

## Doing Business in the Czech Republic | Czech Social and Business Culture

### A Czech Culture Overview

#### Fact File

- **Official name** - Czech Republic
- **Population** - 10, 241,138\* (July 2005 est.)
- **Official language** - Czech
- **Currency** - Czech Koruna (CZK)
- **Capital city** - Prague
- **GDP** - purchasing power parity \$172.2 billion\* (2004 est.)
- **GDP Per Capita** - \$16, 8000\* (2004 est.)



#### Overview

An inspirational nation situated at the crossroads of Central Europe, the Czech Republic enjoys a prosperous and stable community that reveals a broad spectrum of cultural, religious and political influences. Between them, these influences have created a rich culture that has contributed to every aspects of modern day Czech life.

#### Czech culture - key concepts and values

**Indirect communication** - One of the most underlying and inherent features of the Czech culture is their polite and humble approach to life. Czechs are both formal and indirect in their communication. This is also reflected in the distinction made between formal and informal language use. During business dealings a direct “no” will often be replaced by an expression such as “it is difficult” in order to avoid confrontation and maintain a certain level of politeness.

**Family** - The family unit is the focal point of Czech social structure and as such, family ties are much closer and more deeply rooted than in other countries.

**Uncertainty avoidance** - This relates to the level of tolerance for uncertainty and ambiguity within society. Overall, the Czech Republic has a low tolerance for unstructured situations. As a result, the Czechs are more likely to adhere to rules and regulations in order to reduce the amount of uncertainty and allow for careful planning. In Czech business culture this means a more forward thinking and practical approach is often taken.

## The Czech Economy

The collapse of Soviet authority in 1989 and the peaceful ‘Velvet Revolution’ brought about an end to this nation’s turbulent political history, establishing democracy in Czechoslovakia once again. Since the separation of the Czech and Slovak republics three years later, the Czech Republic has moved closer towards Western-style models of political and economic reform, showing a constant upward trend. Today the Czech Republic is one of the most affluent of the post-Communist states of Central and Eastern Europe. Its recent accession to the EU in 2004, combined with its Central European location, gives the Czech Republic further potential for expanded markets and an ideal environment for foreign trade and business investment opportunities.

### Czech business Part 1 - Working in the Czech Republic (Pre-departure)

- **Working practices in the Czech Republic**
  - When setting business appointments in the Czech Republic always make them in advance and try not to schedule meetings on a Friday afternoon as many Czechs visit their country homes for extended weekends.
  - Punctuality is an important aspect of Czech business culture. It is generally considered inappropriate to be more than five minutes late in business dealings; therefore colleagues should be informed of any unavoidable delays.
  - A strong emphasis on the quality of life and public holidays means that the majority of Czech companies tend to start and finish work earlier than most Western countries, and may close during the month of August. This is especially true of smaller towns and cities.
- **Structure and hierarchy in Czech companies**
  - Leadership and authority is vertical in structure. Czech managers maintain their status and separate themselves from subordinates.
  - As a result of the hierarchical system of Czech business, decision-making power is centralised and is rarely questioned or challenged by those of a lower rank.
- **Working relationships in the Czech Republic**
  - Knowledge and the ability to exert power and authority, as opposed to age, are qualities worthy of respect in Czech business leaders. However, in more everyday contexts the elderly command a certain level of respect and consideration.
  - It is important to remember that Czech’s place a high value on their privacy and prefer to separate business and their personal lives.
  - Generally speaking, friendships and working relationships in the Czech Republic only tend to form after a significant length of time. Since there exists no equivalent in the Czech language to the English term “networking”, establishing business relationships with new colleagues is approached with caution.

## Czech business Part 2 - Doing business in the Czech Republic

- **Business practices in the Czech Republic**
  - When greeting your Czech counterparts for the first time, administering a firm handshake and establishing direct eye contact are essential indications that your business dealings are sincere and honest.
  - Due to the reserved nature of the Czech culture, the use of status titles in both spoken and written forms is extremely important in Czech business settings. You should refer to your Czech counterparts as “Mr/Mrs...” , “Dr”, or “Ing” (Engineer) until invited to do otherwise. The use of forenames without permission may be considered somewhat offensive, as they are generally reserved for close friends and family.
  - The initial business manner adopted by many in the Czech Republic is predominantly one of formality and caution. The Czechs take a reserved and often impersonal approach to business meetings, during which trust and friendship is slowly cultivated. However, as the Czech Republic moves closer towards Western management styles, more open methods of business, in the form of business lunches and such meetings, is increasing in popularity.
  - In Czech business culture, the preliminary stages of negotiation can be slow and detailed. This is a direct outcome of the Czech tendency to avoid the unknown. Your Czech colleagues will be reluctant to digress from business protocol or show signs of flexibility during negotiations. Establishing and securing trust is a crucial element of the negotiation process, even up the closing of a business deal. For this reason, it is rare to seal deals with spoken agreements as any renegotiating may damage your business credibility.
- **Business etiquette (Do’s and Don’ts)**
  - ✓ DO expect to participate in some form of small talk and introductory conversation before entering into business discussions with your Czech colleagues.
  - ✓ DO try to distinguish between formal and informal language and situations that will allow you to select appropriate forms of address and greetings.
  - ✓ DO respect your Czech counterparts’ sense of personal space. Close personal contact with business acquaintances is frowned upon and should be avoided at all times.
  - X DON’T interrupt or raise the level of your voice during business discussions with your Czech colleagues, as this behaviour may be perceived as an attempt to distract from the matter at hand.

- X DON'T refuse any invitation offered to you, as crucial business decisions are often made outside the business environment. The Czechs value hospitality as a means through which to build both personal and business relationships.
  
- X DON'T be surprised if your Czech counterparts ask you about your personal earnings. This is still an acceptable enquiry of strangers in the Czech Republic.

### **Czech Culture Quiz – true or false**

1. When invited by your Czech host to dinner, it is customary to take flowers. An odd number of flowers should always be given, but not 13, as this is considered unlucky.
2. It is quite common to strike up a conversation with a stranger in the Czech Republic.
3. If, during business discussions, your Czech counterpart lowers their eyes and becomes silent, this is a sign that they are listening and considering what is being said.
4. If you enter a Czech home, be sure to remove your shoes, as Czechs value cleanliness in their private environment.
5. Czechs celebrate what are known as “name days”. Each day in the year is assigned a Czech name and is honoured in the same way as a birthday.

### **Cultural Quiz - Answers**

1. True.
2. False. Initiating contact with strangers, even smiling, may be perceived as a genuine sign of affection or an invasion of a Czech's personal boundaries.
3. False. This non-verbal communication relays a sense of discomfort with the situation or what has been said.
4. True.
5. True. Czechs celebrate both name days and birthdays. “Vse nejlepsi k svatku” - Happy name day!

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\* Source: CIA The World Factbook 2005

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