

Differences and Similarities Between the United Kingdom's and Portugal's Business Worlds

Report for International Business Communications

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Executive Summary

This report will:

- Introduce the business background of the United Kingdom and Portugal.**
- Identify cultural characteristics based on Hofstede's theory.**
- Compare cultural differences between the United Kingdom and Portugal.**
- Identify the communication styles of Britain and Portugal.**
- Critically evaluate the challenges and sensitivities of cooperating with Portugal from a British perspective.**

Portugal is one of the first modern frontiers, becoming an independent state in 1140.(Kennedy, 2014) (5) Portugal has strong ties with the UK in terms of various industries. The trade between the UK and Portugal is very tight and frequent.(6)

Based on Hofstede insights(2017), the two national cultures obviously differ from each other on each dimension-Power distance, individualism, masculinity, uncertainty avoidance, long term orientation and indulgence.

The first part of this report's main body compares Britain culture, which is perceived as being predominantly low power distance, individualism, masculine, uncertainty accepted, long-term oriented and indulgent, to Portuguese culture, which is perceived as being predominantly high power distance, collectivism, feminine, uncertainty avoidant, short-term oriented and restricted.

The second part of the main body analyzes the similar high-context culture of the UK and Portugal.

The third part of the main body introduces some Portugal's customs and business etiquette that must be paid attention to during business cooperations.

1.0 Introduction

1.1 Background of trade between the UK and Portugal

Portugal is one of the first modern frontiers, becoming an independent state in 1140.(Kennedy, 2014) (5) Portugal has strong ties with the UK in terms of various industries. Apart from being a member of the European Union (EU), Portugal is an old trading partner of Britain. The trade between the UK and Portugal is very tight and frequent.(6)

Britain is the fourth largest Portuguese investor after Spain, the Netherlands and Luxembourg. More than 100 Portuguese investors invest in Britain. Portuguese Economic Group invests in many industries and sectors in the United Kingdom. (Baptista & Escária, 2008)

1.2 Hofstede model of national culture

Hofstede and Bond (1984) distinct different cultures based on six variables in communication and interaction styles. The Hofstede model of national culture consists of six dimensions, including power distance, individualism, masculinity, uncertainty avoidance, long term orientation, indulgence.

Power Distance is defined as

“the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally”. (Hofstede and Minkov, 2010, p61)

Individualistic cultures emphasize individual rights. People pay attention to their occupation and personal value. Collectivists respected the harmony among their members. Personal feelings usually follow behind team's interests. (Hofstede and Minkov, 2010)

“A society is called masculine when emotional gender roles are clear distinct: men are supposed to be assertive, tough, and focused on material success, whereas women are supposed to be more modest, tender, and concerned with the quality of life.”(Hofstede and Minkov,2010,p.140)

Uncertainty avoidance is

“the extent to which the members of a culture feel threatened by ambiguous or unknown situations.”(Hofstede and Minkov,2010,p.191)

Long term orientation stands for

“the fostering of virtues oriented toward future rewards—in particular, perseverance

and thrift.”(Hofstede and Minkov,2010,p.239)

Indulgence stands for

“a tendency to allow relatively free gratification of basic and natural human desires related to enjoying life and having fun. ”Hofstede and Minkov,2010,p.281)

1.3 High/Low context

Hall (Hall, 1976) put forward the concept of high and low context, showing the differences in the way people communicate in different cultural backgrounds.

High context indicates that verbal message is indirect. People in high context cultures prefer implicit expression and derive information from context of the communication.

On the contrary, in *low context* culture, most information is transferred explicitly. Few people use nonverbal elements in their communications. They tend to communicate directly. (Hall,1976; Moran, 2014)

2.0 Main findings

Moran (2014) argues that cultural differences have a profound impact on international joint ventures and have led to many problems and obstacles in international partnerships.

To improve intercultural communication, understanding each other’s culture is paramount (Samovar & Porter, 2001). One must understand one's own culture and others, ensuring sufficient knowledge to publicly evaluate and observe other cultures. (Moran, 2014)

2.1 Hofstede’s country comparison model

The following figure(Hofstede insights,2017) compares the British culture and the Portuguese culture through the 6-D Model of Hofstede. The blue one represents for Portugal and the purple one represents for the UK.

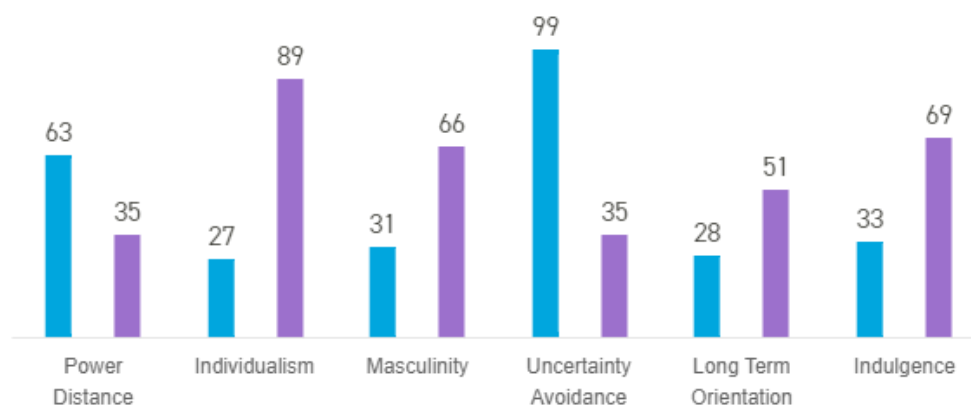


Figure1: Country Comparison Between the UK and Portugal

It can be seen that the indexes of the two national cultures greatly differ from each other. A good overview of distinctions between the two cultures can be got, which can help explore the challenges and sensitivities of doing business with Portugal from a British perspective.

Britain culture is perceived as low power distance, individualism, masculinity, uncertainty accepting, long-term oriented and indulgence. Portuguese culture is perceived as high power distance, collectivism, femininity, uncertainty avoidance, short-term oriented and restrict.

2.1.1 Power distance

At 35, Britain has low power distance –whose work culture has a more consultative style. British people do not value power, they pay more attention to personal ability. Many employees do not blindly obey the wishes of their managers. In various organizations in the United Kingdom, the hierarchy was created for convenience and the superior was approachable. Managers rely on the expertise and skills of their employees. Managers and managers expect each other to be consulted, and information and advice are often exchanged between superiors and subordinates. Forms of communication are often informal, direct and highly participatory.

Portugal's score (63) reflects that they accept hierarchical management style. When it comes to business, the Portuguese will certainly comply strictly with a chain of instructions. They want to avoid conflicts with top management. People generally recognize the inequality of power in the organization. The relationship between superiors and subordinates clearly divides, and the right level is polarized. Behaviors beyond the power are not advocated.

Portugal organizations have greater power distance than the British ones. It means that, it is very difficult for Portugal employees to provide negative feedback to the boss.

So it is important for the boss to be aware of this difficulty and to find some small signals to discover the real issues in Portuguese business.

2.1.2 Individualism

Britain has an 89-index, representing a high-level individualist culture. Social individuals take care of themselves and their direct relatives. In the business world, employees must be creative when they can do their job independently. Employers employ employees based on their previous performance and achievements.

Portugal, an index of 27, is a high level of collective culture that tends to garner collective and not personal benefits. Colleagues in the sub-groups. People are very cooperative with the members of the group, but are indifferent and even hostile to those outside the group. Personal relationships go beyond working relationships. "Face" is of paramount importance in a collectivist culture. Employee / Employee relationships are defined morally. (5)

As a result, British managers need to be conscious about the difference and adapt

different method of management to Portugal business. Hiring and promotion decisions need to take the managerial role of employees within the group into account.

2.1.3 Masculinity

With a high score of 66, Britain is a Masculine society. In masculine countries, there is a strong sense of social competition and people are passionate about pursuing wealth. The community encourages and appreciates the workaholic. People advocate resolving the conflict issue in the organization in a resolute manner. Their culture emphasizes fairness, competition and work performance. They believe that the view of life is to live in order to work.

In contrary, Portugal scores 31 on this dimension and is a country where femininity is prominent. In Portugal, the concept of quality of life is more popular among people. Their cultural emphasis is equal and unity. People think that the most important thing in life is not possession, but the spiritual communication. The view of life is that to work in order to live.

So it is not suitable for British enterprises to apply British value to Portugal. People should be more willing to adopt reconciliation and negotiation methods to solve conflicts in organizations. The meaning of working cannot be exaggerated as much as in Britain.

2.1.4 Uncertainty avoidance

The UK scores 35 in this dimension. The degree of uncertainty avoidance is low. This is reflected that the rules are flexible to the actual situation. People are adaptable and are brave entrepreneurs. There is a strong need of innovation. From a working perspective, the plan is not detail-oriented, and the process actually done is environment-based and changeable.

Portugal is an uncertainty avoidant country with a high score(99). It is also reflected by the strict law system. Portuguese tend to avoid confrontation and uncertainty. Risks are avoided in business. It is more difficult to create new ideas. Employees are accustomed to obeying the rules and are happy to be supervised. (5) (Sampaio, 2013)

The role of rules and regulations must be emphasized by British firms if they have the desire to cooperate with Portugal enterprises. The mode of international project also needs to be balanced between two countries, which should be neither risky nor restricted.

2.1.5 Long term orientation

The UK scores 51, which is an intermediate value. Long-term oriented culture pays attention to the future. People advocate pragmatism, encourage frugality and diligence, and are willing to invest for the future. People can accept slow results.

Portugal scores 28, a short-term oriented culture. People's values tend toward the past and the present. They are very keen on establishing standards and rules and actively following them. People have little habit of saving and are focused on achieving short-term goals.

In Portugal business, companies are more focused on quarterly and annual profit results. Managers focus on profitability on a yearly or quarterly basis.

2.1.6 Indulgence

British scores 69, classified as a indulgent society. People tend to release their original desires and nature and enjoy the joys of life. They are optimistic and believe that entertainment time is important and tends to perceptual consumption.

This index in Portugal is 33. People tend to control their emotions and feelings and create conditions for themselves. People do not attach importance to leisure and entertainment time, limiting the satisfaction of the original desire. People are constrained by social norms and think enamored of entertainment is an incorrect way of life.

2.2 High context orientations

It is important to understand the differences between different cultural communication concepts and to adopt corresponding methods for successful international business communications. According to Hall, "examining cultural similarities and differences in both perception and communication" are effective (Samovar and Porter, 2014).

Hall (Hall, 1976) put forward the concept of high and low context, showing the differences in the way people communicate in different cultural backgrounds. Both Portugal and Britain are high-context cultures.

Peter Andersen(2000) claims that Portugal is a high-context culture. People use ambiguous communication to express a variety of emotional reactions, expecting group members to understand and follow the appropriate agreements as they interact.(Ldldproject.net, 2018) modify their communicative style depending on the social rank of their interlocutor;

British and Portugal are all belong to high context culture. It is the similarity between two countries. So there would not be serious problems if British managers communicate with Portuguese managers in similar way.

2.3 Customs and etiquette

In the first part of the main body, the importance of realizing culture difference have been stressed, but on top of that, it is even more important to be able to adapt to the etiquettes, customs and social setting of the culture you interact with. So understanding Portugal's customs and business etiquette is necessary for successful cooperation with them.

2.3.1 Greetings

It is appropriate to shake hands with everyone in the formal situation. When greeting

acquaintances and friends, men hugged each other, and women kissed both cheeks. (Carte, 2008)

Portuguese do not use a lot of gestures. Overrepresentation with gestures or body language gives a bad impression. As in many cultures, pointing with your finger is considered offensive. (home et al., 2018)

2.3.2 Gift giving etiquette

Expensive gifts can only be accepted when they are truly suitable for a particular business situation. Spirits, whiskeys, cognac or port wine, coffee table books, personal items such as ties or scarves are also acceptable gift types. (Business Culture, 2018) (Carte, 2008)

When giving a bunch of flowers, do not give 13 flowers, do not give lilies or chrysanthemums, because these flowers are used only for funerals. It is common practice to present presents and give gifts at the beginning of a business. It is polite to open and be grateful immediately. (home et al., 2018)

2.3.3 Dining etiquette

If invited to a dinner, it is polite to arrive no more than 15 minutes after the stipulated time. Being late between half an hour and an hour is accepted when you go to a party or larger social gathering. Guests need to remain standing until invited to sit down and may be shown to a particular seat. Table manners are Continental -- the fork is held in the left hand and the knife in the right while eating. Do not begin eating until the hostess says bom appetite. (home et al., 2018)

2.3.4 Business meeting etiquette

Due to the fact that most Portuguese take the leave in August, it is not suitable for the meeting. During the week between Christmas and New Year, it is best not to schedule a meeting. (Guide and Guide, 2018) (DA SILVA et al 2009)

People need to reconfirm the meeting a few days in advance and arrive on time. Pay tribute to the conference attendees on time. If you keep on waiting, it's important not to get irritated. A lot of conversations may happen before business talk begins. The agenda serves as a starting point for discussions; they are not a timetable. Unless business partners do this, people should not take off their jackets. The meeting did not reach a decision. (Carte, 2008)

3.0 Conclusions

Britain culture is perceived as being predominantly low power distance, individualism, masculine, uncertainty accepted, long-term oriented and indulgent. Portuguese culture, is perceived as being predominantly high power distance, collectivism, feminine, uncertainty avoidant, short-term oriented and restricted.

It is important for the boss to be aware of this difficulty and to find some small signals to discover the real issues in Portuguese business. British managers need to adapt different method of management to Portugal business. Hiring and promotion decisions need to take the managerial role of employees within the group into account. People should be more willing to adopt reconciliation and negotiation methods to solve conflicts in Portugal organizations. The meaning of working cannot be exaggerated as much as in Britain.

The role of rules and regulations must be emphasized by British firms if they have the desire to cooperate with Portugal enterprises. The mode of international project also needs to be balanced between two countries, which should be neither risky nor restricted. In Portugal business, companies are more focused on quarterly and annual profit results. Managers focus on profitability on a yearly or quarterly basis.

British and Portugal are all belong to high context culture. It is the similarity between two countries. So there would not be serious problems if British managers communicate with Portuguese managers in similar way.

Portugal's customs and business etiquette need to be paid attention to during business cooperation.

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