Cross-cultural Management

Unit 3. Culture and business in Europe

EUROPE: DIVERSITY AND SYNERGY
- 44 countries (including Cyprus and Turkey)
- The European Union (2021) comprises 27 countries
- The euro € was introduced in 2002 (2021, 19 countries)
- Over 740 million people
- Cultural and linguistic diversity
- Over 40 languages are spoken, the most widely spoken of which are Russian, German, Turkish, French, Italian, Spanish, Polish and Ukrainian
- Religions: Catholic (23 countries), Orthodox (11 countries), Protestant (9 countries), Muslim (4 countries)

http://europa.eu/index_es.htm

Advantages of the EU for companies:
- Standardization of technical norms
- Free circulation of goods, people, labour and services
**CULTURE AND BUSINESS IN THE UNITED KINGDOM**

**Business culture in the United Kingdom**

- Be careful with terminology: United Kingdom / Great Britain / British Isles: Never call the people English if they are Welsh, Scots or Irish.

- Euro-scepticism (BREXIT) “There is fog in the channel, the continent is isolated”.
- Post-BREXIT uncertainty.

**Making contacts**

- Although the British are individualistic and deal-focused, the ‘old school tie’ should not be underestimated in British executive life.
  - Being introduced by third parties may be an alternative for making connections.
  - However, you should never boast about your connections.

**Negotiating behaviour**

In negotiations the British are cold, distant and professional.

- Never use sentimental arguments or excessive gestures.
- Meetings start with a small, informal talk that doesn’t include personal aspects.

- British managers do not prepare for meetings in too much detail.
- During negotiations they may be unemotional but they dislike aggressive tactics such as criticising competitors. Fair play.
- British executives can use humour as a weapon in ridiculing an opponent or in showing disagreement or even contempt.

**Bargaining range**

- The use to have experience in doing business abroad, they may insert a safety margin even if they do **not** like haggling.

Haggling Wheeler Dealers
Negotiating behaviour

- In negotiations they try to understand their opponent’s position and to be tolerant: they adopt a problem-solving approach.
- Decisions are not influenced by feelings, emotions or personal ideas.
- They rarely make a final decision at the first meeting. They do not like to be hurried.
- Once the decision is made, the treatment is direct; they say what they are thinking.
- The agreement must be subject to British law, which is very strict on breach of contract.
- The British regard themselves as honest, reasonable, caring and considerate.

Time

- Compared to Americans, the British are more interested in long-term relationships than in quick deals.
- Punctuality is respected but arriving a little late may be understood.

Social norms

- Though in decline, class consciousness is still alive in Britain. The British are quite hierarchical, but teamwork is important.
- The British is not a gift-giving culture.
- Business lunches may take place in pubs or restaurants.
CULTURE AND BUSINESS IN THE UNITED KINGDOM

Irritators
- The queue is almost sacred; never step in front of someone when waiting in line.
- Loud conversations and boisterousness in public places should be avoided.
- Royal family and Northern Ireland.

CULTURE AND BUSINESS IN THE UNITED KINGDOM

IMAGE HERE
Useful websites in the United Kingdom

- www.chamberonline.co.uk (Chambers of Commerce)
- www.apgate.com (Business directory)
- www.tradeuk.com (Exporting companies directory)
- www.themaa.co.uk (Sales agents association)
- www.aeo.org.uk (Trade fairs in the UK)
- www.hmce.gov.uk (Customs)
- www.uktradeinvest.gov.uk (Foreign investments agency)
- www.ft.com (Financial Times)
- www.the-times.co.uk (The Times)

CULTURE AND BUSINESS IN FRANCE

France is one of the most regularized economies in Europe. The state has an important role in the economy (though it is gradually reducing its shares in companies such as Air France, France Telecom, Renault, etc.).

The introduction of the euro has put pressure on French companies and the French economy.

France is one of the most centralized countries in Europe.

Unions and social movements are strong in France.
Difficulties when doing business in France:

- Retailing is strongly concentrated. Commercial networks are highly professionalized. Many intermediaries have disappeared. Access to the big purchasers requires strong supply capacity.

- The market is highly competitive.

- Business structures are very hierarchical. The final decision may come quickly but only if we negotiate with the right person.

- Although the public sector is important, France is one of the countries with the highest labour productivity rates.

Business culture in France

- The French are proud of their language, which is one of their main identity traits.

- The French are thought to maintain an air of superiority (grandeur).

- Professional relationships are above personal ones. One’s level of education is highly considered, as is belonging to one of the ‘grandes écoles’.

- Companies try to attract your attention with detailed information.

- Foreigners usually consider the French to be highly critical. The language is very direct, paying little attention to their opponent’s reaction.

- The negotiation environment is formal and reserved. Avoid personal and confidential questions.

- Arguments tend to be analytical and based on logic but also quite rhetorical.
Business culture in France

- The French try to always be precise. When negotiating, they do it point by point. Debate is appreciated but tension is not.
- Price is the final issue in negotiations; they don’t like bargaining.
- They avoid saying “no” directly even if they do not agree with the proposal.
- The treatment is formal; they always use terms such as monsieur, madame, mademoiselle. They talk to each other using the formal vous form.
- Eye contact is frequent and intense; this could make foreigners feel uncomfortable.
- Business cards usually include academic degrees.
- The French have a great culinary culture; you shouldn’t refuse their invitations. Table manners are important. Try not to drink or eat too much.
- The French is not a gift-giving culture.

Useful websites in France

- www.ccci.fr (Paris Chamber of Commerce)
- www.firmafrance.fr (Exporting companies directory)
- www.teleexport.tm.fr (Importing and exporting companies directory)
- www.apacfrance.com (Sales agents association)
- www.xerfi.fr (Market research)
- www.finances.gouv.fr/douanes (Customs)
- www.ubifrance.fr (French association for internationalization of companies)
- www.commerce-exterieur.gov.fr (Foreign trade)
- www.missioneco.org (External economic relations)
- www.lemonde.fr (Le Monde)
- www.latribune.fr (La Tribune)
CULTURE AND BUSINESS IN GERMANY

Economic outlook:
- Germany is the biggest European market and has a strong purchasing power.
- The market is saturated. Entry strategies must be well planned.
- Although unemployment rates are lower than in other European countries, unemployment is one of the main concerns.
- It has strong exporting industries, e.g. the automotive, the chemical and the high-tech.

GDP per capita in current euros

Unemployment rate in %

Eastern Länder

Western Länder

Source: German federal Länder statistical office
Business culture in Germany

- The main characteristic of the German market is *Ordnung* (order); rules, codes and regulations dominate business relationships.
- Germany can be considered a single market for most products. However, different *Länder* may have administrative differences that affect business.
- German managers focus on the quality of products and services, manufacturing and technical aspects.
- Given the market size, using local commercial agents is recommended.
- Appointments must be requested with at least two weeks’ advance notice.
- Germany is a strongly monochronic culture. *Pünktlichkeit* is very important. Tardiness signals unreliability.
- You can start discussing business after a short introductory talk.
- The language is clear and direct. The language must be supported with data, graphics and structured presentations. Facts are more important than company history or image.
Business culture in Germany

- The Germans always respect intervention turns. Expositions are never interrupted.
- Contracts are extremely detailed and signify the end of the negotiations.
- Expect little physical contact beyond the obligatory handshake.
- *Sie* is the formal pronoun for business relationships while *Du* is reserved for close personal friends. Herr, Frau, Doktor, etc. are used extensively.
- The Germans are rather rigid in their use of personal space.
- Praise may be embarrassing for Germans.

Useful websites in Germany

- [www.ihk.de](http://www.ihk.de) (Chambers of commerce)
- [www.wlw.de](http://www.wlw.de) (Manufacturers and retailers directory)
- [www.industriedaten.de](http://www.industriedaten.de) (Companies directory)
- [www.hoppenstedt.com](http://www.hoppenstedt.com) (Companies directory)
- [www.cdh.de](http://www.cdh.de) (Sales agents association)
- [www.bfai.de](http://www.bfai.de) (Foreign trade federal office)
- [www.zollkriminalamt.de](http://www.zollkriminalamt.de) (Customs)
- [www.din.de](http://www.din.de) (Normalization Institute – DIN norms)
- [www.spiegel.de](http://www.spiegel.de) (Der Spiegel)
- [www.faz.de](http://www.faz.de) (Frankfurt Allgemeine)
Business culture in Italy

- Italy is a highly **regionalized** country. You have to adapt to the particularities of each area. Do not make comparisons when negotiating.
- Industry is concentrated in the north: Lombardy (Milan), Piedmont (Turin) and Rome. Huge inequalities exist between the north and the south of Italy.
- Personal relationships and references are crucial. Italians prefer to do business with people they know or with companies they have been introduced to by people they can trust (**clientelismo**).

Gomorra
- The **Design** and quality of products are highly appreciated. Price-based strategies should be avoided.
- Punctuality is expected in the north (especially in Milan). Time is more relaxed in other regions. Appointments should be confirmed.
- Negotiations are conducted in familiar environments. Italians don’t feel comfortable in situations that are excessively tense or formal.

CULTURE AND BUSINESS IN ITALY

Business culture in Italy

- Italians are very **expressive** in their arguments and use abundant gestures. Do not interpret this as anger as they are just being passionate.
- Presentations and materials must be aesthetically immaculate. In Italian culture, **appearance** is more important than content.
- Italians value their products. Never try to compare your products with Italian ones; just show that yours are complementary to theirs and underline your innovation.
- When negotiating, they may make unexpected requests. They are trying to confuse you, but hold your position because you are close to agreement.
- Negotiations tend to take a long time. Being in a hurry is interpreted as weakness.
- Their decisions are usually based on previous experiences. If your ideas are related to negative experiences, they tend to reject them.
- Organizations usually have organizational structures (**cordata**). Decisions may require consensus. However, it is important to know your counterpart’s image and influence (**essere qualcuno**).
Useful websites in Italy

- [www.ice.it](http://www.ice.it) (Italian foreign trade institute)
- [www.italtrade.com](http://www.italtrade.com) (Italian foreign trade institute)
- [www.mincomes.it](http://www.mincomes.it) (Ministry of Trade)
- [www.unioncamere.it](http://www.unioncamere.it) (Chambers of commerce)
- [www.businessitalia.com](http://www.businessitalia.com) (Companies directory)
- [www.italbiz.com](http://www.italbiz.com) (Importers and exporters directory)
- [www.wnprod.it](http://www.wnprod.it) (Trade fairs)
- [www.fnaarc.it](http://www.fnaarc.it) (Sales agents association)
- [www.larepubblica.it](http://www.larepubblica.it) (La Repubblica)
- [www.ilcorriere.it](http://www.ilcorriere.it) (Il Corriere della Sera)

Economic outlook

- There have been crises and imbalances since the fall of the Communist regime in 1991. The economic situation was favourable until the Ukrainian crisis began.
- There is a strong dependence on the export prices of energy and raw materials.
- Corruption is widespread and there are growing social inequalities.
- Protection of intellectual property is still weak.
- The educational system has high standards in mathematics and science.
- Many joint ventures with foreign companies have failed due to over-regulation, bureaucracy or corruption.
Business culture in Russia

- It is difficult to make appointments, and these are often cancelled.
- The first meeting is usually cold. This meeting is for assessing the credibility of the other party and their ability to pay.
- The negotiating strategy is usually winner vs loser; it is extremely important to highlight the benefits of possible cooperation.
- It is better to make a good impression than to overwhelm your counterpart with data; the presentation of your company should be simple and easy to understand.
- The materials should be presented in Russian.
- Knowledge of foreign languages is poor: to gain trust it is often necessary to use interpreters.
- Meetings are often interrupted; you just have to cope with that.
Business culture in Russia

- Negotiations are often harsh and even aggressive; you must start with a wide margin of manoeuvre and be patient.
- Russians use often the pokazuja practice (fogging glasses)
- They negotiate as if they are playing chess, highlighting your weaknesses.
- The decision-making system is slow and bureaucratic; you may need to make several visits in order to seal an agreement.
- The business culture is very hierarchical; senior managers have the last word.
- The legal framework is not well developed; many international contracts are signed in countries such as Sweden.

- The most common greetings are zdrastvuitie (hello, good morning), dasvidania (goodbye) and spasiba (thank you).
- It is important to keep hold of business cards as it is difficult to obtain data through directories or guides.
- Avoid political references, especially in relation to the former Soviet republics, periods of conflict, alcoholism and corruption.
- The Russians have no qualms about talking about personal issues; even in the first conversation they may talk about their problems.
- Privacy is second nature; you need to knock on the door and remember to close it.
- The consumption of vodka is socialized.
- Gifts are appreciated especially if they come from a different culture.
Blat (блат) is a system of interpersonal relationships that operates in Russia. It holds certain parallels with guanxi, but doesn’t enjoy such widespread social legitimacy.

- Its origins date back to the imperial era.
- Blat involves the use of personal networks to access scarce resources in exchange for gifts, money or other favours.
- Long-term links and family relations are less important than they are in guanxi.
- Although social basis, individuals are calculating (friendship vs interest).
- These networks include ‘key’ people, who are known as blatmeisters.

Useful websites in Russia

- [www.fipc.ru](http://www.fipc.ru) (Promotion of foreign investment)
- [www.customs.ru](http://www.customs.ru) (Customs)
- [www.russiaexport.net](http://www.russiaexport.net) (Foreign trade)
- [www.gost.ru](http://www.gost.ru) (Norms about products)
- [www.moscowtimes.ru](http://www.moscowtimes.ru) (Moscow Times)
- [www.therussiabusiness.com](http://www.therussiabusiness.com) (Business journal)
“Dos and Don’ts”

- Never shake hands or kiss someone on the threshold of a door as you will quarrel with that person.
- When setting off on a journey, before stepping over the threshold Russians pause inside the doorway to think whether they have forgotten anything. If they have forgotten something, returning home brings bad luck.
- Always take a gift if you are invited to a Russian home, e.g. a box of chocolates or flowers for the hostess or a good bottle of wine or vodka for the host.
- **Never give an even number of flowers to someone:** even numbers are for funerals only.
- When entering a Russian home, offer to take your shoes off. Your host will normally provide you with slippers but you might want to bring a pair yourself.

- If you are visiting a Russian orthodox church, take a headscarf and dress conservatively, e.g. women should wrap a skirt or shawl around their short skirt or shorts, while men should remove any headwear.
- Racially motivated attacks against those with dark skin occur in some parts of Moscow and St Petersburg.
- Don’t live in fear but be cautious about dark underpasses at night; try to stay in a group or get a taxi.
- Be prepared to give toasts at dinners or presentations. It is a serious breach of etiquette to refuse a drink or to make a toast. So, try to accept all food and drink in moderation but be careful with the amount of alcohol you consume: vodka makes you very drunk very quickly, especially on an empty stomach.
- **Always carry your identification documents** and be ready to show them to the police (Militsia), who also tend to target dark-skinned people for security checks. If you have any problems with the police, it is best to contact your employer or your home country embassy.
History and Language

Russian is the official language spoken throughout the CIS. It uses the Cyrillic alphabet, which has 33 letters, some of which are the same as Latin characters, while others have the same shape but different sounds and still others are different from anything in Latin. Basic words such as "please" and "thank you" are easy to master and well received by Russians. It is definitely worth learning the alphabet before you arrive and if you can go beyond that you will find everyday situations such as shopping significantly easier. Many ex-pats do take Russian lessons. Basic conversational Russian is, however, difficult and while it is very useful to speak Russian, unless you are working in an all-Russian environment, it is not essential.

Religion

The Russian Orthodox Church is the traditional Christian community in Russia, although other Christian communities exist and there are also Jewish congregations. There has been a resurgence of Roman Catholicism and Protestantism. Churches of various denominations can be found in Moscow and St. Petersburg. Islam is the religion followed by the Volga Tatars, Chufas and Bashkirs as well as the peoples of North Caucasus. Buddhism is practised in the Buryat, Kalmyk and Tuva autonomous republics.

CULTURE AND BUSINESS IN PORTUGAL

Business culture in Portugal

• From a business perspective, Portugal is divided into two main zones: the center-south (Lisbon-Setúbal) and the north (Porto).
• The influence of family groups is highly significant in the Portuguese economy, with branches in major sectors (e.g. banking, distribution and construction).
• Commercial agents are key to gaining access to commercial companies and retailers.
• Appointments should be established well in advance and in writing. Punctuality, especially in Lisbon and the large urban centres, is essential.
• The Portuguese are modest, reserved and have a tendency to distrust. It is better not to be too expressive or use exaggerated arguments. Also, use gestures sparingly.
Business culture in Portugal

- Professional status is important. Representatives of foreign companies should have the same rank and a similar age to their Portuguese counterparts.
- The Portuguese sometimes show a strong nationalist feeling, especially against Spain. Avoid behaviours that manifest superiority.
- Presentations should emphasize the benefits for the company to which they are addressed. It is not necessary to go into too much technical detail with data and figures.
- Although the Portuguese have a good knowledge of English and Spanish, efforts made by foreign negotiators to speak Portuguese are appreciated. It’s a good idea to apologize for not speaking their language before starting the conversation.
- The pace of negotiations is slow. Concessions are made gradually.
- Price is a key argument in negotiations. Quality and the intangible aspects of the offer are becoming increasingly valued.

The risk of default is high. Along with Italy, Portugal is the EU country with the highest rate of returns and late payments. You should take precautions. Your bank’s advice may be useful.
- Strengthening personal relationships is important for consolidating business. It is worth maintaining contact and paying regular visits to the country.
Useful websites in Portugal

- www.icep.pt (Portuguese Institute of Foreign Trade)
- www.port-chambers.com (Portuguese Chambers of Commerce)
- www.empresas-negocios.pt (Business directory)
- www.guiao.pt (Business directory)
- www.guianet.pt (Business database)
- www.portugal.org (Investment and trade agency)
- www.dqaiecr.min-financas.pt (Customs)
- www.iapmei.pt (Small business institute)
- www.portugalvirtual.pt/_events (Trade fairs and exhibitions)
- www.dn.pt (Newspaper)
- www.expresso.pt (Financial press)