

## Doing Business in Estonia | Estonian Social and Business Culture

### An Estonian Culture Overview

#### Fact file

- **Official name** – Republic of Estonia
- **Population** – 1,299,371 \*
- **Official Language** – Estonian
- **Currency** – Estonian Kroon (EEK)
- **Capital city** – Tallinn
- **GDP** – purchasing power parity \$27.72 billion\*
- **GDP Per Capita** – purchasing power parity \$21,200\*



### An Estonian Overview

Located on the Baltic Sea and only a few miles from Finland, Estonia is one of Eastern Europe's leading economies. Through economic and political reforms and a strong desire to improve the quality of life, Estonia has made significant changes and improvements since the collapse of the Soviet Union left it in a state of disarray. Estonia is now reaping the benefits of a market economy, an idea that had once been foreign to Estonia during Soviet rule and is fast paving its way onto the international stage. Estonia's rich culture exhibits influences stemming from the customs of its traditionalist society mixed with the influences of the modern world. It is important to learn what separates Estonia from other countries in order to develop business relationships with Estonians and to successfully conduct business in Estonia.

### Estonian Culture – Key Concepts and Values tradition

**Individualism-** Estonians are extremely individualistic and prefer to lead rather than follow, particularly since the fall of the USSR, a time when being an individual and speaking one's mind was not tolerated. Estonians wanted to break away from the Soviet collectivist society and strive to let their voices be heard.

**Work Ethic-** Estonians thrive on their strong work ethic and always do what they say. When an Estonian promises to do something, they will always perform to the best of their ability just as promised and expect others to keep their word. Estonians pride themselves on the high quality of their workmanship. Status in Estonia is achieved through hard work and achievement as well as by displaying possessions.

**Communication-** Estonians prefer a direct style of communication and are often unemotional and reserved. They believe that business procedures should be straightforward and to the point but will be diplomatic in communicating in order to avoid damaging a business relationship. Although initially aloof and reserved, once you spend some time getting to know them, they will become more open and outgoing.

## Doing Business in Estonia

After the collapse of the Soviet Union, Estonia has strived to model its policies after those of the Western world. Estonia was one of the first of the former Soviet nations to adapt to changing markets. Since joining the European Union in 2004, Estonia's economy has flourished making it one of the strongest economies of the new member states. Estonia plans to adopt the Euro in 2011 which will further strengthen its economy and allow for limitless growth potential. Estonia's economy thrives on electronic and telecommunication sectors as well as tourism, engineering, food products, metals, chemicals and wood products. Estonia continues to enjoy an impressive annual growth rate, making it an attractive market for potential businesses. As an emerging market, Estonia is an ideal location for business endeavours. For those wishing to conduct business in Estonia, understanding Estonian culture and business etiquette is essential to achieving success.

### Estonian Business Part 1 - Working in the Estonia (Pre-departure)

- **Working practices in Estonia**
  - Business hours are from 9 a.m. to 6 p.m. Monday through Friday, with an hour set aside for lunch.
  - For Estonians, time management is essential. It is necessary to schedule all meetings ahead of time. Arriving late will look bad, so always be sure to call if you are not able to be on time.
- **Structure and hierarchy in Estonian companies**
  - Business organisations in Estonia tend to be hierarchical, with a clear division of responsibilities. Decisions and ideas are generated at the top.
  - Status is important in Estonian society and respect should be given to supervisors and work colleagues. Titles are very important in Estonian business culture.
  - Many Estonian women are well educated and more are entering the workforce, however, the business world is still dominated by men.
- **Working relationships in Estonia**
  - Business relationships in Estonia are formal. It is not a common business practice for Estonians to get to know their foreign counterparts before conducting business. They believe that negotiations should be direct and to the point, leaving little room for idle chit chat.
  - The best way to get ahead in Estonia is to show your Estonian colleagues respect. Estonians do not expect expressive displays of affection, more muted emotions are the norm.

## Estonian Business Part 2 - Doing Business in Estonia

### ○ Business practices

- International business in Estonia is mainly conducted in English. Estonians do not expect others to learn their language as it takes too great an effort. It is however polite and appreciated when foreigners use the native language when possible.
- Negotiations can be quite lengthy as Estonians are very detail-oriented and want to examine everything thoroughly before reaching an agreement. Estonians do not leave a job unfinished and often do overtime in order to complete every task.
- Don't be surprised if there are long periods of silence during negotiations as Estonians tend to think in depth before responding.
- Initial introductions in Estonian business are formal and reserved. A handshake while maintaining direct eye contact is the normal greeting and should also be exchanged upon leaving.
- It is essential to maintain a soft voice while conducting business, as loud voices and excessive hand gestures are often perceived as rude and make Estonians uncomfortable. Estonians do not appreciate conversational overlap and are also sceptical of people that boast or inflate the truth.
- Estonians are often perceived as cool and detached. This should not be misinterpreted as unfriendliness, they simply have a more formal and reserved nature.
- Estonians are status conscious and appreciate the value of a good reputation. Estonians are wary of those who are quick to compliment others before there is an established friendship. Estonians will also be careful not to publicly criticise others.

### ○ Business Etiquette (Do's and Don'ts)

- ✓ DO hand out business cards as they are a must in business dealings. Although many Estonians have a working knowledge of English, it is considered polite to print the cards in Estonian and use the language if possible.
- ✓ DO respect an Estonian's personal space. Physical contact is restrained as close contact can make an Estonian uncomfortable. In Estonia, people tend to leave a relatively large space between each other when talking.
- ✓ DO address your Estonian business colleagues with the appropriate title and only use first names when invited to do so.
- ✘ DON'T ask personal questions and don't be offended if your Estonian business counterpart does not inquire about your family or personal life. Estonians like to separate their personal life from their business life.
- ✘ DON'T be surprised if it takes several moments before your Estonian colleague responds. Listening and allowing your colleague to speak is important when communicating with Estonians.

- ✱ DON'T boast about your accomplishments. In Estonia, modesty is a virtue and self-praise is considered impolite.

### **Estonia Culture Quiz – True or False**

1. It is acceptable to discuss personal information in business meetings before getting to know your Estonian business colleagues.
2. Punctuality is imperative when conducting business.
3. It is not appropriate to make physical contact beyond the initial handshake greeting.
4. Estonians rely on intuition and feeling before making a business decision
5. Estonians prefer to come to a consensus for the sake of the group.

### **Culture Quiz - Answers**

1. False. People in Estonia tend to be very private and like to separate business from personal life.
2. True. Estonians expect punctuality.
3. True.
4. False. Estonians value hard facts and evidence and are extremely pragmatic in decision making.
5. False. Estonians increasingly value the ideas of the individual and are not afraid to speak their minds.

\* Source: CIA World Factbook 2008

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