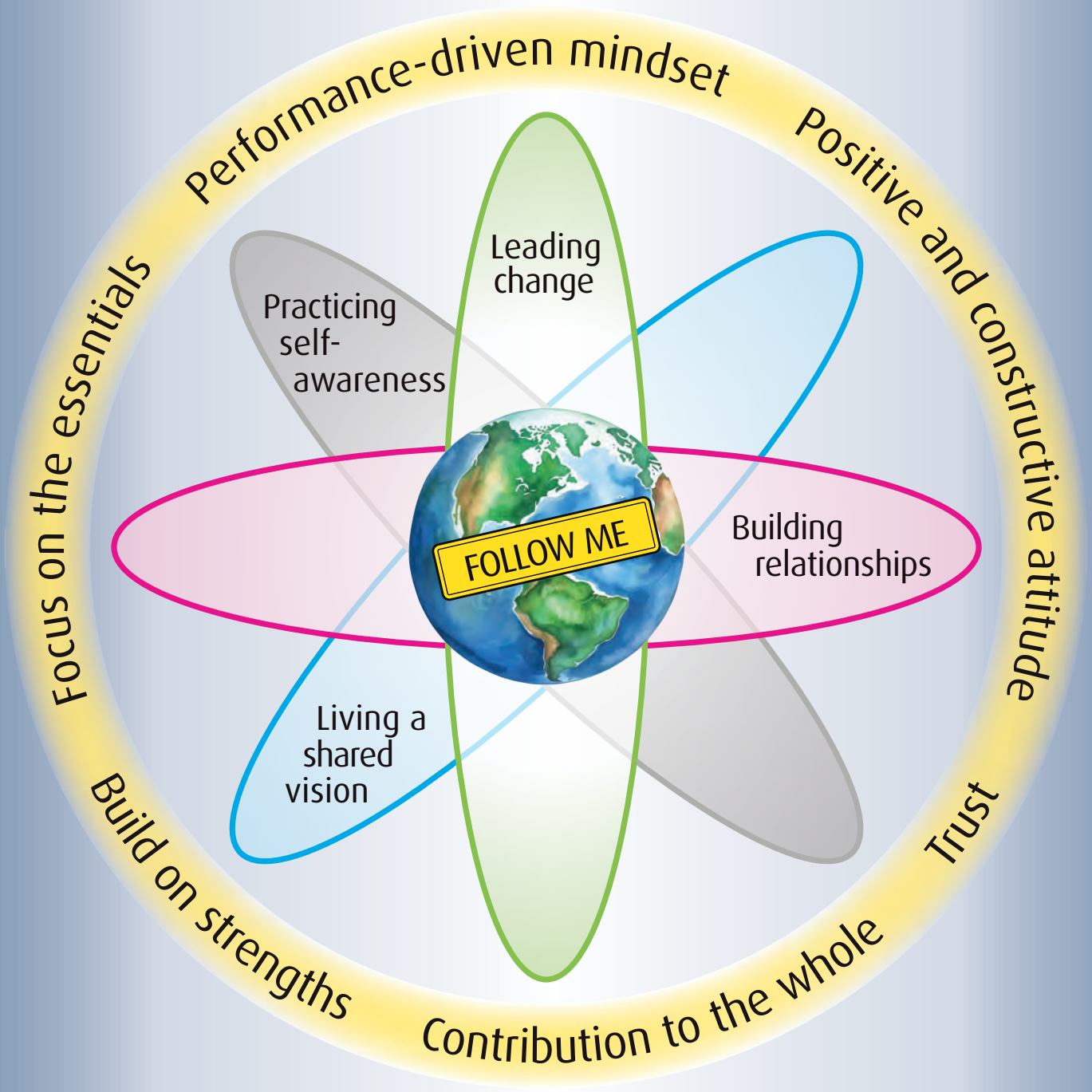
European Journal of Management, Leadership and Health Care

ISSN 3053-5093 Volume 2 (5) 2025



Meducation Service Publishers
Pabst Science Publishers

Imprint

European Journal of Management, Leadership and Health Care

ISSN 3053-5093
Publication frequency: Semi-annually

Edited by
Professor **Dr. Michael Neubert**
(https://orcid.org/0000-0003-3402-7378)
Professor **Dr. Peter Kremeier**
(https://orcid.org/0009-0001-0977-055X)
Responsible for the content

EIM
European Institute of Management
Apt 5, 66, Old Theatre Street
Valletta VLT 1427 Malta
info@eim.education

Published by

PABST SCIENCE PUBLISHERS
Eichengrund 28
49525 Lengerich
Tel. 05484-97234
Fax 05484-550

jml@pabst-publishers.com
www.pabst-publishers.de

and

Meducation Service GmbH
Publishers
Rußheimer Strasse 12
76149 Karlsruhe

jml@meducation.de
www.meducation.de

Design and layout: Beate Hillesheim
beate@hilleshome.de

Copyright © 2025 by the authors.

The journal operates under an open access publishing model.

This work is published under the terms of the Creative Commons Attribution 4.0 International License (CC BY 4.0), which permits unrestricted use, distribution, and reproduction in any medium, provided the original author(s) and source are credited.

Table of Contents

Welcome to the Second Edition 6

Investigating Internship Onboarding in Hospitality Establishments: Impact on Organisational Attractiveness
doi:10.2440/013-0006 8

The Influence of Tariff Changes on International Market Performance
doi:10.2440/013-0007 11

AI-based Smart Home Technologies in the Telecommunication Industry – A Multiple Case Study
doi:10.2440/013-0008 14

Ethically operating Businesses in Europe are Financially more successful – A study on the impact of ethical business behavior on a Firm's financial Performance
doi:10.2440/013-0009 29

Executive Education Defined: A Complete Plan for the Future
doi:10.2440/013-0010 130

The Impact of Social Media Marketing Activities on Consumer Behavioral Intention of Tax Consulting Services
doi:10.2440/013-0011 142

Internship Satisfaction Post-Pandemic: A Systematic Literature Review
doi:10.2440/013-0012 179

Foundations of Academic Philosophy for Researchers
doi:10.2440/013-0013 204

Instructions for Authors 230

Otto E. Laske

Measuring Hidden Dimensions: The Art and Science of Fully Engaging Adults



Adults develop over the course of their lives - sometimes little and sometimes dynamically. The analysis of the respective developmental stage can significantly optimize professional personnel work. The German-American psychologist Dr. Dr. Otto E. Laske describes in his handbook - scientifically founded - possibilities of a development-oriented consulting.

The handbook

addresses all professional groups in human resources management incl. coaching
makes it possible to understand clients on an extraordinarily differentiated level
concretizes methods for the analysis of individuals, teams or larger groups
offers opportunities to understand oneself better
encourages to further develop the model of developmental stages from a personal perspective
contains numerous case studies, examples and practical reflections

Intended Readership

This book offers an adult development-based approach to the helping professions with both a detailed theoretical discourse in the form of CDF, the constructive developmental framework, as well as concrete guidance for CDF applications. The book concentrates on the professional practice of coaches, coach supervisors, mediators, mentors, team facilitators, clinical and behavioral psychologists, human resources specialists, and researchers of adult development over the lifespan.

The book's insights are also highly applicable for educators and professional work in social science fields. It provides guidance on how to assist adult learners and students on a psychological level. Notably, it addresses the orientation struggles that occur during early and late teenage as well as early adulthood.

Having proven its worth in practice and for many practitioners, the book is ready to be used for introspection and reflection, learning, teaching and examinations at learning institutions, colleges, universities, social agencies, as well as in any setting or program for executive and team development.

460 pages, ebook
ISBN 978-3-95853-831-3

20,00 €
incl. VAT

PABST SCIENCE PUBLISHERS
Eichengrund 28
D-49525 Lengerich/Westfalen

+49 (0) 5484-308
pabst@pabst-publishers.com
www.pabst-science-publishers.com

Welcome to the Second Edition of the European Journal of Management, Leadership and Health Care

We are delighted to welcome you to the second edition of the *European Journal of Management, Leadership and Health Care*. Building on the positive momentum of our inaugural issue, this edition reaffirms our commitment to advancing scholarly inquiry and professional dialogue in the dynamic domains of management and leadership.

The journal continues to serve as a bridge between theory and practice, offering a platform for researchers, practitioners, and thought leaders to contribute insights that shape the future of organizations worldwide.

Our mission remains to promote high-quality research that is both academically rigorous and practically relevant. By presenting diverse contributions that explore leadership, strategy, and innovation from multiple perspectives, we aim to foster deeper understanding and create stronger connections between academia and industry.

Scope and Contribution: What We Publish

The *European Journal of Management, Leadership and Health Care* continues to welcome research articles, case studies, literature reviews, essays, methodological advances, and interdisciplinary works. This diversity ensures a holistic exploration of management and leadership challenges, making our content valuable to scholars, practitioners, and policymakers alike.

A Summary of Articles in This Edition

This second edition is divided into three parts, reflecting the emerging conversations from academic conferences, rigorous original research, and foundational articles.

Part I: Conference Papers

This section features two working papers first presented at the 18th Annual EMRBI Conference in Porto (September 2025).

- Alison Donnelly investigates *internship onboarding in hospitality establishments and its impact on organizational attractiveness*. Using Klein and Heuser's Inform-Welcome-Guide framework, her study explores how structured onboarding shapes interns' perceptions, willingness to seek future employment, and likelihood of recommending organizations to peers. The findings provide fresh insights into employer branding and talent acquisition strategies in a sector grappling with talent shortages.

- Sarah Hummel examines *the influence of tariff changes on international market performance*. Grounded in Dynamic Capability Theory, her study examines how global mindset and market orientation influence the performance of multinational enterprises under tariff pressures. Her findings offer both theoretical advancements and practical implications for firms navigating the complexities of international trade.

Part II: Research Articles

The second part of this edition features four original contributions that reflect the journal's interdisciplinary and international scope.

- Timur Kuziaev presents his third article on *AI-based smart home adoption in China*. This qualitative multiple-case study explores how five leading Chinese smart home firms embed technology acceptance predictors in their consumer strategies, with a focus on Millennials and Gen Z. His findings contribute to both the Technology Acceptance Model literature and practical marketing management in the fast-growing smart home industry.

- Burkard Schemmel provides a mixed-methods study on *alterocentric business ethics and financial performance*. The sequential mixed-methods design demonstrates strong correlations between ethical business practices and financial outcomes, offering both a methodological innovation and a compelling case for ethics-driven competitive advantage in European firms.

- David Ezra contributes a conceptual article defining executive education. Drawing on his doctoral dissertation, Ezra addresses the lack of consensus in the literature by clarifying the definition scope, functions, and impact of the term "executive education". His work provides a theoretical foundation for advancing research and practice in this evolving domain.

- Mandy Witt presents an empirical study on social media marketing in professional services. Focusing on German tax consulting firms, their article shows that perceived value mediates the relationship between social media activities and customer behavior. The findings provide actionable insights into digital communication strategies in knowledge-based industries.

- Alison Donnelly crafted a *PRISMA-guided systematic literature review about the factors that influence internship satisfaction post-pandemic*. The review emphasizes the importance of fostering and maintaining collaborative relationships among all three stakeholders: students, institutions of higher education, and industry, to enhance students' satisfaction with their internship experience.

Part III: Foundations and Methodology

- Michael Neubert contributes *a paper on the philosophical foundations of academic research*. This article reviews key concepts, including ontology, epistemology, axiology, and methodology, and traces the historical evolution of research paradigms. By clarifying how paradigms shape inquiry and reasoning, Neubert provides practical recommendations for doctoral researchers in management and healthcare, strengthening their ability to produce rigorous, coherent, and impactful scholarship.

Acknowledging Our Authors

We extend our gratitude to the contributors whose dedication and expertise made this edition possible.

We extend our sincere gratitude to the contributors of this second edition. Their expertise and dedication reflect the journal's interdisciplinary and international ethos, bridging the gap between scholarship and practice in management and leadership.

- **Alison Donnelly** is a Lecturer at Glion Institute of Higher Education in Switzerland, specializing in hospitality management and talent development, with a particular focus on internships and onboarding.

- **Dr. David Ezra** is a serial entrepreneur in the USA and China. His research explores the future of executive education, with an emphasis on leadership development and global higher education.

- **Sarah Hummel** is a PhD candidate and program manager (MBA) at the European Institute of Management (EIM). Her research interests include dynamic managerial capabilities, multinational enterprises, and international business.

- **Timur Kuziaev** is an experienced project manager and research assistant with an MBA in Telecommunications Management. His work focuses on innovative technologies, business models, and emerging markets, with research bridging technology adoption and generational dynamics, especially in China.

- **Dr. Michael Neubert**, PhD, is a senior manager and entrepreneur in higher education. His research interests span international management, research methodologies, and the philosophy of science.

- **Dr. Burkard Schemmel** is a senior manager and entrepreneur with a focus on business ethics and leadership practices. His interdisciplinary research contributes to redefining ethical leadership models for German enterprises and their impact on financial performance.

- **Mandy Witt** is a former PhD candidate and tax consultant. Her research has centered on the role of social media in professional services, with a particular focus on tax consulting services in Germany.

Their diverse academic, professional, and geographic backgrounds underscore the multidisciplinary nature of the *European Journal of Management, Leadership and Health Care*. Collectively, their contributions advance theoretical, empirical, and practical insights that enrich the field.

Looking Ahead

As we publish this second edition, we look forward to deepening our engagement with scholars, practitioners, and policymakers. We invite you to explore the contributions presented here and to consider submitting your own work to future issues. Together, we can continue to shape the global conversation on management and leadership.

Peter Kremeier and Michael Neubert, Editors

Investigating Internship Onboarding in Hospitality Establishments: Impact on Organisational Attractiveness

Alison Donnelly, Glion Institute of Higher Education, Bulle, Switzerland

Abstract

The purpose of this quantitative study is to examine how the onboarding practices of students' internship organisations influence their willingness to seek future employment with the organisation or recommend it as a place to work.

Five years on from the COVID-19 pandemic, the hospitality industry remains plagued by a significant talent shortage. One way to address the talent shortage is through student internships, which have long played a key role in hospitality education programs (Collins and Pearlmann, 2023). Smith and Green (2021) found that organisations invested in internships as a way to build a talent pipeline for future full-time roles. From a student perspective, internships provide them with a direct and realistic view of what it is like to work in a particular organization, which in turn may influence organisational attractiveness (Sekiguchi et al., 2022). Consequently, creating quality internship experiences is essential to an organisation's talent acquisition strategy, both directly and indirectly. As interns may be more willing to join the organisation after graduation (Neelam et al., 2018) and/or provide positive word-of-mouth to others seeking employment (Breitsohl and Ruhle, 2016), this is a crucial aspect. As socialisation of newcomers shapes their initial experiences (Neelam et al., 2018), onboarding takes on particular significance (Klein et al., 2015). Studies have shown that onboarding impacts factors such as commitment, engagement, and retention (Pico et al., 2024). The research problem of this study is that, despite the well-documented role of onboarding in enhancing organisational outcomes, little is known about how internship-specific onboarding practices influence interns' perceptions of organisational attractiveness and their willingness to seek future employment or recommend the organisation to other job seekers.

This study addresses a key literature gap by shifting the focus from general internship experiences and satisfaction (Mensah et al., 2023) to the specific impact of onboarding on newcomer perceptions of the organisation (Díaz-Muñoz and Andrés-Reina, 2024), and in examining temporary employment relationships, which are crucial yet understudied (Kupczyk and Kubicka, 2018). By applying Klein and Heuser's (2008) Inform-Welcome-Guide (IWG) onboarding framework and analysing intern perceptions, this study aims to identify which onboarding practices have the most substantial impact on organisational attractiveness and word-of-mouth recommendations.

This study employs a quantitative research approach to examine the relationship between internship onboarding practices, interns' willingness to seek future employment with the organisation, and their likelihood to recommend the organisation through word-of-mouth. A survey-based design is used to collect standardised responses, enabling statistical analysis. Convenience and snowball sampling are employed, where final-year undergraduate students at several Swiss hospitality schools who have completed a mandatory internship will receive the survey questionnaire. Data will be collected through an electronic survey, incorporating validated scales from existing litera-

#Keywords

Hospitality, Internship, Onboarding, Organisational Attractiveness, Word-of-Mouth.

doi:10.2440/013-0006

DOI:10.2440/013-0006

ture, including Klein et al.'s (2015) Inform-Welcome-Guide (IWG) categories for onboarding practices, Highhouse et al.'s (2003) organisational attractiveness measure, and Breitsohl and Ruhle's (2016) employee word-of-mouth scale. The study will utilise correlational analysis to examine the relationships between onboarding practices, interns' willingness to seek future employment with the organisation, and their likelihood to recommend the organisation to others. This analytical method is chosen for its ability to identify statistical associations between variables, providing insights into which onboarding practices are most strongly linked to interns' perceptions and experiences. By adopting correlational analysis, this study provides meaningful findings that can inform both academic research and industry practices in hospitality talent acquisition.

This research makes an original theoretical contribution by extending onboarding theory to the context of temporary employment relationships, specifically internships. While onboarding research has primarily focused on full-time employees (e.g., Klein et al., 2015), this study explores how short-term onboarding experiences shape long-term organisational perceptions and employer branding in the hospitality sector. It also extends the literature examining relationships between onboarding practices and newcomers' perceptions of the company itself, a research avenue which has been underexplored to date (Díaz-Muñoz and Andrés-Reina, 2024). The study also adds to the quantitative research on onboarding as previous studies have focused more on qualitative research methods (Pinco et al., 2024). By integrating internship onboarding with measurement of organisational attractiveness (Highhouse et al., 2003), this study develops a new perspective on how structured onboarding can function as an early-stage employer branding mechanism, influencing interns' career decisions and industry reputation. Given the limited resources organisations may have to invest in internship onboarding, examining the perceptions of students in relation to specific onboarding practices and organizational attractiveness will allow HR representatives to focus their efforts more effectively on practices which contribute to students' willingness to return after graduation. For higher education establishments, a deeper understanding of students' perceptions of their onboarding process will help strengthen partnerships with industry in designing a well-structured internship program that meets the needs of both students and hospitality establishments.

References

Breitsohl, H. and Ruhle, S.A. (2016), "The end is the beginning – the role of residual affective commitment in former interns' intention to return and word-of-mouth", *European Journal of Work and Organizational Psychology*, Vol. 25 No. 6, pp. 833-848.

Collins, M.D. and Pearlman, D.M. (2023), "Quality internships in the hospitality industry: A way to help address the labor shortage", *Journal of Human Resources in Hospitality and Tourism*, Vol. 22 No. 4, pp. 562-585.

Díaz-Muñoz, R. and Andrés-Reina, M.P. (2024), "Onboarding: Key to perception of the company as a great place to work", *Revista Electrónica De Comunicaciones Y Trabajos De ASEPUMA*, Vol. 25 No. 1, pp. 21-36.

Highhouse, S., Lievens, F. and Sinar, E.F. (2003), "Measuring attraction to organizations", *Educational and Psychological Measurement*, Vol. 63 No. 6, pp.986-1001.

Klein, H.J. and Heuser, A.E. (2008), "The learning of socialization content: A framework for researching orientating practices", Martocchio, J.J. (ed.), *Research in Personnel and Human Resources Management (Research in Personnel and Human Resources Management, Vol. 27)*, Emerald Group Publishing Limited, Leeds, pp. 279-336.

Klein, H.J., Polin, B. and Sutton, K.L. (2015), "Specific onboarding practices for the socialization of new employees", *International Journal of Selection and Assessment*, Vol. 23 No. 3, pp. 263-283.

Kupczyk, T. and Kubicka, J. (2018), "Temporary employees' assessment of onboarding", *Management Sciences*, Vol. 23 No. 4, pp. 35-41.

Mensah, C., Azila-Gbettor, E.M. and Wireko-Gyebi, S. (2023), "Mapping Hospitality and Tourism Internship Research: A Bibliometric and Integrative review", *Journal of Hospitality & Tourism Education*, Vol. 36 No. 2, pp. 132-164.

Neelam, N., Bhattacharya, S., Kejriwal, V., Bhardwaj, V., Goyal, A., Saxena, A., Dhawan, D., Vaddi, A. and Choudaha, G. (2018), "Internship in a business school: expectation versus experience", *Higher Education Skills and Work-based Learning*, Vol. 9 No. 1, pp. 92-106.

Pinco, O., Salanta, I.I., Beleiu, I.N. and Crisan, E.L. (2024), "The onboarding process: a review", Vilakshan - *XIMB Journal of Management*, [Preprint], available at: https://doi.org/10.1108/XJM-01-2024-0008. (accessed 3 March 2025).

Sekiguchi, T., Mitate, Y. and Yang, Y. (2022), "Internship experience and organizational attractiveness: A realistic job fit perspective", *Journal of Career Development*, Vol. 50 No. 2, pp. 353-371.

Smith, K.N. and Green, D.K. (2021), "Employer internship recruiting on college campuses: 'the right pipeline for our funnel", *Journal of Education and Work*, Vol. 34 No. 4, pp. 572-589.

Declarations

Author Contact Information

Correspondence regarding this article should be directed to A. Donnelly at alison.donnelly@student.eim.education.

Conflict of (Competing) Interest

The author declares that he has no (competing) financial or non-financial interests related to this study.

Funding

The author self-funded the research, and no external funding was obtained for its completion.

Author Contributions (CRediT taxonomy):

Conceptualization, Methodology, Formal Analysis, Investigation, Writing – Original Draft, Writing – Review & Editing: Alison Donnelly.

Acknowledgments

I would like to acknowledge Prof. Dr. Michael Neubert's (EIM) support in conceptualizing and proofreading this paper.

Data Availability and Supplementary Material

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

Prior Publication

The author confirms that this research was presented at the 18th Annual EMRBI Conference (September 10th-12th, 2025, in Porto, Portugal) under the title "Exploring New Horizons in Business and Management."

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 the integrity, rigor, and conclusions of this research.

Copyright and Licensing Information

This work is licensed under a Creative Commons Attribution 4.0 International License (CC BY 4.0). This license permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited. To view a copy of this license, visit https://creativecommons.org/licenses/by/4.0/.

The Influence of Tariff Changes on International Market Performance

Sarah Hummel, European Institute of Management, Valletta VLT 1427 Malta

How Tariff Changes Moderate the Impact of Dynamic Capabilities on Market Performance

The purpose of this quantitative study is to examine the influence of two dynamic capabilities—global mindset (Torkelli et al., 2018) and market orientation (Butkouskaya et al., 2024) — on market performance (Torkelli et al., 2018) of multinational enterprises, with the perceived impact of tariff changes serving as a moderating variable.

Underpinned by the Dynamic Capability Theory (Teece et al., 1997), which conceptualises how decision-makers sense, seize, and transform organisational resources to adapt to changing environments (Baishya et al., 2025), studies have shown that market orientation influences the market performance of SMEs (Butkouskaya et al., 2024). The study of Torkelli et al. (2018) finds that a global mindset predicts international performance.

Tariff modifications hold substantial importance due to their direct influence on international trade dynamics and economic interrelations (Handley & Limão, 2017). By adjusting tariffs, governments can affect the pricing of imported and exported commodities, thereby inducing changes in consumer behavior and production patterns (Amiti et al., 2019). Academic literature robustly supports the view that tariff modifications are of substantial importance due to their direct and indirect effects on international trade, economic relationships, and the strategic operations of global companies, particularly through their influence on multinational supply chains (Handley et al., 2024).

#Keywords

Dynamic capabilities, market orientation, global mindset, international performance, tariff changes.

doi:10.2440/013-0007

This study addresses a knowledge gap by formulating the hypothesis that the market performance of multinational enterprises is influenced by their global mindset and market orientation capabilities, with the effectiveness of these capabilities moderated by environmental conditions, including tariff-related pressures (Fajgelbaum et al., 2020). This study employs a quantitative research approach to examine the relationship between the influence of market orientation and global mindset as independent variables and international performance as the dependent variable, with the perceived impact of tariff changes as a moderating construct. A survey-based design is employed to collect standardized responses, enabling statistical analysis based on prior work by Wilden et al. (2013). By applying Structural Equation Modeling (SEM) and the bootstrapping method, this study aims to analyse complex and partially unknown elements. Data will be collected through an electronic survey that incorporates validated scales from existing questionnaires. Each item reflects the perceived impact of the early-2025 U.S. tariff increases announced by the Trump administration, accompanied by supporting peer-reviewed sources. This analytical method is chosen for its ability to identify statistical relationships between variables, providing insights into the perceived impact that tariff changes have on the two dynamic capabilities —global mindset and market orientation —on influencing international performance. By adopting correlational analysis, this study provides meaningful findings that can inform both academic research and industry practices in multinational enterprises.

This research makes an original contribution by providing an enhanced understanding of dynamic capabilities and offering novel empirical evidence that supports the theoretical frameworks proposed by Butkouskaya et al. (2024) and Torkelli et al. (2018). Theoretical insights into novel regulatory changes and their impact on MNEs will be provided. The study's practical implications are particularly relevant for decision-makers operating in multinational enterprises, providing novel insights that support the importance of fostering a global mindset and market orientation to navigate tariff changes and enhance market performance. The results may provide managerial guidance on adaptability to fluctuating tariffs, which includes reconfiguring supply chains, adjusting pricing strategies, and renegotiating supplier contracts to mitigate potential impacts, enhance strategic flexibility and risk management, improve contingency planning, and maintain competitive positioning in the market.

Declarations

Author Contact Information

Correspondence regarding this article should be directed to Sarah Hummel at sarah.hummel@student.eim.education.

Conflict of (Competing) Interest

The author declares that he has no (competing) financial or non-financial interests related to this study.

Funding

The author self-funded the research, and no external funding was obtained for its completion.

Author Contributions (CRediT taxonomy):

Conceptualization, Methodology, Formal Analysis, Investigation, Writing – Original Draft, Writing – Review & Editing: Sarah Hummel.

Acknowledgments

I would like to acknowledge Prof. Dr. Michael Neubert's (EIM) support in conceptualizing and proofreading this paper.

Data Availability and Supplementary Material

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

Prior Publication

The author confirms that this research was presented at the 18th Annual EMRBI Conference (September 10th-12th, 2025, in Porto, Portugal) under the title "Exploring New Horizons in Business and Management."

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 the integrity, rigor, and conclusions of this research.

Copyright and Licensing Information

This work is licensed under a Creative Commons Attribution 4.0 International License (CC BY 4.0). This license permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited. To view a copy of this license, visit https://creativecommons.org/licenses/by/4.0/.

References

Amiti, M., Redding, S. J., & Weinstein, D. E., (2019). „The impact of the 2018 tariffs on prices and welfare." *Journal of Economic Perspectives*, 33(4), 187–210.

Baishya, S., Karna, A., Mahapatra, D., Kumar, S., & Mukherjee, D., (2025). "Dynamic managerial capabilities: A critical synthesis and future directions." *Journal of Business Research*, 186, 115015.

Butkouskaya, V. and Llonch-Andreu, J., (2024). "Market orientation, integrated marketing communications, and small and medium-sized enterprises (SMEs) performance: A comparison between developed and developing economies." *European Research on Management and Business Economics*, 30(3), p.100260.

Caldara, D., Iacoviello, M., Molligo, P., Prestipino, A., & Raffo, A., (2020). "The economic effects of trade policy uncertainty." *Journal of Monetary Economics*, 109, 38–59.

Cavallo, A., Gopinath, G., Neiman, B., & Tang, J., (2021). "Tariff pass-through at the border and at the store: Evidence from US trade policy." *American Economic Review: Insights*, 3(1), 19–34.

Fajgelbaum, P. D., Goldberg, P. K., Kennedy, P. J., & Khandelwal, A. K., (2020). „The return to protectionism." *The Quarterly Journal of Economics*, 135(1), 1–55.

Handfield, R. B., Graham, G., & Burns, L. (2020). "Coronavirus, tariffs, trade wars and supply chain evolutionary design." *International Journal of Operations & Production Management*, 40(10), 1649–1660.

Handley, K., Kamal, F. and Monarch, R., (2024). "Supply chain adjustments to tariff shocks: Evidence from firm trade linkages in the 2018-2019 US trade war." *Economics Letters*, 244, p.112009.

Handley, K., & Limão, N., (2017). "Policy uncertainty, trade, and welfare: Theory and evidence for China and the United States." *American Economic Review*, 107(9), 2731–2783.

Huang, Y., Lin, C., Liu, S., & Tang, H., (2023). "Trade networks and firm value: Evidence from the US–China trade war." *Journal of International Economics*, 145, 103811.

Torkkeli, L., Nummela, N. and Saarenketo, S., (2018). "A global mindset–still a prerequisite for successful SME internationalisation?" In *Key success factors of SME internationalisation: A cross-country perspective* (pp. 7-24). Emerald Publishing Limited.

Wilden, R., Gudergan, S.P., Nielsen, B.B. and Lings, I., 2013. „Dynamic capabilities and performance: strategy, structure and environment." *Long range planning*, 46(1-2), pp.72-96.

AI-based Smart Home Technologies in the Telecommunication Industry – A Multiple Case Study

Timur Kuziaev, Michael Neubert
EIM – European Institute of Management, Valetta, Malta

Abstract

Despite the evident market growth and technological advancements, there is a lack of studies examining the strategies employed by Chinese smart home technology firms to encourage the adoption of AI-based smart home technologies. This qualitative multiple-case study aimed to fill that gap by exploring how five leading Chinese smart home technology firms (Haier, Aqara, Xiaomi, Huawei, and LifeSmart) embed TAM-related adoption predictors into their consumer communication strategies, focusing on Millennials and Gen Z. This purpose leads to the research question: "How do five leading Chinese smart home firms embed TAM-related adoption predictors into their consumer communication strategies, focusing on Millennials and Gen Z?" The findings reveal that all five case study firms effectively tailor their communication strategies by leveraging TAM predictors to resonate with the preferences and expectations of Milennials and Gen Z, providing implications for both academic theory and practical marketing management. Future research could add further case study firms to the sample, extend the results to other geographical markets, or use longitudinal studies to analyse changes in consumer adoption and communication strategies.

#Keywords

Artificial intelligence; AI-based Smart Home Technologies; China; Smart Home Technology; TAM; Technology Acceptance Model; Perceived Usefulness; Perceived Ease of Use; Trust; User Attitude; User Adoption Intention.

doi:10.2440/013-0008

KI-basierte Smart-Home-Technologien in der Telekommunikationsbranche – Eine Fallstudie

Trotz des offensichtlichen Marktwachstums und der technologischen Fortschritte mangelt es an Studien, die die Strategien chinesischer Smart-Home-Technologieunternehmen zur Förderung der Akzeptanz von KI-basierten Smart-Home-Technologien untersuchen. Diese qualitative Multiple-Case-Studie zielt darauf ab, diese Forschungslücke zu schließen, indem untersucht wird, wie fünf führende chinesische Smart-Home-Technologieunternehmen (Haier, Aqara, Xiaomi, Huawei und LifeSmart) TAM-bezogene Adoptionsprädiktoren in ihre Verbraucherkommunikationsstrategien einbetten, mit einem besonderen Fokus auf Millennials und die Generation Z. Daraus ergibt sich die Forschungsfrage: „Wie betten fünf führende chinesische Smart-Home-Unternehmen TAM-bezogene Adoptionsprädiktoren in ihre Verbraucherkommunikationsstrategien ein, mit einem Fokus auf Millennials und die Generation Z?" Die Ergebnisse zeigen, dass alle fünf Fallstudienunternehmen ihre Kommunikationsstrategien wirksam anpassen, indem sie TAM-Prädiktoren nutzen, um die Präferenzen und Erwartungen von Millennials und der Generation Z gezielt anzusprechen. Dies liefert wertvolle Implikationen sowohl für die akademische Theorie als auch für das praktische Marketingmanagement. Zukünftige Forschung könnte zusätzliche Fallstudienunternehmen in die Stichprobe einbeziehen, die Ergebnisse auf andere geografische Märkte ausweiten oder Längsschnittstudien einsetzen, um Veränderungen in der Verbraucherakzeptanz und den Kommunikationsstrategien zu analysieren.

DOI:10.2440/013-0008

电信行业中的人工智能智能家居技术——案例研究

尽管市场增长显著且技术不断进步，但目前针对中国智能家居技术企业促进人工智能（AI）智能家居技术采纳策略的研究仍然不足。本质性多案例研究旨在填补这一空白，通过考察五家中国领先的智能家居技术企业（海尔、Aqara、小米、华为和LifeSmart）如何将技术接受模型（TAM）相关的采纳预测因素嵌入其消费者沟通策略中，重点关注千禧一代和Z世代。因此，本研究提出研究问题："中国五家领先的智能家居企业如何在针对千禧一代和Z世代的消费者沟通策略中嵌入TAM相关的采纳预测因素？"研究结果表明，这五家案例企业均有效地通过利用TAM预测因素来调整其沟通策略，以契合千禧一代和Z世代的偏好和期望，从而为学术理论和市场营销管理实践提供了启示。未来研究可进一步增加案例企业样本，将研究结果扩展至其他地理市场，或采用纵向研究方法分析消费者采纳与沟通策略的变化。

Introduction

The rapid integration of artificial intelligence (AI) into smart home technologies has significantly transformed residential living, offering enhanced automation, personalization, and efficiency. The global AI in smart home technology market was valued at USD 12.7 billion in 2023 and is projected to reach USD 57.3 billion by 2031, growing at a compound annual growth rate (CAGR) of 21.3% during the forecast period (Future Data Stats, 2024; InsightAce, 2024). China is expected to achieve a smart home market share of 20–30% by 2028 (Narcotta, 2024); however, significant growth potential remains, as only 22.6% of Chinese internet users accessed the internet via smart home devices as of December 2024 (China Internet Network Information Center, 2025). This substantial growth (potential) underscores the increasing demand for intelligent home solutions. Companies like LG Electronics are at the forefront of this evolution, emphasizing "Affectionate Intelligence" to create empathetic and caring AI that delivers unique customer experiences (LG, 2024).

Despite the evident market growth and technological advancements, there is a lack of studies examining the strategies employed by Chinese smart home technology firms to encourage the adoption of AI-based smart home technologies. The specific problem this study addresses is that foreign marketing managers lack a comprehensive understanding of how Chinese smart home technology firms manage consumer adoption of their products (Kuziaev & Neubert, 2024). This qualitative multiple-case study aims to fill that gap and solve the problem by exploring how five leading Chinese smart home technology firms embed TAM-related adoption predictors into their consumer communication strategies, focusing on Millennials and Generation Z. This purpose leads to the research question: "How do five leading Chinese smart home firms embed TAM-related adoption predictors into their consumer communication strategies, focusing on Millennials and Generation Z?"

This study is part of an ongoing research project at the European Institute of Management (EIM), focusing on the adoption of AI-based Smart Home Technologies (AI-SHT) among Chinese consumers. The first published study in this series was a systematic literature review that assessed the current state of research and identified relevant research gaps (Kuziaev & Neubert, 2024). The second publication employed a quantitative approach to examine the factors in-

fluencing age-related adoption patterns of AI-SHT among Chinese Millennials and Gen Z (Kuziaev & Neubert, 2024). Its findings indicated that the most influential predictors of Gen Z purchasing behavior were user-friendly design, transparency, and data privacy. At the same time, Millennial consumers were primarily motivated by financial savings, practical functionality, and safety features (Kuziaev & Neubert, 2024). Building on these insights, this third paper presents a qualitative multiple-case study to explore how five leading Chinese smart home technology firms embed TAM-related adoption predictors into their consumer communication strategies, focusing on Millennials and Generation Z. By exploring how these factors are represented across case study firms, this study aims to contribute to the field of smart home technology adoption and should support marketing managers in designing effective adoption strategies of innovative high-tech products.

Literature Review and Conceptual Framework

China's smart home technology market

China's smart home technology market is based on a combination of consumer preferences, technological innovation, and infrastructural support. Chinese consumers prioritize affordability and functionality in their smart home purchases, with many products designed to integrate into multifunctional mobile applications, such as social media or payment services (Narcotta, 2024). This consumer demand is met by domestic tech giants such as Xiaomi or Haier, which dominate the sector through comprehensive AI-powered ecosystems like Mi Home (Narcotta, 2024). Xiaomi, in particular, leads in offering low-cost, AI-enhanced devices, ranging from security cameras to kitchen appliances, all of which are interconnected via its proprietary platform (Narcotta, 2024). The Chinese government's substantial investment in 5G and IoT infrastructure and consumer benefits (e.g., trade-in promotion) further supports the growth of the smart home technology industry by enabling device integration and connectivity (China Internet Network Information Center, 2025). Unlike Western markets, where independent manufacturers and platforms typically compete, China's telecommunications providers, China Mobile, China Telecom, and China Unicom, serve as the backbone of the ecosystem by bundling broadband, mobile, and smart home services (Narcotta, 2024). For instance, China Mobile's Home app has surpassed 360 million subscriptions. It supports hundreds of millions of connected devices, while China Telecom and China Unicom have developed cloud-based and 5G-enabled platforms emphasizing automation, security, and energy efficiency (Narcotta, 2024). Collectively, these dynamics illustrate how China's integrated approach, driven by consumer needs and institutional support, is positioning it at the forefront of global smart home technology innovation.

The Technology Acceptance Model (TAM) as Conceptual Framework

The TAM states that users' adoption intentions are primarily governed by the constructs of "perceived usefulness" (PU) and "perceived ease of use" (PEU) of a technology (Zhou et al., 2024). PU is defined as the degree to which a user believes the smart-home technology system will enhance daily life, and PEU as how effortlessly it can be used (Yap & Kamaruddin, 2023). Empirical studies consistently find that higher PU and PEU lead to more favorable user attitudes (UA) and, in turn, higher adoption intent. Contemporary research extends TAM by adding predictors such as trust (TR) and user attitude (UA), also for smart home technology adoption (Chin et al., 2024). For example, Chang et al. (2017) highlight that perceived security and trustworthiness in devices strengthen users' confidence, while Choung et al. (2022) show trust has a strong positive effect on perceived usefulness. In the

 DOI:10.2440/013-0008

Chinese smart-home technology context, Kuziaev and Neubert (2024) likewise include trust as a key factor: well-designed communication that fosters transparency and reliability can significantly boost consumer trust and, by extension, PU. In sum, the TAM constructs PU, PEU, TR, and UA form the core drivers of smart-home technology adoption intent in this study (see Figure 1).

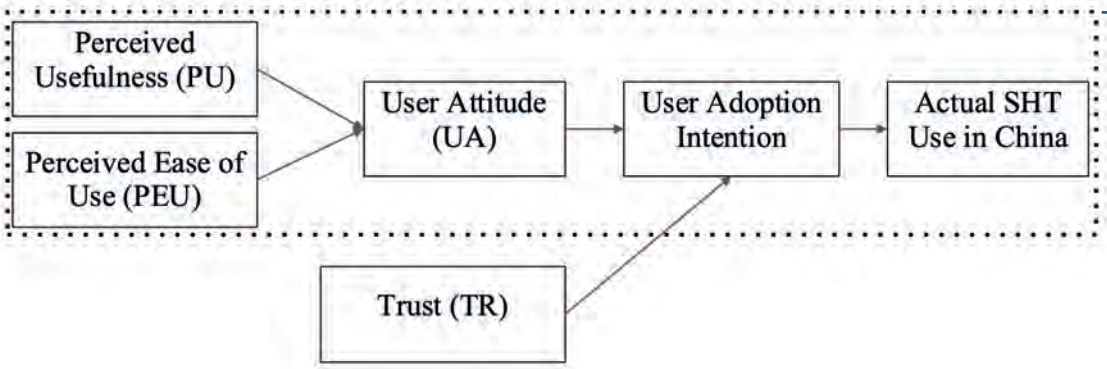


Figure 1: *TAM -Technology Acceptance Model (adapted)*

Generational Influences on Adoption

Millennials and Generation Z, though both "digital-native" cohorts, differ in how they weigh these TAM constructs. In the Chinese market, Kuziaev and Neubert (2024) found that Gen Z consumers place an exceptionally high value on PEU, highly rating "ease of learning, transparency, and intuitive use," which makes them more likely to adopt technologies that are easy and fun to use. Older Millennials, by contrast, responded more to PU-driven attributes: they showed the strongest intent for devices that enhance home value and safety. They emphasized functional benefits (e.g., energy savings or security) over costs (Kuziaev & Neubert, 2024). These findings mirror broader generational trends. For example, U.S. data show that 97% of Millennials already own smartphones and use social media, indicating a high level of digital engagement (Pew Research Center, 2024). Gen Z consumers, born into a world of ubiquitous mobile internet, are even more immersed and thus expect seamless, cutting-edge experiences (Theocharis & Tsekouropoulos, 2025). Studies of Gen Z marketing note that this cohort values authenticity, transparency, and social responsibility (Matsa Prasanna, 2024; Theocharis & Tsekouropoulos, 2025); they trust brands that share genuine stories and visible ethics (Matsa Prasanna, 2024). By contrast, Millennials – having grown up with earlier internet waves - appreciate convenience and established brand trust, and respond well to clear demonstrations of usefulness and endorsements (Achmad Syamsudin et al., 2025). In practice, smart-home communications should reflect these generational nuances: for Gen Z audiences, emphasis on intuitive features and brand ethos (e.g., innovation, sustainability) will resonate (Huang et al., 2024; Theocharis & Tsekouropoulos, 2025); for Millennials, messages highlighting reliability, safety benefits, or expert testimonials may be more persuasive (Valencia-Arias et al., 2023).

Research Methodology

This study adopted a qualitative multiple-case study research design, which is well-suited for exploring "how" and "why" questions in real-world contexts (Yin, 2017; Neubert et al., 2025). A qualitative method enables an in-depth understanding of consumer communication strategies, aligning with a constructivist paradigm that values meaning-making in context (Merriam & Tisdell, 2015; Stake, 2005). A multiple-case study research design was selected to compare five case-study firms, enhancing the robustness of findings through replicati-

on logic and cross-case validation (Yin, 2017; Halkias & Neubert, 2020). In contrast to a single case, examining several cases in a similar context broadens the perspective on the phenomenon (Halkias & Neubert, 2020).

The sample comprises five leading Chinese smart home firms: Aqara, Haier, Huawei, Lifesmart, and Xiaomi. These firms were selected using purposive sampling, a method well-suited for identifying data-rich cases that align closely with the study's purpose (Halkias et al., 2023; Merriam & Tisdell, 2015; Neubert, 2023). The inclusion criteria for case selection were as follows: (1) each firm must offer an AI-based smart home technology ecosystem specifically designed for consumer use, (2) the firm must be legally domiciled in China, and (3) the firm must have a robust, publicly accessible presence in consumer-facing communication, such as websites, promotional materials, and product documentation. These criteria ensured that all cases were relevant to the study's technological and geographical scope.

Data were collected through publicly available sources of evidence, such as (1) official websites and press releases, highlighting product features and value propositions, (2) social media posts and promotional videos, conveying marketing messages tailored to young adult audiences, and (3) consumer reviews and testimonials to generate feedback on products on e-commerce platforms and forums.

Data were analyzed using qualitative thematic analysis (Halkias et al., 2022; Neubert, 2024). First, a within-case analysis was conducted for each firm, where researchers coded the textual and visual content to identify emergent themes related to the constructs identified by Kuziaev and Neubert (2024) in that firm's case-study communications. Next, a cross-case thematic analysis was conducted to compare patterns across the five cases and discern common strategies and any divergent approaches. This two-stage analytic procedure – moving from case-specific findings to cross-case synthesis – follows best practices for multiple-case studies (Halkias & Neubert, 2020; Stake, 2005; Yin, 2017). Within- and cross-case analysis, conducted in tandem, enabled the researchers to develop a richer understanding of how AI-based smart home technology firms communicate adoption drivers, as recurring themes were confirmed across several cases (Yin, 2017; Halkias & Neubert, 2020). Throughout the analysis, iterative coding and constant comparison were employed to refine themes, and conclusions were drawn by converging evidence from different data sources, thereby increasing the credibility of findings.

Findings - Within Case Analysis

Case Study 1 - Haier Smart Home

Link: https://www.haier.com/global/smart_home/

Haier, a leading Chinese home appliance brand, has shifted its focus in recent years toward a comprehensive transformation of the smart home under its "Haier Smart Home" initiative. With its robust AI and IoT capabilities, Haier offers integrated solutions that automate household management across all major appliance categories (Haier Smart Home, n.d.). One of the flagship innovations is the "Smart Home Brain," a system that coordinates appliances through proactive learning and natural interaction to deliver customized, energy-efficient scenarios (Haier Smart Home, n.d.).

The usefulness of Haier's smart home offering is apparent: it frees users from routine household chores through intelligent automation. The company explicitly promotes a shift "from forced smart to practical smart," addressing consumer frustrations with earlier, less helpful smart technologies (Haier Smart Home, n.d.). By combining voice control, app integration, and edge AI, Haier reduces effort while enhancing home functionality, aligning strongly with Millennial

 DOI:10.2440/013-0008

demands for efficiency and time savings (Haier Smart Home, n.d.).

Ease of use is a pillar of Haier's strategy. The company has designed its Haier app to provide one-tap access to device control and automation, with a user interface optimized for simplicity and natural language interaction. Features such as multi-user voice recognition and continuous dialogue support enhance intuitiveness, meeting Gen Z's expectation for low-effort, seamless control (Haier Smart Home, n.d.).

Haier leverages social influence through its dominant market position and extensive user base, comprising over 15 million monthly active users and 183 million households utilizing its Smart Home Brain platform (Haier Smart Home, n.d.). This widespread adoption generates trust through social proof, appealing to Millennials who prioritize proven and community-endorsed technologies.

Trust is also established through Haier's legacy of quality and its explicit privacy and security guarantees. The company has obtained ISO/IEC 27001, 27701, and 27018 certifications, signaling its adherence to international standards for data security and privacy (Haier Smart Home, n.d.). Gen Z's concerns about data handling are addressed through hardware features, such as camera lens shutters and on-device data processing (Haier Smart Home, n.d.).

Energy-efficient operations highlight cost savings. For instance, Haier's AI-driven air conditioning reportedly saved users 45.6 billion kWh of electricity over three years, reflecting substantial monetary and environmental benefits (Haier Smart Home, n.d.). These benefits resonate with Millennials, who prioritize return on investment and sustainability.

Privacy and data security are integral to Haier's system design. The company's use of edge computing ensures sensitive data remains local, reducing exposure to cloud vulnerabilities. Additionally, robust encryption and authentication protocols secure user information, enhancing trustworthiness across generational divides (Haier Smart Home, n.d.).

Finally, Haier positions its smart home as both safe and efficient. Features such as automatic gas shutoff and fire prevention systems reflect a focus on proactive risk management. Haier provides a compelling blend of smart, safe, and seamless living for Millennials managing family households and Gen Z seeking intuitive, intelligent systems.

Case Study 2 - Aqara

Links: https://www.aqara.com/eu/ and https://www.aqara.com/eu/about-us/brand-story/

Aqara is a smart home brand under Lumi United Technology, known for developing comprehensive AI-based home automation devices that integrate sensors, controllers, and hubs into a cohesive IoT ecosystem. Its core offerings include smart lighting, security cameras, door and window sensors, motion detectors, and climate control systems—all centrally managed via the Aqara Home app and compatible with major platforms, such as Apple HomeKit, Google Assistant, and Alexa.

Perceived usefulness is highlighted through Aqara's promise of a safer, more responsive home. Features such as automated security alerts, water leak detection, and environmental monitoring are designed to prevent accidents and enhance daily convenience. These functionalities clearly address Millennials' concerns for safety and efficiency, as Aqara emphasizes prevention and optimization in its marketing (Aqara, n.d.).

Ease of use is central to Aqara's design philosophy. Devices are installed via plug-and-play methods, many of which feature adhesive mounting and wireless connectivity, thereby simplifying the setup process. The app interface allows for scene automation with simple drag-and-drop logic, and voice control

through smart assistants simplifies interactions. These features cater directly to Gen Z's demand for intuitive, low-effort experiences (Aqara, n.d.).

Aqara fosters social influence through brand partnerships and user-generated testimonials, which are frequently showcased on its EU and global websites. Visuals of stylish interiors featuring Aqara products suggest a lifestyle alignment that appeals to younger, design-conscious consumers, reinforcing peer validation as a marketing strategy (Aqara, n.d.).

Trust is reinforced through Aqara's long-standing collaboration with Xiaomi's ecosystem and adherence to international standards, such as Zigbee 3.0, which reflects reliability and stability. For Gen Z users, the company also underscores transparency in data handling by offering privacy features such as local data processing options and the ability to disable cloud services (Aqara, n.d.).

Automation efficiency implies cost savings. Users can optimize energy consumption by scheduling heating, lighting, and appliance usage. Although not heavily emphasized, Aqara promotes its products as cost-effective over time due to energy conservation and lower utility bills (Aqara, n.d.).

Privacy and data security are addressed through Aqara's gateway encryption protocols and user-controlled cloud settings. The firm promotes compliance with GDPR on its European sites, directly addressing Gen Z's data privacy concerns (Aqara, n.d.).

Overall, Aqara is a flexible, accessible smart home solution for renters and urban dwellers. Its modular ecosystem and cross-platform support offer adaptability, which is key for Millennials seeking scalable efficiency and for Gen Z, who demand convenience and secure connectivity.

Case Study 3 - Xiaomi

Link: https://www.mi.com/de/smart-home/

Xiaomi, globally recognized for its smartphones, has emerged as a leading provider of smart home solutions through its MIJIA ecosystem. The company offers AI-based solutions, including smart lighting, sensors, air purifiers, security cameras, and robot vacuums. The company positions its smart home technology as affordable, interoperable, and intelligent, leveraging AI to streamline daily life while enhancing home safety and energy efficiency.

Perceived usefulness is heavily emphasized in Xiaomi's marketing. Its products are designed to work together seamlessly under the MIJIA platform, offering automation scenarios like "home arrival" routines that turn on lights, adjust temperatures, and unlock doors—all driven by user preferences. These features directly address Millennials' desire for efficiency and cost-saving functionality (Mi.com, n.d.).

Ease of use is another hallmark of Xiaomi's approach. The Mi Home app allows centralized control of all connected devices with a clean, minimalist interface. Xiaomi emphasizes features such as one-click device pairing and intelligent voice commands via its XiaoAI assistant, aligning closely with Gen Z's expectations for intuitive and convenient technology (Mi.com, n.d.).

Xiaomi leverages its extensive global user base and highly active online presence to capitalize on social influence. Its website features user reviews, social media integrations, and demonstration videos that show real-life smart home setups. This form of peer validation is key in encouraging adoption, particularly among younger consumers (Mi.com, n.d.).

Trust is built through Xiaomi's consistent product quality and its integration of industry-standard protocols such as Zig-

DOI:10.2440/013-0008

bee and Matter. While not heavily focused on privacy in its promotional content, Xiaomi has begun to highlight data security features, such as encrypted local storage and permission controls, in response to growing concerns among Gen Z (Mi.com, n.d.).

Cost savings are central to Xiaomi's smart home promise. The company markets its products as budget-friendly and scalable, promoting modular purchases that can be made over time. Automation features help optimize energy consumption—e.g., scheduling air purifiers to run during peak pollution hours—further enhancing economic value (Mi.com, n.d.).

Though less prominently displayed than other attributes, privacy and data security are acknowledged in Xiaomi's descriptions of local processing options and privacy settings. Gen Z users, particularly in Europe, are reassured by mentions of compliance with data protection laws such as GDPR (Mi.com, n.d.).

Xiaomi's appeal spans both Millennials and Gen Z by offering affordable, scalable, and intelligent home technology. Its value proposition—smart living for all—resonates with users who prioritize ease, efficiency, and cost-effectiveness in a connected, AI-enhanced environment.

Case Study 4 - Huawei

Link: https://consumer.huawei.com/en/mobileservices/ai-life/

Huawei, a global leader in telecommunications and information technology, leverages its core competencies in networking, cloud computing, and AI to develop intelligent smart home solutions. Through its "Whole Home Smart" strategy, Huawei offers a comprehensive ecosystem that includes smart routers, security systems, voice assistants, lighting, HVAC, and entertainment devices—all built on its proprietary HarmonyOS platform and integrated via the Huawei AI Life app.

Perceived usefulness is emphasized in Huawei's portrayal of its smart home as a seamlessly coordinated living environment. Marketing materials emphasize the ability of devices to autonomously collaborate through AI Scene Engine technology, offering scenarios such as energy-saving modes, automated security, and real-time environmental adjustments (Huawei, n.d.). These capabilities directly appeal to Millennials who seek smarter energy usage, enhanced safety, and time-saving automation.

Ease of use is a crucial aspect of Huawei's user experience design. The HarmonyOS-based ecosystem is designed for interoperability, enabling devices from different vendors to connect and operate seamlessly. Huawei's promotional content highlights the "1-3-5-N" layout strategy (1 control center, three system platforms, five smart subsystems, and N smart devices), which is structured to ensure that setup and control remain straightforward (Huawei, n.d.). The AI Life app further simplifies operation with voice control, remote access, and one-tap automation, aligning with Gen Z's preference for intuitive and low-effort technologies.

Huawei builds social influence by positioning itself as a premium smart home provider backed by extensive research and development. Demonstration videos and flagship experience stores in China provide aspirational, high-tech lifestyle imagery, reinforcing Huawei's influence among digitally engaged users. Trust is underpinned by Huawei's extensive telecommunications infrastructure and credibility in device manufacturing, emphasizing product reliability across all consumer-facing channels (Huawei, n.d.).

Trust is further bolstered through Huawei's commitment to security and privacy. The company clearly outlines its data handling principles, including transparency, user consent, and localized data storage. Smart home devices support on-device AI processing, minimizing reliance on the cloud and reducing privacy

risks. These elements directly speak to Gen Z's sensitivity to transparency and privacy (Huawei, n.d.).

Cost savings are addressed through energy-efficient scenarios. Huawei promotes intelligent scheduling of HVAC systems and appliance control to optimize energy usage, though pricing and ROI are not focal points of its messaging. For Millennials, the appeal lies in automated efficiency and long-term value rather than upfront cost reductions.

Privacy and data security are core to Huawei's platform. HarmonyOS features include a distributed security architecture and trusted execution environments, which protect user data across device interactions. Additionally, Huawei's promotional documents emphasize compliance with global standards and best practices, reassuring Gen Z users of safe data practices (Huawei, n.d.).

Overall, Huawei presents an advanced, infrastructure-driven smart home ecosystem that appeals to both Millennials and Gen Z. Its promise of a cohesive, intelligent living experience powered by proprietary AI and privacy-by-design reflects a strong alignment with evolving consumer expectations across generations.

Case Study 5 - LifeSmart

Link: https://iot.ilifesmart.com/smarthome-solutions/

LifeSmart, developed by Hangzhou Everflourish, positions itself as a provider of versatile and intelligent smart home solutions tailored for residential and commercial properties. Through its AI-driven system, the company offers a wide array of smart products, including lighting, sensors, environmental control, and security technologies, all coordinated through its proprietary LifeSmart App and AI engine, known as the "Smart Station."

Perceived usefulness is a central message in LifeSmart's promotional content. The firm highlights multi-functional device integration—for example, combining motion detection, lighting, and HVAC control in response to changes in occupancy or the environment. These adaptive systems aim to create comfortable and energy-efficient environments, aligning with Millennials' focus on usefulness, efficiency, and safety (LifeSmart, n.d.).

Ease-of-use is another clear priority. LifeSmart devices feature streamlined installation (often with wireless or adhesive options) and app-based configuration. The LifeSmart App enables one-click scene customization and supports voice control via Alexa, Google Assistant, and Siri on Apple devices. The interface prioritizes a low cognitive load, directly addressing Gen Z's preference for intuitive and low-effort interaction (LifeSmart, n.d.).

Social influence is supported through testimonials, lifestyle visuals, and a consistent emphasis on global expansion. LifeSmart showcases smart showrooms and commercial partnerships as evidence of widespread adoption. These tactics reinforce a perception of community uptake and trust, particularly resonant with Millennial users (LifeSmart, n.d.).

Trust is cultivated through the brand's emphasis on reliability, local processing, and flexibility in integration. While LifeSmart does not prominently display its certifications as other firms do, it promotes a "no data sharing without consent" policy. It highlights that sensitive data can be stored and processed locally via the Smart Station. This enhances its appeal among Gen Z consumers, who value control over their data (LifeSmart, n.d.).

The efficiency of the automated routines subtly conveys cost savings. LifeSmart emphasizes energy conservation through intelligent lighting and HVAC schedules that adapt to user presence and environmental conditions. These features promise operational savings

 DOI:10.2440/013-0008

over time, appealing to budget-conscious Millennials (LifeSmart, n.d.).

Privacy and data security are built into the system design. LifeSmart's marketing communicates a privacy-by-design philosophy, with options for local storage and end-to-end encryption. While less emphasized than in Huawei or Aqara, these features are noted in product documentation and reflect an understanding of Gen Z's data sensitivity (LifeSmart, n.d.).

Overall, LifeSmart positions itself as an adaptable, intelligent, and design-conscious smart home provider. Its product flexibility, cross-platform compatibility, and emphasis on user control and comfort make it a suitable option for both Millennials seeking efficiency and Gen Z users prioritizing simplicity and privacy.

Factors	Haier	Aqara	Xiaomi	Huawei	LifeSmart
Perceived Usefulness	Yes, AI strongly focuses on doing chores and improving daily life.	Yes – Emphasizes real-world scenarios, such as leak alerts.	Yes, it has broad device support and scenario usefulness.	Yes – scenarios like car-initiated home control and AI meal prep.	Yes, it emphasizes smart lighting and scene customization.
Perceived Ease of Use	Yes – One app, voice control, natural interaction.	Yes – Plug-and-play, app simplicity, gesture/voice control.	Yes – Mi Home app, Xiao Ai voice control, unified control.	Yes, it has one-tap control, a voice assistant, and a super device UI.	Yes, app-based scenes, remote control, and ease of use were noted.
Social Influence	Yes – Highlights 183M+ households and leadership status.	Yes – Internet-popular, Apple/Xiaomi ecosystem credibility.	Yes, it has the largest user base and top seller status.	Yes – Partner network, #1 brand in smart housing sector.	Yes, it cites design awards and widespread deployments.
Trust	Yes – Trusted brand, privacy certifications, secure cloud.	Yes – Device certifications, community support, transparency.	Yes, it is a popular brand with certifications and an improving privacy stance.	Yes, it emphasizes privacy/security principles, as well as a service network.	Yes – Promotes data safety, backup power, and a security mindset.
Cost Savings	Yes – AI reduces energy use and promotes savings.	Yes, it is budget-friendly, has no subscription, and is energy-saving.	Yes – Affordable, energy-saving automations, no fees.	Yes – Long-term value through automation, efficiency.	Yes – Scene efficiency, smart control to reduce waste.
Privacy	Yes – Mentions privacy modes and local processing.	Yes, there are privacy shutters, HomeKit Secure Video, and user control.	Yes – Privacy mode on cameras, GDPR-compliance steps.	Yes – Privacy by design, user control, and local AI processing.	Yes – Privacy ensured via local control and encrypted data.
Data Security	Yes – ISO certifications, local edge computing, encryption.	Yes – AES/WPA3 encryption, secure chips, regular updates.	Yes – Encrypted communication, security updates, bug bounties.	Yes – Hardware encryption, certifications, 7-layer protection.	Yes – Secure communication, local execution, cloud security.
Safety and Efficiency	Yes – Proactive safety, smart energy, and scene control.	Yes – Smart alerts, automatic scene actions, efficient automations.	Yes – Full-home automation, device orchestration, smart energy.	Yes – Coordinated safety scenes, proactive intelligence.	Yes – Smart alarm, energy scenes, emergency fallback systems.

Table 1: *Within case study analysis of Theoretical Framework*

Findings - Cross-Case Analysis

This section presents an in-depth cross-case analysis of how Haier, Aqara, Xiaomi, Huawei, and LifeSmart utilize key technology adoption predictors in their online and promotional strategies, with a focus on generational segmentation for Millennials and Gen Z.

Perceived Usefulness: All five firms emphasize usefulness through smart automation and real-life application scenarios. Haier and Huawei stand out by showcasing integrated ecosystems that autonomously manage chores or anticipate user needs, catering to Millennials' desire for efficiency and Gen Z's interest in seamless living. Xiaomi and Aqara highlight practical, modular applications with clear benefits, while LifeSmart focuses on real-time environmental control.

Perceived Ease of Use: Aqara and Xiaomi lead in promoting ease of use with intuitive apps, voice control, and plug-and-play solutions. Huawei leverages HarmonyOS to reduce complexity via drag-and-drop functionalities. Haier and LifeSmart also support ease through centralized control, with the latter utilizing visual interfaces for enhanced intuitiveness—an aspect that resonates strongly with Gen Z.

Social Influence: Xiaomi utilizes its extensive user base and Mi Fan community to signal widespread acceptance. Haier capitalizes on its market leadership and legacy. Aqara and LifeSmart foster trust through social proof, as evidenced by user reviews and influencer partnerships. Huawei leverages its national brand equity and real estate integrations to reaffirm its relevance, particularly to Millennials seeking reliability and Gen Z looking for tech-forward trends.

Trust: Huawei and Haier demonstrate their strategies through ISO certifications, edge computing, and a longstanding market presence. Aqara and Xiaomi supplement trust with transparency, third-party endorsements, and responsive data practices. LifeSmart conveys trust visually through design cues such as camera sleep modes and app-based privacy settings.

Cost Savings: Aqara and Xiaomi explicitly market their products as affordable, offering long-term savings that align with Millennials' value orientation and Gen Z's preference for accessible technology. Haier emphasizes operational efficiency and appliance longevity, while Huawei highlights energy optimization for premium consumers. LifeSmart subtly communicates energy-saving benefits via environmental automation.

Privacy: Gen Z's growing concern for privacy is addressed by all firms, though in varying degrees. Huawei and Aqara prominently feature privacy controls and local data processing. Haier and Xiaomi offer encryption and physical privacy features. LifeSmart supports user-controlled privacy, albeit with less aggressive messaging.

Data Security: Huawei continues to lead in this domain, offering advanced security protocols, cloud protection, and edge computing solutions. Haier and Xiaomi support encrypted communications and frequent updates. Aqara and LifeSmart highlight standard industry protections but tend to emphasize them less directly.

Safety & Efficiency: This predictor bridges both generational needs, Millennials' concern for home safety, and Gen Z's demand for smooth automation. Haier and Huawei focus on intelligent risk mitigation (e.g., gas detection, fire alerts). Xiaomi and Aqara promote responsive home monitoring. LifeSmart builds confidence through scene customization and fail-safe device behavior.

Discussion

The themes presented in Table 2 emerge from the data collected and analysed. They are based on the conceptual framework of this study and the findings of Kuziaev and Neubert (2024). The the-

DOI:10.2440/013-0008

mes answer the research question, which is "How do five leading Chinese smart home firms embed TAM-related adoption predictors into their consumer communication strategies, focusing on Millennials and Generation Z?" The themes demonstrate that the five case study firms already integrate the TAM predictors in their communication strategies with Millennials and Gen Z consumers.

Table 2: *TAM Predictors and Themes*

TAM Predictor	Theme	Description
Perceived Usefulness	Integrated Smart Ecosystems	All case study firms emphasized integrated and automated solutions designed to significantly enhance daily living experiences. These included proactive household management systems, scenario-based automation, and personalized convenience features, directly appealing to Millennials' efficiency orientation.
Perceived Ease of Use	Intuitive and User-Friendly Interfaces	The case study firms put a strong emphasis on simplicity and convenience through user-friendly mobile applications, intuitive voice and gesture controls, and straightforward installation processes. This approach particularly resonated with Generation Z users who favor effortless, seamless interactions.
Social Influence	Community and Brand Validation	The case study firms leveraged social influence by highlighting their extensive user bases, community endorsements, partnerships, and testimonials to validate product adoption. Social validation was particularly effective in establishing credibility and encouraging adoption among both generational cohorts.
Trust	Reliability and Transparency	Trust was cultivated through explicit communication of reliability, certifications, transparent privacy practices, and data security assurances. Firms communicated trustworthiness through international certifications, robust security measures, and transparent user control, significantly resonating with Gen Z's concerns.
Cost Savings	Economic and Environmental Benefits	Cost-efficiency and sustainability emerged prominently as communication themes. Firms highlight long-term financial advantages such as energy savings and sustainable usage, addressing Millennials' financial prudence and environmental awareness.
Privacy & Data Security	User-Centric Protection	All case study firms addressed privacy and data security by emphasizing local data storage, strong encryption, compliance with data regulations, and user-controlled privacy settings. These features directly addressed Gen Z's heightened concerns around data privacy and security.
Safety and Efficiency	Proactive Risk Management	Safety features were emphasized as integral components of the smart home ecosystem. Firms promoted features such as real-time monitoring, proactive alerts, and integrated safety systems, enhancing overall household safety and operational efficiency, crucial for both generational cohorts.

Conclusion

Despite the evident market growth and technological advancements, there is a lack of studies examining the strategies employed by Chinese smart home technology firms to encourage the adoption of AI-based smart home technologies. The specific problem this study addresses is that foreign marketing managers lack a comprehensive understanding of how Chinese smart home technology firms manage consumer adoption of their products (Kuziaev & Neubert, 2024). This qualitative multiple-case study aims to fill that gap and solve the problem by exploring how five leading Chinese smart home technology firms embed

TAM-related adoption predictors into their consumer communication strategies, focusing on Millennials and Generation Z. This purpose leads to the research question: "How do five leading Chinese smart home firms embed TAM-related adoption predictors into their consumer communication strategies, focusing on Millennials and Generation Z?"

The findings of this multiple-case study analysis demonstrate that the sample firms already understand the adoption behaviour of Gen Z and Millennials by addressing them in their communication strategies. The results of the cross-case analysis reveal that the five case study firms differ in their emphasis on the predictors depending on their strategy and brand positioning. The implications of this study are that the findings contribute to the field of technology adoption of smart home technologies in China, providing theoretical support for the existing communication strategies of the sample firms. Future research is based on the limitations of this study. They could add further case study firms to the sample, extend the results to other geographical markets, or use longitudinal studies to analyse changes in consumer adoption and communication strategies.

References

Achmad Syamsudin, Sabirin, & Ela Elliyana. (2025). Generational Differences in Online Shopping: Millennials VS. Generation Z. *Journal of Production, Operations Management and Economics*, 5(1), 51–62. https://doi.org/10.55529/jpome.51.51.62

Aqara. (n.d.). *Aqara EU*. Retrieved from https://www.aqara.com/eu/

Aqara. (n.d.). *Brand story*. Retrieved from https://www.aqara.com/eu/about-us/brand-story/

Chin, C. H., Wong, W. P. M., Cham, T. H., Thong, J. Z., & Ling, J. P. W. (2024). Exploring the usage intention of AI-powered devices in smart homes among millennials and zillennials: the moderating role of trust. *Young Consumers*, 25(1), 1-27. https://doi.org/10.1108/YC-05-2023-1752

China Internet Network Information Center. (2025, May 14). *The 55th statistical report on China's Internet development. China Internet Network Information Center.* https://www.cnnic.com.cn/IDR/ReportDownloads/202505/P020250514564119130448.pdf

Future Data Stats. (2024). *Artificial intelligence in smart home technology market size & industry growth 2030.* Retrieved from https://www.futuredatastats.com/artificial-intelligence-in-smart-home-technology-market

Haier. (n.d.). *Smart home*. Retrieved from https://www.haier.com/global/smart_home/

Halkias, D., & Neubert, M. (2020). Extension of theory in management and leadership studies using the multiple case study design. *International Leadership Journal*, 12(2), 48–73.

Halkias, D., Neubert, M., & Harkiolakis, N. (2023). *Multiple Case Study Data Analysis for Doctoral Researchers in Management and Leadership.* Available at SSRN: https://ssrn.com/abstract=4423757 or http://dx.doi.org/10.2139/ssrn.4423757

Halkias, D., Neubert, M., Thurman, P. & Harkiolakis, N. (2022). *The multiple case study design: methodology and application for management education.* Routledge.

Huang, M., Mohamad Saleh, M. S., & Zolkepli, I. A. (2024). The moderating effect of environmental gamification on the relationship between social media marketing and consumer-brand engagement: A case study of Ant Forest Gen Z users. *Heliyon*, 10(4). https://doi.org/10.1016/j.heliyon.2024.e25948

Huawei (n.d.). *The Smart Way to Control Life.* Retrieved from https://consumer.huawei.com/en/mobileservices/ai-life/

InsightAce Analytic. (2024). *AI in smart home technology market analysis and forecast 2024-2031.* Retrieved from https://www.insightaceanalytic.com/report/ai-in-smart-home-technology-market/2704

Kuziaev, T. & Neubert, M. (2024). Adoption of AI-Based Smart Home Technologies in China -Systematic Literature Review. Available at SSRN: http://dx.doi.org/10.2139/ssrn.5199578

Kuziaev, T. & Neubert, M. (2024). Age-Based Adoption of AI-Based Smart Home Technologies Among Chinese Millennials and Gen Z Consumers. Available at SSRN: http://dx.doi.org/10.2139/ssrn.5199582

LG Electronics Home Appliance & Air Solution Company. (2024, September). [Executive Corner] *LG's vision for AI-driven homes powered by affectionate intelligence.* LG Newsroom. Retrieved from https://www.lgnewsroom.com/2024/09/executive-corner-lgs-vision-for-ai-driven-homes-powered-by-affectionate-intelligence/

LifeSmart (n.d.). *LifeSmart Smart home solutions.* Retrieved from https://iot.ilifesmart.com/smarthome-solutions/

Matsa Prasanna, A. (2024). Marketing to Gen Z: Understanding the preferences and behaviors of the next generation. *Int. J. Multidiscip. Res, 6*, 1-8.

Merriam, S. B., & Tisdell, E. J. (2015). *Qualitative research: A guide to design and implementation* (4th ed.). John Wiley & Sons.

Declarations

Author Contact Information

Correspondence regarding this article should be directed to T. Kuziaev at timur.kuziaev@student.eim.education.

Conflict of (Competing) Interest

The author declares that he has no (competing) financial or non-financial interests related to this study.

Funding

The author self-funded the research, and no external funding was obtained for its completion.

Author Contributions (CRediT taxonomy):

Conceptualization, Methodology, Formal Analysis, Investigation, Writing – Original Draft,: Timur Kuziaev. Conceptualization, Methodology, Writing – Review & Editing: Michael Neubert.

Acknowledgments

None.

Data Availability and Supplementary Material

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

Prior Publication

The author confirms 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.

Copyright and Licensing Information

This work is licensed under a Creative Commons Attribution 4.0 International License (CC BY 4.0). This license permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited. To view a copy of this license, visit https://creativecommons.org/licenses/by/4.0/.

Mi. (n.d.). *Xiaomi Smart Home*. Retrieved from https://www.mi.com/de/smart-home/

Narcotta, J. (2024, November 18). *A look over the Great Wall: Unlocking China's booming smart home market.* Omdia. https://omdia.tech.informa.com/blogs/2024/nov/a-look-over-the-great-wall-unlocking-chinas-booming-smart-home-market

Neubert, M. (2023). *Guía breve y sencilla para utilizar el estudio de casos como método de investigación.* BOD GmbH DE.

Neubert, M. (2024). *Le design de l'étude de cas comme méthode de recherche: Un guide facile à comprendre et rapide à utiliser pour les professionnels et les étudiants.* BoD-Books on Demand.

Neubert, M., Cargnelutti, D., & Brackmann, U. (2025). *Eine kurze und einfache Anleitung zur Verwendung von Fallstudien als Forschungsmethode*. BoD GmbH DE.

Pew Research Center. (2024, November 13). *Mobile fact sheet*. Pew Research Center. https://www.pewresearch.org/internet/fact-sheet/mobile/

Stake, R. E. (2005). *Qualitative case studies.* The Guilford Press.

Theocharis, D., & Tsekouropoulos, G. (2025). Sustainable consumption and branding for Gen Z: How brand dimensions influence consumer behavior and adoption of newly launched technological products. *Sustainability*, 17(9), 4124. https://doi.org/10.3390/su17094124

Valencia-Arias A, Cardona-Acevedo S, Gómez-Molina S, Gonzalez-Ruiz JD, Valencia J (2023) Smart home adoption factors: A systematic literature review and research agenda. PLOS ONE 18(10): e0292558. https://doi.org/10.1371/journal.pone.0292558

Yap, Z. Y., & Kamaruddin, N. K. (2023). The intention to use smart home internet of things (IoT) among generation Y: an application of the technology acceptance model (TAM). *Research in Management of Technology and Business,* 4(1), 637-648.

Yin, R. (2017). *Case study research: Design and methods* (6th ed.). Thousand Oaks, CA: Sage, Inc.

Zhou, C., Qian, Y., & Kaner, J. (2024). A study on smart home use intention of elderly consumers based on technology acceptance models. *Plos one*, *19*(3), e0300574. https://doi.org/10.1371/journal.pone.0300574

 DOI:10.2440/013-0009

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

Burkard Schemmel, EIM – European Institute of Management, Malta

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.

doi:10.2440/013-0009

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,

DOI:10.2440/013-0009

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。

DOI:10.2440/013-0009

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 accompanying 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 alterocentric 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 alterocentric 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 alterocentric 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-

DOI:10.2440/013-0009

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 sprea-

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

DOI:10.2440/013-0009

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 Alterocentric 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 alterocentric ethics as a nascent theory in business ethics. By empirically demonstrating the effectiveness of alterocentric 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 financial 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-

DOI:10.2440/013-0009

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,

DOI:10.2440/013-0009

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 resilient 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-

DOI:10.2440/013-0009

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 alterocentric 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 alterocentric 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 alterocentric 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.

DOI:10.2440/013-0009

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 normative. 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-

mics 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

DOI:10.2440/013-0009

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.

Principle	Key Interview Themes	Implementation Focus
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 engagement 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-

DOI:10.2440/013-0009

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 industry 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

DOI:10.2440/013-0009

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.

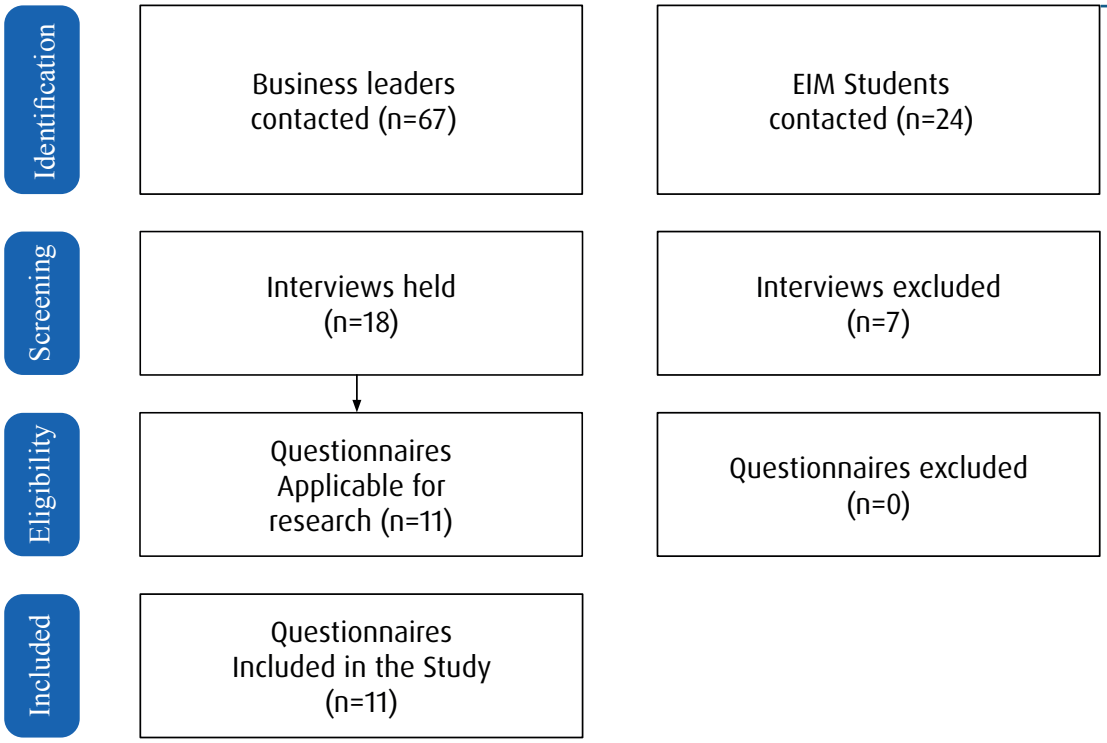
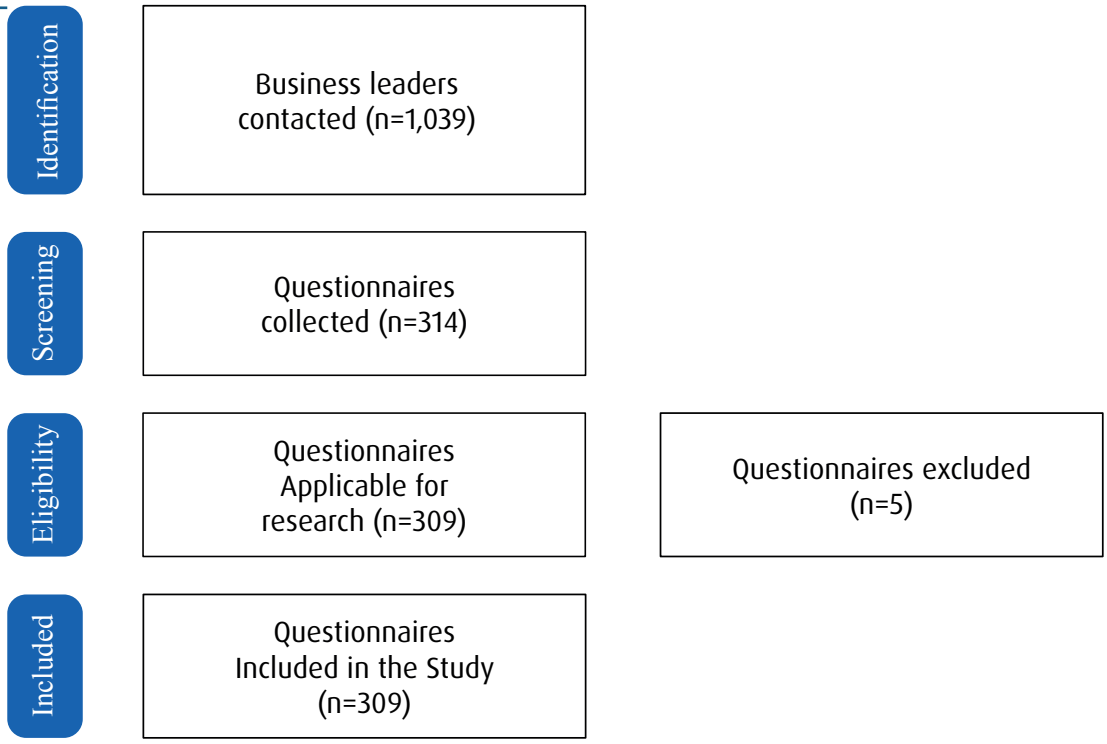


Table 2: *PRISMA Flow Diagram for the Qualitative Exploratory Pre-Study*

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

DOI:10.2440/013-0009

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

DOI:10.2440/013-0009

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).

DOI:10.2440/013-0009

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:

Table 4:
KPI1 Key Measures

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.

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 measure 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.

DOI:10.2440/013-0009

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: α = 0,902 (Excellent)
- Anchoring in Leadership: α = 0,896 (Good)
- Responsible Business Behavior: α = 0,924 (Excellent)
- Credible Transparency: α = 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 reflect 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).

DOI:10.2440/013-0009

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:

$$Financial_Composite = \beta_0 + \beta_1 (Ethical_Future_Composite) + \varepsilon$$

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.

DOI:10.2440/013-0009

4.2.11. Correlation Analysis

The results provide strong empirical support for the effectiveness of alterocentric 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)
- thical 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:

Financial KPI	Current Behavior	Future Vision
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

DOI:10.2440/013-0009

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-

DOI:10.2440/013-0009

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 measurement 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

DOI:10.2440/013-0009

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.

DOI:10.2440/013-0009

This void left many businesses, policymakers, 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.

DOI:10.2440/013-0009

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 stakeholder 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 alterocentric 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 alterocentric 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-

DOI:10.2440/013-0009

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.

DOI:10.2440/013-0009

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 (Peloza & 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

DOI:10.2440/013-0009

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 questionnaire. 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 insight 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.

References

Agicap. (2023). What is the definition of financial performance? Agicap Glossary. https://agicap.com/en/glossary/financial-performance-definition/

Aguinis, H., & Glavas, A. (2012). What we know and don't know about corporate social responsibility: A review and research agenda. *Journal of Management*, 38(4), 932–968. https://doi.org/10.1177/0149206311436079

Alshehhi, A., Nobanee, H., & Khare, N. (2018). The impact of sustainability practices on corporate financial performance: Literature trends and future research potential. *Sustainability*, 10(2), 494. https://doi.org/10.3390/su10020494

Artinger, F., Petersen, M., Gigerenzer, G., & Weibler, J. (2015). Heuristics as adaptive decision strategies in management. *Journal of Organizational Behavior*, 36(S1), S33–S52. https://doi.org/10.1002/job.1950

Banerjee, S. B. (2008). Corporate social responsibility: The good, the bad, and the ugly. *Critical Sociology*, 34(1), 51-79. https://doi.org/10.1177/0896920507084623

Barnett, M. L., & Salomon, R. M. (2012). Does it pay to be really good? Addressing the shape of the relationship between social and financial performance. *Strategic Management Journal*, *33*(11), 1304-1320. https://doi.org/10.1002/smj.1980

Bartlett, D. (2003). Management and business ethics: A critique and integration of ethical decision-making models. *British Journal of Management*, 14(3), 223-235. https://doi.org/10.1111/1467-8551.00376

Bass, B. M., & Riggio, R. E. (2006). *Transformational leadership* (2nd ed.). Lawrence Erlbaum Associates.

Bauhofer, B., & Neubert, M. (2012). *Wie gut ist mein Ruf?: Die besten Strategien für eine gute Reputation.* Gabal Verlag GmbH.

Belsley, D. A., Kuh, E., & Welsch, R. E. (1980). *Regression diagnostics: Identifying influential data and sources of collinearity*. Wiley.

Bratchenko, S. L. (2018). Alterocentric approach in psychology and education. *Journal of Humanistic Psychology*, *45*(3), 234-251. https://doi.org/10.1051/shsconf/20185001114

Brown, M. E., Treviño, L. K., & Harrison, D. A. (2005). Ethical leadership: A social learning perspective for construct development and testing. *Organizational Behavior and Human Decision Processes*, *97*(2), 117-134. https://doi.org/10.1016/j.obhdp.2005.03.002

Campbell, D., & Cowton, C. J. (2015). Method issues in business ethics research: Finding credible answers to questions that matter. *Business Ethics: A European Review*, *24*(S1), S3-S10. https://doi.org/10.1111/beer.12086

Carpenter, M. A., Geletkanycz, M. A., & Sanders, W. G. (2004). Upper echelons research revisited: Antecedents, elements, and consequences of top management team composition. *Journal of Management, 30*(6), 749–778. https://doi.org/10.1016/j.jm.2004.06.001

Carroll, A. B., & Buchholtz, A. K. (2021). *Business and society: Ethics, sustainability, and stakeholder management* (11th ed.). Cengage Learning.

Carroll, A. B., & Shabana, K. M. (2010). The business case for corporate social responsibility: A review of concepts, research, and practice. *International Journal of Management Reviews*, *12*(1), 85-105. https://doi.org/10.1111/j.1468-2370.2009.00275.x

Chakrabarty, S., & Bass, A. E. (2014). Institutionalizing ethics in institutional voids: Building positive ethical strength to serve women microfinance borrowers in negative contexts. *Journal of Business Ethics,* 119(4), 529-542. https://doi.org/10.1007/s10551-013-1868-8

Chen, H., Ma, L., & Xin, F. (2016). Corporate social responsibility and financial performance: The moderating effects of external market competition and internal management capability. *Journal of Business Ethics*, 129(1), 1-12. https://doi.org/10.1007/s10551-015-2629-3

Choi, S. B., Ullah, S. M. E., & Kwak, W. J. (2015). Ethical leadership and followers' attitudes toward corporate social responsibility: The role of perceived ethical work climate. *Social Behavior and Personality: An International Journal*, 43(3), 353–366. https://doi.org/10.2224/sbp.2015.43.3.353

Christensen, L. T., & Cheney, G. (2011). Interrogating the communicative dimensions of corporate social responsibility. Organization, 18(5), 529–555. https://doi.org/10.1177/1350508411417268

Cohen, B., & Neubert, M. (2019). The influence of pricing strategies on corporate valuation. *International Journal of Teaching and Case Studies, 10*(2), 125-156. https://doi.org/10.1504/IJTCS.2019.101503

Cohen, J. (2013). Statistical power analysis for the behavioral sciences. routledge.

Cohen, J. R. (2010). Philosophical foundations of business ethics. Cambridge University Press.

Cohen, J. (1992). A power primer. Psychological Bulletin, 112(1), 155-159.

Cohen, J. (1988). Statistical power analysis for the behavioral sciences (2nd ed.). Lawrence Erlbaum Associates.

Cominetti, M., & Seele, P. (2016). Hard soft law or soft hard law? A content analysis of CSR guidelines typologized along hybrid legal status. *Business Ethics: A European Review*, 25(2), 179-193. https://doi.org/10.1111/beer.12112

CORDIS. (2024). *European consumer attitudes toward business ethics: A comprehensive analysis*. European Commission Research and Innovation. https://cordis.europa.eu/project/id/ethics-consumer-2024

Craig-Smith, S. J., & Capaldi, N. (2015). *Business ethics: Critical perspectives on business and management*. Routledge.

Crane, A., & Matten, D. (2016). *Business ethics: Managing corporate citizenship and sustainability in the age of globalization* (4th ed.). Oxford University Press.

Creswell, J. W., & Creswell, J. D. (2022). *Research design: Qualitative, quantitative, and mixed methods approaches* (6th ed.). SAGE Publications.

Creswell, J. W., & Plano Clark, V. L. (2017). Designing and conducting mixed methods research (3rd ed.). *SAGE Publications.* http://dx.doi.org/10.1016/j.lisr.2007.02.003

Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review*, 20(1), 65-91. https://doi.org/10.5465/amr.1995.9503271992

Eccles, R. G., Ioannou, I., & Serafeim, G. (2014). The impact of corporate sustainability on organizational processes and performance. *Management Science*, *60*(11), 2835-2857. https://doi.org/10.1287/mnsc.2014.1984

Eisenbeiss, S. A., Knippenberg, D. V., & Fahrbach, C. M. (2015). Doing well by doing good? Analyzing the relationship between CEO ethical leadership and firm performance. *The Leadership Quarterly,* 26(5), 859–871. https://doi.org/10.1016/j.leaqua.2015.06.002

European Commission. (2021). *Proposal for a directive on corporate sustainability reporting (CSRD)*. https://ec.europa.eu/info/publications/210421-sustainable-finance-communication_en

Fernando, M., & Lawrence, S. A. (2014). A theoretical framework for CSR practices: Integrating legitimacy theory, stakeholder theory and institutional theory. *Journal of Theoretical Accounting Research,* 10(1), 149-178.

Ferrero, I., & Sison, A. J. G. (2022). The role of ethics in sustainable business models: A moral obligation or strategic asset? *Journal of Business Ethics*, 177(1), 23-35. https://doi.org/10.1007/s10551-021-05093-8

Fetters, M. D., Curry, L. A., & Creswell, J. W. (2013). Achieving integration in mixed methods designs - Principles and practices. *Health Services Research*, 48(6), 2134-2156. https://doi.org/10.1111/1475-6773.12117

Field, A. P. (2018). *Discovering statistics using IBM SPSS Statistics* (5th ed.). SAGE Publications.
Freeman, R. E. (1984). Strategic management: A stakeholder approach. Pitman Publishing.

Freeman, R. E., Harrison, J. S., & Wicks, A. C. (2020). *Stakeholder theory: The state of the art*. Cambridge University Press.

Friedman, M. (1970). The social responsibility of business is to increase its profits. *The New York Times Magazine*, September 13, 1970.

Fusch, P. I., & Ness, L. R. (2015). Are we there yet? Data saturation in qualitative research. *The Qualitative Report,* 20(9), 1408-1416. https://doi.org/10.46743/2160-3715/2015.2281

García-Sánchez, I. M., Hussain, N., Khan, S. A., & Martínez-Ferrero, J. (2021). Do markets value gender diversity on corporate boards? *Business Strategy and the Environment*, 30(3), 1241–1253. https://doi.org/10.1002/bse.2667

Ghasemi, A., & Zahediasl, S. (2012). Normality tests for statistical analysis: A guide for non-statisticians. *International Journal of Endocrinology and Metabolism, 10*(2), 486–489. https://doi.org/10.5812/ijem.3505

Graafland, J., & van de Ven, B. (2006). Strategic and moral motivation for corporate social responsibility. *Journal of Corporate Citizenship*, *22*, 111-123. https://doi.org/10.1007/s10551-006-9217-9

García-Sánchez, I. M., Hussain, N., Khan, S. A., & Martínez-Ferrero, J. (2021). Do markets value gender diversity on corporate boards? *Business Strategy and the Environment*, *30*(3), 1241-1253. https://doi.org/10.1002/bse.2667

Grewal, D., Hulland, J., Kopalle, P. K., & Karahanna, E. (2020). The future of technology and marketing: A multidisciplinary perspective. *Journal of the Academy of Marketing Science*, 48(1), 1–8. https://doi.org/10.1007/s11747-019-00711-4

Guest, G., Bunce, A., & Johnson, L. (2006). How many interviews are enough? An experiment with data saturation and variability. *Field Methods*, *18*(1), 59-82. https://doi.org/10.1177/1525822X05279903

Gupta, R., & Misra, S. (2021). Organizational ethics and stakeholder trust: Insights from recent evidence. *Business Horizons*, 64(3), 345-354. https://doi.org/10.1016/j.bushor.2020.12.009

Haapala, K. R., Zhao, F., Camelio, J. A., Sutherland, J. W., Skerlos, S. J., Dornfeld, D. A., Jawahir, I. S., Clarens, A. F., & Rickli, J. L. (2013). A review of engineering research in sustainable manufacturing. *Journal of Manufacturing Science and Engineering*, 135(4), 041013. https://doi.org/10.1115/1.4024040

Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). *Multivariate data analysis* (8th ed.). Cengage Learning.

Halkias, D., Neubert, M., & Harkiolakis, N. (2023). Multiple case study data analysis for doctoral researchers in management and leadership. Available at SSRN: https://ssrn.com/abstract=4423757 or http://dx.doi.org/10.2139/ssrn.4423757

Harrison, J. S., Freeman, R. E., & Abreu, M. C. S. (2015). Stakeholder theory as an ethical approach to effective management: Applying the theory to multiple contexts. *Revista Brasileira de Gestão de Negócios,* 17(55), 858-869. https://doi.org/10.7819/rbgn.v17i55.2647

Hitt, M. A., Beamish, P. W., Jackson, S. E., & Mathieu, J. E. (2007). Building theoretical and empirical bridges across levels: Multilevel research in management. *Academy of Management Journal,* 50(6), 1385-1399. https://doi.org/10.5465/amj.2007.28166219

Homburg, C., Jozić, D., & Kuehnl, C. (2017). Customer experience management: Toward implementing an evolving marketing concept. *Journal of the Academy of Marketing Science*, 45(3), 377–401. https://doi.org/10.1007/s11747-015-0460-7

Innova Market Insights. (2024). Consumer confusion in ethical business claims: Global market research report. Innova Market Insights. https://www.innovamarketinsights.com/reports/ethical-business-2024

Issa, T. (2015). Mixed Methods Research Online: Problems and Potential in Business Ethics Research. In *Business Law and Ethics: Concepts, Methodologies, Tools, and Applications* (pp. 1-22). IGI Global. https://doi.org/10.4018/978-1-4666-6195-8.ch022

Johnson, R. B., & Onwuegbuzie, A. J. (2004). Mixed methods research: A research paradigm whose time has come. *Educational Researcher,* 33(7), 14-26. https://doi.org/10.3102/0013189X033007014

Jose, A., & Thibodeaux, M. S. (1999). Institutionalization of ethics: The perspective of managers. *Journal of Business Ethics,* 22(2), 133-143. https://doi.org/10.1023/A:1006027423495

Kaiser, H. F. (1974). An index of factorial simplicity. Psychometrika, 39(1), 31-36.

Kale, P., & Singh, H. (2009). Managing strategic alliances: What do we know now, and where do we go from here? *Academy of Management Perspectives*, 23(3), 45–62. https://doi.org/10.5465/amp.2009.43479263

Kalshoven, K., Den Hartog, D. N., & De Hoogh, A. H. B. (2011). Ethical leadership at work questionnaire (ELW): Development and validation of a multidimensional measure. *The Leadership Quarterly*, 22(1), 51–69. https://doi.org/10.1016/j.leaqua.2010.12.007

Kaplan, R. S., & Norton, D. P. (2004). Strategy maps: Converting intangible assets into tangible outcomes. Harvard Business School Press.

Kaptein, M. (2008). Developing and testing a measure for the ethical culture of organizations: The corporate ethical virtues model. *Journal of Organizational Behavior*, *29*(7), 923-947. https://doi.org/10.1002/job.520

Kim, J., Lee, M., & Park, H. (2022). Ethical supply chain practices and customer loyalty: A moderating role of industry reputation. Journal of Business Research, 145, 87-97. https://doi.org/10.1016/j.jbusres.2022.01.012

Kim, H. Y. (2013). Statistical notes for clinical researchers: Assessing normal distribution (2) using Skewness and Kurtosis. *Restorative Dentistry & Endodontics, 38*(1), 52–54. https://doi.org/10.5395/rde.2013.38.1.52

Krawczyk, M. (2021). The role of ethical practices in building trust and community support for small businesses. *Journal of Small Business and Enterprise Development*, *28*(4), 623-640. https://doi.org/10.1108/JSBED-09-2020-0345

Kuckartz, U. (2014). Mixed methods: Methodologie, Forschungsdesigns und Analyseverfahren. Springer-Verlag. https://doi.org/10.1007/978-3-531-93267-5

Kutner, M. H., Nachtsheim, C. J., Neter, J., & Li, W. (2005). *Applied linear statistical models* (5th ed.). McGraw-Hill/Irwin.

Lay, M. (1998). *Ethical Business Practice in the EU: What Do Consumers Expect?* European Business Ethics Network.

Lay, R. (1998). Consumer identification of ethical companies: Challenges and opportunities in European markets. *European Business Review*, *12*(4), 234-248. https://doi.org/10.1108/ebr.1998.12.4.234

Lichtenstein, D. R., Drumwright, M. E., & Braig, B. M. (2019). The effects of corporate social responsibility on customer donations to corporate-supported nonprofits. *Journal of Marketing*, *68*(4), 16-32.

Margolis, J. D. (2009). Does it pay to be good... and does it matter? A meta-analysis of the relationship between corporate social and financial performance. *SSRN Working Paper*. https://doi.org/10.2139/ssrn.1866371

Margolis, J. D., & Walsh, J. P. (2003). Misery loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly*, *48*(2), 268-305. https://doi.org/10.2307/3556659

Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, 22(4), 853-886.

Modise, J. M. (2025). Ethics leadership and sustainable development. *MRS Journal of Arts, Humanities and Literature*, *2*(7), 45-56.

Murillo, D., & Lozano, J. M. (2006). SMEs and CSR: An approach to CSR in their own words. *Journal of Business Ethics*, *67*(3), 227-240. https://doi.org/10.1016/j.jbuseth.2005.04.004

Neubert, M. (2022). A systematic literature review about the speed of internationalization. *International Journal of Business and Management, 17*(2), 80-111. https://doi.org/10.5539/ijbm.v17n2p80

Nunnally, J. C., & Bernstein, I. H. (1994). Psychometric theory (3rd ed.). McGraw-Hill.

Lippke, R. L. (1991). A critique of business ethics. *Business Ethics Quarterly*, 1(4), 367-384. https://doi.org/10.2307/3857347

Locke, K., & Golden-Biddle, K. (1997). Constructing opportunities for contribution: Structuring intertextual coherence and "problematizing" in organizational studies. *Academy of Management Journal,* 40(5), 1023-1062. https://doi.org/10.2307/256926

Lütge, C. (2019). Business ethics and risk management. Springer International Publishing.

Norton, B. G. (1991). *Toward unity among environmentalists*. Oxford University Press. Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate social and financial performance: A meta-analysis. Organization Studies, 24(3), 403-441. https://doi.org/10.1177/0170840603024003910

Orts, E. W., & Strudler, A. (2009). Putting a stake in stakeholder theory. Journal of Business Ethics, 88(4), 605-615. https://doi.org/10.1007/s10551-009-0310-y

Osborne, J. W., & Waters, E. (2002). Four assumptions of multiple regression that researchers should always test. *Practical Assessment, Research, and Evaluation, 8*(2). https://doi.org/10.7275/r222-hv23

Paine, L. S. (2003). Value shift: Why companies must merge social and financial imperatives to achieve superior performance. McGraw-Hill.

Patel, A., & Sharma, P. (2023). Corporate social responsibility as a strategic asset: Ethical behavior and competitive advantage. *Corporate Governance: The International Journal of Business in Society,* 23(4), 789-804. https://doi.org/10.1108/CG-11-2021-0465

Peloza, J. (2009). The challenge of measuring financial impacts from investments in corporate social performance. *Journal of Management*, *35*(6), 1518-1541. https://doi.org/10.1177/0149206309335188

Peloza, J., & Shang, J. (2011). How can corporate social responsibility activities create value for stakeholders? A systematic review. *Journal of the Academy of Marketing Science*, 39(1), 117-135. https://doi.org/10.1007/s11747-010-0213-6

Ployhart, R. E., & Vandenberg, R. J. (2010). Longitudinal research: The theory, design, and analysis of change. Journal of Management, 36(1), 94-120. https://doi.org/10.1177/0149206309352110

Podsakoff, P. M., MacKenzie, S. B., Lee, J. Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the Literature and recommended remedies. Journal of Applied Psychology, 88(5), 879-903.

Poff, D. C., Michalos, A. C., & Colby, L. (2013). The handbook of business ethics (2nd ed.). Edward Elgar Publishing.

Prasad, A., & Mills, A. J. (2010). Critical management studies and business ethics: A synthesis and three research trajectories for the coming decade. *Journal of Business Ethics*, 94(2), 227-237. https://doi.org/10.1007/s10551-009-0261-3

PWSkills. (2025-01-27). Financial performance: Definition, how it works, and examples. *PWSkills Blog*. https://pwskills.com/blog/financial-performance-definition-how-it-works-and-examples/

Pulizzi, J., & Handley, A. (2014). *Epic content marketing: How to tell a different story, break through the clutter, and win more customers by marketing less* (First edition). McGraw-Hill Education.

Revell, A., Stokes, D., & Chen, H. (2010). Small businesses and the environment: Turning over a new leaf? *Business Strategy and the Environment*, *19*(5), 273-288. https://doi.org/10.1016/j.jclepro.2009.11.020

Roberts, L., & Jones, M. (2023). Ethical business practices and corporate performance: A systematic review. *Journal of Business Ethics*, 180(2), 345–368. https://doi.org/10.1007/s10551-022-05001-3

Rockness, H. (2005). Corporate misconduct and the institutionalization of business ethics. *Business Ethics Quarterly*, *15*(3), 445-462. https://doi.org/10.5840/beq200515334

Roeck, K. D., & Farooq, O. (2018). Corporate social responsibility and ethical leadership: Investigating their interactive effect on employees' socially responsible behaviors. *Journal of Business Ethics,* 151(4), 923–939. https://doi.org/10.1007/s10551-017-3656-6

Roman, S., & Munuera, J. L. (2005). Determinants and consequences of ethical behavior: An empirical study of salespeople. European Journal of Marketing, 39(5/6), 473–495. https://doi.org/10.1108/03090560510590622

Rossouw, D., & Van Vuuren, L. (2013). Business ethics (5th ed.). Oxford University Press Southern Africa.

Rousseeuw, P. J. (1987). Silhouettes: A graphical aid to the interpretation and validation of cluster analysis. *Journal of Computational and Applied Mathematics*, 20, 53-65.

Roy, A., Graeff, P., & Laperrière, S. (2024). Organizational ethics culture measurement: A systematic review and future research agenda. *Journal of Business Ethics*, *189*(2), 315-342. https://doi.org/10.1007/s10551-023-05432-1

Roy, S., Mukherjee, A., & Gupta, P. (2024). A critical review of ethical culture measurement in organizations: Challenges and prospects. Journal of Business Ethics, 178(2), 215–234. https://doi.org/10.1007/s10551-023-05421-y

Sanchez-Famoso, V., Iturralde, T., & Maseda, A. (2023). Family business ethics and performance: The moderating role of family involvement in management. *Journal of Business Ethics*, *185*(3), 567-584. https://doi.org/10.1007/s10551-022-05234-8

Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research methods for business students* (8th ed.). Pearson Education.

Schaefer, S., Ashu, F., & Neubert, M. (2021). The impact of GDP and governance on venture capital investments for the period 2010-2019 (after the financial crisis and before the Covid-19 pandemic). *International Journal of Teaching and Case Studies, 12*(3), 219-232. https://doi.org/10.1504/IJTCS.2021.117967

Schemmel, B., Bredemeier, K., & Neubert, M. (2024). A scientific definition of business ethics. Available at SSRN 5199598. https://doi.org/10.2139/ssrn.5199598

Schemmel, B., Bredemeier, K., & Neubert, M. (2024). A systematic Literature review of the financial impact of business ethics operations in companies in Europe with a specific focus on alterocentrism. Available at SSRN 5199592. https://doi.org/10.2139/ssrn.5199592

Schlegelmilch, B. B., & Öberseder, M. (2010). Half a century of marketing ethics: Shifting perspectives and emerging trends. *Journal of Business Ethics,* 93(1), 1–19. https://doi.org/10.1007/s10551-010-0572-4

Schwab, P., Kaplan, D., & Cohen, A. (2020). Ethical leadership and organizational outcomes: The strategic role of trust and engagement. *Journal of Leadership & Organizational Studies*, 27(2), 177-192. https://doi.org/10.1177/1548051820910215

Schwartz, M. S., & Carroll, A. B. (2003). Corporate social responsibility: A three-domain approach. *Business Ethics Quarterly*, *13*(4), 503-530. https://doi.org/10.5840/beq200313435

Seuring, S., & Müller, M. (2008). From a Literature review to a conceptual framework for sustainable supply chain management. Journal of Cleaner Production, 16(15), 1699-1710. https://doi.org/10.1016/j.jclepro.2008.04.020

Sferrazzo, R., Ruffini, R., & Sorrentino, D. (2025). Rethinking the Normative Foundations of the Stakeholder Theory Through the Civil Economy Approach: Insights From a Relationality-Based Anthropological Perspective. *Corporate Governance: The International Journal of Business in Society*, *25*(1), 45-67. https://doi.org/10.1111/beer.70001

Smith, J. (2021). The impact of corporate social responsibility on financial performance and customer satisfaction. Journal of Corporate Responsibility, 15(3), 205–220. https://doi.org/10.1016/j.jcr.2020.11.004

Somers, M. J. (2001). Ethical codes of conduct and organizational context: A study of the relationship between codes of conduct, employee behavior, and organizational values. Journal of Business Ethics, 30(2), 185–195. https://doi.org/10.1023/A:1006457810654

Steurer, R. (2022). The evolution of EU policy on corporate sustainability reporting. *Business Strategy and the Environment*, *31*(4), 1337-1352. https://doi.org/10.1002/bse.2978

Talan, G., Sharma, G. D., Jain, M., Srivastava, M., & Rashidi, M. M. (2024). Stakeholder pressure, green supply chain practices, and organizational sustainable performance: Understanding the role of supply chain dynamism. *Management of Environmental Quality*, *35*(2), 345-367. https://doi.org/10.1108/MEQ-07-2023-0201

Tabachnick, B. G., & Fidell, L. S. (2019). *Using multivariate statistics* (7th ed.). Pearson.

Tashakkori, A., & Teddlie, C. (2010). *Sage handbook of mixed methods in social & behavioral research* (2nd ed.). SAGE Publications.

Treviño, L. K., Weaver, G. R., & Reynolds, S. J. (2006). Behavioral ethics in organizations: A review. *Journal of Management*, 32(6), 951–990. https://doi.org/10.1177/0149206306297731

Treviño, L. K., Butterfield, K. D., & McCabe, D. L. (2006). A qualitative investigation of perceived executive ethical leadership: Perceptions from inside and outside the executive suite. *Human Relations*, *51*(1), 5-37. https://doi.org/10.1177/0018726703056001448

Turban, D. B., & Greening, D. W. (1997). Corporate social performance and organizational attractiveness to prospective employees. *Academy of Management Journal*, *40*(3), 658-672. https://doi.org/10.2307/257057

Tsui, A. S. (2007). From homogenization to pluralism: International management research in the academy and beyond. Academy of Management Journal, 50(6), 1353-1364. https://doi.org/10.5465/amj.2007.28166121

Valentinov, V. (2024). Three problems of business addressed by stakeholder theory: Insights from the institutional economics of John R. Commons. Journal of Business Ethics, 1-17. https://doi.org/10.1007/s10551-024-05854-1

Venkatesh, V., Brown, S., & Sullivan, Y. (2024). *Conducting Mixed-Methods Research: From Classical Social Sciences to the Age of Big Data and Analytics*. Blacksburg: Virginia Tech Publishing. https://doi.org/10.21061/conducting-mixed-methods-research

Venkatesh, V., Brown, S. A., & Sullivan, Y. W. (2024). Guidelines for conducting mixed-methods research: An extension and illustration. *Journal of the Association for Information Systems*, *17*(7), 435-494. https://doi.org/10.17705/1jais.00433

Vorobyova, E. I. (2018). Alterocentric communication in organizational settings. *Communication Research*, *34*(2), 178-195.

Waddock, S. (2008). Building a new institutional infrastructure for corporate responsibility. *Academy of Management Perspectives*, 22(3), 87–108. https://doi.org/10.5465/amp.2008.34587997

Waddock, S. A., & Graves, S. B. (1997). The corporate social performance–financial performance link. *Strategic management journal*, 18(4), 303-319. https://doi.org/10.1002/(SICI)1097-0266(199704)18:4<303::AID-SMJ869>3.0.CO;2-G

Wahler, F., & Neubert, M. (2023). A scientific definition of explainable artificial intelligence for decision making. *International Journal of Teaching and Case Studies, 14*(1), 88-116. https://doi.org/10.1504/IJTCS.2023.131664

Declarations

Author Contact Information

Correspondence regarding this article should be directed to Burkard Schemmel at burkard.schemmel@faculty.eim.education.

Conflict of (Competing) Interest

The authors declare that they have no (competing) financial or non-financial interests related to this study.

Funding

The authors self-funded the research, and no external funding was obtained for its completion.

Author Contributions (CRediT taxonomy):

Conceptualization, Methodology, Formal Analysis, Investigation, Writing – Original Draft, Writing – Review & Editing: Burkard Schemmel.

Acknowledgments

The authors thank Prof. Dr. Karsten Bredemeier for his support.

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.

Copyright and Licensing Information

This work is licensed under a Creative Commons Attribution 4.0 International License (CC BY 4.0). This license permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited. To view a copy of this license, visit https://creativecommons.org/licenses/by/4.0/.

Walumbwa, F. O., Avolio, B. J., Gardner, W. L., Wernsing, T. S., & Peterson, S. J. (2008). Authentic leadership: Development and validation of a theory-based measure.4 *Journal of Management, 34*(1), 89–126. https://doi.org/10.1177/0149206307308913

Walumbwa, F. O., Morrison, E. W., & Christensen, A. L. (2019). Ethical leadership and group in-role performance: The mediating roles of group conscientiousness and group voice. *The Leadership Quarterly*, *30*(1), 48-62. https://doi.org/10.1016/j.leaqua.2018.06.004

Wang, H., Dou, J., & Jia, S. (2016). A meta-analytic review of corporate social responsibility and corporate financial performance: The moderating effect of contextual factors. *Journal of Business Ethics*, *138*(3), 603-622. https://doi.org/10.1007/s10551-015-2632-x

Wang, H., Chen, H., Yu, Z., & Hsiao, C. H. (2015). Corporate social responsibility and sustainability balanced scorecard in a dynamic environment. *Journal of Cleaner Production, 108*, 197–208. https://doi.org/10.1016/j.jclepro.2015.05.068

DOI:10.2440/013-0009

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.

DOI:10.2440/013-0009

- 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.

DOI:10.2440/013-0009

- 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.

DOI:10.2440/013-0009

        - 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

DOI:10.2440/013-0009

#	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	Organizational stakeholders (Employees, customers, suppliers, communities) are identified, level of involvement in decisions is defined.	Q17
		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

DOI:10.2440/013-0009

#	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

DOI:10.2440/013-0009

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

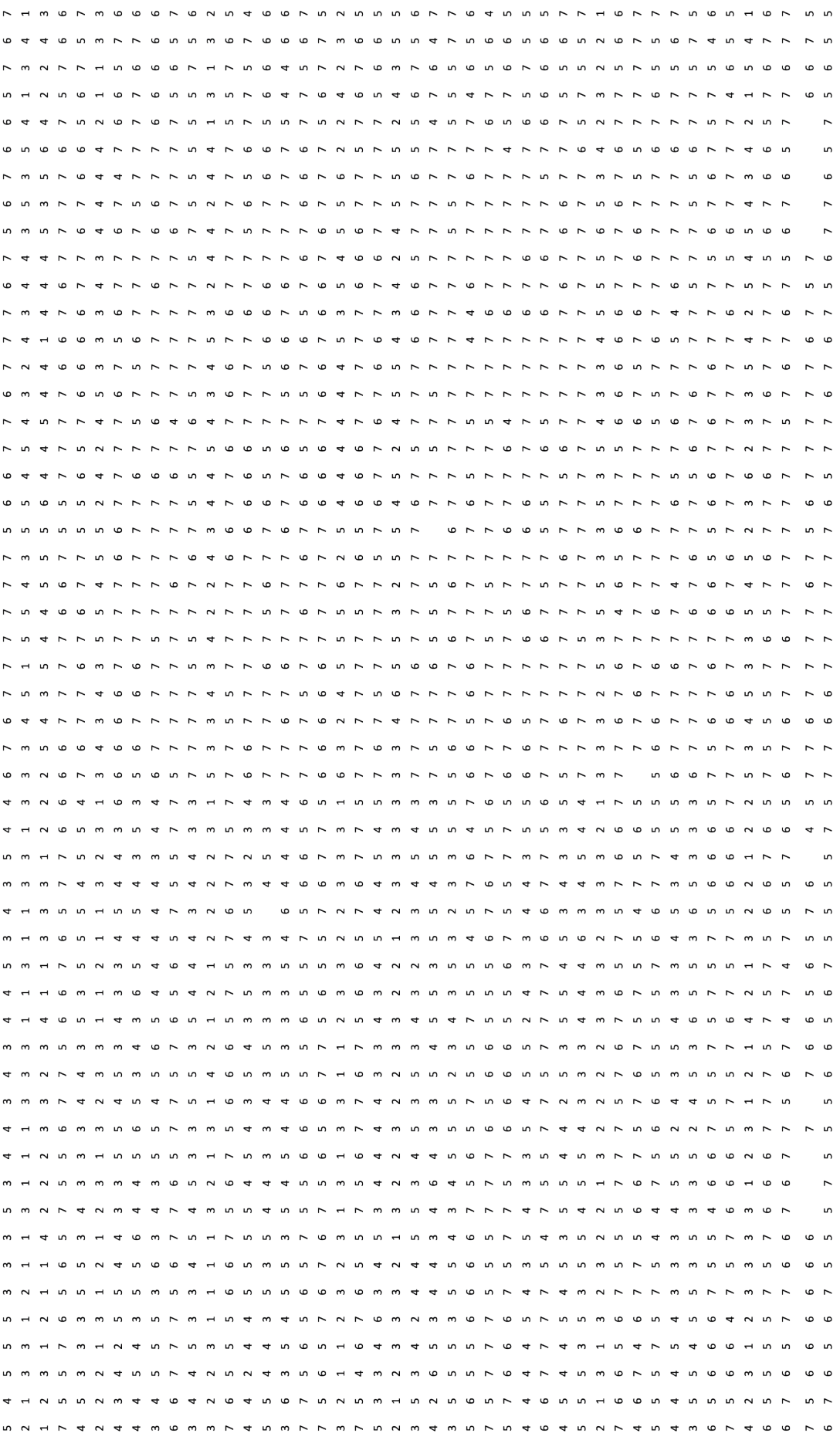
Phase 2 Full Instrument – Dependent Variable

#	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

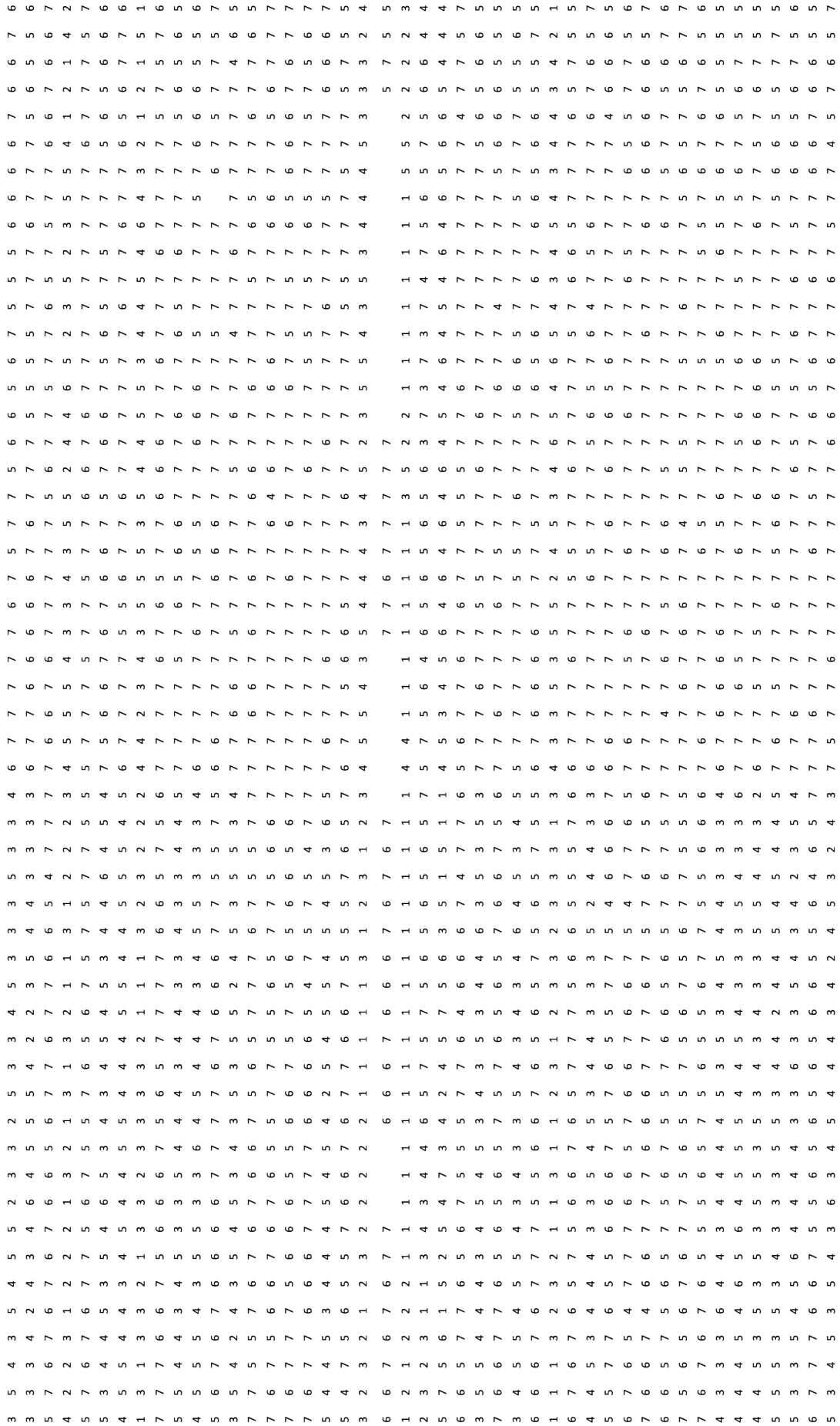
DOI:10.2440/013-0009

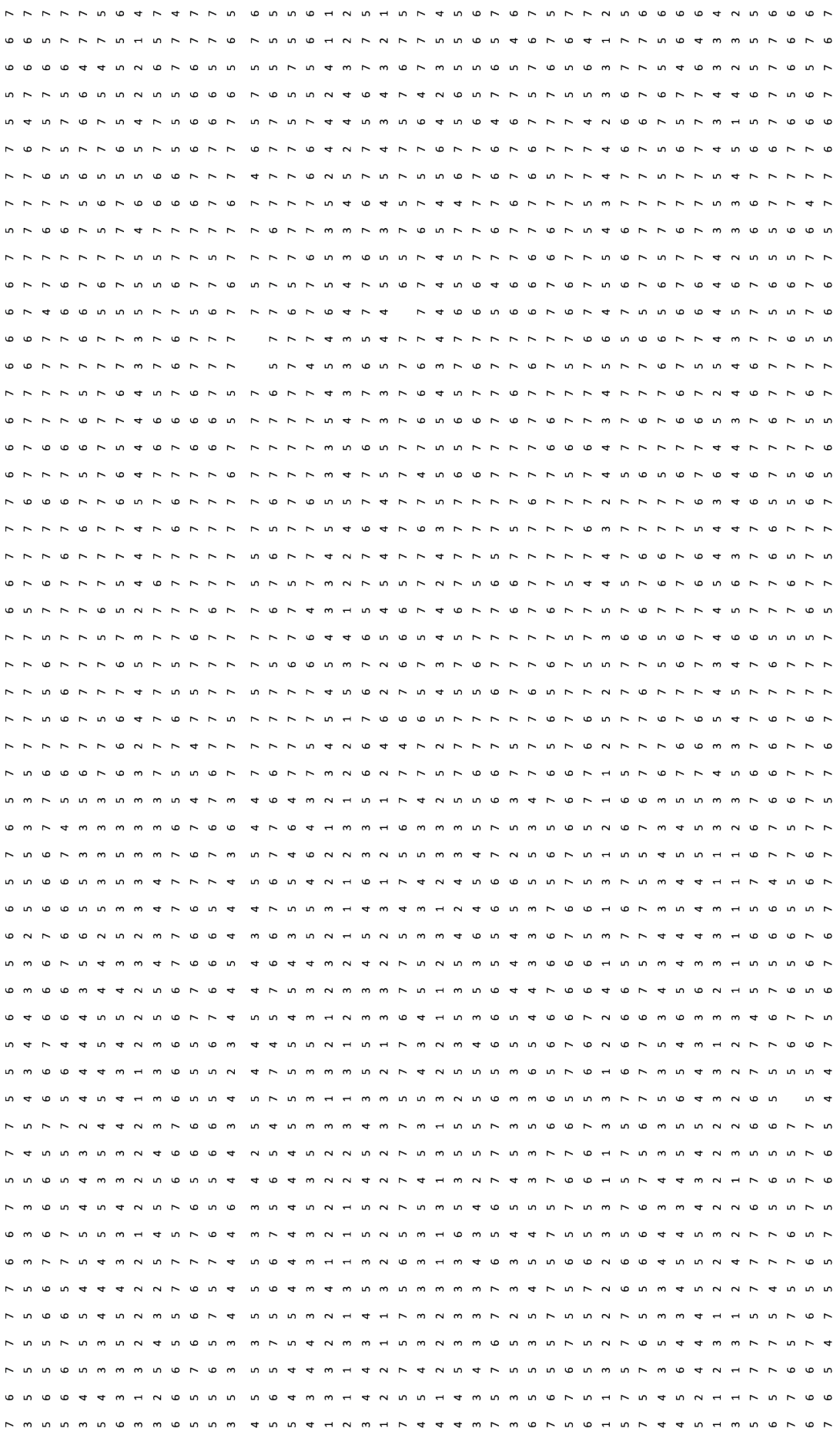
Phase 2 Results (C = current, F = future vision)

C_Q1	C_Q2	C_Q3	C_Q4	C_Q5	C_Q6	C_Q7	C_Q8	C_Q9	C_Q10	C_Q11	C_Q12	C_Q13	C_Q14	C_Q15	C_Q16	C_Q17	C_Q18	C_Q19	C_Q20	C_Q21	C_Q22	C_Q23	C_Q24	F_Q1	F_Q2	F_Q3	F_Q4	F_Q5	F_Q6	F_Q7	F_Q8	F_Q9	F_Q10	F_Q11	F_Q12	F_Q13	F_Q14	F_Q15	F_Q16	F_Q17	F_Q18	F_Q19	F_Q20	F_Q21	F_Q22	F_Q23	F_Q24	KPI_1	KPI_2	KPI_3	KPI_4	KPI_5
5	3	3	4	4	3	4	6	5	6	4	3	4	4	4	3	4	5	3	5	5	5	4	5	6	6	6	7	7	7	7	7	7	7	6	5	7	7	6	7	7	7	5	7	7	7	6	7	7	4	4	5	7
5	5	5	5	5	7	7	5	7	5	5	4	5	4	6	5	7	7	5	6	7	6	6	7	6	5	5	5	7	7	7	7	7	5	7	7	6	5	7	5	6	7	5	7	7	7	7	7	6	5	6	7	5
5	7	7	6	7	5	6	6	7	6	5	7	6	6	4	7	6	6	7	7	5	6	5	6	7	7	7	7	7	7	7	7	7	6	7	7	7	7	5	7	7	6	7	7	7	7	7	7	5	5	7	6	7
7	7	6	5	5	5	5	7	5	6	5	4	5	5	6	7	6	7	4	6	7	6	6	5	7	7	6	5	5	7	6	7	5	7	5	6	7	6	5	7	6	7	6	7	7	7	7	7	7	6	7	5	5
4	5	3	5	4	3	5	5	4	3	4	2	3	5	5	3	3	4	3	3	3	2	4	5	7	7	6	7	7	5	7	7	6	5	6	6	7	7	6	7	5	7	6	6	7	5	7	6	7	5	5	6	7
2	3	3	2	1	2	2	1	1	3	3	1	2	2	3	3	1	3	3	2	1	3	2	1	3	5	5	2	3	4	4	3	3	5	4	2	3	5	5	5	4	5	5	4	2	4	5	4	2	2	3	3	3
5	7	5	6	7	7	6	6	6	5	7	7	5	5	5	5	6	5	6	7	6	5	5	7	5	7	6	7	7	7	7	7	7	5	7	6	7	6	7	6	7	7	6	6	7	7	5	7	7	5	6	4	5
5	4	5	5	4	3	4	3	4	3	3	4	4	3	4	3	4	3	3	3	4	4	4	4	7	7	6	7	7	5	7	7	7	7	7	7	6	7	7	7	6	6	7	7	7	6	6	6	7	5	7	7	7
2	1	1	3	1	1	2	2	3	4	3	3	1	2	4	2	1	1	2	1	2	3	2	2	3	3	3	5	2	4	5	5	5	5	4	5	2	4	5	6	4	2	5	3	4	4	4	5	2	4	1	1	2
6	6	5	6	5	5	6	6	5	6	6	5	5	5	6	6	7	6	5	6	5	5	7	6	6	6	5	6	5	6	7	6	5	7	6	7	5	5	6	7	7	6	6	7	5	7	7	7	6	6	6	7	7
7	6	5	7	6	7	7	6	7	6	7	6	5	6	7	7	5	5	5	5	5	6	5	6	7	7	5	7	7	6	7	7	7	7	7	7	7	7	7	7	5	7	5	7	7	5	7	7	7	6	5	5	4
6	7	6	6	7	7	7	5	6	6	7	5	7	5	7	6	6	5	5	5	6	5	6	5	7	6	7	7	7	6	7	7	7	7	7	6	5	6	7	7	7	7	6	7	7	7	6	5	7	7	6	5	5
4	4	1	1	1	3	1	4	2	1	1	1	1	3	1	3	1	2	2	2	2	1	3	4	5	4	3	3	3	4	2	5	5	4	2	4	2	4	4	3	2	3	2	6	5	4	4	5	4	2	1	2	1
6	7	5	7	7	5	5	6	5	5	7	4	6	7	7	6	5	5	6	7	6	7	6	6	7	7	6	7	7	7	5	7	7	7	7	7	6	7	7	7	7	5	7	7	6	7	7	7	5	5	6	7	6
4	2	4	2	3	3	3	5	5	5	4	3	6	3	3	5	3	4	5	3	5	5	3	3	7	7	7	6	6	5	5	7	7	7	7	7	7	6	5	7	6	6	7	6	7	7	5	7	7	5	6	7	7
2	3	3	3	4	5	4	4	4	5	4	3	3	5	4	4	5	5	2	3	4	3	4	4	7	6	5	6	6	7	6	5	7	7	6	7	7	7	6	7	7	7	5	6	7	6	6	7	6	5	7	6	7
7	5	4	5	5	6	6	6	6	6	6	6	7	7	7	6	6	5	7	5	6	6	6	7	7	5	6	6	7	7	6	7	7	7	7	6	6	7	7	7	7	7	7	6	7	7	7	6	7	5	7	5	7
6	6	7	6	7	7	5	7	6	6	5	5	7	6	6	7	5	6	5	5	6	5	7	7	5	7	7	7	7	7	6	7	7	6	7	5	7	6	7	7	5	6	5	6	7	7	7	7	6	6	5	5	6
7	7	6	7	5	6	6	5	6	7	7	5	5	5	6	5	6	7	7	7	6	7	6	7	7	7	6	7	7	6	5	7	4	7	7	7	6	6	6	6	7	7	7	6	6	5	7	7	6	5	6	7	6
6	3	4	5	4	5	5	3	4	5	5	3	4	5	4	2	4	6	4	5	5	4	3	4	7	6	7	6	5	7	7	6	6	7	7	7	7	7	6	6	6	7	7	5	7	7	7	7	5	6	5	6	5
5	5	3	5	4	3	3	3	3	3	4	3	3	5	5	4	5	3	4	2	4	3	4	3	7	7	7	7	6	7	5	6	6	7	7	5	7	7	7	7	7	5	7	7	7	6	5	7	5	5	6	7	7
7	7	5	5	7	7	6	6	2	4	6	6	4	4	6	7	4	7	4	4	4	4	5	6	4	6	4	4	7	7	1	1	6	7	7	7	6	7	4	6	5	5	7	7	7	7	7	7	5	6	6	6	5
6	6	7	6	6	6	5	7	6	5	4	7	6	7	5	6	5	5	5	7	5	6	5	7	7	7	7	7	7	7	5	6	6	7	6	7	6	7	7	6	6	6	6	7	7	7	5	7	7	6	5	5	7
7	7	7	7	7	7	7	7	5	5	5	5	5	5	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	7	6	6	6	6	6	7	7	7	7	6	6	3	3	3	3	5	5	6	6	6	6	6	6
5	4	4	3	4	3	6	4	3	5	4	5	4	3	4	5	3	5	3	2	5	3	5	5	7	7	7	5	6	5	7	6	7	7	7	6	6	7	6	6	6	7	5	7	7	5	7	7	5	6	6	5	6
5	7	6	5	5	5	6	5	5	5	5	5	7	6	6	7	6	5	6	7	5	6	7	5	7	4	7	6	7	7	7	7	6	7	5	5	5	5	7	6	6	5	5	7	7	7	7	7	7	6	5	5	5
4	6	6	5	6	7	7	6	6	6	6	6	5	5	7	5	5	7	6	6	6	7	7	7	4	5	7	7	6	6	7	7	7	7	7	6	6	7	7	7	7	6	6	7	7	7	7	7	4	5	5	5	7	6
4	5	3	3	4	5	6	2	5	3	3	3	4	3	4	3	3	5	5	4	3	6	3	5	7	7	6	6	5	7	7	5	7	6	6	6	7	6	7	6	6	7	7	6	6	7	6	7	5	5	7	6	5
6	7	6	6	4	7	4	5	7	6	5	5	5	7	5	7	6	5	6	5	5	5	7	7	7	6	6	6	5	7	5	5	7	7	5	5	7	6	6	7	7	7	7	6	6	6	7	7	5	7	5	7	7
5	5	6	5	5	6	7	7	5	5	6	7	7	5	6	7	6	7	6	5	7	6	6	5	7	7	7	6	7	6	7	7	6	6	7	7	7	7	6	7	5	7	6	7	7	6	6	7	5	6	7	5	5
3	2	2	3	1	1	2	2	3	3	2	2	3	2	1	1	3	1	1	2	1	3	3	3	5	5	4	3	2	4	4	3	5	5	4	3	6	4	4	3	5	2	2	4	4	5	5	5	3	2	3	3	2
5	5	3	5	3	3	5	4	3	4	5	4	3	4	4	4	5	5	4	3	3	5	5	3	7	5	5	7	7	6	7	6	6	7	6	7	7	6	6	7	7	7	7	7	7	7	7	6	5	7	7	6	6
7	6	7	6	6	5	7	7	6	5	6	6	7	7	4	7	7	5	6	6	7	7	5	5	7	7	7	6	7	6	7	7	5	7	7	7	5	7	7	5	7	6	5	6	5	6	7	6	5	6	5	6	7
6	6	7	6	7	6	7	7	5	5	6	6	6	6	7	6	6	7	6	7	6	7	6	7	7	7	7	7	7	7	6	7	7	7	6	7	7	7	7	7	7	6	6	7	7	7	7	7	6	5	7	5	5
7	5	6	6	6	6	6	6	5	5	5	7	5	7	6	6	5	6	5	7	6	5	4	5	7	7	6	7	7	7	7	7	6	7	5	6	7	7	7	7	7	6	7	5	7	7	7	7	5	5	6	6	7	5
6	7	7	7	7	6		6				5	7	6	7	5	5	5	6	6	7		6	7	7							7	6	6	7	5	6	7	7	7	5	5	6	7	5	7	6	7	7	6	5	7	5	5
6	7	7	7	7	6	6	6	5	7	5	5	7	6	7	5	5	5	6	6	7	6	6	7	7	7	7	7	7	7	7	6	6	7	5	6	7	7	7	5	5	6	7	5	7	6	7	7	6	5	7	5	5
7	7	5	6	7	6	6	6	7	7	6	5	6	7	5	7	5	6	6	5	5	5	7	7	7	6	7	7	7	5	7	7	7	6	6	7	7	7	5	7	6	6	7	7	6	4	7	5	7	7	6	6
7	7	5	6	7	6	6	6	7	7	6	5	6	6		5	7	5	6	6	5		5	7	7	7	6	7	7	7	5	7	7	7	6	6	7	7	7	5														
6	7	5	6	7	7	7	6	7	5	7	4	7	7	6	5	5	7	5	7	5	6	6	7	7	7	7	7	7	6	7	7	7	7	7	7	5	7	7	6	5	4	6	5	7	6	7	6	7	7	7	6	5	7

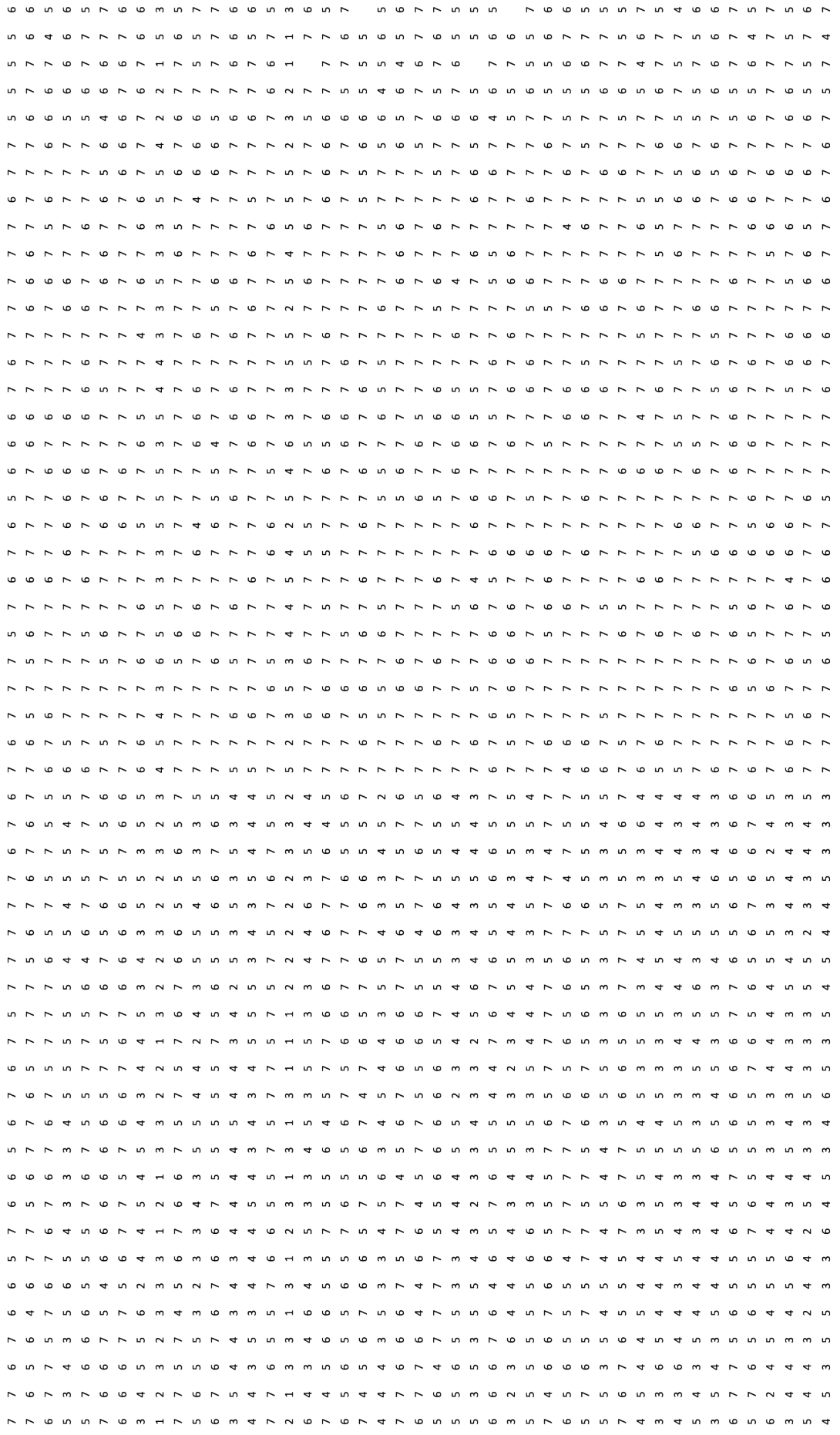


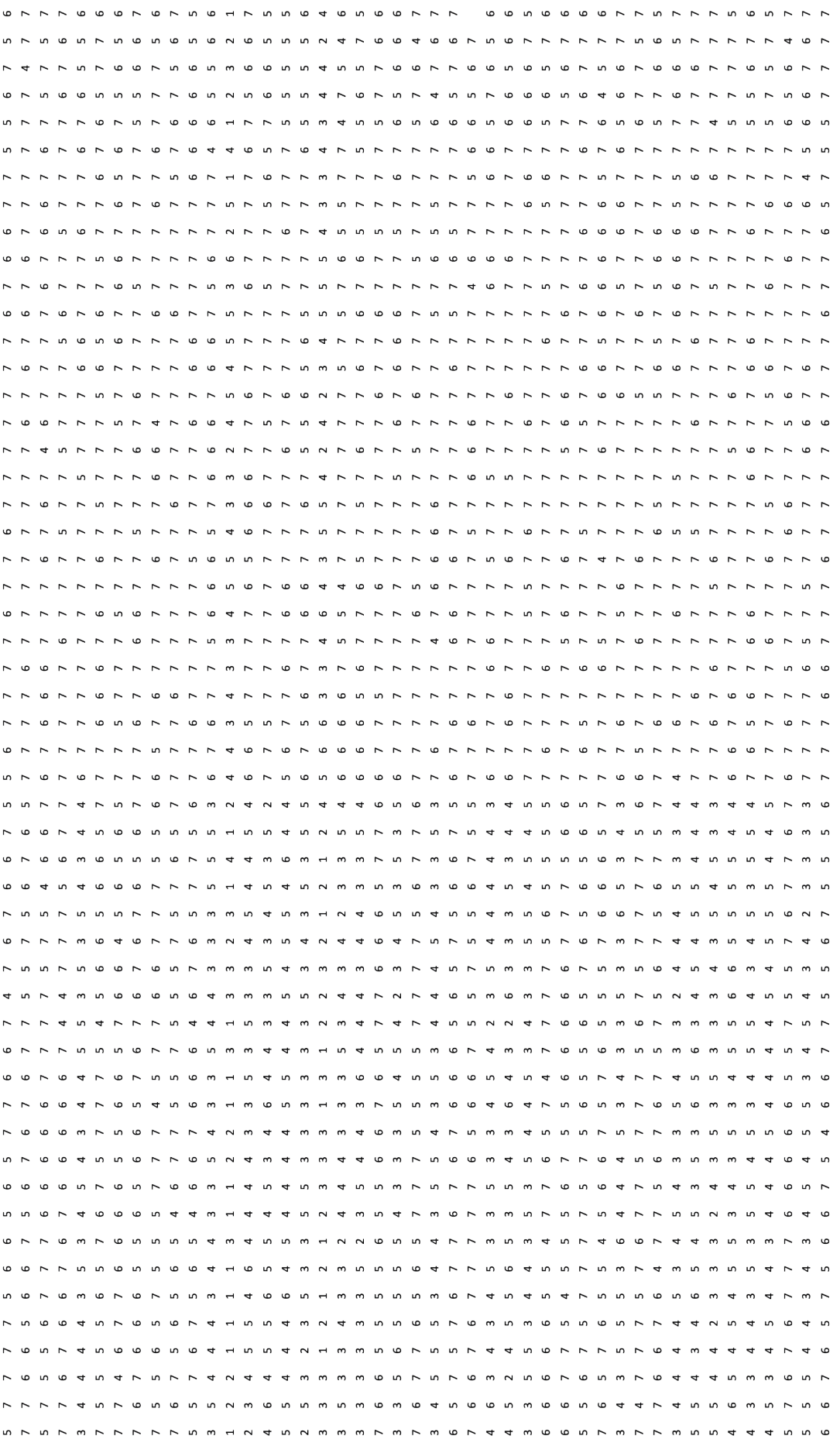
DOI:10.2440/013-0009



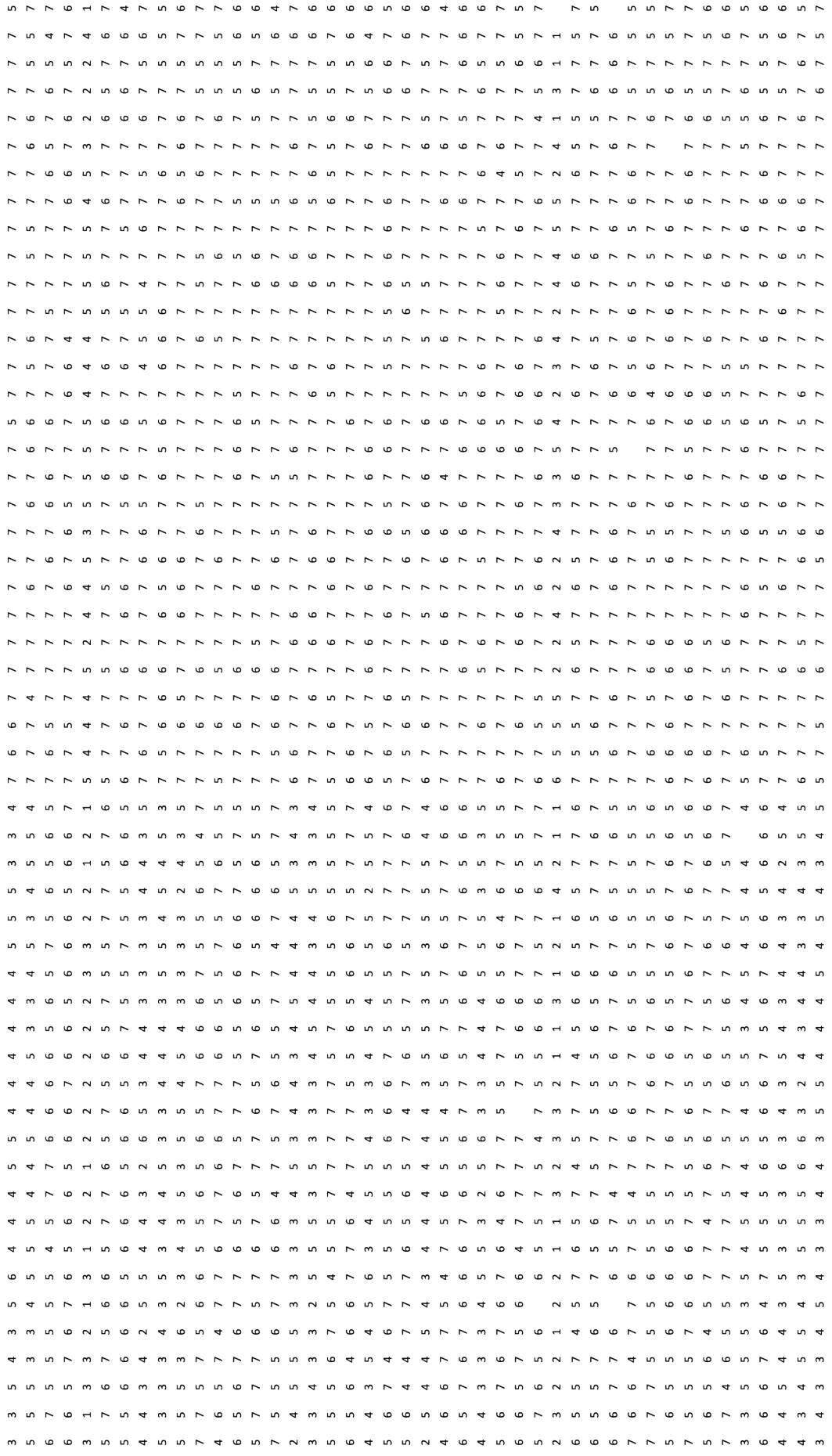


DOI:10.2440/013-0009

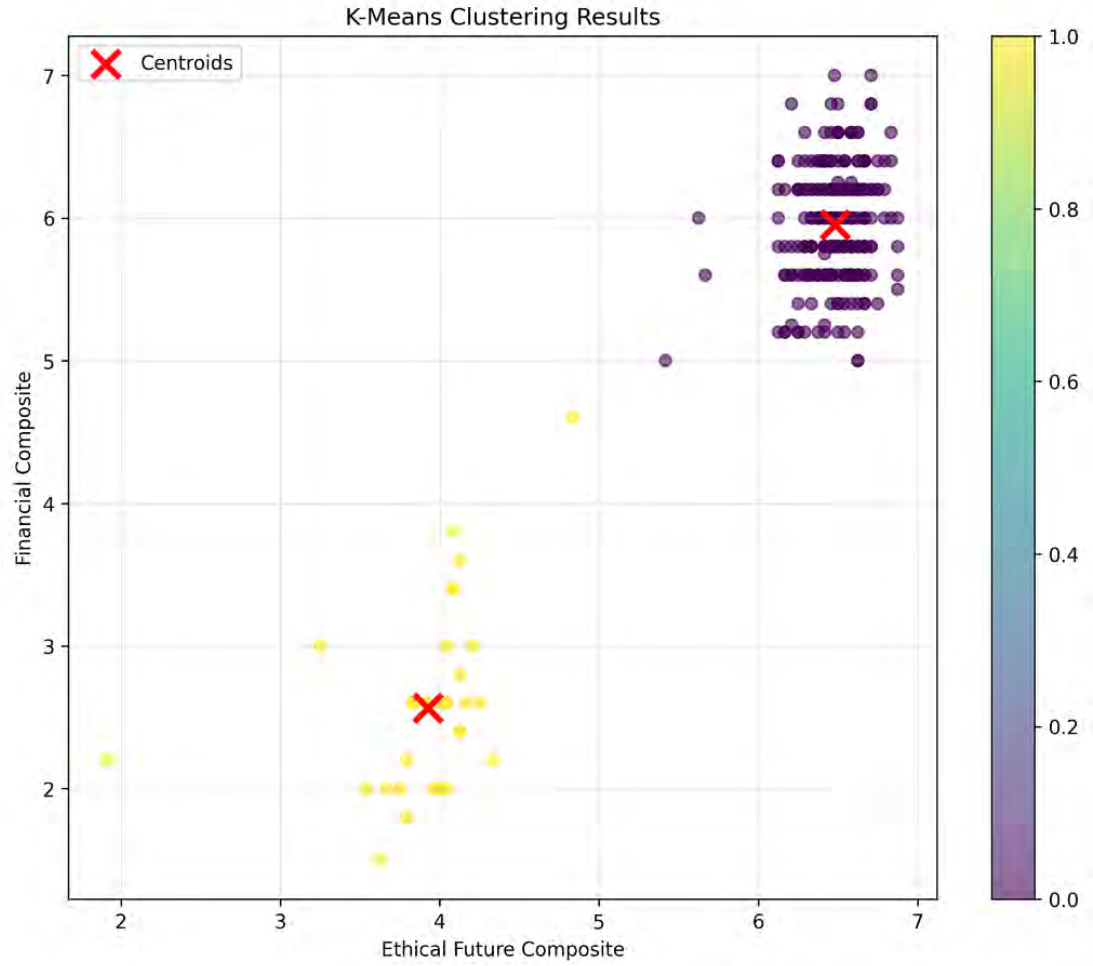


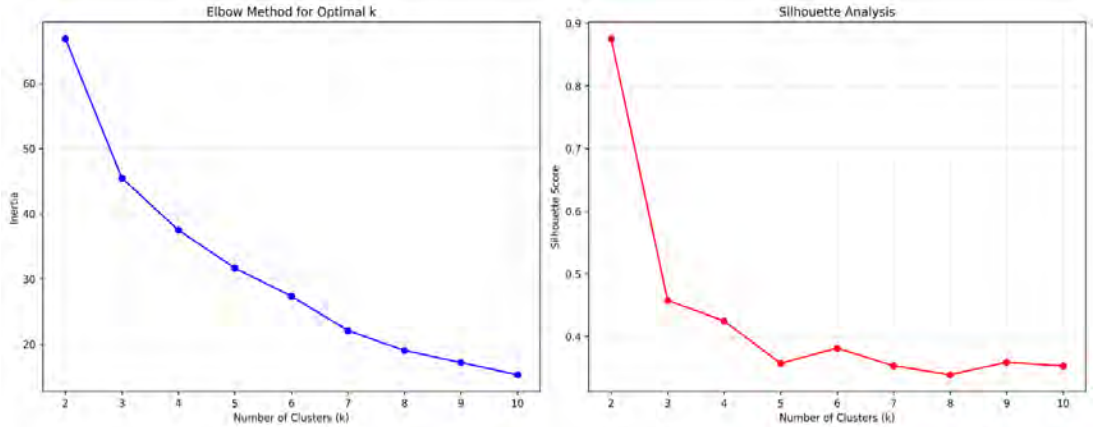


DOI:10.2440/013-0009

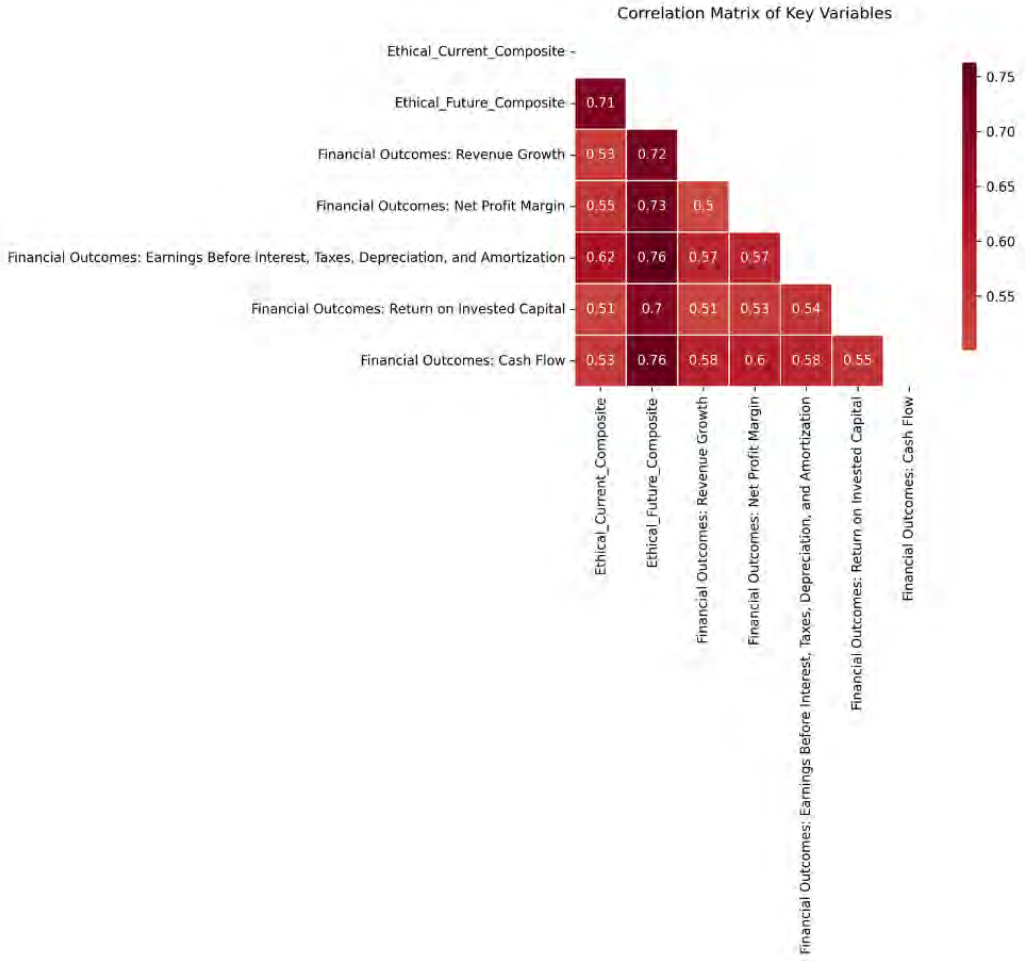


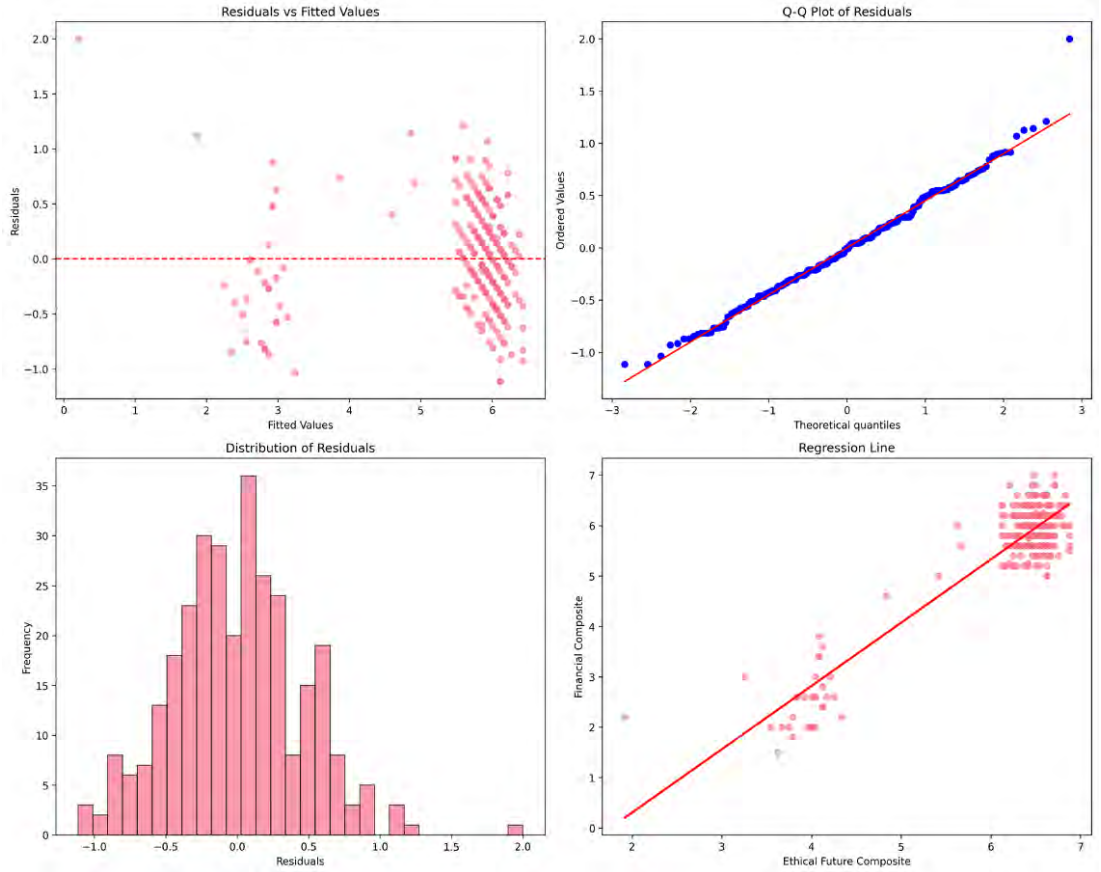
Phase 2 Analysis Data

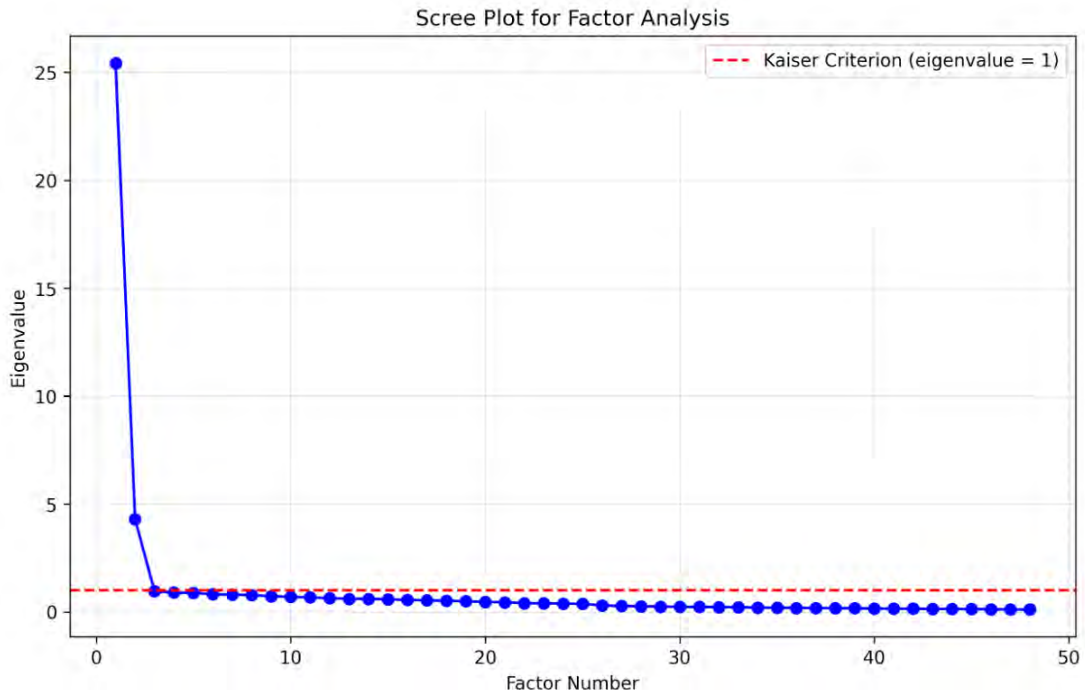




DOI:10.2440/013-0009







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...")
```

DOI:10.2440/013-0009

```
        # 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: χ² = {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()
```

DOI:10.2440/013-0009

```
        # 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
            }
```

DOI:10.2440/013-0009

```
            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))
```

DOI:10.2440/013-0009

```
        # 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)
```

DOI:10.2440/013-0009

```
        # 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}: α = {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: χ² = {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}")
```

DOI:10.2440/013-0009

```
        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

Executive Education Defined: A Complete Plan for the Future

Ezra David, EIM – European Institute of Management, Valetta, Malta

Abstract

This article synthesizes the evolution, value, and governance of executive education (EE) and proposes a standardized nomenclature for programs and credentials. An integrative literature review, conceptual analysis, and a scan of LinkedIn profiles inform a synthesis of impact evidence and credential practices. The study maps EE's value drivers, soft-skills development, career progression, flexible delivery, institutional brand, and networking, alongside threats from outdated curricula, limited availability, and misaligned industry ties. It specifies a five-tier taxonomy (EE Online, EE Hybrid, EE Accelerator, EE Flagship, EE Specialization Flagship) and recommends blockchain-verifiable digital badges to improve signaling and integrity. It also consolidates multi-level ROI considerations for individuals, organizations, and invested capital. The framework guides schools and firms in designing offerings, auditing ROI, and governing credentials; it supports policymakers seeking transparent, portable recognition. The article offers a field-level definition of EE and a blueprint that aligns program design, measurement, and credentialing.

#Keywords

Executive education ROI; Blockchain-verified digital badges; Micro-credentials in executive education; Hybrid executive education programs; Online executive education courses; Executive leadership development programs; Executive education taxonomy (standardized nomenclature); Industry-aligned executive education; LinkedIn credential signaling; Credential misuse and inflation.

doi:10.2440/013-0010

Executive Education definiert: Ein umfassender Zukunftsplan

Dieser Beitrag synthetisiert Entwicklung, Wert und Governance der Executive Education (EE) und schlägt eine standardisierte Nomenklatur für Programme und Qualifikationsnachweise (Credentials) vor. Eine integrative Literaturübersicht, eine konzeptuelle Analyse sowie ein Scan von LinkedIn-Profilen bilden die Grundlage für eine Synthese der Evidenz zur Wirkung und der Praktiken der Credential-Vergabe. Die Studie kartiert die Werttreiber der EE: Entwicklung überfachlicher Kompetenzen (Soft Skills), beruflichen Aufstiegs, flexible Formate, institutioneller Marke und Vernetzung. Zugleich benennt sie Risiken durch veraltete Curricula, begrenzte Verfügbarkeit und unzureichend ausgerichtete Industriekooperationen. Sie spezifiziert eine fünfstufige Taxonomie (EE Online, EE Hybrid, EE Accelerator, EE Flagship, EE Specialization Flagship) und empfiehlt blockchain-verifizierbare digitale Abzeichen (Badges), um Signalwirkung und Integrität zu stärken. Zudem konsolidiert sie mehrstufige ROI-Überlegungen für Einzelpersonen, Organisationen und investiertes Kapital. Das Rahmenwerk unterstützt Hochschulen und Unternehmen bei der Angebotsgestaltung, der ROI-Prüfung und der Governance von Qualifikationsnachweisen; es hilft politischen Entscheidungsträgern, transparente und portable Anerkennung zu fördern. Der Beitrag bietet eine feldspezifische Definition von EE sowie einen Blueprint, der Programmdesign, Messung und die Vergabe von Qualifikationsnachweisen (Credentialing) aufeinander abstimmt.

「高管教育的界定：未来的完整规划」

本文综合梳理高管教育（executive education，EE）的演进、价值与治理，并提出项目与证书的标准化命名法。通过综合性文献综述、概念分析，以及对 Lin-

DOI:10.2440/013-0010

kedIn 个人资料的检索，整合了影响证据与证书实践。研究绘制了 EE 的价值驱动因素：软技能发展、职业进阶、灵活交付、机构品牌与人脉网络；同时指出威胁：课程过时、供给有限、产业联系不匹配。本文提出五层分类法（EE Online、EE Hybrid、EE Accelerator、EE Flagship、EE Specialization Flagship），并建议采用可由区块链验证的数字徽章，以提升信号与诚信。文章还整合了多层级的投资回报（ROI）考量，涵盖个人、组织与投入资本。该框架可指导院校与企业设计供给、审计 ROI、治理证书；也支持寻求透明、可携带认可的政策制定者。本文提供 EE 的领域级定义，并给出一套使项目设计、测量与证书对齐的蓝图。

Introduction

Executive education has undergone a significant transformation over the decades, adapting to the evolving needs of industries and professionals. In this article, we will examine the historical context of executive education (EE), including technical advancements, the evolution of EE programs, their nomenclature, and a future outlook for both the academic world and industry.

History of Executive Education

The Pre-Google Era (1945-1999). In this segment, EE focused more on fundamental business concepts. These programs were typically lengthy, face-to-face, and designed for top executives seeking to enhance their leadership skills (Amdam, 2020).

The Phase After Google (2000–2019): Following the rise of the Internet, EE began to evolve. In turn, online learning platforms emerged to provide flexible, accessible, and diverse courses with the potential to reach a larger number of cohorts (Amdam, 2020).

The Digital Transformation and COVID-19 (2020). The pandemic jumpstarted the digital transformation of EE. Harvard Business School led the way in creating access to executive education through an online platform, highlighting the value of effective online and hybrid models (Diaz & Halkias, 2021).

How Do You Define the Value of Executive Education

Defining the impact of Executive Education (EE) programs is paramount for industry and academia, as it enhances the clarity of objectives and focuses on executive development activities (Stine, 2019). Executive education programs have evolved to meet the demands of global business environments, offering a range of learning experiences that aim to have both individual and organizational impact (Long, 2004). The current offering of programs provides a pathway for lifelong learning and professional development for executives, imparting them new knowledge and skills in organizational leadership (Tiberius et al., 2021; Long, 2004). The corporate sector has seen significant growth, particularly highlighting digital transformation, reskilling, and upskilling efforts, especially in technology-related fields (Diaz & Halkias, 2021; Li, 2022; Stine, 2019). Integrating online delivery methods has further expanded access to education, providing flexibility and improved cohort/instructor interaction, ultimately enhancing the overall learning experience (Stine, 2019). In terms of career advancement, research indicates that participants in executive education programs experience significant changes in motivators, such as acceptance, social contact, status, order, and tranquility, becoming more collaborative leaders with a tempered approach to management, which is vital for career progression (Jacobson et al., 2017).

Participants have reported impacts in areas such as general learning, perspective-taking, organizational identification, career pathing, and attitude changes, including changes in affect, mood, and confidence (Hou & Chen, 2020). On the other hand, obstacles persist in determining the results of EE initiatives, as there is a lack of comprehensive and in-depth evaluation systems beyond regular assessments based on participant numbers (Cataldo, 2018). Repeat participation is also viewed as a significant measure of program effectiveness and impact, indicating both individual and organizational performance (Shea, 2023). Although longitudinal data introduces additional complexity and cost to the analysis, it is critical for optimal impact assessment (Doh & Stumpf, 2007). Some key success metrics include measuring program ROI, monitoring KPIs such as changes in revenue or retention, and assessing the long-term impact on the organization (Jacobson et al., 2017). Lastly, technology has enabled the delivery of complex, digital learning opportunities in volume, along with automated feedback on group dynamics, thereby increasing the efficiency and effectiveness of executive education (Jacobson et al., 2017).

EE Impact Strengths

Improvement of Soft Skills. Soft skills development is key to shaping the difference that executive education will make in the landscape of a changing global workplace. Research suggests that the crucial skills needed to be future-ready comprise a set of cognitive, social, and emotional skills (Stine, 2019). Beyond knowledge, skills such as emotional intelligence, social intelligence, adaptability, and resilience are recognized as critical elements of future-ready skills in EE programs, aligning with the growing needs of capabilities to navigate complexity and uncertainty in business environments (Jacobson et al., 2017; Haskins, 2019). Ultimately, the connection between skills development and Executive Education is essential for comprehending the program's impact, effectiveness, and relevance (Jacobson et al., 2017). Research on cohorts and the industry itself has shown both a need for pre- and post-program assessments (Jacobson et al., 2017).

Career Progression. Executive education programs cater to cohorts seeking career progression by offering topic-focused courses and leadership development programs (Stine, 2019). These EE programs aim to prepare leaders for the rapidly changing global business landscape, focusing on skills applicable in the workplace, such as soft skills development and experiential learning methods (Long, 2004). The cohorts in executive education programs often include middle- to upper-level managers looking to align organizations with new directions, communicate corporate strategy effectively, and broaden their understanding of the organization to advance their careers (Smith & Keaveney, 2017).

Flexible Delivery Formats. Executive education is responding to some shifting market needs by considering flexible delivery formats such as hybrid and online learning (Klotz & Wright, 2017; Percept Research, 2017). Due to the COVID-19 pandemic, there has been a shift away from traditional modes of training delivery, with a combination of physical and virtual learning becoming the new normal (Halkias et al., 2020). EE programs have benefited from becoming more flexible in their program delivery formats to accommodate the varying needs and preferences of students (e.g., topic-focused, executive, part-time, weekend, online, and blended) (Cataldo, 2022).

School Brand. The participant's ability to identify the brand of EE programs offered at schools has become essential for cohorts when considering EE programs (Tiberius et al., 2021). Studies show that for program selection, executives and companies care about a recognizable brand; thus, EE programs need to invest in a strong brand and faculty cadre (Tiberius et al., 2021). The school's reputation within the industry is another crucial factor in attracting participants to EE

DOI:10.2440/013-0010

programs, influencing their decision-making process and overall program selection (Farris et al., 2003). The brand of an institution holds significant power in the decision-making process for prospective cohorts, as a well-known and reputable institution can increase the perceived value of the education received and the credentials earned (Jacobson et al., 2017). Ultimately, attending a prestigious business school can offer access to an extensive and influential alumni network, which is crucial for career progression and growth (Jacobson et al., 2017).

Networking. Decades of participants have benefited through expanding their social networks through networking opportunities during EE programs and interacting with other fellow students and instructors (Haskins, 2019). Networking possibilities in EE promote knowledge exchange and foster a continuing interest in lifelong learning and professional development (Zehetmeier et al., 2015). The networking benefits are among the most critical aspects of Executive Education (EE) programs, as participants gain access to personal and professional social networks (Tiberius et al., 2021). Networking has a significant impact on EE cohorts by establishing connections between students, sector specialists, and prospective companies, leading to career opportunities and upward mobility (Halkias et al., 2020). Additionally, surveys reveal that executive program participants typically look back on their networks established during their EE program as a significant career influence that is enjoyed to an even greater degree than MBA graduates (Amdam, 2020). Lastly, regarding networking, alumni networks provide valuable peer contacts that help establish connections that last long after the programs conclude (Amdam, 2020).

EE Impact Threats

Outdated Curriculum. Research has consistently highlighted the ongoing criticism of outdated curricula that fail to address relevant real-world problems or emerging technology trends, resulting in a lack of relevance and responsibility in EE education (Lastner et al., 2021; Jacobson et al., 2017). Adaptation is necessary if EE is to serve as a meaningful driver of organizational development and outcomes, as demonstrated by the numerous issues in measuring the value of EE programs (Moldoveanu & Dash, 2017). Furthermore, the lack of fresh ideas in EE may also limit the preparation of generations for the needs of the corporate world, potentially leading to less competitive and less flexible job seekers in the future (Andriole, 2023). The growth of digital technology and emerging trends in EE suggest that current curricula must evolve to accommodate the complexity and unpredictability of industry globally (Stoten, 2023). Recent initiatives to shift towards virtual learning environments, resulting from the COVID-19 pandemic, highlight the need for ongoing curriculum innovation that addresses the mental effects and improves student engagement and well-being due to the distance (Lastner et al., 2021). In conclusion, the threats can be partially avoided by embracing advancements such as artificial intelligence in EE, enabling greater relevance of the curriculum and higher engagement of students, who are better prepared to return to industry (Vincent-Lancrin & van der Viles, 2020).

Alignment to Industry. Partnering with industry ensures that Higher Educational Institutions (HEIs) align with industry to develop effective EE leadership; together, HEIs and industry can maximize synergy and increase the number of users of leadership development (Crotty & Soule, 1997). Programs can then engage with industry leaders and meet direct industry needs, ensuring relevancy and practicality (Maybar, 2023). This collaboration also fosters trust and long-term cooperation, which enables programs to become a trusted partner for the industry (Andriole, 2023). Above all, it allows for industry vertical customization of program content, thereby enabling the program to have the most excellent

efficacy on a per-sector basis (Rogers & Duening, 2013). The combination of academia and industry in executive education design can increase program efficiency (Diaz & Halkias, 2021). It helps establish leaders who will assist one another to thrive in our new environment, develop new processes, introduce new context, establish new boundaries, and ultimately create positive change through working toward meaningful outcomes (Diaz & Halkias, 2021).

It is crucial to work with the industry not just to create leaders who can drive change, but also to address global issues such as skills obsolescence (Maybar, 2023). One way this collaboration can be improved is to set up advisory councils, which can provide cohort members with expert insights, strategic guidance, and directional advice for the program (Rose & Stiefer, 2013). Collective advisory councils form groups of leaders to assist contributors in networking and developing success stories and recommendations to improve programs and curricula more effectively (Li, 2022). Guest lectures are integrated into EE programs as a crucial component of the learning process, as they provide experience and perspective to the cohorts in terms of industry expertise (Neubert et al., 2020).

Research indicates that guest lectures contribute to a more engaging learning environment, promoting student interaction and critical thinking (Kets et al., 2007). These lectures can enhance the faculty's knowledge by covering specialized topics that may not fall within their primary area of expertise, thereby providing a more comprehensive education for cohorts (Hrivnak, 2019). Also, guest lectures allow students to connect with professionals in their field of study, which can be valuable for networking and future career opportunities (Klotz & Wright, 2017). Finally, guest lectures in EE programs provide cohorts with insights from experienced professionals who share their real-world experiences and practical knowledge, which can be impactful for comprehending various business scenarios and applying theoretical concepts to actual situations (Kets De Vries & Korotov, 2007).

Limited Availability. Executive education programs encompass in-house, short-term, credit, and non-credit programs, as well as blended learning experiences (Stake, 2006). However, limitations exist in the diversity of course offerings due to factors such as curriculum composition and program specialization (Lockhart et al., 2017; Hinton and Williams Van Rooij, 2021). Although some aspects of EE are implemented in an online environment indicating that different components (i.e., face-to-face and online) were engaged and motivated in EE, the study illuminated the current lack of research on various models of EE beyond traditional classroom models, which may help inform a more full understanding of the range of outcomes and the effectiveness of different EE models (Hou & Chen, 2020).

As the demand for skills-based certification and credentialing increases, there will likely be a shift toward more specialized and targeted courses, potentially favoring digital badges and certificates over traditional degrees (Stanton & Stanton, 2017). Additionally, the emergence of alternative providers and changing market dynamics will require EE programs to reevaluate their value proposition and curriculum to meet the ongoing needs of cohorts and industry (Sawhney, 2021). This transition signals a landscape in which multiple options, ranging from affordable online courses to exclusive in-person programs, will cater to varying cohort demands and preferences, thereby ensuring the sustained expansion and relevance of executive education within the ever-changing corporate workplace (Sawhney, 2021).

Cohorts often worry that flagship executive education programs don't focus on a single area of business in their program offerings. This is because typical executive programs typically cover a wide range of business areas without delving

DOI:10.2440/013-0010

into excessive detail (Narayandas et al., 1998). This problem contradicts the growing trend of specialized master's programs, such as those in finance, accounting, and analytics, which offer in-depth curricula designed to meet specific skill development demands (Percept study, 2017). Many EE schools haven't done a good job of planning for the future and haven't updated their current offerings, which means they lack innovative courses that can meet the changing needs of the global market (Diaz & Halkias, 2021).

EE Program Cost. Tuition for just one course can run into the tens of thousands of dollars, and the overall capital investment encompasses course fees, as well as extensive travel and lodging expenditures (Cataldo et al., 2018). Executive education tuition fees depend on various parameters, including program basics, content, and the delivery method used (Jacobson et al., 2017). Interestingly enough, the corporate world considers executive development to be an investment that should yield a compelling return on investment, but equally important, a skills transfer and the progression of leadership within the organization (Moldoveanu & Narayandas, 2017). For meaningful investment by industry in executive education, one of the main challenges is whether the financial benefits (in terms of productivity, leadership skills, etc) offset the program costs (Cataldo et al., 2018). Finally, such data overlooks opportunity costs, which refer to what else participants could be doing if they were not in the program, but instead at work (Ryan, 2023). The corporate sector should also investigate and account for all costs, including both direct and indirect expenses (Ryan, 2023). The entire cost to the business should be calculated within the organizational strategy, leading to improved decision-making (Ryan, 2023).

There are several ways institutions can reduce executive education (EE) costs, one of them being transitioning to cloud delivery options (Andriole, 2018). Such an approach has made evident the necessity of meeting industry needs and remaining competitive in the market by providing faster, better, and less expensive solutions (Andriole, 2018). Additionally, the trend of corporate universities has seen a significant increase, from 300 in 2004 to 2,000 in 2016, representing an approach to more affordable and timely solutions for learning infrastructures tailored to the industry's requirements (Moldoveanu & Narayandas, 2017). Variation in delivery format, lead time, and cohort size enables executive education programs to offer different pricing levels and potentially lower costs to a more diverse client base (Jacobson et al., 2017). Finally, the future may also unlock new types of tuition from EE cohorts through different dynamic pricing mechanisms. Dynamic pricing systems can also allow for outcome-based models (i.e., tuition rates fluctuate based on the likelihood of achieving one or multiple outcomes) (Halkias et al., 2020).

Return on Investment

Return on Investment (ROI) is a growing imperative for Executive Education (EE) programs as it helps illuminate the business case for such cost and growth initiatives (Jacobson et al., 2017). The success of EE programs depends on the cohort's response to the instruction provided and their subsequent application of what is learned in the classroom, which is then deployed in the workplace and ultimately impacts the ROI (Ryan, 2023). Industry demand for EE programs is increasing in areas such as curriculum, structure, and leadership development. There are rising industry calls for the measurement of the effectiveness and impact of the EE (Cataldo, 2018). Assessment of ROI has never been more crucial for demonstrating the value and viability of specific EE programs (Stoten, 2023; Tiberius et al., 2021).

ROI for Organizations. The consideration of ROI for EE programs can be multifaceted for organizations (Ryan, 2019).

One of the significant barriers to reskilling and upskilling is a lack of knowledge among leaders and decision-makers about the skills required to move forward in an era of automation and digitization. Notably, one in four managers states that they are unable to quantify the business case for reskilling (Ryan, 2019). Furthermore, HR may not be ready to close the new skills gap, especially in operationally intensive sectors such as manufacturing and retail (Cataldo, 2018). The problem is how to build models of executive education input-output that are not one-way, faculty-driven offerings but instead are joint, action-based projects that contribute to concrete organizational results (Dover et al., 2018).

ROI for Individuals. Several obstacles exist to proving a return on investment (ROI) for individuals attending executive education programs (Ryan, 2023). One barrier is the lack of tools or knowledge to measure the reskilling of the cohort (Ryan, 2023). Additionally, a survey of 116 executives conducted by McKinsey revealed that older workers, in particular, may be resistant to upskilling due to concerns about changes in their employment conditions, suggesting that addressing mindset barriers is crucial (De Vries et al., 2020). Additionally, the call for alignment to Industry 4.0 skills and the urgency for demand-driven skills in education design suggest challenges for individuals seeking to enhance their capabilities (Cataldo, 2018).

ROI for Deployed Capital. ROI for invested capital in executive education programs is difficult due to requirements for a thorough examination of organizational and learner needs as well as outcomes of training interventions (Ryan, 2023). Tracking the ROI of Executive Education Programs is one of the most significant aspects that influences participants' responses to training and the application of skills at work (Maybar, 2023). To confront them more effectively, however, the sector should unite executive education outcomes with other elements of the organizational architecture, such as reward and performance evaluation systems, as they are the two elements that, if not aligned, risk losing their newly acquired skill set (Conger & Xin, 2000). Lastly, evaluations taken after a program has ended and indicators of intellectual capital can improve the accuracy with which EE programs' effects and learning outcomes are quantified (De Vries et al., 2020).

Defining the Nomenclature

The market now includes various program types, each catering to different learning needs and preferences. This current offering has led to inadvertent or intentional misrepresentation of educational accomplishments within industry and networking circles. The use of LinkedIn to display certificates suggests that the platform is being utilized to enhance employment opportunities and professional networking (Matkin, 2018). The posting of credentials aligns with the broader trend of using digital platforms to share credentials and skills with a wider audience, increasing visibility to employers and peers (Matkin, 2018). As credentials become more popular, there might be a risk of credential inflation, where the value of these credentials diminishes due to their widespread availability and varying quality. This could lead to skepticism among employers regarding the actual value of educational accomplishments (Matkin, 2018). The lack of standardization among business schools may lead to credential misuse, where some credentials do not accurately reflect the skills or knowledge they are intended to represent (Diab & Zhang, 2023). Individuals might misuse credentials by misrepresenting their skills or qualifications to potential employers. This dynamic could occur if the credentials are not thoroughly vetted or if there is a lack of transparency in what the credentials signify by the business school (Diab & Zhang, 2023).

Upon scanning many EE profiles on the LinkedIn platform, it became apparent

DOI:10.2440/013-0010

that many EE alums chose to post the central Harvard Business School (HBS) logo rather than the actual course they completed. In some cases, as shown in Figure 1, the cohorts used the HBS logo; however, upon closer examination of the education subsection, they entered the name of their specific course. For example, the HBS logo, accompanied by a subsection indicating HBS Online, Strategy Execution, or HBS Executive Education, such as the General Management Program.



Figure 1: *Harvard Business School Curriculum Credentials (source: own).*

Current Program Offerings

There is no universally accepted standardized nomenclature for executive education programs across the global educational landscape. However, some terminologies and program types are commonly recognized and used. We aim to provide recommendations for the classifications and terms associated with executive education. These would be granted to the cohort upon completion of an EE program:

- **EE Online.** Short, self-driven courses with exclusive online content culminating in an *EE online badge*.
- **EE Hybrid.** Interactive, short to medium-length courses that blend online and collaborative instruction, earning participants an *EE Hybrid badge*.
- **EE Accelerator Program.** Intensive, under-three-month programs requiring on-campus instruction are awarded with an *EE Mini program badge*.
- **EE Flagship Program.** Comprehensive leadership development courses with on-campus components, granting alum status and an *EE Badge*.
- **EE Specialization Flagship Program.** Industry-specific leadership development courses with on-campus components, granting *alum status* and an *EE Badge*. This capstone includes an *EE Badge* highlighted by an *anchor concentration award* in fields such as finance, marketing, hospitality, and others.

Pitfalls

One Size Fits All. A significant challenge in EE is the "one size fits all" approach, which fails to meet the diverse needs of learners. Customized and specialized programs are essential for addressing this issue. Discuss misuse of credentials and the need for blockchain verification (for example, LI misrepresentation of accomplishment).

Verification of Credentials. The use of blockchain digital badges for course and award confirmation could represent a shift in how educational achievements can be recognized, offering secure and verifiable credentials. Additionally, a change towards skills-based credentials and digital badges in the executive education industry suggests that focusing on relevant skills rather than traditional degrees is becoming increasingly important for career progression, indicating a potential impact on the value of executive education certificates and programs in facilitating career growth (Negm, 2023; Stine, 2019).

The Future of Executive Education

The future of EE should point to micro-credentials, digital badges, and a focus on specialization, emerging technologies, and ROI—expansion into other parts of the world, attracting a wider and geographically more diverse audience. The use of digital badges, which can be independently verified with the help of blockchain, is proposed as the naming architecture for program awards that currently exist in an academically proven format. This can be applied to all

program types and has a system for secure and verifiable credentials for executives.

Conclusion

The field of executive education stands at a critical juncture. It faces a world that is rapidly evolving in AI, as well as personal development and generational differences. Additionally, as the world becomes smaller, EE is not education for all in terms of access and cost. The field is ripe for disruptive innovation as new programs enter the EE space. The institutions that embrace industry's evolving needs and make a commitment to lifelong learning, retention, and ROI will change the global EE marketplace.

References

Amdam, R. P. (2020). Creating the new executive: Postwar executive education and socialization into the managerial elite. *Management & Organizational History*, *15*(2), 106–122. https://doi.org/10.1080/17449359.2020.1776134

Andriole, S. J. (2018). What executives should know about technology trends. *IT Professional*, *20*(2), 80–82. https://doi.org/10.1109/MITP.2018.021921654

Andriole, S. J. (2023). What c-suites should expect from business schools. *Computer*, *56*(10), 72–76. https://doi.org/10.1109/MC.2023.3297225

Cataldo, P., & Bean, K. (2022). *Selecting the best executive education partner: The voice of the customer*. Unicon: Consortium for University-based executive education. https://uniconexed.org/research

Cataldo, P., Stilliard, B., & Topping, P. (2018). *ROI on executive education*. Unicon: Consortium for University-based executive education. https://uniconexed.org/research

Conger, J. A., & Xin, K. (2000). Executive education in the 21st century. *Journal of Management Education*, *24*(1), 73–101. https://doi.org/10.1177/105256290002400106

Crotty, P. T., & Soule, A. J. (1997). Executive education: Yesterday and today, with a look at tomorrow. *Journal of Management Development*, *16*(1), 4–21. https://doi.org/10.1108/02621719710155445

De Vries, H., Meyer, J., Van Wassenhove, L., & Von Bernuth, N. (2020). Strategic challenges as a learning vehicle in executive education. *The International Journal of Management Education*, *18*(3), 1–12. https://doi.org/10.1016/j.ijme.2020.100416

Diab, M., & Zhang, M. (2023). Perceptions of Industry professionals from diverse sectors on post-secondary micro-credentials on LinkedIn. *International Journal of Research in Education, Humanities and Commerce*, *04*(02), 63–115. https://doi.org/10.37602/IJREHC.2023.4211

Diaz, J., & Halkias, D. (2021). Reskilling and upskilling 4Ir leaders in business schools through an innovative executive education ecosystem: An integrative literature review. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.3897059

Doh, J. P., & Stumpf, S. A. (2007). Executive education: A view from the top. *Academy of Management Learning & Education*, *6*(3), 388–400. https://doi.org/10.5465/amle.2007.26361628

Dover, P. A., Manwani, S., & Munn, D. (2018). Creating learning solutions for executive education programs. *The International Journal of Management Education*, *16*(1), 80–91. https://doi.org/10.1016/j.ijme.2017.12.002

DOI:10.2440/013-0010

Farris, P. W., Haskins, M. E., & Yemen, G. (2003). Executive education programs go back to school. *Journal of Management Development*, *22*(9), 784–795. https://doi.org/10.1108/02621710310495775

Halkias, D., Neubert, M., Thurman, P. W., Adendorff, C., & Abadir, S. (2020). *The innovative business school.* Routledge.

Halkias, D., Neubert, M., Thurman, P. W., Adendorff, C., & Abadir, S. (2020). Price-setting models for the innovative business school. In the innovative business school. In *The Innovative Business School* (pp. 24–34). Routledge.

Haskins, M. E. (2019). Executive education program faculty leaders: Their "BASIC" roles. *Development and Learning in Organizations: An International Journal*, *34*(3), 15–18. https://doi.org/10.1108/DLO-06-2019-0140

Hinton, R., & Williams Van Rooij, S. (2021). CxO advisory councils: New approaches in executive education. *Journal of Education for Business*, *96*(5), 284–290. https://doi.org/10.1080/08832323.2020.1812491

Hou, B., & Chen, K. (2020). Impact assessment study of an executive education program for university leaders. *Studies in Continuing Education*, *42*(1), 40–60. https://doi.org/10.1080/0158037X.2018.1548434

Hrivnak, G. A. (2019). The increasing importance of curriculum design and its implications for management educators. *Journal of Management Education*, *43*(3), 271–280. https://doi.org/10.1177/1052562918822068

Ibanez, A., Krogt, A. V. D., & Neubert, M. (2023). Impact and success factors of online education methods at university level in times of COVID-19: a case study of Paraguay. *International Journal of Technology Enhanced Learning, 15*(1), 58-73. https://doi.org/10.1504/IJTEL.2023.127937

Jacobson, D., Chapman, R., Ye, C., & Van Os, J. (2017). A project-based approach to executive education. *Decision Sciences Journal of Innovative Education*, *15*(1), 42–61. https://doi.org/10.1111/dsji.12116

Kets De Vries, M. F. R., & Korotov, K. (2007). Creating transformational executive education programs. *Academy of Management Learning & Education*, *6*(3), 375–387. https://doi.org/10.5465/amle.2007.26361627

Klotz, D. E., & Wright, T. A. (2017). A best practice modular design of a hybrid course delivery structure for an executive education program. *Decision Sciences Journal of Innovative Education*, *15*(1), 25–41. https://doi.org/10.1111/dsji.12117

Lastner, M. M., Delpechitre, D., Goad, E. A., & Andzulis, J. "Mick." (2021). Thank you for being a friend—A peer learning approach to marketing education. *Journal of Marketing Education*, *43*(2), 216–232. https://doi.org/10.1177/0273475320979632

Li, L. (2022). Reskilling and upskilling the future-ready workforce for Industry 4.0 and beyond. *Information Systems Frontiers*. https://doi.org/10.1007/s10796-022-10308-y

Lockhart, J., McKee, D., & Donnelly, D. (2017). Delivering effective blended learning: Managing the dichotomy of humility and hubris in executive education. *Decision Sciences Journal of Innovative Education*, *15*(1), 101–117. https://doi.org/10.1111/dsji.12120

Long, S. F. (2004). Really … why do executives attend executive education programmes? *Journal of Management Development*, *23*(8), 701–714. https://doi.org/10.1108/02621710410549567

Declarations

Author Contact Information

Correspondence regarding this article should be directed to Dr. David Ezra at david.ezra@faculty.eim.education.

Conflict of (Competing) Interest

The authors declare that they have no (competing) financial or non-financial interests related to this study.

Funding

The authors self-funded the research, and no external funding was obtained for its completion.

Author Contributions (CRediT taxonomy):

Conceptualization, Methodology, Formal Analysis, Investigation, Writing – Original Draft, Writing – Review & Editing: Dr. David Ezra.

Acknowledgments

None.

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 previously published and is not currently 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 requirements of the GDPR 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 the integrity, rigor, and conclusions of this research.

Copyright and Licensing Information

This work is licensed under a Creative Commons Attribution 4.0 International License (CC BY 4.0). This license permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited. To view a copy of this license, visit https://creativecommons.org/licenses/by/4.0/.

Matkin, G. W. (2018). Alternative digital credentials: An imperative for higher education. *Center for Studies in Higher Education*.

Maybar, K. (2023). *Hybrid Learning: The Post-Pandemic Landscape*. Unicon: Consortium for University-based executive education. https://uniconexed.org/research

Moldoveanu & Narayandas. (2017). *The skills gap and the near-far problem in executive education and leadership development*. https://doi.org/10.13140/RG.2.2.21860.17281

Narayandas, N., Rangan, V. K., & Zaltman, G. (1998). The Pedagogy of Executive Education in Business Markets. *Journal of Business-to-Business Marketing*, *5*(1–2), 41–63. https://doi.org/10.1300/J033v05n01_05

Negm, E. M. (2023). A student's satisfaction model for an executive education blended learning approach, considering aspects for marketing applications. *Higher Education, Skills and Work-Based Learning*, *13*(6), 1286–1304. https://doi.org/10.1108/HESWBL-12-2022-0281

Neubert, M., Rams, W., & Utikal, H. (2020). Experiential learning with live case studies. *International Journal of Teaching and Case Studies*, *11*(2), 173–190.

Neubert, M. (2022). A Systematic Literature Review about the Speed of Internationalization. *International Journal of Business and Management, 17*(2), 80-111. https://doi.org/10.5539/ijbm.v17n2p80

Percept Research. (2017). *Understanding the implications of the digital generation on business education*. Unicon: Consortium for University-based executive education. https://uniconexed.org/research

DOI:10.2440/013-0010

Rogers, S. L., & Duening, T. N. (2013). Vertical market strategy: The case of an executive education startup in a medium-sized business school. *Journal of Executive Education*, *12*(1).

Rose, K. J., & Stiefer, T. W. (2013). Advisory councils in executive education: Insights from practice. *Journal of Executive Education*, *12*(1). https://digitalcommons.kennesaw.edu/jee/vol12/iss1/3

Ryan, T. (2023). *ROI revisited: Demonstrating the business*. *Unicon: Consortium for University-based executive education, Research Report,* available at: https://uniconexed.org/research/unicon-research-report-roi-revisited-tom-ryan-2023/

Sawhney, M. (2021). Reimagining executive education: What program delivery should look like post-pandemic. Harvard Business School Publishing. https://hbsp.harvard.edu/inspiring-minds/reimagining-executive-education

Shea, G., & Pandya, M. (2023). *The metaverse and executive education: Horseless carriage or automobile?* Unicon: Consortium for University-based executive education. https://uniconexed.org/research

Smith, M. A., & Keaveney, S. M. (2017). A technical/strategic paradigm for online executive education. *Decision Sciences Journal of Innovative Education*, *15*(1), 82–100. https://doi.org/10.1111/dsji.12118

Stake, R. E. (2006). *Multiple case study analysis*. The Guilford Press, New York, London.

Stanton, W. W., & Stanton, A. D. (2017). Traditional and online learning in executive education: How both will survive and thrive. *Decision Sciences Journal of Innovative Education*, *15*(1), 8–24. https://doi.org/10.1111/dsji.12119

Stine, J., Trumbore, A., Woll, T., & Sambucetti, H. (2019). *Implications of artificial intelligence on business schools and lifelong learning*. Unicon: Consortium for University-based executive education. https://uniconexed.org/research

Stoten, D. W. (2023). Using the business model canvas to conceptualise the value proposition of heutagogical executive education. *Innovative Practice in Higher Education*, *5*(1).

Tiberius, V., Hoffmeister, L., & Weyland, M. (2021). Prospective shifts in executive education: An international delphi study. *The International Journal of Management Education*, *19*(3), 100514. https://doi.org/10.1016/j.ijme.2021.100514

Vincent-Lancrin, S., & van der Vlies, R. (2020). *Trustworthy artificial intelligence (AI) in education: Promises and challenges* (OECD Education Working Papers No. 218; OECD Education Working Papers, Vol. 218). https://doi.org/10.1787/a6c90fa9-en

Zehetmeier, S., Andreitz, I., Erlacher, W., & Rauch, F. (2015). Researching the impact of teacher professional development programmes based on action research, constructivism, and systems theory. *Educational Action Research*, *23*(2), 162–177. https://doi.org/10.1080/09650792.2014.997261

DOI:10.2440/013-0011

The Impact of Social Media Marketing Activities on Consumer Behavioral Intention of Tax Consulting Services

Michael Neubert, Mandy Witt
EIM - European Institute of Management, Valletta, Malta

Abstract

This study analyses the impact of social media marketing activities (SMMAs) on customer behaviour in German tax advisory firms. The S-O-R model is used to examine the influence of four SMMA dimensions - customization, entertainment, interaction, and trendiness - on perceived value (PV) and the resulting behavioural intentions (purchase intention, willingness to pay a premium, e-WoM). Following an online survey in January 2025 with 390 valid participants, the model was tested using Partial Least Squares Structural Equation Modelling (PLS-SEM). The results indicate that social media marketing activities do not directly influence user behaviour. Instead, PV acts as the main mediator: as the perceived usefulness of the content increases, the purchase intention, willingness to pay, and willingness to recommend increase. Customisation and interaction have a positive influence on PV, while trendiness and e-WoM are less important. The significant explanatory power of the model (R^2 for PV = 0.649) confirms the importance of customised, interactive content for the digital communication of tax firms. The study offers both theoretical and practical insights. It adds a knowledge-based service to SMMA research and provides clear recommendations for the strategic use of social media in tax consulting. It also provides evidence of a suppression effect, where the positive influence of PV offsets negative immediate effects. Research shows that strategically important and benefit-focused content is crucial for the success of social media marketing in tax consultancy. The key conclusion is that social media, when used to deliver credible, user-centered value, becomes a powerful tool for trust-building, differentiation, and strategic client development in professional service firms.

#Keywords

Social Media Marketing Activities, Perceived Value, Customer Behavioral Intentions, Tax Consulting, Purchase Intention, Willingness to Pay a Premium, Electronic Word of Mouth, S-O-R Model, Digital Communication, PLS-SEM.

doi:10.2440/013-0011

Der Einfluss von Social-Media-Marketing-Aktivitäten auf die Verhaltensabsicht von Konsumenten bei Steuerberatungsdienstleistungen

Diese Studie analysiert die Auswirkungen von Social-Media-Marketing-Aktivitäten (SMMAs) auf das Kundenverhalten in deutschen Steuerberatungskanzleien. Zur theoretischen Fundierung wird das Stimulus-Organismus-Reaktions-Modell (S-O-R-Modell) herangezogen, um den Einfluss von vier Dimensionen des Social-Media-Marketings, Individualisierung, Unterhaltung, Interaktion und Trendbezogenheit, auf den wahrgenommenen Nutzen (Perceived Value, PV) sowie auf daraus resultierende Verhaltensabsichten (Kaufabsicht, Zahlungsbereitschaft für einen Aufpreis, elektronisches Word-of-Mouth) zu untersuchen. Auf Basis einer Online-Umfrage im Januar 2025 mit 390 gültigen Teilnahmen wurde das Modell mittels Partial Least Squares Structural Equation Modelling (PLS-SEM) getestet.

DOI:10.2440/013-0011

Die Ergebnisse zeigen, dass Social-Media-Marketing-Aktivitäten das Nutzerverhalten nicht direkt beeinflussen. Stattdessen fungiert der wahrgenommene Nutzen (PV) als zentraler Mediator: Mit steigendem empfundenem Nutzen des Inhalts nehmen sowohl die Kaufabsicht als auch die Zahlungsbereitschaft und die Empfehlungsabsicht signifikant zu. Individualisierung und Interaktion wirken sich positiv auf den wahrgenommenen Nutzen aus, während Trendbezogenheit und e-WoM von geringerer Bedeutung sind. Die hohe Erklärungskraft des Modells (R^2 für PV = 0,649) unterstreicht die Relevanz individualisierter und interaktiver Inhalte für die digitale Kommunikation von Steuerberatungskanzleien.

Die Studie liefert sowohl theoretische als auch praxisbezogene Erkenntnisse. Sie erweitert die Social-Media-Marketing-Forschung um eine wissensbasierte Dienstleistung und gibt konkrete Handlungsempfehlungen für den strategischen Einsatz sozialer Medien in der Steuerberatung. Darüber hinaus belegt sie einen Suppressionseffekt, bei dem der positive Einfluss des wahrgenommenen Nutzens unmittelbare negative Effekte überlagert. Die Forschung zeigt, dass strategisch relevante und nutzenorientierte Inhalte entscheidend für den Erfolg von Social-Media-Marketing in der Steuerberatung sind. Die zentrale Schlussfolgerung lautet: Social Media wird – sofern glaubwürdig und nutzerzentriert eingesetzt – zu einem wirkungsvollen Instrument für Vertrauensaufbau, Differenzierung und strategische Mandantenentwicklung in professionellen Dienstleistungsunternehmen.

社交媒体营销活动对消费者税务咨询服务行为意向的影响

本研究分析社交媒体营销活动（Social Media Marketing Activities, SMMAs）对德国税务咨询公司客户行为的影响。研究采用刺激-有机体-反应（S-O-R）模型，探讨SMMAs四个维度——定制性、娱乐性、互动性和时尚性——对感知价值（Perceived Value, PV）及其衍生行为意图（购买意图、支付溢价意愿、电子口碑）的作用。2025年1月，研究通过在线问卷调查收集了390份有效样本，并采用偏最小二乘结构方程模型（Partial Least Squares Structural Equation Modelling, PLS-SEM）进行实证分析。结果显示，社交媒体营销活动并不直接影响用户行为，感知价值在其中起到关键中介作用：内容的感知效用提升，显著增强了购买意图、支付意愿与推荐意愿。其中，定制性与互动性对感知价值具有显著正向影响，而时尚性和电子口碑的重要性相对较低。模型的解释力显著（PV的R^2=0.649），强调了定制化、互动性内容在税务机构数字传播中的重要性。

本研究在理论与实践层面均具有启发意义：一方面，将知识密集型服务纳入SMMAs研究范畴，丰富了理论体系；另一方面，为税务咨询领域战略性社交媒体运用提供了明确建议。研究还揭示了抑制效应的存在，即感知价值的正向作用可抵消营销活动的某些负面直接效应。总体而言，研究指出，有策略、以效益为导向的内容对于税务咨询中的社交媒体营销成效至关重要。研究最终结论认为，若能有效传递可信、以用户为中心的价值，社交媒体将成为专业服务机构建立信任、实现差异化和战略性客户开发的重要工具。

DOI:10.2440/013-0011

Introduction

The topic of this study is the impact of Social Media Marketing Activities (SMMAs) on Customer Behavioral Intentions (CBI) of German tax consulting services. The motivation for this study is that SMMAs have become an increasingly important part of modern marketing strategies for German tax consulting firms (Löffler, 2023; Schröder, 2023). In recent years, German tax consulting firms have increasingly relied on SMMA to attract clients and employees, foster engagement with current customers, and boost brand recognition (Bazrkar et al., 2021). German tax consulting firms can utilize SMMA in multiple ways to connect with their target audiences effectively. For instance, these firms can develop and share content tailored to their audience's preferences (Nuseir, 2020). They can leverage social media platforms to execute targeted advertising campaigns aimed at specific demographic groups, as well as evaluate the performance of these campaigns (Chrisniyanti & Fah, 2022; Seo et al., 2020). Beyond advertising, social media provides insights into customer preferences and behavior, which are invaluable for shaping future marketing initiatives (Önder & Çakıroğlu, 2021). Analyzing behavioral intentions is a key consideration in understanding consumer behavior, as these offer predictive insights into future purchasing patterns (Abdou et al., 2022; Boyer & Hult, 2006). Measures such as Purchase Intentions (PUR), Willingness to Pay Premium (WPP), and electronic Word-of-Mouth (e-WoM) are particularly effective tools for gaining a deeper understanding of these intentions (Afshardoost & Eshaghi, 2020).

The need for this study arises from the growing reliance on SMMA for acquiring new customers, hiring employees, and maintaining communication with current customers and other stakeholders. The increasing importance of SMMAs highlights a gap in research that requires further exploration. Bushara et al. (2023) identified this gap by calling for more studies to investigate the influence of SMMAs on key variables, including Perceived Value (PV), PUR, WPP, and e-WoM. Building on this call, the current study replicates their research design by examining the impact of SMMAs in the context of tax consulting services in Germany in 2025. Applying SMMAs in this industry and geographic setting expands and validates their findings. SMMAs have proven vital for the German tax consulting sector, especially in reaching younger, digitally active audiences and boosting sales through broader exposure. This target audience, characterized by a strong online presence, is highly engaged, making it easier to collect their insights for research, as other service industries have demonstrated (DiPietro et al., 2012; Li et al., 2021). The study aims to examine the impact of SMMAs on PV and CBIs measured through PUR, WPP, and e-WoM constructs of German tax consulting firms. By examining the effectiveness of SMMAs in enhancing customer relationships, driving sales, and increasing competitiveness, this study offers critical insights for German tax consulting firms. It enables them to optimize their social media marketing strategies and better align their marketing efforts with customer expectations and market demands.

The background of this topic emerges from the literature, which has examined how SMMAs impact PV, PUR, WPP, and e-WoM. Studies suggest that customer engagement with SMMAs positively influences CBI outcomes, highlighting that greater engagement fosters higher PV, PUR, WPP, and e-WoM (e.g., Choi et al., 2017; Rizka & Hidayatullah, 2020; Torres et al., 2018). Businesses such as German tax consulting firms that strategically use SMMAs often may achieve stronger customer loyalty due to the enhanced value perceived by their audience. Furthermore, effective SMMAs enable businesses such as German tax consulting firms to connect with a broader target demographic and refine marketing efforts to improve returns on investment (Chrisniyanti & Fah, 2022; Seo et al., 2020).

DOI:10.2440/013-0011

This study's research problem builds on the literature gap (Bushara et al., 2023). Despite significant scholarly interest in the relationships between SMMAs and CBIs, such as PV, PUR, WPP, and e-WoM in diverse industries, these associations remain underexplored in the specific context of the German tax consulting sector. Understanding how SMMAs shape consumers' perceptions of PV, PUR, WPP, and e-WoM within this niche is essential. This understanding is fundamental given the growing reliance of German tax consulting firms on SMMAs to inform strategic decisions and optimize marketing investments. Additionally, existing literature has yielded inconsistent findings: while some studies have confirmed a strong relationship between SMMAs and CBIs, others have suggested limited or non-significant effects for specific SMMA components (e.g., Hanaysha, 2018; Moslehpour et al., 2021). These discrepancies underscore the need for further research to clarify these relationships.

Moreover, to date, no studies have specifically investigated the mediating role of PV in the relationships between SMMAs and PUR, WPP, and e-WoM within the German tax consulting industry (Bushara et al., 2023). Addressing this gap, the present study aims to empirically examine how SMMAs influence PV, PUR, WPP, and e-WoM among social media followers of German tax consulting firms. Additionally, it will explore the role of PV as a mediator in these relationships, guided by the stimulus-organism-response (S-O-R) framework. By doing so, this research contributes to a deeper understanding of these dynamics and offers practical insights for German tax consulting firms seeking to optimize their SMMA strategies.

Table 1: *Definitions of Key Terms*

Term	Abbreviation	Definition
Social Media Marketing Activities	SMMAs	are "practices that use social media channels and technologies for creating, communicating, delivering, and exchanging products and services that add value for the organization's stakeholders" (Tuten, 2023; Zerres, 2024). The four SMMA dimensions used in this study are customization, entertainment, interaction, and trendiness (Cheung et al., 2021).
Customer Behavioral Intentions	CBIs	represent the actions customers intend to take following a marketing interaction. These CBIs are critical for service providers such as German tax consulting firms, including online PUR, e-WoM, and WPP.
Purchase Intention	PUR	describes the probability that a customer will buy a tax consulting service. It stems from the notion that customers decide before purchasing (Chiu et al., 2009; Rizka & Hidayatullah, 2020). This process typically involves collecting information, assessing different options, and making a final choice. Price, quality, convenience, and availability significantly affect purchase intention (Liu & Li, 2019).
Electronic Word of Mouth	e-WoM	shapes customer behavior by offering insights into other customers' opinions about a product or service (López & Sicilia, 2014). This can be assessed through online reviews and feedback from individuals who purchased the product or service (Choi et al., 2017).
Perceived Value	PV	refers to a customer's assessment of the worth of a product or service based on its benefits relative to its cost (Zeithaml, 1988). It is influenced by factors such as quality, brand reputation, features, and customer support (Asgarpour, 2014). Customers who perceive higher value in a product or service are more likely to purchase it, pay a premium price, and engage in e-WoM activities, such as sharing their experiences on social media platforms (Gan & Wang, 2017; Pham et al., 2018; Watanabe et al., 2020).
Stimulus-Organism-Response	SOR	is a psychological framework that defines behavior (R) as a result of the interaction between an environmental stimulus (S) and a person's internal responses (Fu et al., 2020; Zhu & Chen, 2015).

The significance and implications for theory and practice are that this research intends to enhance the existing body of SMMA literature by empirically testing a theoretical framework based on the S-O-R model. It examines how customized, entertaining, trendy, and interactive SMMAs (stimuli) influence followers' PV (organism), which in turn drives the CBIs consisting of PUR, WPP, and e-WoM behaviors (responses) among social media followers of German tax consulting firms. This study makes a novel contribution to the field by addressing a notable research gap (Bushara et al., 2023). According to the authors' knowledge, it is the first to evaluate PV as a mediating variable in the relationships between SMMAs and PUR, WPP, and e-WoM within the German tax consulting sector.

From a practical standpoint, the findings offer valuable guidance for German tax consulting firms and marketers in shaping efficient and effective social media strategies to enhance PV, thereby boosting PUR, WPP, and e-WoM outcomes. Moreover, the insights from this research enable these firms to better understand the direct and indirect (via PV) impacts of their SMMAs on CBIs. This knowledge is crucial for fostering long-term customer relationships, increasing revenue, and maintaining competitiveness in the marketplace.

The study is structured as follows: The first chapter is the introduction. The second chapter covers a theoretical framework and the development of the hypotheses. The third chapter presents the research materials and methods. The fourth chapter includes the results, and the fifth discusses them, followed by the conclusion in chapter six.

Theoretical Framework and Development of Hypotheses

The purpose of this quantitative study is to examine the impact of SMMAs on PV and CBIs measured through PUR, WPP, and e-WoM constructs of German tax consulting firms. The overarching research question is build on the purpose of this quantitative study:

What is the impact of SMMAs on PV and CBIs measured through PUR, WPP, and e-WoM constructs of German tax consulting firms?

In this section, the theoretical framework will be presented and the hypotheses will be developed.

Social Media Marketing Activities (SMMAs)

SMMAs are activities that, in the context of this study, German tax consulting firms use to create and communicate content and to enhance revenues by delivering products and services through social media channels that add value to their customers (Tuten, 2023; Zerres, 2024). According to Hollensen (2020), SMMAs can be categorized in social commerce (e.g., selling products and services), entertainment (e.g., gamification such as an online tax calculation tool), community (e.g., consuming content including sharing, liking, commenting), and publishing (e.g., reviews including user-generated content).

Research about SMMA of tax consulting firms is scarce, with a few exceptions. Eschenbrenner et al. (2015) state that mainly global tax consulting firms and, to some extent, second-tier firms use social media channels to share knowledge, develop their brands, market their products and services, and socialize and onboard employees and customers. The former may even experience a significant positive impact of SMMA on financial performance (Chamberlain et al., 2018; Obradović et al., 2023) by, for example, increasing the efficiency of customer acquisition through SMMAs (Rieg & Radeck, 2024).

Research has categorized SMMAs into interaction, customization, entertainment, and trendiness (Bushara et al., 2023; Cheung et al., 2021). These dimensions reflect distinct functions:

DOI:10.2440/013-0011

- customization involves tailoring products to individual preferences (e.g., Godey et al., 2016);
- entertainment focuses on creating enjoyable experiences (e.g., Cheung et al., 2021; Seo et al., 2020);
- interaction facilitates information sharing and engagement, including user-generated content (e.g., Daugherty et al., 2008); and
- trendiness highlights disseminating up-to-date information (Naaman et al., 2011).

The term PV refers to a customer's assessment of the worth of a product or service based on its benefits relative to its cost (Zeithaml, 1988). It is influenced by factors such as quality, brand reputation, features, and customer support (Asgarpour, 2014). Customers who perceive higher value in a product or service are more likely to purchase it, pay a premium price, and engage in e-WoM activities, such as sharing their experiences on social media platforms (Gan & Wang, 2017; Pham et al., 2018; Watanabe et al., 2020). In the context of tax consulting and accounting services, PV can be defined as the customer's assessment of the benefits received from these services relative to the sacrifices made (such as time and money), according to Zeithaml (1988). This evaluation is influenced by the collaborative nature of the service experience, highlighting the importance of customer perceptions in determining value (Sánchez, 2015).

Customer Behavioral Intentions (CBIs)

Customer Behavioral Intentions (CBIs) describe intended actions following a service or activity engagement. CBIs include PUR, WPP, and e-WoM. PUR reflects the likelihood of future purchases. WPP indicates a consumer's readiness to pay more for perceived superior quality or brand reputation. e-WoM captures positive or negative customer expressions, which are shared online, indicating satisfaction and PV. Understanding CBIs is crucial for evaluating the success of service and marketing strategies.

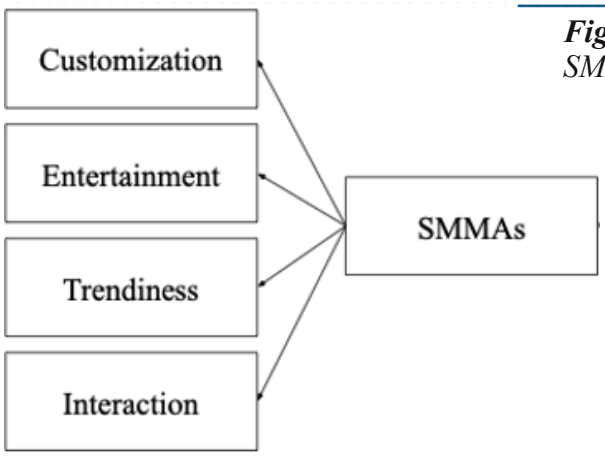


Figure 1: *SMMA categories*

SMMAs and their Impact on PUR, WBB, and e-WoM

Studies highlight that engagement with SMMAs positively influences CBIs (Bushara et al., 2023; Phan, 2024; Prastiwi et al., 2024; Salsabila & Albari, 2023; Zhang et al., 2022). For example, active interaction and entertaining content improve purchase intentions (PUR). Similarly, trendiness and user engagement in SMMAs have enhanced WPP. SMMAs also strengthen e-WoM by encouraging customers to share positive feedback about brands, supported by high-quality, relevant, and engaging content. Thus, we hypothesize:

- **Hypothesis 1 (H1):** SMMAs have a significant positive impact on PUR.
- **Hypothesis 2 (H2):** SMMAs have a significant positive impact on WPP.
- **Hypothesis 3 (H3):** SMMAs have a significant positive impact on e-WoM.

SMMAs and PV

SMMAs foster PV by enhancing customer trust, satisfaction, and engagement. Personalization, responsiveness, and quality content amplify PV by addressing customer needs and improving their overall experience. Empirical studies confirm the significant role of SMMAs in promoting PV, which in turn encourages stronger consumer-brand connections and transactional behavior. Thus, we propose:

- **Hypothesis 4 (H4):** SMMAs have a significant positive impact on customers' PV.

DOI:10.2440/013-0011

PV's Impact on PUR, WPP, and e-WoM

PV is a strong predictor of CBIs. Higher PV leads to increased PUR by satisfying customer expectations, greater WPP through perceptions of superior quality and benefits, and more positive e-WoM due to satisfaction and perceived brand value. These relationships underscore PV's role as a critical driver of consumer behavior. Accordingly, we hypothesize:

- **Hypothesis 5 (H5):** PV has a significant positive impact on PUR.
- **Hypothesis 6 (H6):** PV has a significant positive impact on WPP.
- **Hypothesis 7 (H7):** PV has a significant positive impact on e-WoM.

Mediating Effect of PV

Studies in various industries show that PV mediates the relationship between SMMAs and CBIs (Bushara et al., 2023; Phan, 2024; Prastiwi et al., 2024; Salsabila & Albari, 2023; Zhang et al., 2022). Through SMMAs, businesses can enhance PV, strengthening PUR, WPP, and e-WoM. The SOR model provides a theoretical framework where SMMAs act as stimuli, PV as the organism's response, and CBIs as the behavioral outcome (Response) (see Figure 2). Consequently, we hypothesize:

- **Hypothesis 8 (H8):** PV has a significant positive mediating effect on the relationship between SMMAs and PUR.
- **Hypothesis 9 (H9):** PV has a significant positive mediating effect on the relationship between SMMAs and WPP.
- **Hypothesis 10 (H10):** PV has a significant positive mediating effect on the relationship between SMMAs and e-WoM.

This theoretical framework underscores the importance of leveraging SMMAs to enhance PV and drive favorable CBIs, providing actionable insights for firms, particularly in tax consultancy contexts.

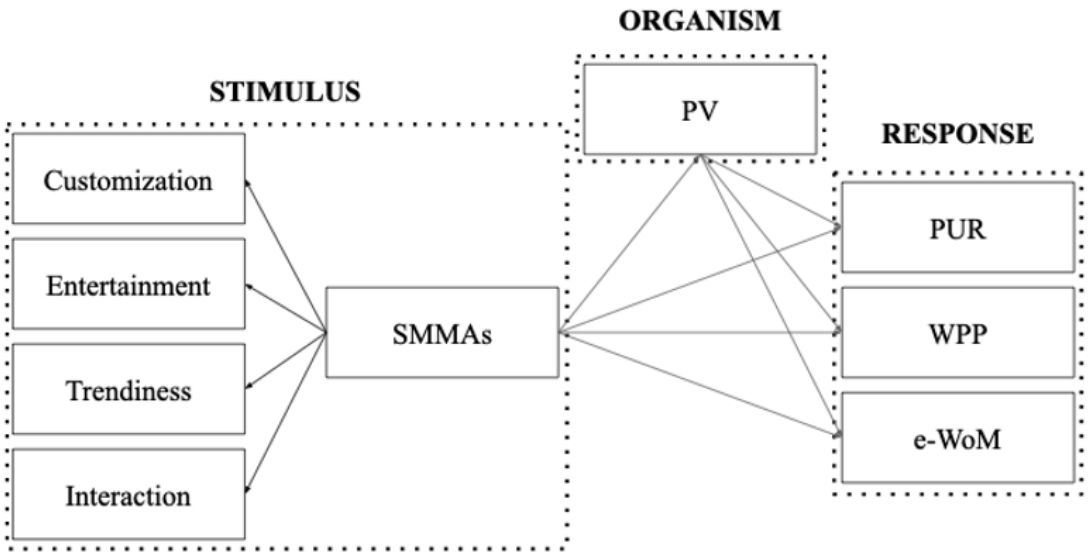


Figure 2: *S-O-R model as the theoretical framework of this study.*

Research Methods and Materials

Research Philosophy

The research philosophy underpinning this study is grounded in positivism, aligning with a quantitative research approach that emphasizes objective observation and measurement (Neubert, 2024; 2023). This philosophical stance adopts a realist ontology, positing that reality exists independently of human perception, and an objectivist epistemology, asserting that knowledge is acquired through observable and measurable facts (Harkiolakis, 2017). Axiologically, the study maintains a value-neutral stance, with the researcher aiming to remain detached and unbiased throughout the

DOI:10.2440/013-0011

inquiry process (Neubert, 2024). The reasoning follows a deductive logic, whereby hypotheses derived from the S-O-R model as theoretical framework are tested empirically (Harkiolakis, 2017). Methodologically, the study employs a non-experimental, cross-sectional design to examine the impact of SMMAs on PV and CBIs measured through PUR, WPP, and e-WoM constructs of German tax consulting firms.

Measures and Instrument Development

The study aims to examine the impact of SMMAs on PV and CBIs measured through PUR, WPP, and e-WoM constructs of German tax consulting firms. The research targets social media users who engage with and interact on the pages of tax consulting firms across various social media platforms, utilizing an online survey distributed via SurveyMonkey to gather data. Online questionnaires are increasingly used due to their numerous advantages, such as cost-effectiveness, time efficiency, the ability to reach a broader and more diverse audience, enhanced reliability and precision, secure and controlled data storage, and the inclusion of multimedia elements like images or videos to clarify concepts and improve the quality of responses (Wright, 2005).

The questionnaire was structured into six sections. The first section collected demographic details and information about participants' social media habits, including gender, age, educational background, preferred social networking platforms, and daily hours spent on social media. The second section focused on participants' perceptions of SMMAs. The third addressed PV, while the fourth, fifth, and sixth sections measured constructs related to PUR, WPP, and e-WoM, respectively.

To assess perceptions of SMMAs, the study utilized a four-dimensional scale adapted from Cheung et al. (2021), encompassing customization (CUS), entertainment (ENT), trendiness (TRE), and interaction (INT). Each dimension included three items. Examples include: „The tax consulting firm offers customized services through its social media," „Using the social media platforms of the tax consulting firm is exciting," „The tax consulting firm's social media content is up to date," and „I can easily share my opinions on the firm's social media." Items measuring PV were adapted from Yang et al. (2020) and Ramadan et al. (2018) and consisted of five statements, such as: „The products and services of the tax consulting firm provide excellent value for money." Purchase intention was measured using a three-item scale adapted from Emini and Zeqiri (2021) and applied by Chrisniyanti and Fah (2022), with an example item being: „I intend to purchase the tax consulting firm's products seen on social media." For e-WoM, Seo et al. (2020) developed a three-item scale: „I will share positive feedback about the tax consulting firm on social media." The WPP was evaluated using a two-item scale adapted from Torres et al. (2018), including items such as: „I would pay a higher price for the tax consulting firm's services compared to similar firms." All constructs were assessed using a five-point Likert scale, with full item details provided in Appendix A.

The questionnaire was originally designed in English and subsequently translated into German, the native language of the responding research participants. To ensure consistency, a back-translation process was conducted by two bilingual experts, confirming equivalence between the original and translated versions. To validate the questionnaire's content, three social media marketing experts reviewed the instrument, providing feedback on question relevance and the survey's ability to capture intended information. Further, the clarity and appropriateness of the questionnaire were evaluated by ensuring the questions were concise and comprehensible and that adequate response options were offered. A pilot study involving 40 participants was conducted, and their feedback

led to minor revisions in wording. Ultimately, the questionnaire demonstrated satisfactory content validity.

Data Collection and Sampling

The target population for this study consisted of social media users who engage with and interact on the pages of tax consulting firms across various social media platforms. A representative sampling approach was employed, utilizing the SurveyMonkey sampling framework. Participants received a link directing them to the survey form, accompanied by a welcome message and a clear description of the study's objectives. They were informed that participation was voluntary and encouraged to review and confirm their responses before final submission (Hiebert et al., 2023). Throughout the data collection period, which spanned approximately four weeks in January 2025, 420 survey responses were gathered. Considering a 95% confidence level and an acceptable margin of error of 5%, the required sample size was 385. Ultimately, 390 responses were included in the final analysis.

Data Analysis

This study replicates the study conducted by Bushara et al. (2023). Data analysis was conducted using SmartPLS version 4.1.0.9 following the process presented by Hair et al. (2024). Frequencies and percentages were computed to summarize participants' demographic characteristics and engagement with social media marketing. The reliability and validity of the construct items were evaluated through confirmatory factor analysis (CFA) in conjunction with Cronbach's alpha (Hiebert et al., 2023). The Harman single-factor test detected common method variance (CMV). Convergent validity was assessed by calculating composite reliability (CR) and extracting the average variance (AVE). Additionally, discriminant validity was examined using indicators' cross-loadings, the Heterotrait-Monotrait Ratio (HTMT), and the Fornell-Larcker criterion. To evaluate the predictive capacity of the structural model, the coefficient of determination (R^2) and the predictors' effect size (f^2) were calculated. Multicollinearity was investigated through the variance inflation factor (VIF). Finally, the study hypotheses were tested, and the statistical significance of the results was determined using partial least squares structural equation modeling (PLS-SEM) with the bootstrapping method (Hair et al., 2024).

Research Ethics

This study received formal Institutional Review Board (IRB) approval from the European Institute of Management (EIM), ensuring full compliance with EIM's Research Code of Practice, which incorporates European Commission standards for ethical conduct in human-subjects research. Informed consent was obtained electronically before participation; participants were assured of their voluntary status, anonymity, and their right to withdraw at any time without penalty. Data collection, storage, and processing strictly followed GDPR and institutional data-protection protocols. Ethical oversight included ensuring no foreseeable harm, safeguarding participants' dignity and rights, and limiting any burden to what was necessary for the study's objectives.

Results

Introduction

The study aimed to examine the impact of SMMAs on PV and CBIs measured through PUR, WPP, and e-WoM constructs of German tax consulting firms. The overarching research question is build on the purpose of this quantitative study: What is the impact of SMMAs on PV and CBIs measured through PUR, WPP, and e-WoM constructs of German tax consulting firms? This chapter presents the empirical findings derived from the analysis of survey data collected from social media users who engage with tax consulting firms across various platforms.

DOI:10.2440/013-0011

Digital transformation has recently resulted in substantial changes in the German tax advisory sector, particularly in client acquisition, brand development, and knowledge sharing. Consequently, the analysis was conducted within this sector (Rieg & Radeck, 2024). The external factors driving this transition include generational change, legal reforms, and the growing demand for technology (Rieg & Radeck, 2024). The investigation focused mainly on clients using social media for tax advice. Study participants were chosen because they were already active on social media. The goal was to learn what real users think about social media marketing activities in a business environment, providing useful knowledge for a good social media strategy.

The research was theoretically grounded in the Stimulus–Organism–Response (S-O-R) framework. In this model, the stimulus was represented by SMMAs, including the dimensions of customization, entertainment, interaction, and trendiness. The organism component captured users' PV, while the response included three behavioral outcomes: PUR, WPP, and e-WoM.

The results section is organized into five sub-sections. First, the pretest of the questionnaire. Second, the data collection process. Third, demographics of the sample. Fourth, the assessment of the measurement model's reliability and validity is reported. Finally, the results of the structural model and hypothesis testing, conducted using partial least squares structural equation modeling (PLS-SEM), are discussed in detail.

Pretest of the Questionnaire

To ensure the validity and contextual appropriateness of the research instrument, a questionnaire was developed and subjected to a pretest prior to the main empirical investigation. The instrument was published online in January 2025 and administered in German, targeting social media users who engage with and interact on the pages of tax consulting firms across various social media platforms. The original scales were translated into German and adapted to reflect linguistic and cultural nuances relevant to the German context. Specifically, this adaptation process involved three primary actions: (1) rephrasing items to align with local communication styles, (2) verifying legal and professional appropriateness within the framework of German tax consultancy, and (3) replacing culturally specific examples with contextually appropriate ones (Behr, 2017; Epstein et al., 2015).

To ensure semantic equivalence between the original and translated versions, a back-translation process was conducted by two independent bilingual experts, following established best practices for cross-cultural instrument development (Brislin, 1970). To evaluate content validity, three subject-matter experts in social media marketing reviewed the instrument and provided structured feedback regarding the relevance, clarity, and completeness of the items (Polit & Beck, 2006). In addition, the clarity and appropriateness of the items were examined by assessing conciseness, comprehensibility, and the adequacy of response options (Taherdoost, 2016).

A pilot study involving 40 participants from the German-speaking target group was conducted to assess the instrument's clarity, length, and structural coherence. Feedback obtained during the pilot phase resulted in minor linguistic revisions and the refinement or replacement of selected items to improve content validity and contextual alignment. Given the limited sample size, no psychometric testing was conducted at this stage, as such analyses require larger sample sizes to produce stable and interpretable results (DeVellis & Thorpe, 2022). Nonetheless, the pretest confirmed that the questionnaire possessed satisfactory content validity and was appropriate for application in the German tax advisory context.

Data Collection

To examine the research model empirically, data were collected through a standardized online survey conducted in January 2025. The target population consisted of social media users who engage with and interact on the pages of tax consulting firms across various social media platforms. The survey was administered using SurveyMonkey and promoted through major social media channels, including Instagram, Facebook, LinkedIn, TikTok, and X/Twitter. To ensure a broader and more demographically diverse sample, SurveyMonkey's Audience Service supported distribution. Participation was voluntary, and respondents remained anonymous in accordance with the European Institute of Management's (EIM) Code of Research Practice.

The questionnaire, developed specifically for this study, was published online in German. It was based on validated scales and adapted to the German tax consultancy context through a rigorous translation and cultural adaptation process. A forward and backward translation procedure was conducted by bilingual experts to ensure linguistic and semantic equivalence (Behr, 2017; Brislin, 1970). The instrument was subsequently evaluated in a pretest, and minor refinements were made based on participant feedback.

The survey instrument consisted of four sections: (1) user demographics and social media usage, (2) perceptions of SMMAs in the domains of customization, entertainment, interaction, and trendiness, (3) PV of social media content, and (4) CBIs, including PUR, WPP, and e-WOM. The SMMA measurement constructs were derived from Cheung et al. (2021), while the behavioral intention items were informed by Seo et al. (2020) and Bushara et al. (2023). The assessment of PV followed established scales from Yang et al. (2020) and Ramadan et al. (2018). All items were presented in German, and participants responded using a five-point Likert scale, ranging from 1 ("strongly disagree") to 5 ("strongly agree").

The digital distribution of the survey enabled rapid data collection and broad geographical reach. Over a four-week period, a total of 433 responses were received. After data cleaning and the exclusion of incomplete questionnaires, 390 valid responses remained for analysis. This final sample size exceeded the recommended minimum of n = 385 required to achieve a 95% confidence level with a ±5% margin of error for population-level estimates (Krejcie & Morgan, 1970).

To ensure statistical validity, the sample size was determined using the method proposed by Krejcie and Morgan (1970), which is widely accepted in survey research when the population size is large or unknown. This approach identifies the minimum sample size required to make population-level inferences with a 95% confidence level and a ±5% margin of error. With 390 valid responses retained after data cleaning, the sample exceeded the recommended threshold (n = 385), ensuring sufficient power and representativeness for quantitative analysis. Unlike experimental designs or simple regressions where GPower is appropriate, this study employed partial least squares structural equation modeling (PLS-SEM) to test complex relationships among latent constructs. In such cases, rule-based or table-based estimations are preferred, as GPower does not account for the model complexity inherent in SEM (Hair et al., 2024; Sarstedt et al., 2019).

Sample Demographics

According to the Media Study 2024, social media use in Germany varies significantly depending on age group. Around 82 percent of 14- to 29-year-olds use Instagram at least once a week, while this percentage drops to 18 percent for 50- to 69-year-olds and just 5 percent for the over-70s. Platforms such as TikTok or Snapchat reflect comparable age structures, as these are mainly used by younger users. In contrast, Facebook has relatively higher usage

DOI:10.2440/013-0011

rates among people over the age of 30. The chart on the 'Distribution of social media platform users by age group in Germany in 2024' illustrates the differences and clearly shows how different age groups characterise the use of the platforms.

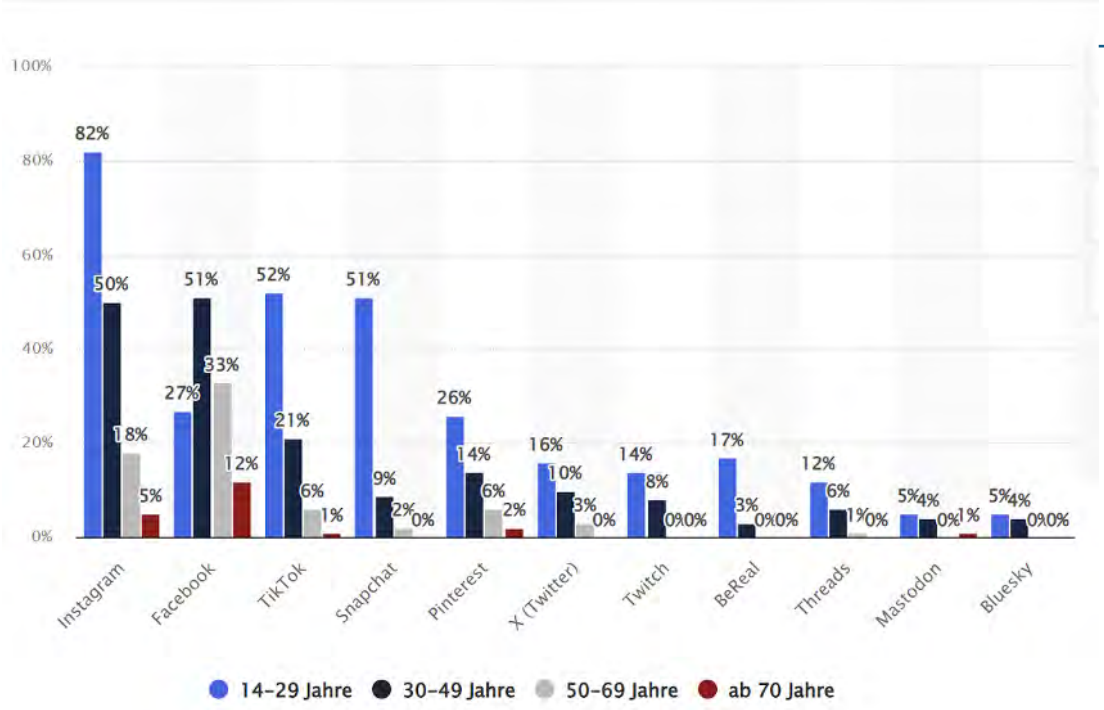


Figure 3: *Share of users of social media platforms by age group in Germany in 2024. Source: Statista (2025).*

A total of 453 individuals were included in this study. The majority of participants were middle-aged. 158 individuals (34.9%) were between 35 and 44 years old; 104 participants (22.9%) were aged 45 to 54, and 80 individuals (17.7%) were between 55 and 64 years old. 61 participants (13.5%) were between 25 and 34. The oldest age group (65 to 74 and older) was represented by 45 individuals (9.9%). Only three participants (0.7%) were younger than 25 years.

Age Group	Number
Under 25	3
25–34	61
35–44	158
45–54	104
55–64	80
65–74	38
75 or older	7

The age distribution in our study essentially correlates with the results of the Statista study (Statista, 2025), but shows a significant focus on older user groups. The ARD/ZDF study shows that people under 30 dominate social media. In contrast, our sample is heavily weighted towards the 35-64 age group (75.5% in total). Only 14.1% of the participants were younger than 35. This discrepancy can be explained by the fact that our study specifically examined users in the context of tax firms. Very young people, in particular, do not generally need a tax advisor, either because they have no tax liability or because their financial situation is not very complex. In addition, this age group can be expected to have a relatively low level of interest in tax-related content. The results of our study are consistent with the overall picture, which is also illustrated by the population-representative data from the Statista study.

Most participants (169 = 37.3%) held a university of applied sciences entrance qualification or an equivalent diploma.

DOI:10.2440/013-0011

71 individuals (15.7%) had already completed a master's degree or a postgraduate program. 66 individuals (14.6%) held a bachelor's degree, 14 individuals (3.1%) were currently enrolled in a degree program, and eleven participants (2.4%) had completed a preliminary diploma. 117 participants (25.8%) had an educational background below the University of Applied Sciences entrance qualification; two individuals did not provide information about their educational level.

Education Level	Number
No response	2
Less than university entrance qualification	117
University entrance qualification or equivalent	169
Incomplete university degree	14
Preliminary diploma (Vordiplom)	11
Bachelor's degree	66
Master's degree or postgraduate studies	71

The participants' monthly income exhibited significant variability, with an average of €3,412 and a median of €2,700, suggesting a somewhat skewed distribution; reported incomes spanned from €1.70 to €100,833. Additionally, the mobile devices used by participants were recorded (Android smartphones, iPhones, Windows PCs, Macs, or other devices). In general, mobile devices were primarily used to access social media.

Monthly Income (€)	Number
Less than 1,000	25
1,000–2,000	84
2,000–3,000	106
3,000–4,000	83
4,000–5,000	45
5,000–6,000	32
More than 6,000	26

N	401
Missing	52
Mean (€)	3,412
Median (€)	2,700
Std. Deviation	5,723
IQR (€)	2,150
Minimum (€)	1.70
Maximum (€)	100,833

Data Analysis

Evaluation of the Measurement Model

Indicator Reliability and Internal Consistency

Initially, it was determined whether it was possible to measure the various structures using their indicators accurately. In this context, Cronbach's Alpha (CA) and Composite Reliability (CR) were implemented. Hair et al. (2021) regard a threshold of 0.70 as acceptable for both metrics, while values exceeding 0.80 are considered beneficial. All structures achieved significantly above-average values in both CA and CR (CA: 0,841 to 0,938; CR: 0.888 to 0.954), which corroborates the high precision of the measurement.

Convergent Validity

To evaluate the reliability and convergent validity of the constructs, Cronbach's Alpha (CA), Composite Reliability (CR), and Average Variance Extracted (AVE) were calculated. Cronbach's Alpha assesses the internal consistency of a construct by examining the variances of individual items and the overall variance. It assumes that all items contribute equally to the construct (tau-equivalence). In contrast, Composite Reliability considers the standardized factor loadings of the individual items and their measurement errors, thus providing a more precise internal consistency estimate. The cal-

DOI:10.2440/013-0011

culations were performed using the conventional formulas, taking into account the squared standardized loadings and associated error variances.

The AVE reflects the average proportion of variance explained by the latent construct in its indicators. It is computed as the mean of the squared standardized loadings for each item. The necessary factor loadings were estimated using principal component analysis. Based on the collected data, all three parameters (CA, CR, and AVE) were calculated separately for each construct. The necessary loadings were approximated during a principal component analysis. Based on the collected data, the three parameters were calculated separately for each construction. The AVE was calculated to evaluate the convergence validity. The minimum requirement of 0.50 (Fornell/Larcker, 1981) is consistently met with AVE values between 0.615 and 0.826. This indicates that specific structures account for a significant portion of their characteristic differences.

Construct	CA	CR	AVE
Customization (CU)	0.882	0.916	0.685
Entertainment (EN)	0.841	0.888	0.615
Interaction (IN)	0.926	0.943	0.735
Trendiness (TR)	0.901	0.928	0.688
Perceived Value (PV)	0.917	0.936	0.709
Purchase Intention (PUR)	0.938	0.954	0.810
Willingness to Pay a Premium (WPP)	0.906	0.934	0.826
e-WoM	0.913	0.940	0.797

Discriminant Validity

The Fornell-Larcker criterion was implemented initially to evaluate discriminant validity. The square root of the AVE of each construct must exceed its correlations with any other construct. This condition was consistently satisfied. In addition, the Heterotrait-Monotrait ratio (HTMT) was computed, and all values were below the conservative threshold of 0.85. Following Henseler et al. (2015), this validates discriminant validity.

Evaluation of the Structural Model

Multicollinearity

Multicollinearity was assessed by computing the Variance Inflation Factor (VIF). No values were discovered above the threshold of 5, indicating that multicollinearity does not exist (c.f. Hair et al., 2021).

Path Coefficients and Hypothesis Testing

Bootstrapping (5,000 resamples)[1] was employed to execute the hypothesis tests and path coefficients. The subsequent table provides a concise summary of the findings:

[1] Bootstrapping is a statistical method that is based on resampling and is employed to evaluate the accuracy and stability of predictions, particularly when it is not possible to make any or only limited assumptions about the distribution of the data. It is a critical component of the PLS-SEM analysis (Partial Least Squares Structural Equation Modelling).

Hypothesis	Path Coefficient (β)	t-Value	p-Value	Supported
H1: CU → PV	0.331	5.872	<0.001	Yes
H2: EN → PV	0.204	3.981	<0.001	Yes
H3: IN → PV	0.278	5.037	<0.001	Yes
H4: TR → PV	0.154	2.465	0.014	Yes
H5: PV → Purchase Intention	0.712	14.387	<0.001	Yes
H6: PV → Willingness to Pay a Premium	0.619	11.422	<0.001	Yes
H7: PV → e-WoM	0.665	12.749	<0.001	Yes

All phases of the structural model are statistically significant. PV's influence on the behaviour under investigation is particularly substantial regarding the general attitude dimension and the recommendation attitude (e-WOM). The construct „Customisation" has the strongest impact on PV among SMMAs, followed by „Interaction" and „Entertainment."

Coefficient of Determination (R^2 Values)

The R^2 values indicate the extent to which the variance of the dependent variables is accounted for. Values exceeding 0.67 are considered significant, those exceeding 0.33 are considered moderate, and those exceeding 0.19 are considered low (Chin, 1998). The following result is presented in the evaluation:

The R^2-values were automatically determined during the model estimation process using SmartPLS to illustrate the extent to which the corresponding parameters in the structural model account for the variance of the endogenous constructs. For instance, a R^2 value of 0.649 for the PV indicates that social media marketing activities can account for approximately 65% of the variance of this construct.

- Substantially PV: $R^2 = 0.649$
- Purchase Intention: $R^2 = 0.507$ → Moderate
- Willingness to Pay Premium: $R^2 = 0.383$ → Moderate
- e-WoM: $R^2 = 0.442$ → Moderate

Therefore, the model elucidates the PV well and strongly explains the behavioural intentions.

Predictive Relevance (Q^2 Values)

The Q^2 values were determined using the blindfolding procedure to assess predictive relevance. All Q^2 values were positive, indicating the accuracy of the predictions for the endogenous constructs (Hair et al., 2021). This supports the claim that the model is both explanatory and predictive.

Interpretation of the Key Findings

The results of the structural equation modeling confirm the assumptions of the S-O-R model in the context of this study. The findings show that SMMAs, especially customization and interaction, significantly contribute to explaining PV. This, in turn, strongly influences psychological and behavioral outcomes such as trust in the firm, satisfaction with the Instagram account, openness to online consulting, and the intention to engage in e-WoM recommendations.

The individual customization of content is the key factor in shaping PV. Users appreciate when content is relevant, tailored to the target audience, and presented in a personally engaging manner. Furthermore, communication through interactive formats such as polls, Q&As, or story reactions significantly enhances PV. These results align with the findings of Yadav and Rahman (2018), who iden-

DOI:10.2440/013-0011

tify interactivity and personalization as key elements of added value on online platforms.

Notably, while entertainment and trendiness can influence PV, their impact is less pronounced than other factors. This may suggest that entertainment and trendiness can positively affect the tax advisory sector, but are less important than customization and interaction. PV strongly impacts all four endogenous constructs. The importance of a continuous, professional, and transparent Instagram presence becomes particularly evident in relation to trust in the firm. PV largely explains satisfaction with the social media presence, highlighting the significance of a positive perception of digital touchpoints. The results show that a high PV increases the likelihood of individuals using digital consulting services and significantly raises the probability of recommending the firm via e-WoM. Using social media for digital brand communication has a positive effect on brand image and serves as a strategic tool for retaining existing clients and attracting new ones.

Study Results

Below are all the tested hypotheses summarized and briefly evaluated in terms of their confirmation by the empirical results.

H1: SMMAs have a significant positive impact on PUR.

- Confirmed. The results show a significantly positive path coefficient from SMMAs to PUR, indicating a direct enhancement of purchase intention through SMMAs.

H2: SMMAs have a significant positive impact on WPP.

- Confirmed. The significant positive direct effect suggests that customers are more willing to pay a premium when SMMAs provide added value.

H3: SMMAs have a significant positive impact on e-WoM.

- Not confirmed (directly). The direct effect was slightly negative ($\beta = -0.072$) and not significant. However, the indirect effect via PV was strongly positive, indicating a suppression effect (MacKinnon et al., 2000).

H4: SMMAs have a significant positive impact on PV.

- Confirmed. The positive coefficient demonstrates that SMMAs increase PV from the customers' perspective.

H5: PV has a significant positive impact on PUR.

- Confirmed. Higher PV leads to higher PUR, which aligns with previous research findings.

H6: PV has a significant positive impact on WPP.

- Confirmed. Customers perceiving high value are more willing to pay a premium, supported by significant coefficients.

H7: PV has a significant positive impact on e-WoM.

- Confirmed. A high PV correlates with more frequent and positive e-WoM.

H8: PV has a significant positive mediating effect between SMMAs and PUR.

- Confirmed. The indirect effect is strong ($\beta = 0.843$, $p = 0.014$), confirming PV as a mediator.

H9: PV has a significant positive mediating effect between SMMAs and WPP.

- Confirmed. The mediation is significant ($\beta = 0.756$, $p = 0.038$), highlighting the importance of PV for WPP.

H10: PV has a significant positive mediating effect between SMMAs and e-WoM.

- Confirmed (indirectly). Despite a negative direct effect, the significant positive indirect effect ($\beta = 0.844$, $p = 0.011$) indicates strong mediation via PV—an instance of suppression (MacKinnon et al., 2000).

Structure Model – Power Densities and Significance

The structural model analysis reveals that all hypothesized relationships between the constructs are statistically significant ($p < 0.05$). This indicates that the empirical data support the theoretical framework.

The p-values show that the individual components of SMMAs have varying effects on PV:

- Customization → Perceived Value: $\beta = 0.422$, $p < 0.001$
- Perceived Value → Interaction: $\beta = 0.285$, $p < 0.01$
- Perceived Value → Entertainment: $\beta = 0.203$, $p < 0.05$

The evaluation of these results demonstrates that customization is the most influential factor. When content is tailored to clients' specific needs through personalized communication formats, targeted advice, or practical tips, its PV significantly increases. Furthermore, user involvement, such as via polls, comment functions, or personal responses to posts, has a notably positive effect. Entertainment, including visually appealing designs or humorous content, also contributes to PV, albeit to a lesser extent.

In contrast, trendiness and e-WoM did not significantly influence PV. This may be due to the nature of the tax advisory industry, where users are generally less influenced by viral or fashion trends. Recommendations from other users play a smaller role in shaping PV than in more consumption-oriented sectors.

The study demonstrates that an increased PV has a significant influence on social media behavior:

- Perceived Value → Willingness to Share Information: $\beta = 0.498$, $p < 0.001$
- Perceived Value → Willingness to Seek Advice: $\beta = 0.423$, $p < 0.001$

When information is perceived as valuable, users are more inclined to engage with the firm by requesting more details, saving content, or asking questions. Additionally, the willingness to recommend the firm increases, positively impacting the reputation and visibility of tax consulting firms.

Overall, the findings highlight the central role of PV in the effectiveness of social media marketing strategies.

Coefficients of Determination (R^2)

The coefficient of determination (R^2) was calculated to assess the model's explanatory power.

- The PV (PV) shows a substantial R^2 of 0.649, which is considered high.
- The level of information acquisition readiness has an R^2 of 0.497, classified as moderate.
- The willingness to recommend is associated with an R^2 of 0.438, also considered moderate.

An R^2 value of 0.649 for PV indicates that the five SMMA dimensions explain nearly two-thirds of the variance in this construct—an exceptionally high value for a psychological variable. The two behavioral outcome variables also demonstrate moderate R^2 values, which reflect strong explanatory power and further validate the theoretical model structure.

Effect Sizes (f^2)

The effect sizes (f^2) were used to assess the relative impact of individual predictors on the mediating construct of PV.

- Customization → Perceived Value: $f^2 = 0.271$ → Significant effect

DOI:10.2440/013-0011

- Interaction → Perceived Value: f^2 = 0.129 → Moderate effect
- Entertainment → Perceived Value: f^2 = 0.078 → Small effect

These findings once again highlight the critical importance of personalized content within the social media strategy of tax consulting firms. Personalization appears to be especially impactful in a field that heavily relies on trust. Trendiness and e-WoM did not produce meaningful effect sizes ($f^2 < 0.02$), confirming their limited relevance in this particular context.

The Robustness and Relevance of the Results

In order to guarantee the relevance and stability of the results, a bootstrapping experiment was conducted with 5,000 subsamples. The null value was excluded from all significant phases by the confidence interval (95%), which suggests that the identified connections are statistically robust. This indicates that the effects in question were not the result of chance.

Interpretation of the Results

The results indicate that Social Media Marketing can be effective in tax consulting, provided that it is strategically planned and targeted at the appropriate audience. Not all components of the conventional SMMA scale are equally significant: Trendiness and e-WoM appear less significant, while content adaptation (customisation) is the most effective method for increasing PV. This position is consistent with the industry's extensive consulting activity, prioritizing customised solutions. Furthermore, it is evident that an increased PV does not directly lead to decisions, as is the case in traditional e-commerce models, but rather to behaviour orientated around relationships, as evidenced by the active recommendation and the search for additional information. These objectives are particularly critical for law firms that intend to establish and maintain relationships with their clients through social media. The study demonstrates the overall significance of strategic social media communication for tax consulting firms, not only in terms of short-term conversions but also in terms of long-term value growth through trust, interaction, and individual communication.

Summary

The findings of the quantitative study indicate that SMMAs substantially impact the PV of tax consulting firms. PV is primarily enhanced through customization, interaction, and entertainment, with customization having the strongest effect. Trendiness and electronic e-WoM showed no significant influence in the context of tax consulting. PV demonstrably affects user behavior on social media: when users perceive high value, both their willingness to seek information and their likelihood to recommend the firm increase. This reinforces the central role of PV within the professional service paradigm. The R^2 values indicate strong explanatory power of the model, especially regarding the construct of PV. The effect sizes further emphasize the importance of personalized content in communication. The results are statistically robust and were validated using bootstrapping procedures. Overall, it becomes clear that strategically implemented social media marketing, especially campaigns emphasizing personalized and interactive content, can positively influence customer engagement online. Tax advisory firms benefit more from trust-building and value-driven communication strategies than trendy or viral formats.

Evidence of Trustworthiness

Quality standards were assessed during the analysis using PLS-SEM to ensure the reliability of the study's results. In particular, construct validity, reliability, and overall model quality were the basis for validation.

Convergent Validity and Reliability

Convergent validity was assessed using the AVE. All latent variables in this model exhibited AVE values above the threshold of 0.50, indicating that the associated indicators explain more than

DOI:10.2440/013-0011

half of the variance of their respective constructs (Chin, 1998). Furthermore, all constructs showed a CR greater than 0.70, which, according to Henseler, Ringle, and Sinkovics (2009), suggests a strong internal consistency of the measurement instruments.

Discriminant Validity

Discriminant validity was assessed using the Fornell-Larcker criterion and the Heterotrait-Monotrait ratio (HTMT). The square root of the AVE for each construct exceeds its correlations with other constructs (Fornell-Larcker criterion), confirming the precision of the measurement models. Additionally, all HTMT values are below the recommended threshold of 0.85 (cf. Henseler et al., 2009), indicating strong discriminant validity. Discriminant validity was assessed using the Fornell-Larcker criterion and the HTMT. The square root of the AVE for each construct exceeds its correlations with other constructs (Fornell-Larcker criterion), confirming the precision of the measurement models. Additionally, all HTMT values are below the recommended threshold of 0.85 (cf. Henseler et al., 2009), indicating strong discriminant validity.

Multicollinearity

As part of quality assurance, the presence of multicollinearity was also examined. The VIF values of all indicators were below the critical threshold of 5, indicating no problematic multicollinearity among the predictors (cf. Dwivedi et al., 2022).

Model Fit (R^2 and f^2)

The quality of the structural equation model was assessed by evaluating the coefficient of determination (R^2) for the dependent variables and the effect sizes (f^2). The R^2 values indicate moderate to substantial explanatory power (see Chapter 4.5). The effect size f^2 was also examined, revealing that some of the analyzed constructs have moderate to strong effects. This supports the model's explanatory strength and highlights its significant predictive relevance (cf. Chin, 1998).

Model Prediction (Q^2)

The predictive relevance of the model was evaluated using the blindfolding procedure and applying the Stone-Geisser criterion (Q^2). All Q^2 values are positive, which, according to Henseler et al. (2009), indicates that the model demonstrates adequate predictive accuracy. This suggests that the model can make predictions not only for the analyzed sample but also for hypothetical observations.

Critical Reflection and Limitations

A thorough evaluation is essential, notwithstanding the general dependability of the findings. The model is derived from a particular sample within the German tax advice business, perhaps constraining its generalisability. Being a cross-sectional research, it is incapable of establishing causal correlations across time. Social desirability and answer biases, such as acquiescence, may affect self-reported data in online surveys. Furthermore, quality measures such as AVE, CR, VIF, and HTMT are contingent upon standards that may differ among study disciplines. Although these limitations do not diminish the importance of the findings, they underscore the necessity for more research to evaluate the model in many situations and with longitudinal data.

Credibility

The credibility of this study's results is based on various methodological steps that ensure data precision and the validity of the conclusions; credibility plays a particularly central role.

Theory-Driven Model Development

The developed structural model is based on well-established theoretical concepts, the S-O-R model, which has been effectively applied in numerous marketing studies. The constructs for SMMAs were adopted from reliable measurement instruments (cf. Yadav & Rahman, 2018). Cheng et al. (2021) implemented these measures, and in this study, they were adapted to the specific context of tax advisory services in Germany.

DOI:10.2440/013-0011

Empirical Foundation through PLS-SEM

The decision to use the PLS-SEM approach was made deliberately, as it has been successfully applied in exploratory research questions and complex models involving multiple latent variables (see Chin, 1998; Henseler et al., 2009). The evaluation of the measurement and structural models followed established quality criteria, including reliability, convergent and discriminant validity, and the independence of indicators with regard to multicollinearity (see Chapter 4.6). The significant path coefficients, the high R^2 values of key constructs, and the appropriate model fit all point to a solid empirical foundation for the results.

Reflection on Potential Biases

Potential sources of bias—such as common method bias, social desirability, and sample selection—were thoroughly examined to strengthen the study's credibility. The collected data did not show any concerning indications of multicollinearity or method-related bias. Nevertheless, limitations in the study design were highlighted to ensure transparency.

Transferability

This study developed a theoretically grounded and practice-oriented model focusing on SMMA activities in tax advisory services. It remains uncertain whether the findings can be applied to other industries, target groups, or media contexts.

Industry- and Context-Specific Transferability

The study focuses specifically on social media users in the accountancy sector. However, it uses established online marketing concepts such as 'individualisation', 'entertainment', 'interaction', 'trend awareness', and 'PV'. These concepts can be applied across industries and contexts. They were designed for tax consulting and have proven effective in the e-commerce, services, and consumer goods sectors (cf. Cheng et al., 2021; Yadav/Rahman, 2018). Cautious implementation in comparable knowledge-based services such as management consulting, legal advice, or coaching is in principle possible, especially in areas where trusting client relationships are built through digital communication. The study focuses specifically on social media users in the field of tax advisory services, but uses established online marketing concepts such as „individualisation", „entertainment", „interaction", „trend awareness", and „PV". These concepts can be applied across industries and contexts.

Target Group Appropriateness

All study participants were adults who were regularly active on social media. Consequently, the findings can be effectively applied to target groups that tend toward digital media and have prior experience with online tax advisory services. The transferability of the results is limited for customer groups with more traditional views and lower trust in technology. Given the structural similarities between tax advisory services and other trust-based, knowledge-intensive services, a careful contextual transfer of the concepts is methodologically justified.

Methodological Transferability

The stability of the model and the methodological approach (PLS-SEM) allows for its application with relatively low to moderate sample sizes (Chin, 1998; Henseler et al., 2009). In this way, the research technique is also suitable for comparable studies in related fields. The measurement instruments were tested and are suitable for future research, provided they are adapted to contextual differences and reapplied accordingly.

Dependability

Dependability pertains to the consistency and repeatability of the research process over time in qualitative and quantitative research. Dependability may be translated into German using terms such as „reliability" or „stability." A study is considered reliable if it would yield similar results under similar conditions

and with identical methodological steps. This quantitative study emphasized precise methodology, clear presentation, and comprehensive documentation to ensure reliable dependability.

Documentation of the Research Process

The entire empirical study was meticulously organised and documented at every stage, from developing the question frame to data collection and analysis using PLS-SEM. The operational concepts were derived from pertinent sources (Cheng et al., 2021). Yadav and Rahman (2018) conducted this using a standardised online survey.

In contrast to the study by Yadav and Rahman (2018), which focused on Indian university students as particularly active social media users and applied predefined user criteria for the construct survey, the present study was aimed at a deliberately broader target group: the participants consisted mainly of working people with experience in tax consulting and social media. The SMMAs were also operationalised along the five dimensions, although they were adapted linguistically and contextually to the needs of the German tax consulting industry. According to Yadav and Rahman (2018), the CEDs and the dependent construct of customer loyalty were measured using established measurement instruments. In view of the need to evaluate the quality criteria (reliability, convergence and discriminant validity) as well as hypothesis testing, SEM was also used here, but with a more practice-oriented focus on the German market. The results of the two studies are methodologically comparable, but reflect different socio-cultural contexts and target groups.

The SmartPLS application was used to conduct the data analysis and evaluation, ensuring that all steps were thoroughly documented, from the model design to the evaluation of reliability and validity to the determination of the coefficients.

Consistency of the Measurement Instruments

The reliability values of all constructs exceeded the recommended thresholds, as determined by Henseler et al. (2009). This includes the combined reliability and Cronbach's Alpha. The convergence and discrimination validity were both confirmed. This suggests a stable model structure and a high internal consistency of the measuring devices. Furthermore, the stability of the results was monitored through the application of bootstrapping with 5,000 resamples to ensure the verification of confidence intervals and significance.

Confirmability

Confirmability, also known as „reliability“ or „objectivity,“ refers to the extent to which the results of a study are based on the collected data and are not influenced by subjective biases, preconceived notions, or the interests of the researchers. Confirmability ensures that the data interpretation can be replicated similarly by other researchers and that the analysis is based on clear and transparent principles.

The objectivity of data acquisition and analysis

In order to mitigate potential errors in research, a standardised and largely automated process for data acquisition and analysis was implemented. The questionnaire was administered online without the participants' identification, thereby excluding the possibility of any interference from researchers. The responses were entirely digitally captured and uploaded to SmartPLS 4 without any modifications. The analysis was conducted in accordance with a straightforward, literature-based PLS-SEM procedure (see Chin, 1998). Henseler et al. (2009) have created a model that other researchers can use and reevaluate.

Results' theoretical repercussions

The study's findings are founded on recognised theoretical models and concepts from research on SMMA, PV, and

DOI:10.2440/013-0011

CBI in the digital environment (Cheng et al., 2021; Dwivedi et al., 2022; Yadav & Rahman, 2018). The structures were not generated by chance but are theoretically based and derived from the literature. Similarly, the hypotheses are derived from these models, which ensures a strong theoretical connection.

Documentation and Reliability

The documentation of all phases, including data acquisition, data cleaning, model development, and result interpretation, was conducted transparently. The elements, units, thresholds, and statistical values (e.g., factor coefficients, confidence intervals, and R^2-values) were disclosed. In this way, it is ensured that third parties can fully understand all decisions and outcomes. Bootstrapping methods were implemented in an additional effort to evaluate the significance and stability of the power coefficients.

Reflection on research-based assumptions

The underlying work places particular emphasis on methodological objectivity and theoretical foundations, even though complete neutrality in research is only theoretically feasible. The interpretive process was conducted without the influence of the researcher's personal opinions or expectations. Instead, all assertions were predicated on empirical evidence. The potential subjectivity was reduced by implementing a deductive research approach, standardised scales, and automated analysis tools.

Discussions

Interpretation and Findings

This study analysed how SMMAs–characterised by customisation, entertainment, trendiness, and interaction–influence PV and thereby influence key behavioural intentions (PUR, WPP, and e-WoM) in the German tax consultancy sector. At the beginning of this study, nine research hypotheses were formulated, which will be tested below using the quantitative study results.

Direct effects of SMMAs on behaviour: No significance

Hypotheses H1-H3 examine whether SMMAs can directly elicit behavioural intentions. However, the results show that the direct links of SMMAs to PUR ($\beta = -0.008$; $p = 0.982$), to WPP ($\beta = -0.261$; $p = 0.484$), and to e-WoM ($\beta = -0.072$; $p = 0.834$) do not show statistical significance. They are also labelled with a minus sign. Consequently, these effects are not only insignificant but even surprisingly weakly negative. The results suggest that marketing measures in social networks do not directly increase the PUR, WPP or the recommendation rate. Before these measures can influence behaviour, they must be considered valuable and relevant. The results suggest that a direct influence on behaviour through SMMA is insufficient in the professional area of tax advice, although this could be possible in dynamic consumer goods markets.

Strong influence of SMMAs on the perceived benefit

In the fourth hypothesis (H4), it was assumed that SMMAs have a significant positive effect on the PV of users in connection with tax advisory firms. The empirical results fully confirmed this assumption. The path analysis found that the collective influence of social media on sales was significant and strong (path coefficient $\beta = 0.944$, $p < 0.001$). This value indicates a strong association, suggesting that the quality and design of social media activities can explain almost all of the benefits of digital content. In addition, different aspects of SMMAs were found to have varying degrees of influence on PV.

- Customisation had the largest effect ($f^2 = 0.271$), indicating that tailored content is particularly effective.
- Interaction had a moderate effect ($f^2 = 0.129$), emphasising the importance of active user participation.
- Entertainment had a smaller but still significant effect ($f^2 = 0.078$).

DOI:10.2440/013-0011

- Trendiness had a rather low impact and could not have a significant influence on PV.

The evaluation of the data indicates that users in the tax consultancy sector benefit particularly from customised content and actively participate in order to achieve a high level of benefit.

Indirect Effects via PV: Central Mediating Role Affirmed

Hypotheses H5–H7 examine how PV affects behaviour. Consistently high, significant and positively orientated path coefficients can be identified. H5 (PV → PUR): The coefficient β is 0.884 with a significance level of p = 0.011. There is a clearly positive effect: people with a high PV tend to opt more often for tax advisory services. With an increase in value, the willingness to pay a premium increases according to β = 0.803 and p = 0.032 conferring to H6 (PV → WPP). For H7 (PV → e-WoM), β is 0.893 and p is 0.008. The link to the willingness to recommend (e-WoM) something to others is particularly strong. The greater the estimated value of the offer, the more likely it is that customers will actively communicate this in the digital realm. The present results provide experimental evidence that the subjectively assessed benefit is not only a significant psychological factor, but also a decisive factor for the online marketing behaviour of tax advisors. The indirect effect (SMMAs → PV → PUR) is β_indirect = 0.843 with a significance level of p = 0.014.

Mediation Effects: Complete Mediation through PV

The current study clearly confirms assumptions H8 to H10: PV acts as a significant mediator between the activities in SMMAs and the three analysed behavioural intentions - PUR, WPP and e-WoM.

H8: PV mediates the influence of social media marketing activities on PUR. The evaluation suggests that there is substantial mediation, as a high indirect effect of β = 0.843 (p = 0.014) was found. This means that if the quality, relevance and usefulness of the social media measures are perceived to be higher, the purchase intention also increases, but not directly, but only via mediation by PV. This finding is consistent with the results of Chen and Lin (2019), who showed in their practical study with Facebook users from Taiwan that SMMAs do not directly influence purchase intent, but rather via the mediating factors of social identification, PV and customer satisfaction. Both studies suggest that social media marketing is only effective if it is perceived as valuable.

H9: PV mediates the effect of SMMAs on WPP. There is also a significant mediation of WPP by PV, which is shown to be significant (β = 0.756, p = 0.038). It can be seen that the willingness of users to accept a higher price for the tax consulting firm's services increases if they rate the perceived benefit from the SMMAs as high. These results are particularly important in the knowledge-based services sector, such as tax advice, where the willingness to accept prices is strongly associated with trust and perceived competence. This correlation was also discovered by Chen and Lin (2019). In their study, they state that the PV results from the quality of the information, the interactivity of the service and the personalised approach, which has a direct impact on the willingness to pay.

H10: PV illustrates the effects of SMMAs on e-WoM. It is clear that positive e-WoM is strongly influenced by perceived usefulness, with an indirect effect of ß = 0.844 (p = 0.011). Clients tend to be more likely to recommend tax firms if they perceive the content on social media to be useful, not because it is 'trendy', but because of the provision of relevant, trustworthy, and helpful information. Chen and Lin (2019) also came to a similar conclusion: in their study, e-WoM was strongly triggered by PV. Customers are particularly willing to share their experiences publicly if they iden-

DOI:10.2440/013-0011

tify with the brand and recognise a clear benefit.

In the frequently cited study by Chen and Lin (2019), they researched the effects of SMMAs on purchasing behaviour and e-WoM and also identified PV as an important mediating variable. The present study shows methodological proximity to the following aspects:

- the application of PLS-SEM to test hypotheses,
- the integration of the structures into the S-O-R model,
- the understanding of PV as a key psychological mechanism for behaviour.

In particular, the field of research (B2C products vs. professional services) and the target group (consumer-orientated Facebook users vs. digitally savvy tax consultancy clients) show differences. Nevertheless, both studies show that SMMAs without PV have no impact on behaviour, regardless of the cultural or industry-specific context.

This study therefore uses empirical data to show that the perceived benefit is a decisive factor through which SMMAs have an impact on customer behaviour. Direct explanations for purchase intent, willingness to pay, or e-WoM are not possible through SMMAs. Only when they are seen as useful, relevant and trustworthy do behavioural effects occur. This emphasises the importance of PV in the business B2B service area of tax advice, similar to the findings of Chen and Lin (2019) in consumer goods.

This study uses empirical data to show that perceived benefit is a decisive mechanism through which SMMAs influence customer behaviour. Direct explanations for purchase intention, willingness to pay, or e-WoM are not possible through SMMAs. Only when they are seen as useful, relevant, and trustworthy do behavioural effects occur. This emphasises the importance of PV in the business B2B service area of tax consulting, similar to the findings of Chen and Lin (2019) in consumer goods.

Suppression effect: Opposite signs of the direct and indirect paths

Investigating hypothesis H10, which analyses the relationship between SMMAs and e-WoM, including the mediator PV, a remarkable result emerges. The current study shows that the direct influence of SMMAs on e-WoM is slightly negative ($\beta = -0.072$), while the indirect path via PV is significantly positive ($\beta_indirect = 0.844$, $p = 0.011$). A comprehensive analysis results in a positive overall effect of $\beta_total = 0.772$.

Such a constellation, with a negative direct and a positive indirect effect, characterises a suppression effect according to an inconsistent mediation model (MacKinnon, Krull & Lockwood, 2000, p. 176 ff.). When this occurs, the mediating variable (in this case, PV) either partially or fully compensates for the detrimental direct influence of the predictor (SMMAs) on the criterion (e-WoM). In the literature, this situation is also called „competitive mediation“, as the direct and indirect routes have opposite directions and „compete“ for explanatory power.

In terms of content, this can be understood as follows: If PV is not considered, extensive social media activities by consulting firms could be seen as too promotional, egocentric, or superficial. This could result in clients recommending the company less favourably. Only when the marketing measures are perceived as valuable, helpful, or trust-building–i.e.,, when the PV is high–do they positively affect the e-WoM. The meaningful role of content therefore, lies somewhere between pure advertising effect and actual behaviour. It possibly offsets negative reactions to pure self-presentation or posts without substance. This finding is not only statistically relevant but also practical for the development of social media content in the consulting-intensive service sector. Compa-

DOI:10.2440/013-0011

nies should invest more in content strategies that focus on information content, relevance, and user-orientation to generate positive word-of-mouth effects.

Limitations, Recommendations, and Implications

Limitations and Calls for Future Research

Although this study was meticulously designed and executed, several limitations affect the generalizability and interpretability of the findings. These limitations relate to contextual scope, design choices, sample composition, measurement methods, and model specification.

1. Contextual and Sectoral Scope

The research was conducted exclusively in the German tax consulting industry, a highly regulated, knowledge-intensive professional environment. While customization, interaction, and PV are foundational across industries, their relevance and impact may differ substantially in other domains (Yadav & Rahman, 2018). Additionally, behavioral patterns may reflect Germany's distinct legal, cultural, and economic context, limiting cross-national generalizability (Lin et al., 2024). Future studies should replicate the model in other professional sectors, such as legal, healthcare, or financial services, and in different countries to test the stability and cultural applicability.

2. Temporal and Design Constraints

Data collection occurred at a single point via a cross-sectional survey, allowing for correlational inference but not enabling causal conclusions or dynamic analysis (Bryman, 2016). Given the rapid evolution of social media platforms and user norms, user responses and perceptions may also shift over time. Longitudinal or panel designs are recommended to assess how the effects of SMMA components on PV and CBIs evolve over time and in response to platform changes or regulatory updates (So et al., 2024).

3. Sampling Bias and Representativeness

Participants were recruited via social media channels and SurveyMonkey's Audience Service, introducing self-selection bias, as digitally engaged individuals are likelier to participate (Lohmann & Zagheni, 2023). Certain demographic groups, particularly those under 25 or less digitally literate, were underrepresented, limiting the sample's representativeness. Future research should adopt stratified or quota sampling techniques and consider weighting responses to align with population benchmarks, ensuring inclusion across age groups and digital proficiency levels.

4. Method Bias and Self-Reporting Limitations

The study relied solely on self-reported survey data, creating susceptibility to common method variance, social desirability, and acquiescence bias. Although translation validation and pretesting were undertaken to improve clarity, context-specific misinterpretation remains possible. To enhance validity, future research should integrate mixed methods, such as behavioral data from social media analytics and qualitative interviews, to triangulate self-reported findings and reduce bias.

5. Model Scope and Omitted Constructs

The structural model focused on a single mediating pathway through PV, omitting other relevant psychological constructs such as trust, perceived risk, or user satisfaction, which have been shown to significantly affect online consumer behavior in service contexts. Further studies should explore additional mediators or moderators, including trust, platform reputation, or user engagement motivations, to build a more nuanced understanding of how SMMAs influence behavioral outcomes (Jamil et al., 2022).

6. Social Media Platform Specificity and Formats

This study grouped all social media platforms and content formats, neglecting potential differences in user perception

DOI:10.2440/013-0011

across platforms like LinkedIn, Instagram, or TikTok. Platform-specific norms, visual formats, and audience demographics could influence the effectiveness of SMMA dimensions (Nguyen et al., 2024). Future research should adopt platform-specific designs, analyzing how different platform affordances or content formats (e.g., short videos, infographics, polls) distinctively impact PV and customer intentions.

Recommendations for Practice

The empirical findings of this study offer clear, evidence-based recommendations for tax consulting firms aiming to leverage SMMAs to increase client engagement, strengthen brand positioning, and drive behavioral outcomes. Based on the validated structural model, SMMAs positively influence PUR and WPP directly, and e-WoM indirectly through the mediating role of PV. Given PV's critical function as a mediating variable, strategic efforts should focus on enhancing PV to achieve meaningful behavioral responses.

1. Prioritize Customized Content

The strongest direct relationship in the model was observed between SMMAs and PV (H4: confirmed), and between PV and all three CBIs, PUR (H5), WPP (H6), and e-WoM (H7), all confirmed. This indicates that how content is perceived regarding usefulness and relevance is foundational for influencing user behavior. Among SMMA dimensions, customization emerged as the most influential factor in increasing PV. Therefore, firms should develop content strategies centered on individual relevance by:

- Sharing deadline reminders or tax tips tailored to specific life or professional stages,
- Offering checklists, infographics, or FAQs for particular client segments (e.g., the self-employed, families, retirees),
- Addressing frequently asked client questions using everyday language and scenario-based examples.

Such practices increase the utility of content and improve purchase-related outcomes (H1, H5) and premium sensitivity (H2, H6), validating the strategic importance of customization.

2. Foster Interaction to Build Trust and Engagement

Interactivity was another key SMMA dimension that contributed significantly to PV. Since PV strongly mediates between SMMAs, WPP (H9), and e-WoM (H10), tax consulting firms must encourage two-way communication. Recommended actions include:

- Incorporating Q&A formats (e.g., "Ask the Tax Advisor"),
- Using Instagram stories or polls to engage users on common tax issues,
- Responding to comments and private messages in a personalized and timely manner.

These practices enhance both perceived responsiveness and emotional connection, increasing the likelihood that clients will share their experiences positively (H7, H10) and consider paid services (H6, H9).

3. Leverage Entertainment and Visual Appeal Judiciously

While entertainment had a weaker direct effect on PV, it still supported content engagement. The recommendation is to use entertaining and visual formats that simplify complex information without undermining professional credibility:

- Short videos or reels explaining tax basics (e.g., "Tax Tip of the Week"),
- Humorous, relatable stories illustrating common mistakes,
- Graphical summaries that break down dense regulations.

Such content supports user attention and accessibility, reinforcing perceived value when embedded in an informative structure (H4), and indirectly contributing to WPP and PUR (H8, H9).

4. Maintain Trend Awareness without Sacrificing Credibility

Trendiness did not demonstrate a significant direct effect on PV or CBIs, and the direct path from SMMAs to e-WoM was negative and non-significant (H3: not confirmed). However, the positive indirect effect through PV (H10: confirmed) suggests a suppression effect (MacKinnon et al., 2000). This indicates that trend-based content may be perceived as superficial unless paired with value-driven messaging. Practitioners are advised to:

- Use contemporary content formats (e.g., reels, LinkedIn newsletters),
- Align stylistic choices with the brand's tone of voice and professional values,
- Avoid trends that may dilute the perception of trust and credibility.

This approach allows firms to remain digitally relevant while retaining their expert positioning.

5. Monitor and Evaluate Perceived Value Continuously

Given PV's role as a central mediating construct in all three outcome variables (H8–H10: all confirmed), tax consulting firms should systematically implement mechanisms to assess user perceptions. Recommended strategies include:

- Conducting short feedback surveys or polls on content usefulness,
- Analyzing engagement data (click-through rates, comments, shares),
- Soliciting verbal feedback during consultations about social media content.

Such feedback loops enable data-informed refinements to content strategy and help optimize PV, which the findings show is essential to influencing CBIs across the board.

6. Institutionalize Social Media as a Strategic Communication Channel

Finally, the findings affirm that well-executed SMMAs positively influence intent to purchase (H1) and willingness to pay a premium (H2). However, these benefits can only be sustained through strategically integrating social media into the broader communication framework. Recommended actions include:

- Developing a long-term editorial plan tied to the tax calendar and client segmentation,
- Assigning staff roles for content creation, engagement monitoring, and reporting,
- Providing training in digital communication or partnering with external content agencies.

Social media should be recognized not as a peripheral task but as a strategic touchpoint that, when correctly managed, contributes directly to business development goals and long-term client loyalty.

Implications

This study provides essential theoretical and practical contributions to the understanding and application of social media marketing activities (SMMAs) within high-trust, knowledge-intensive professional service contexts—specifically, the German tax consulting sector. By empirically replicating and contextualizing the conceptual model proposed by Bushara et al. (2023), the study affirms several key assumptions within existing SMMA theory. It addresses a clear empirical gap in the literature. The tax advisory sector, characterized by regulatory complexity, high information asymmetry, and relationship-based trust, presents a unique environment to test the boundaries and applicability of established digital marketing frameworks.

Theoretical implications

The results confirm the utility of the S-O-R model in explaining the effectiveness of SMMAs in digital social media communication within professional services. In line with prior research (Bushara et al., 2023; Cheng et al., 2021; Yadav & Rahman, 2018), this study demonstrates that social media stimuli, represented

DOI:10.2440/013-0011

by customization, interaction, entertainment, and trendiness, can positively influence CBIs. However, the findings underscore that these effects occur primarily indirectly via PV, a strong mediating construct across all outcome variables: PUR, WPP, and e-WoM..

By adapting and empirically testing Bushara et al.'s (2023) framework in a new sector and national context, this study contributes to closing a theoretical and empirical research gap. While their review called for further validation of the model in professional service domains, few empirical studies have addressed this need. The current findings reveal that PV mediates nearly all CBI effects, and that direct paths from SMMAs to e-WoM are non-significant, an important theoretical refinement that calls for greater attention to value construction mechanisms in professional service communications.

Moreover, the asymmetrical impact of the SMMA dimensions supports the model's contextual differentiation. The relatively limited effects of trendiness and entertainment in the tax advisory context challenge assumptions rooted in consumer-focused sectors. This signals a need for more nuanced, sector-sensitive theories of social media engagement that account for varying levels of professional regulation, credibility expectations, and client decision-making criteria.

Practical implications

The study offers several actionable insights for practitioners seeking to implement effective SMMAs within professional services. The most critical recommendation is to design content that maximizes PV, given its consistently significant mediating role across all CBIs. The strong effects of customization and interaction on PV suggest that tax consulting firms invest in content personalization for segmented target groups (e.g., freelancers, families, retirees) and prioritize interactive formats such as Q&A sessions and polls to strengthen relational engagement.

In contrast, the limited impact of entertainment and trendiness suggests that firms should avoid imitating viral or superficial content strategies common in consumer brands. Instead, professional service providers should develop informative, relevant, and trustworthy content that addresses specific client needs and enhances credibility. These findings align with broader strategic shifts in digital service communication, emphasizing content quality, not quantity, and the long-term benefits of trust-based client relationships over short-term engagement metrics.

The study indicates that effective social media marketing activities in the tax consulting industry require alignment with professional norms. Trend-based formats (e.g., reels or memes) may be used selectively for format diversity but should always convey substantive value. Moreover, firms must embed their digital communication activities into broader strategic frameworks, including editorial planning, clear responsibility structures, and training in digital literacy.

Methodological implications

This research also contributes to methodological practice in digital marketing studies by illustrating the effectiveness of PLS-SEM in modeling complex, mediated relationships in real-world business contexts. The choice of PLS-SEM is justified by its capacity to accommodate moderate sample sizes, formative and reflective constructs, and multicollinearity risks, all of which are relevant in survey-based research on digital communication strategies (Hair et al., 2024; Sarstedt et al., 2019).

The structured research design, including cross-cultural scale adaptation, forward and backward translation, pretesting, and rigorous measurement model evaluation, offers a transferable blueprint for conducting empirical studies in other high-trust, knowledge-intensive sectors such as law, healthcare, or coaching. This approach's methodological transparency and replicability respond

to ongoing calls for more robust and generalizable designs in social media research.

Conclusions

The topic of this replication study was about the impact of Social Media Marketing Activities (SMMAs) on Customer Behavioral Intentions (CBI) of German tax consulting services (Bushara et al., 2023). The purpose of this quantitative study was to examine the impact of SMMAs on PV and CBIs measured through PUR, WPP, and e-WoM constructs of German tax consulting firms using an S-O-R model as a theoretical framework. The overarching research question was: What is the impact of SMMAs on PV and CBIs measured through PUR, WPP, and e-WoM constructs of German tax consulting firms? This research employed a non-experimental, cross-sectional design using a standardized online survey to examine the structural relationships among SMMAs, PV, and CBIs. Data were collected at a single point in time from a representative sample of social media users who engage with and interact on the pages of tax consulting firms across various social media platforms.

In January 2025, 390 valid datasets were collected using a standardised online questionnaire and analysed using PLS-SEM. The terms customization, entertainment, interaction, and trendiness were utilized as aspects of SMMAs. The PUR, the WPP, and e-WoM were defined as CBIs. This study confirms the effectiveness of SMMAs in the professional services sector, particularly when mediated by PV. The empirical findings underscore that PV is the central mechanism by which SMMAs influence CBIs, including PUR, WPP, and e-WoM. The structural model exhibited strong explanatory power, with R^2 values of 0.649 for PV and between 0.38 and 0.50 for the CBIs, indicating that the model accounts for a substantial proportion of variance in key outcomes. All quality criteria for model validity and reliability were met: AVE exceeded 0.50 for all constructs, CR values were above 0.70, HTMT ratios remained below the 0.85 threshold, and VIF were well within acceptable limits. These results confirm the internal consistency, discriminant validity, and absence of multicollinearity in the measurement model, supporting the methodological rigor of the study.

From a practical perspective, the findings offer actionable insights for tax consulting firms seeking to leverage SMMAs strategically. Rather than focusing on entertainment or trendiness, firms should invest in customized, relevant, and interactive content to maximize PV and strengthen client engagement. The methodological approach, applying PLS-SEM to test a theoretical framework in a real-world, knowledge-intensive setting, demonstrates the feasibility of adapting established marketing frameworks to new cultural and sectoral contexts. Despite being limited to a German sample and a cross-sectional design, the study provides a robust basis for theory building and managerial decision-making. The key conclusion is that social media, when used to deliver credible, user-centered value, becomes a powerful tool for trust-building, differentiation, and strategic client development in professional service firms.

References

Abdou, A. H., Mohamed, S. A. K., Khalil, A. A. F., Albakhit, A. I., & Alarjani, A. J. N. (2022). Modeling the relationship between perceived service quality, tourist satisfaction, and tourists' behavioral intentions amid COVID-19 pandemic: Evidence of yoga tourists' perspectives. *Frontiers in Psychology, 13*, 1003650. https://doi.org/10.3389/fpsyg.2022.1003650

Afshardoost, M., & Eshaghi, M. S. (2020). Destination image and tourist behavioural intentions: A meta-analysis. *Tourism management, 81*, 104154. https://doi.org/10.1016/j.tourman.2020.104154

Aguilar, F. X., & Vlosky, R. P. (2007). Consumer willingness to pay price premiums for environmentally certified wood products in the US. *Forest policy and Economics, 9*(8), 1100-1112. https://doi.org/10.1016/j.forpol.2006.12.001

Asgarpour, R., Hamid, A. B., Sulaiman, Z., & Asgari, A. (2014). A review on customer perceived value and its main components. *Global Journal of Business and Social Science Review, 2*(2), 1-9.

Bazrkar, A., Hajimohammadi, M., Aramoon, E., & Aramoon, V. (2021). Effect of the social media marketing strategy on customer participation intention in light of the mediating role of customer perceived value. *Market-Tržište, 33*(1), 41-58. https://doi.org/10.22598/mt/2021.33.1.41

Behr, D. (2017). Assessing the use of back translation: The shortcomings of back translation as a quality testing method. *International Journal of Social Research Methodology, 20*(6), 573–584. https://doi.org/10.1080/13645579.2016.1252188

Boyer, K. K., & Hult, G. T. M. (2006). Customer behavioral intentions for online purchases: An examination of fulfillment method and customer experience level. *Journal of Operations Management, 24*(2), 124-147. https://doi.org/10.1016/j.jom.2005.04.002

Brislin, R. W. (1970). Back-translation for cross-cultural research. *Journal of Cross-Cultural Psychology, 1*(3), 185–216. https://doi.org/10.1177/135910457000100301

Bryman, A. (2016). *Social research methods* (5th ed.). Oxford University Press.

Bushara, M. A., Abdou, A. H., Hassan, T. H., Sobaih, A. E. E., Albohnayh, A. S. M., Alshammari, W. G., ... & Elsaied, M. A. (2023). Power of social media marketing: how perceived value mediates the impact on restaurant followers' purchase intention, willingness to pay a premium price, and e-WoM?. *Sustainability, 15*(6), 5331. https://doi.org/10.3390/su15065331

Chamberlain, D., Rudolph, H., & Murphy Smith, L. (2018). Analysis of social media usage and relationship to firm size and revenue growth among major CPA firms. *Services Marketing Quarterly, 39*(4), 345-357. https://doi.org/10.1080/15332969.2018.1514798

Cheng, J.-Y., Tsai, Y.-T., & Tu, H.-C. (2021). Constructing a customer-oriented model of social media marketing activity for e-commerce. *Journal of Theoretical and Applied Electronic Commerce Research, 16*, 1025–1040. https://doi.org/10.3390/jtaer16040057

Cheung, M. L., Pires, G. D., Rosenberger III, P. J., Leung, W. K., & Ting, H. (2021). Investigating the role of social media marketing on value co-creation and engagement: An empirical study in China and Hong Kong. *Australasian Marketing Journal, 29*(2), 118-131. https://doi.org/10.1016/j.ausmj.2020.03.006

Chin, W. W. (1998). The partial least squares approach to structural equation modeling. In G. A. Marcoulides (Ed.), *Modern methods for business research* (pp. 295–336). Mahwah, NJ: Lawrence Erlbaum Associates.

Chiu, C. M., Chang, C. C., Cheng, H. L., & Fang, Y. H. (2009). Determinants of customer repurchase intention in online shopping. *Online information review, 33*(4), 761-784. https://doi.org/10.1108/14684520910985710

Choi, Y. K., Seo, Y., & Yoon, S. (2017). E-WOM messaging on social media: social ties, temporal distance, and message concreteness. *Internet Research, 27*(3), 495-505. https://doi.org/10.1108/IntR-07-2016-0198

Chrisniyanti, A., & Fah, C. T. (2022). The impact of social media marketing on purchase intention of skincare products among indonesian young adults. *Eurasian Journal of Social Sciences, 10*(2), 68-90. https://doi.org/10.15604/ejss.2022.10.02.001

Daugherty, T., Eastin, M. S., & Bright, L. (2008). Exploring consumer motivations for creating user-generated content. *Journal of interactive advertising, 8*(2), 16-25. https://doi.org/10.1080/15252019.2008.10722139

DeVellis, R. F., & Thorpe, C. T. (2021). *Scale development: Theory and applications* (5th ed.). SAGE.

DiPietro, R. B., Crews, T. B., Gustafson, C., & Strick, S. (2012). The use of social networking sites in the restaurant industry: Best practices. *Journal of Foodservice Business Research, 15*(3), 265-284. https://doi.org/10.1080/15378020.2012.706193

Dwivedi, A., Johnson, L. D., Wilkie, D., & De Araujo-Gil, L. (2022). Consumer engagement and perceived value in digital services: A PLS-SEM approach. *Journal of Strategic Marketing, 30*, 250–271. https://doi.org/10.1080/0965254X.2020.1733054

Emini, A. (2021). Social media marketing and purchase intention: Evidence from Kosovo. *Ekonomska misao i praksa, 30*(2), 475-492. https://doi.org/10.17818/EMIP/2021/2.8

Epstein, J., Santo, R. M., & Guillemin, F. (2015). A review of guidelines for cross-cultural adaptation of questionnaires could not bring out a consensus. *Journal of Clinical Epidemiology, 68*(4), 435–441. https://doi.org/10.1016/j.jclinepi.2014.11.021

Eschenbrenner, B., Nah, F. F. H., & Telaprolu, V. R. (2015). Efficacy of social media utilization by public accounting firms: Findings and directions for future research. *Journal of Information Systems, 29*(2), 5-21. https://doi.org/10.2308/isys-50894

Fu, S., Chen, X., & Zheng, H. (2020). Exploring an adverse impact of smartphone overuse on academic performance via health issues: a stimulus-organism-response perspective. *Behaviour & Information Technology, 40*(7), 663–675. https://doi.org/10.1080/0144929X.2020.1716848

Gan, C., & Wang, W. (2017). The influence of perceived value on purchase intention in social commerce context. *Internet research, 27*(4), 772-785. https://doi.org/10.1108/IntR-06-2016-0164

Godey, B., Manthiou, A., Pederzoli, D., Rokka, J., Aiello, G., Donvito, R., & Singh, R. (2016). Social media marketing efforts of luxury brands: Influence on brand equity and consumer behavior. *Journal of business research, 69*(12), 5833-5841. https://doi.org/10.1016/j.jbusres.2016.04.181

Hair, J. F., Hult, G. T. M., Ringle, C. M., Sarstedt, M., Richter, N. F., & Hauff, S. (2024). *Partial Least Squares Strukturgleichungsmodellierung: Eine anwendungsorientierte Einführung (2nd edition)*.Vahlen.

Halkias, D., Neubert, M., & Harkiolakis, N. (2023). *Multiple case study data analysis for doctoral researchers in management and leadership*. Available at SSRN 4423757.

Hanaysha, J. R. (2018). An examination of the factors affecting consumer's purchase decision in the Malaysian retail market. *PSU Research Review, 2*(1), 7-23. https://doi.org/10.1108/PRR-08-2017-0034

Harkiolakis, N. (2017). *Quantitative research methods: From theory to publication*. CreateSpace Independent Publishing Platform.

Henseler, J., Ringle, C. M., & Sinkovics, R. R. (2009). The use of partial least squares path modeling in international marketing. In R. R. Sinkovics & P. N. Ghauri (Eds.), *New challenges to international marketing (Advances in International Marketing, Vol. 20)* (pp. 277–319). Bingley: Emerald Group Publishing Limited.

Hiebert, J., Cai, J., Hwang, S., Morris, A. K., & Hohensee, C. (2023). *Doing research: a new researcher's guide.* Springer Nature.

Jamil, K., Dunnan, L., Gul, R. F., Shehzad, M. U., Gillani, S. H. M., & Awan, F. H. (2022). Role of social media marketing activities in influencing customer intentions: a perspective of a new emerging era. *Frontiers in psychology, 12*, 808525. https://doi.org/10.3389/fpsyg.2021.808525

Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement, 30*(3), 607–610. https://doi.org/10.1177/001316447003000308

Li, J., Kim, W. G., & Choi, H. M. (2021). Effectiveness of social media marketing on enhancing performance: Evidence from a casual-dining restaurant setting. *Tourism Economics, 27*(1), 3-22. https://doi.org/10.1177/1354816619867807

Lin, X., Al Mamun, A., Masukujjaman, M., & Yang, Q. (2024). Unveiling the effect of social media marketing activities on logistics brand equity and reuse intention. *Humanities and Social Sciences Communications, 11*(1), 1474. https://doi.org/10.1057/s41599-024-04022-0

Liu, D., & Li, M. (2019). Exploring new factors affecting purchase intention of mobile commerce: trust and social benefit as mediators. *International Journal of Mobile Communications, 17*(1), 108-125. https://doi.org/10.1504/IJMC.2019.096519

Löffler, P. (2023). *Kanzleimarketing online.* Springer Online.

Lohmann, S., & Zagheni, E. (2023). Diversity of social media use: Self-selection explains associations between using many platforms and well-being. *PLOS Digital Health, 2*(7), e0000292. https://doi.org/10.1371/journal.pdig.0000292

López, M., & Sicilia, M. (2014). Determinants of E-WOM influence: The role of consumers' internet experience. *Journal of theoretical and applied electronic commerce research, 9*(1), 28-43. http://doi.org/10.4067/S0718-18762014000100004

MacKinnon, D. P., Krull, J. L., & Lockwood, C. M. (2000). Equivalence of the mediation, confounding and suppression effect. *Prevention Science, 1*(4), 173–181. https://doi.org/10.1023/A:1026595011371

Moslehpour, M., Dadvari, A., Nugroho, W., & Do, B. R. (2021). The dynamic stimulus of social media marketing on purchase intention of Indonesian airline products and services. *Asia Pacific Journal of Marketing and Logistics, 33*(2), 561-583. https://doi.org/10.1108/APJML-07-2019-0442

Naaman, M., Becker, H., & Gravano, L. (2011). Hip and trendy: Characterizing emerging trends on Twitter. *Journal of the American Society for Information Science and Technology, 62*(5), 902-918. https://doi.org/10.1002/asi.21489

Neubert, M. (2024). Foundations of Academic Philosophy for Doctoral Researchers. Available at SSRN: https://ssrn.com/abstract=5255888

Neubert, M. (2024). *Le design de l'étude de cas comme méthode de recherche: Un guide facile à comprendre et rapide à utiliser pour les professionnels et les étudiants*. BoD-Books on Demand.

Neubert, M. (2023). *Guía breve y sencilla para utilizar el estudio de casos como método de investigación*. BOD GmbH DE.

Neubert, M. (2023). Post pandemic internationalization behavior. Neubert, M.(2023). Post Pandemic Internationalization Behavior. *International Business Research, 16*(6), 25-36. https://doi.org/10.5539/ibr.v16n6p25

Nuseir, M. T. (2020). Is advertising on social media effective? an empirical study on the growth of advertisements on the big four (Facebook, Twitter, Instagram, WhatsApp). *International Journal of Procurement Management, 13*(1), 134-142. https://doi.org/10.1504/IJPM.2020.105191

Nguyen, N. M., Nguyen, H. T., & Cao, T. A. (2024). Effects of Social Media Marketing Activities on Perceived Values, Online Brand Engagement, and Brand Loyalty. *Emerging Science Journal, 8*(5), 1957-1975. https://doi.org/10.28991/ESJ-2024-08-05-017

Obradović, M., Mizdraković, V., Obradović, A., & McIntyre, J. (2023). SOCIAL MEDIA AND AUDIT FIRMS: IS SOCIAL MEDIA PRESENCE CORRELATED WITH BETTER FINANCIAL RESULTS?. *SCIENCE International Journal, 2*(4), 167-171. https://doi.org/10.35120/sciencej0204167o

Önder, L. G., & Çakıroğlu, A. D. (2021). The relationships among social media marketing, online consumer engagement, purchase intention and brand loyalty. *Business & Management Studies: An International Journal, 9*(3), 1045. https://doi.org/10.15295/bmij.v9i3.1873

Pham, Q. T., Tran, X. P., Misra, S., Maskeli¹nas, R., & DamaeviĶius, R. (2018). Relationship between convenience, perceived value, and repurchase intention in online shopping in Vietnam. *Sustainability, 10*(1), 156. https://doi.org/10.3390/su10010156

Phan, T. N. (2024). Social media marketing and customer purchase intention. Innovative Marketing, 20(2), 45–56.

Polit, D. F., & Beck, C. T. (2006). The content validity index: Are you sure you know what's being reported? Critique and recommendations. *Research in Nursing & Health, 29*(5), 489–497. https://doi.org/10.1002/nur.20147

Prastiwi, S. K., Auliya, Z., Wening, N., & Indriasari, R. A. (2024). Social media marketing activities and customers' purchase intention: The mediating effect of brand image. Conference Paper.

Ramadan, Z. B., Abosag, I., & Zabkar, V. (2018). All in the value: The impact of brand and social network relationships on the perceived value of customer endorsed Facebook advertising. *European Journal of Marketing, 52*(7/8), 1704-1726. https://doi.org/10.1108/EJM-03-2017-0189

Rieg, R., & Radeck, L. (2024). Digitalization and business model change in small professional service firms: evidence from tax accountants. *Technology Analysis & Strategic Management,* 1-17. https://doi.org/10.1080/09537325.2024.2413182

Rizka, A., & Hidayatullah, S. (2020). The effect of Instagram engagement to purchase intention and consumers' luxury value perception as the mediator in the skylounge restaurant. *International Journal of Innovative Science and Research Technology, 5*(4), 958-966. https://www.ijisrt.com/the-effect-of-instagram-engagement-to-purchase-intention-and-consumers-luxury-value-perception-as-the-mediator-in-the-skylounge-restaurant

Salsabila, A., & Albari. (2023). Influence of eWOM information on consumers' behavior in Instagram social network. Journal of Business and Management Review, 4(3), 196–209.

Sánchez, J. Á. L. (2015). *Perceived Value (Service Evaluation)*. Wiley Encyclopedia of Management. https://doi.org/10.1002/9781118785317.weom090194

Sarstedt, M., Ringle, C. M., Cheah, J.-H., Ting, H., Moisescu, O. I., & Radomir, L. (2019). Structural model robustness checks in PLS-SEM. *Tourism Economics, 26*(4), 531-554. https://doi.org/10.1177/1354816618823921

Schröder, F. (2023). *Social Media Marketing. In Marketing und Business Development in Kanzleien* (pp. 137-149). Springer Gabler.

Seo, E. J., Park, J. W., & Choi, Y. J. (2020). The effect of social media usage characteristics on e-WOM, trust, and brand equity: Focusing on users of airline social media. *Sustainability, 12*(4), 1691. https://doi.org/10.3390/su12041691

So, K. K. F., Li, J., King, C., & Hollebeek, L. D. (2024). Social media marketing activities, customer engagement, and customer stickiness: A longitudinal investigation. *Psychology & Marketing, 41*(7), 1597-1613. https://doi.org/10.1002/mar.21999

Statista. (2025). *Anteil der Nutzer von Social-Media-Plattformen nach Altersgruppen in Deutschland im Jahr 2024*. https://de.statista.com/statistik/daten/studie/543605/umfrage/verteilung-der-nutzer-von-social-media-plattformen-nach-altersgruppen-in-deutschland/.

Taherdoost, H. (2016). Validity and reliability of the research instrument; how to test the validation of a questionnaire/survey in a research. *International Journal of Academic Research in Management, 5*(3), 28–36.

Torres, P., Augusto, M., & Wallace, E. (2018). Improving consumers' willingness to pay using social media activities. *Journal of Services Marketing, 32*(7), 880-896. https://doi.org/10.1108/JSM-07-2017-0257

Tuten, T. L. (2023). *Social media marketing*. Sage.

Watanabe, E. A. D. M., Alfinito, S., Curvelo, I. C. G., & Hamza, K. M. (2020). Perceived value, trust and purchase intention of organic food: a study with Brazilian consumers. *British Food Journal, 122*(4), 1070-1184. https://doi.org/10.1108/BFJ-05-2019-0363

Wright, K. B. (2005). Researching Internet-based populations: Advantages and disadvantages of online survey research, online questionnaire authoring software packages, and web survey services. *Journal of computer-mediated communication, 10*(3), JCMC1034. https://doi.org/10.1111/j.1083-6101.2005.tb00259.x

DOI:10.2440/013-0011

Declarations

Author Contact Information

Correspondence regarding this article should be directed to M. Neubert at michael.neubert@faculty.eim.education.

Conflict of (Competing) Interest

The authors declare that they have no (competing) financial or non-financial interests related to this study.

Funding

The authors self-funded the research, and no external funding was obtained for its completion.

Author Contributions (CRediT taxonomy):

Conceptualization, Methodology, Writing – Review & Editing: Michael Neubert. Formal Analysis, Investigation, Writing – Original Draft: Mandy Witt.

Acknowledgments

None.

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.

Copyright and Licensing Information

This work is licensed under a Creative Commons Attribution 4.0 International License (CC BY 4.0). This license permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited. To view a copy of this license, visit https://creativecommons.org/licenses/by/4.0/.

Yadav, M. S., & Rahman, Z. (2018). Measuring consumer perception of social media marketing activities in e-commerce industry: A scale development approach. *Telematics and Informatics, 35*, 932–947. https://doi.org/10.1016/j.tele.2018.02.009.

Yadav, M., & Rahman, Z. (2018). The influence of social media marketing activities on customer loyalty: A study of e-commerce industry. *Benchmarking: An International Journal, 25*(9), 3882–3905. https://doi.org/10.1108/BIJ-06-2017-0114.

Yang, Y., Khan, Z., & Zhang, Y. (2020). The influence of social media marketing on apparel brands' customers' satisfaction: The mediation of perceived value. *Asian Academy of Management Journal, 25*(2). https://doi.org/10.21315/aamj2020.25.2.7

Zeithaml, V. A. (1988). Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence. *Journal of marketing, 52*(3), 2-22. https://doi.org/10.1177/002224298805200302

Zerres, C. (2024). *Handbuch Social-Media-Marketing*. Springer.

Zhang, H., Bi, C., & Zhang, Y. (2022). Social media marketing activities, brand awareness, and brand image of commitment on Somethinc product TikTok account. Journal of Marketing Development and Competitiveness, 16(3), 10–20.

Zhu, Y. Q., & Chen, H. G. (2015). Social media and human need satisfaction: Implications for social media marketing. *Business horizons, 58*(3), 335-345. https://doi.org/10.1016/j.bushor.2015.01.006

DOI:10.2440/013-0011

Construct	Item	Statement
Customization (CUS)	CUS1	Searching for customized information on tax consultants' social media is possible.
	CUS2	The tax consultant's social media provides lively information I am interested in.
	CUS3	Tax consultant offers customized services through its social media.
Entertainment (ENT)	ENT1	The content found in tax consultant's social media seems interesting.
	ENT2	Utilizing tax consultants' social media channels is exciting.
	ENT3	Collecting product information through tax consultant's social media is fun.
Trendiness (TRE)	TRE1	The tax consultant's social media content is up-to-date.
	TRE2	Using tax consultant's social media is very trendy.
	TRE3	The content on tax consultant's social media is the newest information.
Interaction (INT)	INT1	I can easily share my opinions through this tax consultant's social media.
	INT2	It is easy to convey my opinions or have conversations with other users through tax consultants' social media.
	INT3	Having two-way interaction through tax consultant's social media is possible.
Perceived Value (PV)	PV1	The social media page of this tax consultant makes me feel more socially accepted.
	PV2	The tax consultant's social media page is useful and valuable to me.
	PV3	The tax consultant's social media page is an important source of information for me.
	PV4	Tax consultant's services have a consistent level of quality.
	PV5	Tax consultant's services represent excellent value for money.
Purchase Intention (PUR)	PUR1	I plan to purchase these tax consultant services, which I have seen on social media.
	PUR2	I intend to purchase these tax consultant services that I like based on social media interaction.
	PUR3	I will likely purchase these tax consultant services recommended by my friends on social media.
Willingness to Pay a Premium Price (WPP)	WPP1	I would pay a higher price for this tax consultant than similar services.
	WPP2	I intend to purchase from this tax consultant even if another brand advertises a lower price.
E-WoM	E-WoM1	I will post positive comments about this tax consultant on my social media.
	E-WoM2	I recommend using this tax consultant through my social media.
	E-WoM3	I recommend using this tax consultant with my social media acquaintances.

eim european institute of management

Elevate your career with flexible, accredited online Master's and Doctoral programs, tailored for ambitious professionals seeking modern, high-quality education.



Unlock Your Future with EIM

Accredited Online Programs for Future Leaders

- **Fully online: Learn anytime, anywhere**
- **Accredited and recognized degrees**
- **Industry-focused and modern curriculum**
- **Personalized mentorship and support**
- **Join a global network of professionals**
- **Fast-Track Your Doctorate with Flexible, Fully Online Options**

Contact Us

admission@eim.education

+356 79006775

European Institute of Management,
Apt 5, 66, Old Theatre Street
Valletta VLT 1427 Malta

Start Your Journey Today!

Visit www.eim.education

Internship Satisfaction Post-Pandemic: A Systematic Literature Review

Allison Donelly, *Glion Institute of Higher Education, Bulle, Switzerland*

Abstract

Internships play a crucial role in addressing the talent shortage in the hospitality industry following the COVID-19 pandemic. While a successful internship can positively influence students' attitude toward staying in the industry, a less-than-positive experience may deter them from pursuing a career in the field. This PRISMA-guided systematic literature review reviews and synthesizes the literature published since the COVID-19 pandemic to identify the factors that influence internship satisfaction. From the initial identification of 73 articles, 20 articles published from business and hospitality-related literature between 2020 and 2025 were analysed. The review found that satisfaction was associated with actions taken by all three primary internship stakeholders: the education institution, the host organisation, and the students themselves. Support and curriculum design were considered key responsibilities of the educational institution, while working conditions, working environment, job characteristics, social support, and achievement impacted student satisfaction in the host organisation. At an individual level, expectations, preparation, development, and sacrifices also had a major impact. The review emphasizes the importance of fostering and maintaining collaborative relationships among all three stakeholders to enhance students' satisfaction with their internship experience. It also extends pre-pandemic research by demonstrating how post-pandemic changes, including digitalization, increased autonomy, and trade-off perceptions, have reshaped the determinants of internship satisfaction. While satisfaction has been studied extensively, this review focuses specifically on articles published after the COVID-19 pandemic to capture potential changes that may have occurred since the outbreak.

#Keywords

Internship satisfaction; Hospitality education; Hospitality internships; Post-pandemic careers; COVID-19 pandemic; Work-integrated learning; Talent retention in hospitality.

doi:10.2440/013-0012

Zufriedenheit mit Praktika nach der Pandemie: Eine systematische Literaturübersicht

Praktika spielen eine entscheidende Rolle bei der Bewältigung des Fachkräftemangels im Gastgewerbe nach der COVID-19-Pandemie. Ein erfolgreiches Praktikum kann die Bereitschaft von Studenten, in der Branche zu verbleiben, deutlich stärken, während negative Erfahrungen häufig dazu führen, dass eine Karriere im Gastgewerbe nicht weiterverfolgt wird. Diese systematische Literaturübersicht, durchgeführt nach den PRISMA-Richtlinien, untersucht die seit Beginn der Pandemie veröffentlichte Forschung, um zentrale Einflussfaktoren auf die Zufriedenheit mit Praktika zu identifizieren. Ausgehend von 73 Publikationen wurden 20 einschlägige Studien aus den Jahren 2020 bis 2025 in die Analyse einbezogen. Die Ergebnisse zeigen, dass die Zufriedenheit von Praktikanten durch das Zusammenspiel von drei zentralen Akteursgruppen geprägt wird: Bildungsinstitutionen, Praktikumsbetriebe und Studenten selbst. Auf institutioneller Ebene wirken vor allem Betreuung, Begleitung und Curriculumsdesign. In den Betrieben beeinflussen Arbeitsbedingungen, Arbeitsumfeld, Aufgabenmerkmale, soziale Unterstützung sowie Anerkennung die Zufriedenheit. Auf individueller Ebene sind Erwartungen, Vorbereitung, Kompetenzentwicklung und persönliche Aufwendungen entscheidend. Die Analyse verdeutlicht, dass eine enge Zusammenarbeit aller drei Akteursgruppen notwendig ist, um positive Praktikumserfah-

rungen zu fördern. Sie erweitert zudem die vorpandemische Forschung, indem gezeigt wird, wie pandemiebedingte Veränderungen – insbesondere Digitalisierung, höhere Eigenverantwortung der Studenten sowie veränderte Kosten-Nutzen-Abwägungen – die Determinanten der Praktikumszufriedenheit neu definiert haben. Während das Thema bereits umfassend untersucht wurde, richtet sich diese Übersicht gezielt auf Arbeiten nach Ausbruch der COVID-19-Pandemie, um mögliche Veränderungen seitdem zu erfassen.

「疫情后实习满意度：系统文献综述」

实习在新冠疫情之后的酒店业中，对缓解人才短缺起着重要作用。一次成功的实习可以让学生更愿意留在这个行业，而一次负面的经历可能会使他们放弃相关职业。本文根据 PRISMA 指南，系统性回顾并综合了疫情以来发表的研究，以找出影响实习满意度的主要因素。研究最初找到 73 篇相关文章，最后选取了 2020 年至 2025 年间发表的 20 篇与酒店和商科相关的实证研究进行分析。结果显示，实习满意度与三个主要参与方的行动密切相关：教育机构、实习单位以及学生个人。教育机构的关键责任在于提供支持和合理的课程设计；在实习单位中，工作条件、工作环境、岗位特征、社会支持和认可对学生满意度有显著影响；在个人层面，期望、准备、能力发展以及个人付出也是重要因素。本研究强调，三方的合作与沟通对于提升学生的实习体验至关重要。同时，本研究也扩展了疫情前的研究，表明数字化、学生自主性提高以及对“付出与收获”的重新认识，已经重新塑造了影响实习满意度的关键因素。尽管有关实习满意度的研究很多，但本文特别关注疫情之后发表的文献，以捕捉自疫情以来可能出现的变化。

1. Introduction

The hospitality industry is experiencing an acute labour shortage, partly due to the Covid-19 pandemic, during which many workers left the industry, never to return. Yet, as Chen and Shen (2012) note, the intern of today becomes the practitioner of tomorrow, clearly and succinctly demonstrating the importance of internships in addressing labour market gaps and building a pipeline for future talent in the industry.

Nowadays, internships play an integral role in hospitality education programs (Zopiatis et al., 2021). Internships offer students the opportunity to experience the realities of working in the hospitality field, while also providing employers with a chance to attract potential future talent (Pusiran et al., 2020). Overall, all three key stakeholders, such as students, employers, and educational institutions, view internships as a positive component of the hospitality curriculum, helping students build a professional career (Gosling, 2024). While research has shown that students have a positive attitude towards their internship experience, allowing them to consolidate their knowledge and enhance their professional skills (Nghia & Duyen, 2017) and encourage personal development (Seyitoğlu, 2019), some studies note the students do not always perceive the internship as a beneficial experience and may result in students preferring to leave the hospitality industry (Xu et al., 2022). In particular, satisfaction with internships has been shown to influence career decision-making strongly (Chen & Shen, 2012; Chen et al., 2018), and it is considered a key variable in evaluating the effectiveness of internship programs (Farmaki, 2018).

Internship satisfaction can be understood through broader job satisfaction theories such as Locke's (1976) value-percept theory and Spector's (1997) affective perspective. Building on these, Mensah et al. (2021) define internship satisfaction as "an emotional state or feeling interns go through when they equate their expectation and actual outcome of experiences" (p. 32). Studies have shown that satisfaction is influenced by several factors, including individual attributes, the organisational environment, work, and working relationships (Nevison, 2018; Zhu, 2013). In the specific context of student internships, Hussien and La Lopa (2018) also highlight the critical role academic institutions play in contributing to internship satisfaction. Overall, there is recognition that cooperation between students, educators, and industry partners is necessary for building positive internship experiences (Nevison et al., 2018); therefore, it remains essential to monitor student satisfaction in a post-pandemic world.

Among recent research studies, Zopiatis et al. (2021) conducted a systematic review of the literature on internships in hospitality up to March 2020, noting that satisfaction was a recurring theme in the literature. Similarly, Mensah et al. (2024) conducted a bibliometric review to enhance the understanding of the growth and patterns of research in hospitality and tourism internships, noting that a core research area has been internship satisfaction. These reviews, however, focused on articles published between 1986 and 2020. No review has yet examined how the post-pandemic context reshaped stakeholder responsibilities or how satisfaction factors evolved under new conditions of digitalization, uncertainty, and labor shortages. This study, therefore, fills this research gap.

The COVID-19 pandemic has reshaped hospitality practices, thus warranting a review of the literature since this time. This has resulted in companies having to adapt and innovate rapidly, leading to changes in HR training, particularly through internship programs. The increased use of digital tools, for example, has impacted communication patterns, allowing interns to feel more valued and supported. As a result, interns have been able to take more control over their own learning experience and receive greater support and cooperation from their supervisors and teams (Yfantidou et al., 2024).

At the same time, the pandemic has highlighted the fragility of the hospitality industry, leading students to identify less with it (Birtch et al., 2021) and reconsider their career choices (Liu-Lastres et al., 2023). As internships impact career choice (Liu et al., 2023; Zhu et al., 2023), both educational institutions and industry partners need to understand what drives internship satisfaction post-pandemic (Collins & Pearlman, 2023). Overall, given the tremendous impact of COVID-19 on the industry and its potential to shape new internship practices, this review aims to extend the research undertaken in previous reviews to examine satisfaction with internships since 2020.

Given the continued emphasis on talent acquisition and the fact that internships play a crucial role in shaping students' attitudes towards pursuing a career in the hospitality industry (Wang, 2021), internship satisfaction remains an important area for continued research. Collins and Pearlman (2023) argue that as companies struggle to acquire talent, "it has never been more important to ensure highly satisfying internship experiences" (p. 562). This review systematically analyzes the factors influencing internship satisfaction in the hospitality industry during the period following the onset of the Covid-19 pandemic (papers published 2020–2025) and how, or whether, the three stakeholders are involved.

2. Methods

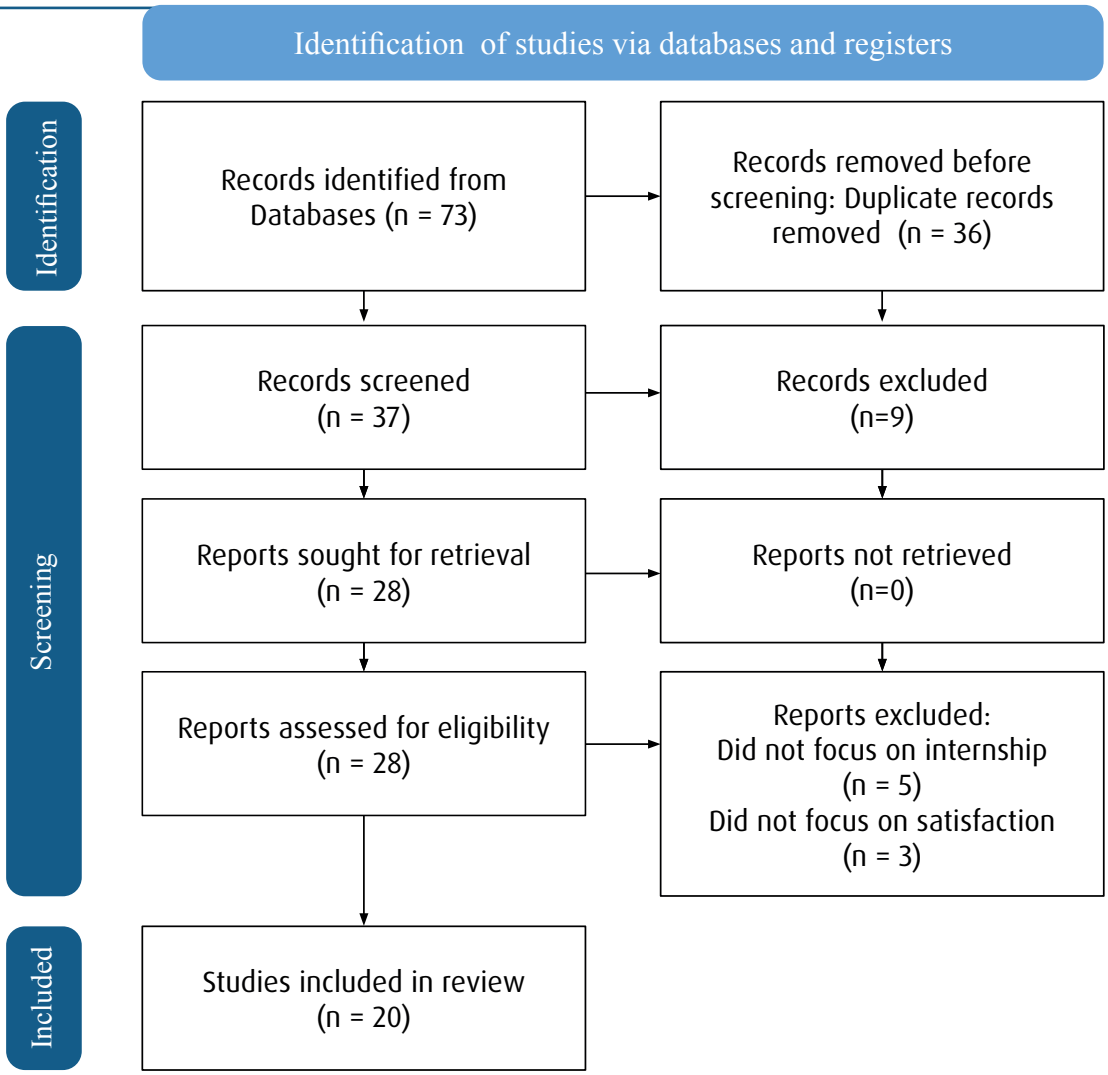
To achieve these objectives, the study employed the literature review method, following the PRISMA 2020 guidelines (Neubert, 2022). The search took place in March 2025, reviewing peer-review-

Table 1:
Inclusion and Exclusion Criteria

Inclusion Criteria	Exclusion Criteria
published since 2020	published before 2020
published in English	published in other languages
peer-reviewed	literature reviews
primary research	no focus on internship or satisfaction
qualitative, quantitative, mixed methods	duplicate articles
full-text	Focus on employees/school leavers
Focus on students	
Focus on internships and satisfaction.	

ed, full-text articles in the following databases: Scopus, Web of Science, EBSCO, Taylor & Francis, ScienceDirect, and Google Scholar. The specific inclusion and exclusion criteria for the study are shown in Table 1 above. For the search string, and using the Boolean operators AND/OR, the keywords "internship" OR "placement" AND "hospitality" OR "hotel" AND "satisfaction" had to be present in the title, abstract, or keywords, with a filter being added to retain articles published between 2020 and 2025.

Figure 1:
PRISMA Flowchart



To evaluate methodological rigor, the Mixed Methods Appraisal Tool (MMAT; Hong et al., 2018) was applied to included studies. No articles were excluded based on appraisal, but this step enhanced transparency in reporting study quality. The search yielded a total of 73 articles. After duplicates were removed, articles were screened based on title and relevance. In a subsequent step, the remaining articles were retrieved and then assessed for eligibility. Articles that did not focus on students, the internship experience, or determinants of satisfaction were then excluded from the process. The final review focused on 20 articles. An overview of the process is shown in Figure 1 above.

Although this systematic literature review aims to minimize bias, such as in the details of the inclusion and exclusion criteria applied to avoid selection bias, it is not error-free. Two reviewers conducted screening; disagreements were resolved through discussion. This process reduced selection bias. In terms of publication bias, it is acknowledged that studies showing significant findings are more likely to be published. In fact, research has shown that only around half of the studies undertaken are published (Drucker, 2016). As the review is based on the findings of other researchers, it is also subject to outcome reporting bias, since primary studies do not always report all their findings, but rather a subset that suits the researcher's interests (Chan et al., 2014). Furthermore, as the reporting of study findings often occurred without the inclusion of data collection time periods, some findings may, in fact, be based on studies conducted before the pandemic.

3. Results

The following results were obtained by reviewing relevant studies and synthesizing the main themes related to internship satisfaction. Of the 20 articles studied, the overwhelming majority were based on quantitative research, with only two adopting a mixed methods approach. Over half the studies were conducted in Asia. The articles reviewed are presented in Appendix A.

As shown in Figure 2 below, the final selection revealed a relatively even spread of publications per year, with a slight increase in 2021, possibly due to heightened interest in the state of internships following the pandemic.

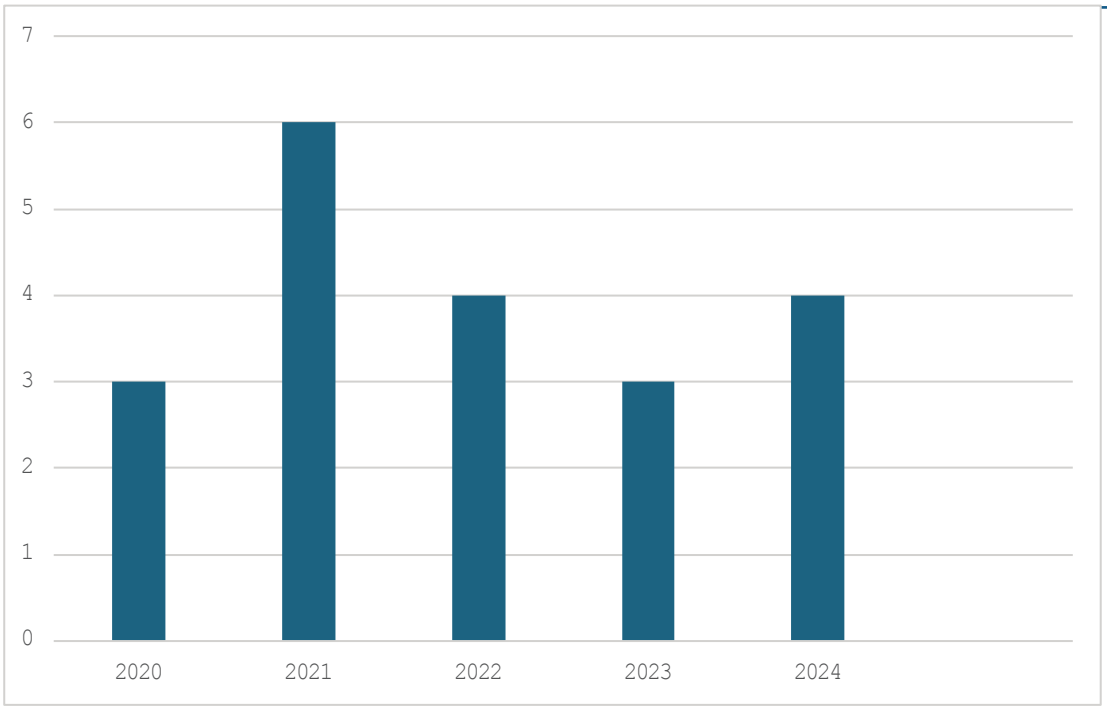


Figure 2:
Publications per Year

In examining the factors related to student satisfaction with their internship, the overwhelming majority of the studies focused on the organisational setting. While several of those studies considered the academic environment and/or individual characteristics and attitudes of interns, only one study, undertaken by Sihombing (2021), focused almost exclusively on the influence of individual factors on satisfaction. No study focused entirely on the actions of the educational institution. Figure 3 below presents an overview of the key themes highlighted per stakeholder group.

Figure 3:
Themes Identified

Internship Satisfaction		
Educational Institution	Student Intern	Host Organisation
Support	**Beliefs vs. Experience**	**Working Conditions**
Mentorship	Gap	Pay
Supervision	**Preparation**	Hours
Curriculum Design	Academic Readiness	Stressors
Pre-Internship Seminars	Attitude	**Working Environment**
Consultations	Parental Support	Supervisor Support
Assessment	**Skill Development**	Hotel Features
Reflective Tools	Soft Skills	**Job Characteristics**
Skill Recognition	Technical Expertise	Autonomy
Theory vs. Practice	**Self-Preparation**	Feedback
Mismatch	Confidence	Role Requirements
	Identity	**Social Support**
	Sacrifices	Mentorship
	Costs vs. Benefits	Leadership
		Peer Interactions
		Achievement
		Recognition
		Career Development

Regional patterns were notable: Asian studies emphasized structural factors (pay, hours, workload), while European studies highlighted value perceptions and recognition (Zhong et al., 2022; Marinakou & Giousmpasoglou, 2021). African studies more often explored stressors and support (Mensah et al., 2020; Armah & Armah, 2021). These differences suggest that cultural and economic contexts shape internship satisfaction.

3.1 The educational institution

Ten studies examined the role that the university or college plays in the satisfaction of interns, both before, during, and after an internship placement. While the support and management of the internship process, as well as the curriculum design, were considered key elements, students were not always as satisfied with their experience.

Amer et al. (2024) emphasised institutional responsibility and support for organising and supervising internships. In terms of specific actions, Shetu and Sayeda (2020) and Qu et al. (2021) found that faculty guidance and mentorship were crucial, with Yu et al. (2020) noting that teacher support had a positive impact on experiences. In further studies, Vukić et al. (2022) and Zhong et al. (2022) reported dissatisfaction with institutional communication, support, and assistance. Specifically, in an examination of the value of international internships for students in terms of what they 'give' and 'get' from the experience, Zhong et al. (2022) found that student perceptions of the conditional value of internships, which included aspects such as study materials and campus support during the internship were not rated as highly as other value they received.

Vo (2023) suggested holding workshops to develop self-confidence and communication skills, as well as surveying student expectations before the internship and gathering alumni feedback, to enhance student satisfaction. Shetu and Sayeda (2020) emphasized the value of pre-internship seminars and discussions with former interns, while Qu et al. (2021) suggested that universities should clarify the importance of internships and develop internship plans for students. Both Amer et al. (2024) and Qu et al. (2021) advocated for meaningful internship assessments beyond simple grades, with the latter emphasizing the need to help students recognize their own strengths and weaknesses. Sihombing (2021) noted that curriculum compatibility enhances satisfaction, although a mismatch between academic preparation and workplace demands was evident. Vukić et al. (2022) also found that perceived curriculum alignment strengthens satisfaction.

In contrast to such findings on the importance of the educational institution practices, Armah and Armah (2021) found university support to be insignificant for hospitality students in Ghana, while Lingadkar and Sankaranarayanan (2023a) suggested that applying theory to practice was less important to some students, indicating a limited need for additional academic resources in this area.

3.2 The individual student/intern

Eleven of the reviewed articles discussed individual-level components of internship satisfaction, with three key themes recurring: expectations, preparation, and skill and self-development. While the focus was almost exclusively on the benefits or the challenges to satisfaction, Zhong et al. (2022) added a unique perspective by considering the trade-offs interns make, including sacrifices alongside benefits.

Pre-internship expectations significantly influence satisfaction. Lingadkar and Sankaranarayanan (2023a) found that expectations in areas such as job importance, relationships, skill development, and résumé building exceeded actual experiences. Yu et al. (2020) noted that dissatisfaction stemmed from a gap between expectations and reality regarding the improvement of practical skills and employability. Qu et al. (2021) emphasised a need to form reasonable expectations and acknowledge the shift from 'student' to 'employee' identity, while Yu et al. (2020) and Vukić et al. (2022) recommended pre-internship training and realistic industry insights to manage expectations, including discussion on the difficulties of working in the sector (Vukić et al., 2022). Lingadkar and Sankaranarayanan (2023b) and Sihombing (2021) emphasized the role of host organizations in setting reasonable expectations before the placement. Sihombing (2021) noted that when students have more sensible and positive expectations about the internship, they are more likely to experience greater levels of satisfaction.

Academic preparedness, positive attitude, and proactiveness were found to positively affect satisfaction (Armah & Armah, 2021; Sihombing, 2021). Sihom-

bing (2021) also noted that perceived internship importance, such as skills building, resumé building, and networking, mediated these effects. Parental support has been shown to foster a positive attitude, leading to a better person-organisation fit, and thereby enhancing internship quality (Xu et al., 2023).

Vo (2023) highlighted the importance of soft skills, identifying self-confidence, entering the internship, communication, and conduct, as well as problem-solving skills, as key challenges. Lingadkar and Sankaranarayanan (2023a) found that expectations for self-development were often unmet, resulting in significant dissatisfaction. However, students still valued the experience for enabling them to identify their strengths and weaknesses, as well as for developing technical skills. The importance of soft skills was reinforced by Qu et al. (2021) and Collins and Pearlman (2023), who linked skills such as cognitive, social, and creative skills to satisfaction, while Lingadkar and Sankaranarayanan (2023b) noted disappointment due to unmet skill improvement aligned with industry standards and high expectations on competitive training.

Viewing internship satisfaction simply in terms of either benefits or challenges was challenged by Zhong et al. (2022), who proposed viewing internship value as a trade-off. In their study, students acknowledged a need for sacrifices, such as time away from family, but monetary costs (e.g., tuition, living abroad) had a greater impact on their evaluation. Overall, these sacrifices were still considered worthwhile when perceived benefits outweighed the costs.

3.3 The internship host organisation

All studies considered host organisation factors contributing to satisfactory internship experiences. While some addressed dissatisfaction, only two focused specifically on the negative aspects, namely stressors (Mensah et al., 2021) and challenges (Vo et al., 2022).

Internship satisfaction in the hospitality industry is often shaped by factors such as pay, working hours, and scheduling. Vo (2023) identified working hours as the most influential factor, while Kukreit and Dani (2021) emphasised payment and internship duration. Marinakou and Giousmpasoglou (2021) found that long hours, low pay, and poor organisation were key challenges for both Greek and EU students in their comparative study. Similarly, Amer et al. (2024) reported that long hours, heavy workload, and low pay negatively affected satisfaction, with night shifts and disorganisation also impacting health. Stress was also a recurring theme. Mensah et al. (2020) found that hospitality students experienced more stress than marketing students, particularly due to excessive workload, limited leisure time, and late shifts. Lingadkar and Sankaranarayanan (2023a) highlighted stable shifts as key to a positive experience.

Interestingly, not all studies agreed on the significance of pay and hours. Qu et al. (2021) reported no notable effect from compensation, whereas Armah and Armah (2021) found that contextual factors, such as pay and commuting, had a limited impact. Vukić et al. (2022) found no difference in satisfaction between interns who worked overtime and those who did not. However, for those who did, recognition in terms of payment or hours worked resulted in more satisfied interns than when overtime was not rewarded.

The quality of the work environment also played a crucial role. Lingadkar and Sankaranarayanan (2023b) noted a gap between student expectations and actual experiences, resulting in disappointment and dissatisfaction. Kukreit and Dani (2021) emphasized the importance of a supportive and encouraging environment, while also noting that a hotel's location can influence satisfaction. Drawing from service quality literature, Ghosh and Jhamb (2021) found that hotel internships with modern equipment, appealing facilities, and an attractive en-

vironment enhanced satisfaction. Zhong et al. (2022) added that the perceived image and reputation of the host organisation positively influenced student experiences. In contrast, Qu et al. (2021) found that hotel features such as star rating did not significantly affect satisfaction.

Lam et al. (2024) found that job characteristics, including skill variety, task identity, task significance, autonomy, and feedback, have a positive influence on job satisfaction. Additionally, job involvement, which encompasses attachment and importance, also has a positive influence on satisfaction. Kukreit and Dani (2021) similarly noted that task clarity, supervisor support, and feedback enhanced satisfaction. On its own, autonomy has been linked to satisfaction (Lingadkar & Sankaranarayanan, 2023b), while repetitive tasks have been identified as stressors (Mensah et al., 2021). In line with these findings, Collins and Pearlman (2023) highlighted the relevance of task variety, independence, authority, and alignment with interns' abilities, as well as drawing attention to the significance of social status and being able to serve others in impacting satisfaction. Amer et al. (2024) also found that low social status, particularly in waiting roles, was associated with reduced satisfaction. Despite such findings, not all studies were in agreement. Armah and Armah (2021) reported no significant effect of job characteristics on satisfaction. Likewise, Collins and Pearlman (2023) found that psychological empowerment, defined as competence and influence, had no significant impact on satisfaction.

Zhong et al. (2022) identified social value, including networking, peer relationships, feedback, and recognition, as a key benefit of internships. Ghosh and Jhamb (2021) emphasised supervisor guidance, communication, employee support, and trust as critical to an intern's learning and satisfaction. Mensah et al. (2020) found that organisational, supervisor, and coworker support significantly enhanced satisfaction, implying that caring environments and welcoming, helpful colleagues are crucial. Lingadkar and Sankaranarayanan (2023a) noted that feeling part of a team was vital, while neglect or undervaluation by other hotel employees was a major stressor. Yu et al. (2020) and Amer et al. (2024) also linked social aspects such as employee attitudes and supervisor care to intern satisfaction. A mismatch between expected and actual supervisory support led to dissatisfaction (Lingadkar & Sankaranarayanan, 2023b).

Liu et al. (2024) found that mentoring offered by supervisors and senior colleagues, including psychosocial support, career development, and role modelling, positively influenced internship satisfaction. However, interns' thriving traits moderated this effect; passionate and adaptable students may feel over-supported, which can lead to reduced satisfaction. This highlights the importance of addressing individual intern needs. Collins and Pearlman (2023) also emphasised individual differences through an examination of leader-member exchange (LMX) theory. While a strong LMX relationship with supervisors predicted satisfaction, it was not always necessary; some interns reported high satisfaction despite weak LMX ties, and vice versa. The temporary nature of internships may lead students to adopt a pragmatic "what is in it for me?" approach (Collins & Pearlman, 2023, p. 578).

Although social support was often linked to satisfaction, some studies suggested its impact may be limited. Lingadkar and Sankaranarayanan (2023a), using importance-performance analysis, found that appreciation from managers, peer relationships, and team spirit may be "possible overkill" (p. 915), requiring no extra investment in organisations. Similarly, Collins and Pearlman (2023) found coworker relationships were not significant predictors of satisfaction. Qu et al. (2021) also reported no significant effect from relationships with supervisors, hotel staff, or fellow interns.

Findings from the reviewed studies also highlighted growth, recognition, and reward as central to internship satisfaction. Training and rotation opportunities enhanced skill development and created positive perceptions (Shetu & Sayeda, 2021), while supportive cultures and learning environments significantly contributed to satisfaction (Armah & Armah, 2021; Yu et al., 2020). In an examination of internship achievements, Qu et al. (2021) highlighted the value of gaining experience and a deeper understanding of the industry through well-structured hotel internship programs that included training, recognition, rewards, and a sense of achievement. Collins and Pearlman (2023) further found that feeling appreciated and valued, through opportunities for advancement, recognition, and achievement, had the most substantial impact on overall satisfaction.

4. Discussion

The purpose of this systematic literature review was to examine the factors associated with student satisfaction with internships in the hospitality industry since 2020. Findings suggest that all three primary stakeholders contribute to making the experience worthwhile for students or, conversely, making it less than satisfactory, which might ultimately drive them away from the industry, thereby exacerbating the talent shortage.

Findings across the reviewed studies align with job satisfaction theory (Locke, 1976; Spector, 1997), showing that satisfaction depends on the congruence between expectations and experiences. Expectancy Theory further explains the recurring gap between what students anticipate and what they encounter during internships. Educational establishments play a vital role in driving internship satisfaction. The support they offer through supervision, mentorship, and program design was consistently linked to positive outcomes (Amer et al., 2024; Qu et al., 2021; Shetu & Sayeda, 2020). At the same time, dissatisfaction often stemmed from perceived gaps in communication and support (Vukić et al., 2022; Zhong et al., 2022), suggesting that institutions must be both proactive and responsive to student needs. Curriculum design emerged as a key contributing factor, suggesting that universities and colleges must carefully review their curricula in light of employer expectations following the pandemic. Studies have highlighted the importance of pre-internship seminars, career consultations, and reflective assessments (Qu et al., 2021; Vo, 2023), suggesting that institutions should invest more effort in designing both pre- and post-internship programs. A recurring theme was the mismatch between academic preparation and workplace demands (Sihombing, 2021), highlighting the need for curricula that better integrate transferable skills to meet industry expectations more effectively. Interestingly, a few studies have challenged the significance of support provided by universities and colleges, suggesting that its influence may not be a primary concern for some (Armah & Armah, 2021; Lingadkar & Sankaranarayanan, 2023a). Given that the pandemic caused many more students to become more autonomous and self-reliant (Lopes et al., 2021; Stankovska et al., 2021), these findings suggest that further in-depth analysis of the internship support offered by institutes, before, during and after internships, could be undertaken, particularly as the institutional focus has not been a primary research focus in internship study.

The review also highlighted how internship satisfaction is shaped by individual factors, including a student's own expectations, preparation, and skill/self-development. The gap between expectations and actual experiences was a constant source of dissatisfaction (Lingadkar & Sankaranarayanan, 2023a; Yu et al., 2020), emphasising the importance of realistic pre-internship orientation and expectation management, and, in doing so, also highlighting a need for greater collaboration between educational institutions and host organisations to accomplish this. Preparation, both academic

and in attitude, was positively associated with satisfaction (Armah & Armah, 2021; Sihombing, 2021), with parental support also playing a role (Xu et al., 2023). This suggests that satisfaction is not only determined by work-related factors but also by a student's individual circumstances and support network. Recognising these elements and integrating them into internship planning could help to improve the effectiveness of the program.

Soft skills such as communication, problem-solving, and self-confidence were identified as both challenges and opportunities for growth (Collins & Pearlman, 2023; Vo, 2023), illustrating the critical role the organisation plays in an intern's personal development, making it vital to provide feedback and guidance, rather than take a 'sink or swim' approach. The more novel contribution from Zhong et al. (2022) on perceiving the internship value as a trade-off between what students give and receive encourages both educators and organisations to take a more holistic view of the internship experience, accounting for the individual sacrifices students make, not least the emotional and financial costs, and thus opening up discussions on student well-being.

The prominence of host organisation factors, particularly working conditions, job characteristics, and the work environment, across the reviewed studies highlights their strong influence on internship satisfaction. Consistent concerns around pay, long hours, and scheduling reflect broader structural issues within the hospitality industry, where such conditions are often normalised. While these challenges may be expected, they continue to undermine the internship experience and indicate a need for a fairer, more student-centred internship design. However, contradictions emerged regarding the role of pay and working hours. While some studies have found that compensation and scheduling are central to satisfaction (Vo, 2023; Amer et al., 2024), others have reported a minimal impact (Qu et al., 2021; Armah & Armah, 2021). These inconsistencies may reflect cultural norms around hospitality work or methodological differences in measurement.

Positive job characteristics, such as autonomy, task variety, and constructive feedback, were generally associated with higher job satisfaction (Kukreit & Dani, 2021; Lam et al., 2024). However, the inconsistency in some findings suggests that these factors may not operate uniformly across all situations. As Collins and Pearlman (2023) suggest, the temporary nature of internships may affect how interns perceive and respond to these aspects. For some interns, short-term exposure to basic work tasks and responsibilities may be tolerated if the internship is seen as a stepping stone. In contrast, for others, it may significantly impact their overall experience.

Similarly, although social support from supervisors, peers, and the wider community was widely recognised as a key contributor to satisfaction (Ghosh & Jhamb, 2021; Mensah et al., 2020; Zhong et al., 2022), several studies cautioned against assuming that more support is always better (Lingadkar & Sankaranarayanan, 2023a; Qu et al., 2021) and that mentoring and a strong LMX relationship is always needed (Collins & Pearlman (2023). The concept of "possible overkill" (Lingadkar & Sankaranarayanan, 2023a, p. 915) suggests that interns may prioritize certain types of support, such as receiving guidance and feedback, over others, like building friendships, due to the short-term nature of the placement. This pattern is consistent with Social Exchange Theory, which suggests that supportive interactions build perceptions of reciprocity and fairness. However, some studies caution against assuming that 'more is always better,' indicating that interns evaluate support pragmatically, given the short-term nature of internships. At the very least, such findings highlight the need to tailor support to an individual's personal needs and expectations.

Finally, achievement and recognition were closely linked with satisfaction levels. Opportunities for growth, skill development, and appreciation were consistently related to positive internship experiences (Collins & Pearlman, 2023; Shetu & Sayeda, 2021), emphasising the importance of designing a well-structured internship with plentiful opportunities for learning and development, rather than just as a work placement. This also aligns with educational goals, where an internship is considered a bridge between academic learning and industry practice (Hamrah et al., 2023).

While this systematic literature review adheres to the PRISMA guidelines to minimize bias and enhance transparency, several limitations persist. Firstly, although the articles reviewed were published after the COVID-19 pandemic, the actual data collection may have been conducted before 2020 and therefore cannot be directly associated with internship experiences post-pandemic. Secondly, the concept of satisfaction is described differently in various studies, with some taking a broader, internship-wide perspective, while others are more focused, linking primarily to the job. Thirdly, the review is based on the interpretations of different researchers, resulting in a lack of consistency in the chosen factors that constitute working conditions versus the working environment. Fourthly, some articles do not provide a breakdown of the factors being considered within those constructs, making it more challenging to identify patterns in the data.

Furthermore, the methodologies are not always described in sufficient detail to determine whether students are undertaking paid or unpaid internships, which could impact the accuracy of the findings. Moreover, due to the use of the specific search strings, other pertinent studies on internship satisfaction may have been missed. Finally, the dominance of quantitative studies in the review limits the depth of insight into lived experiences, underscoring the need for more qualitative and longitudinal research."

5. Conclusion and Recommendations

Overall, the review indicates that student satisfaction with internships is a combination of actions taken by the interns themselves, their educational institutions, and the internship host organisations. It is also evident that satisfaction begins before an internship even starts and is closely linked to the expectations that are set.

As shown in Table 2 below, several recommendations can be made for both research and practice. As the review highlighted the reliance on quantitative research studies to study internship satisfaction, it is recommended that future research should consider adopting alternative methodologies. Qualitative research could allow researchers to explore in depth the causes of internship satisfaction or dissatisfaction for students and their own lived experiences. Similarly, more longitudinal research is needed to examine satisfaction at different time periods. On the whole, studies that examined student expectations versus actual experiences collected data in the same time period. Gathering data before and after internships would be more beneficial for examining the gap between expectations and experiences. Zopiatis et al. (2021) note that studies on the discrepancies between expectations and experience are reaching a saturation point; rather than continuing to identify existing gaps, studies could, for example, examine more closely how educational institution supervisors and mentors shape students' expectations before the internship. While the selected studies focused on satisfaction as perceived by interns, it is recommended that further research consider the perspectives of both host organisations and educational institutions. Understanding the expectations of these stakeholders could help to iden-

tify potential mismatches in priorities. It is also suggested that future research be based on well-defined variables, taking into account whether internships are paid or unpaid in their analysis.

To enhance student satisfaction with their internship experience, this review highlights several aspects that both educational institutions and host organisations should consider. Given the resources and budget constraints of educational establishments, it is not always feasible to allocate a supervisor to each student before and/or during their internships. However, at a minimum, there should be one supervisor to oversee the internship program, including serving as the primary point of contact for students participating in the internship. Greater collaboration is needed between educational institutions and host organisations to ensure students receive a more realistic picture of the work they will be doing. This could be through workshops or guest lectures, as well as greater transparency in the internship hiring process. Internship alumni could also be involved in such activities. Learning contracts should be considered to ensure expectations are set and that students are developing needed skills for the industry, rather than being seen as "cheap labour" or a convenient "stop gap" to address the talent shortage, whereby students may experience repetitive work, offering limited or no skill development or responsibilities beyond their abilities, with little or no training or support. Following the internship, educational institutions should be prepared to address potential quality shortfalls with their industry partners, allowing for necessary changes to be made. Feedback should also be gathered from host organisations to address potential gaps between what is taught and what is needed in the industry, and to enhance curriculum design. Suppose organisations believe that internships are a way to attract talent to the industry and their organisation. In that case, they also need to ensure a well-organised internship program that provides structured learning and development opportunities for interns. Clear tasks and responsibilities should be defined in advance and communicated to the interns. Feedback and guidance should be provided regularly, and the support of workers should be strengthened, such as by identifying a peer mentor or "buddy" for the intern.

Networking opportunities should also be considered, as well as regular check-ins with interns to discuss their individual needs and expectations. Given the importance of the internship to career choice, it is recommended that organisations discuss potential career paths with their interns, such as through "lunch and learn" discussions with managers and/or employees who have progressed in their careers in the organisation. Students are aware that pay, working hours, and shift work are among the most common issues in the hospitality industry; yet, they still require recognition and reward for their efforts. Structured learning opportunities and career development support can help. Additionally, given the importance of flexibility to Generation Z (Febriana & Mujib, 2024), greater emphasis needs to be placed on rotational assignments and scheduling. The latter would also help to address concerns around well-being. Hospitality establishments may be somewhat slow to adopt new working practices; yet, where students welcome alternative work schedules (Holmes et al., 2021), greater effort needs to be placed in this area. If educational institutions and their industry partners could extend their practices, this would not only help create a better balance between students' expectations and their experience, but also help them prepare and build positive attitudes towards the work and the industry, thus enhancing overall satisfaction and encouraging students to remain in the hospitality sector. By synthesizing post-pandemic literature, this review contributes new evidence on which factors shape internship satisfaction, offering both theoretical and practical implications for rethinking hospitality internships.

Table 2: *Recommendations for Research and Practice*

Implications	Theme	Recommendation
Research	Methodology	Adopt qualitative methods to explore lived experiences and causes of satisfaction/dissatisfaction.
	Research design	Conduct longitudinal studies with pre- and post-internship data.
	Stakeholder perspectives	Include host organisations and educational institutions in future studies.
	Study variables	Use clear, well-defined variables; include the paid/unpaid status of internships
Practice	Supervision	Assign at least one university/college supervisor to oversee internship programs.
	Expectation setting	Utilize workshops, guest lectures, and alumni to help form realistic expectations, as well as throughout the hiring process.
	Learning contracts	Implement contracts to define tasks and skill development goals.
	Assessment	Address shortfalls in internship quality and industry requirements, as well as the need for reflective assessment
	Feedback & support	Provide regular feedback, peer mentors, and check-ins.
	Career development	Discuss career paths through structured activities, such as 'lunch and learn' sessions and networking opportunities.
	Respect	Offer recognition, structured learning opportunities, rotational assignments, and flexible scheduling.

Reference List

Amer, T. M., Elsaied, M., & Aladaweiy, A.A. (2024). The impact of internship programs' effectiveness on students' satisfaction and career choice. *Journal of the Faculty of Tourism and Hotels-University of Sadat City, 8*(2/3), 178–198. https://doi.org/10.21608/mfth.2024.410726

Armaha, S. K. & Armahb, L. K. (2021). Internship satisfaction of tourism and hospitality management students. *Journal of Research in Humanities and Social Science, 9*(7) 25–32.

Birtch, T. A., Chiang, F. F. T., Cai, Z., & Wang, J. (2021). Am I choosing the right career? The implications of COVID-19 on the occupational attitudes of hospitality management students. *International Journal of Hospitality Management*, *95*, 1–12. https://doi.org/10.1016/j.ijhm.2021.102931

Chan A. W., Song F., Vickers A., Jefferson T., Dickersin K., Gøtzsche P. C., Krumholz H. M., Ghersi D. & van der Worp, H. B. (2014). Increasing value and reducing waste: Addressing inaccessible research. *The Lancet,* 383(9913), 257–66. https://doi.org/10.1016/S0140-6736(13)62296-5

Chen, T. L. & Shen, C. C. (2012). Today's intern, tomorrow's practitioner? -The influence of internship programmes on students' career development in the hospitality industry. *Journal of Hospitality, Leisure, Sport & Tourism Education, 11*(1), 29–40.

Chen, T. L., Shen, C. C., & Gosling, M. (2018). Does employability increase with internship satisfaction? Enhanced employability and internship satisfaction in a hospitality program. *Journal of Hospitality, Leisure, Sports and Tourism Education, 22*, 88–99.

Collins, M. D., & Pearlman, D. M. (2023). Quality internships in the hospitality industry: A way to help address the labor shortage. *Journal of Human Resources in Hospitality & Tourism*, *22*(4), 562–585. https://doi.org/10.1080/15332845.2023.2207990

Drucker, A., Fleming, P. & Chan, A.-W. (2016). Research Techniques Made Simple: Assessing the Risk of Bias in Systematic Reviews. *Journal of Investigative Dermatology*, *136*(11), 109–114. https://doi.org/10.1016/j.jid.2016.08.021

Farmaki, A. (2018). Tourism and hospitality internships: A prologue to career intentions? *Journal of Hospitality, Leisure, Sport & Tourism Education*, *23*, 50–58. https://doi.org/10.1016/j.jhlste.2018.06.002

Febriana, A., & Mujib, M. (2024). Increasing the Productivity of Gen Z Employees: The Role of Flexible Work Arrangements and Participative Management Style. *SA Journal of Human Resource Management*, *22*, 1-9. https://doi.org/10.4102/sajhrm.v22i0.2489

Ghosh, P., & Jhamb, D. (2021). How is the influence of hotel internship service quality a measurable factor in student interns' behavioral intentions? Mediating role of interns' satisfaction. *Journal of Teaching in Travel & Tourism*, *21*(3), 290- 311. https://doi.org/10.1080/15313220.2021.1912688

Gosling, M. (2024). Enhancing cultural intelligence through international hospitality internships. *Journal of Hospitality & Tourism Education*, *36*(4) 399–409. https://doi.org/10.1080/10963758.2023.2193337

Halkias, D., Neubert, M., & Harkiolakis, N. (2023). *Multiple case study data analysis for doctoral researchers in management and leadership*. Available at https://ssrn.com/abstract=4423757 or http://dx.doi.org/10.2139/ssrn.4423757

Hamrah, A. N., Vajargah, K. F., Aghasaleh, R., Movahh, S. S. & Haghani, M. (2023). Internship in the impasse of the duality of theory and practice: Representation, imitation, compatibility, and tension in the university-industry relationship. *Studies in Higher Education*, *48*(12), 1856–1869. https://doi.org/10.1080/03075079.2023.2216728

Holmes, M. R., McAdams, B., Gibbs, C., & D'Angelo, A. (2021). Is the foodservice industry perceived as being a viable option by those looking to enter it? *Journal of Foodservice Business Research*, *25*(4), 414–433. https://doi-org.qub.idm.oclc.org/10.1080/15378020.2021.1950507

Hong, Q. N., Fàbregues, S., Bartlett, G., Boardman, F., Cargo, M., Dagenais, P., ... & Pluye, P. (2018). The Mixed Methods Appraisal Tool (MMAT) version 2018 for information professionals and researchers. Education for information, 34(4), 285-291. https://doi.org/10.3233/EFI-180221

Hussien, F. M. & La Lopa, M. (2018). The determinants of student satisfaction with internship programs in the hospitality industry: A case study in the USA. *Journal of Human Resources in Hospitality & Tourism*, *17*(4), 502–527. https://doi.org/10.1080/15332845.2018.1486600

Ibanez, A., Krogt, A. V. D., & Neubert, M. (2023). Impact and success factors of online education methods at university level in times of COVID-19: a case study of Paraguay. *International Journal of Technology Enhanced Learning, 15*(1), 58-73. https://doi.org/10.1504/IJTEL.2023.127937

Kukreti, R., & Dani, R. (2021). Determining the role of working environment, contextual factors, and task characteristics in internship satisfaction of hospitality undergraduates. *Materials Today Proceedings*, *46*, 11226–11229. https://doi.org/10.1016/j.matpr.2021.02.51

Lam, R., Tsang, L., & Tavitiyaman, P. (2024). The impact of internship job characteristics on students' hospitality careers: students' and employers' perspectives. *Journal of Teaching in Travel & Tourism*, *24*(4), 337–362. https://doi.org/10.1080/15313220.2024.2344814

Lingadkar, P. R. & Sankaranarayanan, K. G. (2023a). Hospitality and Tourism Internship Programme: Expectations versus Reality. *African Journal of Hospitality, Tourism and Leisure***,** *12*(3), 911–926**.** https://doi.org/10.46222/ajhtl.19770720.407

Lingadkar, P. R., & Sankaranarayanan, K. G. (2023b). Students' expectations and perceptions towards the tourism and hospitality internship program. *Journal of Law and Sustainable Development*, *11*(11), 1-23. https://doi.org/10.55908/sdgs.v11i11.1612

Liu, C., Zhuang, W., Leong, A. M. W., Wu, S., & Huan, T. (2024). The impact of mentorship on internship satisfaction among hospitality interns: The moderating role of thriving at work. *The International Journal of Management Education*, *22*(3), 101061. https://doi.org/10.1016/j.ijme.2024.101061

Liu, Y., Draper, J., & Dawson, M. (2023). The Relationship Between Work Experience and Career Expectations: Career Decision-Making Self-Efficacy as a Mediator. *Journal of Hospitality & Tourism Education*, *35*(3), 213–224. https://doi.org/10.1080/10963758.2022.2034118

Liu-Lastres, B., Huang, W., & Bao, H. (2023). Exploring hospitality workers' career choices in the wake of COVID-19: Insights from a phenomenological inquiry. *International Journal of Hospitality Management*, *111*, 1–11. https://doi.org/10.1016/j.ijhm.2023.103485

Locke, E. A. (1976). The nature and causes of job satisfaction. In M. D. Dunnette (Ed.), *Handbook of industrial and organizational psychology,* (pp. 1297–1343). Rand McNally.

Lopes, J. M., Gomes, S., Santos, T., Oliveira, M., & Oliveira, J. (2021). Entrepreneurial intention before and during COVID-19--A case study on Portuguese university students. *Education Sciences*, *11,* 273. https://doi.org/10.3390/educsci11060273

Marinakou E. & Giousmpasoglou, C. (2021). Hotel internships and student satisfaction as key determinants of career intention. *Journal of Tourism Research, 25,* 42–67.

Mensah, C., Appietu, M. E. & Asimah, V. K. (2020). Work-based social support and hospitality internship satisfaction. *Journal of Hospitality, Leisure, Sport & Tourism Education, 27*(1), 1-11. https://doi.org/10.1016/j.jhlste.2020.100242

Mensah, C., Azila-Gbettor, E. M. & Wireko- Gyebi, S. (2024). Mapping hospitality and tourism internship research: A bibliometric and integrative review. *Journal of Hospitality & Tourism Education*, *36*(2), 132-164. https://doi.org/10.1080/10963758.2023.2175689

Mensah, C., Azila-Gbettor, E. M., Appietu, M. E., & Agbodza, J. S. (2021). Internship work-related stress: A comparative study between hospitality and marketing students. *Journal of Hospitality & Tourism Education*, *33*(1), 29–42. https://doi.org/10.1080/10963758.2020.1726769

Neubert, M. (2022). A Systematic Literature Review about the Speed of Internationalization. *International Journal of Business and Management, 17*(2), 80-111. https://doi.org/10.5539/ijbm.v17n2p80

Neubert, M. (2022). A Systematic Literature Review of Dynamic Pricing Strategies. *International Business Research, 15*(4), 1–17. https://doi.org/10.5539/ibr.v15n4p1

Neubert, M., Rams, W., & Utikal, H. (2020). Experiential learning with live case studies. *International Journal of Teaching and Case Studies, 11*(2), 173-190. https://doi.org/10.1504/IJTCS.2020.109726

Nevison, C., Cormier, L., Pretti, T. J. & Drewery, D. (2018). The Influence of values on supervisors' satisfaction with co-op student employees. *International Journal of Work-Integrated Learning, 19*(1), 1–11.

Nghia, T. L. H., & Duyen, N. T. M. (2017). Internship-related learning outcomes and their influential factors. *Education + Training*, *60*(1), 69–81. https://doi.org/10.1108/et-02-2017-0030

Pusiran, A. K., Janin, Y., Ismail, S., & Dalinting, L. J. (2020). Hospitality internship program insights. *Worldwide Hospitality and Tourism Themes*, *12*(2), 155–164. https://doi.org/10.1108/whatt-12-2019-0079

Qu, H., Leung, X. Y., Huang, S., & He, J. (2021). Factors Affecting Hotel Interns' Satisfaction with Their Internship Experience and Career Intention in China. *Journal of Hospitality Leisure Sport & Tourism Education*, *28*, 1-9. https://doi.org/10.1016/j.jhlste.2021.100311

Seyitoğlu, F. (2019). Gastronomy students' internship experience: benefits, challenges, and future career. *Journal of Teaching in Travel & Tourism*, *19*(4), 285–301. https://doi.org/10.1080/15313220.2019.1566044

Shetu, S. A., & Sayeda, T. (2020). An investigation into students' perceptions and expectations from the hospitality internship program in Dhaka. *Journal of Economics Management and Trade*, 1–14. https://doi.org/10.9734/jemt/2020/v26i1030294

Sihombing, I. H. H. (2021). The Influence of Individual Factors on Hospitality Students' Internship Satisfaction: The Mediating Role of Perceived Importance. *Global Business & Finance Review*, *26*(1), 9–21. https://doi.org/10.17549/gbfr.2021.26.1.9

Spector, P. E., & Jex, S. M. (1998). Development of four self-report measures of job stressors and strain: Interpersonal conflict at work scale, organizational constraints scale, quantitative workload inventory, and physical symptoms inventory. *Journal of Occupational Health Psychology, 3*(4), 356–367. https://doi.org/10.1037/1076-8998.3.4.356

Declarations

Author Contact Information

Correspondence regarding this article should be directed to A. Donnelly at alison.donnelly@student.eim.education.

Conflict of (Competing) Interest

The author declares that he has no (competing) financial or non-financial interests related to this study.

Funding

The author self-funded the research, and no external funding was obtained for its completion.

Author Contributions (CRediT taxonomy):

Conceptualization, Methodology, Formal Analysis, Investigation, Writing – Original Draft, Writing – Review & Editing: Alison Donnelly.

Acknowledgments

I would like to acknowledge Prof. Dr. Michael Neubert's (EIM) support in conceptualizing and proofreading this paper.

Data Availability and Supplementary Material

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

Prior Publication

The author confirms 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, 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 the integrity, rigor, and conclusions of this research.

Copyright and Licensing Information

This work is licensed under a Creative Commons Attribution 4.0 International License (CC BY 4.0). This license permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited. To view a copy of this license, visit https://creativecommons.org/licenses/by/4.0/.

Stankovska, G., Dimitrovski, D., Ibraimi, Z., & Memedi, I. (2021). Online Learning, Social Presence, and Satisfaction among University Students during the COVID-19 Pandemic. In N. Popov, C. Wolhuter, L. de Beer, G. Hilton, J. Ogunleye, E. Achinewhu-Nworgu & E. Niemczyk (Eds.), *New challenges to education: lessons from around the world* (pp. 181-188). BCES.

Vo, N. T., Le, L. H. P., & Lam, V. T. T. (2021). Challenges to Student Satisfaction in the Internship Program of the Hospitality and Tourism Industry in Vietnam. *Journal of Quality Assurance in Hospitality & Tourism*, *23*(5), 1298–1324. https://doi.org/10.1080/1528008x.2021.1964414

Vukić, M., Kuzmanović, M., Vukić, M. (2022). Students' Perspectives on Internships in Vocational Higher Education. *Management: Journal of Sustainable Business and Management Solutions in Emerging Economies*, *27*(1), 11–20. https://doi.org/10.7595/management.fon.2020.0018

Wang, C. (2021). Should I stay or should I go? Linking career decision-making self-efficacy to intention to stay in the hospitality industry based on internship experience. *Sustainability*, *13*, 1–20. https://doi.org/10.3390/su131910571

Xu, S., Lin, Z., He, M., & Wong, I. A. (2022). The Perils of Hospitality Internships: A Growth Curve Approach to Job Motivation Change. *International Journal of Contemporary Hospitality Management*, *35*(2), 492–511. https://doi.org/10.1108/ijchm-12-2021-1525

Xu, S., Wong, I. A., He, M., Lin, Z., & Xie, X. (2023). The intersection of parental support and abusive supervision: A multi-wave design. *Journal of Hospitality and Tourism Management*, *51*, 377–386. https://doi.org/10.1016/j.jhtm.2022.04.006

Yfantidou, G., Spyridopoulou, E., Papaioannou, A., Koustelios, A., & Katsoni, V. (2024). Sustainable strategies for innovative cooperation in Human Resources training between the business sector and universities through internship programs from the pre- to post-COVID-19 period. *Sustainability, 16*(17), 1–19. https://doi.org/10.3390/su16177317

Yu, Z., Mo, J., Jiao, S., & Zhang, J. (2020). Perceptual analysis of internship satisfaction and employment tendency in the hotel industry. *Revista Argentina de Clínica Psicológica, 29*(1), 528–535.

Zhong, Y., Murphy, K., Khalilzadeh, J., Smith, R. M., & Weinland, J. (2022). A European student perspective on international internship value. *Journal of Teaching in Travel & Tourism*, *23*(2), 159–183. https://doi.org/10.1080/15313220.2022.2109552

Zopiatis, A., Papadopoulos, C., & Theofanous, Y. (2021). A systematic review of literature on hospitality internships. *The Journal of Hospitality, Leisure, Sport & Tourism Education*, 28, 1–19. https://doi.org/10.1016/j.jhlste.2021.100309

Zhu J., Lu, Y., Zhao, Y., Zhang, H. & Ran, F. (2023). International students' career construction from hospitality internship: A qualitative approach. *SAGE Open*, *13*(4). https://doi.org/10.1177/21582440231216164

Zhu, Y. (2013). A review of job satisfaction. *Asian Social Science*, *9*(1), 293–298. https://doi.org/10.5539/ass.v9n1p293

Appendix A

Reviewed Literature

Author(s)	Title	Region	Methodology (sample size)	
Amer et al. (2024)	The impact of internship programs' effectiveness on students' satisfaction and career choice	Middle East/ North Africa	Quantitative (344)	
Ghosh & Jhamb (2021)	How is the influence of hotel internship service quality a measurable factor in student interns' behavioral intentions? Mediating role of interns' satisfaction	South Asia	Quantitative (140)	
Armaha & Armahb (2021).	Internship satisfaction of tourism and hospitality management students	West Africa	Quantitative (80)	
Collins & Pearlman (2023)	Quality internships in the hospitality industry: A way to help address the labor shortage	USA	Quantitative (283)	
Kukreti & Dani (2021)	Determining the role of working environment, contextual factors, and task characteristics in internship satisfaction of hospitality undergraduates	South Asia	Quantitative (120)	
Lam et al. (2024)	The impact of internship job characteristics on students' hospitality careers: students' and employers' perspectives	East Asia	Mixed Methods (Quantitative 184 Qualitative 7)	
Lingadkar & Sankaranarayanan (2023a)	Hospitality and tourism internship programme: Expectation versus reality	South Asia	Quantitative (228)	
Lingadkar & Sankaranarayanan (2023b)	Students' expectations and perceptions towards the tourism and hospitality internship program	South Asia	Quantitative (324)	

	Study Justification	*Main Findings*
	Lack of attention on the variables influencing hospitality interns' satisfaction during internships, and how satisfaction influences career choice	Interns experienced dissatisfaction due to long working hours, heavy workloads, inadequate financial compensation, night shifts, a lack of sufficient support from supervisors, disorganized internship structures, and negative societal attitudes toward hotel employees. As a result, students' interest in pursuing careers in the hotel industry was low following their internship experience.
	Limited research on internship service quality and its influence on satisfaction, career choice, and word-of-mouth	The service quality provided during hotel internships did not have a direct positive influence on interns' behavioral intentions. However, service quality significantly enhanced intern satisfaction. Satisfaction was found to play a key mediating role in the relationship between service quality and interns' willingness to share positive word-of-mouth.
	There is a gap in understanding and practice regarding how well internship programs meet student needs and expectations.	The organisational environment and individual factors emerged as the most significant factors for overall satisfaction.
	Need to examine what drives intern satisfaction post-pandemic Intern's expectations may differ from a traditional employment relationship	Interns were more satisfied when host organisations encouraged creativity, made them feel valued, and helped them explore long-term career opportunities. While mentorship through strong LMX relationships could enhance satisfaction, such relationships were not necessarily required for interns to feel satisfied.
	Builds on specific research on the importance of working environment, contextual factors, and task characteristics for hospitality students in India	Several factors influenced the internship satisfaction of hospitality management students, including the working environment, contextual elements, and task characteristics. The role of the supervisor was vital within the working environment.
	Lack of research on the job characteristics of interns and their satisfaction	Job characteristics had a positive influence on job satisfaction and job involvement. Job satisfaction and job involvement were also significantly associated with the students' future career intentions.
	Lack of research in the Indian hospitality sector	Students were generally satisfied with their experience, although the overall level of satisfaction was relatively low. Stable work shifts, opportunities for self-development, and a sense of being part of a team were the three critical aspects that required immediate attention.
	Lack of research in the Indian hospitality sector	While students expressed satisfaction with certain aspects of the internship program, their overall satisfaction was low. Two key factors, namely supervisory guidance and the organizational environment, as well as future employment opportunities, were identified as significant predictors of students' overall satisfaction.

Author(s)	Title	Region	Methodology (sample size)	
Liu et al. (2024)	The impact of mentorship on internship satisfaction among hospitality interns: The moderating role of thriving at work	East Asia	Quantitative (489)	
Marinakou & Giousmpasoglou (2021)	Hotel internships and student satisfaction as key determinants of career intention	Europe	Quantitative (172)	
Mensah et al. (2020).	Work-based social support and hospitality internship satisfaction	West Africa	Quantitative (151)	
Mensah et al. (2021)	Internship work-related stress: A comparative study between hospitality and marketing students	West Africa	Quantitative (286)	
Qu et al. (2021)	Factors affecting hotel interns' satisfaction with internship experience and career intention in China	East Asia	Quantitative (207)	
Shetu & Sayeda (2020)	An investigation into students' perception and expectations of the hospitality internship program in Dhaka	South Asia	Quantitative (50)	
Sihombing (2021)	The influence of individual factors on hospitality students' internship Satisfaction: The mediation role of perceived importance	South East Asia	Quantitative (178)	
Vo et al. (2022)	Challenges for the student satisfaction internship program in the hospitality and tourism industry in Vietnam	South East Asia	Mixed Methods (Qualitative 5, Quantitative 400)	
Vukic et al. (2022).	Students' perspective of internship in vocational higher education	Europe	Quantitative (189)	

	Study Justification	*Main Findings*
	Lack of attention on the influence of situational factors, specifically thriving at work, and how it may impact mentorship and satisfaction	Vertical and horizontal mentoring had a significantly positive impact on internship satisfaction, while learning and vitality moderated the relationship between these two types of mentoring.
	Limited understanding of students' perspectives on challenges associated with delivering hospitality management education, including internships	The most significant factors contributing to student satisfaction were the real working conditions and the quality of the learning experience. Lack of coordination, long working hours, and poor pay were identified as key challenges.
	Lack of investigation into the relationship between social support and hospitality internship satisfaction	Results indicated a positive and statistically significant relationship between organisational, supervisor, and co-worker support and interns' satisfaction.
	Lack of research on the internship stress experiences Focuses on stressors from a developing country perspective. Limited attention on individuals' subjective experiences, such as internship satisfaction	Sources of work-related stress were most commonly related to lack of compensation, repetitive tasks, transportation difficulties, inconsistent expectations from supervisors, and long working hours. Hospitality students reported more stressors than marketing students. High stress was linked to lower internship satisfaction and increased intentions to leave the industry.
	Limited and outdated research on Chinese hospitality students Need to consider the unique work culture in China and the potential influence of national culture	Internship achievements, mentorship and assessment, interpersonal relationships, compensation, hotel features, hotel internship programming, and curriculum requirements influenced interns' satisfaction and their career intentions.
	Limited research on students' perceptions and expectations of internship programs in Bangladesh It is necessary to consider factors related to intern, university, and industry involvement.	Students placed significant value on the planning and training aspects of their programs. Completing the internship had a profoundly positive influence on their future careers in the hospitality industry. However, dissatisfaction arose due to the hierarchy and long working hours.
	Lack of attention to the individual factors that result in internship satisfaction	Individual factors had a positive and significant impact on internship job satisfaction, and they also positively influenced students' perception of the internship's importance. Perceived importance significantly contributed to job satisfaction and influenced individual factors in overall job satisfaction.
	Lack of research on the impact of working in English for students who are not yet fluent in a second language Need to consider individual challenges rather than just organisational support. Limited research in Vietnam	Significant challenges faced by interns included communication and conduct issues, long working hours, limited problem-solving skills, low self-confidence, inadequate supervision, and an overall unfavorable working environment.
	Lack of research examining students' motivations for hospitality and tourism programs, particularly in Europe	Students expressed the most excellent satisfaction with the objectivity of mentor evaluations, and the least satisfaction with the support provided by their schools during the internship. Overall satisfaction was also influenced by better alignment of theory and practice, fair compensation for overtime, and being assigned tasks relevant to their training.

Author(s)	Title	Region	Methodology (sample size)	
Xu et al. (2022)	The intersection of parental support and abusive supervision: A multi-wave design	East Asia	Quantitative (251)	
Yu et al. (2020)	Perceptual analysis of internship satisfaction and employment tendency in the hotel industry	East Asia	Quantitative (286)	
Zhong et al. (2022)	A European student's perspective on international internship value	Europe	Quantitative 112)	

	Study Justification	*Main Findings*
	Lack of attention on how parental support may influence employee outcomes Little is known about an intern's perceptions of person-organisation fit The issue of abusive supervision in hospitality needs examination	Parental support influenced internship satisfaction and commitment to the industry through person–organization fit and the perceived quality of the internship. A cross-domain buffering effect was found, indicating that abusive supervision could erode the positive impact of family support and weaken the connection between parental support and person–organization fit.
	Hospitality and tourism internship experiences are underexplored, particularly in terms of quantitative analysis and model-based investigations.	Interns' perceptions of university management, support from hotel staff, and the overall hotel environment positively influenced their satisfaction. In contrast, their initial expectations had a negative impact on satisfaction. Students' intention to pursue employment in the industry was strengthened by their positive perceptions of hotel work support, hotel environment, and overall internship satisfaction.
	Broad and inconsistent concepts of value European hospitality internship experience is less explored	European students' perception of value played a key role in forming their satisfaction and loyalty intentions. While both the benefits they received and the sacrifices they made influenced this perception, the benefits had a greater impact on their overall evaluation.

Foundations of Academic Philosophy for Researchers

Michael Neubert, EIM – European Institute of Management, Valletta, Malta

Abstract

This paper comprehensively explores the foundations of academic philosophy and their direct relevance to scholarly inquiry. It clarifies how core concepts such as ontology (the nature of reality), epistemology (the nature of knowledge), axiology (values), and methodology, form the foundation of research design and knowledge production. The paper traces the historical evolution of philosophical thought and outlines major research paradigms (positivist, constructivist/interpretivist, critical/transformative, pragmatic) along with key reasoning approaches (deductive, inductive, abductive, etc.). Key insights highlight that each paradigm has distinct strengths and is suited to particular questions; understanding these differences is essential for aligning research questions with appropriate methods and for ensuring theoretical and methodological coherence. The analysis emphasizes that philosophical literacy enhances research rigor, ethical reflexivity, and interdisciplinary collaboration. For academic research, for example in healthcare and management, actionable recommendations are provided: explicitly identify and articulate your philosophical stance in proposals and dissertations; ensure your chosen methods align with your paradigm and research objectives; remain conscious of the values and ethical implications (axiology) inherent in your work; and be open to integrating diverse paradigmatic perspectives to address complex practical problems. By building this philosophical fluency, emerging scholars can strengthen their research's credibility, relevance, and impact.

#Keywords

philosophical foundations, epistemology, ontology, axiology, methodology, research paradigms, positivism, constructivism, pragmatism, academic reasoning, deductive, inductive, abductive, doctoral research, healthcare research, management research.

doi:10.2440/013-0013

Grundlagen der akademischen Philosophie für Forschende

Diese Arbeit untersucht umfassend die Grundlagen der akademischen Philosophie und deren direkte Relevanz für wissenschaftliche Forschung. Sie erläutert, wie zentrale Konzepte wie Ontologie (die Natur der Realität), Epistemologie (die Natur des Wissens), Axiologie (Werte) und Methodologie das Fundament von Forschungsdesigns und Wissensproduktion bilden. Die Arbeit zeichnet die historische Entwicklung philosophischen Denkens nach und skizziert zentrale Forschungsparadigmen – darunter den Positivismus, den Konstruktivismus/Interpretivismus, das kritisch-transformative Paradigma sowie den Pragmatismus – sowie zentrale Argumentationsansätze wie deduktive, induktive und abduktive Argumentation. Zentrale Erkenntnisse zeigen, dass jedes Paradigma über spezifische Stärken verfügt und sich für bestimmte Fragestellungen besonders eignet; das Verständnis dieser Unterschiede ist essenziell, um Forschungsfragen mit geeigneten Methoden in Einklang zu bringen und theoretische wie methodologische Kohärenz zu gewährleisten. Die Analyse betont, dass philosophische Bildung die wissenschaftliche Strenge, ethische Reflexivität und interdisziplinäre Zusammenarbeit stärkt. Für die akademische Forschung, etwa im Gesundheitswesen oder Management, werden konkrete Handlungsempfehlungen formuliert: Forscher sollten ihre philosophische Position in Projektanträgen und Dissertationen explizit benennen und reflektieren; sie sollten sicherstellen, dass die gewählten Methoden mit dem zugrunde liegenden Paradigma und den Forschungszielen übereinstimmen; sie sollten sich der inhaltlichen Werte und ethi-

schen Implikationen (Axiologie) ihrer Arbeit bewusst sein; und sie sollten Offenheit gegenüber der Integration verschiedener paradigmenbezogener Perspektiven zeigen, um komplexe praktische Probleme adäquat adressieren zu können. Durch den Aufbau philosophischer Sprach- und Handlungskompetenz können Nachwuchswissenschaftler die Glaubwürdigkeit, Relevanz und Wirkung ihrer Forschung substanziell erhöhen.

学术哲学基础：研究人员指南

本文全面探讨了学术哲学的基础及其与学术研究之间的直接关联。文章阐明了本体论（关于现实的本质）、认识论（关于知识的本质）、价值论（关于价值的探讨）与方法论等核心概念如何构成研究设计与知识生产的基础。文章回顾了哲学思想的历史演变，并梳理了主要研究范式（实证主义、建构主义/解释主义、批判性/变革性、实用主义）及其核心推理方式（演绎、归纳、溯因等）。研究指出，每一种范式都有其独特优势，适用于不同类型的研究问题；理解这些差异对于实现研究问题与方法之间的匹配，以及确保理论与方法的一致性至关重要。分析强调，哲学素养有助于提升研究的严谨性、伦理反思能力与跨学科协作水平。针对学术研究，尤其是医疗与管理等领域，本文提出了可操作的建议：在研究计划和学位论文中明确阐述个人的哲学立场；确保所选方法与研究范式及目标保持一致；关注研究中的价值取向与伦理意义（即价值论）；并鼓励开放接纳多种范式视角，以应对复杂的实际问题。通过建立哲学流利性，新兴学者能够提升其研究的可信度、相关性与影响力。

Introduction

Academic inquiry is underpinned by a constellation of philosophical foundations that shape how knowledge is defined, pursued, and justified in research. These foundations include assumptions about reality, knowledge, values, and methodology, which collectively influence how researchers design studies and interpret findings (Crotty, 1998; Lincoln & Guba, 1985; Patton, 2015). Engaging explicitly with such assumptions is increasingly seen as a marker of scholarly rigor. For instance, recent literature in education and healthcare research argues that strong theoretical frameworks and clarity about the nature of knowledge are required to achieve "academic legitimacy" in research (Brown & Dueñas, 2020; Creswell & Creswell, 2022; Patton, 2015). In other words, clearly articulated philosophical principles help others understand and evaluate a study's approach (Brown & Dueñas, 2020; Creswell & Plano Clark, 2018; Venkatesh et al., 2023). Concepts such as ontology (the nature of reality), epistemology (the nature of knowledge), axiology (the role of values), and methodology (the approach to inquiry) form the structural foundation upon which academic research is built (Crotty, 1998; Lincoln & Guba, 1985). Additionally, reasoning processes and overarching research paradigms align a scholar's philosophical stance with their investigative goals (Biesta, 2010; Mertens, 2007; Patton, 2015). This paper provides a comprehensive overview of these interrelated philosophical concepts, demonstrating their integral role in shaping academic knowledge. The discussion is tailored for doctoral researchers, mainly in healthcare and management, illustrating how philosophical fluency equips them with the intellectual tools necessary for high-level inquiry and methodological coherence.

Historical Development of Academic Philosophy

The intellectual roots of academic philosophy extend back to antiquity. In ancient Greece, thinkers such as Socrates, Plato, and Aristotle pioneered systematic inquiry into knowledge, reality, and ethics, laying the groundwork for logic, metaphysics, and epistemology. For example, Aristotle's development of formal logic and Plato's debates on the nature of truth were early efforts to understand how we can reason about the world. Classical Greek philosophy intermingled with religious doctrine throughout the medieval period—figures like Augustine and Thomas Aquinas attempted to reconcile faith with reason, embedding philosophical questions within a theological framework (Audi, 2015). The Enlightenment of the 17th–18th centuries marked a turning point that elevated reason and empirical evidence as primary sources of knowledge. Philosophers such as René Descartes, John Locke, Immanuel Kant, and David Hume redefined modern epistemology and metaphysics by examining the nature of knowledge, the self, and the limits of human reason.

By the 19th and 20th centuries, academic philosophy diversified into many schools of thought. Logical positivism (e.g., Carnap) championed verification through empirical science and precise language. Phenomenology (Husserl, Heidegger) and existentialism (Sartre, de Beauvoir) shifted focus to lived experience, consciousness, and human freedom. Critical theory emerged via the Frankfurt School (Horkheimer, 1972), which critiqued ideology and power structures in society. American pragmatism (Peirce, James, Dewey) introduced the idea that truth is not absolute but "what works" through practical consequences and problem-solving. These developments expanded the philosophical landscape, moving beyond a single "correct" way of knowing to a pluralistic view. By the late 20th century, Thomas Kuhn's influential work The Structure of Scientific Revolutions popularized the concept of paradigms—worldviews or models of inquiry that guide scientific research communities (Kivunja & Kuyini, 2017; Kuhn, 1962). Kuhn showed that science goes through revolutions where one paradigm replaces another, underscoring that even fundamental concepts of truth and method are historically situated (Kivunja & Kuyini, 2017; Kuhn, 1962). In contemporary scholarship, philosophy continues to evolve with interdisciplinary approaches and applications in fields like ethics, education, healthcare, and management. Researchers today draw from this rich history to inform their assumptions about what constitutes valid knowledge and inquiry in their respective domains.

What Is Knowledge?

Knowledge is classically defined as justified true belief, a formulation often attributed to Plato's dialogues (Ichikawa & Steup, 2024). Under this tripartite definition, for someone to know a proposition, three criteria must be met: (1) the proposition must be true, (2) the person believes the proposition, and (3) the person has justification (evidence or reasons) for that belief (Ichikawa & Steup, 2024). Simply, knowledge entails a belief that aligns with reality and is backed by sound reasoning or evidence. For example, a doctoral student in healthcare management may believe that reducing patient wait times improves satisfaction. This belief becomes knowledge if it is true (perhaps supported by hospital data). The student can justify it with empirical research and theory (e.g., queuing theory or service quality frameworks). In research practice, the emphasis on justification means that knowledge claims must be supported by evidence and logical argumentation, distinguishing them from mere assumptions or opinions.

It is important to note that the definition of knowledge as "justified true belief" has been debated by philosophers (e.g., the famous Gettier problem). Still, it remains a helpful starting point in academic contexts (Ichikawa & Steup, 2024). This definition highlights that knowledge is not simply any true belief—we require that the belief be acquired in a reliable or defensible way. In scientific research, justification typically comes from systematic inquiry: observati-

 DOI:10.2440/013-0013

ons, experiments, logical inference, and scholarly dialogue. Doctoral research aims to generate new knowledge, which means researchers must demonstrate that their findings are true (valid and credible) and justified (grounded in methodology and theory). Indeed, a key criterion for evaluating doctoral work is its contribution to knowledge, underscoring why clarity about what counts as knowledge is crucial (Kivunja & Kuyini, 2017). Understanding the nature of knowledge thus leads directly into foundational questions of ontology and epistemology—What is the nature of reality that we seek to know? And how can we know anything about that reality?

Before delving into those pillars, it is also helpful to distinguish academic knowledge from other forms of belief. Unlike personal belief or opinion, academic knowledge is collectively vetted and built: it is developed through critical inquiry, peer review, and evidence, within a community of scholars. This distinguishes it from ideology or dogma, where beliefs might be held rigidly without openness to evidence or revision. Academic knowledge is inherently provisional—new evidence can refine or overturn what is considered true. This self-correcting nature of scientific knowledge aligns with the fallibilist view that all claims are subject to re-examination. For doctoral students, adopting a critical stance toward knowledge (acknowledging what is known, unknown, and uncertain) is part of the transition from being a consumer of knowledge to a producer of knowledge.

Academic Philosophy vs. Religious Philosophy vs. Ideology

It is essential to differentiate academic philosophy from religious philosophy and ideology, as these orientations approach knowledge and truth differently. Academic philosophy (and by extension, scientific research) is grounded in critical reasoning, empirical evidence, and openness to questioning. The aim is to move from belief to knowledge – i.e., to convert ideas into justified, testable claims – and to remain open to refutation if new evidence contradicts current understanding. Academic inquiry demands that assumptions be made explicit and conclusions be supported by logic or data, thereby allowing peer scrutiny. In contrast, religious philosophy often begins with faith-based premises or doctrinal truths and seeks understanding within that framework. Its epistemology relies on revelation, authority, or spiritual insight rather than empirical falsification. Thus, religious philosophical claims may be less contestable within their system (one does not test a core article of faith like one would test a scientific hypothesis). While religious thought can be intellectually rigorous, its justifications are usually grounded in theology or sacred texts and aimed at deepening belief, not challenging it through systematic doubt.

Conversely, ideology refers to a set of normative beliefs or values, often political, moral, or cultural, that shape one's interpretation of the world. Ideologies (for example, capitalism, Marxism, feminism, etc.) provide frameworks for social action and identity, and they often carry implicit assumptions about what is true or important. Unlike academic theories, ideologies are typically evaluated by their coherence and usefulness to a group rather than by empirical validation. An ideological stance may selectively accept evidence that fits its narrative and dismiss or reinterpret evidence that contradicts it. As a result, ideologies can resist change or contradiction, prioritizing consistency with core values over open-ended inquiry. For instance, a political ideology might persist in its economic prescriptions even in the face of contrary data, because those prescriptions align with deeper values or goals.

In summary, academic philosophy strives for intersubjective truth (knowledge that holds regardless of individual belief, subject to verification by anyone). In contrast, religious philosophy strives for faithful insight (understanding grounded in spiritual truth), and ideology strives for value-laden coherence (ideas that support a desired so-

cial or moral order). Academic research distinguishes itself by its commitment to skepticism, evidence, and revision. It is "open to critique, revision, and disconfirmation" in ways that dogmatic belief systems typically are not. This does not mean that scholars are free of bias or preconceptions (indeed, the choice of research topic can be value-driven). Still, the academic ethos requires transparency and critical engagement with one's assumptions. Doctoral students in healthcare and management must meticulously recognize when a viewpoint is rooted in empirical evidence versus when ideological or faith-based commitments influence it. Maintaining this distinction helps ensure that research conclusions remain credible and are taken seriously in academic and professional arenas.

Core Philosophical Assumptions in Research

Foundational to any research effort are a set of philosophical assumptions about reality, knowledge, values, and how to systematically investigate phenomena. These assumptions are often categorized under ontology, epistemology, axiology, and methodology (Creswell & Plano Clark, 2018; Kivunja & Kuyini, 2017; Venkatesh et al., 2023). They form a coherent worldview or paradigm that guides how a researcher formulates questions, chooses methods, and interprets results (Creswell & Creswell, 2022; Kivunja & Kuyini, 2017; Patton, 2015). Table 1 summarizes these core concepts, including their definitions and the key questions they address.

Table 1: *Core Philosophical Assumptions in Research*

Philosophical Concept	*Definition (Key Question)*	*Typical Positions*
Ontology	The study of being and the nature of reality (What is reality? What exists?). It involves assumptions about what entities make up the world and whether reality is objective or constructed.	Realism: a real world exists independent of our perceptions; Relativism: multiple realities exist as constructs of the mind or society; Critical realism: reality exists but is only imperfectly knowable due to human limitations.
Epistemology	The study of knowledge is how we know what we know (What counts as knowledge? How is knowledge acquired?). It deals with the relationship between the knower and what can be known and the criteria for truth and justification.	Objectivism: knowledge is objective, discovered by the knower without personal bias (aligned with empiricism/rationalism); Subjectivism/ Constructivism: knowledge is created by the subject's interactions with the world (it is mind-dependent or socially constructed); Pragmatism: knowledge is judged by its practical utility ("what works").
Axiology	The study of values – the role of ethics and values in research (What is the role of the researcher's values? What is worth knowing?). Axiology informs priorities, ethical considerations, and what the research aims to achieve.	Value-neutrality: researchers should eliminate or minimize personal values influencing research (often associated with (post-) positivism); Value-bound/conscious: researchers recognize that values influence inquiry and may explicitly include their value stance (common in constructivism and pragmatism); Critical axiology: research is an moral–political act, values of social justice guide the inquiry (value-driven - transformative paradigm).
Methodology	The study of methodical approach – the rationale and strategy for conducting research (How should we inquire into reality?). It justifies the selection of specific methods and designs, aligning with ontological and epistemological assumptions.	Quantitative methodology emphasizes measurement, hypothesis testing, and experimental design (aligned with objectivist epistemology). Qualitative methodology emphasizes understanding meanings, context, and experiences through interviews, observations, etc. (aligned with constructivist epistemology). Mixed-methods methodology combines quantitative and qualitative approaches, often aligned with pragmatic philosophy.

 DOI:10.2440/013-0013

Ontology is often considered the starting point: it concerns what exists and is real (Creswell & Plano Clark, 2018; Venkatesh et al., 2023). In research terms, ontological assumptions shape whether a phenomenon is seen as independent of observers or as dependent on social or personal perception. For example, a healthcare researcher with a realist ontology might assume diseases exist as real biological entities in patients regardless of what anyone believes. In contrast, a researcher with a relativist or constructivist ontology might view "illness experience" as something that is co-constructed by patient and societal interpretations. Thus, multiple realities of illness (biological, psychological, social) exist depending on context (Brown & Dueñas, 2020). Ontology asks questions like: "Is there a single reality 'out there', or do multiple realities exist?" (Brown & Dueñas, 2020). Answering this is critical because it influences what kind of knowledge one seeks. If one believes in one objective reality, research will aim to measure or capture that reality. If one believes in many constructed realities, research will aim to interpret or map those subjective experiences.

Epistemology follows by asking: "How can we know reality (or realities) and what counts as legitimate knowledge about it?" (Kivunja & Kuyini, 2017; Venkatesh et al., 2023). Epistemology is rooted in the Greek word episteme (knowledge), which deals with the nature and sources of knowledge. It examines the relationship between the knower (the researcher or observer) and the would-be known (the object of study) (Kivunja & Kuyini, 2017). Key epistemological questions include whether knowledge is something discovered externally (as in objective facts) or constructed internally (as in personal meaning). For instance, objectivist epistemology holds that researchers can observe reality as it is, using the correct methods to remove bias – knowledge is out there waiting to be discovered. This is common in quantitative research, where the investigator strives to remain independent and neutral (e.g., using standardized instruments to gather data that any other researcher would obtain). On the other hand, constructivist epistemology posits that researchers and participants co-create understanding; knowledge arises from interaction and interpretation (Kivunja & Kuyini, 2017). A simple example: in management research, an objectivist might distribute a survey to measure leadership quality as a tangible property, whereas a constructivist might conduct interviews to understand how different people perceive and define effective leadership in their context. Each approach yields "knowledge," but of different kinds – one oriented to objective measurement, the other to subjective insight. Epistemology also involves considering what evidence is credible. Some traditions emphasize empirical evidence (observable via senses or instruments), others stress logical reasoning, and others may even include intuition or authority as knowledge sources (Kivunja & Kuyini, 2017). In practice, researchers draw from multiple sources of knowledge – for example, combining empirical data with expert insight – but one's epistemological stance will influence which sources are given priority. Ultimately, epistemology is crucial because it underpins the research design: it "helps establish the faith you put in your data" and how you go about uncovering knowledge in your field (Kivunja & Kuyini, 2017).

Axiology addresses the question of values in research. Every researcher brings specific values to a study – beliefs about what is important, ethical commitments, and motivations for the research topic (Creswell & Plano Clark, 2018; Venkatesh et al., 2023). Axiology asks: "What is the role of my values in this inquiry? Should research be value-free, value-neutral, or value-driven?" (Kivunja & Kuyini, 2017). In a positivist tradition, there is an emphasis on value-neutrality: the idea that research should be conducted objectively, free from the researcher's biases or personal values. The researcher aims to be a detached obser-

ver, and any intrusion of values is considered a threat to validity. In contrast, interpretivist and critical traditions assert that complete value-neutrality is impossible (or even undesirable) because the choice of what to study, how to study it, and how to interpret it is inherently influenced by human values. Thus, they advocate reflexivity – explicitly acknowledging one's values and how those might affect the research. For example, a critical healthcare researcher might value equity and therefore choose research questions about healthcare disparities; this value orientation is not a bias to be eliminated but a driving force for socially relevant research. In the transformative (critical) paradigm, axiology is foregrounded: research is expected to advance social justice, giving voice to marginalized perspectives (Mertens, 2007). Here, values such as empathy, fairness, and empowerment guide the inquiry. Ethical considerations (often formalized in research ethics principles like beneficence, respect, and justice) are also part of axiology (Kivunja & Kuyini, 2017). For doctoral students, being clear about axiology means being aware of why the research matters and to whom, and ensuring ethical integrity throughout the study. In fields like healthcare, axiology is critical – researchers must consider patient welfare, consent, and implications of their findings on people's lives. In management, values might concern organizational responsibility, stakeholder interests, or ethical business practices. A transparent axiological stance helps audiences trust that the research is conducted responsibly and that the interpretations are made with an awareness of potential biases or objectives.

Methodology refers to the overall approach and strategy of research – essentially, the rationale behind the research design and the choice of specific methods (Kivunja & Kuyini, 2017; Venkatesh et al., 2023). It flows naturally from ontology, epistemology, and axiology. If ontology is what you believe exists, and epistemology is how you believe you can know it, then methodology is how you plan to systematically acquire that knowledge (Halkias et al., 2022). It encompasses decisions about whether to use experiments, surveys, case studies, interviews, observations, etc., and – importantly – why those methods are appropriate given the researcher's philosophical stance. For example, a researcher with a postpositivist ontology (believing in an objective reality but acknowledging imperfect knowledge) and objectivist epistemology will likely choose a quantitative methodology – perhaps a controlled experiment or a survey with statistical analysis – because those methods align with trying to measure an objective reality while controlling for errors. Conversely, a researcher with a relativist ontology and constructivist epistemology will lean toward qualitative methodologies like multiple case study or phenomenology, emphasizing rich contextual understanding and participant meanings (Halkias & Neubert, 2020; Neubert, 2024). Methodology also includes the logic of inquiry (inductive, deductive, etc., which we discuss in the next section) and the procedures for ensuring data reliability, validity, or trustworthiness. It addresses practical questions like: "How will I obtain the data I need to answer my research question? Why is this approach the best way to do so given what I believe about the world? How will I analyze the data and draw conclusions?". While methods are the specific tools or instruments (e.g., a questionnaire, an interview guide, a software for analysis), methodology is the justification for coherently using those tools (Halkias et al., 2023; Neubert, 2023). For instance, in a study on hospital leadership, choosing a case study methodology might be driven by the belief that leadership is context-dependent (ontology) and that in-depth, qualitative insight is needed (epistemology), with an axiology that values practical learning for that organization. The methods could include interviews, observation, and document analysis within that case study. A different researcher might choose a survey methodology for the same topic if they assume leadership effecti-

 DOI:10.2440/013-0013

veness can be objectively measured and compared across many hospitals, aligning with a more positivist stance. In sum, methodology is where philosophical assumptions meet action: it translates ideas about reality and knowledge into a plan for inquiry. A well-articulated methodology is crucial in scholarly work because it allows others to evaluate the appropriateness of the research design and to repeat or build upon the study.

As these four concepts (ontology, epistemology, axiology, methodology) illustrate, philosophical assumptions are deeply interlinked. Together, they form a philosophical profile for a research project. When aligned consistently, this profile ensures coherence; if misaligned, the research may suffer (for example, trying to statistically measure a phenomenon that one's paradigm considers socially constructed could produce confusing or superficial results). Doctoral students are expected to understand and communicate these assumptions in their dissertations or proposals. Doing so demonstrates that they have engaged with the "basic assumptions, beliefs, norms, and values" of their chosen research approach (Kivunja & Kuyini, 2017) and can defend their study's design as philosophically sound. It is often said that "a paradigm guides every study" – we turn next to what those paradigms are and how these assumptions play out in some major research paradigms.

Reasoning Approaches in Research

Rigorous research relies on logical reasoning to move from questions to answers. Researchers employ several types of reasoning to connect theory and data, each serving a different purpose in the knowledge-building process. The most commonly discussed forms are deductive and inductive reasoning, but scholarly inquiry also uses abductive, retroductive, analogical, and dialectical reasoning. Table 2 summarizes these modes of reasoning, including how they operate and examples of their use in research.

Table 2:
Modes of Reasoning

Type of Reasoning	*Description*	*Example Use in Research*
Deductive reasoning	A logical process that moves from general principles or theories to specific cases. Often called a "top-down" approach, it starts with a hypothesis derived from theory and then tests it against empirical data. The conclusion must be true if the premises are true and the reasoning is valid. In research, it tests hypotheses and verifies theories by collecting data to see if it confirms the expected pattern.	A management scholar starts with a theory that employee autonomy increases job satisfaction. They deduce that "if the theory is correct, then in a sample of companies, teams with more autonomy will report higher satisfaction." They design a survey or experiment to gather data and statistically test this prediction. A significant result supporting the hypothesis strengthens confidence in the theory.
Inductive reasoning	A logical process that moves from specific observations to broader generalizations or theories. A "bottom-up" approach: one gathers data, looks for patterns, and infers a general rule or theory. Conclusions are probabilistic – they offer plausible explanations but are not certain truth (future observations might contradict them).	A healthcare researcher observes that teams implementing a new protocol have improved patient outcomes in several hospitals. From multiple case observations, they inductively infer a general principle that "collaborative protocols improve patient care." This inductive conclusion can lead to proposing a new theory or a hypothesis to test more formally. Qualitative research often uses induction, e.g., grounded theory, where themes emerge from interview data to form a new conceptual framework.

Type of Reasoning	*Description*	*Example Use in Research*
Abductive reasoning	Often described as "inference to the best explanation." It starts with an observation (often puzzling or unexpected) and works backward to hypothesize the most likely cause or explanation. Abduction is neither purely deductive nor purely inductive; it is a creative leap to form a plausible theory that can then be tested. It accepts that the explanation is a hypothesis to be further scrutinized.	A public health researcher finds that a specific community has much lower infection rates than neighboring areas, which is unexpected. Using abductive reasoning, they propose the best explanation – perhaps a unique community health program or herd immunity – as the cause. This hypothesis (arrived at abductively) can then be examined with further data. Grounded theory methodology explicitly uses abduction: as data are collected, the researcher proposes theoretical explanations for what is observed, and then checks those against new data (a back-and-forth process).
Retroductive reasoning	A form of reasoning used to identify underlying causal mechanisms that are not directly observable. Common in critical realism, retroduction asks: "What must be true (which hidden structure or mechanism) for this observed pattern to occur?". It often involves imagining a model of reality and deducing what unseen factors could produce the outcomes we see, then seeking evidence for those factors.	In organizational research, we observe that several firms spontaneously adopted a similar innovation around the same time and achieved success. Retroductive reasoning might lead us to posit an underlying mechanism (e.g., a shift in market logic or an unspoken industry norm) that drove this convergence. The researcher then investigates historical data, interviews, or theory to uncover that mechanism. Retroduction is especially useful when dealing with complex systems – e.g., a critical realist studying healthcare might look beyond surface variables (like staffing levels) to deeper structures (like institutional culture or power dynamics) that explain why specific interventions succeed or fail.
Analogical reasoning	Reasoning by analogy involves comparing similar cases and inferring that what is true for one case may be true for the analogous case. It relies on similarity in structure or context between the known (source) and the unknown (target) to transfer insights. While not formally rigorous (analogies can be imprecise), it is a heuristic often used for hypothesis generation or illustrative explanation.	A management researcher studying a hospital's response to a crisis might use an analogy to how an airline handles safety incidents, given structural similarities in high-risk industries. By analogical reasoning, practices that improved airline safety culture might be expected to work in healthcare. This can generate hypotheses (e.g., "crew resource management training might improve teamwork in surgery, by analogy to aviation"). In case study research, analogies help in theoretical generalization: lessons from one case are carefully applied to another, with justified comparison of contexts.
Dialectical reasoning	Dialectical reasoning is a form of reasoning that seeks truth through the resolution of contradictions. Originating from Hegelian and Marxian thought, dialectical reasoning involves the interplay of a thesis (an initial idea), its antithesis (a conflicting idea), and an eventual synthesis that reconciles the two at a higher level. It is a process of iterative argumentation and integration. In research, this often appears in critical and conceptual scholarship that tackles paradoxes or conflicting findings by transcending them with a new framework.	In social science, a dialectical approach might examine the tension between individual agency and structural constraints. A researcher notices a debate: one theory says individual leaders shape organizational culture (thesis), another says culture is determined by institutional structures (antithesis). The researcher proposes a synthesis through dialectical analysis, for example, a new model where leaders and structures co-evolve through dynamic interaction. Critical theorists use dialectics to challenge the status quo: e.g., analyzing the contradictions in a healthcare policy (equity vs. cost efficiency) and formulating a more integrative solution. Dialectical reasoning is evident in literature reviews or theoretical papers that pit opposing viewpoints against each other and derive a novel insight or theory that resolves the tension.

 DOI:10.2440/013-0013

Deductive and inductive reasoning are often presented as the two core approaches in science. In practice, most research projects utilize both to some degree. A deductive approach is powerful for testing hypotheses and confirming (or falsifying) existing theories. For example, in epidemiology, one might deduce from theory that "if a vaccine is effective, infection rates in a vaccinated group will be significantly lower than in an unvaccinated group." The study is then structured to see if that prediction holds, thereby strengthening or weakening the theory. Deduction yields strong logical inferences – a well-designed experiment can provide compelling evidence against a hypothesis if the predicted outcome does not occur (following the falsificationist principle of Karl Popper). However, deduction relies on the quality of the initial theory and premises; it does not generate new theory; it tests what is already assumed. This is where induction complements the process. Inductive reasoning allows researchers to discover new patterns and build theories from the ground up. Induction enables insights to emerge from data, especially in exploratory phases or new problem areas where established theory is thin. For instance, if management scholars interview dozens of successful entrepreneurs and consistently find they mention learning from failure as key to their success, an inductive generalization might be that "learning orientation is a critical factor for entrepreneurial success." This new hypothesis can later be tested deductively on a larger scale, showing the iterative nature of research logic. In fact, many research methodologies explicitly encourage an iterative cycle of deduction and induction – one deduces hypotheses, tests them, observes anomalies, then inductively updates the theory, and so on.

Moving beyond the basic pair, abductive reasoning has gained prominence, particularly in qualitative and mixed-methods research (Creswell & Plano Clark, 2018; Venkatesh et al., 2023). Abduction is what you use when you encounter something in your data that existing theories cannot explain – a sort of intellectual creativity to propose a novel explanation. It is considered the cornerstone of grounded theory methodology, where researchers constantly alternate between data and theory, guessing at explanations and then checking them. For example, in healthcare research, unexpected patient behaviors or outcomes might prompt a clinician-researcher to formulate a new explanation (perhaps involving a previously unconsidered cultural factor) that better fits the observations than any current model. This abductive leap can later be examined with more structured research, but it often is the source of new theoretical ideas.

Retroductive reasoning is particularly associated with critical realist philosophy (Bhaskar, 1975). Realists argue that what we observe (the empirical) is driven by deeper mechanisms (the real), which we cannot see directly. Retroduction is the process of reasoning backward from observations to hypothesize those hidden mechanisms (Saxena, 2019). For example, suppose a hospital's infection rates drop dramatically after a specific administrative change. In that case, retroduction might lead us to posit that the change altered an underlying social mechanism (like communication flow or accountability structure), which in turn caused better adherence to hygiene protocols. The researcher would then investigate evidence for that mechanism, perhaps through interviews or process tracing. In mixed-methods studies, one might use quantitative data to identify a pattern and then qualitative approaches to retroductively explore what underlying process produced that pattern (Creswell & Plano Clark, 2018; Venkatesh et al., 2023).

Analogical reasoning is frequently employed in fields like strategic management, education, or policy studies, where direct experimentation is difficult and researchers look to lessons from other domains. While analogy can be a weaker form of evidence (because two situati-

ons are never identical in all respects), it is invaluable for theory transfer and for building frameworks. For example, the famous concept of "ecosystem" in business (companies interacting like species in a biological ecosystem) is an analogy borrowed from ecology to explain complex inter-firm relationships. This analogy sparked new theoretical developments in management science. Researchers must use analogies carefully to identify key similarities and acknowledge differences to make the comparison meaningful.

Dialectical reasoning, finally, is at the heart of critical analysis and theoretical discourse. In fields concerned with social change (like critical management studies or public health policy), scholars often find that contradictions in society (e.g., between profit and public good in healthcare) drive the dynamics of problems. A dialectical approach does not accept these contradictions at face value but uses them to propel deeper understanding. For instance, a dialectical study of healthcare might look at the opposing forces of standardization (protocols that make care efficient and consistent) vs. personalization (tailoring care to individual patient needs). Each has evidence and arguments in its favor; a dialectical analysis would explore this tension and seek a higher-order resolution (perhaps a new model of care that integrates standardized practices with flexible, patient-centered provisions). The outcome could be a synthesized framework that informs policy, arguably more robust because it consciously addresses conflicting priorities. Dialectics also underlie the peer review and academic debate process: researchers put forward a thesis (their findings or theory), colleagues may present antitheses (critiques, alternative interpretations), and over time, the field moves toward a refined consensus or new theory that synthesizes the insights.

In sum, high-quality research in doctoral studies leverages these reasoning approaches thoughtfully. Quantitative studies may lean heavily on deduction (with a complement of induction when interpreting unexpected findings), whereas qualitative studies often emphasize induction and abduction. Mixed-methods designs explicitly use both: for example, an exploratory qualitative phase (inductive/abductive) to generate hypotheses, followed by a quantitative phase (deductive) to test them, or vice versa (deductively testing, then inductively explaining outliers) (Creswell & Plano Clark, 2018; Venkatesh et al., 2023). A reflexive researcher remains aware of which mode of reasoning they are using at different stages, and they align it with their overall methodological approach. By combining these reasoning tools, doctoral researchers can enhance the robustness of their inquiry – using deduction for precision and validation, induction for discovery, abduction for innovation, and dialectics for critical depth. The result is a more comprehensive understanding of the phenomenon under study.

Major Research Paradigms

A research paradigm is a coherent worldview or belief system that guides how research is conducted, integrating the ontological, epistemological, axiological, and methodological assumptions discussed above (Brown & Dueñas, 2020; Creswell & Creswell, 2022; Kivunja & Kuyini, 2017). Paradigms can be considered overarching frameworks that dictate what questions are asked, how data are collected and interpreted, and how quality is judged (Creswell & Creswell, 2022). Several paradigms have achieved prominence in academic research, especially in social sciences. Each represents a distinct philosophy of inquiry:

- Positivism (and its nuanced successor, Post-positivism),
- Constructivism/Interpretivism,
- Transformative/Critical (e.g., critical theory, feminist, transformative-emancipatory paradigm),
- Pragmatism.

 DOI:10.2440/013-0013

These paradigms are often compared in terms of their ontology, epistemology, axiology, and preferred methodologies. Table 3 provides a comparative summary of key assumptions in major paradigms as applied in fields like healthcare and management research.

Paradigm	Ontology (Nature of Reality)	Epistemology (Nature of Knowledge)	Axiology (Role of Values)	Methodological Preference
Positivism	Realist – a single, objective reality exists "out there" independent of observers. Reality is ordered and governed by natural laws; it can be objectively known using correct methods.	Objectivist: The researcher can observe reality without influencing it, aiming for objective knowledge. Knowledge is valid if it corresponds to reality and is verified through empirical observation and logical analysis. Truth is context-independent and generalizable.	Value-neutral – research should be free of the researcher's values or biases. The investigator and subject are independent (dualism). Inquiry is considered objective when it eliminates subjective influence; values are seen as irrelevant to scientific outcomes.	Quantitative, experimental, and survey methods. Emphasis on measurement, hypothesis testing, and statistical analysis. Seeks causal explanation and prediction. Large samples and reproducibility are favored for generalization. Laboratory experiments or clinical trials in healthcare are classic positivist approaches.
Post-positivism	Realist (critical realist flavor) – a single reality exists but can only be known imperfectly. Observations are theory-laden and subject to error, so reality is approximate. Embraces a critical realism: objective reality is assumed but only partially apprehendable due to human fallibility.	Modified objectivist – strives for objectivity but recognizes all measurements as uncertain. Knowledge is probabilistic and subject to revision. Uses falsification rather than verification: hypotheses can be rejected, but not proven true. The knower seeks to be objective, yet absolute certainty is unattainable.	Values are controlled but acknowledged – researchers try to minimize bias, yet openly account for how values or theoretical perspectives may have influenced the inquiry. Complete neutrality is an ideal; in practice, critical self-reflection is used to reduce bias.	Quantitative and experimental methods remain primary, but with methodological rigor to address errors (e.g., using triangulation, statistics that account for uncertainty, replication studies). Often includes mixed methods or qualitative data to contextualize findings. For example, a post-positivist study in management might include a survey (with statistical hypothesis testing) followed by some interviews to help explain unexpected results.
Constructivism / Interpretivism	Relativist – multiple realities exist, as reality is socially or experientially constructed. What is real depends on context, perspective, and interaction. There is no single truth, only local and specific constructions of reality (e.g., each patient's experience of illness is a different reality).	Subjectivist: Knowledge is co-created between the researcher and participants. The investigator cannot be truly separate from what is being studied, especially in social realms. Truth is plural and subjective; understanding is gained by interpreting meanings (Verstehen). The goal is to understand how people construct meaning in their contexts rather than to discover universal laws.	Value-bound – researchers' and participants' values are integral to the research process. Instead of trying to eliminate influence, interpretivist researchers often embrace reflexivity, making their positionality clear. They value the subjective connection as a source of insight. The inquiry is often driven by appreciating participants' perspectives and needs.	Qualitative, naturalistic methods (e.g., ethnography, case study, phenomenology, grounded theory). Methods involve close interaction: interviews, observations, focus groups, and narrative analysis. The aim is a rich, contextualized understanding rather than generalization. For example, an interpretivist study might explore patients' lived experiences of managing a chronic illness through in-depth interviews, yielding themes illuminating how different individuals understand their condition.

Table 3: *Comparative summary of key assumptions in major paradigms*

Paradigm	Ontology (Nature of Reality)	Epistemology (Nature of Knowledge)	Axiology (Role of Values)	Methodological Preference
Transformative / Critical (e.g., critical theory, feminist, transformative-emancipatory)	Relativist with a critical realist nuance, multiple realities exist, shaped by social, political, cultural, economic, gender, and power dynamics. What is considered "real" or "true" is often defined by those in power. Thus, marginalized groups' realities may be different, systematically distorted, or ignored under dominant paradigms.	Subjectivist (informed by critical theory): Knowledge is seen as structurally influenced and interest-bound. All knowledge reflects power relationships. Researchers in this paradigm seek to uncover hidden structures (ideologies, hegemonies) that shape perceptions of reality. The inquirer often adopts the standpoint of marginalized communities to generate knowledge that challenges the status quo. Knowledge is valid if it helps to empower and transform society toward greater justice.	Value-driven – explicitly and unavoidably political. Advocacy for specific values (equity, inclusivity, liberation) is a core part of the research. Instead of shunning bias, the researcher openly aligns with the oppressed or disadvantaged. Ethical commitment to social change is paramount. Mertens (2007) notes that the transformative paradigm's axiological assumption prioritizes research addressing inequality and injustice.	Participatory, dialogic, and mixed methods. Methods often involve collaboration with participants (e.g., Participatory Action Research), so those being studied are co-researchers in knowledge production. Qualitative methods (interviews, narratives) are used to surface unheard voices, and quantitative data may be used to expose systemic inequities. For example, a transformative study in healthcare might work with a community to document and address environmental health injustices, using surveys to quantify the problem and community meetings to mobilize action. The research process itself is interventionist, aiming for empowerment.
Pragmatism	Pluralist – reality is both objective and subjective. Pragmatists sidestep the metaphysical debate by asserting that the reality that matters is the one that helps solve the problem at hand. They focus on practical reality: whatever is useful or successful in predicting and controlling phenomena. Some pragmatists see reality as dynamic and continually renegotiated.	"Knowledge is what works." Pragmatist epistemology is functional: truth is judged by the practical consequences of believing or using an idea. There is no strict loyalty to any single notion of truth; theories are tools, not mirrors of reality. The researcher can combine subjective and objective viewpoints as needed. In practice, this often means integrating insights from different disciplines or methods to understand a problem better. Epistemologically, pragmatism is comfortable with both quantitative and qualitative evidence – the criterion is usefulness and explanatory power rather than fidelity to an abstract ideal of Truth.	Value-conscious—Pragmatists acknowledge that research is value-laden in choosing problems of interest (often those with practical social importance). However, once the problem is chosen, the guiding value is effectiveness: finding solutions that work. They tend to prioritize outcomes (e.g., improving patient care or organizational performance) over adherence to any ideological stance. In essence, the "good" is what produces desirable results for stakeholders. This stance encourages collaboration with practitioners and stakeholders to define what outcomes are valuable.	Mixed-Methods & Flexible Design. Pragmatism is the philosophical backbone of the mixed methods movement (Tashakkori & Teddlie, 2010; Biesta, 2010). Pragmatic researchers feel free to use any method – quantitative, qualitative, or a combination – that helps answer their research question. They often design studies in phases, using qualitative exploration to inform quantitative measures or vice versa, as needed. The emphasis is on the solution of problems and the application of research to real-world issues. For instance, a pragmatic study in management might include qualitative interviews to identify key organizational challenges, followed by a quantitative intervention study to test which solution best addresses those challenges. The success of the research is measured by its practical impact and explanatory capacity, not by its purity to a single methodology.

 DOI:10.2440/013-0013

Positivism is historically the oldest of these paradigms in scientific research, originating from Auguste Comte and others in the 19th century (Venkatesh et al., 2023). It profoundly influenced fields like biomedicine and economics, where the ideal is to discover general laws (analogous to physics) through objective observation and measurement. In medical and health sciences, positivism (and post-positivism) has been dominant, which is evident in the emphasis on randomized controlled trials, blinding, and statistical significance – all efforts to isolate an objective signal in the data (Brown & Dueñas, 2020). The ontology is that illnesses, treatments, and outcomes exist as objective reality (e.g., a drug's effect exists whether we measure it or not). Epistemology is when, through careful experimentation and observation, we can know that reality (e.g., the actual effect size of the drug). Axiologically, any influence of values (say, a physician's hope that the drug works) is carefully filtered out through methodological controls and bias checks. Methodologically, standardization and replication are key; a study should yield the same results regardless of who conducts it, reflecting the singular truth of the matter (Park et al., 2020). The post-positivist paradigm modifies this stance by acknowledging that absolute objectivity is an ideal asymptote – researchers are human, measurements have error, and complex phenomena may never be fully controllable. Post-positivists, therefore, use strategies like triangulation (multiple methods/measures) and statistical modeling to estimate truth with known uncertainty (for example, using confidence intervals to express that our knowledge is always probabilistic). They remain within a primarily quantitative frame but invite methodological pluralism when needed to get a better handle on a problem (Venkatesh et al., 2023).

The interpretivism/Constructivism paradigm gained momentum as sociology, anthropology, and later healthcare and management scholars realized that human phenomena cannot be meaningfully reduced to numbers without losing the essence of what is being studied (Venkatesh et al., 2023). Max Weber argued for verstehen (understanding) of social action by grasping subjective meaning, which is a foundation of interpretivist epistemology. In education and management research, this paradigm manifests in studies that explore organizational culture or patient satisfaction not as objective quantities but as meanings and narratives constructed by people. An interpretivist management researcher might examine how employees in a company perceive a new policy and its symbolic significance for them, using methods like participant observation or open-ended interviews. The knowledge produced is an interpretation grounded in those particular people's perspectives. Such knowledge might not be generalizable statistically, but it provides deep insights into process and context. Validity in this paradigm is assessed by criteria like credibility, transferability, and confirmability (Lincoln & Guba, 1985) rather than positivist criteria of internal/external validity and reliability. In healthcare, interpretivism is evident in qualitative studies of patient experiences, where the goal is to understand the patient's story and use that insight to improve care holistically.

The Transformative/Critical paradigm arose from recognizing that research is not neutral and that traditional paradigms often ignore power imbalances (Venkatesh et al., 2023). Influenced by critical theorists (e.g., the Frankfurt School) and later by feminist and critical race scholars, this paradigm posits that all knowledge is intertwined with power and politics. A classic example is in international development research: A positivist might measure whether an intervention increased crop yields; a transformative researcher would also ask who benefits from the increased yields?, who has a voice in the community's agricultural decisions?, and does the intervention reinforce or reduce inequalities?. In health research, a transformative para-

digm could lead to studies that center on marginalized populations (people with disabilities, racial minorities, etc.) and involve them actively in the research process to ensure the knowledge produced is grounded in their reality and useful for improving their situation. Donna M. Mertens, a key proponent of the transformative paradigm in mixed methods, emphasizes incorporating social justice directly into research design and execution (Mertens, 2007). Ontologically, this paradigm often overlaps with constructivism (multiple realities), but it adds a dimension: recognizing that some realities are suppressed or distorted by domination. Epistemologically, it favors an approach where knowledge comes through dialogue and reflection in a community. It often uses methods like dialogical interviews, photovoice, or community forums, which blur the line between researchers and researched. The success of a transformative study is measured not just by publications, but by empowerment outcomes: Did the community gain from the research? Was awareness raised? Did it prompt policy changes or action? For doctoral students adopting this paradigm, ethical considerations are integrated throughout: one must navigate the dual role of scholar and advocate carefully (maintaining rigor while pursuing change).

Pragmatism as a paradigm is sometimes positioned as a middle ground that emerged to bridge the "paradigm wars" between positivists and constructivists (Kivunja & Kuyini, 2017). Pragmatists argue that the debate over which paradigm is "right" is less productive than focusing on what works best for investigating a particular problem. The American philosophers William James and John Dewey advanced the idea that truth is not an absolute correspondence with reality but is instead verified by the practical consequences of believing something (Nowell, 2015). In the context of research, this translates to flexibility in choosing methods: the researcher might combine numerical data and narrative data, and if doing so, it provides a more complete answer (Venkatesh et al., 2023). For example, in a healthcare management PhD project on improving patient satisfaction, a pragmatist might use surveys to quantify satisfaction levels and identify patterns, and conduct focus groups with patients and staff to understand the reasons behind those patterns, then integrate the findings to develop an intervention. The paradigm wars of the 1980s (debates pitting quantitative vs. qualitative, objectivist vs. subjectivist) have given way to more pluralistic approaches in many fields, and pragmatism has been key in this shift (Kivunja & Kuyini, 2017). It is worth noting that pragmatism is not "anything goes" – it still demands careful justification and integration of methods, but the justification is contextual and consequence-oriented rather than ideological. The mantra "whatever works" is sometimes misunderstood; in research, it means whatever combination of theories and methods provides answers that solve the problem or advance understanding in a useful way (Nowell, 2015). This is particularly appealing in applied fields (business, education, nursing, etc.) where the value of research is measured by its impact on practice.

In many cases, researchers combine elements of paradigms or operate at the intersections. For instance, post-positivism itself was a response to incorporate a bit of interpretivist humility (recognition of theory-ladenness) into positivism. Critical realism (associated with philosopher Roy Bhaskar) can be seen as blending positivist ontology (realist) with a constructivist epistemology (our knowledge of reality is always socially situated) – it often aligns with a retroduction mode of reasoning. Mixed methods research explicitly tries to draw from both positivist/post-positivist and constructivist camps, often under a pragmatist or transformative umbrella (depending on whether the goal is practical problem solving or social justice) (Creswell & Plano Clark, 2018; Venkatesh et al., 2023).

The paradigms also have areas of tension: A positivist might critique interpretive research as lacking objectivity or generalizability ("it is just anecdotal or subjective"). An interpretivist might counter that positivist work ignores the richness of human experience and imposes an artificial detachment that misses the point ("people are not numbers, and context is everything"). A transformative researcher might critique both for being apolitical, arguing that positivist "neutrality" often reinforces the status quo and that even interpretivists sometimes fail to translate understanding into change. Others might critique pragmatists as having "no stance" or being too quick to instrumentalize research without philosophical depth (Hampson & McKinley, 2023). Indeed, some scholars caution that if pragmatism is used superficially, one might ignore important philosophical inconsistencies or ethical considerations in the name of expediency (Hampson & McKinley, 2023). However, advocates of pragmatism (and mixed methods) respond that their approach is itself principled – the principle being that research should be judged by its problem-solving capacity and its usefulness to stakeholders (patients, managers, policy makers, etc.), which is a valid philosophical position (Creswell & Plano Clark, 2018; Venkatesh et al., 2023).

Understanding these paradigm differences is not just an abstract exercise; it has practical implications for doctoral researchers. The paradigm influences how you formulate your research question (e.g., a "what is the effect of X on Y" question is framed in a post-positivist way, whereas "how do participants experience Z" is framed in an interpretivist way). It guides method selection (survey vs. interviews vs. mixed) and even writing style (passive third person vs. active first person; reporting counts vs. telling stories). It also shapes evaluation criteria: a positivist dissertation might be judged on internal/external validity and replicability, an interpretivist one on depth of insight and trustworthiness of interpretation, a critical one on its reflexivity and transformative potential, and a pragmatic one on the coherence of integrating methods and the tangible outcomes or recommendations it produces.

In summary, no paradigm is "the best" universally; each is suited to different research questions and worldviews. Modern scholarship encourages paradigm awareness: researchers should be able to articulate their philosophical stance, be aware of its strengths and limitations, and possibly even borrow strategies from other paradigms when appropriate (with careful justification). Table 3's comparisons highlight how, for example, ontology ranges from belief in one reality to many, epistemology from objective discovery to subjective co-creation, axiology from neutrality to overt advocacy, and methodology from tightly controlled trials to participatory action. Doctoral students in healthcare and management often operate in interdisciplinary environments – e.g., a health services study might involve biomedical (positivist) and social science (interpretivist) components in the same project. Being fluent in paradigm differences enables effective collaboration (you can communicate with and justify your approach to colleagues of different philosophical leanings) and innovation (you might design novel studies that bridge paradigms, such as a randomized trial plus qualitative interviews to understand why an intervention worked or not).

Philosophical Differences and Tensions

Because paradigms are based on fundamentally different assumptions, tensions inevitably arise in the research community, sometimes called the "paradigm wars" (Kivunja & Kuyini, 2017). In the late 20th century, these debates were especially heated between proponents of quantitative (often positivist/post-positivist) and qualitative (interpretivist) research, each camp defending the legitimacy of its approaches. Positivists argued that interpretivists lacked objec-

tivity and produced context-bound results that could not be generalized. Interpretivists argued that positivists were naïvely reductionist, stripping away context and meaning in pursuit of shallow regularities. This led to a period where, in some fields, qualitative research had to fight for acceptance as "real science." Paradigm tensions were also evident in mixed-methods discussions. Some purists claimed you cannot coherently mix paradigms because their assumptions are incommensurable, whereas pragmatists and others argued that multiple paradigms can be complementary. For example, Guba and Lincoln in the 1980s initially took a hard stance that paradigms are mutually exclusive, but by the 2000s, there was more acceptance of dialogue across paradigms (Lincoln & Guba, 2000; Teddlie & Tashakkori, 2009).

One effect of the paradigm wars was greater clarity about each paradigm's assumptions and a more thoughtful approach to training researchers. Doctoral programs explicitly began teaching the philosophical foundations so students could justify why they chose a qualitative vs. quantitative approach, beyond methodological convenience. This, in turn, has improved the sophistication of research designs. For instance, an informed researcher might preempt criticism by addressing paradigm-specific quality criteria: a qualitative study might use strategies like member-checking or thick description to enhance trustworthiness, anticipating positivist-leaning reviewers' concerns about "subjectivity." Conversely, quantitative researchers started acknowledging and discussing the theoretical lens behind their models, rather than pretending they were theory-free. One observer noted that "the power of an experiment is only as strong as the clarity of the basic assumptions which underlie it" (Brown & Dueñas, 2020). In other words, explicitly making paradigmatic assumptions strengthens research by highlighting its foundation. Mitroff and Bonoma (1978) famously argued that unspoken paradigms can limit and bias research; when assumptions are clear, scholars can debate and refine those assumptions or even combine them creatively (Brown & Dueñas, 2020).

Many scholars today advocate methodological or paradigm pluralism, especially in applied fields. The recognition is that complex problems (like improving healthcare systems or managing global supply chains) often benefit from multiple lenses. A hospital, for example, is simultaneously a biomedical system (amenable to positivist study for clinical outcomes), a social organization (fit for interpretive study about culture), and part of a societal power structure (open to critical analysis about healthcare equity). Embracing this complexity can lead to richer insights. That said, tensions persist. Reviewers or stakeholders sometimes have implicit biases – e.g., a hospital CEO might instinctively trust quantitative data over qualitative, or a community group might mistrust statistics that do not capture their lived experience. Researchers often need to justify their paradigm to audiences from another paradigm. A constructive way to handle these tensions is through bridging narratives: explaining one's results in multiple ways. For instance, if a mixed-methods study finds that a new clinic process improved patient satisfaction (quantitative finding) and the interviews reveal staff felt more empowered (qualitative finding), the researcher might present a synthesized narrative that speaks to both outcome effectiveness and human factors, appealing across paradigms.

In academic publishing, some journals historically aligned with certain paradigms (e.g., Postivist Economics vs. Interpretive Anthropology journals), but interdisciplinary journals now explicitly welcome varied approaches as long as standards of that approach are met. The key for researchers is to maintain respectful dialogue: understanding that questions like "is this statistically significant?" and "is this meaningfully significant to participants?" are valid but dif-

 DOI:10.2440/013-0013

ferent inquiries. It is encouraging that newer generations of scholars are often "bilingual" or "trilingual" in paradigms, comfortable with reading and valuing research coming from different philosophical traditions. This openness fosters scholarly dialogue where, for example, a positivist and a constructivist can collaborate on a healthcare issue, each contributing strengths (one brings rigor in measurement, the other brings depth of understanding).

Another area of tension is ethical and political: critical paradigm researchers sometimes argue that positivist research, by claiming neutrality, inadvertently supports harmful power structures (for instance, by not questioning pharmaceutical industry agendas or by ignoring minority voices in data). Positivist researchers may respond that their methods are tools that can be used for any agenda and that rigor is separate from ideology. This debate touches on the axiological dimension: can/should science ever be truly apolitical? While a full resolution is beyond our scope, a pragmatic stance is emerging: many researchers see value in rigor and relevance – doing solid research that addresses pressing social needs. Funding bodies are increasingly asking for impact statements (how will this research benefit society?) even for basic science projects, indicating a shift toward expecting researchers to connect their work with values and applications.

In sum, when unmanaged, philosophical tensions in academia can lead to fragmentation and misunderstanding, but when recognized, they can be productive, driving reflexivity and innovation. A doctoral researcher can navigate critiques more effectively by understanding the philosophical differences. Rather than seeing an alternative paradigm critique as an attack, one can see it as an invitation to strengthen one's approach or even to incorporate multiple approaches. The trend in healthcare and management sciences is toward integration and complementarity: leveraging quantitative data for breadth and qualitative data for depth, evidence-based research combined with human-centered design principles, etc. This pluralistic approach, however, demands that researchers be well-versed in philosophy of science fundamentals, so they can ensure coherence when mixing methods and be clear about what claims they are (or are not) making. The foundation in academic philosophy thus becomes extremely practical – it helps researchers defend their methodological choices, make sense of interdisciplinary teamwork, and critically evaluate research literature regardless of its paradigm.

Role of Philosophical Foundations in Doctoral Research

For doctoral students and emerging scholars, philosophical competence underpins true research expertise, particularly in applied fields like healthcare and management. Doctoral training is not just about learning techniques like how to run a regression or conduct an interview; it is about understanding why and when to use those techniques, which is a philosophical question. A clear grasp of foundational assumptions enhances every aspect of research design and execution. When a doctoral student formulates a research question, knowing the philosophical underpinnings helps ensure the question is answerable and aligned with an appropriate paradigm. For example, asking "What is the effect of leadership style on nurse retention rates?" implies a post-positivist, quantitative approach (measuring defined variables and causal inference). Alternatively, asking "How do nurses in different hospital units experience leadership and how does it influence their decision to stay or leave?" signals an interpretivist, qualitative approach. Both questions are valid but will lead to very different study designs and knowledge outcomes. An astute researcher chooses and refines the question in light of a paradigm that fits the problem and their worldview, or even combines questions in a complementary way if using mixed methods (see Table 4 and Table 3 for further explanations.

Table 4: *Examples of philosophical paradigms and reasoning alignment with research design.*

Component	Quantitative	Qualitative	Mixed-Method
Research Question	Tests the effect of leadership training on employee outcomes using measurable indicators.	Explores caregivers' perceptions to understand how they navigate caregiving and personal responsibilities.	Combines patient perspectives and outcome data to evaluate a tailored adherence intervention.
Paradigm	Positivism	Constructivism	Pragmatism
Ontology	Realism	Relativism	Pluralism
Epistemology	Objectivism	Subjectivism	Pragmatism
Axiology	Value-neutral	Value-bound	Value-conscious
Methodology	Quasi-Experimental	Multiple Case Study	Explanatory Sequential
Methods	Surveys, inferential statistics	Semi-structured interviews, thematic analysis	Focus groups, surveys, PLS-SEM, replication logic
Reasoning	Deductive	Inductive	Deductive / Inductive

Ethical awareness is another area strengthened by philosophical foundations. Axiology reminds researchers to consider: Who benefits from this research? What values am I upholding? In healthcare, this is tied to the imperative "do no harm" and striving for equity in health outcomes. In management, it might relate to social responsibility and ethical leadership. A researcher grounded in philosophy will be better at identifying potential ethical dilemmas (e.g., power imbalances in interview settings, implications of data privacy, etc.) and addressing them proactively. Moreover, understanding that all knowledge is situated (even lab experiments occur within social contexts) can instill humility and ethical caution in interpreting and applying findings. For instance, a positivist-trained data scientist working in public health who appreciates constructivist insights may be more careful in communicating algorithm results, acknowledging community context rather than presenting them as universal truths.

From a pragmatic standpoint, being philosophically informed empowers researchers to defend their work. In a dissertation defense or peer review, one might be asked: "Why did you choose a qualitative approach for this question? Would a randomized trial be better?" Without philosophical backing, a student might falter. Still, one versed in paradigms can cogently argue how their constructivist epistemology necessitated a qualitative design to capture the meaning-rich aspects of the problem, and why a trial (though useful for other questions) would miss the point here. This turns critiques into opportunities to demonstrate scholarly maturity. It also helps in situating research in broader debates. For example, a management PhD who knows the history of positivist vs. interpretivist debates in organizational studies can position their research as contributing to a particular side or bridging the divide, making their theoretical contribution clearer.

A coherent doctoral research process is built on a structured philosophical sequence (see table 5) that ensures methodological alignment and ethical integrity. The process begins with the researcher's worldview or paradigm, which shapes assumptions about ontology (reality), epistemology (knowledge), and axiology (values). These foundations

 DOI:10.2440/013-0013

guide the choice of methodology and corresponding research design, which structures the inquiry. The researcher then identifies the form of reasoning (e.g., deductive, inductive) and selects appropriate data collection and analysis methods. Ethical reflexivity is essential throughout this process, requiring researchers to critically assess their positionality, assumptions, and influence on the research. Following this logical sequence ensures that each element supports the next, maintaining internal coherence. Ethical reflexivity justifies the researcher's presence in the study and promotes transparency, trustworthiness, and accountability, which are particularly crucial in sensitive or complex research contexts. Mastering this philosophical alignment for doctoral students enhances their work's quality, credibility, and scholarly defensibility.

Table 5: *Sequence for Philosophical Research Alignment*

Step	Component	Explanation	Example
1	Paradigm	Identify your fundamental beliefs about reality and knowledge	Positivist, Constructivist, Pragmatist, Transformative
2	Ontology	Define your assumptions about the nature of reality	Is there one objective reality or multiple subjective realities?
3	Epistemology	Determine how you believe knowledge can be known	Is knowledge discovered objectively or constructed subjectively?
4	Axiology	Reflect on the role of values in your research	Are you aiming for neutrality or consciousness?
5	Methodology	Choose your overall strategy for inquiry	Qualitative, Quantitative, or Mixed Methods
6	Design	Choose your research design	Case study, longitudinal, Delphi
7	Reasoning	Decide on your logical structure	Deductive, Inductive, Abductive
8	Methods	Select tools and procedures for collecting/analyzing data	Interviews, Surveys, Thematic Analysis
9	Ethical Reflexivity & Justification	Consider your positionality, context, and justify your philosophical alignment	Why this paradigm for this question in this context?

Philosophical foundations also facilitate interdisciplinary communication. A healthcare administrator with training in quantitative epidemiology might find themselves collaborating with a medical anthropologist on a community health project. If both understand terms like ontology and epistemology, they can explicitly map out where their approaches differ and find common ground. For instance, they might agree on a critical realist stance to use both epidemiological data and ethnographic insight. This mutual understanding is increasingly important as complex problems require teamwork across disciplines.

Finally, the ultimate goal of doctoral research is often described as contributing new knowledge. However, in light of our earlier discussion, we can appreciate that "knowledge" is paradigm-dependent. Thus, philosophical fluency allows scholars to articulate what kind of knowledge they are contributing. Is it a causal explanation, a rich description, a theoretical model, a meta-critical insight, or a practical solution? Each of these aligns with different philosophical expectations. Communicating this clearly in a thesis or journal article means the right audience can appreciate the contribution. A common pitfall is when researchers use methods from one paradigm

but overclaim in terms of another – for example, making broad generalizations from a small qualitative study (which invites positivist criticism), or conversely dismissing statistical correlations as meaningless without considering their practical implications (which might miss opportunities for pragmatic action). Knowing the strengths and limits of one's approach leads to appropriately scoped conclusions and suggestions for future research. It also encourages cumulative knowledge growth: researchers can see how their work connects to others'. A well-founded study will explicitly state its paradigm and assumptions, making it easier for future scholars to build on it (perhaps by testing the qualitative insights quantitatively, or applying a theory in a new context, etc., in a complementary paradigm).

In essence, philosophical foundations are not an "extra" or a formality in doctoral research – they are the backbone of scholarly inquiry. Mastery of these concepts differentiates the doctoral-level researcher from the technician. It enables creativity (by allowing one to reconceptualize problems), rigor (by ensuring internal consistency), and impact (by connecting research to real-world contexts and values). A strong philosophical grounding is indispensable, especially in healthcare and management, where human factors and ethics are deeply entwined with technical and empirical issues. It ensures that, as new doctors of philosophy (Ph.D.), graduates live up to the title: not just doing research, but understanding the foundations of knowledge and inquiry deeply enough to advance them.

Conclusion

Academic philosophy provides a coherent framework for conceptualizing, conducting, and evaluating scholarly research. Its foundational pillars—ontology, epistemology, axiology, and methodology—define how scholars view reality, what they accept as knowledge, how values interface with inquiry, and why they choose certain research strategies. These philosophical underpinnings, paired with various modes of reasoning and paradigm worldviews, shape how we construct knowledge and make ethical and methodological decisions in our studies. By differentiating academic inquiry from belief-based or ideological approaches, researchers safeguard the integrity of their work, remaining open to critique and revision rather than clinging to dogma. For doctoral researchers in healthcare and management, fluency in these philosophical foundations is not optional but a prerequisite for meaningful, credible, and impactful inquiry. Embracing this "mapping of the terrain of knowledge and inquiry" means that new scholars can thoughtfully align their research questions with appropriate methods, critically engage with literature and data, and effectively communicate the significance of their findings. In doing so, they produce robust dissertations and contribute to the broader scholarly dialogue, helping to advance the collective understanding in their fields. Ultimately, a well-founded philosophical stance empowers researchers to navigate the complexities of real-world problems with both rigor and imagination, ensuring that their academic contributions are scientifically sound and practically relevant.

 DOI:10.2440/013-0013

Glossary

Abductive reasoning: A logical reasoning process where an observed surprising fact is explained by hypothesizing the most likely cause or explanation. It is an "inference to the best explanation," forming a plausible theory that can be tested, even though the explanation is not guaranteed to be true.

Analogical reasoning: A reasoning approach that draws comparisons between similar cases. Insights or solutions from a known situation (the source) are applied to a new situation (the target) under the assumption that the two share significant similarities, meaning what holds true in one may hold in the other.

Axiology: The branch of philosophy dealing with values, including ethics and aesthetics. In a research context, axiology concerns the role of the researcher's values and ethics in shaping the research process, influencing what is studied, how it is studied, and how findings are interpreted.

Constructivism (Interpretivism): A research paradigm positing that reality is socially constructed and multiple. Knowledge is co-created by researchers and participants, reflecting subjective experiences and contexts. Constructivist (interpretivist) research prioritizes understanding meaning and perspective, often using qualitative methods to explore how people make sense of their world.

Critical realism: A philosophical approach that combines a realist ontology with recognizing epistemological limitations. It holds that a reality exists independently of our perceptions, but our understanding of it is inherently imperfect. Researchers using critical realism seek to uncover underlying structures or mechanisms that explain observable phenomena.

Deductive reasoning: A "top-down" logical process that starts with general principles or theories and applies them to specific cases. If the general premise is true and reasoning is valid, then the conclusion about the particular case must also be true. Deduction is often used to test hypotheses.

Dialectical reasoning: A form of reasoning that resolves contradictions by examining opposing ideas (thesis and antithesis) and integrating them into a higher-level understanding (synthesis). It involves iterative dialogue between conflicting viewpoints, aiming to produce a new idea or framework that reconciles and transcends the initial opposition.

Epistemology: The branch of philosophy concerned with knowledge – its nature, sources, and limits. Epistemology explores how we know what we know, including the relationship between the knower and the known, what counts as valid knowledge, and the criteria for truth and justification.

Inductive reasoning: A "bottom-up" reasoning process that draws general conclusions from specific observations. Patterns or regularities observed in individual cases are used to infer broader principles or theories. Inductive conclusions are probabilistic, suggesting plausible generalizations but remaining open to revision if new evidence emerges.

Method: In research, a method is a specific technique or procedure used to collect or analyze data. Examples include experiments, surveys, interviews, and statistical analyses. Methods are the concrete tools applied within a study to gather evidence or to interpret data.

Methodology: The overarching strategy and rationale for a research project. Methodology describes how research should be conducted, including the choice of methods, and is guided by underlying philosophical assumptions (ontological and epistemological). It justifies why certain methods are used to answer a research question.

Objectivism: An epistemological stance asserting that knowledge of reality

can be obtained objectively, independent of the researcher's biases or perspectives. It assumes an external reality that can be observed and measured accurately. Objectivist approaches emphasize neutrality and facts, often aligning with positivist scientific methods.

Ontology: The branch of philosophy dealing with the nature of reality and existence. Ontological assumptions address what entities exist and what is real, for example, whether there is a single objective reality or multiple subjective realities. In research, ontology underpins how we conceptualize the phenomena we study.

Paradigm (research paradigm): A set of shared beliefs, assumptions, and practices that shape how research is conducted. A paradigm encompasses a worldview defining what is considered knowledge (epistemology), what is reality (ontology), what values are embraced (axiology), and how inquiry should proceed (methodology). Examples include positivist, constructivist, critical, and pragmatic paradigms.

Positivism: A research paradigm based on the belief that an objective reality exists and can be known through observation and reason. Positivism emphasizes empirical data, measurement, and hypothesis testing. It values objectivity, reproducibility, and generalizable findings, often employing quantitative methods to uncover laws or patterns in phenomena.

Post-positivism: A refinement of positivist philosophy that accepts that while an objective reality exists, our knowledge of it is imperfect. Post-positivists use empirical observation and logical inference but acknowledge biases and measurement errors. They emphasize falsifiability and probabilistic conclusions, aiming for objectivity while recognizing that absolute certainty is unattainable.

Pragmatism: A research paradigm that focuses on practical solutions and "what works." Pragmatism holds that concepts and theories are true if they are useful in solving problems. It is not committed to a single ontology or epistemology but mixes methods and perspectives to address the research question.

Realism: In philosophy, the view that a reality exists independently of observers or perceptions. In ontology, realism asserts that phenomena have an objective existence (e.g., diseases exist as biological entities regardless of beliefs). This assumption often underlies positivist approaches, which seek to discover truths about the external world.

Relativism: The philosophical view that reality (or truth) is not absolute but depends on perspective or context. In ontology, relativism suggests multiple realities exist, as knowledge and meaning are constructed by individuals or cultures. What is "true" can vary across different frames of reference or social contexts.

Retroductive reasoning: A reasoning method often used in critical realism to infer unseen causes for observed patterns. It asks, "What must be true behind the scenes for this outcome to occur?" Retroduction involves positing underlying mechanisms or structures that, if they existed, would explain the empirical observations.

Subjectivism: An epistemological perspective that holds all knowledge to be subjective, shaped by the experiences, perspectives, or context of the knower. Subjectivism maintains that the researcher and the object of study are intertwined, and that facts cannot be separated from values or interpretation. It contrasts with objectivism and aligns with constructivist paradigms.

Transformative paradigm: A research paradigm rooted in critical theory, focusing on empowering marginalized groups and driving social change. It sees reality as shaped by power dynamics and insists research should not be neutral – values of equity and justice are central. Transformative studies use participatory methods and aim to address inequities.

References

Audi, R. (2015). *The Cambridge dictionary of philosophy (3rd ed.)*. Cambridge University Press.

Bhaskar, R. (1975). *A realist theory of science*. Routledge.

Biesta, G. (2010). *Pragmatism and the philosophical foundations of mixed methods research.* In A. Tashakkori & C. Teddlie (Eds.), SAGE handbook of mixed methods in social & behavioral research (2nd ed., pp. 95–118). SAGE.

Brown, M. E., & Dueñas, A. N. (2020). A medical science educator's guide to selecting a research paradigm: building a basis for better research. *Medical Science Educator, 30*(1), 545-553. https://doi.org/10.1007/s40670-019-00898-9

Creswell, J. W., & Creswell, J. D. (2022). *Research design: Qualitative, quantitative, and mixed methods approaches* (6th ed.). SAGE.

Creswell, J. W., & Plano Clark, V. L. (2018). *Designing and conducting mixed-method research*. SAGE.

Crotty, M. (1998). *The foundations of social research: Meaning and perspective in the research process* (3rd ed.). SAGE.

Halkias, D., & Neubert, M. (2020). Extension of theory in management and leadership studies using the multiple case study design. *International Leadership Journal, 12*(2), 48-73.

Halkias, D., Neubert, M., & Harkiolakis, N. (2023). *Multiple Case Study Data Analysis for Doctoral Researchers in Management and Leadership*. Available at SSRN: https://ssrn.com/abstract=4423757 or http://dx.doi.org/10.2139/ssrn.4423757

Halkias, D., Neubert, M., Thurman, P. & Harkiolakis, N. (2022). *The multiple case study design: methodology and application for management education*. Routledge.

Hampson, T., & McKinley, J. (2023). Problems posing as solutions: Criticising pragmatism as a paradigm for mixed research. *Research in Education, 116*(1), 124-138. https://doi.org/10.1177/00345237231160085

Horkheimer, M. (1972). *Critical theory: Selected essays*. Herder and Herder.

Ichikawa, J. J. & Steup, M. (2024). *The Analysis of Knowledge*, in The Stanford Encyclopedia of Philosophy (Fall 2024 Edition), Edward N. Zalta & Uri Nodelman (eds.), URL = <https://plato.stanford.edu/archives/fall2024/entries/knowledge-analysis/>.

Kivunja, C., & Kuyini, A. B. (2017). Understanding and applying research paradigms in educational contexts. *International Journal of higher education, 6*(5), 26-41.

Kuhn, T. S. (1962). *The structure of scientific revolutions*. University of Chicago Press.

Kuziaev, T., & Neubert, M. (2024). *Age-Based Adoption of AI-Based Smart Home Technologies Among Chinese Millennials and Gen Z Consumers* (December 01, 2024). Available at SSRN: https://ssrn.com/abstract=5199582 or http://dx.doi.org/10.2139/ssrn.5199582

Lincoln, Y. S., & Guba, E.G. (1985). *Naturalistic inquiry*. Thousand Oaks, CA: SAGE.

Mertens, D. M. (2007). Transformative paradigm: Mixed methods and social justice. *Journal of Mixed Methods Research, 1*(3), 212–225. https://doi.org/10.1177/1558689807302811

Mitroff, I. I., & Bonoma, T. V. (1978). Beyond objectivism and relativism: A paradigm for social research. *Human Relations, 31*(3), 219–250.

Declarations

Author Contact Information

Correspondence regarding this article should be directed to M. Neubert at michael.neubert@faculty.eim.education.

Conflict of (Competing) Interest

The author declares that he has no (competing) financial or non-financial interests related to this study.

Funding

The author self-funded the research, and no external funding was obtained for its completion.

Author Contributions (CRediT taxonomy):

Conceptualization, Methodology, Formal Analysis, Investigation, Writing – Original Draft, Writing – Review & Editing: Michael Neubert.

Acknowledgments

None.

Data Availability and Supplementary Material

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

Prior Publication

The author confirms 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.

Copyright and Licensing Information

This work is licensed under a Creative Commons Attribution 4.0 International License (CC BY 4.0). This license permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited. To view a copy of this license, visit https://creativecommons.org/licenses/by/4.0/.

Neubert, M. (2023). *Guía breve y sencilla para utilizar el estudio de casos como método de investigación*. BOD GmbH DE.

Neubert, M. (2023). Post Pandemic Internationalization Behavior. *International Business Research, 16*(6), 25-36. https://doi.org/10.5539/ibr.v16n6p25

Neubert, M. (2023). Market Entry Form Choices of Multi-Sided Platforms in the Travel Booking Sector. *International Journal of Business and Management, 18*(6), 222-233. https://doi.org/10.5539/ijbm.v18n6p222

Neubert, M. (2024). *Le design de l'étude de cas comme méthode de recherche: Un guide facile à comprendre et rapide à utiliser pour les professionnels et les étudiants*. BoD-Books on Demand.

Nowell, L. (2015). Pragmatism and integrated knowledge translation: exploring the compatabilities and tensions. *Nursing open, 2*(3), 141–148. https://doi.org/10.1002/nop2.30

Park, Y. S., Konge, L., & Artino, A. R. (2020). The positivism paradigm of research. *Academic Medicine, 95*(5), 690–694. https://doi.org/10.1097/ACM.0000000000003093

Patton, M. Q. (2015). *Qualitative research and evaluation methods* (4th ed.). SAGE.

Reichertz, J. (2010). Abduction: The logic of discovery of grounded theory. Forum Qualitative Sozialforschung/Forum: *Qualitative Social Research, 11*(1). https://doi.org/10.17169/fqs-11.1.1412

Russell, B. (1945). *A history of Western philosophy.* Simon and Schuster.

Saxena, D. (2019). The search for mechanisms in business research: Reflections on retroductive analysis in a multilevel critical realist case study. *Electronic Journal of Business Research Methods, 17*(1), 17–27.

Scotland, J. (2012). Exploring the philosophical underpinnings of research: Relating ontology and epistemology to methodology and methods of the scientific, interpretive, and critical research paradigms. *English Language Teaching, 5*(9), 9–16. https://doi.org/10.5539/elt.v5n9p9

Trochim, W. M. (2020). *Research methods: The essential knowledge base* (2nd ed.). Cengage Learning.

Venkatesh, V., Brown, S., & Sullivan, Y. (2023). *Conducting mixed-methods research: From classical social sciences to the age of big data and analytics*. Virginia Tech Publishing.

Zagzebski, L. T. (1996). *Virtues of the mind: An inquiry into the nature of virtue and the ethical foundations of knowledge*. Cambridge University Press.

Instructions for Authors

We welcome submissions of original research articles, review essays, and other scholarly contributions relevant to the scope of the European Journal of Management, Leadership and Health Care. Authors are requested to follow the guidelines below to ensure a smooth review and publication process.

1. Article Processing Charge (APC)

The journal operates under an open access publishing model. All articles are made freely and permanently available to readers upon publication. To ensure long-term sustainability and maintain high standards of quality, authors are required to contribute a modest article processing charge (APC).

2. Manuscript Submission

Manuscripts must be submitted electronically via email to: jml@meducation.de
All submissions must include:

- A cover letter introducing the article and confirming originality
- The manuscript in Word
- A separate file with author information (see section 5)

3. Language

Manuscripts must be written in clear, concise English (British or American spelling is acceptable, but please use one consistently). Authors who are not native English speakers are encouraged to have their manuscript professionally proofread prior to submission. The title and abstract must also be provided in German and Chinese.

4. Formatting Requirements

- Font: Calibri, 11 pt
- Line spacing: 1.5
- Margins: 2.5 cm (1 inch) on all sides
- As part of the European Accessibility Act (EAA), please use MS Word layout templates to structure the content. In this context, please also describe the graphics using text alternatives.
- Referencing style: APA
- Please include page numbers

5. Manuscript Length

- Research articles should typically range between 5,000 and 8,000 words, excluding abstract, notes, and references.
- Review essays or conceptual papers may be up to 6,000 words, depending on scope.
- Book reviews should not exceed 1,500 words.
- The editorial team may consider longer or shorter submissions if appropriately justified by content and relevance.
- Please include a word count at the end of the manuscript.

6. Author Information

Submit a separate title page containing:

- Full name(s) of the author(s)
- Institutional affiliation(s)
- Email address(es)
- ORCID iD (if available)
- Short biographical note (max. 100 words per author)

The manuscript itself must be anonymized for double-blind peer review.

7. Abstract and Keywords

Provide an abstract of up to 200 words and 3–6 keywords. The abstract should summarize the article's main arguments and contributions.

8. Figures and Tables

- All figures and tables must be inserted at the appropriate position within the manuscript file.
- Additionally, all figures must be submitted as separate files in one of the following formats: JPG, PNG, or PDF.
- Ensure that all images are of sufficient resolution (minimum 300 dpi for print-quality reproduction).
- Each figure must be numbered consecutively (e.g., Figure 1, Figure 2) and accompanied by a descriptive caption.
- Indicate the approximate placement of each figure in the text (e.g., [Figure 1 about here], if needed).

9. Open Access and Copyright

All articles are published Open Access under the Creative Commons Attribution 4.0 International License (CC BY 4.0). Authors retain copyright of their work. Authors are responsible for obtaining permission to reproduce any third-party material and must provide proper attribution in the figure caption or a separate note.

10. Review Process

All submissions undergo double-blind peer review by at least two reviewers. Authors will receive feedback within approximately 8–12 weeks.

11. Publication Ethics

The journal adheres to the principles of academic integrity. Plagiarism, duplicate publication, or data falsification will result in rejection.

12. Contact

For any questions regarding the submission process, please contact the editorial team at: publishers@meducation.de