

Doing Business in Luxembourg | Luxembourgish Social and Business Culture

A Luxembourgish Culture Overview

Fact File

- **Official Name** – Grand Duchy of Luxembourg
- **Population** – 491,775 *
- **Official Languages** – Luxembourgish (national language), German (administrative language), French (administrative language)
- **Currency** – Euro
- **Capital City** – Luxembourg
- **GDP** – purchasing power parity \$39.47 billion *
- **GDP Per Capita** – purchasing power parity \$81,200 *



A Luxembourgish Overview

Luxembourg is one of the smallest countries in Europe with less than half a million inhabitants. It is located in Western Europe and landlocked by Germany, Belgium and France. Luxembourg is the last country in the world that is a sovereign Grand Duchy, in other words, a constitutional monarch with a Grand Duke as head of state. With a stable and wealthy economy, low unemployment and one of the highest GDP rates in the world, Luxembourg is an interesting place for business endeavours. If your organisation is doing business with Luxembourg, potential success depends upon a good understanding of the Luxembourgish culture.

Luxembourgish Culture – Key Cultural Concepts and Values

Linguistics – Luxembourgers' sense of identity is based on their language, Luxembourgish. This is a national dialect and is mostly spoken at home and on social occasions. French and German are the official languages. In most business environments French is the main spoken and written language. Luxembourgers learn to speak French and German as fluently as they speak Luxembourgish. Almost half of the population speaks at least two foreign languages and approximately 45% speak three or more languages.

Consensus - Luxembourgers place a high value on consensus-building and group decision-making. Although final-decision making power ultimately rests at the top, the Luxembourgers' business structure stresses an egalitarian-style system of mutual respect and responsibility. Leaders encourage group participation and input in the decision-making process.

Privacy – Luxembourgish business etiquette tends to be fairly reserved. There is a clear divide between business and private spheres. Strong criticism and assertiveness are seen as aggressive and rude. Many people who do business with Luxembourgers describe them as overmodest.

Doing Business in Luxembourg

Luxembourg's geographically strategic location in the west of Europe and its proximity to some of the largest economies in Europe such as France and Germany has been very beneficial. Luxembourg has always supported great economic openness and the development of foreign relationships. Luxembourg's economy was long based on the steel industry but is now increasingly varied. The country has an extraordinarily high standard of living and a GDP per capita that ranks third in the world*. An understanding of Luxembourg's business and social culture is vital for any organisation doing business in Luxembourg.

Luxembourgish Business Part 1 - Working in Luxembourg (Pre-departure)

- **Luxembourgish Working Practices**
 - Punctuality is crucial in Luxembourg for building a positive business relationship. Luxembourgish business professionals adhere tightly to schedules. Arriving at an appointment even five or ten minutes late is considered disrespectful. When lateness is unavoidable, contact the meeting coordinator as early as possible.
 - There is little time spent on small talk and few interruptions until a meeting is over.
 - Meetings tend to be quite formal and follow a fairly strict agenda.
- **Structure and hierarchy in Luxembourgish companies**
 - The traditional Luxembourg business structure tends to be very autocratic and follows a strict pattern of hierarchy. Formal meetings are for briefing and formalising decisions made by the boss with input from relevant experts. Nowadays, more companies try to change this traditional way of decision making with embracing more participation and informality.
 - A company with over 15 employees must have an elected staff representative committee in Luxembourg. The more employees, the more committees need to be elected. Every four years elections take place where all employees can choose their representatives.
- **Luxembourgish Working Relationships**
 - Luxembourgers are prudent and do not tend to use business as a place for social or private interactions. Showing a sincere interest in the country and the people can aid by building business relationships.
 - Luxembourgers are generally polite but reserved. Assertiveness, loudness and over familiarity are all considered inappropriate at the beginning of a business relationship.
 - Luxembourgers tend to maintain a clear separation between their personal and business lives.

Luxembourgish Business Part 2 – Working in Luxembourg

- **Business Practices in Luxembourg**
 - The most common way of greeting someone in a business situation is to shake hands and make eye contact with each person.
 - Professional relationships tend to be quite formal, even amongst colleagues who have worked closely together for many years.
 - When addressing colleagues in Luxembourg, use their formal title if appropriate, or Mr., Mrs., etc. (in the relevant language) and surname until they ask you otherwise..
- **Luxembourg Business Etiquette (Do's and Don'ts)**
 - ✓ DO arrive at the designated time for appointments as punctuality is highly appreciated.
 - ✓ DO make an effort to get to know something about the country and learn some Luxembourgish words.
 - ✓ DO avoid asking personal questions. Be direct but always show diplomacy and a sense of sensitivity.
 - ✗ DON'T try to be too assertive or direct as Luxembourgers respect modesty and subtlety.
 - ✗ DON'T rush meetings or business deals as Luxembourgers conduct business slowly and do not value impatience.
 - ✗ DON'T expect to have a very personal relationship with your Luxembourg counterparts as they keep their business and private life clearly separate.

Luxembourg Culture Quiz – True or False

1. Luxembourgers are generally considered to be extremely extravert and direct.
2. The main religion that is practised in Luxembourg is Protestantism.
3. Luxembourg's head of state is the Grand Duke Henri, who is a nephew of the current King of Belgium.
4. Luxembourgers discuss personal matters only with their friends.
5. Chrysanthemums are an appropriate token to bring when invited to dine in a Luxembourgish home.

Luxembourg Culture Quiz - Answers

1. False. Luxembourgers are regarded as friendly and courteous but they tend to favour formality and reserve over directness and extraverted behaviours.
2. True.
3. False. Over 95% of Luxembourgers are Roman Catholic.
4. False. Private matters are never discussed with friends no matter how close the friend.
5. False. It is appreciated to bring flowers however Chrysanthemums are used at funerals.

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* Source: CIA World Factbook 2007

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