

Several difficulties exist in integrating the two methods, discipline/perspective, for reasons that are both conceptually and technically based. Combining qualitative and quantitative data raises particular challenges, and the coherence and validity of our conclusions may suffer from these.

7.3.1. Paradigmatic Tensions

Our sequential explanatory design traverses interpretive and positivist paradigms, canvassing the possibility of philosophical contention and claims to knowledge. As Johnson and Onwuegbuzie (2004) argue, mixed methods research must engage with overriding issues about the nature of reality and knowledge that traverse epistemological divides. While our analytic framing also seeks to highlight the complementarity of methods, this coming together of qualitative understanding and statistical explanation does not bracket out all such paradigmatic tensions. Future studies should directly engage with the philosophical base of mixed-methods ethics research and build more complex integration models (Tashakkori & Teddlie, 2010).

7.3.2. Time Intervals from One Phase of Study to Another

The linked qualitative and quantitative elements in our design can be temporally separated, which could reduce integration coherence. As Creswell and Pla-

no Clark (2017) note, shifts in organizational environments (or macroeconomic dynamics) across phases of research may influence how oppositional effects are interpreted. Although we mitigate this issue by carefully documenting the context, dynamic business environments pose difficulties in using sequential designs. It is suggested that future studies should adopt concurrent mixed methods designs or conduct several waves of data collection to account for this limitation (Fetters et al., 2013).

7.3.3. Analytical Integrations

The challenge of integrating multiple data types leads to analytical issues that could be problematic for the consistency of our conclusions. As Saunders et al. (2019) explain, integrated analytical models that cohere while retaining the robustness of their qualitative and quantitative results were complex in mixed-methods business ethics research. While we advocate the use of one approach as complementary to the other, the practical challenges - complex and demanding issues related to joint displays and integrated analyses - may prevent us from fully realizing the potential of mixed methods. Next-generation research would enable more detailed and nuanced analysis in such a hybrid of qualitative and quantitative ethics data, hopefully by taking advantage of new computational and inferencing strategies (e.g., Bazeley, 2018).

7.4. Future Research Directions

We also consider that such limitations imply several appealing avenues for future research, which may help refine our understanding of the dynamics through which alterocentric business ethics impact financial results.

7.4.1. Longitudinal Mixed-Methods Studies

Next, longitudinal mixed methods research tracking ethical and financial stakeholders over time periods of a decade or more is needed. These study designs would help to improve causal inferences and offer rich contextual in-

sight into the processes by which ethics-performance links develop over time. Longitudinal qualitative elements might capture implementation processes and adaptation processes, and quantitative tracking would provide evidence of temporal ordering and lagged effects (Ployhart & Vandenberg, 2010).

7.4.2. Approaches to a Multilevel Analysis

The interdependent and embedded nature of ethics at work provides a good argument for multilevel analyses of the relationship of ethics to performance at the individual level, team level, department level, and organizational level. Such techniques would work toward our shortcomings in aggregating at the organization level while also seeking to explain how ethicality diffuses through the organizational hierarchy. Multilevel mixed methods designs could integrate qualitative case studies of particular organizational sub-units with analysis of cross-level effects at a more quantitative level (Hitt et al., 2007).

7.4.3. Research Designs That Include Stakeholder Voice

To address this limitation, future research may develop designs that are more inclusive of stakeholders and integrate views of various stakeholder groups (e.g., employees, customers, suppliers, investors, and community members). Both would enhance alignment consistency with alterocentric theoretical underpinnings and offer more extensive coverage of ethical behavior and its outcomes. Mixed-methods approaches are instrumental in this regard, facilitating the ability to capture broad surveys of stakeholders while delving deeply into stakeholders' experiences (Harrison et al., 2015).

7.4.4. Comparative, Cross-Cultural Studies

The geographic restriction of our study on DACH emphasizes the value of comparative, cross-cultural studies that address how ethics-performance linkages differ across business settings. Such

work should explore general principles and context-specific complications that promote understanding of how cultural, regulatory, and economic factors moderate these relationships. Mixed-methods methods are central to such comparisons, providing statistical comparisons and context-based understanding (Tsui, 2007). These research avenues extend and overcome the limitations of our mixed-methods study, contributing to theoretical development and managerial practice of alterocentric business ethics in various organizational settings.

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Declarations

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Data Availability and Supplementary Material

All data generated and analyzed during this study and supplementary material are available upon reasonable request.

Prior Publication

The authors confirm that this research has not been published previously and is not under consideration for publication elsewhere.

Ethics Statement

This study complies with the ethical guidelines of the European Code of Conduct for Research Integrity and adheres to the GDPR requirements for data protection. Ethical approval was obtained from the Institutional Review Board of EIM, and informed consent was secured from all participants.

Responsible AI Ethics Statement

This study used artificial intelligence (AI) tools to support tasks such as identifying relevant literature, analyzing datasets, and editing textual content. These tools were employed solely to enhance efficiency, and their outputs were critically reviewed to ensure alignment with research objectives. The use of AI adheres to ethical principles outlined in the EU AI Act, the OECD AI Principles, and the UNESCO Recommendation on the Ethics of Artificial Intelligence, emphasizing transparency, fairness, and accountability. The authors made all final decisions and retain full responsibility for this research's integrity, rigor, and conclusions.

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Appendix

Phase 1 – Quantitative Study

Baseline for questionnaire structured according to the six core principles

1. Alterocentric Business Strategy

1.1. Ethical Key Questions

- Develop high-level goals: Answering the “WHY” question: Why do you want the company to engage in alterocentric business ethics?
- Establish Core Values: Identify and articulate the core values that will guide the company. These might include integrity, fairness, transparency, accountability, respect, and sustainability.
- Develop a Code of Alterocentric Business Ethics: Create a code of ethics that translates these core values into actionable principles. This document should provide clear guidelines for behavior and decision-making.

1.2. Alterocentric Growth and Profitability Methodology

- Assess the Current State of the Business
 - Review Performance Metrics: Analyze your company's current financial performance, market position, customer base, and product/service offerings. Use key performance indicators (KPIs) such as revenue growth, profit margins, customer acquisition cost, and customer lifetime value.
 - SWOT Analysis: Conduct a SWOT analysis to identify your company's Strengths, Weaknesses, Opportunities, and Threats. This will help you understand where your business stands and where growth opportunities may lie.
- Set Clear Growth Objectives
 - Define Specific Goals: Establish clear, measurable, and time-bound growth objectives. For example, your goal might be to increase revenue by 20% within the next year, expand into a new market, or launch a new product line.
 - Align with Vision and Mission: Ensure that your growth objectives align with the company's overall vision and mission. Growth should not only be about increasing revenue but also about advancing the company's long-term purpose.
- Identify Growth Opportunities
 - Market Penetration: Focus on increasing your market share in existing markets. This could involve increasing marketing budgets, improving product quality, or offering sales promotions to increase customer attraction.
 - Market Development: Explore new markets for your existing products or services. This could include geographic expansion, target a new demographic, or enter a new industry.
 - Product/Service Development: Innovate by developing new products or services that cater to the needs of your current market or a new market.
 - Diversification: Consider diversifying your product/service offerings or entering entirely new markets that may not be directly related to your current business.
- Develop Strategic Initiatives
 - Marketing Strategy: Develop a marketing plan that supports your growth objectives. This could involve digital marketing, content creation, brand building, or partnerships.
 - Sales Strategy: Create a sales strategy that aligns with your growth goals. This might include expanding your sales team, adopting new sales techniques, or entering new distribution channels.

- Innovation and R&D: Invest in research and development to innovate your products or services. This could involve improving existing offerings or creating new ones that meet emerging customer needs.
- Allocate Resources
 - Budgeting: Allocate financial resources to the growth initiatives you've identified. This may involve investing in marketing, hiring new staff, upgrading technology, or entering new markets.
 - Human Resources: Ensure that you have the right team in place to execute the growth strategy. This might involve hiring new talent, training existing employees, or restructuring teams to better align with growth objectives.

1.3. Leadership Commitment

- Ensure Leadership Role Modeling: Ensure that company leaders embody the ethical values of the organization. Their behavior sets the tone for the entire company.
- Alterocentric Leadership Development: Train leaders to make decisions that balance business goals with ethical considerations, even when facing difficult choices.

2. Holistic Stakeholder Engagement

2.1. Define Stakeholders

- Identification of Stakeholders: Recognizing all relevant stakeholders, including shareholders, employees, customers, suppliers, communities, and the environment.
 - Investors
 - Employees
 - Customers
 - Suppliers and Business Partners
 - Communities
 - Regulators and Government Agencies
 - Environmental Stakeholders

2.2 Tailor engagement approach

- Engagement and Communication: Establishing ongoing dialogue with stakeholders to address and understand their perspectives, concerns, and expectations.
- Transparency: Providing clear, accurate, and timely information about business activities and their impacts to all stakeholders.
- Responsiveness: Addressing stakeholder concerns and feedback in decision-making processes and corporate actions.
- Inclusiveness in Decision-Making: Involving stakeholders in the decision-making process, ensuring their views are considered in corporate strategies and policies.
- Equity and Fairness: Ensuring that the interests of all stakeholders are treated equitably, and that no group is disproportionately disadvantaged by corporate actions.

2.3 Measure the success of engagement

- Stakeholder Satisfaction Surveys
 - Direct Feedback: Conduct surveys or interviews with stakeholders to gather their perceptions and satisfaction levels with the engagement process. Questions can cover aspects such as communication quality, responsiveness, and the extent to which their concerns were addressed.
 - Net Promoter Score (NPS): Ask stakeholders how likely they are to recommend working with your business to others. This provides a clear measure of stakeholder satisfaction and loyalty.

- Achievement of Engagement Objectives
 - Goal Alignment: Evaluate whether the specific objectives of the engagement have been met. This might include objectives like securing stakeholder buy-in for a project, resolving conflicts, or gaining valuable input for decision-making.
 - Project Milestones: Track whether the engagement contributed to achieving key project milestones or business goals, such as meeting deadlines, staying within budget, or successfully launching a new initiative.
- Level of Stakeholder Involvement
 - Participation Rates: Measure how many stakeholders are actively participating in engagement activities, such as meetings, consultations, or workshops. High participation rates indicate strong engagement and interest.
 - Diversity of Input: Assess the diversity of stakeholder input. Successful engagement involves hearing from a broad range of voices, including different stakeholder groups, ensuring that various perspectives are considered.
- Conflict Resolution and Issue Management
 - Conflict Resolution Success: Measure the effectiveness of the engagement in resolving conflicts or addressing stakeholder concerns. Successful resolution often leads to strengthened relationships and increased stakeholder satisfaction.
 - Reduction in Complaints: Monitor the number and nature of complaints or issues raised by stakeholders. A decrease in complaints over time suggests that engagement strategies are effectively addressing stakeholder needs.

3. Predictable Decision Making and Accountability

3.1. Decision-Making follows alterocentric guidelines

- Guidelines defined and communicated: Which decisions should fall under which set of guidelines?
- Framework for decision making established: Ensuring that leaders demonstrate and promote ethical behavior and decision-making throughout the organization.
 - Identify Relevant Norms: Determine both the universal ethical principles (hyper norms) and the local norms relevant to the decision at hand.
 - Evaluate Legitimacy: Assess whether the local norms align with the universal principles. If there is a conflict, the universal principles take precedence.
 - Consider Stakeholders: Engage with the stakeholders affected by the decision to understand their perspectives and the cultural context.
 - Decisions are made under the framework: Make decisions that respect both the universal ethical standards and the legitimate local norms.

3.2 Responsibility and Ownership

- Clear Roles and Responsibilities: Defining and communicating roles within the organization to ensure accountability at all levels.
- Ownership of Actions: Encouraging employees and leaders to take responsibility for their actions and decisions.

3.3 Consequences for Actions

- Enforcement of Policies: Ensuring that violations of ethical policies are addressed promptly and appropriately.
- Corporate Morale Board: Validating key decisions that are of general interest to the company.
- Rewarding Ethical Behavior: Recognizing and rewarding employees and business practices that exemplify ethical behaviour and social responsibility.

4. Anchoring in Leadership

4.1. Governance

- Introduction of a management committee anchored directly in the top management level:
 - Board member for business ethics
 - Corporate Moral Board
 - Member of the Advisory Board

5. Responsible Business Behavior

5.1. Generic Principles of Business Operations

- Environmental Stewardship
 - Sustainable Resource Use: Ensuring that natural resources are used efficiently and responsibly to minimize depletion and environmental degradation.
 - Pollution Prevention and Waste Management: Implementing practices that reduce emissions, manage waste effectively, and prevent pollution.
 - Biodiversity Conservation: Protecting ecosystems and biodiversity by minimizing the impact of business operations on natural habitats.
- Social Responsibility
 - Human Rights: Upholding and promoting human rights within the company and throughout the supply chain.
 - Fair Labor Practices: Ensuring fair wages, safe working conditions, and respecting workers' rights to organize and bargain collectively.
 - Diversity, Equity, and Inclusion: Program to improve diversity and inclusion in the workplace with clear goals.
 - Community Engagement: Actively contributing to the well-being of the communities in which the company operates through philanthropy, volunteerism, and economic development initiatives.
- Economic Responsibility
 - Ethical Sourcing and Procurement: Choosing suppliers and partners based on their ethical practices, ensuring they comply with social and environmental standards.
 - Fair Trade: Supporting fair trade practices that ensure fair compensation and sustainable livelihoods for producers in developing countries.

5.2. Products and Services Engineering and Lifecycle Management

- Meaningful products and services: The Company's offering is meaningful to customers and serves a true purpose.
- Safe and Sustainable Products: Designing and producing products that are safe for consumers and have minimal environmental impact throughout their lifecycle.
- Consumer Education: Informing consumers about the ethical aspects of the products they purchase.
- Sustainable Innovation: Investing in research and development to create sustainable products and services.
- Continuous Improvement: Regularly assessing and improving ethical practices and performance.

5.3. Market Products and Services

- Truth in advertising
 - Accurate Representation: Marketers should ensure that all advertising and promotional materials accurately represent the products or services being offered. This includes avoiding exaggerated claims, false information, or deceptive practices that could mislead consumers.
 - Clear Communication: Information provided to consumers should be clear and understandable, avoiding jargon or complex terms that could confuse or mislead the audience.

- Fair Competition
 - Avoiding Anti-Competitive Practices: Marketers should not engage in practices that unfairly harm competitors, such as spreading false information about a competitor's product or engaging in price fixing.
 - Respecting Intellectual Property: Marketing materials should respect intellectual property rights, avoiding plagiarism, unauthorized use of copyrighted materials, or imitating a competitor's branding too closely.
- No manipulative marketing practices
 - Disclosure of Information: Marketers should be transparent about the terms and conditions of a product or service, including pricing, additional fees, and the true nature of the offering. Hidden fees or unclear terms can lead to distrust and legal issues.
 - Influencer and Endorsement Disclosure: When using influencers or endorsements, it's important to disclose any financial relationships or sponsorships to avoid misleading consumers about the independence of the endorsements.
- Adherence to consumer privacy
 - Data Protection: Collecting consumer data is a common practice in marketing, but it must be done responsibly. Marketers should ensure they are complying with data protection laws (like GDPR) and that they are obtaining consent before collecting personal data.
 - Respecting Consumer Choices: Marketers should respect consumers' preferences regarding how their data is used, including honoring requests to opt out of marketing communications.

5.4 Sell Products and Services

- Fairness in Pricing
 - Value-Based Pricing: Prices should reflect the value provided to the customer. Charging a fair price for the quality, functionality, and benefits of a service or product ensures that customers feel they are getting what they pay for.
 - Avoiding Price Gouging: Businesses should avoid exploiting situations where consumers have limited options, such as during emergencies, by excessively raising prices on essential goods and services.
- Transparency
 - Clear Communication: All pricing information should be communicated clearly and transparently to customers. This includes the base price, any additional fees, taxes, and the total cost of ownership.
 - No Hidden Fees: Ethical pricing involves avoiding hidden charges or complex pricing structures that make it difficult for customers to understand what they are paying for.
 - Consistency
 - Uniform Pricing: Businesses should strive to maintain consistency in their pricing practices, avoiding arbitrary price changes that could confuse or alienate customers. If discounts or promotions are offered, they should be available to all eligible customers without discrimination.
 - Respecting Price Agreements: If a business offers a price guarantee or enters into a pricing agreement, it should honor that commitment throughout the agreed period.
- Respect for Competition
 - Avoiding Predatory Pricing: Businesses should not engage in predatory pricing practices, where prices are set artificially low to drive competitors out of the market, only to raise them again once competition is reduced.
 - No Collusion or Price Fixing: It is unethical (and often illegal) to collude with competitors to fix prices at a certain level, thereby undermining the principles of fair competition.

- **Affordability and Access**
 - **Pricing for Accessibility:** For essential goods and services, businesses should consider pricing strategies that make these products accessible to a broader audience, including low-income customers. This might involve tiered pricing, discounts for vulnerable groups, or offering basic versions of products at lower prices.
 - **Ethical Consideration of Margins:** While businesses need to make a profit, ethical pricing involves setting margins that allow the business to be sustainable while still offering value to customers.
- **Dynamic Pricing Ethics**
 - **Fair Use of Dynamic Pricing:** If dynamic pricing is used (e.g., adjusting prices based on demand, time, or customer behavior), it should be done transparently and fairly, ensuring that it doesn't exploit customers unfairly, particularly vulnerable groups.
 - **Clear Justification:** Businesses should clearly communicate the reasons behind price changes in dynamic pricing models, ensuring that customers understand the factors driving price fluctuations.
- **Consideration of Market Impact**
 - **Sustainable Pricing:** Pricing should consider the long-term impact on the market and society. Practices like extremely low pricing to dominate the market can harm local economies and small businesses, leading to long-term negative consequences.
 - **Environmental Impact Consideration:** Pricing can also reflect the environmental impact of producing and delivering goods. For instance, businesses might incorporate the cost of sustainable practices into their pricing models to promote environmentally friendly products.
- **Ethical Discounting**
 - **Honest Promotions:** Discounts and promotions should be genuine and not artificially inflated before a discount is applied. This means avoiding the tactic of raising prices just before a sale to create the illusion of a discount.
 - **Non-Discriminatory Offers:** Ensure that discount offers and promotions are available to all eligible customers, avoiding any discrimination based on race, gender, or other unrelated factors.

5.5 Customer Success and Product and Services Delivery

- **Customer-Centric Culture**
 - **Empathy and Understanding:** Foster a culture of empathy within customer success and delivery teams. Encourage employees to understand customer needs and challenges genuinely and to offer solutions that are in the customer's best interest.
 - **Long-Term Relationships:** Focus on establishing long-term relationships with customers rather than prioritizing short-term sales or quick fixes. This involves understanding the customer's journey and working towards their success over time.
- **Customer Satisfaction**
 - **Delivering on Promises:** Ensure that the products or services delivered match what was promised during the sales process. This includes quality, features, and delivery timelines.
 - **On-Time Delivery:** Strive to meet delivery deadlines consistently. If delays occur, communicate them promptly and provide a clear explanation and timeline for resolution.
 - **Quality Assurance:** Ensure that the products or services delivered meet the promised quality standards. Regularly review and improve delivery processes to avoid errors and ensure customer satisfaction.

- Proactive Support: Customer success teams should proactively engage with customers to ensure they are getting value from the product or service. This involves regularly checking in and offering assistance to help customers achieve their goals.
- Fair Treatment
 - Equal Service: Provide consistent and fair service to all customers of the same cohort or prioritization group, regardless of their size, spend, or demographic. All customers should receive the same level of support and attention.
 - Non-Discriminatory Practices: Avoid any form of discrimination in customer service. Ensure that all customers are treated with respect, and that service is provided based on need rather than any personal characteristics.
- Data Privacy and Security
 - Protecting Customer Information: Safeguard customer data and ensure that all customer interactions are conducted with the highest standards of privacy and security. This includes compliance with data protection regulations like GDPR.
 - Ethical Use of Data: Use customer data responsibly and ethically, only for the purposes it was collected, and with the customer's consent. Avoid using data in ways that could harm the customer or invade their privacy.
- Responsibility in Problem Resolution
 - Accountability: When issues arise, take responsibility and address them promptly. Avoid shifting blame to the customer or other external factors. Acknowledging mistakes and taking corrective action is key to maintaining customer trust.
 - Fair Compensation: If a service or product fails to meet expectations, offer fair compensation, whether through refunds, credits, or additional support. Ensure that compensation is reasonable and reflective of the inconvenience caused to the customer.

6. Credible Transparency

6.1. Yearly certification alterocentric impact promoter score (AIPS)

- KPIs and Metrics: Establishing and tracking key performance indicators related to alterocentric goals.
- Regular Internal Audits: Conducting internal audits to ensure compliance with applicable regulatory requirements and ethical standards.
- Third-Party Verification: Engaging independent third parties to verify the accuracy and integrity of reports and practices.

6.2. Consistent alterocentric communication

- Open Communication
 - Transparency and Accountability: Being open about business practices and decisions and holding the company accountable for its social and environmental impacts.
 - Clear Reporting: Providing comprehensive and understandable reports on business activities, financial performance, and alterocentric efforts.
 - Accessibility of Information: Making relevant information readily available to stakeholders, including employees, customers, investors, and the public.
- Disclosure of Practices
 - Ethical Conduct: Transparently sharing the company's alterocentric guidelines and code of conduct.
 - Operational Transparency: Disclosing how products are made, sourced, and the environmental and social impacts of operations.

6.3. Structured Stakeholder Engagement

- Interactive Dialogues: Actively engaging with stakeholders through forums, surveys, and meetings to understand their concerns and expectations.
- Feedback Mechanisms: Implementing systems for stakeholders to provide feedback and report issues without fear of retaliation.

6.4 Effective Content Marketing

- Honesty and Accuracy
 - Truthful Information: Ensure that all content is accurate, truthful, and free from exaggeration or manipulation. Avoid making false claims about your products, services, or industry.
 - Fact-Checking: Rigorously fact-check all information before publishing. This builds trust with your audience and avoids spreading misinformation.
- Transparency
 - Clear Disclosure: Be transparent about your intentions, especially in sponsored content or partnerships. Clearly disclose any paid relationships or affiliations.
 - Authentic Communication: Avoid deceptive tactics such as clickbait or misleading headlines. Ensure that the content delivers on the promises made in the title and description.
- Alterocentric Messaging
 - Ethical Messaging: Promote messages that align with ethical principles, such as environmental sustainability, social justice, and community well-being.
 - Positive Impact: Aim to create content that contributes positively to society, whether by raising awareness of important issues, promoting responsible behaviors, or supporting charitable causes.

Phase 1 Full Instrument – Independent Variable

(Questions marked with * are taken from the UN Global Compact Statement of Progress questionnaire.)

#	Principle	Element	Question	Code
1	Alterocentric Business Strategy	Anchoring values in leadership	Self-values among the executive team (CEO-1) are defined, understood, and shared among the leaders.	Q1
			Relationship Values among the executive team (CEO-1) are defined, understood, and aligned among the leaders.	Q2
			Organizational Values among the executive team (CEO-1) are defined, understood, and aligned among the leaders.	Q3
			Customer Values among the executive team (CEO-1) are defined, understood, and aligned among the leaders.	Q4
			Societal Values among the executive team (CEO-1) are defined, understood, and aligned among the leaders.	Q5
		Ethical Key Questions	The organization has a defined public purpose beyond earning money. This is translated into business processes, tangible actions, and goals.	Q6
			The organization has defined a set of Ethical Core Values.	Q7
			A code of conduct is in place covering human rights, labor rights, the environment, and anti-corruption. *	Q8

#	Principle	Element	Question	Code
		Alterocentric growth and profitability methodology	Ethical growth objectives have been set	Q9
			Ethical growth opportunities have been identified	Q10
			Strategic initiatives to address ethical growth opportunities exist	Q11
			Resources are allocated to drive strategic initiatives	Q12
			There is an aligned agreement among the leadership team on how the organization will use its profits.	Q13
		Leadership Commitment	Business ethics is a key goal of the company’s highest governing bodies (Advisory Board and CEO-1).	Q14
			Public Commitment to human rights, labor rights, the environment, and anti-corruption. *	Q15
			Leaders (all people managers) have been trained on business ethics.	Q16
		2	Holistic Stakeholder Engagement	Define stakeholders
Tailor engagement approach	There is an ongoing dialogue established between the organization and its stakeholders (Employees, customers, suppliers, communities).			Q18
	The organization provides clear, accurate, and timely information to its stakeholders (Employees, customers, suppliers, communities)			Q19
	The organization addresses feedback from stakeholders (Employees, customers, suppliers, communities) within an agreed timeframe			Q20
	Organization's stakeholders (Employees, customers, suppliers, communities) are involved in decision-making.			Q21
	Organization's stakeholder (Employees, customers, suppliers, communities) inclusion leads to higher decision speed.			Q22
	Organization's stakeholders (Employees, customers, suppliers, communities) are treated equitably.			Q23
Measure success of engagement	Stakeholder (Employees, customers, suppliers, communities) satisfaction is measured on an ongoing basis.			Q24
	Stakeholders (Employees, customers, suppliers, communities) are involved according to plan.			Q25
	There is a conflict and issue resolution process in place, and we measure success			Q26
3	Predictable Decision-Making and Accountability	Decision-Making follows alterocentric guidelines	The organization's highest governing bodies (Advisory Board and CEO-1) reflect diversity ambitions. *	Q27
			A framework of guidelines for ethical decision-making is defined and implemented across the organization.	Q28

#	Principle	Element	Question	Code
			There is a plan to increase the number of decisions managed under the framework.	Q29
			The speed of decision making is measured, and the framework is optimized based on learnings to improve the speed through fewer grey areas and higher clarity.	Q30
		Responsibility and Ownership	There is an organization-wide authority matrix defined and communicated.	Q31
			There is an organization-wide structured approach to assign ownership in place.	Q32
			Ethical behavior is anchored in leaders' (all people managers) objectives.	Q33
			Ethical behavior is anchored in employees' objectives and measured against.	Q34
		Consequences for Actions	There is a process in place to raise ethical concerns. *	Q35
			Policy violations are actioned upon. *	Q36
			Lessons Learnt are captured to improve processes. *	Q37
4	Anchoring in Leadership	Governance	There is a board member appointed for human rights, labor rights, environment, and anti-corruption (alternatively, other levels in management). *	Q38
			There is a Corporate Morale Board in place and operative that steers the organization's ethical agenda and validates key decisions that are of general interest.	Q39
			There are risk management processes setup covering human rights, labor rights, environment, anti-corruption. *	Q40
			There is an anti-corruption program in place that is updated on a regular basis. *	Q41
			There are anti-corruption policies for employees in place. *	Q42
			There is a structured anti-corruption training program in place that is provided on a regular basis, and participation is mandatory. *	Q43
			Corruption-related indents are documented and monitored. *	Q44
			Actions are taken for corruption-related incidents, including involvement of the government regulator if applicable. *	Q45
5	Responsible Business Behavior	Generic Principles of Business Operations	There is a structured program in place to account for human rights, labor rights, environmental and corruption. *	Q46
			There is a structured program in place to account for sustainable resource use. *	Q47

#	Principle	Element	Question	Code
			There is a structured program in place to account for pollution prevention and waste management. *	Q48
			There is a structured program in place to account for biodiversity conservation.	Q49
			There are policies in place to handle identified Human Rights topics, and there are clear commitments in place. *	Q50
			There are policies in place to handle identified Labor topics, and there are clear commitments in place. *	Q51
			Does the existing collective bargaining agreements provide more favorable rights than those provided in legislation? *	Q52
			Has the company been involved in providing or enabling remedies where it has caused or contributed to adverse impact(s) associated with labor rights topics? *	Q53
			The company has taken actions with the aim of preventing/mitigating the risks/impacts associated with Environmental topics. *	Q54
			The company has acted to support climate change adaptation and resilience. *	Q55
			Structured program in place for diversity, equity, and inclusion. *	Q56
			Structured program in place for community engagement.	Q57
			Supply chain standards are in place that cover ethical sourcing and procurement.	Q58
			Standards are in place that ensure fair compensation of the staff of suppliers in developing countries.	Q59
		Products and Services Engineering and Lifecycle Management	The organization's offering (products and services) is meaningful to customers and serves an actual purpose.	Q60
			The organization's offering (products and services) is designed and built to last.	Q61
			The organization's offering (products and services) is serviceable/repairable.	Q62
			The organization's products comply with standard practices of manufacturing applicable in all markets where products are available.	Q63
			Customers know about the ethical aspects of the products and services.	Q64
			The company invested in R&D of low-carbon products and services. *	Q65
			The company generates revenues from low-carbon products and services. *	Q66
			The organization has a structured program for continuous improvement in place.	Q67

#	Principle	Element	Question	Code
		Market Products and Services	The organization is focusing on an accurate representation by avoiding exaggerated claims, false information, and misleading consumers in advertising.	Q68
			The organization has clear and understandable information in advertising.	Q69
			The organization is avoiding anti-competitive practices and does not unfairly harm competitors.	Q70
			The organization's marketing materials are respecting intellectual property (IP) rights.	Q71
			The organization is avoiding manipulative marketing messages by fostering transparency about terms and conditions and pricing.	Q72
			The organization discloses financial relationships or sponsorships with companies and influencers.	Q73
			The organization complies with consumer privacy rules by adhering to data protection laws.	Q74
			The organization's customers can choose how their data is being used, and the organization respects the choice.	Q75
		Sell products and services	The organization's prices for products and services reflect the value provided to the customer.	Q76
			The organization does not increase prices of services or goods to a much higher level, which might not be considered as “reasonably fair”.	Q77
			Pricing structure must be communicated fully to customers.	Q78
			The organization avoids hidden charges that customers don't understand.	Q79
			The organization avoids arbitrary price changes.	Q80
			The organization honors agreements throughout the duration of the contract.	Q81
			The organization does not set prices artificially low to squeeze out competitors and raise them again.	Q82
			The organization does not enter into pricing agreements with competitors.	Q83
			The organization makes essential items available to the largest number of customers possible, incl. low-income customers.	Q84
			The organization balances profit generation with offering value to customers.	Q85
		The organization has a consistent, transparent, and fair approach in place in case of dynamic pricing (“fair use of dynamic pricing”).	Q86	
		Customers understand the factors that lead to price fluctuations in the case of dynamic pricing.	Q87	

#	Principle	Element	Question	Code
			The organization aims to meeting customer's expectations even if not articulated clearly by the customer's stakeholders.	Q88
			The organization commits to sustainable pricing: long-term impact to markets and society have been considered.	Q89
			The organization's prices for products and services do reflect the environmental impact and promote environmentally friendly products.	Q90
			The organization's promotions should be genuine and not artificially inflated before a discount is granted (“Ethical discounting”).	Q91
			The organization's offers are non-discriminatory and are available to all eligible customers.	Q92
		Customer Success and Product and Services Delivery	The organization fosters a customer-centric culture and has a structured program in place to build customer empathy and understanding.	Q93
			The organization fosters a customer-centric culture and has a structured program in place to incentivize long-term customer relationships.	Q94
			The organization has a structured program in place to measure and improve delivery on promises towards its customers.	Q95
			The organization has a structured program in place to measure and improve on-time delivery to its customers.	Q96
			The organization has a structured program in place to measure and improve the quality of delivery to its customers.	Q97
			The organization has a structured program in place to measure and improve proactive support for its customers.	Q98
			The organization is committed to fair treatment by offering equal services to customers of the same group or cohort.	Q99
			The organization is committed to fair treatment by treating customers with respect.	Q100
			The organization shows clear accountability in timely customer problem resolution.	Q101
			The organization compensates customers according to defined standards in case of problems.	Q102
6	Credible Transparency	Yearly certification alterocentric impact promoter score (AIPS)	The organization has established clear business ethics metrics and reports on them. *	Q103
			The organization measures compliance with ethical standards.	Q104
			The organization engages with independent third parties to verify the accuracy and integrity of reports and practices. *	Q105

#	Principle	Element	Question	Code
		Consistent alterocentric communication	The organization communicates business practices and decisions openly to all relevant audiences.	Q106
			The organization is making relevant information accessible to all stakeholders.	Q107
			The organization is sharing the company's code of ethical conduct with all stakeholders.	Q108
			The organization discloses relevant information about ethical operations in the company's value chain.	Q109
			The organization is evaluating its ethical behavior on an ongoing basis.	Q110
			In the organization, alterocentric behavior is top of mind for every employee every day (This fosters a positive change to the society)	Q111
		Structured Stakeholder Engagement	The organization actively engages with stakeholders.	Q112
			The organization has a structured program in place to capture stakeholder feedback.	Q113
			Stakeholders' view on moral principles, integrity, and corporate social responsibility are fed into the organization's operations.	Q114
		Effective Content Marketing	The organization's marketing content is accurate, truthful, and free from exaggeration or manipulation.	Q115
			In the organization the marketing sources have been checked and documented to avoid wrong information being published.	Q116
			The organization's marketing there is clarity on intentions, esp. regarding sponsored content and partnerships.	Q117
			The organization's marketing is avoiding deceptive tactics.	Q118
			The organization's marketing promotes messages that align with ethical principles.	Q119
			The organization's marketing creates content that positively influences society.	Q120

Phase 1 Full Instrument – Dependent Variable

#	Principle	Element	Question	Code
Output	Key financial performance indicators	Revenue Growth	Please provide your company's revenue in EUR	KPI_1
		Net Profit Margin	Please provide your company's net profit margin in %	KPI_2
		Earnings Before Interest, Taxes, Depreciation, and Amortization	Please provide your company's EBITDA in EUR	KPI_3
		Return on Invested Capital	Please provide your company's return on invested capital in %	KPI_4
		Cash Flow	Please provide your company's cash flow in EUR	KPI_5

Phase 2 – Quantitative Study

Phase 2 Full Instrument – Independent Variable

(Questions marked with * are taken from the UN Global Compact Statement of Progress questionnaire.)

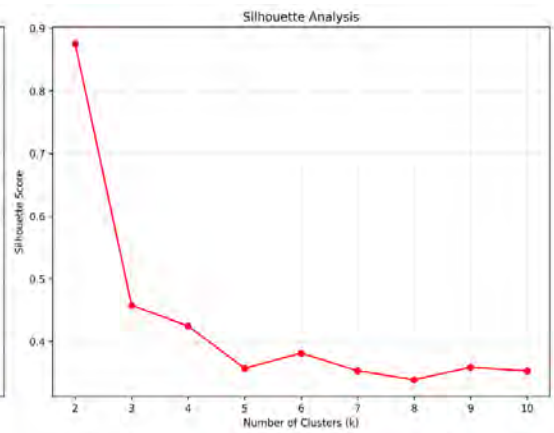
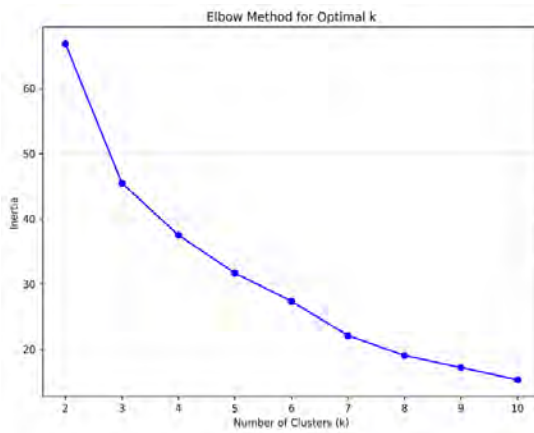
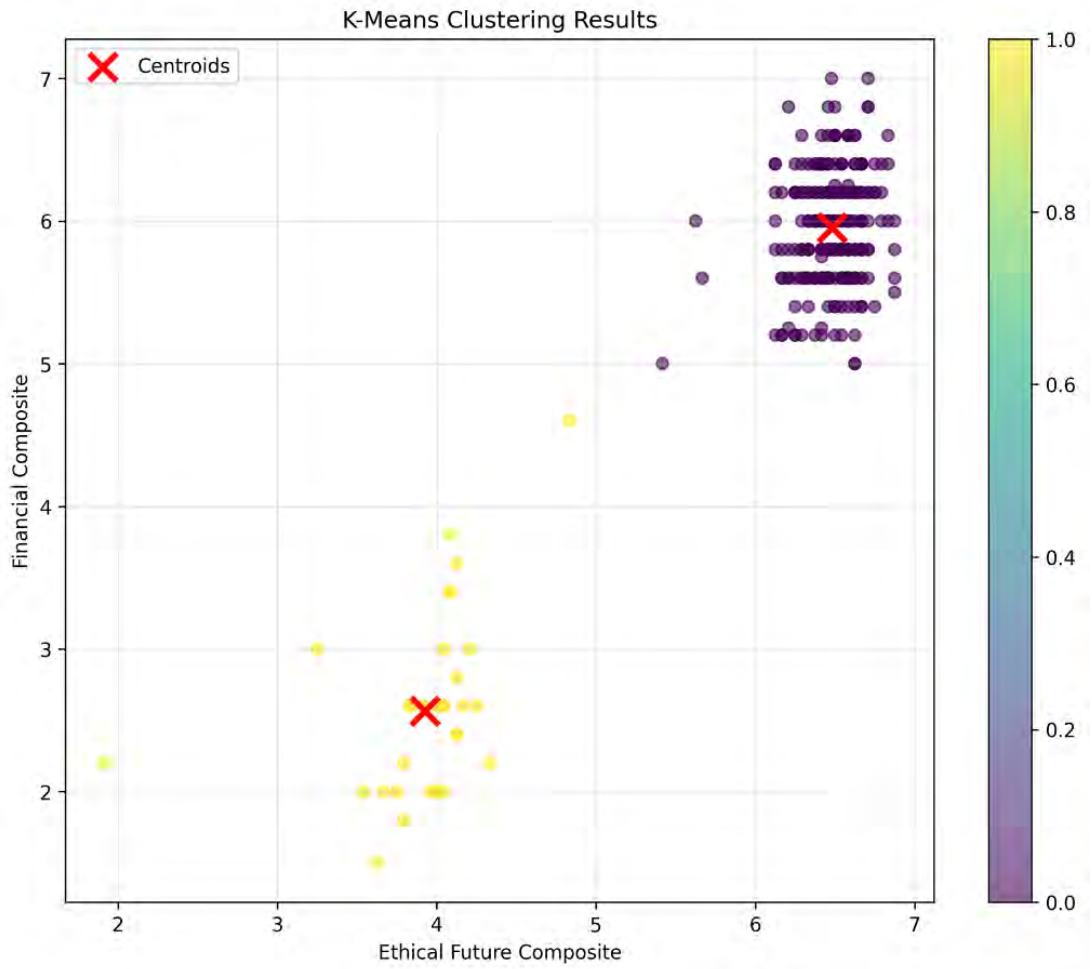
#	Principle	Element	Question	Code
1	Alterocentric Business Strategy	n/a	The organization has defined a set of Ethical Core Values.	Q1
			Strategic initiatives to address ethical growth opportunities exist.	Q2
			There is an aligned agreement among the leadership team on how the organization will use its profits.	Q3
			Business ethics is a key goal of the company’s highest governing bodies (Advisory Board and CEO-1). *	Q4
2	Holistic Stakeholder Engagement	n/a	The organization's stakeholder (Employees, customers, suppliers, communities) inclusion leads to higher decision speed.	Q5
			Stakeholder (Employees, customers, suppliers, communities) satisfaction is measured on an ongoing basis.	Q6
3	Predictable Decision Making and Accountability	n/a	A framework of guidelines for ethical decision-making is defined and implemented across the organization.	Q7
			There is an organization-wide, structured approach to assigning ownership in place.	Q8
			Policy violations are actioned upon. *	Q9
4	Anchoring in Leadership	n/a	There is a board member appointed for human rights, labor rights, environment, and anti-corruption (alternatively, other levels in management). *	Q10
			There is a Corporate Morale Board in place and operative that steers the organization's ethical agenda and validates key decisions that are of general interest.	Q11
5	Responsible Business Behavior	n/a	There is a clear plan in place to protect biodiversity. *	Q12
			Do the existing collective bargaining agreements provide more favorable rights than those provided in legislation? *	Q13
			Has the company been involved in providing or enabling remedies where it has caused or contributed to adverse impact(s) associated with labor rights topics? *	Q14
			Structured program in place for diversity, equity, and inclusion. *	Q15
			Products and Services Engineering: The company generates revenues from low-carbon products and services. *	Q16
		Marketing	The organization is avoiding manipulative marketing messages by fostering transparency about terms and conditions and pricing.	Q17

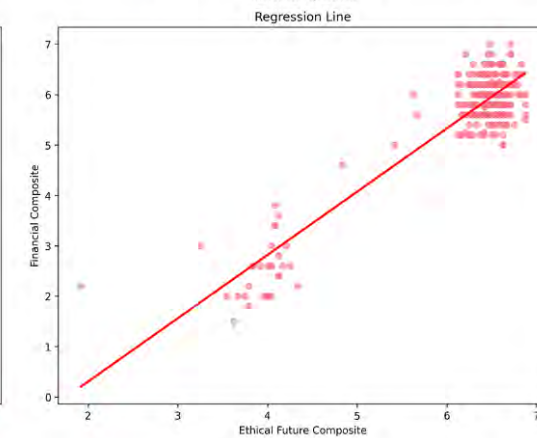
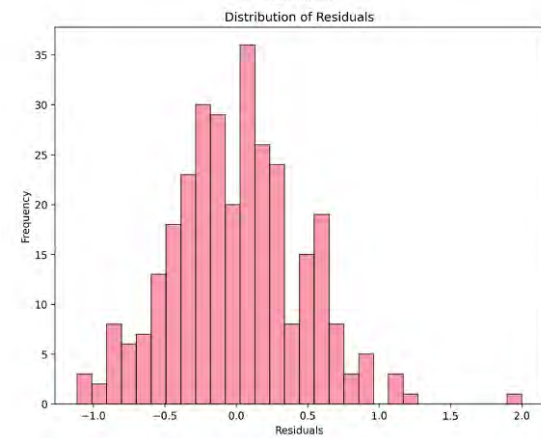
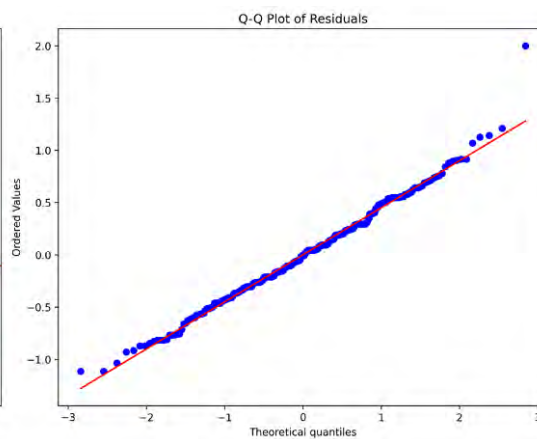
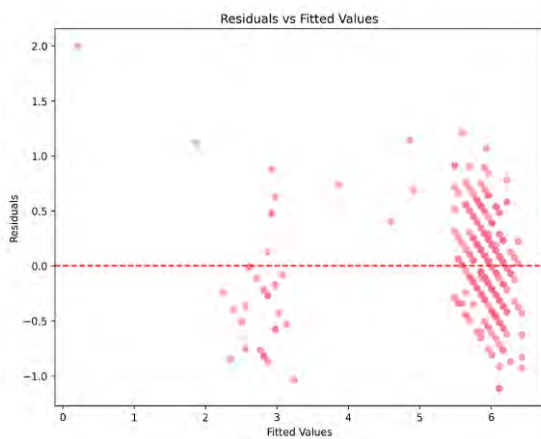
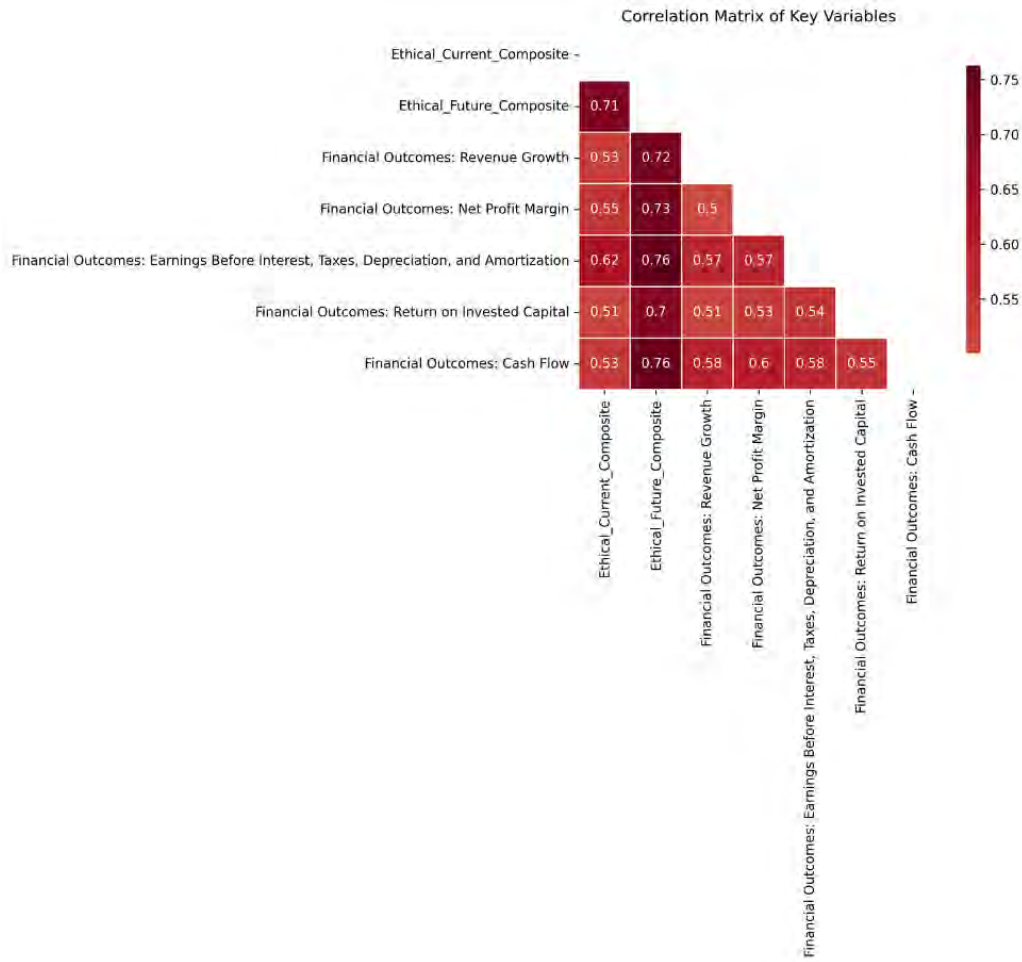
#	Principle	Element	Question	Code
		Sales	The organization's prices for products and services reflect the value provided to the customer.	Q18
		Customer Success	The organization fosters a customer-centric culture and has a structured program in place to build customer empathy and understanding.	Q19
6	Credible Transparency	n/a	The organization has established clear business ethics metrics and reports on them. *	Q20
			The organization measures compliance with ethical standards.	Q21
			The organization engages with independent third parties to verify the accuracy and integrity of reports and practices. *	Q22
		Communication	The organization communicates business practices and decisions openly to all relevant audiences.	Q23
			The organization actively engages with stakeholders.	Q24

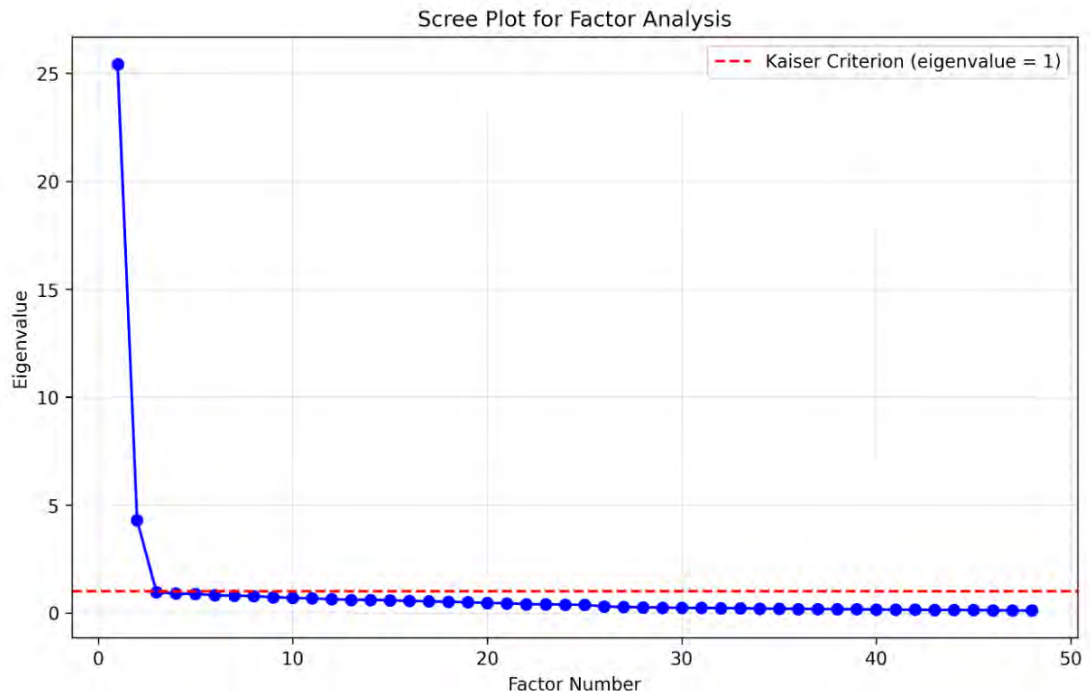
Phase 2 Full Instrument – Dependent Variable

#	Principle	Element	Question	Code
Output	Key financial performance indicators	Revenue Growth	Please provide your company's revenue in EUR	KPI_1
		Net Profit Margin	Please provide your company's net profit margin in %	KPI_2
		Earnings Before Interest, Taxes, Depreciation, and Amortization	Please provide your company's EBITDA in EUR	KPI_3
		Return on Invested Capital	Please provide your company's return on invested capital in %	KPI_4
		Cash Flow	Please provide your company's cash flow in EUR	KPI_5

Phase 2 Analysis Data







Phase 2 Source Code

```
#!/usr/bin/env python3

import pandas as pd
import numpy as np
import matplotlib.pyplot as plt
import seaborn as sns
from scipy import stats
from scipy.stats import shapiro, kstest
from sklearn.cluster import KMeans
from sklearn.metrics import silhouette_score
from sklearn.preprocessing import StandardScaler
from factor_analyzer import FactorAnalyzer
from factor_analyzer.factor_analyzer import calculate_bartlett_sphericity, calculate_kmo
import statsmodels.api as sm
from statsmodels.stats.outliers_influence import variance_inflation_factor
from statsmodels.stats.diagnostic import het_breuschpagan
from statsmodels.stats.stattools import durbin_watson
import warnings
warnings.filterwarnings('ignore')

# Set up plotting style
plt.style.use('default')
sns.set_palette("husl")

class ComprehensiveAnalysis:
    def __init__(self, data_file):
        """Initialize the analysis with data loading and preprocessing."""
        self.df = pd.read_excel(data_file)
        self.results = {}
        self.prepare_data()

    def prepare_data(self):
        """Prepare and clean data for analysis."""
        print("Data preparation and cleaning...")
```

```

# Identify ethical behavior variables (current and future)
self.ethical_current_cols = [col for col in self.df.columns
if 'Currently' in col]
self.ethical_future_cols = [col for col in self.df.columns
if 'Future Vision' in col]

# Identify financial outcome variables
self.financial_cols = [col for col in self.df.columns if
'Financial Outcomes' in col]

# Create composite scores
self.df['Ethical_Current_Composite'] = self.df[self.ethical_
current_cols].mean(axis=1)
self.df['Ethical_Future_Composite'] = self.df[self.ethical_
future_cols].mean(axis=1)
self.df['Financial_Composite'] = self.df[self.financial_
cols].mean(axis=1)

print(f"Ethical Current Variables: {len(self.ethical_
current_cols)}")
print(f"Ethical Future Variables: {len(self.ethical_future_
cols)}")
print(f"Financial Variables: {len(self.financial_cols)}")

def cronbach_alpha(self, items):
    """Calculate Cronbach's alpha for reliability analysis."""
    items_df = self.df[items].dropna()
    if len(items_df) == 0:
        return np.nan

    # Calculate item variances and total variance
    item_variances = items_df.var(axis=0, ddof=1)
    total_variance = items_df.sum(axis=1).var(ddof=1)

    # Cronbach's alpha formula
    n_items = len(items)
    alpha = (n_items / (n_items - 1)) * (1 - item_variances.
sum() / total_variance)
    return alpha

def reliability_analysis(self):
    """Conduct reliability analysis using Cronbach's alpha."""
    print("\n" + "="*60)
    print("1. RELIABILITY ANALYSIS - CRONBACH'S ALPHA")
    print("="*60)

    reliability_results = {}

    # Analyze ethical behavior scales
    alpha_current = self.cronbach_alpha(self.ethical_current_
cols)
    alpha_future = self.cronbach_alpha(self.ethical_future_cols)
    alpha_financial = self.cronbach_alpha(self.financial_cols)

    reliability_results['Ethical_Current'] = alpha_current
    reliability_results['Ethical_Future'] = alpha_future
    reliability_results['Financial_Outcomes'] = alpha_financial

    # Analyze sub-scales by category
    categories = {}
    for col in self.ethical_current_cols + self.ethical_future_
cols:
        category = col.split(':')[0].strip()
        if category not in categories:
            categories[category] = []
        categories[category].append(col)

```

```
for category, items in categories.items():
    if len(items) > 1: # Need at least 2 items for alpha
        alpha = self.cronbach_alpha(items)
        reliability_results[f'{category}_Scale'] = alpha

# Display results
for scale, alpha in reliability_results.items():
    interpretation = self.interpret_alpha(alpha)
    print(f"{scale}: α = {alpha:.3f} ({interpretation})")

self.results['reliability'] = reliability_results
return reliability_results

def interpret_alpha(self, alpha):
    """Interpret Cronbach's alpha values."""
    if pd.isna(alpha):
        return "Cannot calculate"
    elif alpha >= 0.9:
        return "Excellent"
    elif alpha >= 0.8:
        return "Good"
    elif alpha >= 0.7:
        return "Acceptable"
    elif alpha >= 0.6:
        return "Questionable"
    else:
        return "Poor"

def validity_analysis(self):
    """Conduct validity analysis using Exploratory Factor
    Analysis."""
    print("\n" + "="*60)
    print("2. VALIDITY ANALYSIS - EXPLORATORY FACTOR ANALYSIS")
    print("="*60)

    # Prepare data for EFA
    all_ethical_cols = self.ethical_current_cols + self.ethical_
future_cols
    efa_data = self.df[all_ethical_cols].dropna()

    # Check adequacy for factor analysis
    bartlett_chi2, bartlett_p = calculate_bartlett_
sphericity(efa_data)
    kmo_all, kmo_model = calculate_kmo(efa_data)

    print(f"Bartlett's Test of Sphericity:  $\chi^2$  = {bartlett_
chi2:.2f}, p = {bartlett_p:.4f}")
    print(f"Kaiser-Meyer-Olkin (KMO) Test: {kmo_model:.3f}")

    # Determine number of factors
    fa = FactorAnalyzer(rotation=None)
    fa.fit(efa_data)
    eigenvalues, _ = fa.get_eigenvalues()
```

```

# Plot scree plot
plt.figure(figsize=(10, 6))
plt.plot(range(1, len(eigenvalues) + 1), eigenvalues, 'bo-')
plt.axhline(y=1, color='r', linestyle='--', label='Kaiser
Criterion (eigenvalue = 1)')
plt.xlabel('Factor Number')
plt.ylabel('Eigenvalue')
plt.title('Scree Plot for Factor Analysis')
plt.legend()
plt.grid(True, alpha=0.3)
plt.savefig('/home/ubuntu/upload/scree_plot.png', dpi=300,
bbox_inches='tight')
plt.close()

# Conduct EFA with optimal number of factors
n_factors = sum(eigenvalues > 1) # Kaiser criterion
fa = FactorAnalyzer(n_factors=n_factors, rotation='varimax')
fa.fit(efa_data)

# Get factor loadings
loadings = fa.loadings_
loadings_df = pd.DataFrame(loadings,
                           index=all_ethical_cols,
                           columns=[f'Factor_{i+1}' for i in
range(n_factors)])

print(f"\nNumber of factors extracted: {n_factors}")
print(f"Variance explained by factors: {fa.get_factor_
variance()[1]}")

# Save factor loadings
loadings_df.to_csv('/home/ubuntu/upload/factor_loadings.
csv')

self.results['validity'] = {
    'bartlett_chi2': bartlett_chi2,
    'bartlett_p': bartlett_p,
    'kmo': kmo_model,
    'n_factors': n_factors,
    'eigenvalues': eigenvalues,
    'loadings': loadings_df
}

return self.results['validity']

def descriptive_statistics(self):
    """Provide comprehensive descriptive statistics."""
    print("\n" + "="*60)
    print("3. DESCRIPTIVE STATISTICS")
    print("="*60)

# Key variables for analysis
key_vars = ['Ethical_Current_Composite', 'Ethical_Future_
Composite', 'Financial_Composite'] + self.financial_cols

```

```
desc_stats = self.df[key_vars].describe()

# Additional statistics
additional_stats = pd.DataFrame(index=key_vars)
additional_stats['Skewness'] = self.df[key_vars].skew()
additional_stats['Kurtosis'] = self.df[key_vars].kurtosis()
additional_stats['Missing_Count'] = self.df[key_vars].
isnull().sum()
additional_stats['Missing_Percent'] = (self.df[key_vars].
isnull().sum() / len(self.df)) * 100

# Combine statistics
full_desc = pd.concat([desc_stats.T, additional_stats],
axis=1)

print("Descriptive Statistics for Key Variables:")
print(full_desc.round(3))

# Save to file
full_desc.to_csv('/home/ubuntu/upload/descriptive_
statistics.csv')

self.results['descriptive'] = full_desc
return full_desc

def normality_tests(self):
    """Test normality assumptions."""
    print("\n" + "="*60)
    print("4. NORMALITY TESTING")
    print("="*60)

    key_vars = ['Ethical_Current_Composite', 'Ethical_Future_
Composite', 'Financial_Composite']
    normality_results = {}

    for var in key_vars:
        data = self.df[var].dropna()

        # Shapiro-Wilk test (for n < 5000)
        if len(data) < 5000:
            shapiro_stat, shapiro_p = shapiro(data)
        else:
            shapiro_stat, shapiro_p = np.nan, np.nan

        # Kolmogorov-Smirnov test
        ks_stat, ks_p = kstest(data, 'norm', args=(data.mean(),
data.std()))

        normality_results[var] = {
            'shapiro_stat': shapiro_stat,
            'shapiro_p': shapiro_p,
            'ks_stat': ks_stat,
            'ks_p': ks_p
        }
```

```

        print(f"\n{var}:")
        if not pd.isna(shapiro_p):
            print(f"  Shapiro-Wilk: W = {shapiro_stat:.4f}, p =
{shapiro_p:.4f}")
            print(f"  Kolmogorov-Smirnov: D = {ks_stat:.4f}, p = {ks_
p:.4f}")

        self.results['normality'] = normality_results
        return normality_results

    def multicollinearity_analysis(self):
        """Check for multicollinearity using VIF."""
        print("\n" + "="*60)
        print("5. MULTICOLLINEARITY ANALYSIS (VIF)")
        print("="*60)

        # Prepare data for VIF analysis
        vif_vars = self.ethical_current_cols + self.ethical_future_
cols
        vif_data = self.df[vif_vars].dropna()

        # Calculate VIF for each variable
        vif_results = pd.DataFrame()
        vif_results['Variable'] = vif_vars
        vif_results['VIF'] = [variance_inflation_factor(vif_data.
values, i)
                            for i in range(len(vif_vars))]

        # Sort by VIF value
        vif_results = vif_results.sort_values('VIF',
ascending=False)

        print("Variance Inflation Factors:")
        print(vif_results.head(20)) # Show top 20

        # Interpretation
        high_vif = vif_results[vif_results['VIF'] > 10]
        if len(high_vif) > 0:
            print(f"\nVariables with high multicollinearity (VIF >
10): {len(high_vif)}")
        else:
            print("\nNo severe multicollinearity detected (all VIF <
10)")

        vif_results.to_csv('/home/ubuntu/upload/vif_analysis.csv',
index=False)

        self.results['multicollinearity'] = vif_results
        return vif_results

    def regression_analysis(self):
        """Conduct comprehensive regression analysis."""
        print("\n" + "="*60)

```

```
print("6. COMPREHENSIVE REGRESSION ANALYSIS")
print("="*60)

# Prepare regression data
reg_data = self.df[['Ethical_Future_Composite', 'Financial_
Composite']].dropna()
X = reg_data['Ethical_Future_Composite']
y = reg_data['Financial_Composite']

# Add constant for intercept
X_with_const = sm.add_constant(X)

# Fit regression model
model = sm.OLS(y, X_with_const).fit()

print("Regression Results:")
print(model.summary())

# Calculate additional statistics
# Standardized coefficients
X_std = (X - X.mean()) / X.std()
y_std = (y - y.mean()) / y.std()
X_std_const = sm.add_constant(X_std)
model_std = sm.OLS(y_std, X_std_const).fit()

# Effect size (Cohen's f2)
r_squared = model.rsquared
cohens_f2 = r_squared / (1 - r_squared)

# Durbin-Watson test for independence
dw_stat = durbin_watson(model.resid)

print(f"\nAdditional Statistics:")
print(f"Standardized Beta Coefficient: {model_std.
params[1]:.4f}")
print(f"Cohen's f2: {cohens_f2:.4f}")
print(f"Durbin-Watson statistic: {dw_stat:.4f}")

# Create diagnostic plots
self.create_regression_plots(model, X, y)

self.results['regression'] = {
    'model': model,
    'standardized_beta': model_std.params[1],
    'cohens_f2': cohens_f2,
    'durbin_watson': dw_stat
}

return self.results['regression']

def create_regression_plots(self, model, X, y):
    """Create regression diagnostic plots."""
    fig, axes = plt.subplots(2, 2, figsize=(15, 12))
```

```

# Residuals vs Fitted
fitted = model.fittedvalues
residuals = model.resid

axes[0, 0].scatter(fitted, residuals, alpha=0.6)
axes[0, 0].axhline(y=0, color='r', linestyle='--')
axes[0, 0].set_xlabel('Fitted Values')
axes[0, 0].set_ylabel('Residuals')
axes[0, 0].set_title('Residuals vs Fitted Values')

# Q-Q plot
stats.probplot(residuals, dist="norm", plot=axes[0, 1])
axes[0, 1].set_title('Q-Q Plot of Residuals')

# Histogram of residuals
axes[1, 0].hist(residuals, bins=30, alpha=0.7,
edgecolor='black')
axes[1, 0].set_xlabel('Residuals')
axes[1, 0].set_ylabel('Frequency')
axes[1, 0].set_title('Distribution of Residuals')

# Scatterplot with regression line
axes[1, 1].scatter(X, y, alpha=0.6)
axes[1, 1].plot(X, fitted, color='red', linewidth=2)
axes[1, 1].set_xlabel('Ethical Future Composite')
axes[1, 1].set_ylabel('Financial Composite')
axes[1, 1].set_title('Regression Line')

plt.tight_layout()
plt.savefig('/home/ubuntu/upload/regression_diagnostics.png',
dpi=300, bbox_inches='tight')
plt.close()

def clustering_analysis(self):
    """Enhanced clustering analysis with validation."""
    print("\n" + "="*60)
    print("7. ENHANCED CLUSTERING ANALYSIS")
    print("="*60)

    # Prepare clustering data
    cluster_vars = ['Ethical_Future_Composite', 'Financial_
Composite']
    cluster_data = self.df[cluster_vars].dropna()

    # Standardize data
    scaler = StandardScaler()
    cluster_data_scaled = scaler.fit_transform(cluster_data)

    # Determine optimal number of clusters using elbow method
and silhouette
    inertias = []
    silhouette_scores = []
    k_range = range(2, 11)

```

```
for k in k_range:
    kmeans = KMeans(n_clusters=k, random_state=42, n_
init=10)
    kmeans.fit(cluster_data_scaled)
    inertias.append(kmeans.inertia_)
    silhouette_scores.append(silhouette_score(cluster_data_
scaled, kmeans.labels_))

# Plot elbow method and silhouette scores
fig, axes = plt.subplots(1, 2, figsize=(15, 6))

axes[0].plot(k_range, inertias, 'bo-')
axes[0].set_xlabel('Number of Clusters (k)')
axes[0].set_ylabel('Inertia')
axes[0].set_title('Elbow Method for Optimal k')
axes[0].grid(True, alpha=0.3)

axes[1].plot(k_range, silhouette_scores, 'ro-')
axes[1].set_xlabel('Number of Clusters (k)')
axes[1].set_ylabel('Silhouette Score')
axes[1].set_title('Silhouette Analysis')
axes[1].grid(True, alpha=0.3)

plt.tight_layout()
plt.savefig('/home/ubuntu/upload/clustering_validation.png',
dpi=300, bbox_inches='tight')
plt.close()

# Use optimal k (highest silhouette score)
optimal_k = k_range[np.argmax(silhouette_scores)]

# Final clustering with optimal k
kmeans_final = KMeans(n_clusters=optimal_k, random_state=42,
n_init=10)
cluster_labels = kmeans_final.fit_predict(cluster_data_scaled)

# Add cluster labels to original data
cluster_data['Cluster'] = cluster_labels

# Calculate cluster centroids in original scale
centroids_scaled = kmeans_final.cluster_centers_
centroids_original = scaler.inverse_transform(centroids_
scaled)

centroids_df = pd.DataFrame(centroids_original,
                            columns=cluster_vars,
                            index=[f'Cluster_{i}' for i in
range(optimal_k)])

print(f"Optimal number of clusters: {optimal_k}")
print(f"Silhouette score: {silhouette_scores[optimal_k-
2]:.3f}")
print("\nCluster Centroids:")
print(centroids_df)
```

```

        # Cluster sizes
        cluster_sizes = pd.Series(cluster_labels).value_counts().
sort_index()
        cluster_percentages = (cluster_sizes / len(cluster_labels) *
100).round(1)

        print("\nCluster Sizes:")
        for i in range(optimal_k):
            print(f"Cluster {i}: {cluster_sizes[i]} ({cluster_
percentages[i]}%)")

        # Visualize clusters
        plt.figure(figsize=(10, 8))
        scatter = plt.scatter(cluster_data['Ethical_Future_
Composite'],
                                cluster_data['Financial_Composite'],
                                c=cluster_labels, cmap='viridis',
alpha=0.6)
        plt.scatter(centroids_original[:, 0], centroids_original[:,
1],
                                c='red', marker='x', s=200, linewidths=3,
label='Centroids')
        plt.xlabel('Ethical Future Composite')
        plt.ylabel('Financial Composite')
        plt.title('K-Means Clustering Results')
        plt.colorbar(scatter)
        plt.legend()
        plt.grid(True, alpha=0.3)
        plt.savefig('/home/ubuntu/upload/clustering_results.png',
dpi=300, bbox_inches='tight')
        plt.close()

        self.results['clustering'] = {
            'optimal_k': optimal_k,
            'silhouette_score': silhouette_scores[optimal_k-2],
            'centroids': centroids_df,
            'cluster_sizes': cluster_sizes,
            'cluster_percentages': cluster_percentages,
            'inertias': inertias,
            'silhouette_scores': silhouette_scores
        }

        return self.results['clustering']

    def common_method_bias_test(self):
        """Test for common method bias using Harman's single-factor
test."""
        print("\n" + "="*60)
        print("8. COMMON METHOD BIAS - HARMAN'S SINGLE-FACTOR TEST")
        print("="*60)

        # Use all survey items for the test

```

```
        all_items = self.ethical_current_cols + self.ethical_future_
cols + self.financial_cols
        cmb_data = self.df[all_items].dropna()

        # Single factor analysis
        fa_single = FactorAnalyzer(n_factors=1, rotation=None)
        fa_single.fit(cmb_data)

        # Get variance explained by single factor
        variance_explained = fa_single.get_factor_variance()[1][0]
# Proportion of variance

        print(f"Variance explained by single factor: {variance_
explained:.1%}")

        if variance_explained < 0.50:
            print("✓ Common method bias is not a major concern (<
50% variance explained)")
        else:
            print("⚠ Potential common method bias detected (≥ 50%
variance explained)")

        self.results['common_method_bias'] = {
            'single_factor_variance': variance_explained,
            'bias_concern': variance_explained >= 0.50
        }

        return self.results['common_method_bias']

def generate_correlation_matrix(self):
    """Generate enhanced correlation matrix."""
    print("\n" + "="*60)
    print("9. CORRELATION ANALYSIS")
    print("="*60)

    # Key variables for correlation
    key_vars = ['Ethical_Current_Composite', 'Ethical_Future_
Composite'] + self.financial_cols

    # Calculate correlations
    corr_matrix = self.df[key_vars].corr()

    # Create correlation heatmap
    plt.figure(figsize=(12, 10))
    mask = np.triu(np.ones_like(corr_matrix, dtype=bool))
    sns.heatmap(corr_matrix, mask=mask, annot=True, cmap='RdBu_
r', center=0,
                square=True, linewidths=0.5, cbar_kws={"shrink":
.8})

    plt.title('Correlation Matrix of Key Variables')
    plt.tight_layout()
    plt.savefig('/home/ubuntu/upload/correlation_matrix.png',
dpi=300, bbox_inches='tight')
    plt.close()
```

```
# Calculate significance tests
from scipy.stats import pearsonr
n = len(self.df[key_vars].dropna())

corr_with_p = pd.DataFrame(index=key_vars, columns=key_vars)
for i, var1 in enumerate(key_vars):
    for j, var2 in enumerate(key_vars):
        if i != j:
            data1 = self.df[var1].dropna()
            data2 = self.df[var2].dropna()
            common_idx = data1.index.intersection(data2.
index)

            if len(common_idx) > 2:
                r, p = pearsonr(data1[common_idx],
data2[common_idx])
                corr_with_p.loc[var1, var2] = f"{r:.3f}
(p={p:.3f})"
            else:
                corr_with_p.loc[var1, var2] = "1.000"

print("Correlation Matrix with Significance Tests:")
print(corr_with_p)

corr_with_p.to_csv('/home/ubuntu/upload/correlation_with_
significance.csv')

self.results['correlations'] = {
    'correlation_matrix': corr_matrix,
    'correlation_with_p': corr_with_p
}

return self.results['correlations']

def run_all_analyses(self):
    """Run all statistical analyses."""
    print("COMPREHENSIVE STATISTICAL ANALYSIS")
    print("="*80)
    print(f"Dataset: {self.df.shape[0]} observations, {self.
df.shape[1]} variables")
    print("="*80)

    # Run all analyses
    self.reliability_analysis()
    self.validity_analysis()
    self.descriptive_statistics()
    self.normality_tests()
    self.multicollinearity_analysis()
    self.regression_analysis()
    self.clustering_analysis()
    self.common_method_bias_test()
    self.generate_correlation_matrix()

    # Save all results
```

```
self.save_results_summary()

print("\n" + "="*80)
print("ANALYSIS COMPLETE - All results saved to files")
print("="*80)

def save_results_summary(self):
    """Save a comprehensive summary of all results."""
    summary = []

    summary.append("COMPREHENSIVE STATISTICAL ANALYSIS SUMMARY")
    summary.append("="*60)
    summary.append(f"Dataset: {self.df.shape[0]} observations,
{self.df.shape[1]} variables")
    summary.append("")

    # Reliability results
    summary.append("1. RELIABILITY ANALYSIS (Cronbach's Alpha)")
    summary.append("-" * 40)
    for scale, alpha in self.results['reliability'].items():
        interpretation = self.interpret_alpha(alpha)
        summary.append(f"{scale}:  $\alpha = {alpha:.3f}$ 
({interpretation})")
    summary.append("")

    # Validity results
    summary.append("2. VALIDITY ANALYSIS (EFA)")
    summary.append("-" * 40)
    validity = self.results['validity']
    summary.append(f"Bartlett's Test:  $\chi^2 = {validity['bartlett_$ 
chi2']:.2f}, p = {validity['bartlett_p']:.4f}")
    summary.append(f"KMO Test: {validity['kmo']:.3f}")
    summary.append(f"Number of factors: {validity['n_
factors']}]}")
    summary.append("")

    # Normality results
    summary.append("3. NORMALITY TESTS")
    summary.append("-" * 40)
    for var, tests in self.results['normality'].items():
        summary.append(f"{var}:")
        if not pd.isna(tests['shapiro_p']):
            summary.append(f"  Shapiro-Wilk: p =
{tests['shapiro_p']:.4f}")
        summary.append(f"  Kolmogorov-Smirnov: p = {tests['ks_
p']:.4f}")
    summary.append("")

    # Regression results
    summary.append("4. REGRESSION ANALYSIS")
    summary.append("-" * 40)
    reg = self.results['regression']
    summary.append(f"R2: {reg['model'].rsquared:.3f}")
```

```

summary.append(f"Standardized Beta: {reg['standardized_beta']:.3f}")
summary.append(f"Cohen's f²: {reg['cohens_f2']:.3f}")
summary.append(f"Durbin-Watson: {reg['durbin_watson']:.3f}")
summary.append("")

# Clustering results
summary.append("5. CLUSTERING ANALYSIS")
summary.append("-" * 40)
cluster = self.results['clustering']
summary.append(f"Optimal clusters: {cluster['optimal_k']}")
summary.append(f"Silhouette score: {cluster['silhouette_score']:.3f}")
summary.append("")

# Common method bias
summary.append("6. COMMON METHOD BIAS")
summary.append("-" * 40)
cmb = self.results['common_method_bias']
summary.append(f"Single factor variance: {cmb['single_factor_variance']:.1%}")
summary.append(f"Bias concern: {'Yes' if cmb['bias_concern'] else 'No'}")

# Save summary
with open('/home/ubuntu/upload/analysis_summary.txt', 'w')
as f:
    f.write('\n'.join(summary))

if __name__ == "__main__":
    # Run the comprehensive analysis
    analyzer = ComprehensiveAnalysis('QuantitativeStudyResults2025-06-10cleanedandanonymized.xlsx')
    analyzer.run_all_analyses()

```

Mixed Methods Integration Matrix

Qualitative Theme	Supporting Qualitative Evidence	Integration Insight
Leadership Philosophy Differences	10% skeptical minority in clustering analysis	Philosophical orientation influences ethical implementation
Supply Chain Ethics Benefits	Strong correlations across all financial KPIs	Stakeholder relationship quality drives financial performance
Technology-Enabled Ethics	High R ² (0,838) for future ethical vision	Systematic approaches enhance ethical effectiveness
CSR Integration Opportunities	Broad-based correlations across ethical dimensions	Ethical frameworks complement existing sustainability initiatives
Employee Engagement Mechanisms	Strong EBITDA correlations (r = 0,763)	Operational improvements mediate ethics-performance relationships