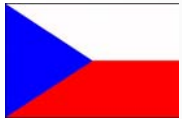


Working in the Czech Republic



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David Chelly, Helena Kasparova

Introduction

- Aims:
- - To present the key-elements of the Czech culture and society, in order to facilitate the stay and professional integration in the Czech Republic of expatriates
- Means:
 - 50 slides developing 50 broad topics of the Czech social and corporate life;
 - A website including the elements above, a selection of websites, addresses of companies and organizations in the Czech Republic and in France, as well as other useful information

The speakers

- Helena Kasparova, French and Czech nationalities
 - Sc. Po Paris, Post-Graduate diploma (DEA) in European studies, Master in IT.
 - Founder of the website www.democratie-electronique.org.
 - Joint author of a book and market studies about management and business in the Czech Republic



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The speakers

- David CHELLY
 - Founder of Centreurope.org, a website specialized in business with Central & Eastern Europe
 - Ph.D in Management Sciences, post-graduate diploma in Finance, degrees in Money and Banking, Law, Accounting and Sociology.
 - Author of several articles, market studies and books about business in Central and Eastern Europe



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Synopsis of the training

1.1 Discovering the Czech Republic

- A crossroad in the center of Europe
- A central European country
- Elements of geography
- Dates and key characters of the Czech history
- Czechoslovakia as a model of political and economic development
- The communist period and its heritage
- The transition of the 1990's

1.2. The political environment of the Czech Republic

- A modern democracy...
- ... but perfectible institutions
- The last fifteen years of economic policy
- A successful insertion into the European geopolitical order
- The institutional environment
- The instability of the Czech political scene

1.3. Sociocultural panorama of the Czech Republic

- A rich and old culture
- High level of education
- A difficult Slavic language
- The place of the religion in the society
- An ageing population
- A rather difficult everyday life
- Good living conditions for expats
- A top place for tourism in Europe

1.4. Understanding the Czechs

- Common behaviors and preferred values
- A high consumption of leisures
- Social importance of the meals and the characteristics of the local alimentation
- The relation to time and space
- Greetings, first contact, appearance and reciprocal stereotypes of the Czechs and the French
- How to communicate with the Czechs and how to build personal networks?

2.1 The Czech economy

- A changing economy
- The business environment
- An unsatisfactory legal framework
- Why do foreign companies come the Czech Republic
- The Czech market
- Local consumers

2.2 Czech companies

- Czech companies are restructuring
- A qualified workforce, but with rather unproductive attitudes
- The social climate and the working conditions
- Industrial relationships: formalism, mistrust and socialization
- Relations of power and the role of the trade unions

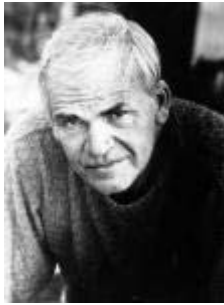
2.3 Managing people in the Czech Republic

- Training, assessment and promotion
- Wages and motivation
- Recruiting and sacking people
- Leadership and team building

2.4 Negotiating with the Czechs

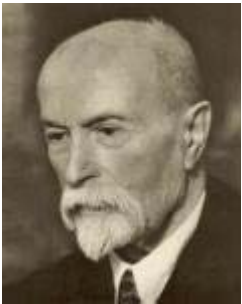
- The preparation of the negotiation
- Keys to success of the negotiation
- Managing contracts and partnerships
- Conclusion
 - Evaluation of the training

ART



SPORT

POLITICS AND HISTORY



1. Cultural references and practical life in the Czech Republic

1.1 Discovering the Czech Republic

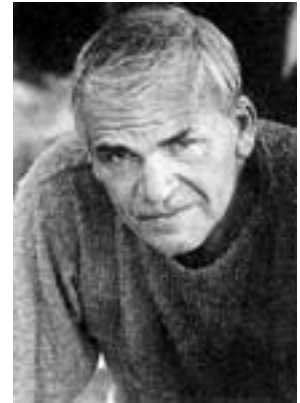
A crossroad in the center of Europe

- Size: 78 864 km²
- Neighbors: Germany, Poland, Austria and Slovakia
- A Central European country and not an Eastern European country



A central European country

- Prague is geographically more in the west than Vienna
- the Czech Republic is traditionally close to Germany and Austria



According to M. Kundera's « The Stolen West or the Tragedy of Central Europe (1983) », Central European countries culturally belong to Western Europe.

Elements of geography

- - very diversified landscape: mountains, hills, plains...
- - neither access to the sea, nor to a big river, but several hundreds of lakes and unique medicinal springs in the world
- - Temperate climate, with continental and oceanic influences
- - Summers are hot and rainy, winters cold and snowy



Thermal spring in western Bohemia



Krkonose Mountains

Dates and key characters of the Czech Republic

- It is not because French people don't know the Czech history that the Czechs do not have any history.
 - History is important for the Czechs, and they consider themselves an important country
 - Mid-XIVth century, CHARLES the IVth makes his State among the strongest in the world
- 1620: the Czech State lost its independence (Bílá hora), which places it for three hundred years under the domination of the Habsbourgs.



Charles the IVth (1346-1378)
King of the Rome and Imperor
of the Holy Roman Germanic
Empire

Czechoslovakia as a model of political and economic development

- 1918: Having bet on a victory of the Allies, the Czechs and the Slovaks obtain the creation of a Czechoslovakian State
 - It became a model of democracy and economic development
- The country fell under the domination of Germany (Munich Agreements).

The communist period and its heritage

- - The communist ideals rapidly left place to the imposition, if needed by the force (the Prague Spring in 1968), of the institutions, the laws and the Soviet economic model.
 - The legacy is forty years of heritage of negation of political, religious, media and movement freedoms
- - The doubtful "Czech economic miracle" of the 1980's and the social and economic bankruptcy of the system.

"If you cannot beat them, join them".

This Czech maxim describes the fatalism of the Czech Nation which during its recent history was subjected to the monarchy of Habsbourg, to the IIIrd Reich and to the communist regime.

The transition of the 1990's

- - The « Velvet Revolution » (Nov. 17, 1989): the fall of Communism, the passage to the democracy and to the market economy.
 - - New political and legal systems are set up... with previous Communists, "reconverted".
- - The partition of Czechoslovakia is effective on December 31, 1992 without causing neither passion, neither crisis, nor conflict.

Czechoslovakia gave birth in 1993 to the Czech Republic (which is incorrect to call Czechia) and to Slovakia. Czechia corresponds to Bohemia, which is a little bigger than half of the Czech Republic, the other part being made up of Moravie-Silesia.

1.2. The political environment of the Czech Republic

A modern democracy...

- - The Czech political regime is based on a traditional parliamentary democracy
 - The new constitutional order founded a real democracy

... but perfectible institutions

- The functioning of the institutions is not satisfactory yet
 - Corruption is high and not decreasing
 - Citizens do not trust their politicians
 - The State administration is relatively ineffective and the public services are reduced
 - The question of the Rom minority is not definitively settled



The tabloid Super was accused to be launched only to support the campaign of V. Klaus. One month after his defeat in the legislative elections of 2002, the magazine announces that it ceases its activity...

The last fifteen years of economic policy

- - The Klaus government adopted free-market measures and launched a shock therapy.
 - Initially good, the performances were degraded after 1996.
- - The social-democrats engaged basic reforms, which gave good foundings to the Czech economy.

A successful insertion in European political order

- - The Czech Republic is an independent Nation which maintains good relations with its neighbors
 - But some foreign political parties put pressure for the questioning of the Benes Treaties
- - The country is a member of the NATO and many international organizations and integrated the European Union in May 2004

The instability of the Czech political scene

- Many parties, of which none dominates the others durably
- The political instability since the end of the hegemony of the ODS
- The current coalition, Vaclav Klaus as a President and the governmental crisis of 2005



The Government
resulting from the 2002
legislative elections

1.3. Sociocultural panorama of the Czech Republic

A rich and old culture

- - The history of the Czechs reveals the permanence of a cultural, spiritual and artistic tradition since the Middle Age.
- - The Czech Republic has international references in many fields such as music, literature, craft industry, painting and cinema.



The honest soldier Svejik , by Jaroslav Hasek (1883-1923)

A high level of education

- The Czech school is characterized by a teaching which is severe and of good quality
 - children learn knowledge as much as good manners
- - The Universities enjoy a good reputation
 - but their teaching programs, their educational means, their teaching bodies and the integrity of their frameworks are degraded

The Czechs have the most mature nation among the Slavic ones, and this is because their education system is much different from those in the East.
L. N. Tolstoy (1829-1910)

A difficult Slavic language

- Czech is a Slavic language, not very related to French or English
- The alphabet used is Latin, but it is enriched by some Slavic and Czech characters
- The conjugation and grammar are extremely complex
- German was traditionally spoken in the country, but English has become the communication language with foreigners

Třista třicet tři stříbrných stříkaček stříkal
přes třista třicet tři stříbrných střech.

Humorous
sentence
highlighting the
difficulty of
pronunciation of
the Czech
language

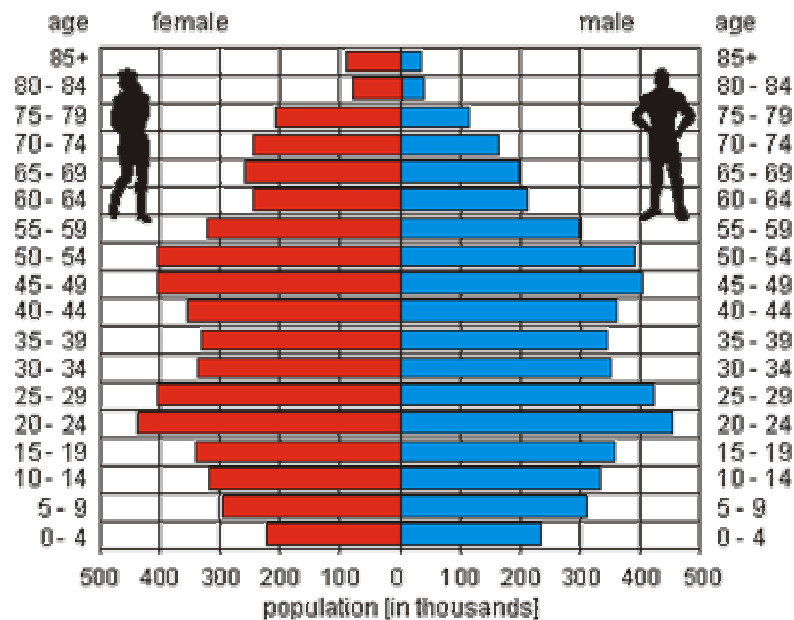
The place of religion in the society

- The place of religion in the Czech society is increasing but remains minor.
- Approximately 40 % of the Czechs are atheistic, 40 % are catholic and 5 % Protestant

According to the legend of XVIth century, the rabbi from Prag Jehuda Low Ben Bezalel is said to have given life to a clay natural size statue while putting to him in the mouth a piece of paper on which the Hebrew word for "God" was registered. He called the statue "Golem", which means in Hebrew "mass without the shape". The creature was destroyed, because instead of protecting the Jews from Prague, it attacked them.

A ageing population

- The Czech population is of average size (10 million inhab.) and it is ageing
- The population is officially homogeneous, but some minorities are of Czech nationality but preserve their language (Slovak, Rom ...) and others are not well listed (Roms, CIS and Balkans people...)



Source: Czech Statistical Office, 2002

A rather difficult everyday life

- The shift to capitalism is generally considered a good thing by almost everybody, but
 - The everyday life of the majority of the Czechs is difficult, because of a insufficient purchasing power
 - The quality of life is degraded with in particular a serious problem of pollution



Opposed tot the communist all-concrete and priority given to functional, immediate and cheap buildings of the communist time, the real estate projects multiply since 1989 in the big cities of the Czech Republic.

Good living conditions for expats

- - All the necessary services (trade, health, education, culture...) are accessible and of good quality in Prague and a few other big cities
- - Criminality is rising, but it is mostly thefts and not physical aggressions
- Rents are expensive



The French school of Prague

A top place for tourism in Europe

- The Czech Republic and the neighbour countries have varied tourist assets: the architecture of Prague, the Bohemia castles, skiing, the countryside, etc.
- The formalities of entry and stay of tourists and expats are not constraining
- For car driver: the motorway stamp, report of police force in the event of accident, 0 alcohol tolerance, etc.



1.4 Understanding the Czechs

General behaviors and precious values for the Czechs

- -Pride of an international recognition (Dvorak, Havel, Navratilova...)
 - But also a slight tendency to xenophobia
- - The seniors and women are respected,
 - but the woman undertakes the domestic tasks
- - Families and circles of friends are small, but strong

Andante con moto. $\text{♩} = 68$ Fr. Škroup.

1. Kde do-mov můj, kde do-mov můj? Vo - da
hu - či po lu - či - nách, bo - ry žu - mi
po - ska - li - nách, v sa - dě skví - se ja - ra
květ, zem-ský ráj - to na po - hled! A to
je ta krá - sná ze - niě, ze-mě če - ská -
do-mov můj - ze-mě če - ská - do-mov můj! J. K. Tyl.

The image shows a musical score for the Czech national anthem. It consists of six staves of music in G major (one sharp) and 3/4 time. The tempo is 'Andante con moto' with a metronome marking of 68. The score includes dynamic markings such as *pp*, *mf*, and *ppp*. The lyrics are written below the notes in Czech. The music is attributed to Fr. Škroup, and the lyrics to J. K. Tyl.

Czech national anthem "Kde domov můj"
(words of František Škroup and music of
Josef Kajetán Tyl, 1834),

A strong consumption of leisures

- The Czechs are traditionally interested in culture, festivals and traditions and more recently by the new media
- The weekend in the “chata” constitutes a true national ritual
- The passion for sport (hockey, football, tennis...) touches all the population



Homepage of TV Nova website, diffusing programs of American standard and having reached up to 70 % market share

Social importance of the meals and characteristics of the Czech food

- The local cuisine is rich and very appreciated by the Czechs
- The Czechs have many alcohols (Pilsen beers, Moravian wine, Becherovka liquor...) and they drink a lot
- Each day includes three or four meals
- The restaurants, which function like canteens, are not much attended by the Czechs



Veprůva s knedlíky a se zelím : joint of pork with knedlíky and sauerkraut is the Czech great classic

The relation to time and space

- - Czech people wake up the earliest in Europe
- - The Czechs are monochronic : organized and rigorous
- - Personal space is restricted, but not easily permeable
- - The perception of the distances is typical of a small country

A Czech proverb says :
Cistota pul zdraví, which means : "cleanliness is half of health", which shows the importance that the Czechs grant to hygiene.
However, the Czechs are not worried by body odors and they do not much use deodorants.

Greetings, first contact, appearance and reciprocal stereotypes of the Czechs and the French

- - The Czechs physically look like Germans
- - They are calm, reserved and distant to unknown people and foreigners
- - They develop a complex of superiority with their Eastern neighbours and inferiority with their Western neighbours
- - France overall has a favourable image



A typical Czech couple:
how to approach them?

How to communicate with the Czechs and how to constitute personal networks?

- - The Czechs mostly communicate in a verbal and implicit way
- - Socializing with Czechs is difficult but necessary
- - The Czech code of courtesy is subtle
- - Humour, modesty and simplicity: three qualities considered to be fundamental



Former President Vaclav Havel or the Czech synthesis of the qualities awaited by a Czech person

2.1 The Czech economy

A changing economy

- Leader of the Central and Eastern European countries during the Communism, the Czech industry is currently fighting to survive
- The services sectors is now leading in terms of GDP and workforce employed. All sectors perform great: distribution, tourism, financial services...
- Agriculture is relatively productive but its importance is marginal.

The business environment

- The Czech Republic has set up since 1989 a little constraining business framework
- The Czech Republic is placed at the 32nd row in the world index of economic freedom, ahead of France



Everybody can succeed in the Czech Republic, especially dishonest people

An unsatisfactory legal framework

- The legal framework is fuzzy, incoherent and moving, which poses problems of interpretation
- Justice is slow, opaque and is little differentiated
- In commercial matters, the decisions of the courts are not enough enforced

Why do foreign companies come the Czech Republic

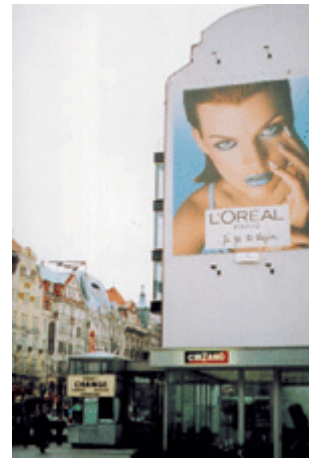
- FDI come to the Czech Republic because of its strategical location, good infrastructures and skilled workforce
 - They are mostly active in the services sector
- Most industrial investors come to the Czech in order to sell and not to produce
 - Local consumers ask for western products
 - Local companies need comprehensive updating of equipments/technologies and restructuring their organization
 - Services of public utility (environment, education, culture...) constitute a large market, with little competition.

The Czech market

The Czech population is relatively large (10 million people), concentrated (131 inhabitants per km²) but rather rural (65,4% of urbanization).

The markets is not as saturated as in the West, but both the local and Asian competition are growing

The modern modes of distribution develop (supermarkets, hypermarkets...), but the distribution sector remains little concentrated, which makes it difficult to reach consumers



GDP Growth in the Czech Republic is mainly driven by foreign investment and consumption of foreign goods

Local consumers

- In spite of the development of the distribution sector, the purchases remain pluri-weekly
- Consumers are attracted by the products related to pleasures and leisures, but they are demanding and very sensitive to prices
- The origin of the product counts more than the brand, to which the Czech consumer is not very faithful

2.2 Czech companies

Czech companies are restructuring

- The privatization have produced limited effects on the performances of the Czech companies
 - Czech companies are performing worse than Czech subsidiaries of foreign multinationals
- Because the Governments have avoided radical and painful measures, the industrial reorganization is not completed yet
 - Thanks to foreign investments and gains of productivity higher than wages increases, the competitiveness of Czech companies is satisfying

A qualified workforce, but with rather unproductive attitudes

- The Czech labour is qualified, well educated and relatively cheap, even if some skills are rare.
- Commitment (especially towards foreign investors), sense of initiative, mutual trust between workers, customer satisfaction, will to communicate and ethics at work are low
 - « pretend to pay us and we will pretend to work »
 - « the one who does not steal, steals his family »
(Czech proverbs)

The social climate and the working conditions

- Apparently, the working climate seems serious, but strong habits of not working have been inherited from the communist time.
- Any activity done in the company is regarded as working time, whether it is productive or not
- Czechs are able to stand hard working conditions, but less in terms of stress

Industrial relationships: formalism, mistrust and socialization

- Working is first an activity of socialization: a social life is superimposed on the industrial relationships
 - Czech people do not separate as much as French people the work and the private life
- The relationships between individuals are formal when the people do not know each other, and very informal in the opposite case
- Work in teams and activities in group are common, but with little spirit of co-operation

Relations of power and the role of the trade unions

- The labour law and the reality of the social relations leave a broad room for manoeuvre to the leaders
 - The trade unions do not constitute an opposition to the chief executives; their role is mainly centered on social works
- The decision-making processes are centralized, hierarchical and ineffective

The necessary reform of corporate structures and mentalities

- The companies are more and more centred on their core activity, by giving up the nonprofitable activities
- The corporate structures are de-bureaucratized and re-conceived
- The workers are gradually familiarized with the problems of the companies and the ideas of satisfaction of the customer and service

2.3 Managing people in the Czech republic

Training, assessment and promotion

- The vocational education is rare in Czech companies because its strategical role is not recognized
 - Traditionally, it was used to put aside the least productive people
- The evaluations are badly perceived and judged little objectify
- Promotions are based more on the diplomas than on the experience

Wages and motivation

- The range of remunerations tends to widen
- Money is a higher incentive than in France
 - The effects of the pecuniary incentives are limited from a certain threshold, contrary to the "cafeteria" pay system
- The level of the wages depends on the nature of company, the position and the skills
- Social benefits are less and less frequent, but they are appreciated by the personnel

Recruiting and sacking people

- Labour is relatively available, except for certain functions
- The processes of recruitment are rationalizing, but word-to-mouth remain one of the first modes of recruitment
- The employment contract is the rule, but some sectors mainly recruit independent contractors
- Sacking people is to be avoided

Leadership and team building

- The managers should adapt to the local behaviors and seek fair and inciting compromises
- The Czechs are accustomed to ceremonious and unproductive meetings
 - The meetings should inform the personnel about the projects of company
- The management of the companies requires to control human resources and to secure the procedures
 - The Czechs accept the rules, but less easily the authority

2.4 Negotiating with Czechs

Preparation of the negotiation

- It is not easy to organize an appointment with the right person
- The personal introductions facilitate the conduct of business
- The profile of the French negotiator will have preferably to answer various criteria in terms of sex, origin, appearance, function, etc.

The keys to success of the negotiation

- Respecting the local habits (courtesy, formalism, visit cards, appearance, etc.) allows to give a good impression
- Some typical French business behaviors (discussions centered on business, commercial aggressiveness, various exaggerations) are not appreciated
- Sometimes external factors will count more in the decision-making than the commercial offer in itself
- The Czechs value the cordialness of the relationship, the consideration which is carried to them and the technological prospects of the partnerships

Managing contracts and partnerships

- The "heavy" partnerships involve cultural risks and conflicts of interest which generally lead to failures
- The Czechs partners are hard to manage and harsh negotiators
- The non-respect of commitments is relatively frequent from the Czech negotiators, from which it is advisable to be protected

End



Thanks for your participation