



INAUGURAL EDITION

Ethical Value Creation Score

2025 European Report

ETHICALLY OPERATING COMPANIES
ARE FINANCIALLY MORE SUCCESSFUL

69.6%

Current Ethical
Implementation
Score

300+

European organisations
surveyed across the DACH
region

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KEY FINDING

"A company's commitment to a future vision of ethical business is the single strongest predictor of its expected financial success."

— 2025 European Research Study

- 309** Organisations surveyed
- 18** C-suite executive interviews
- 78.9%** Responses from DACH region



01 · EXECUTIVE SUMMARY

Ethical Conduct as a Driver of Financial Performance

This inaugural report presents a comprehensive analysis of the financial impact of Ethical Value Strategies on European firms - providing business leaders with an evidence-based framework for understanding and implementing ethical practices as a core driver of sustainable competitive advantage.

Our research moves beyond theoretical discourse to offer quantifiable proof that a strategic focus on ethical conduct is not a matter of compliance or corporate social responsibility, but a fundamental component of sound business strategy. The study is based on a sequential mixed-methods design, combining in-depth interviews with C-suite executives and a large-scale quantitative survey of 309 European organisations. The central finding is a strong, positive relationship between the adoption of ethical value creation principles and financial performance. Companies with a more mature and integrated ethical framework are more likely to achieve superior financial results. Notably, a company's commitment to a future vision of ethical business is the single strongest predictor of its expected financial success.

"90% of firms actively implementing ethical value creation principles anticipate tangible economic benefits in both the short and long term."

This research challenges the notion that ethical practices incur short-term costs for long-term gains. Our findings reveal that well-implemented ethical value creation practices create value in both the short and long term - a finding that reframes the entire compliance-versus-strategy debate.



Benefits manifest through multiple value-creation channels: enhanced stakeholder relationships, increased employee engagement, greater customer loyalty, and reduced regulatory risk. Immediate gains are realised through increased employee productivity, more engaged customers, and lower compliance-related expenses.

The study predominantly features firms from the DACH region (Germany, Austria, and Switzerland), employing a sequential mixed-methods design. This ensures that the insights presented are not only statistically valid but also grounded in the practical realities of business leadership.



Dr. Burkard Schemmel
Founder and Director
Research Institute
for Societal Performance Development

02 · THE FRAMEWORK

Alterocentric Business Ethics

Derived from the Latin alter (the other), this concept systematically places the interests of all stakeholders - customers, employees, suppliers, the community, and the environment - at the centre of business decisions.

The alterocentric model represents a deliberate departure from traditional, often egocentric business models focused primarily on shareholder value. An alterocentric organisation does not act out of pure altruism, but from the strategic recognition that long-term success depends on the well-being of its entire ecosystem. It embeds transparency, equity, and accountability throughout its structure and operations — from resource allocation to corporate governance. This integrative approach unites social responsibility, stakeholder welfare, and sustainability outcomes into a coherent whole. To translate this philosophy into practice, our research has developed and validated a framework comprising six core principles. These principles provide a comprehensive structure for embedding Ethical Value Creation into the fabric of an organisation.

They are not isolated pillars but an interconnected system where leadership, strategy, and operations work in concert to create a virtuous cycle of ethical conduct and financial success.



#	PRINCIPLE	CORE FOCUS
1	Ethical Business Strategy	Stakeholder-oriented approach at the core of strategy; ethical considerations guide all major decisions.
2	Stakeholder Engagement	Formal and informal processes to actively engage all stakeholders and integrate their interests.
3	Predictable Decision-Making	Clear, consistent, technology-enabled frameworks to apply ethical considerations systematically.
4	Anchoring in Leadership	Leaders at all levels act as authentic role models, driving engagement and organisational integrity.
5	Responsible Business Behaviour	CSR and sustainability integrated into core processes, grounded in ethical decision-making.
6	Credible Transparency	Honest, comprehensive, accessible information to all stakeholders, building trust and accountability.

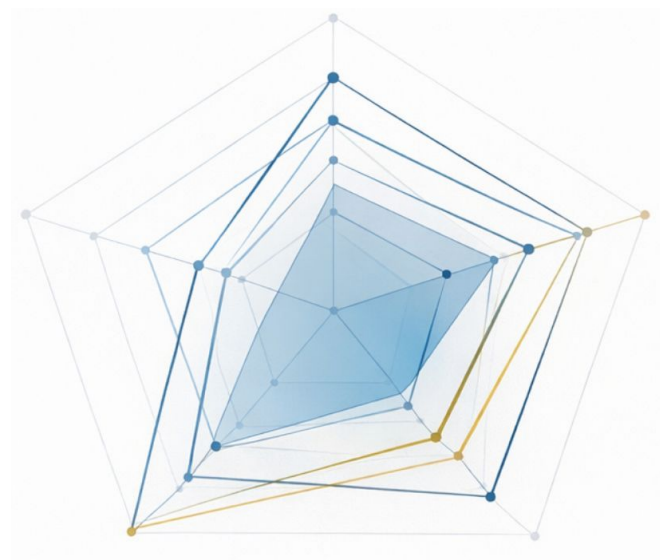
HOW ALTEROCENTRIC BUSINESS ETHICS DIFFERS

The alterocentric model represents a fundamental departure from existing ethical frameworks. It differs from **Shareholder Primacy** by prioritising all stakeholders rather than owners alone; from **CSR** by embedding ethics into core strategy rather than treating it as peripheral philanthropy; from **Catholic Social Teaching** by grounding legitimacy in empirical evidence rather than theological doctrine; and from **Silicon Valley's "virtue ethics"** by demanding external validation through stakeholder welfare rather than assuming good intentions produce good outcomes.

Our approach unites these distinctions into a coherent whole: proactive stakeholder prioritisation, validated through measurable impact, creating sustainable competitive advantage. The table to the right provides a structured comparison of these five approaches across four key dimensions.

→ The alterocentric approach is the only framework that simultaneously grounds its legitimacy in **empirical evidence** and targets **sustainable competitive advantage** through measurable stakeholder welfare.

APPROACH	PRINCIPLE	GOAL
Alterocentric Ethics	Proactively prioritise "the other" (stakeholders)	Sustainable competitive advantage through stakeholder welfare
Shareholder Primacy	Maximise profit for owners	Short- to medium-term profit maximisation
CSR	"Do good" alongside core business	License to operate
Catholic Social Teaching	Serve the common good as moral duty	Fulfilment of divine and moral purpose
Silicon Valley "Virtue" Ethics	"We are good, so what we do is good"	Rapid growth ("Move Fast and Break Things")



03 · THE ETHICAL VALUE CREATION SCORE

Measuring Ethical Maturity

The Ethical Value Creation Score represents the proportion of organisations that actively implement ethical value creation practices and anticipate positive economic returns from their ethical investments. In our study, 90% of participating organisations achieved this status.

The score is derived from a comprehensive survey instrument - initially 120 items, refined to a lean 24-item version for broader application - that assesses the degree to which a company has implemented ethical value creation practices. As a strategic tool, the Ethical Value Creation Score moves the conversation on ethics from abstract values to measurable performance, enabling leaders to manage, invest in, and improve their organisation's ethical infrastructure with the same rigour they apply to other business functions.



▣ Benchmark

Measure your organisation's ethical maturity against a European-wide dataset.

▣ Identify

Pinpoint specific areas of strength and weakness across the six principles.

⊕ Track

Monitor progress on your ethical transformation journey year-over-year.

⊗ Predict

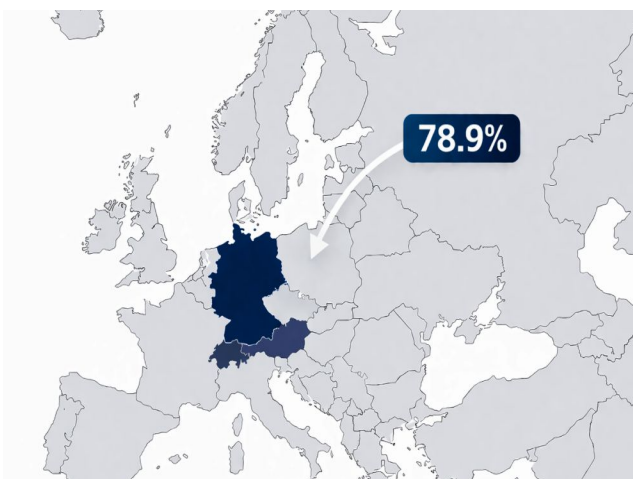
Forecast future financial performance based on the strong relationship between ethical maturity and positive economic outcomes.

04 · 2025 SURVEY RESULTS

The Unmistakable Link to Financial Performance

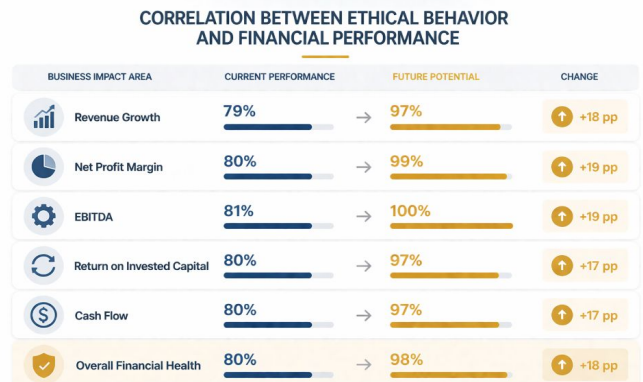
Research Methodology

Our study employed a sequential mixed-methods design. This approach began with a qualitative phase, involving in-depth interviews with 18 C-suite executives and senior stakeholders from a diverse range of industries. This initial phase allowed us to explore the nuances of ethical implementation and validate our comprehensive 120-item measurement instrument. The insights gathered informed the subsequent quantitative phase, where a leaner 24-item survey was deployed to 309 European organisations. The majority of responses (78.9%) came from the DACH region (Germany, Austria, Switzerland), with participants ranging from SMEs to large multinational corporations.



Quantitative Findings

The quantitative results establish a clear and powerful link between ethical value creation practices and financial success. The data shows a strong, positive relationship between an organisation's ethical maturity and its financial performance across all measured dimensions. Crucially, the study found that an organisation's aspiration and commitment to future ethical conduct is the most powerful predictor of its expected financial performance - suggesting that forward-looking ethical strategy is a leading indicator of future success.



"Forward-looking ethical strategy is a leading indicator of future financial success - not a lagging compliance measure."

HOW ETHICS CREATES VALUE — SEVEN MECHANISMS

01

Positive Stakeholder Relationships

Building trust with suppliers, partners, and communities leads to more resilient and collaborative business ecosystems.

02

Enhanced Organisational Reputation

A strong ethical reputation attracts talent, customers, and investors, creating a powerful competitive differentiator.

03

Increased Employee Engagement

When employees see leaders as genuinely ethical, it fosters a culture of commitment, motivation, and higher productivity.

04

Reduced Compliance Costs

Proactive ethical management leads to fewer integrity failures, which have cost companies nearly one trillion dollars in penalties over the last decade.

05

Mitigation of Regulatory Exposure

An embedded ethical framework allows companies to anticipate and navigate complex regulatory landscapes more effectively.

06

Improved Market Access

A demonstrable commitment to ethics can open doors to new markets and partnerships, particularly with organisations that maintain high ethical standards.

07

Greater Customer Loyalty

Customers are increasingly drawn to brands that align with their values, resulting in stronger loyalty, repeat business, and a greater willingness to forgive minor service failures.

MYTH DEBUNKED

Well-implemented ethical value creation practices create value in **both the short and long term** - the assumed trade-off between ethical conduct and near-term profitability is a false dichotomy.



Stakeholders



Reputation



Engagement



Compliance



Risk



Growth



Loyalty

05 · INDUSTRY-SPECIFIC LEARNINGS

Sector-Specific Priorities & Implementation Guidance

While the principles of Ethical Value Creation are universally applicable, the emphasis and implementation priorities vary by industry. Understanding these sector-specific nuances allows leaders to tailor their ethical strategies for maximum impact.

Cross-Industry Application

The core finding that ethics drives financial performance holds true across all sectors. However, the path to ethical maturity is not one-size-fits-all. For **SMEs**, their often inherent value-based decision-making and close stakeholder relationships provide a natural alignment with ethical value creation principles, offering a competitive advantage in markets where trust is paramount. For **large enterprises**, the challenge lies in systematically embedding these principles across diverse business units and geographies, leveraging technology to ensure consistency and scale.



SECTOR	PRIORITY PRINCIPLE	STRATEGIC FOCUS
Technology & Knowledge	Predictable Decision-Making	AI-enabled ethical decision frameworks; data privacy; algorithmic bias.
Manufacturing & Industrials	Responsible Business Behaviour	Environmental and sustainability initiatives integrated into supply chain and production.
Consulting & Professional Services	Credible Transparency	Ethics maturity assessments and strategic advisory as a business opportunity.
Human Resources	Anchoring in Leadership	Ethical leadership development programmes driving integrity, engagement, and retention.
Procurement & Supply Chain	Credible Transparency	Robust supplier codes of conduct; technology-enhanced transparency throughout the supply chain.

IMPLEMENTATION PRIORITY MATRIX FOR PRACTITIONERS

PRIORITY LEVEL 1 FOUNDATION · 0-6 MONTHS

- Principle 1 · Ethical Business Strategy**
Define ethical core values and secure board-level commitment for strategic alignment and leadership buy-in.
- Principle 4 · Anchoring in Leadership**
Establish authentic leadership role modelling and communication to build cultural foundation and employee trust.

PRIORITY LEVEL 2 INFRASTRUCTURE · 6-12 MONTHS

- Principle 2 · Stakeholder Engagement**
Implement stakeholder consultation processes and feedback mechanisms to enhance stakeholder relationships.
- Principle 3 · Predictable Decision-Making**
Deploy ethical decision-making frameworks and accountability systems for consistency and transparency.

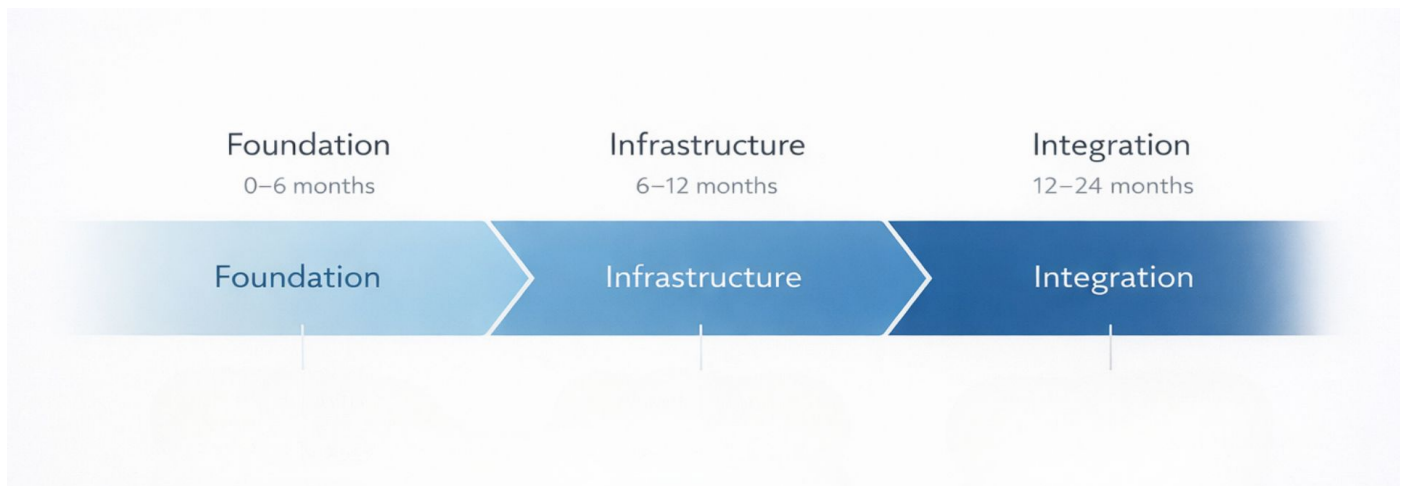
PRIORITY LEVEL 3 INTEGRATION · 12-24 MONTHS

- Principle 5 · Responsible Business Behaviour**
Integrate CSR initiatives into core business processes for operational excellence and sustainability.
- Principle 6 · Credible Transparency**
Establish comprehensive reporting and disclosure systems to build trust and accountability.

The European Advantage

The strong representation from the DACH region (78.9% of participants) is significant. This region, known for its strong regulatory frameworks and stakeholder-oriented corporate governance models, provides a clear example of the fertile ground for ethical value creation practices. European businesses operate in a market where consumers, regulators, and employees have increasingly high expectations for corporate behaviour - encompassing legal compliance, social responsibility, environmental stewardship, and data transparency. Firms that successfully embed these principles are better positioned to attract top talent, win discerning customers, and build the resilient, trust-based partnerships essential for long-term success.

→ The European regulatory and cultural context does not impose a burden on ethical business - it creates a **first-mover advantage** for organisations willing to lead.



06 · FUTURE OUTLOOK & IMPLEMENTATION ROADMAP

From Compliance to Strategic Investment

For senior leaders, the question is no longer if they should invest in ethical practices, but how to do so effectively. The strong positive relationship with financial performance demonstrates a clear and measurable return on investment.

An Implementation Roadmap

1

Commitment from the Top

Authentic, visible commitment from the C-suite and board. Leaders must endorse and actively model the principles.

2

Establish a Baseline

Assess your organisation's current ethical maturity using our framework to identify clear areas for improvement.

3

Engage Stakeholders

Structured dialogues with employees, customers, suppliers, and community representatives.

4

Integrate and Empower

Embed ethical considerations into core processes: product development, supply chain, and capital allocation.

5

Measure and Report

Track progress against your baseline. Report transparently on successes and challenges.

6

Iterate and Improve

Establish a continuous improvement loop to adapt to new challenges and evolving expectations.



Seven Critical Success Factors

- 1 Leadership Commitment
- 2 Stakeholder Engagement
- 3 Technology Enablement
- 4 Performance Measurement
- 5 Continuous Improvement
- 6 Resource Allocation
- 7 Transparent Communication

LOOKING AHEAD · 2026+

From 2026, year-over-year comparisons of the Ethical Value Creation Score will enable longitudinal trend analysis. Organisations with embedded ethical structures will be best positioned to navigate emerging challenges.

07 · A CALL TO ACTION FOR EUROPEAN LEADERS

The Time for Passive Compliance is Over.

The data confirms that proactive, strategic investment in ethics is a direct path to superior performance. We call on C-level and senior leaders across Europe to act — not as a matter of obligation, but of competitive necessity.

01 Assess your organisation's ethical framework against the six principles of Alterocentric Business Ethics.

02 Champion a culture of integrity that moves beyond policy to authentic practice at every level of the organisation.

03 Invest in the people, processes, and technology required to build a truly ethical organisation that creates lasting value.

We invite you to join a growing community of forward-thinking leaders who recognise that the most successful businesses of the future will be those that place the interests of all stakeholders at the very heart of their strategy - building not only more resilient and profitable companies, but contributing to a more just and sustainable economic future.



08 · ABOUT THE AUTHOR

Burkard Schemmel

Burkard Schemmel is a Business Builder with over 20 years of leadership experience across consulting, technology, and logistics. As General Manager and Transformational Leader, he has a proven track record in leading international teams, pioneering new business models, and transforming organisations. He combines strong business acumen with deep technology experience.

Throughout his career, Burkard has held large-scale P&L responsibilities and led sizeable sales organisations with several hundred employees and revenues in the billion-dollar range. He has influenced the careers of hundreds of professionals and developed some of the most versatile business leaders in the industry.

Burkard strongly believes that business success is grounded in ethical values. He is co-founder of a non-profit think tank that leads the movement towards higher profits through ethical behaviour, and is a founder, author, and thought leader on growth strategies, digital commerce, and leadership.

He holds a diploma in Business Information Systems and a PhD in Corporate Finance and Ethics. He lives with his family in Berlin.

EDUCATION	Diploma in Business Information Systems · PhD in Corporate Finance and Ethics
ROLE	Co-founder, Non-profit Think Tank on Ethical Business · Author & Thought Leader
EXPERTISE	Growth Strategy · Digital Commerce · Leadership · Corporate Ethics

APPENDIX · WHAT MAKES A BUSINESS ETHICAL

Comparative Framework Analysis

The alterocentric model is not merely another form of business ethics. It represents a fundamental reorientation that differs markedly from other prominent approaches. The following table illustrates the key distinctions across five frameworks.

APPROACH	PRINCIPLE	FOCUS	LEGITIMATION	GOAL
Alterocentric Ethics	Proactively prioritise "the other" (stakeholders)	Impact on entire ecosystem	Empirical evidence of financial & social success	Sustainable competitive advantage through stakeholder welfare
Shareholder Primacy	Maximise profit for owners	Financial metrics	Legal fiduciary duty (traditional interpretation)	Short- to medium-term profit maximisation
Corporate Social Responsibility (CSR)	"Do good" alongside core business	Philanthropic projects, reputation	Social expectation, brand image	License to operate
Catholic Social Teaching	Serve the common good as moral duty	Human dignity, solidarity	Theological and philosophical principles (natural law)	Fulfilment of divine and moral purpose
Silicon Valley "Virtue" Ethics	"We are good, so what we do is good"	Founder vision, disruption, technological scaling	Self-perception, technological progress	Rapid growth ("Move Fast and Break Things")

This comparative analysis underscores the distinctive positioning of Alterocentric Business Ethics as the only framework that simultaneously grounds its legitimacy in empirical evidence, targets sustainable competitive advantage, and demands external validation through measurable stakeholder welfare — rather than relying on legal obligation, social expectation, theological doctrine, or self-referential virtue claims.