

Chapter 1: Cultural differences in negotiating, signing and respecting contracts among EU countries

Guide on Digital transborder Entrepreneurship strategies in business environment

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Chapter 1: Cultural differences in negotiating, signing and respecting contracts among EU countries

Introduction

Negotiation is a type of communication between contractual partners with a goal in mind, a mutually agreed-upon goal to attain. Negotiation's core concept, what is negotiable, and what happens when we negotiate can vary dramatically among cultures. In an international negotiation, the parties engaged, must understand their counterpart's culture, to approach them in accordance with their language, habits, traditions, moral and religious conventions. Americans, for example, tend to see negotiations as a competitive process of offers and counteroffers, but the Japanese see it as a chance for information sharing (BAICU, 2014).

As far as Europe is concerned, there are two types of cultures: monochronic and polychronic cultures, and some scholars define the cultural triad (Northern, Central and Southern geographical oriented cultures). The trend in the European countries is toward "Unity in Diversity", which is appropriate for the future European family and is defined by tolerance, understanding, competitive alliances, and win-win agreements.

Traveling, social-business networks, diplomatic relationships, e-commerce, foreign languages, local traditions, habits, history, geographically oriented customs, business knowledge, legislation, and intercultural cross differences are all required to conclude agreements in a win-win situation. Individuals, groups, communities, organizations, and even nations all have different values, beliefs, and assumptions that make sense to them (YINGYUSHIJIE, 2019).

Four Dimensions of Culture to Consider in International Negotiations

1. Power Distance

For example, in Russia, power tends to be concentrated at the top. Executives or government officials may negotiate a deal, only to have it renegotiated by higher-level authorities, in different time.

2. Individualism/Collectivism

Individuals, in a society, may view of themselves as individuals or as members of a linked group, or collective. This mental process has an impact on how societies are organized and under which scope, how decisions are made.

3. Masculinity/Femininity

The third factor is how much society accepts traditional or stereotypical masculine and feminine features. Aggression and competition, for example, are traditionally "masculine" traits, whereas an emphasis on relationships and collaboration are traditionally "feminine" traits. Many Scandinavian countries rank better in terms of relationship quality, whereas other cultures rank higher in terms of competition.

4. Uncertainty Avoidance

Uncertainty avoidance refers to how comfortable a person feels in an unstructured or uncertain environment. Because some cultures are uncomfortable with ambiguity, companies look for norms and rules to help them negotiate. Other cultures are less afraid of uncertainty and feel more comfortable negotiating.

Business negotiators in some countries, such as Spain, may have signing a contract as their main goal, but negotiators in other cultures may be more interested in building a strong, long-term connection with their counterpart.

These characteristics describe cultural values in a broad sense, and not everyone in each culture would agree with each and every one of them. However, these can be general definitions of how other cultures approach negotiations (Conlon, 2019).

Important parts of signing and respecting an agreement.

Organizations may engage with partners and clients from different countries, at some point in the future, in order, to expand their network. When dealing with parties from various nations, being aware of cultural differences can help you develop long-term, workable collaboration agreements. When negotiating contracts, ignoring these tiny cultural variations might lead to undesirable outcomes.

When is this going to happen? To be more specific, when the contract was formed, one party overlooked cultural differences and brought their thinking to the table, resulting in the inevitable fallout, later. As a result, cultural differences were not considered when signing the contract at the time, resulting in its disregard.

Classifying cultures based on particular qualities and behaviors is one technique to gain a better understanding of other cultures and how that information may be applied in the business world.

Even if the parties involved are not from an English-speaking country, international contracts are commonly written in English. The disadvantage of contracts drafted in English by non-native speakers is that problems may

occur after the contract has been signed, and one or more parties may dispute the deal because they did not comprehend what they were signing (QUILLEN, 2017).

To avoid disagreements over contracts signed in English, the parties can agree to relinquish their rights to argue that they did not understand the contract and that it is – therefore – invalid. The alternative option is to use English as the lingua franca in dual-language contracts. You can always do a mix of the two choices.

Additionally, when working with an overseas company, there may be discrepancies in the way things are treated legally, as well as in the commercial climate. Because of the disparities in approach across different legal systems, there may be considerable differences in contracting practice. Even before beginning negotiations, the parties are obligated by their own laws, as well as the laws of the states to which other parties are subject, as well as any international regulations that may apply. Disagreements emerge in international contracts in a variety of ways. One contracting party or nation may fail to follow the terms of a contract, resulting in a conflict or breach that the parties must immediately address. Therefore, it is considered important for the procedure of contracting to respect the counterparts' cultural differences, and determine common communication channels (e.g., English as lingua franca) (UPCOUNSEL, 2020). More information is available at: <https://www.upcounsel.com/international-contracts>

1. Types of differences in negotiation.

When negotiating, one should always take into consideration some particularly important factors, regarding the person their talking with. Language, habits, traditions, moral and religious concerns, and respect may lead to positive, or negative outcome of the negotiation subject (BAICU, 2014).

2. European culture dimensions in negotiating.

There are four different cultural dimensions in European culture that affect the negotiating process.

1. Power Distance – The orientation of power concentration.
2. Individualism/Collectivism – regarding how each society is organized and how decisions are made.
3. Masculinity/Femininity – the acceptance of traditional or stereotypical masculine and feminine features, in each society.
4. Uncertainty Avoidance – How comfortable each society is, in terms of ambiguity and uncertainty, in negotiating procedures (Conlon, 2019).

3. Language and cultural differences in business contracts procedures.

Language and cultural barriers quite often lead to unpleasant situations, when signing and respecting a contract. The importance of adapting the English language, when building a contract, is imperative, as it leaves little room to misunderstandings (QUILLEN, 2017).

Theoretical part – GREECE

In Greece, as in other countries where the market has not yet been fully modernized, most companies consider the negotiation process an "advanced form of bargaining" and the methods they use are limited within narrow traditional contexts by people who believe that they are experienced and competent negotiators. However, we should not overlook the fact that there is a considerable number of large and organized companies in Greece, with internationalized business activities, which have been perceived and adapted to modern development and trends, since they have emphasized on and adopted training programs of their executives in the field of negotiation.



Figure 1 Source : D. Ballis Huffingtonpost.gr, 2020

Greek negotiators prefer personal contact with their partner. During the acquaintance, they shake hands intensely and usually when there is an older acquaintance or friendship, it is customary to make a friendly embrace. The distances they keep depend on how familiar they feel with their interlocutor, namely, if it is the first contact, they keep a short physical distance, while if there is intimacy then the distance shortens, and a more

relaxed attitude is maintained. Punctuality is to be expected, but it is not critical as the Greek partner may also be late.

Time management

In Greece, the meetings are expected to have a predetermined agenda that lists most of the topics to be discussed. However, there is some flexibility, as items that are not on the agenda can still be introduced for discussion during the meeting. Open discussions and a strong exchange of views are considered necessary and particularly important, in order to make the right decisions, which will lead to the desired agreement. It is also common for many people to talk at the same time during meetings, while break sessions are part of the agenda too. Moreover, informal meetings without a predetermined agenda can take place on a daily or weekly basis.

The key role of pre-preparation

Meetings of top companies are very frequent, and, in many cases, very important topics of discussion and negotiation are raised, upon which the negotiators should not only have knowledge, but negotiation skills, as well. In such negotiations, even the slightest mistake and ambiguity would be fatal, since the decisions that are made may concern a company, an investment group, or even the national economy.

Proper preparation plays a crucial role, not only when negotiating with people of the same nationality, but also between people of different nationalities (e. g. Greeks with Italians and Germans), as often a negotiation can start from the wrong ground due to "prejudices" that accompany a country. There is a tendency in the face of foreign negotiators to see perceptions and emotions that stem from other subcultures, but with proper preparation, the barrier of prejudice will be overcome. In addition, the Greek example and the progress that have taken place in the last decade, after the appearance of the economic crisis in Greece, should be mentioned. The respective negotiators should be well acquainted with the subject of the negotiation by knowing all its aspects. The reason that imposes the excellent knowledge of the negotiation for a negotiator is the fact that when they are called to attend a process, they should be aware of the "wants" and the concessions that the opposite party is willing to make. In this context, information plays a key role in the outcome of each negotiation; however, they are not always open to the opposing side, and even if it happens, it is never completely honest (Giannopoulos, 2018).

Contract signing and respecting, the Greek way

In Greece, traditionally, agreements between two (or more) parts, usually have the word-of-mouth characteristic, followed by a strong handshake, even in the field of commerce. But since this practice is vague, when money transactions are involved, the need of contract signing became imperative.



Source: Cecl.gr, 2021

In respect of property, family relations, criminal law, and contracts, Greece follows a civil law system. Greece's legal system is comparable to those of Austria, Germany, Finland, and Belgium.

Most basic commercial contracts do not require a handwritten signature under Greek law. Contracts are legally binding when two parties make an agreement, yet one or both sides may be required to show extra proof in court.

Digital transaction management systems can be utilized to offer evidence of an existing contract, according to Article 445 of the Greek Code of Civil Procedure (PANDADOC, 2022).

Nationals and enterprises may now – quickly and for free – sign all papers and contracts with a digital signature, eliminating the need for signatures to be certified in person at a Citizens' Service Centre (KEP), according to a government online. More about this service can be found at: <http://docs.gov.gr/>. The digitally signed papers are then saved online and may be printed or sent to the appropriate government agency (Gct & Bureau, 2021).

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Theoretical part – ROMANIA

Negotiation is a daily necessity and concern in business. The purpose of a negotiation is not only to complete a transaction. but often to obtain an optimal technical or organizational solution, a substantial added value as well as a maximization of the outcome of the transaction. In economics, most businesspeople are determined to use negotiation to influence others to achieve certain personal goals. In fact, negotiating or harmonizing options is not only common, but also essential for living in a social environment.

The communication process involved in economic negotiations is primarily strongly influenced by what we call "culture" in general and "business culture" in particular. Those unfamiliar with the "rules of the game" of business will always be at a disadvantage in their competition with competitors. Each culture has its own traditions and customs, and depending on these, different approaches to a negotiation, can be identified. The negotiators of each culture naturally prefer to develop their own skills, form their own "style" and promote their strengths, rather than adopting foreign approaches, which can lead to vulnerabilities. In Romania, however, there are certain peculiarities. As in other countries, here, too, the type of representative negotiator obviously depends on the characteristics of the companies from which it emanates. The small capitalist enterprises formed by the association, which appeared after the Romanian revolution, propelled a kind of negotiator based mainly on their own intuition and personal inclinations, in the absence of a true entrepreneurial culture. Exponents of former state-owned enterprises, transformed into trading companies and then privatized, have become heavily detached from the type of "supervised" and "free negotiation" practiced before 1989, when political and repressive representatives showed direct interference in all negotiations. Controlling the negotiation performance of the other team members. The communist style was strongly bureaucratic and often with political overtones. Unfortunately, the politicians of the new wave have not got rid of such concerns and are still deeply flawed by their interferences with the normal functioning mechanisms of public enterprises. Under these conditions, is there a "Romanian style" of negotiation? We do not believe that this has been the case in the thirty years since the introduction of the market economy, this field being, like other sequences

of the Romanian society, in a continuous exploration and search for meaning, to acquire its own identity, under the impact of external competition which, at least in the early years, proved to be overwhelming. We find in the Romanian economy rather, an amalgam of negotiation styles, based mainly on "loans", adopted, and adapted in relation to their proven or perceived effectiveness.

However, let us highlight a few peculiarities:

According to Mariana Baicu¹ the profile of Romanian negotiator is different on a regional basis

Central, Western, Northern area	Southern area
<p>Relationships and respect</p> <ul style="list-style-type: none"> - extremely cautious, appear quite reserved, proceed slowly - very trusty, keeping promises - focused on certainty and profession, plan - focused on time and order - conservative, conformist, creative - uneasy with uncertainty, ambiguity and unqualified risk - relationships between companies 	<p>Relationships and respect</p> <ul style="list-style-type: none"> - very, suspicious, expansive, big mouth and quick speaking - untrusty, changing often their promises according to the context - focused on the opportunities and bargains - focused on hazard and individual - social, innovative, opportunist - easy with uncertainty, ambiguity and unqualified risk - relationships between individuals
<p>Negotiation, attitudes and styles</p> <ul style="list-style-type: none"> - long-term commitment - respectful and trusty - superior position - rigid style - narrow mind - focused on ownership 	<p>Negotiation, attitudes and styles</p> <ul style="list-style-type: none"> - short-term commitment - selfish, untrusty, tricky - bargaining position - changeful style - opened mind - focused on individuals `problems
<p>Steps of negotiation</p> <ul style="list-style-type: none"> - slow steps - methodical and carefully planned approach 	<p>Steps of negotiation</p> <ul style="list-style-type: none"> - faster steps - challenging and unplanned approach

- In Romanian SMEs, the "owner", the holder of the majority rights, is involved in business negotiations, even if he/she does not formally hold a management position. He/she often overcomes organisational obstacles by overriding the authority of the appointed managers, who will always hesitate to make important decisions under these conditions. Over time, this reality has been perceived by foreign negotiators, who show a certain insecurity about complying with joint decisions when dealing with directors

¹ EUROPEAN CROSS CULTURAL DIFFERENCIES VS. GERMAN AND ROMANIAN STYLE NEGOTIATIONS - DOI: <https://doi.org/10.31686/ijer.vol2.iss5.184>

or other appointed representatives. As a result, it is not uncommon for foreign partners to require formal confirmation of agreements by employers and, in particular, for employers to sign contracts.

- When it comes to strategically important negotiations, there is more important choosing the team leader (who must be "trustworthy") rather than its structure. Even in companies where lead tasks are distributed, the leader will be the person who will control the negotiation process, sometimes encouraging team members to make certain contributions in negotiations. The professional training of the leader is not very important. This role can be played just as well by people of financial, commercial and, less often, by those who come from production. It is often considered that good negotiators come from those who have spent the first years of their professional training in the business world and not in the university world.

- Only key people should sit at the negotiating table. The effectiveness of the agreements will be greater when members of the management of the organizations are involved in the negotiations and feel - in a certain sense - the results of the negotiations as being obtained by them as well.

The way Romanian negotiators act leads towards a type of "negotiation" that can be highlighted as cooperative rather than a "conflicting" one. They will often try to avoid acid controversy by diverting the subject or introducing moments of relaxation of the atmosphere.

- Foreign negotiators can expect the most disputed element of the negotiation to be the price transaction, the dispute over the technical features of the supply, with its quality or performance being less intense. Unlike other partners, Romanian negotiators consider that the financial factor is the essential element, a priority for success in negotiations. This price insistence may suggest to foreign partners the existence of perpetual financial difficulties that influence the behavior of Romanian leaders involved in decisions.

- Offensive positions, mimicry, attitude, body language or tone are not necessarily assets used and are rarely part of the arsenal of Romanian negotiators. They find it difficult to detach themselves from personal relationships, i.e., they will rarely prefer to complete transactions with partners that do not give them a minimum of personal consideration. The motto "Me is me and I am the best" is not theirs!

- The Romanian negotiator does not, a priori, trust his partners. They have to give reasons to trust. Is enthusiastic about the new projects that are being presented to him/her and is ready to take advantage of all the opportunities that are offered to organization.

- Often, too much external socialization and repeated delays can result installing a climate of dissatisfaction in the opposing team. The protocol actions are materialized by invitations to restaurants and the offering of gifts, they are being overly concerned with appearances saving.

- Consolidated Romanian companies, which have frequent contacts with corporations have borrowed, "subtleties" of their negotiation. Foreign negotiators will not be able to meet here, like a few years ago, the type of confused negotiator, in a permanent impasse from which he does not know how to get out, nor the undecided one, who does not know what and when to decide. Nowadays new Romanian negotiators in this segment of enterprises, face the dominant attitude of the leaders of the strong western companies. Slowly, instead of the permissive Romanian negotiator, a more convincing one appeared who does not accept the position of defeat so easily. His basic idea also has some moral inserts that are displayed to the partner, to convince that the negotiation must lead to a mutual advantage.

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Theoretical part – POLAND

Where to start?

One of the basic issues is checking the truthfulness and correctness of the customer's data with whom we intend to conclude a contract. Research in this area allows for a proper assessment of not only the credibility, but most of all the possible solvency of the future contractor. The National Court Register (KRS) and the Central Register and Information on Economic Activity (CEIDG) also operate in Poland, where you can check data such as:

- name of the entity,
- details of the partners of the company,
- data of persons representing a given entity,

- data on submitted financial statements,
- information on property separation,
- information on ongoing bankruptcy proceedings.

However, it should be remembered that the data appearing in the registers is not always up-to-date or true. Often Internet search engines offer much more accurate (i.e., more up to date) information in this regard, so it is worth "googling" the future contractor. This applies both to the data itself, as well as to opinions about a given entity.

What to do and what to remember to sign a fruitful contract with a Polish entrepreneur? How to successfully enter the Polish market? Here are some important tips that will be sure to come in handy when establishing your first business relationships, negotiating contracts or signing cooperation agreements.

Contracts on recommendation

Word-of-mouth recommendations are very important in Poland, and the selection of a given contractor is often determined by the fact that it has been recommended by a business friend. It is good to have a reference letter and to successively gain market trust through mutual recommendation.

Cooperation with a large entity - do not be discouraged!

Cooperation with large companies usually begins with a meeting with a lower-ranking employee, and only after some time may a meeting be held, for example, with the Management Board of a given company. This is a common tactic in Western corporations that also operates in Poland. Meeting with a lower rank person is also very important, because thanks to his or her recommendation, it is possible to continue working with a given company.

A face-to-face meeting is the key to trust in Polish business.

Despite the enormous technological progress, also in the business environment, direct contact with a potential business partner is still invaluable in Poland.

How to prepare for a business meeting with a potential business partner from Poland? Here are some of the most key facts to keep in mind as you prepare for your first meeting that could lead to a fruitful contract.

Poles very rarely do business with people they do not know personally. That is why it is so important to have a face-to-face meeting. Natural details and the next steps for cooperation can be determined by e-mail or by phone. In

the business culture in Poland, there is a strong need to create a kind of trust between business partners, which cannot be achieved only through virtual contact. If you propose a new joint venture, most likely you will be invited to Poland. Remember that in Poland first impressions are very important; it is very likely that if the first meeting takes place in a relaxed atmosphere, a contract will be signed.

Punctuality

Punctuality at meetings is highly valued in Poland. It is worth arriving at the meeting at the agreed time. Lateness is very frowned upon, although there may be occasions where we may have to wait our turn due to some delays. On our side, however, is to make a good first impression and thus eliminate the possibility of being late.

A handshake and a smile are enough.

The meeting usually starts with a strong handshake with a polite smile; this is typical behavior for both men and women. There are times when the ladies may just nod their heads politely. It is important to remember that kissing female hands is not used now, and even ridiculed. A similar principle of non-kissing applies to the so-called male kisses, still popular in some parts of Eastern Europe. Hence the golden rule no. 1 - no kisses, but a firm handshake and a smile.

How to address during the meeting? - title of people.

Attachment to proper titling is still quite common in Poland. Please use appropriate polite forms. Often at the very beginning of the meeting, the host introduces the guest to his colleagues. Even if he doesn't use titles, remember to never call people by name unless you are invited to do so. During formal relations, Poles use the surname with "Mr." or "Mrs." (Mr. Kowalski, Mrs. Kowalska). Unfortunately, some people demand that they be called their professional or academic titles. Therefore, it is best to remember that we apply appropriate titles to academic professors, doctors, other people occupying important positions in education, most officials (especially diplomats), doctors and clergy.

Gifts

Keep in mind that while gifts are welcome, they should only be symbolic and should not be overstated. Too sophisticated and expensive gifts may be associated with corruption that Poland has struggled with over the years and to which it is now overly sensitive.

What to pay attention to when talking?

Another important tip is to pay attention to small talk. At the very beginning of the meeting, right after the greeting, it is customary to get acquainted

briefly, which is to be the beginning of building mutual trust and sympathy between future business partners. So, it is important that the small talk lasts as long as the host needs it, he is the moderator of this meeting. However, it is good to be vigilant and properly prepared to smoothly switch to more detailed topics related to future cooperation.

It is worth remembering that showing high self-protection or over-self-confidence is perceived negatively in Poland. Honesty, integrity, knowledge and experience are valued, and the results of actions should provide evidence of value and skills.

Don't brag, but it's a good idea to prepare a few sentences or words in Polish; it's a great way to break the first ice and arouse sympathy. As part of small talk, there are also questions about the family or the last vacation. However, these are official questions, have nothing to do with meddling, and are a standard example of routine questions. According to a recent poll, family life is by far the most important value for Poles with good health, integrity, a successful career, and peace of mind.

It is imperative to remember the golden rule not to mention political, religious or social topics. These are overly sensitive topics and may alienate a potential business partner.

Poles conduct business talks in an open and straightforward manner, although it is argued that at the beginning of their relationship they resorted to diplomatic tools.

Business is treated seriously in Poland, so you should not overdo it with excess of jokes and cheerfulness, but rather focus on details and professionalism. The atmosphere of the conversation should, of course, be friendly, but not full of cheerful communication. The transition to a more relaxed atmosphere usually takes longer than it is, for example, in business relations in southern Europe.

In addition to a few phrases in Polish, for a good start, it is worth arming yourself with hard data and statistical data during the official part. Poles love facts and very rarely make business decisions based on emotions. In order to convince Polish partners to the submitted offer, it is absolutely necessary to support it with numbers, research or a well-justified forecast.

Trust in numbers, and not in emotions, is also related to the fact that Poles do not like risk, also in business. During the negotiations, it is better to emphasize that failure to cooperate may bring some losses and carry a risk, than to promise benefits in the distant future.

Polish businessmen are soft to medium-hard negotiators. Deferring your

contract to the limit or playing, take it or leave it, on you is not their style. Poles believe that if you spend your time, it is worth signing a contract. The old British saying "Gentlemen don't talk about money" is extremely popular in Poland and can make it difficult to talk directly about money and negotiate. Standstill, but be patient and don't threaten to give up your contract.

After the first meeting

It is worth creating a summary of what was agreed or discussed during the talks immediately after the meeting. Such a written summary should preferably be sent by e-mail to the participants of the meeting. Everything that has been agreed during the negotiation process should be written down and presented to both parties in this form before the next steps of cooperation are taken. Only oral contracts are rare and rarely replace written contracts and can give rise to numerous misunderstandings and breakdowns of cooperation.

It's best to negotiate and sign a contract in two meetings. The first should be treated as an introductory and introductory presentation of the assumptions of cooperation. Set aside time for an analysis of the needs and the way in which the provisions of the agreement are implemented by both parties. Successively carry out the meeting during which the final contract will be signed. Of course, in the meantime, it is possible to present draft drafts of the contract, its scope, via e-mails or telephone calls.

End of the meeting – farewell

If the end of the meeting is going with a nice and friendly atmosphere, it probably means that the finalization of the contract is at your fingertips. It is worth remembering that at the end or at the beginning of the conversation, business cards are exchanged; it is important to take them with you to the meeting.

The most important elements of a contract

The contract must specify precisely what it concerns (the so-called subject of the contract), the amount of remuneration, and the date of performance specified in the contract. In other words, the contract must clearly answer the questions

- "Who?",
- "What?",
- "When?"
- and "For how much?".

It is extremely important to remember that the parties to the contract define the so-called judicial jurisdiction. This means that the parties agree

on the law which will apply to the concluded contract. Unfortunately, most entrepreneurs mistakenly believe that they have no influence on the choice of law or are not aware of the existence of such a possibility at all. At the same time, it should be remembered that this is one of the key issues of any contract concluded by entrepreneurs from two different countries. It should be remembered that a possible trial will take place, for example, in Poland, which means that it will be conducted in Polish and based on the Polish legal system. This, in turn, is often associated with the need to hire a Polish lawyer and additional costs. One should not forget to determine the competent court before which a possible trial will take place.

Of course, an important issue in the contract with a foreign entrepreneur is also the currency in which the services provided, or goods sold abroad will be settled. Two aspects are important here - the very selection of the currency as such (settlement in PLN, euro, dollars, or other currency) and the method of converting this currency.

Another issue is determining the language in which the contract will be drawn up and concluded. It is safest when the contract is concluded in one of the international languages (most often English, but also Spanish or French). Another helpful solution is to conclude the contract in the languages of the entrepreneurs' countries of origin (e.g., Polish and German). In such a case, however, it should be indicated which language version is decisive in the case of discrepancies in the translation of individual contractual provisions.

It is also worth considering including a confidentiality clause in the contract. It is advisable when cooperation between entrepreneurs involves the disclosure of information constituting a business secret. Such a secret may be, for example, a technological process, legal solutions applied, or prices offered for individual services or goods. The confidentiality is secured by entering a contractual penalty for its breach.

Record of the so-called contractual penalties are intended to cover the damage caused in the event of failure by one of the parties to perform a provision specifically indicated in the contract. The damage is covered by the payment of a fixed amount of money. Importantly, in the event of stipulating a contractual penalty in the contract, the party that demands payment of the penalty from its contractor is not obliged to prove the extent of the damage suffered. The only condition for the demand is the breach by the other party of the provision (or provisions) contained in the contract.

The incoterms clause is used in international trade. It refers to the liability of the parties to a given contract and the bearing of the risk. The notation of incoterms specifies, among others, the way and place of delivery of the

goods, its insurance or issues related to its transport.

Sometimes it is also a good solution to use a non-re-export clause. This clause prohibits the recipient from exporting the goods to other markets without the consent of the supplier. This clause is most often used in cases related to the existence of large price differences on individual sales markets.

A good security in uncertain times is the use of the hardship clause, which allows for the renegotiation of contract terms in cases where, because of an unforeseen event, further performance of contractual obligations becomes unprofitable for both entrepreneurs.

In the interest of securing your invested funds in cooperation, you can also think about establishing the so-called escrow account. This is a special type of bank account used for cash settlements. This account can secure funds in transactions between entrepreneurs who have just started cooperation. The funds paid into this type of account are disbursed only upon fulfillment of the obligations specified in the contract.

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Theoretical part – SCOTLAND

The United Kingdom consists of four parts: England, Wales, Scotland and Northern Ireland. The reforms of the 1980s and the trend towards globalization have shaken traditional beliefs and business attitudes. As in most Anglo-Saxon countries, common law in the UK is based on interpretation. There is a set of rules, the written legislation, and there is the interpretation of the rules called case law. ²

At the following link you can find extensive information on concluding agreements in the United Kingdom, British co-payments and information

²https://www.contractorcalculator.co.uk/contract_law_signing_contracts_expats_contractor.aspx

that should be considered in the process of concluding agreements.
Negotiating International Business - United Kingdom:
<http://www.leadershipcrossroads.com/mat/cou/UnitedKingdom.pdf>

According to www.simmons-simmons.com, English law does not include a duty of good faith in contract negotiations. Pre-contractual negotiations are generally not legally binding on the parties and, in general, either party may terminate the negotiations whenever it so wishes

Under English law, the general principle is that a person who has received confidential information must not take unfair advantage of it. Under English law, a person may not use confidential information arbitrarily. However, in order to provide clarity, the two parties usually enter into appropriate confidentiality agreements. It is very important that confidentiality agreements are carefully drafted by both members, as a promise is only legally binding if it is either executed as a deed or the promise is supported by consideration. If either party breaches the promise of confidentiality and the other party can prove that it has suffered damage as a result of this breach, it can claim damages.

In addition, there is no obligation of exclusivity under English law, so the parties may have to attach an exclusivity agreement separately. And in that case, the above applies. The agreement should also not be for an indefinite period.

Legally binding texts under English law must contain the basic intentions of the parties, e.g., the subject matter of the transaction, the price, the duration, etc. However, it should be borne in mind that a document containing detailed particulars of a transaction and its terms may constitute a legally binding agreement (at least if there are no specific provisions specifying its non-legally binding status) (Simmons & Simmons). (Simmons & Simmons)³.

Break fee agreements are generally prohibited in public company takeovers to which the UK Takeover Code applies. However, they are seen in a number of private takeovers and acquisitions to which the Code does not apply.⁴

In the UK there is the Consumer Rights Act 2015 which protects consumers in the context of agreements so that contract terms and alerts are not unfair and put the customer at an unfair disadvantage. On this website, you can find more information on Excessive Charges and Disproportionate Penalties,

³<https://www.simmons-simmons.com/en/features/pre-contractual-obligations/ck10mcozv5sxr0b23r0a2b6ce/pre-contractual-obligations-uk>

⁴ <https://www.simmons-simmons.com/en/features/pre-contractual-obligations/ck10mcozv5sxr0b23r0a2b6ce/pre-contractual-obligations-uk>

Cancellation of Contract, Institutional Rights and Change of Contract Terms.

Finally, the guide here is also an important and useful tool for contract negotiation and relevant contract law.

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Theoretical part – SLOVENIA

Meeting etiquette

Business meetings in Slovenia

Slovenians take a business meeting very seriously and prepare for it carefully. They expect the partner to be prepared to present the products, services and offer and to be able to answer any additional questions.

The first meeting is dedicated to getting to know each other and even if a strict agenda is not necessary, the objectives should be clearly formulated. The months of July and August should be avoided, as most Slovenians take their summer holidays during this period and companies may be closed or working with reduced staff.

Importance of business meetings

Hierarchy is an essential part of the Slovenian business world and a person's level of education and experience is important for their status and career progression. People are accorded respect their title and position within the business hierarchy. Slovenian managers are used to a Western style of management and business.

At the first meeting, it is common for Slovenians to exchange business cards. You should make sure that your card includes your academic titles and your position at work so that you can introduce yourself properly.

As a rule, a first meeting does not follow a fixed agenda, but serves as a general introduction so that both parties can get to know each other and determine whether there is enough potential for useful cooperation.

It usually takes a series of meetings before agreement can be reached, as most Slovenian companies are hierarchical, and the most important decisions are made by the management. Decision-making power is rarely delegated to anyone below management and family businesses are the fastest growing form of enterprise.

Negotiation process

Negotiations in Slovenia are a kind of give and take. In order to achieve a win-win situation, you should show the Slovenians your personal and entrepreneurial advantages so that the deal has a great chance of success. In negotiations, managers of the older generation usually like to take their time before making a decision. They also dislike being pushed and reject aggressive negotiating behaviour; they also prefer to talk to someone from their own age group. Although they do not have an emotional attachment, they try to create a friendly atmosphere and try to be humorous.

Managers of the younger generation tend to be more Western-oriented, as many of them did their postgraduate studies in Western Europe or America, and their negotiation style is more American than Slovenian.

When presenting, it is important to ensure that all the research has been done to provide a valid and convincing argument that gives good reasons to attract Slovenians to participate. A key point is the benefits of the partnership for the host company. To back up their reputation, Slovenians will provide a list of references from their business partners and expect you to provide references from your own partners in return, if possible.

Negotiations with the public sector usually take longer than with the private sector. Other crucial factors for closing deals are the quality of the products or services and flexibility in price negotiations.

Once a verbal agreement has been reached, the Slovenians will expect a written contract to be drawn up with the terms and conditions detailed in full, to make the agreement official.

Business meetings tips

Slovenian hosts expect their partners to come prepared and confident, without any preconceptions and behave in a modest fashion. Any opinions should be presented, but not forced, to give the Slovenian representatives enough opportunity to express their own ideas and ways of looking at

things. Equality, respect, and openness are essential at the negotiation table (Passport to Trade 2.0, 2019).

Signing contracts

Successful business agreements and negotiations with partners in foreign markets culminate in the conclusion and signature of an international trade agreement.

Contracting can be fraught with many hidden pitfalls and opportunities for mistakes.

Differences will show:

- in the legislation of individual countries,
- in contract law,
- in legal regulation.

The rules of the Vienna Convention apply automatically to the conclusion of an international sales contract. If the contracting parties do not wish to do so, they must expressly exclude the CISG provisions.

Essential elements of a sales contract

When concluding purchase contracts, pay particular attention to the following:

- the subject of the contract is precisely defined
- the exact address of the buyer for invoicing, the address for delivery of the goods
- the method and terms of payment of the goods and the determination of the instruments of security for payment
- specification of the Incoterms parity
- depending on the parity chosen, the obligations regarding export (country of the seller) and import clearance of the goods (country of the buyer) should be specified
- the type of carriage of the goods and transport insurance (amount of cover in the event of loss of or damage to the goods)
- the method of packaging of the products
- dispute settlement, applicable national law

Concluding international contracts

A well-drafted and concluded international commercial contract is an excellent legal tool for optimizing the allocation of business risks between the contracting parties!

The pre-drafting of an international contract should be carried out by legal experts who should be familiar with the legal rules of the foreign country, and by paralegals who have a good knowledge of the subject matter of the contract.

It is necessary to check whether our business partner is a taxable person and has a valid tax number. A contract may be concluded orally, in writing, by implication or by implied acts, but in practice, for all major transactions,

the contract is usually concluded in writing only.

A contract between business parties is formed when the party acting as offeror receives confirmation from the other business party that it accepts its offer and when both parties agree on all the essential elements of the contract. They must also agree on the non-essential elements.

The place and time of conclusion of the contract are particularly important for determining the applicable law.

The place of conclusion of the contract is the place where the company, as the offeror, has its registered office at the time of signature (SPIRIT Slovenia, public agency, 2008–2022).

Respecting contracts

Slovenian companies in almost all cases respect the contracts, its terms and conditions. International economic cooperation is crucial for Slovenia, as exports account for more than 80 % of its GDP. So Slovenian companies cannot afford to have a bad reputation and consequently less income, as they mostly depend on foreign market.

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