

Saimaa University of Applied Sciences
Faculty of Lappeenranta
Double Degree Programme
Specialisation in International Business

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The impact of the national culture on the ethical standards of the German restaurant market

Thesis 2015

Abstract

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The purpose of the study was to find out the ethical standards of the restaurant business in Germany. A further objective was to understand the national cultural impact on these ethical standards and how potential distinctions in the ethical decision-making process can be explained by the different national cultural background.

The theoretical framework of this thesis was based on the theories of national cultural dimensions by the researcher Hofstede (1980) and the concepts of business ethics.

Data for this study were collected from academic books, scientific research papers and business journals as well as academic internet sources.

In the empirical part a qualitative research methodology was used to conduct semi-structured interviews with restaurant managers of German and Italian restaurants located in different German regions.

As a result of this study the business ethical status quo of the German restaurant business is examined. The results show that in the country comparison both cultures score relatively equal on the national culture Indexes and neither Italian nor German restaurants owe more or less ethical standards. Yet main differences between their business ethical perceptions are detected. Based on the findings the researcher reveals that the national cultural dimensions have a very real impact on the way ethical decisions are made and implemented.

Keywords: Business Ethics, National Culture, Cultural Dimensions, Ethical Standards, Restaurant Business

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Appendix 1	Questions of the semi-structured interview
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Abbreviations

COC	Code of Conduct
CSR	Corporate Social Responsibility
GNP	Gross National Product
GSG	(German: Gesundheitsschutzgesetz), Health Protection Law
HR	Human Resource
IBM	International Business Machines Corporation
IDV	Individualism versus Collectivism
IT	Information Technology
IVR	Indulgence versus Restraint
JuSchG	(German: Jugendschutzgesetz), Protection for the children and the youth
LOHAS	Lifestyle of healthy living and sustainability
LTO	Long Term Orientation versus Short Term Normative Orientation
MAS	Masculinity versus Femininity
OECD	Organisation for Economic Co-operation and Development
PDI	Power Distance Index
PRA	Normative versus Pragmatic
TBL	Triple Bottom Line
UAI	Uncertainty Avoidance Index
UN	United Nations
WCED	World Commission on Environment and Development

1 Introduction

1.1 Background of the study

The role of business ethics¹ has become more and more significant over the past decades. In the world of nowadays, driven by globalization and profit-based strategies, the demand for ethical standards is greater than ever. The media exposure of key words such as biological, sustainable, health(y), ecological and green are illustrating that society is transforming. (Glöckner 2013) In this connection, recent researches indicate a changing consumer attitude towards a more responsible consumer living a **lifestyle of health and sustainability (LOHAS)**. This sustainable orientation can be of strategic relevance for the German market regarding the estimated market potential of an annual value around 200 to 400 billion Euro (Ahaus 2011). The setting of ethical standards is significant for a nowadays company regarding the current societies' attitude. Therefore more and more organisations are holding down their ethical principles in a code of conduct (COC)²

Subsequently it must be assumed that ethical decision-making is a relevant part of a companies' business strategy. According to Manuel Velasquez (1998), proper ethical behaviour is even the most powerful long-term business strategy for a company (Velasquez 1998, p. 5).

Consequently, the demand for ethical standards can be transferred to other business areas like the restaurant business. In this special market segment ethical issues are equally essential in the decision-making process in order to be able to react on the changing consumer attitude and to create sustainable competitiveness. In the restaurant business a code of conduct, however, exists mainly in a non-documented way. Therefore, the researcher wants to detect the ethical standards in the restaurant business with special focus on the German market.

¹ "Ethics is the challenge to ascertain what is morally right or wrong; refers to moral principles, which can be found written in textbooks as ethical theory, and as a code of ethics in a company; can be used interchangeably with the term moral philosophy; considered also to be a cultural variable." (Danon-Leva 2006.)

² COC: A set of conventional principles and expectations that are considered binding on any person who is a member of a particular group or business (thefreedictionary 2015).

When investigating business ethics, aspects of the national culture have to be taken into consideration as ethics is a part of culture. In the so far existing literature regarding business ethics it is argued that the main driver for the company's ethical standards is the cultural background (Scholtens & Dam 2007). Though, the cultural relation to the ethical standards is not yet clear. Referring to the arguments by Scholtens and Dam (2007) made in their article "Cultural Values and International Differences" (Journal of Business Ethics), different researches ask for future examination regarding the influence of national culture on corporate ethical standards.

It has to be found out which impact the national culture has on the ethical standards in the restaurant market in order to understand the ethical decision-making process in the restaurant industry with special focus on the German market. Furthermore the researcher wants to discover if culture is a reason to understand distinctions between different ethical standards within different national cultural background.

1.2 Objectives and research questions of the study

As existing ethical standards in the restaurant business are for the most part not documented in a written code of conduct, the aim of the study is to discover the ethical principles of the restaurant business with special focus on the German market. The main purpose of the Bachelor thesis is, moreover, to find out how the national culture and the ethical standards in the restaurant business are connected to each other. Thereby the research will be grounded on Hofstede's model of the six cultural dimensions³ and the framework of business ethics.

Based on the objectives outlined above, the thesis observes the main research question:

- Which impact has the national culture on the ethical decision-making in the German restaurant business?

³ Dimension: the measurement of a phenomenon; Dimensional Model: a grouping or combination of dimensions that describe a phenomenon (Hofstede 2005).

This main research question is essential as it links findings from the empirical research and the theory about national culture based on Hofstede's six cultural dimensions. In order to answer the main research question, the researcher firstly examines the ethical standards of German and Italian restaurants located in the German market. As a second step the researcher has to compare the empirical findings to make assumptions about the connection of the national culture on the ethical standards. Subsequently there arises following sub question to be researched:

- How can the ethical standards of the restaurant business be defined?

The answer to the sub question is substantial as it will help to answer the main question. As mentioned above the researcher has to conduct interviews in order to find out the characteristics of the ethical standards in the German restaurant business.

Considering the two objectives, the current research aims to identify the effect of Germany's and Italy's national culture on its ethical standards in the restaurant business in order to offer ethical/cultural knowledge for multinational and international entrepreneurs and management employees working in the German restaurant business.

1.3 Delimitations

The study includes the theories around national culture in general, business ethics in general and ethical standards particular respective for the restaurant business (= restaurant ethics: the general theory about business ethics applied to the restaurant business in particular). Moreover, national culture and ethical standards will be associated with the cultural dimensions of Geert Hofstede (1980).

As business ethics has, besides national culture, multiple other influencing factors such as education, religion, and the political environment, the thesis focuses on the national cultural characteristics.

Regarding the gastronomy business types the thesis will research only the restaurant business meaning the conventional restaurant type with no restriction in

size and turnover. Within the restaurant business, self-service establishments as well as the chain restaurant sector will be excluded. Even if this paper examines ethical standards in the restaurant business, the predictions of this paper cannot guarantee a positive ethical performance of these companies in practice.

The empirical part of the thesis will focus on the German restaurant market with the investigation of German and Italian restaurants and the national cultural dimensions of Germany and Italy. Moreover is the empirical research limited on a qualitative approach and does not conduct a quantitative research method. The qualitative research consists of focused (semi-structured) interviews with restaurant managers and owners of German and Italian restaurants in Germany examining their ethical decision making process as well as their ethical principles.

As a weakness it has to be named that due to time limitation and lacking will to cooperate from the restaurants' point of view the extent of the qualitative research methodology is restricted to a certain amount of conductions of interviews. For further research it is therefore recommended to wider the sample and base it on more interviews with restaurant managers and owners. Moreover, it is recommended to wider the sample onto the international restaurant market that is different countries with different cultural background in order to find out if culture is moreover a reason to understand distinctions between different ethical standards within different countries.

1.4 Theoretical Framework

The theoretical framework of this thesis is based on the theory of national culture in general and the cultural dimensions defined by the intercultural researcher Hofstede (1980). The reason to work with the theories of Hofstede (1980) is the broad acceptance and recognition of his theories and publications that are used as a common basis for cross-cultural understanding and comparisons. Following, the first part of the theoretical framework will be narrowed down to the framework of business ethics as ethical standards must be considered as a part of a nation's culture. The theoretical framework of this thesis will be predominantly based on building a framework for business ethics. Based mainly on the theories of Crance

& Matten (2004), Carroll & Buchholtz (2000) and Velasquez (1998) this framework includes a concept of business ethics and explanations of sustainability, the stakeholder model according to Freeman (2010), influencing factors on ethical decision-making and basic ethical principles using the literature of Gavai (2010) and Ford & Richardson (1994). As the topic of the thesis examines the yet non-documented ethical standards specifically of the restaurant business the theory of business ethics eventually leads over to the empirical part giving an overview of the relevance of the restaurant business for the German market.

A combination of these two theories will be applied to the empirical examination of the ethical standards in the restaurant business and to investigate the impact of the national culture on these ethical standards.

1.5 Research method

The information for the theoretical framework for the business ethics and the national culture was gathered from academic books, scientific research papers, and business journals. The data for the theories of restaurant ethics was mainly collected from scientific internet sources as there is yet low information available in academic books and journals as well as in research papers.

In the empirical part of the thesis a qualitative research methodology is used in order to conduct focused (semi-structured) interviews with restaurant managers and owners of German and Italian restaurants located in different regions of Germany. The researcher conducts twelve interviews in total from which six are held with German restaurant managers and owners and six interviews are conducted with Italian restaurant owners and managers. The reason for using qualitative research is because the researcher wants to understand feelings, experiences, beliefs, values⁴ and ideas. Through qualitative data the researcher can gain a better and deeper understanding of these before mentioned terms. The decision to use a qualitative research approach is based on the book "The postgraduate research handbook" by Gina Wisker (2007). If the researcher wants to examine the ethical standards in the restaurant business it is not effectual to just ask the

⁴ The ranking order of an individual's beliefs, customs, and norms.

interviewee for example: “What are your ethical standards?”; consequently the thesis uses focused (semi-structured) interviews where the interviewer follows a guide (prepared questions in a particular order) but at the same time is enabled to follow relevant courses in the dialogue that may deviate from the guide when the researcher feels this is suitable. The data collection method for the empirical part is the analysis of the conducted interviews. An explanation of how the interviews are organised and how the interviewees have been selected will follow in the empirical part.

The goal is to examine the ethical standards in the restaurant business by exploring the interviewee’s insights and then link the empirical findings with the theory of the cultural dimensions by Hofstede. Based on the comparison between theory and practice certain assumptions about the cultural impact on ethical standards and the ethical decision making process in the restaurant business can be made.

1.6 Structure of the thesis

In order to answer the research questions and to achieve the set objectives a constructive sequence of the thesis is necessary. Consequently after the introductory chapter of the thesis, the aim is to begin with a broad overview of the theories about national culture in general, explaining national and cultural characteristics and explaining Hofstede’s cultural dimensions. From that basis in the following chapter three, the theoretical part of the thesis will be narrowed down to the theories of business ethics, as it is a part of national culture. Chapter three, which is dominating the theoretical part, deals with the basic principles of business ethics, its significance, the existing ethical theories, corporate social responsibility, ethical standards and ethical decision-making in companies. Finally, in chapter three the overall theory of business ethics will be confined to the explanation of restaurant ethics in order to reach an exact and reasonable theoretical specification of the thesis topic.

In chapter four the empirical part starts by giving an analysis of the German restaurant market and includes the collection and analysis of the collected data in form of the conducted interviews. The fifth and sixth chapter include the findings about ethical standards in the German restaurant market and link the theory of

Hofstede's cultural dimensions to these empirical findings. The thesis concludes with a summary making assumptions about the impact of national culture on the restaurant business.

A descriptive version of the thesis structure is depicted in the following figure.

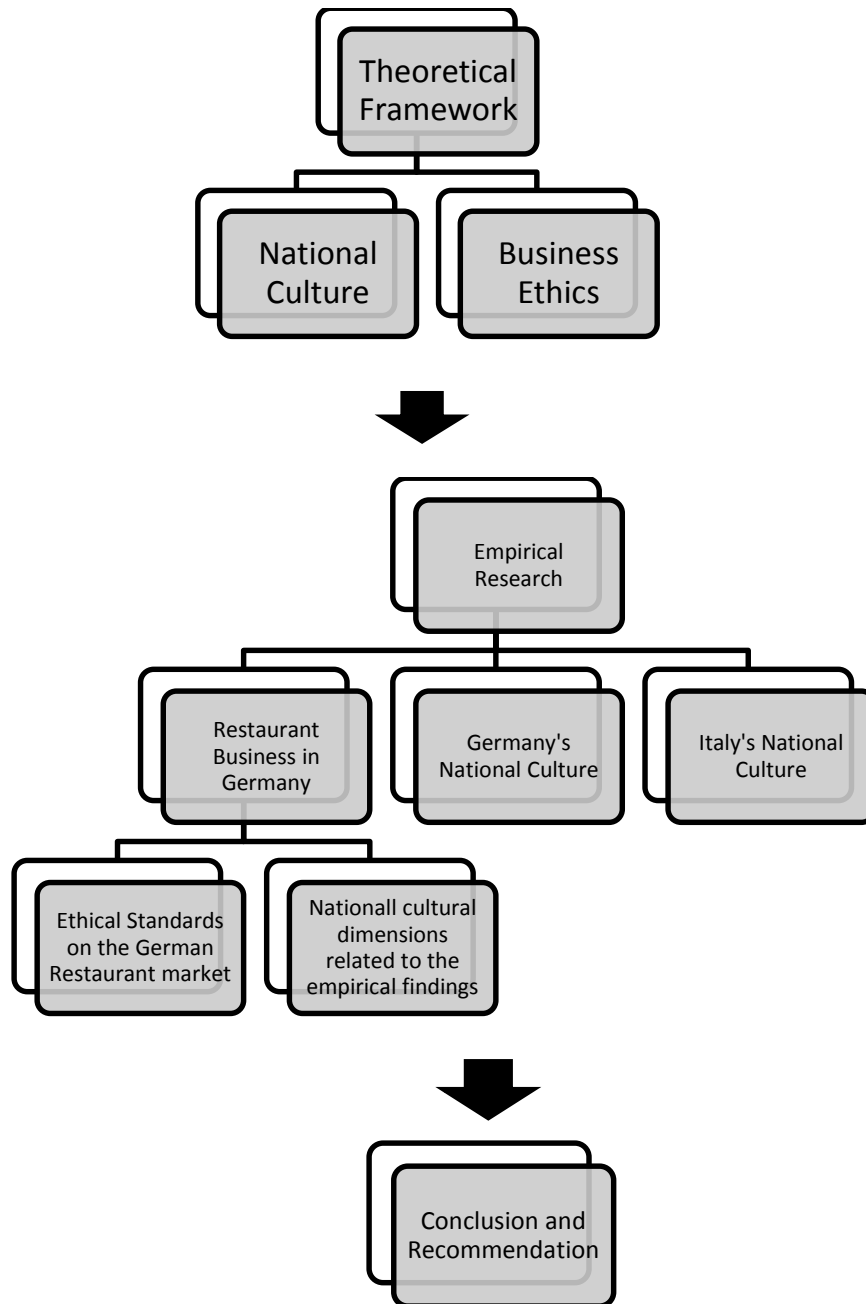


Figure 1. Structure of the thesis.

2 National culture

The concepts of national culture, organisational culture⁵, and culture have been frequently researched by sociologists, anthropologists, political theorists and psychologists and are therefore open to multiple interpretations (Hofstede 1980; Smith & Hutchinson 2007; Mitchell & Curry 2003; Trompenaars & Hampden-Turner 1997). For a better understanding behind the terminology of national culture it is, insofar reasonable to first analyse the two individual notions: nation and culture.

2.1 The term nation

The term nation has two different meanings according to Schubert and Klein (2011). The first definition is a conservative interpretation highlighting that nation is the belonging to an ethnical community with certain similar attributes (e.g. common language, culture or history) and a particular territory where this community lives together. In short, nation can be defined as a community by descent.

The second definition takes further into consideration the arising opportunities of change and development when groups live together in one state having joint as well as different attributes. Therefore these groups can promote the exchange between people with different origins. This definition equals more the understanding of a democratic society. Additionally, there must be differentiated between a nation that lives within a closed territorial society based on a nation's political constitution and a culture-nation that shares the same attributes like language, culture and religion (e. g. Jewish people)

Whatever definition is used for the term nation, it is always overlapping with other perceptions like nationality as an ethical unit or the nation as a cultural community. Often nation is equalised with national state, at least there is the demand of the nations to be a unitary national state (Smith & Hutchinson 2007, p. 24). Therefore it is problematic to find a unique definition for the term nation. In this context

⁵ The values and behaviors that contribute to the unique social and psychological environment of an organization (Business Dictionary 2015).

and moreover for a better understanding of the term nation the assumptions of other researchers and scientists must be stated.

The German sociologist Max Weber (1864-1920) claims that nation has no standard definition but explains nation as a status group sharing a joint history and fighting against other nations for their cultural and supremacy prestige. He moreover highlights the national-economic theory of nation, stating that nations can be separated from another nation, when executing a political programme. (Norkus 2004, p. 389; Smith & Hutchinson 2007, pp. 47-53).

Similar to Max Weber's view is the definition of the Czech sociologist Karl-Wolfgang Deutsch (1912-1992) who claims that nation is a group of joint history. Additionally Deutsch consults a communications-theoretical perspective when he says that nation is an extensive communication network of people where the individual and the nation are both part of an active communication process. (Holzbauer 2012, p. 25).

The French historian and linguist Ernest Renan (1823-1892) comes up with a spiritual approach when speaking of a spirit or nation as a spiritual basis. For Renan, a nation is an association that derives in a daily referendum. (Smith & Hutchinson 2007, pp. 39-42).

Another classic definition originates from the Soviet Union Premier Joseph Stalin (1878-1953). He was convinced that a nation has to have the components of common language, common closed territory and an economic life in order to exist as a nation. (Smith & Hutchinson 2007, pp. 43-46).

Although the term nation or nationality is overlapping with ethnic unit or cultural community it can be outlined from the definitions above that nation has a political meaning and is shaped by a joint history, joint languages and consistent territory, a joint culture and a governmental entity.

The term nation is often stated in connection with the term culture. Therefore, and to complete the approach to understand the meaning of national culture, the term culture is explained in the next section.

2.2 The concept of culture

“Culture is what makes the Chinese Chinese, the French French and the South Africans South African.” - (Mitchell & Curry 2003, p. 15).

Naturally, this cannot be a truly valid academic definition of what the term culture means. However, Mitchell and Curry (2003) exemplify with this statement a general and figurative idea of the people’s perception of culture.

For the comprehension of the reason behind people’s behaviour, a conception of culture is essential as it has impact on how ethical principles are set and implemented and the way business is directed. Accordingly, culture is explained to be the fundamental basis that controls the activities and norms of the individual (Kelso 2015). Culture is therefore observable in the reality of every day’s life as it has impact on how a group or a single individual behaves or not behaves; which in turn also influences the conduction of certain business strategies and therefore the application of ethical standards as they are controlled by an individual or a group.

According to the researcher Thomas (1993) culture is an orientation system, which is familiar to all members of this society. This orientation system is built out of specific symbols and passed down in the particular society. The system further has impact on the perception, the thinking, the values and acting of the members of the particular society and therefore defines their belonging to the society. Central attributes of the culture specific orientation systems can be defined as so called “cultural standards”. Cultural standards can be understood as all ways of perceptions, thinking, acting and valuating that are considered as normal, typical

and mandatory by the majority of members of a certain culture. The existing central cultural standards of one culture can however be less dominant or can even lack completely in another culture. Yet, different cultures can have similar cultural standards, which though are of different meaning (Thomas 1993, pp. 380 - 381).

In the existing literature there are uncountable definitions of culture. The most concise definition, however, originates from Geert Hofstede. In his work “Cultures and Organisations” (1991) Hofstede calls culture as the “software of the mind”, and, correspondent with this view “culture is a group-specific, collective phenomenon of commonly shared values. It is the collective programming of human thought that sets the members of one group apart from those of other groups.” (Hofstede 1980, 2001; Centre for intercultural anagement 2015; The Hofstede centre 2015). Here, Hofstede’s culture definition points out that culture is a phenomenon which describes behaviour on a group level and not on the level of single individuals.

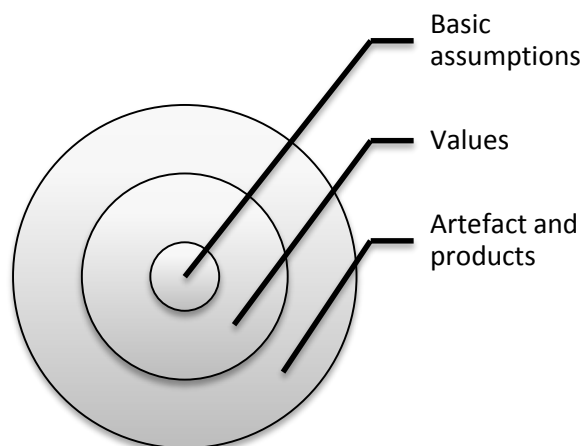


Figure 2. A culture model. (Trompenaars 2008)

The culture model shown in figure 2 is divided into three different levels: Basic assumptions, values as well as artefact and products. Basic assumptions, the core of the figure and therefore the basis of the term culture, describes an essential human wish such as the will to survive, to sleep or to eat. Based on this core the additional outer layers of the figure are drawn. The values are built upon the basic assumptions. They are considered as the culture’s central element and represent the scale for behaviour. Values determine what is right or wrong and what is good or bad. The outside layer of the model is visible and observable in the

reality. For instance can religion, language, sports, arts or special trends be allocated to a certain culture. For the outside layer, the Sauna of Finland or the bullfight of Spain represent a classic characteristic example. (Hofstede 2001; Trompenaars & Hampden-Turner 2008.)

Limits of the cultural concept

In view of the numerous different manners of use of the word “culture” and the plurality of competing scientific definitions it seems to make sense to talk of many concepts of culture instead of one single cultural concept. Culture is to some extent a variable, depending on different frame conditions of diverse expertise areas and their point of view. Already in the year 1952 over 170 different definitions were counted (Nünning 2009).

2.3 Consolidation of the terms nation and culture

“Culture is the collective programming of the mind distinguishing the members of one group or category of people from others” – Hofstede (1980).

After the analysis of the cultural concepts it is evident that culture exerts a great influence on people as well as on institutions. Culture and nation originate in different elements, firstly, the geography of one country, the history, the technology, the science, as well as politics and economy. All this elements have impact on the social institutions such as businesses, governments, families, religion, tribes, media and school. They all hold a significant role when it comes to the determination of culture. Additionally to the social institutions, culture is strengthened by the imitation of the fellow human being’s behaviour. These are the primarily drivers of culture. The more powerful these elements are on a national level, the more equal are the particular national cultures (Cateora & Graham 2010, p. 99).

Scores of researchers have investigated upon the notion national culture and have set up models of national culture (Trompenaars & Hampden-Turner 2008; Hofstede 2001; Kluckholm & Strodtbeck 1961; Lewis 1992; Boyacigiller 1991;

Singh & Parashar 2015). In the following sequence the most popular concepts have been reviewed.

One of the pioneers discussing on national culture was the researcher Kluckhohn (1961) when publishing the impact of the five values of nation⁶ on organizational structures (Singh & Parashar 2015). Similar to Kluckhohn and Strodtbeck (1961) was the modelling of national culture by Boyacigiller (1991). They further added space orientation as a sixth value orientation. Space orientation handles the private-mixed-public space within a society. (Singh & Parashar 2008, p. 3). Later, in the year 1993 the Dutch theorist Trompenaars established along with Charles Hampden-Turner the model of differences in national culture. The model with seven different dimensions shall explain how people of different cultures interact with each other. So, in this dimensional model national culture is depicted as how humans resolve problems especially in questions of relationships and the peripheral milieu. The seven dimensions are Individualism/Communitarianism, Extrovert/Introverted, Universalism/Particularism, Time as sequence/Time as synchronization, Equality/Hierarchy, Analysing/Integrating and Achieved Status/Ascribed Status (Trompenaars & Hampden-Turner 1997; Singh & Parashar 2015).

However, as mentioned above, Hofstede (1980) published the most popular research on national culture when he says: "Culture is always a collective phenomenon, because it is at least partly shared with people who live or lived within the same social environment, which is where it was learned. Culture consists of the unwritten rules of the social game. It is the collective programming of the mind that distinguishes the members of one group or category of people from others." (Hofstede & Hofstede 2005, p. 4) Here, the concept of national culture refers to shared "programming of the mind" by people of one nation. Hofstede and Hofstede expressed that nations have societal mechanisms that separate the cultural patterns of one country from another. It is discussed further that national culture

⁶ The five value orientations are man nature orientation (mastery-harmony-subjugation), human nature orientation /evil-evil/good-good), time orientation (future-present-past), activity orientation (doing-being- being in becoming) and relational /individualistic-laterally extended groups-hierarchical groups). People use these values to shape their behaviour. (Singh & Parashar 2015).

is exhibited through “dominant national language, common mass media, a national educational system, a national army, a national political system, national representation in sports events with a strong symbolic and emotional appeal, a national market for certain skills, products and services” (Hofstede 1991, p. 12). Therefore national culture changes slow-going as the mind of a nation or a person also appears in the nation’s institutions (Singh & Parashar 2008, p. 4).

Summarising the concepts reviewed above, there is a recurring theme coming up. The theme of consistency/equality within a culture/nation in order to explain national culture. Along with that, it must be emphasised that the modelling of culture implies a sort of stereotyping when a complex culture is reduced to a general definition. It may involve the danger of people applying the description of a nation’s culture to every individual resident of a nation. Consequently, with these models, it is less suitable to understand the broad spectrum of people’s comportment within one culture. Hence, it makes sense to use the models of national culture to draw comparisons between cultures (Osland & Bird 2000).

2.4 National Cultural Dimensions by Hofstede

The Dutch researcher Geert Hofstede (1980) conducted one of the most widespread studies of the cultural impact on ethics of the professional place of work (The Hofstede centre, 2015). He connected business behaviour with culture, which makes his findings very useful for cross-cultural studies. From 1957 on Hofstede examined a wide database of International Business Machines Corporation’s (IBM)⁷ employees representing over 70 nations (Khan Shahid 2014). Based on the empirical findings drawn out of intensive surveys with the IBM employees, Hofstede developed the national cultural dimensions.

The dimensions of national culture framed by Hofstede (1980) were first statistically characterised as the four groups which differentiate one nation’s culture from another. The four categories are until today known as Power Distance (PDI), Individualism versus Collectivism (IDV), Masculinity versus Femininity (MAS) and Uncertainty Avoidance (UAI). Based on another international research by Geert

⁷ IBM is an US-American multinational information technology (IT) and consulting corporation.

Hofstede and Michael Minkov among students in 1991 a fifth dimension, titled as Long-Term Orientation (LTO), built upon Confucian philosophy was developed and added in the book *Culture's Consequences: Comparing Values, Behaviors, Institutions and Organizations across Nations* (Hofstede 2001). The sixth and last dimension, named Indulgence versus Restraint (IVR), was adjoined in the same book based on findings of the World Values Survey for 93 nations by Michael Minkov (Hofstede 2001; The Hofstede centre 2015). Insofar, it has to be mentioned that the six dimensions of national culture are based on the research conducted not only by Professor Geert Hofstede, but along with Gert Jan Hofstede and Michael Minkov (Hofstede 2001; The Hofstede centre 2015).

Annotation to the application of cultural dimensions

Hofstede (2001) highlights in his book that “the country scores on the dimensions are relative, as we are all human and simultaneously we are all unique. In other words, culture can be only used meaningfully by comparison” (Hofstede 2001; The Hofstede centre 2015). That means for the application of the Hofstede’s dimensions in the empirical part of this research paper to compare different cultures to each other. In this case Italian and German ethical business principles in the restaurant market will be examined.

Over a score on each of the Hofstede’s dimensions of national culture (1980) each nation has been located in comparison to other nations. These dimensions are statistically divergent and take place in all sorts of combinations, with some combinations occurring more frequently than others.

2.4.1 Power Distance Index (PDI)

PDI is connected to inequality of human mankind. The dimension is defined as “the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally.” (Hofstede 2001, p. 98; The Hofstede centre 2015). Thereby, leaders and followers are recognising the different levels of inequality at the same time with the same extent. Here, the social structure of one culture is defined by hierarchy; with societies having more

inequality than others. The typical features according to Hofstede (1980) are described as follows:⁸

High Power Distance ⁸	Low Power Distance ⁸
Autocratic superior	Consultative superior
Relatively centralisation	relatively decentralisation
Privileges and status symbols accepted	Privileges and status symbols hated
Inequality acknowledged and normal	Inequality to be avoided
Large emotional distance	small emotional distance
Employees relatively anxious	Employees rather free from anxiety
Difficulties to disagree with employer	Simple approach on employer

2.4.2 Individualism versus Collectivism (IDV)

IDV is labelled to be connected to the involving of individuals into principal groups. Hofstede (1980) defines that in an individualistic society “ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family.” Whereas in a collectivistic society “people from birth onwards are integrated into strong, cohesive in-groups, which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty.” (Hofstede 1991, p. 51; The Hofstede centre 2015). The typical features are described as follows:⁹

Individualistic ⁹	Collectivistic ⁹
Task orientated	Relationship orientated
Focus is on “I”	Focus is on “WE”
Identity based on the individual	Identity based on one’s social network
Personal freedom	Freedom within scope of group control
Openness	Harmony to be maintained
Supervisor-Employee relationship based on contract	Supervisor-Employee relationship similar to an extended family
Management concentrates on the individual	Management concentrates on group

2.4.3 Masculinity versus Femininity (MAS)

MAS is labelled to be connected to the division of emotional roles between women and men. This dimension is based on “the social, culturally determined roles masculine and feminine” (Hofstede 1991, p. 80) as two different ends of

⁸ The typical features are based on Hofstede 1991, pp. 27, 28 and p. 37.

⁹ According to Hofstede 1991, pp. 67, 73.

behaviours in one society. The masculinity describes "a society in which social gender roles are clearly distinct. Men are supposed to be assertive, tough, and focused on material success; women are supposed to be more modest, tender and concerned with the quality of life. Femininity stands for a society in which social gender roles overlap" (Hofstede 2001, p. 297). Beyond "the distribution of social sex roles" (Hofstede 1991, p. 81) societies all together possibly will be comparatively feminine or masculine. That means that in a society with a high femininity score, the members of each sex, including men, will behave rather after feminine forms, and reverse. The key differences Hofstede offers, identify fundamental "programming of the mind" in particular situations and behaviours:¹⁰

Masculine¹⁰	Feminine¹⁰
Live in order to work	Work in order to live
Norm: The best	Norm: The average
Material success and progress	Caring for others and preservation
Failure equals disaster	Failure is less significant
Money and materialism	People and close relationships
Identification rather with the strong	Identification rather with the weak
Decisive and insistent supervisors	Intuitive supervisors

2.4.4 Uncertainty Avoidance Index (UAI)

UAI is labelled to be connected to the levels of stress in a society in the face of an unknown future. UAI is defined as "the extent to which the members of one culture feel threatened by uncertain or unknown situations" (Hofstede 1991, p. 113). In detail it means that UAI is concerned with how tolerant a society is to doubt/uncertainty. It points to what degree the members of one culture feel either uncomfortable or comfortable in unknown and unorganised situations. Unstructured situations are unusual, unknown and unexpected. Uncertainty avoiding cultures try to minimize the possibility of such situations by a severe behavioural programme/plan as well as given laws and rules. (Danon-Leva 2006.)

Low Uncertainty¹¹	High Uncertainty¹¹
People are motivated by new challenges	People are motivated by security
Rules exist only if there are strictly necessary	Strict rules are always needed
Society feels rather comfortable in unclear situations	Society is afraid of unfamiliar risks

¹⁰ Typical MAS features adapted from Hofstede 1991, p. 96.

¹¹ Typical UAI features adapted from Hofstede 1991, p. 125.

Uncertainty is accepted and seen as usual

Uncertainty is not accepted and should be avoided

2.4.5 Long Term Orientation versus Short Term Normative Orientation (LTO)¹²

LTO is labelled to be connected to where a society puts its efforts: the future or the present and past. Societies which attach high value to tradition take a long-term view from a long past into the distant future. Typical characteristics of the opposite poles are:¹³

Short-term orientation	Long-term orientation
Expecting quick results	Patience to wait for results
Low savings	High savings
Focus on the present	Importance of tradition from the past to the present
It is not accepted to miss deadlines	Long term benefit is more important than short term success
Service to others is a key objective	Thrift and perseverance are important goals
High national pride	Try to learn from foreign countries

2.4.6 Indulgence versus Restraint (IVR)

IVR is labelled to be connected to the satisfaction versus control of basic human desires related to enjoying life. IVR is concerned with the individual's perception of personal happiness, life control and the importance of leisure. Indulgence considers the extent to which cultures allow people of one society to have fun and enjoy life. At the opposite pole it is considered to which extent an individual's behaviour is restrained by social norms (Hofstede 2010, pp. 280-281).

Indulgent Society ¹⁴	Restraint Society ¹⁴
Majority of people declares itself as happy	less people declare themselves as happy
Leisure has a high importance	Leisure has a lower importance
Rather remember positive feelings	rather don't remember positive feelings
Perception of one's individual control of life	Perception of shiftlessness
Freedom of speech	Freedom of speech is not seen to be of high concern

¹² Also related to as normative versus pragmatic (PRA).

¹³ The typical LTO features are adapted from Hofstede 2001, pp. 255-258.

¹⁴ The typical IVR features are adapted from Hofstede, Dimensionalizing Cultures: The Hofstede Model in Context 2011, p. 16.

All six of these cultural dimensions are connected to ethics within the meaning of that they could affect the individual's awareness of ethical situations, rules for behaviour, and ethical decisions for what is right or wrong. Consequently, as nations differ in terms of these cultural dimensions so will their ethical standards vary. In the empirical part it will be discussed how these national culture dimensions might have impact on ethical standards.

3 A framework for business ethics

Business and the academic world began to pay attention to business ethics near the end of the 1970s because of delinquency and wrongdoing business practices which weren't controlled by a governmental or non-governmental body (Arlow & Ulrich 1988).

3.1 Business ethics and culture

“Understand a culture and you understand its business ethics.”

– (Mitchell & Curry 2003, p. 15)

Before an explanation of what culture means was given. Now the question arises how ethics and culture are connected to each other. Culture mirrors the moral and ethical beliefs that direct a person's actions and the way of communicating with other members of the society. These cultural beliefs and norms are handed on over generations and cared for rules for a society's normal course of life. The cultural norms along with tradition and rituals, serve as navigation for right and morally accepted behaviour and deliver allegiance and safety – otherwise life in a society would appear unorganized and uncertain. Consequently, cultural customs have impact on the definition of what is moral. At that point ethics overlaps with culture. Therefore ethical behaviour might be seen as unethical of people belonging to another culture (Boundless 2015).

A similarly connection happens between ethics and a business culture¹⁵ as ethics is an important part of a business's culture. A major purpose to connect business culture and ethics is to make sure the same understanding of ethics among a group of people. Businesses can express their code of conduct grounded on the ethical standards of the society or their stakeholders and their owners' beliefs, manager's beliefs and values (Graham 2015). To create a predominant connection between a companies' culture and ethics, the company could formulate its vision and mission with an explicit focus on ethics. It is required that companies evaluate its business activities according to its ethical code to rate the performance of the business culture.

3.2 An explanation

The subject of business ethics can be generally defined as: "Business ethics is the study of business situations, activities, and decisions where issues of right and wrong are addressed." (Crance & Matten 2004, p. 8).

Moreover business ethics "is defined by the interaction of ethics and business" (De George 1999; UK Essays 2015) and belongs therefore to the common field of ethics.

Focussing on the implementation of ethical standards, different researchers describe business ethics as "applied ethics" and "a specialized study of moral right and wrong" (Velasquez 1998; Cavico & Mujtaba 2005; UK Essays 2015; Schwartz 2008, pp. 217-220; S. Publications 2005, pp. 2-9).

Nonetheless, business ethics is a contradictory concept in itself and that is why business ethics is claimed to be an oxymoron¹⁶ (Collins 2004, pp. 1-8). This leads to the suggestion that, as business is considered to be amoral or unethical, there can be no ethical aspects in business. Business is a sort of economic movement

¹⁵ The culture in business is linked to behaviour, ethics, and etiquette and embraces a company's way of working, values and rituals (Passport to Trade 2014).

¹⁶ A figure of speech by which a locution produces an incongruous, seemingly self-contradictory effect, as in "cruel kindness" or "to make haste slowly".

driven by the principle of profit maximation and input and output. The negative reputation of business activities originates mainly in the high number of scandals that are connected to unethical business behaviour, such as the use of child labour, environmental harming production practices, bribery and/or corruption. There are, however, various values and principles behind those business decisions that are rated as business malpractice. The sustainment of basic ethical standards, such as trustworthiness, transparency and honesty is required in major business actions to run a business at all (Collins 1994; Watson 1994).

3.3 Business ethics and the law

“In one sense business ethics can be said to begin where the law ends.” (Crance & Matten 2004, p. 9; Quizlet 2015).

It has to be considered if business ethics, before defined in terms of issues of right and wrong, is somehow overlapping or anyway different from the law. Law can be defined as a “consistent set of universal rules that are widely published, generally accepted, and usually enforced” (Anstead 1999; Andeex143 2013; Knapp 2015). Established by the government, the mandatory regulations define how people are required to act legally in their behaviour with other members of one society.

The relationship between business ethics and the law

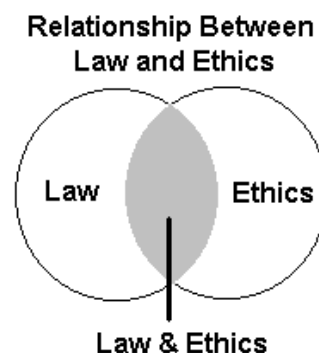


Figure 3. The relationship between ethics and the law. (Crance & Matten 2004, p. 9)

There is indeed a close connection between legal standards and ethical norms as the law is an “institutionalisation or ethical codification into specific social rules, regulations, and proscriptions” (Crance & Matten 2004, p. 9). In figure 3 it is exemplified how law and ethics are overlapping. The figure shows that ethical issues such as in business are not completely covered by the law. That is why it is claimed that law only provides the lower limit of allowed norms of behaviour; which leads to the assumption that legal practices must not be necessary ethical. As an example it could be named that being unfaithful to one’s partner is not against the law even if it is seen as ethically wrong by the majority of people.

The same case for legal business actions that are generally recognised as amoral or unethical such as the animal experiments in the research sectors. Subsequently business ethics must deal mainly with problems that are not guided by the law, which might make it complicated and also controversial to find a “right” solution for some business ethics issues like the pay of bonuses to executives or the abuse of private data. Consequently, business ethics is not about the application of specific procedures and making objectively right decisions based on facts such as it would be the case in other business sectors (accounting, engineering). It is a moral decision to behave ethically, so business ethics is somehow about making improving and just “better” decisions. As ethics and the law are overlapping, it can be made the assumption that ethical standards exist based on the fact that there are legal regulations which have to be adhered in order to avoid fines and other negative legal consequences for the business. Consequently in sense of Crance & Matten (2004) it must be highlighted that business ethics starts at the point where the legal frames end.

3.4 The importance of business ethics

As mentioned in the introductory chapter the role of business ethics has become more and more significant over the past decades. In the world of nowadays, driven by globalization and profit-based strategies, the demand for ethical standards is greater than ever. Business ethics lean towards getting high attention from the media, the consumers and other pressure groups asking for more ethical and more reasonable business practices (Crance & Matten 2004, p. 12). Therefore

there are key reasons regarding business ethics as a growing significant area of research study.

Firstly, amoral business actions might harm the environment and individuals. With business ethics the reason behind such decisions and their consequences can be understood and rethought and therefore “the human conditions can be improved.” (Michalos 1988).

Secondly, worldwide there is lacking training and education in business ethics issues. Through business ethics, therefore, ethical decision-making can be enhanced when supervisors get to know the necessary framework and tools in order to break down, recognise and find problem solving approaches to ethical concerns (Crance & Matten 2004, p. 13).

Not to forget that there is a changing consumer attitude towards a more responsible consumer – the so called LOHAS. This sustainable orientation can be of strategic relevance for a company’s profitability regarding the estimated market potential of an annual value around 200 to 400 billion Euro (Ahaus 2011). More and more organisations recognise the positive effect on the profitability through business ethics as there exists a strong proof to indicate that companies owing a COC out-perform companies without such an ethical conduct in financial and other parameters (More & Webley 2003). According to the Cadbury Schweppes case study (2002) for example, the reason for the improved financial performance lays mainly in following reasons:

- The company can reach a new consumer group and therefore higher sales and turnover.
- The employee’s loyalty towards the employer increases, which reduces labour turnover and consequently raises productivity.
- Recruitment costs can be minimised as the ethical reputation of the company might attract new talents and skilled workers.
- The company improves its stability and risk management by gaining new investors who preserve the company's share price high.

After all, the public might have its doubts with the implementation of business ethics, which goes along with the fact that business ethics in itself is an oxymoron

(see chapter 3.2.). Nonetheless, unethical behaviour might harm an organisations image and make it less attractive to stakeholders which might have a negative result on the profitability.

The growing importance of business ethics for businesses, consumers, governments or the academic world has clearly grown over the past decades. According to Kelemen and Peltonen (2001) journal and newspaper articles concerning business ethics exceed the amount of 20000 web sites and over 1200 books. Additionally new university modules dealing with business ethics have been developed and significant changes happened in the business ethics “sector” such as the monitoring and reporting systems of companies like Deloitte, KPMG and McKinsey or new business ethics consultants working independently (Crance & Matten 2004, p. 14).

3.5 Sustainability

Confronted with the increased need of business ethics, especially in the new context of globalization, a new concept has appeared in order “to assess business activities as well as social and industrial development more generally – the concept is sustainability.” (Crance & Matten 2004, p. 21). Sustainability is defined and understood in many various ways (Dobson 1996). According to the World Commission on Environment and Development (WCED 1987) it is explained that “sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

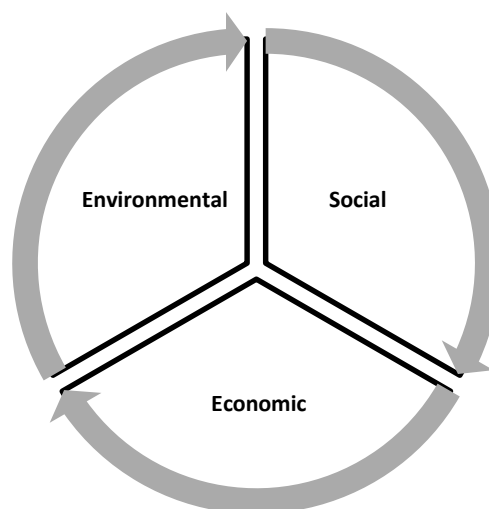


Figure 4. The three components of sustainability.

The concept of sustainability not only covers environmental issues, as many people think, but also social and economic issues. The WCED (1987) points out that without taking social and economic issues into consideration, the environmental objectives cannot be realised. Therefore sustainability covers three components (Figure 4). The concept of sustainability leads to the assumption that a certain objective for business should be achieved. This goal was defined by Elkington (1999) as the triple bottom line (TBL).

3.5.1 Environmental points of view

The environmental perspective is believed to be the main goal of sustainability. But as the figure 4 shows each part of the cake has the same size and therefore is every three of the components of sustainability contributing equally.

Here, the management and use of resources and their responsible preservation for the future are central concerns as resources are limited in their capacity. The nowadays business methods are destroying the natural basis of life and therefore undermine the well-being of future generations. The overfishing of the world's oceans, the deforestation of rainforests as well as the ocean's plastic pollution are relevant examples for this development. According to a research of the German Federal Environment Agency (2015) the follow-up costs of the climate change and the loss of biodiversity alone could have come to a quarter of the worldwide gross national product (GNP) by the year 2050. A continuing resource intensive business behaviour which industrial countries stick to and emerging markets would adapt to, is not a responsible and reasonable possibility anymore. Consequently, the environmental perspective must urgently be taken into account when aiming sustainability.

3.5.2 Social points of view

The evolution of the social aspects still stays quite a new trend (Scott & Park & Cocklin 2000). In respect of the effect of business practices on native societies in the developing countries it came up while the 1990's. The social point of view concentrates on social justice based on issues named in the United Nations (UN) Report on the World Social Situation (UN 2001). The UN states problems such as a spreading in the space between poorer and wealthier nations and growing

inequalities in income and wealth within some nations and “two-thirds of the OECD countries” (Crance & Matten 2004, p. 26). That is why the social point of view on sustainability stays a central issue.

3.5.3 Economic points of view

Because of economic growth models involving the boundaries of earth’s capacity the economic point of view on sustainability primarily appeared (Meadows & Meadows & Randers & Behrens 1974). The understanding that further growth in resource use, people, and productivity along with the principle of profit maximisation might have as consequence that nowadays relatively high living standards could ultimately drop again. Here, the implication for business ethics is dealing with the financial performance of a company. That is to say only strategies and an outcome which assure long-term economic effort should be planned, produced, implemented and launched by management.

Implication of sustainability for business ethics

The expectations to accomplish “honest” sustainability in the TBL are still too high on the present time looking at current developments and the fact that still a minority of industries can truly argue to be “fully” sustainable. But nonetheless it is important to recognise the complete implication of sustainability in order to evaluate business ethics and its potential power. According to Elkington (1999) the three areas of sustainability are about changing and reviving the way of thinking in the business world.

These challenges are shaped by an organisations stakeholders and therefore analysed in the following sequence.

3.6 Stakeholder theory for businesses

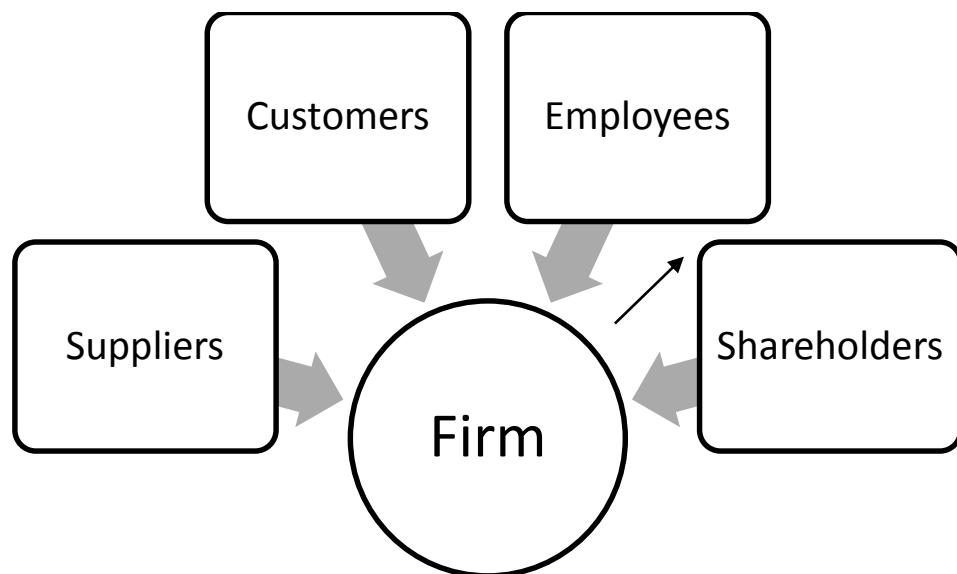
Distinct from the TBL and the Corporate Social Responsibility (CSR)¹⁷ approach¹⁸, the stakeholder approach initiates with the observation of different

¹⁷ CSR encompasses the economic, legal, ethical, and philanthropic expectations placed on organisations by society at a given point in time. (Carroll & Buchholtz 2000, p. 35; Dixon 2015).

¹⁸ The CSR approach concentrates mainly on the organisation and its responsibilities.

groups to which the organisation is accountable. The stake put forth from business ethics (Stark 1994). Freeman (1984) induced the stakeholder theory first in the 1980s and defined the term stakeholder as follows: “A stakeholder in an organisation is any group or individual who can affect, or is affected by, the achievement of the organization’s objectives.” (Freeman 1984, p. 46). In a more precise way a stakeholder can be defined as follows: “A stakeholder of a corporation is an individual or group which either: - is harmed by, or benefits from, the corporation; or – whose rights can be violated, or have to be respected, by the corporation. “ (Evan & Freeman 1993). According to this definition, an organisation is in some situation not able to exactly identify who the exact relevant stakeholders are because the stakeholder spectrum varies from business industry to business industry and from situation to situation. In practice, however, companies work usually with one of the two stakeholder models depicted in figure 5.

(a) Traditional management model



(b) Stakeholder model

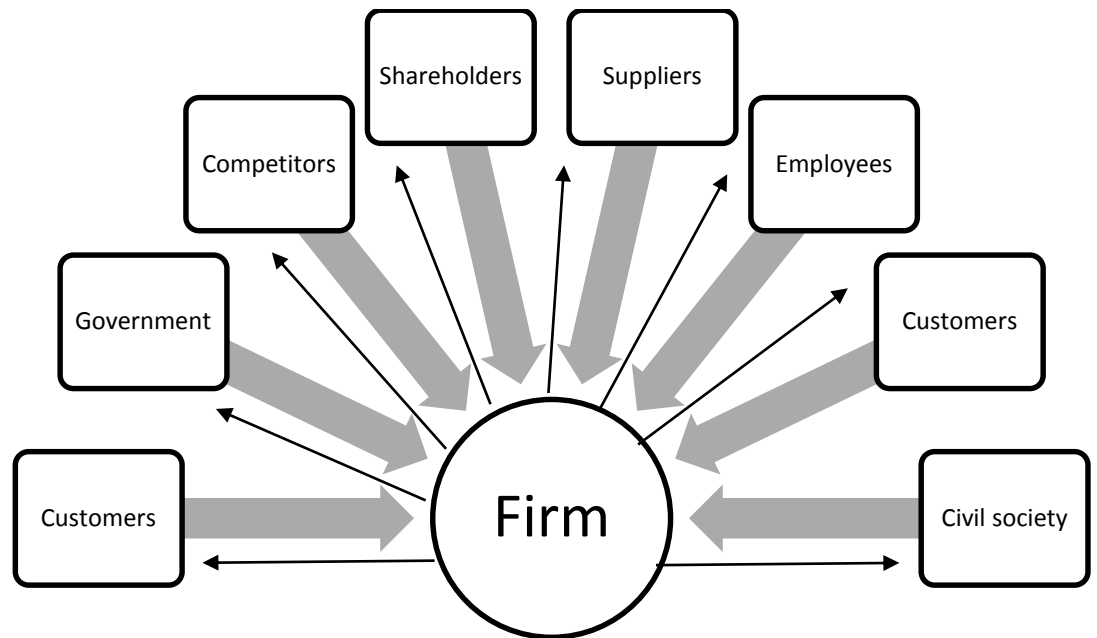


Figure 5: Stakeholder theory of the firm. (Freeman 2010)

The traditional management model reflects the organization recognised just connected to four groups: customers, employees, suppliers and shareholders. As shareholders hold shares, their interest have priority for the organizations management (Figure 5 (a)), whereas in the stakeholder model the shareholders is a group equal to others. That means that the organisation accounts for many communities and is therefore located in the middle of inter-reliant mutual relationships (Crance & Matten 2004, pp. 51-52).

Summarised, when creating and implementing ethical standards, a company must take into account wider responsibility towards numerous stakeholders and their interests. This is an important fact for the researcher when conducting the interviews in order to examine the ethical standards of the restaurant business as there must also be taken into consideration the restaurant's stakeholder management.

3.7 Influencing factors on business ethics

In the chapter before, it is explained that numerous stakeholders have to be taken into account in the ethical decision-making process. In business ethics, these decisions should ideally be directed by ethical principles, which in turn build the basis of a COC. Subsequently, a manager has to permanently agree on what is ethical and what is not. These decisions, however, are influenced by various factors. One of these factors, the national culture, is part of the research objective of this study paper.

Broadly, the influencing factors are separated into either individual or situational factors (Ford & Richardson 1994). These two categories provide an understanding for an individuals' unethical or ethical business behaviour and why specific business decisions are made.

3.7.1 Individual influencing factors

These are unique features of an individual that were inherited with birth such as gender and nationality; and features which developed by experience and socialisation such as education (Crance & Matten 2004, p. 114). Table 1 gives an overview of individual factors influencing on ethical decision-making.

FACTOR	INFLUENCE ON ETHICAL DECISION-MAKING
AGE AND GENDER	Very mixed proof inducing to uncertain suggestions with ethical decision-making.
NATIONAL AND CULTURAL CHARACTERISTICS	Have an enormous impact effect on values, beliefs and ethics.
EDUCATION AND EMPLOYMENT	Obvious distinctions exist in ethical decision-making when having a distinct educational and work life background.
PSYCHOLOGICAL FACTORS	Real impact on ethical decision-making. These factors are significant when it comes to forecast the distributing of guilt/liability.
PERSONAL INTEGRITY	Influence unclear.

Table 1. Individual influencing factors on ethical decision-making. (Crance & Matten 2004, p. 117; Bhardwaj 2015)

3.7.2 Situational influencing factors

These are certain features of the environment effecting an individuals' ethical decision-making (Crance & Matten 2004, p. 114). Involved are features related to the work environment and to the issue itself. Table 2 gives an overview of situational factors influencing on ethical decision-making.

FACTOR	INFLUENCE ON ETHICAL DECISION-MAKING
MORAL INTENSITY	Proofs proposes that it has an important impact on the ethical decision-making.
MORAL FRAMING	Existing studies show high impact on features of the process of ethical decision-making, mainly the moral consciousness.
REWARDS	High proof of the link: rewards/penalty with ethical acting, while other phases in ethical decision-making were less examined
AUTHORITY	High impact of direct superiors and supervisors on ethical perception of assistants and employees.
BUREAUCRACY	Significant influence on ethical decision-making. Yet, certain conclusions are still uncertain because of low empirical studies.
WORK ROLES	Some influence likely, but lack of empirical evidence to date.
ORGANISATIONAL CULTURE	Great effect, even if connections' consequences of culture and ethical decision-making stay questioned.

NATIONAL CONTEXT

Low empirical studies exist; however an effect can be probable.

Table 2. Situational influences on ethical decision-making. (Crance & Matten 2004, p. 128; Bhardwaj 2015)

The definition of the both categories of influencing factors is important in order to understand the overall process of ethical decision-making with all its elements. These influencing factors are responsible for the ethical principles set in the business and therefore directing the general standards of business ethics.

3.8 Ethical principles

In business it is clear that specific basic standards are needed. For an appropriate business conduct five basic standards were defined as principles of business ethics. (Gavai 2010, pp. 8-9).

- a. **Service first and profit next:** Here it is important that profit maximation, should be considered as an organisations aim but always comes after the customer service as the prior objective of business. Subsequently, business should gain profit through their service. According to the view that business acts as a tool of human welfare, the sense and intent of all business doings is to satisfy the wishes of individuals and support to the safety and health of the society.
- b. **“Business must be just and human as well as efficient and dynamic”** (Gavai 2010): When accomplishing the economic standards successfully it has to be taken into consideration the human and social aims. Business always will keep efficiency, profit maximation and cost reduction as a prior objective and the people of a society rely on the appropriate use of resources. Which means, that business is obliged to a fair treatment of the stakeholders while treasure its economic value. It has to bring in line these complex and in some extent contradicting responsibilities.

- c. **“With the growth in the size of business, attention must be paid to the growth of human values also”** (Gavai 2010): For managers the human rights as well as the honour of work must be priority in every business activity. When a business is steadily growing, in practice it is frequently complicated or just not possible to maintain private connections and to handle the employees concern. As a result employees might feel as a part of a formal and automatic work field which often goes along with the manager’s description of employees as production factors or economic resources. Hence, it is significant to permanently convey the recognition of the employees as human individual with rights and dignity. A relevant feature of business ethics is to increase the people’s value regularly.

- d. **“Every business has a basic obligation of making the best and fullest use of its inputs”** (Gavai 2010): Business must use resources responsibly and at the same time effectively. Ideally only goods and services should be produced which add long-term value to society, economy and environment. However, the responsible use of resources does not simply imply the most profitable, even if it is socially, economically and environmentally more desirable. Business should establish practices which out-balance the maximum output. This can only be implemented in practice when inputs are fully used. A strategy of preventive production and supply in expectation of higher prices counts for an unethical business behaviour.

- e. **“The business should promote and support open and healthy competition”** (Gavai 2010): With such an ethical basis the focus lays on the organisations attitude in front of the economic environment in which the organisation itself runs its business. Economically unethical doings such as owing a monopoly, bribery or cartel building with price arrangements harm the long-term efficiency of sensitive markets. Therefore these behaviour should be permanently controlled by governmental institutions in order to foregone avoid them.

The researcher used this business ethical standards as orientation for the design of the focused interview in order to ask the right questions.

4 Empirical part

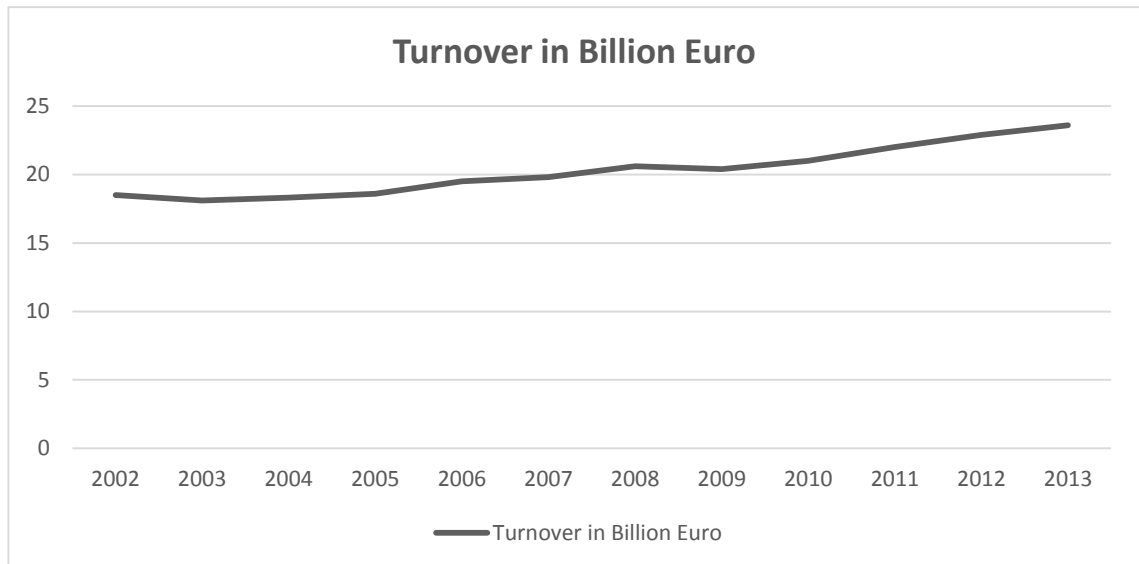
The empirical part initiates by giving a short overview of the relevance of the restaurant business for the German market in order to illustrate the importance of one of this research papers' objective: to find out the current ethical standards and therefore the current ethical situation on the German restaurant market. In the next chapter a country comparison of German and Italian cultural characteristics is shown. The research design as well as the data collection and analysis are clarified in the sequence 4.4 and 4.5. In the last sequence of the empirical part the empirical findings are ultimately disclosed by identifying the ethical standards of the restaurant business and framing the connection between national culture and these ethical standards.

4.1 Relevance of the restaurant business for the German market

With the restaurant business it is meant a part of the gastronomy sector. The gastronomy offers meals and beverages for the immediate consumption (Federal Statistical Office 2015). Moreover, the gastronomy business can be differentiated into eight different parts: Caterer, Snack Bar, Café, Ice Cream Parlour, Canteen, Bar, Dance Club and Restaurant. Research objective of the empirical analysis are hereby only restaurants with traditional on-site sale and consumption of food and beverages with conventional service.

In Germany, the restaurant business can be claimed as a true sustainable "employer". Since 2004 the number of employees subject to social insurance contribution has raised by 212 000 which equals a growth of 29.2 per cent. Whilst the plus of the national economy stands at 13.7 percent (DEHOGA 2015).

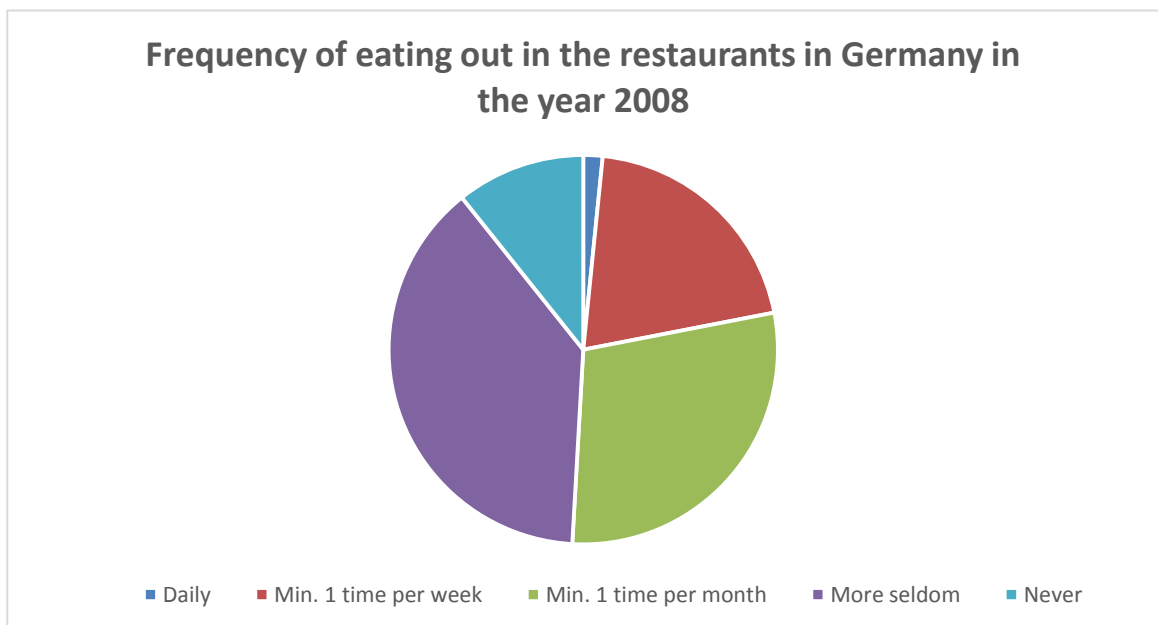
The following graph, adapted by the Federal Statistical Office (2015), depicts the restaurants' turnover in Germany in the time from 2002 to 2013. In the year 2002 the turnover in the German gastronomy accounted for 18.5 billion euro; compared with the turnover of 23.6 billion euro in 2013 there can be recorded a significant plus of 5.1 billion euro (Statista, Turnover of Restaurants in Germany from 2002 to 2013 (in billion euro) 2015).



Graph 1. Restaurant turnover in Germany from 2002 to 2013 (in billion euro). (Statista, Turnover of Restaurants in Germany from 2002 to 2013 (in billion euro) 2015)

Graph 2 shows the frequency of eating out in the restaurant in the year 2008. The statistic bases on a population of 19684 respondents with a minimum age of 16. In the year 2008, 1.6 per cent went out for eating daily.

The graphs provide an overview of the role the restaurant business holds, nonetheless the graphs are highlighting the significance of the restaurant business in the German market.



Graph 2. The frequency of eating out in the restaurant in Germany in the year 2008. (Statista, Frequency of eating out 2015).

4.2 Relevance of Business ethics in the Restaurant Business

Ethics within a restaurant, such as high food quality, hygienic standards, fair treatment of employee's or trustworthiness towards the public and the guests have a relevant impact on how consumers and the public experience the reputation of a restaurant. A very significant issue along with before mentioned terms is the food safety. The guest must rely on the safe and high quality of the offered products as minor quality can have negative influence on the individual's health. Additionally to the safety of foods, the service offered in the restaurant can have positive or negative effect on the restaurants image. Unsatisfying or even misleading because profit driven service will result in negative reviews of the restaurant and therefore declining consumers.

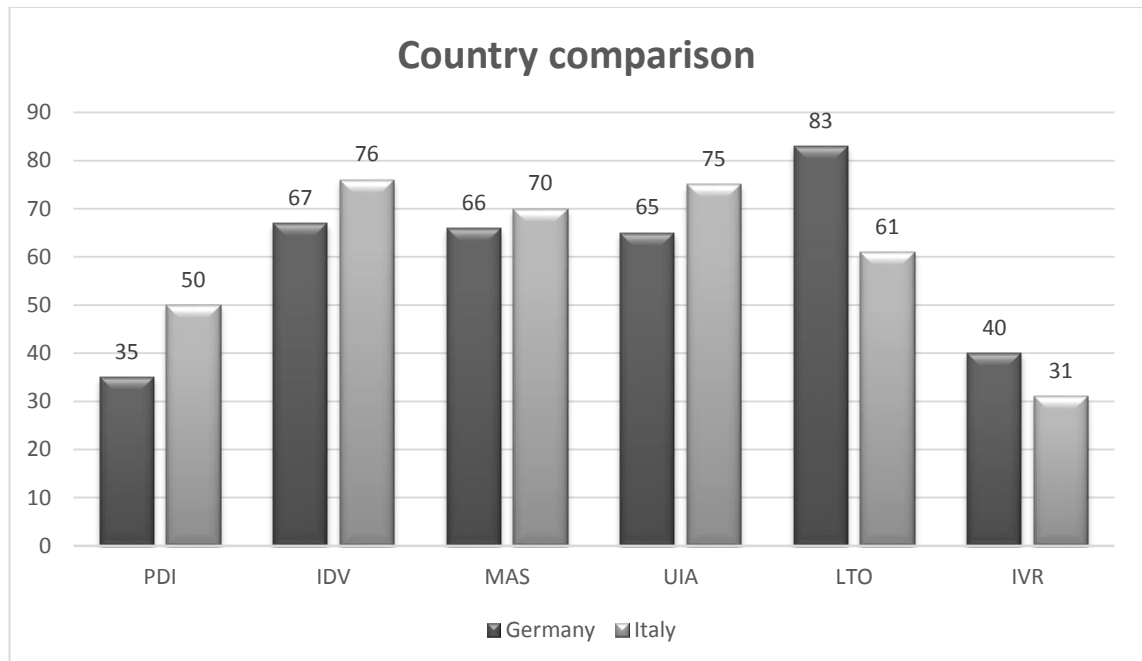
Not to forget, the ethical issues that deal with topics outwards of the quality of products or service. As an example there must be named among others the restaurant "Hacienda" in Kraiburg (Bavaria/Germany). Dieter Hein, the owner of the restaurant decided to prohibit entrance to his restaurant for children under 12 years based on "bad experiences in the past" (Völkerling 2007). This statement resulted in declining clientele and moreover to accusation against the non-discrimination principle.

This case and similar proof the importance of ethics to how the public and therefore possible guests perceives the restaurant. While food quality, trustworthiness, a health and fair supplier and employee relation as well as public health quality are all relevant, key political attitudes and ethics are central in the restaurants long-term survival and success.

4.3 National Cultural characteristics: Germany in comparison to Italy

The sequences 4.1 and 4.2 provides an understanding of the relevance of business ethical practises in the restaurant business and moreover give an overview of the significance of the restaurant market in Germany. To pursue with the research objective to find out how national cultural characteristics influence on the restaurant's ethical conduct, it is reasonable to identify the national characteristics of Germany and compare those to Italian national characteristics. Graph 3

illustrates how Germany and Italy score in the particular national cultural dimensions defined by Hofstede (1980) and Minkov (2010) and compares them to each other. The country comparison helps to draw implications for the ethical-decision making process and the reason behind particular business practices.



Graph 3. National cultural dimensions of Germany compared to Italy. (The Hofstede Center 2015)

Power Distance: Germany (score 35) and Italy (score 50) rank both relatively low on the PDI Index. In a country with weak PDI flat hierarchies and a long-taking decision-making process are dominating as the management involves employees in consulting and seeking for compromises. People communicate directly to each other and are not afraid of criticism. For instance employees are likely to tell the management when they disagree with particular decisions. Control is unpopular and the leadership is expected to base on expertise. Consequently, problems with discipline might appear but on the upside there is a comfortable environment of equality. Italy is according to these implications scoring 15 points higher than Germany and a country with even more Power Distance.

Individualism versus Collectivism: Germany (score 67) and Italy (score 76) even more are definitely individualistic nations. People from individualistic coun-

tries usually want to be perceived as an individual person with special characteristics, someone unique and not comparable to others. It exists therefore a strong belief in self-realisation. According to the Hofstede Centre (2015) in such cultures people are loyal because of individual biases, conscientiousness and their sense of responsibility. Communication is, again, very direct and absolute honest. Business is rather done with familiar people as decision-making is done excluded from the public, in a familiar surroundings. Italy is according to these implications scoring 9 points higher than Germany and an even more individualistic country.

Masculinity versus Femininity: This is the dimension where Italy (score 70) and Germany (66) score almost equally. In both societies masculine structures are governing the every-day and work life. That means that key words like performance, status and competition are high rated which is then for example frequently used in advertising campaigns. To “be the best” is high valued and desired to be admired by the other people of the society. Therefore status is presented with money and materialistic symbols like cars, jewellery or exclusive clothes. In the professional area managers are respected when they are decisive and dominant. Employees as well as managers tend to follow the motto “live in order to work”.

Uncertainty Avoidance: Germany (score 65) and Italy (score 75) are both among the uncertainty preventive societies with Italy having a 10 points stronger uncertainty tendency. In the job world as well as in the private life having an organised and methodical overview in managing, scheduling and presenting is very high valued. That means that it is desirable to firstly shape a certain environment in order to feel safe and comfortable. Therefore people of uncertainty societies put much effort in detail accuracy and thoughtful plans in order to avoid mistakes or a doubtful situation. Along with the tendency to a high power distant society people favour to reimburse their insecurity with know-how and capability.

Long-Term Orientation versus Short-Term Orientation: Germany (score 83) is a strongly long-term orientated and therefore a pragmatic country; in contrast to Italy (score 61) scoring much lower but still is considered as a long-term orientated country. In these countries there dominates a heavy will to high savings and long-term investments. People prefer caniness and are very persistent in order to achieve outcomes. Time is an important determinant in pragmatic countries

when it comes to the individual's belief in truth and what is right or wrong as this belief is very much depending on time, the particular environment and the given situation.

Indulgence versus Restraint: Germany (score 40) and Italy (score 31) rank relatively low and therefore belong to a restrained culture and therefore tend to less optimistic attitudes and cynicism. Needs and wishes are limited and must not always be satisfied. Also the aspect of leisure time is not priority in restraint societies and comes after fulfilling duties. This orientation is based on the individual's awareness of being restrained by social rules.

Surprisingly, Germany and Italy exhibit similar structures in the country comparison and consequently are close together in their different scores. There are differences, however, and the biggest discrepancy can be observed, hierarchically ordered, as follows:

1. LTO: Germany scores 22 points higher than Italy.
2. PDI: Germany scores 15 points lower than Italy.
3. UIA: Germany scores 10 points lower than Italy.
4. IVR: Germany scores 9 points higher than Italy.
5. IDV: Germany scores 9 points lower than Italy.
6. MAS: Germany scores 4 points lower than Italy.

For the observation of the national cultural impact on the ethical standards it consequently is reasonable to compare the dimensions with the most significant differences in order to discover if culture is a reason to understand distinctions between different ethical standards within a different national cultural background (Germany – Italy). Therefore the research will compare the ethical standards in connection with the LTO, PDI and the UIA dimensions.

4.4 Research Design

In this chapter the design and implementation of the empirical research is described in more detail. Firstly, the empirical part of the thesis uses a qualitative research methodology in order to conduct focused (semi-structured) interviews

with restaurant managers and owners of German and Italian restaurants located in different regions of Germany.

The researcher conducted twelve interviews in total from which six were held with German restaurant managers and owners and six interviews were conducted with Italian restaurant owners and managers. The interviews were held either in German or Italian language; however, the interview questions enclosed as Appendix 1 were designed in English language equal to the standard language of this research paper. The selection of the interviewees was based on an already, by the researcher, existing network within the German restaurant business. That means that the researcher used already known contact persons for the interviews. These contact persons, regardless of age and sex, belong all to the relevant target group in the sense of that every interviewee is a manager or owner of a German or Italian restaurant located in different regions of Germany (Munich, Frankfurt, Passau, Würzburg and Freiburg).

The reason for using qualitative research is because the researcher wants to understand feelings, experiences, beliefs, values and ideas. Through qualitative data the researcher can gain a better and deeper understanding of these before mentioned terms. The decision to use a qualitative research approach is based on the book "The post-graduate research handbook" by Gina Wisker (2007). If the researcher wants to examine the ethical standards in the restaurant business it is not effectual to just ask the interviewee for example: "What are your ethical standards?"; consequently the thesis uses focused (semi-structured) interviews where the interviewer follows a guide (prepared questions in a particular order) but at the same time is enabled to follow relevant courses in the dialogue that may deviate from the guide when the researcher feels this is suitable. So the major benefit of the chosen research method is the flexibility of the interview style which enables the interviewer to approach the research very openly and moreover allows to change the way of asking in order to find new phenomena as the interviewee is very freely in the width to answer. Additionally, semi-structured (focused) interviews lead to a very detailed and highly on the topic focused quality of data (Saunders & Lewis, & Thornhill 2012).

Opposed to quantitative research, phenomena cannot be explained in statistical data but with words in order to express feelings, values and ideas. Consequently, the qualitative research approach initiates with the data collection through the focused interview and recognises the present status quo of ethical principle in the German restaurant market. The amount of collected data out of 12 conducted interviews was sufficient to find certain patterns and enabled the researcher to put up new theories, which is in this case, a list of existing ethical principles.

In this research method, however, the right interpretation of the gathered information is very demanding and challenging and strongly depending on the researcher's point of view as defined instructions how to interpret do not exist.

4.5 Data Collection and Analysis

The qualitative research method used in this thesis covers the gathering of data (information) which then must be interpreted in order to frame answers to the research questions and also to gain new expertise on the thesis topic. As mentioned above, the chosen research approach is to conduct semi-structured (focused) interviews which naturally demand a certain way of management.

The interviews (see Appendix 1) were all conducted in the period of 18 March until 10 April 2015 and took place in the particular restaurant which was then objective of the interview. That allowed the researcher to get a better overall impression of the current atmosphere and environment of the restaurant and furthermore made the interviewee feel more comfortable and confident. Moreover, the interviewee was guaranteed that the collected data will be threatened absolutely anonymously and will not be transmitted to any third party. The two preconditions are significant parameters to get as honest and open answers as possible. On an average the interviews reached effectively 1.5 to 2 hours of time. Taking into consideration that before and after each interview non-task related time was required due to the caring of personal relationships, the researcher took all in all 2.5 to 4 hours per interview per restaurant. Parallel to the dialogue, the information was documented in written form with the Microsoft Word software and saved after the interview as a Word document. Simultaneously the dialogue was audio recorded in order to make sure a backup of the original information source.

In order to draw a representative conclusion from the primarily collected data, the information needed to be shortened, analysed, standardised and finally interpreted. Subsequently the transcripts of interviews had to be standardised and examined for special patterns and similarities. The standardisation of information happened through preparing Microsoft Excel tables recording in interviews often stated issues into suitable categories such as use of resources, food quality, employer motivation, etc. Based on the tables the researcher got an overview and could compare the information now in a homogenous format in order to find patterns and analyse meanings in a more simple and effective way.

Due to the semi-structured nature of the interviews the order and amount of question might differ. Furthermore, researchers claim that the gathering of identical data is not ensured when repeating the conduction of interviews for a second time (Marshall & Rossman 2006). This statement leads to doubts towards the reliability of data collected within a semi-structured interview on the interviewees and the interviewer's side. In order to lower the risk of having unreliable data, the researcher put much effort in gaining sufficient expertise of the theoretical research topics. When answers were unclear, further questions were asked to clarify uncertainties. Advising questions were not asked in order to avoid tendencies in the interviewee's responses (Saunders & Lewis, & Thornhill 2012, pp. 385-392).

The empirical findings drawn out of the data collection and data interpretation are listed in the following chapter 4.6. Empirical findings.

4.6 Empirical findings

One determined objective of this research paper was to find out the ethical standards of the restaurant business on the German market. Based on the qualitative research the researcher could investigate basic ethical principles that will be presented in the following chapter. Before, some general annotations are necessary.

All but two of the surveyed respondents did not owe a written-down COC. There were not specific ethical guidelines or values that were purposeful communicated within or outside the business. After interviewing the responsible, there are following reasons that ethical standards are hidden and not specifically involved into

the restaurant's business concept. The answers to the question why the restaurant does not owe a documented COC could be segmented into four main explanatory statements:

- a) The owner or manager of the restaurant “[...] hasn't so far thought about it”. That means for the strategically planning of the restaurant that ethical issues are not taken into consideration as other issues such as human resource (HR) planning, design of the menu or purchase have absolute priority.
- b) There has previously been no requirement for documenting ethical guidelines; neither in the long-term planning and conception nor in the daily work life.
- c) As a matter of course, restaurant supervisors have to adhere to numerous environmental laws and rules and are therefore regularly concerned with their proper control and implementation. Not adhering to those legal requirements such as ignoring the smoking ban (according to §3/1 GSG)¹⁹ or the law of the protection for the children and the youth (according to §4, JuSchG)²⁰ are punished with warnings and fines. However, the possessing of a written COC is not yet a legal requirement and therefore not implemented.
- d) Respondents have lacking or non-existent knowledge on business ethics, sustainability or CSR. They have never seen a written COC, do not know how to design it or simply have the feeling that firstly the knowledge on required topics needs to be acquired.

Nonetheless a non-documented COC does not imply that in the restaurant business ethical standards are not adhered. In turn, all interviewees have ethical

¹⁹ According to §3/1 GSG, Federal Ministry of Health 2015.

²⁰ According to §4, JuSchG, Federal Ministry of Justice and Consumer Protection 2015.

standards to which the restaurant follows and implements; though these principles have not been acknowledged under the category “business ethics” due to the lack of awareness. Following, these discovered ethical principles are categorised and listed. Subsequent the differences and similarities within German and Italian standards are analysed.

4.6.1 General ethical standards in the restaurant business

Based on the data analysis following ethical principles have been discovered, standardised and listed in the following table. As ethical standards are counted only aspects that exist beyond the legal regulation. As defined in chapter 3.3 ethics and law are two overlapping concepts (see figure 3) but according to Crance & Matten (2004) business ethics starts at the point where the law ends (Crance & Matten 2004; Quizlet 2015). This definition is the basis for the following listing of the investigated restaurant ethics.

Ecological Aspects	
Responsible use and choice of resources	Based on the data analysis the responsible use and choice of the resources is one of the major ethical standards examined. Included are the use of regional products such as regional wine and fruits, the use of seasonal products such as pumpkin, asparagus or porcini as well as the use of organically grown products . A further aspect that is included is the abandonment of artificial additives or preservatives .
Reduction of the consumption of resources	Part of this ethical standard are, according to the data analysis, the criteria water and power consumption as well as the reduction of waste as especially in those areas there is great potential to “act sustainable”. According to the restaurant manager of the Vino Café in Munich the energy consumption can be reduced by 50 per cent if investing, with a

	<p>return of investment of 2-5 years, in modern kitchen technology (Kraft, 2015).</p> <p>Water consumption must be reduced by using dishwasher regulators which save the detergent in order to minimise the input of chemical substances.</p> <p>The amount of waste should be reduced to a minimum. Therefore the kitchen personnel must be trained to plan the meals in a way to use all available products reasonable. Moreover is the service personnel requested to recommend meals where only low amount is left of and which must be discarded if not sold or used by the cooks in another way.</p>
<p>Responsible use of packing material</p>	<p>Many restaurants offer the guest to take away the food in order to avoid a waste of remained meals. As an ethical standard was identified the adjustment of the restaurants to offer recyclable Tupperware boxes with a long product life cycle that can be returned or used multiple times by the guest.</p> <p>Another aspect is the abandonment of the “coffee-to-go” policy in order to avoid additional plastic and paper waste with a very short average product lifetime</p>
<p>Social Aspects</p>	
<p>Employee motivation</p>	<p>All of the respondents recognised the importance of the permanent motivation of employees for the long-term success of the restaurant and further claimed that the behaviour of the managers is a crucial factor. Categorising the answers of the interviewees, five ways of motivating employees have become apparent:</p> <ol style="list-style-type: none"> 1. Reward systems such as bonuses, salary increase or other material incentives.

	<ol style="list-style-type: none"> 2. Giving frequent feedback on rendered work, appreciation, trust and the experience of autonomy. 3. Giving the employee objectives by delegating tasks that are demanding but not overburden. That must be reached by regularly recognition of existing problems, mutual talks and compromising. 4. Employees must be always provided with the necessary knowledge and information and in turn must be able to express their concerns and offers. 5. Motivation is a lasting process for the restaurant management. Therefore a manager or owner has to always be a role model for the employees and has to be willing to execute the work him or herself before expecting the work done by the employees.
<p>Fair working conditions</p>	<p>There are ethical principles discovered making sure employees can work under fair conditions.</p> <p>Since 11 August 2014, a law for the regulation of a new minimum wage²¹ to the amount of 8.50 € per hour came into force in Germany. The new law demands a lot more investment in HR for the restaurant owner as wages before amounted between 5.50 and 8.50 € per hour.²² Nevertheless the financial responsible persons do not consider to cut working hours or reduce staff in order to save costs.</p> <p>The perception of the typical work schedule, characterised as to 8 hours a day from Monday to Friday are not given in the restaurant business due to the general known conditions of the gastronomy. The irregular workload caused by seasonal variation and similar circumstances (weather change, rapid</p>

²¹ According to §1 Minimum Wage Law (Federal Ministry of Justice and Consumer Protection 2015).

²² The time rate before the Minimum Wage Law is based on statements of the interviewees.

	<p>reservation cancellation) force the employer to adapt the differentiating need of staff to the particular situation. To add is that long opening hours (usually from 9 am to 1 am) demand shift-work. Furthermore are restaurants frequently closed in the afternoon, so that employees have to divide their shift on two separate working shifts. Finally working on Sundays, public holidays and during the night is necessary (Guss 2015).</p> <p>As a matter of course, the working time is regulated in the Working Hours Act but the restaurant manager has to set up some frame conditions to create new ethical standards beyond the legal regulations.</p> <p>Following principles could have been investigated:</p> <ol style="list-style-type: none"> 1. Sequential working days must be limited up to 5 to 7 days. 2. Two separated shifts on one working day must be avoided. 3. Two free days on the week-ends must be made possible. 4. Early completion of the shift plan so that employees can plan in advance. 5. The planning of working hours must be discussed with employees so that mutual desires can be involved.
<p>Preserving tradition and culture</p>	<p>Preserving tradition and culture was examined as an ethical standard.</p> <p>The researcher observed in 3 of the 12 restaurants that instead of typical professional work wear employees are dressed on purpose in their traditional costume and spoke the local dialect. So, the restaurant conserves and</p>

	transmits old customs, tradition and culture which is under the social point of view valued as an ethical standard.
Support of the local communities	1 out of the 12 sample restaurants stated to annually donate a certain amount to a local association which supports the improvement of the Munich city department around the main station.
Apprenticing Restaurant	As described in sequence 3.5.2 sustainability in a social system means primarily to create the ability to learn and develop. All interviewees responded to offer internships for students and pupils . Among the 12 respondents 3 moreover offer apprenticeships within the scope of 2-3.5 years . As reasons therefore were stated the bridging of new hires and the chance to have immediate skilled employees fit for use. But as leading argument was highlighted that an apprenticing restaurant assumes socio-political responsibility for the young generation and stating apprenticeship and in-service training as basis for the future of the restaurant.
Economic Aspects	
The economic securing of the restaurant	The economic dimension aims at the securing of the overall capital as well as at a continuous and stable economic growth of the restaurant (Promberger & Spiess & Kössler 2006, p. 64). For the restaurant manager and owner that means predominantly to gain the customer's loyalty . The resultant priority for the gastronom is to continuously yield qualitative performance , which means in practice to satisfy the expectations, wishes and needs of the customer in the full extent. The more expectations of the customer can be fulfilled the more premium and high-quality is the restaurant captured by the guest and the other stakeholders.

Table 3. The ethical principles in the German restaurant business.

With the table the researcher aims to list the detected ethical standards in the restaurant business on the German market. These ethical principles give an impression of the current status quo within the restaurant business and shows that even without owing a documented code of conduct, the restaurant industry indeed is guided strategically and operatively by numerous ethical principles framed of economic, ecologic and social aspects. As made visible by the table, the understanding of sustainability and business ethics lays at first place on the ecological and secondly on the social aspect. The awareness of the economic point of view is still not matured but still a significant aspect of the ethical guidelines of a restaurant.

The table gives an overview of the general ethical principles in the German market; the following sequence hence provides a description of the distinctions between the investigated Italian and German restaurants.

4.6.2 Similarities and differences of ethical standards within German and Italian restaurants

In order to compare the German restaurant ethical standards to those Italians the national cultural background aspects have to be taken into account. Thus the findings of the country comparison must be reviewed (see graph 3). The graph tells that both countries score relatively similar in the country comparison. The biggest differences were found in LTO (22 points difference), PDI (15 points difference) and UIA (10 points difference). Insofar, with national culture as an impact factor on ethical standards it must be assumed that German and Italian restaurant business ethics are quite similar as their indexes score alike.

Indeed there are differences in the existing ethical standards and therefore in the way of ethical decision-making (explained in more detail in sequence 4.6.3). As mentioned before, one of the reasons that both nations perform relatively equal is the result of the country comparison. But naturally it has to be considered that in order to run the business successfully, the Italian norms and perceptions of morally right behaviour had to adapt over the past years working on the German market to those German requirements and associations. That assumption goes along with the suggestion that culture is learned behaviour and therefore can be

changed if necessary (Mitchell & Curry 2003). In order to proof this suggestion a further research is recommended to conduct in Italy for finding out whether ethical standards in the Italian restaurants on the Italian market differ from those on the German restaurant market.

However, if comparing the findings of the focused interviews following deviations were noticed:

Responsible use and choice of resources: Here the difference lays in the use of regional products. Geographically caused Italian restaurants have its difficulties to obtain all products regionally and therefore ecologically sustainable. Especially with fruits, vegetables and wine German are in a great advantage when purchasing regional products.

Responsible use of packing material: The adjustment of the restaurants to offer recyclable Tupperware boxes with a long product life cycle that can be returned or used multiple times by the guest as well as the abandonment of the “coffee-to-go” policy were examined exclusively in the German restaurant management.

Fair working conditions: Examining the shift working plan for the staff it could have been examined that the majority of the Italian restaurants advice their employees to work in two separate work shifts with an afternoon break of 3 hours in average (usually from 3 pm to 6 pm). Furthermore whereas in German restaurants the adherence of five working days a week is kept in most Italian restaurants a six day working week is strongly required by the personnel. Consequently, Italian business ethics have not yet recognised the value of employees under the view of the social sustainability like the German restaurant ethics. Generally in the German restaurant management put high value on the working conditions and the obedience to set up rules. That means in practice for example, that if one employee is planned to work from 10 am to 5 pm, in a German restaurant it is stricter controlled that the worker ends the shift at 5 pm, whereas in Italian restaurants over work and double shift working is more frequently observed. On the interview question: “Would you rather work for an Italian or German restaurant?”

most respondents (9 out of 12) answered to prefer working for the German restaurant. The working conditions might be the answer for this tendency.

High service orientation: This aspect is to be categorised among gaining the customers loyalty and stakeholder satisfaction, in so far, a combination of social and economic sustainability. When it comes to the satisfaction of the stakeholders and customer loyalty, Italian restaurants out-perform the German restaurants according to the interview responses. Very much in line with the ethical standard “Service first and profit next” (see chapter 3.8.a) Italian service standards allow, through gratis offers, to bind and satisfy customers, suppliers and other stakeholders to the restaurant. All six Italian interviewees stated that it is state of the art to serve free bread beside the dish, appetisers before the dish (such as Olives and/or Grissini²³) and free Digestive²⁴ (e.g. Limoncello²⁵, bitter-liqueur) as well as coffee. Even the researcher itself got offered free coffee or drinks when conducting the interviews by all six sample restaurants, compared to one German restaurant with the same case. Whereas, in the German restaurant scene, this kind of services are offered against payment listed in the menu. Subsequently, Italian restaurants currently put more value on the creation of a comfortable environment for the majority of stakeholders and therefore care more for the development of personal relationships as a strategy of customer service and stakeholder satisfaction.

Supplier Management: The relatively higher service orientation is reflected furthermore in the supplier management (except for the employee management). German restaurant managers claimed to choose their suppliers on following criteria: Quality, price-service ratio and reliability. Italian restaurants in comparison named: Quality, trust and longstanding corporation as well as the wide offered product range.

All suppliers employed by Italian restaurants connect long personal relationships (longer than 5 years) with the particular restaurant manager or owner, which is

²³ “Thin, crisp Italian breadsticks.” (Oxford Dictionaries 2015)

²⁴ “A food, drink, or medicine that aids or promotes the digestion of food.” (Oxford Dictionaries 2015)

²⁵ “A lemon-flavoured Italian liqueur.” (Oxford Dictionaries 2015)

the major criteria after quality for a corporation, whereas German state after quality the price-service ratio to be the most important criteria.

Summarised, it can be assumed that neither Italian nor German restaurants show more or less ethical standards. Yet German restaurants focus more on ecological aspects and involve business ethics more in their strategically planning (2 of the 6 German restaurants present their ethical standards on their website). More German than Italian restaurants (5:3) consider to involve and implement more business ethical standards in the restaurant conception and mission. Italian restaurants concentrate more on the social sustainability, especially on the customer service and supplier relationship.

All in all the awareness of the importance of business ethics in the restaurant business is present on both sides. However, the significance to document and communicate these values internally and externally has not been recognised yet.

It might be useful to higher the legal guidelines concerning the strategically and operational sustainability management from the governmental side in order to raise the restaurant managers' awareness of business ethics in the restaurant business.

4.6.3 National cultural dimensions related to the ethical standards

So far, the empirical findings proof that different cultures do different business and process differently in the ethical decision-making because of the distinct values, perception of moral and amoral and the meaning and significance of ethical standards. Focussing on the national cultural dimensions LTO, UIA and PDI it can be explained how the ethical decision-making process is influenced by the national cultural distinctions. At least the dimensions can assist to clarify the reason behind an ethical business behaviour and the differences in the ethical awareness.

4.6.3.1 Long-Term Orientation (LTO)

Germany and Italy are both long – term oriented countries. Germany with a score of 83 is very high ranking in the long-term oriented Index whereas Italy scores

averagely high with 61 points. The LTO Index shows also the highest discrepancy within the two cultural differences.

Here the question arises: How does time orientation along the range of long-term versus short-term effect the development of ethical standards? The answer to that question bases on the studies of Nevins, Bearden, & Money, (2007) published in the Journal of Business Ethics. In their study empirical research based on data from a sample of 292 individuals discovers the connection between ethical values and LTO (Nevins & Bearden, & Money 2007). Assuming on their findings countries like Germany and Italy, scoring high on the LTO Index, have higher levels of ethical values compared to short-term oriented countries. That means higher values in work ethics, planning and tradition as well as endurance in achieving goals and execute tough work for future profit. In the managers decision-making process that explicitly means that higher value of time leads to better management of deadlines, employee motivations and different methods to strategically business planning. Moreover it is stated that long-term oriented countries put higher effort on the ecological perspective of sustainability and the well-being of the employees (Nevins & Bearden, & Money 2007; Lu 1999).

These hypotheses are supported by the findings of chapter 4.6.2. The comparison of Italian and German ethical standards within the restaurant business pillars that Germany ranking higher in LTO than Italy also puts more emphasis on the environmental aspects when creating ethical standards and moreover adhere more strictly to set regulations such as the shift working plans and the employee satisfaction. In these aspects Italy is more short-term thinking on the part of the management participated. Nevins et al. (2007) belief that lacking ethical business awareness and amoral business behaviour are definitely attributed to short-term orientation.

4.6.3.2 Power Distance (PDI)

Germany is ranking very low on the power distance index with 35 points whereas Italy scores exactly in between with a score of 50 points.

This dimension proposes that in nations with a low power distance are less likely to accept the inequality in power and authority and consequently are less expected to agree with opinions or instructions of supervisors in higher job positions (Vitell & Nwachukwu & Barnes 1993).

For Germany and Italy with a small or medium power distance people are more likely to orientate themselves to their equals that is colleagues, and familiar rules instead to look for their supervisors and mandatory rules. For the ethical decision-making it can be implied that managers have less influence on the businesses ethical behaviour than in high power distance cultures (Zey-Ferrell & Ferrell 1982). Instead ethical standards are taken from colleague and peers. In countries with low or medium power distance formal codes of ethics are not as much considered as familiar professional norms and rules (Vitell & Nwachukwu & Barnes 1993).

These assumptions could help to give an explanation on why documented ethical conducts yet are very uncommon or do simply not exist in the German restaurant market so far; weather in Italian and German restaurants.

4.6.3.3 Uncertainty Avoidance (UAI)

Both nations, Germany and Italy count as to be high on uncertainty with Germany scoring 65 points and therefore 10 points lower than Italy (75 points).

According to Davis, Bernardi, & Bosco (2015) uncertainty avoidance is positively related to employee's rights, CSR and further to "[...] good business, social desirability response bias, relativism, Organization for Economic Co-operation and Development(OECD) convention ratification, Corruption Perceptions Index, nationalism, power distance, ethical policies and ethical values." (Davis & Bernardi & Bosco 2015).

In Germany and Italy business managers are more likely to be intolerant of any variations from the businesses standards and rules. In these companies is dominating a high level of stability and uniformity in internal principles. In so far, the ethical decisions are made based on the "common good" (Ouchi 1981). In his studies Hofstede (1980) testified that with no formal COC, the acceptance of ethical or unethical behaviour is uncertain, which leads to the assumption that in

some cases unethical business behaviour is accepted, particularly when a written down COC does not exist.

The relation of the UAI to the ethical decision-making process highlights the urgent need for a documented code of conduct and formal ethical guidelines within the restaurant business. In order to avoid uncertainty and doubtful situations, which is desired in both nations, employees and managers would probably adhere to those principles.

Summarised, the three main dimensions of the framework developed by Hofstede (1980) show that each dimension finally has a truly and significant impact on the way business ethical decisions are recognised, decided and implemented. It moreover partly provides an explanation of how the ethical standards in the German restaurant have formatted and the process of these standards were decided.

5 Conclusion and Recommendations

Conclusion in relation to the research objectives

When meeting individuals from other cultures in any business situation, it quickly becomes clear that there are distinctions in the individuals' perception of ethical or unethical behaviour and issues. The issues of nationality and the different national cultural background thus have been a significant research object of business ethical studies and the ethical decision-making. The ethical values within the German restaurant market yet have not been analysed by academia which goes along with the fact that these industries' ethical standards frequently are not documented or written down in a formal code of conduct.

Therefore the first objective of the study was to discover the ethical principles of the restaurant business with special focus on the German market. Moreover the examined empirical findings should draw a comparison between the business ethical status quo of the German restaurants and those Italians. The objective is

considered to be essential as it links empirical findings with the theoretical framework of the six national cultural dimensions developed by the Dutch researcher Hofstede (1980).

The research paper has achieved this goal by listing the current existing ethical standards of the German restaurant market based on the collected and analysed focused interview data of twelve restaurants located in Germany.

Results have proofed that ecological as well as social and economic aspects of sustainability were involved. In the comparison of the Italian and German national culture it has been detected that both countries score relatively similar in the national cultural Indexes and therefore the influence of national culture on the ethical standards was restricted to those with the highest discrepancies: UIA, PDI and LTO.

The results of this study confirm that both cultures perform relatively similar in their particular "portfolio of ethical conducts". Main differences have been discovered in where the German or Italian restaurant puts its special focus on referring to ethical issues. In practice it shows that Germany sustainability is mainly perceived under the ecological point of view. Besides, high value is put on the creation and implementation of fair working conditions. Italy is highly service oriented and hence more social and economically oriented in terms of gaining the customer loyalty and satisfying stakeholders by building up personal relationships.

The second objective of the study was to find out how the national culture effect the ethical decision-making of the German restaurant business. As the results of this theses reveal, obviously the national cultural background has a very real influence on the business behaviour and therefore on the business ethical standards.

Countries which are long-term oriented, like Germany and Italy, are assumed to generally have higher levels of ethical value and endurance in achieving goals for future profits. Germany scoring higher on the scale as Italy is further assumed to put higher effort on employee motivations and the ecological point of sustainability. The shown ethical standards confirm these hypotheses.

Similarly, the influence of PDI on ethical issues might give an explanation on why documented ethical conducts yet do simply not exist or are at least very seldom. German restaurants rudimentary implement a documentation of ethical conducts explaining their values and goals of sustainability on their website (that statement refers to 2 restaurants out of 12 interviewed). Germany and Italy scoring low and medium on PDI are stated to consider formal codes of conducts less than familiar norms or behaviour of equals (colleagues).

In turn, the link of UAI on the ethical standards illustrate the urgent need for fixed ethical guidelines in order to avoid uncertain or doubtful situations as both nations rank relatively high on the UAI.

While the results of this study recognise that national culture is a significant influencing factor on business ethical issues it must be taken into account that as mentioned before culture is learned behaviour and therefore can be changed if this is required. The inherited and learned cultural beliefs and values can be weakened when considering other factors effecting ethical standards, such as education, religion, age and gender, etc. An Italian restaurant manager or owner who always lived and worked in Germany might be assumed to differ significantly in the ethical decision-making from an Italian restaurant manager working in Germany for a few years.

As the main objective of this study was to show how the different cultural dimensions influence the ethical decision-making, the conclusions provided focus the influence of national culture.

The results of this thesis help to understand the distinctions of ethical standards between different nations and will help operating restaurants managers and owners to identify these behavioural differences of employees and other stakeholders across distinct nationalities. It might further support examining the chosen management business actions and ethical decision-making process.

Recommendations for future research

It is recommended to wider the sample size (not fewer than 50 subjects) in order to get more precise data and to closer approach the full value of the sample

(Hofstede 1980). When base the research on a broader samples more ethical standards might were detected. That implies that the detected ethical standards of this research are not completely fulfilled. It reflects however the current overall business ethical situation of these restaurants though ethical standards can be added or removed.

Furthermore it is recommended to conduct the qualitative research directly in Italy to have a comparison with the ethical standards of Italian restaurants located in Germany and Italy and see if there is an impact of their German cultural environment on the Italian ethical decision-making process.

Ultimately, referring to the detected ethical standards, it might be useful to higher the legal guidelines concerning the strategically and operational sustainability management from the governmental side in order to raise the restaurant managers' awareness of business ethics in the restaurant business.

Concluding annotations

Based on the empirical research, the researcher beliefs that the term sustainability is partly not sufficiently known and demonstrated in the restaurant business. Mostly sustainability is concerned with ecological responsibility as here costs can be reduced on the short term when using less resources. Still, CSR in the gastronomy sector is perceived mainly through cutting the use of resources and through organic and regional products. In the next few years, restaurants will deal with business ethical standards more intensively as the awareness of the significance to act sustainable, also in the restaurant business, has increased. Yet certainly, there hardly exists no communication of existing business ethical principles, whether to external or internal stakeholders. Moreover, even if in individual cases implemented ethical principles or partly documented code of conducts can be found, the development of fixed ethical guidelines goes rather slowly.

The researcher recommends that the implementation of business ethical standards in the restaurant conception has to be integrated into all restaurants' levels. It must be initiated with the restaurant manager to a written code of conduct for employees and other stakeholders and in the long run even to the creation of

sustainability reports for external stakeholders. In the case that restaurant managers and owners should feel uncertain with the creation and implementation of ethical standards, expert knowledge and business consultants can be taken into consideration and certification standards such as the wide spread acknowledged ISO standards can serve as useful guidelines. So, to advance the development of business ethical standards in the restaurant business on the German market the business ethics for this industry and its beneficial use for the restaurants profitability have to be merchandised, especially by the government.

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Appendix

Appendix 1. Questions of the semi-structured interview

I. General information about the restaurant

1. What is the name of the restaurant?
2. What is the legal form of the restaurant?
3. If you had to relate your restaurant to a certain nationality, what nationality would it be?
4. In which year was the restaurant founded?
5. How many people does the restaurant employ?
6. What sort of cuisine do you offer?
7. How would you describe your restaurant in a few words?
8. What category does the restaurant belong to?
9. Are there plans to expand? If yes, international expansion plans?
10. How much customer capacity has your restaurant?
11. Does this restaurant own any prizes/awards?
12. What is the mission of this restaurant?
13. What is the vision of this restaurant?

II. General information about the interviewee

14. What is your name?
15. Gender?
16. Nationality?
17. Age?
18. Religion?
19. Education?
20. Family status?
21. How long have you been to Germany?
22. Have you worked in the gastronomy sector before? If yes, how long?
23. What position do you owe in the restaurant?
24. How a typical work day does look like here in this restaurant? Could you please describe?
25. Have you personally ever heard of business ethics?
26. What do you think of the importance of business ethics in the restaurant sector?
27. What has changed of your nowadays awareness of business ethics in the restaurant sector compared to earlier times (the last 3-10 years)?
28. Does this restaurant owns a documented / written-down code of conduct
If yes, why? If no, why not?
29. Would you describe this restaurant as “sustainable”? If yes, why? If no, why not?
30. Do you personally have the feeling to have sufficient knowledge on sustainability?
31. Do you personally have the feeling to have sufficient knowledge on business ethics?

III. Questions concerning the strategically and operational managing of business ethics

32. How do you ask your personnel to follow certain rules?
33. How do you delegate your tasks?
34. Could you please describe the hierarchy within the restaurant?
35. How do you motivate your employees?
36. Do your employees get rewards for special performances? If yes, what kind of rewards? If no, why not?

37. Do you punish your employees for bad performance? If yes, how?
38. Do your employees normally get Christmas bonuses, holiday bonuses or similar?
39. How is working overtime managed?
40. How are the working shifts in this restaurant planned and organised for your employees? Please describe.
41. How many holidays has an individual employee regularly during one year?
42. What kind of nationalities have you employed here?
43. In your opinion, which impact has nationality on the conception/ethical principles/way of working in this restaurant?
44. Based on which criteria do you employ someone?
45. Have you employed people with migration background?
46. Have you employed people which are handicapped? If not, why not?
47. How important is professional expertise for you as an employment criteria?
48. Do you offer internships?
49. Do you offer apprenticeships?
50. Does your restaurant donate for charity or similar institutions? Can you name some examples if yes?
51. Do you foster illicit employment? If yes, why? If no, why not?
52. What contracts do you usually close with your employees?
53. What contracts do you usually close with your suppliers?
54. What contracts do you usually close with your investors?
55. Do you sell alcoholic beverages to minors?
56. How do you control that your employees don't sell alcoholic beverages to minors?
57. Based on which criteria did you chose the suppliers you co-operate with?
58. How long have you worked together with your suppliers?
59. Do the requirements of German stakeholders differ from those of your home country? If yes, how?
60. What makes a German restaurant German? Could you please describe?
61. What makes an Italian restaurant Italian? Could you please describe?
62. What do you think is better/worse in an Italian restaurant compared to a German one?

63. What do you think is better/worse in a German restaurant compared to an Italian one?
64. What is for you typically Italian? Typical Italian values?
65. How would you describe the typical Italian mentality?
66. What is for you typically German? Typical German values?
67. How would you describe the typical German mentality?
68. Do you offer special service to your guests and other stakeholders, such as amuse gueule, aperitifs, and snacks for free, etc.?
69. Have you ever purposeful thought about the ethical principle of this restaurant or even involved in your strategically panning?
70. Are you of the opinion that this situation should be changed? If yes, to what extent?
71. How do you manage to satisfy your guest?
72. How do you bind a customer to your restaurant?
73. How important is customer loyalty for you?
74. What could be the reasons for an unsatisfied/unhappy customer?
75. How happy/satisfied are your employees in their job environment?
76. How do you define success of this restaurant?
77. How do you invest your profits?
78. How do you reduce losses?
79. What is quality?
80. What significance does quality have to you?
81. Do you mind the quality of your resources, especially foods?
82. Based on which criteria do you chose your products?
83. Do you put high value on organic grown products?
84. Do you put high value on regional / seasonal products?
85. Does your restaurant transmit traditional/cultural values? If yes, in what extent?
86. How do you handle the production of waste? Could you please tell me more about the intern processes?
87. Do you try to save energy? If yes, how?
88. Do you offer your dishes to take-away? If yes, how do you manage the packaging of these products?

89. If I ultimately had to ask you what ethical principles your restaurant owes, what would you say?
90. Do you communicate any of your beliefs, values, and conceptions internally?
91. Do you communicate any of your beliefs, values, and conceptions externally?
92. How important is a sustainable behaviour within the restaurant business?
93. Do you think as a restaurant manager/owner you have great influence on the ethical standards of this restaurant?
94. Do you think employees would adhere to fixed formal ethical conducts? If yes, why? If no, why not?
95. Do you think your stakeholders would appreciate a more sustainable oriented restaurant?

IV. Other questions / Exclusive annotations

96. Where do you see the restaurant in 5 years?
97. What can you say about the future development of this restaurant concerning the ethical standards? Is there something you plan to change?