

**Summary of research project -
Analysing the Economy for the Common Good Model,
by University of Valencia, December 2018**

The research by the University of Valencia was into the commercial impacts of ethical management and sustainable corporate development using the ECG model.

It shows that businesses which treat their employees well, conduct honest marketing, focus on sustainability and minimize their environmental impacts not only contribute to the 'common good' but can do so without detriment to their financial performance. Indeed, a significant proportion of businesses reported a positive impact on profitability.

The study, which won the 'Best Paper' award at the 14th European Institute of Advanced Studies into Management Interdisciplinary Workshop, also found that the ECG Model goes beyond other corporate sustainability approaches as it prioritises the creation of social and environmental value over economic value.

The research was conducted amongst businesses across Europe, which operate to the principles of the 'Economy for the Common Good' (ECG).

ECG is a fast-growing business and economic movement which puts at the heart of a business enterprise the values of human dignity; cooperation and social justice; environmental sustainability; as well as transparent management and co-determination. All strategic decisions are made with reference to these values.

ECG is spreading internationally but is currently strongest in Germany, Austria, Spain, Italy and Switzerland, in which countries the research was conducted. These are findings from a survey of 206 ECG businesses, the fieldwork for which was conducted in April 2018.

To date, there are 657 businesses that are applying the ECG Model. Of these, 400 had produced a common good balance sheet (CGBS) by December 2017. Over half of these responded to the survey. Whilst the

majority of respondents were small and medium sized businesses, a number of significantly larger companies also participated.

The key findings of the research are that

- 86% of ECG businesses reported a positive impact on their reputation.
- 82% reported improvements in motivation and well-being in the workplace.
- Positive impacts (reported by over 75% of businesses) were found in the areas of:
 - sustainable supplies and use of local suppliers
 - reduced carbon footprint caused by supply and logistics
 - minimising environmental impacts of production and logistics
 - prioritising environmentally sustainable investments
 - monitoring ethical behaviour of banks and financial services suppliers
 - staff input into decision-making
 - relations between staff and management
 - fair and transparent product / service information to customers
 - customer trust
 - cooperation with customers
 - cooperation with local social movements
- 95% of companies said that all these positive impacts on their business operations had been achieved at **no detriment to sales**. 26% said there had actually been a positive impact on revenue.
- Similarly, 85% said there had been **no adverse effect on profit** while 19% said profitability had been improved.

The study found that the Common Good (CG) matrix and the CG balance sheet complement the information provided by a company's fi-

financial balance sheet and the income statement. Together they provide a much more in-depth picture of how a business operates than the Balance Sheet and Income statement do on their own.

Furthermore the ECG matrix and balance sheet scores provide business managers strategic support in developing sustainable and ethical business practice. As such it goes well beyond other CSR methodologies.

The study looked at four CSR approaches that help to benchmark the ECG model within the field of business administration: Stakeholders theory, Shared value approach, Triple bottom line (TBL) and corporate sustainability (CS).

It finds that **the ECG model goes beyond all four business approaches** as it prioritises the creation of social and environmental value over economic value. For example, unlike the CS approach, the ECG model puts ethical behaviour at the core of business management. The authors argue that the CG matrix can be considered as a tool for developing operational strategies based on corporate sustainability.

But it does not mean businesses become less profitable, rather it involves an important shift in the way businesses operate and set their priorities.

The ECG model goes beyond the TBL in the sense that it takes into consideration not only the business objectives adopted for the different stakeholders but also the operational strategies required to achieve those objectives. That is, it's not only what you do that is important, but also how you do it.

ECG promotes changes not only inside the businesses but also at the social level. In this sense, businesses are considered as a change lever, a force for good.

The study finds that the ECG model is a driver for the implementation of a financial system based on ethical and social values because ECG businesses prioritise ethical banking and the investment of surpluses in ethical and environmentally sustainable projects.

The ECG model promotes conscious consumerism and business sustainability, not only by applying the model in their own business but also in its strategic approach to other stakeholder businesses (such as customers and suppliers).

Finally, the ECG model also proposes ethically driven environmental management. In this sense, the ECG businesses define themselves as

citizen organisations, socially responsible with a strong commitment to the social environment in which they operate.

This accords with other research which has found that “the ECG model, in comparison with other instruments of corporate sustainability, addresses the question of sufficiency (as well as efficiency and consistency) and the absolute reduction of environmental resources”. It, thus, has “the potential to contribute to a post-growth society” (GIVUN 2018).

Christian Felber, who founded ECG in 2010 and whose book “Change Everything” described the methodology for companies and other organisations wishing to adopt the movement’s principles, commented on the results,

“What this study shows (perhaps for the first time) is that investment in ethical and sustainable management practices not only leads to an increase in the common good but can benefit a business’s financial performance through better decision making, more motivated co-workers and greater innovation.

For many years CSR has been considered by many business managements as an adjunct to the main purpose of the business and a PR attempt to buy reputation despite, not because of, what is happening in other parts of the company.

Summarising the findings of this research, we can conclude that businesses that integrate ethical, caring and sustainability practices into the core of their operation are investing wisely not only in their own futures but in the future of society at large. That is the Common Good.”

One of the participating businesses commented:

"My work has become more meaningful. Customers are treated as equals. New contacts have been made. New markets have opened

up. The company is prepared for the future."

Business case studies:

- [La Perla Hotel, Italy](#)
- [Vaude Sport, Germany](#)
- [Bodan organic wholesalers, Germany](#)

Notes

The Economy for the Common Good (ECG) is a global movement that is creating an alternative economic system built on values that help people thrive and live a good life. We are building an economy that increases the wellbeing for all and which protects our environment for future generations.

ECG is a model for economic, political, and social change which embeds human values into the very core of business entities. Financial profits become a means, rather than the only goal. This ensures all stakeholders benefit from the business activity.

www.ecogood.org. www.ecguk.org

Christian Felber

Christian Felber is the founder of the Economy for the Common Good and the project 'Bank for the Common Good'. Felber was born in 1972, studied Spanish, Psychology, Sociology and Political Sciences in Madrid and Vienna, where he lives and works as an independent writer. He is an internationally renowned speaker and a contemporary dancer.

Christian has authored several books: *Change everything. Creating an Economy for the Common Good*, *50 Suggestions for a fairer World*, *New Values for the Economy*, *Let's save the Euro!*, and *Money. The new rules of the game*, which was awarded the getAbstract International Book Award 2014. The English version of his book, *Ethical world trade*, is launching in the Spring of 2019.

Analysing the Economy for the Common Good Model, statistical validation of its metrics and impacts in the business sphere, R. Sanchis, Vanessa Campos & Ana Ejarque, Universitat de Valencia, February 2019. Survey conducted in April 2018 amongst 206 ECG Companies.

Analysis completed December 2019. Full results presented in Vienna, 19th February 2019.

The research won 'Best Paper Award' at the 14th European Institute of Advanced Studies in Management interdisciplinary workshop on "Intangibles & Intellectual Capital" - Value Creation, Integrated Reporting and Governance.

Gemeinwohl-Ökonomie im Vergleich unternehmerischer Nachhaltigkeitsstrategien (GIVUN) 2018/ *Economy for the Common Good compared with other corporate sustainability strategies* [Link to German summary](#)