



Trading With Key European Markets: Italy



History

- From 1559 to 1814 Italy was dominated by nearly every significant power in Western Europe.
- From 1814 to 1861 Italy underwent a political and social process called "Risorgimento" (Unification), which united different states of the Italian peninsula.
- After having remained neutral at the beginning of the First World War, the Italian government agreed to sign the London Pact in April 1915 to declare war on the Austro-Hungarian Empire.
- The Fascist government led by dictator Benito Mussolini took over Italy in 1922 and joined an alliance with Germany and Japan.
- The Allied Powers invaded Sicily in 1943 and Mussolini was thrown out on 25th July 1943.
- The Italian Republic was established on 2nd June 1946 by referendum.
- A new constitution was written for the new republic, which took effect on 1st January 1948.
- A bombing in the centre of Milan on 12th December 1969 marked the beginning of a violent period called the "anni di piombo" ("lead years").
- In the 1980's, for the first time, two governments were led by a Republican and a Socialist rather than by the Christian Democrat party, which had previously dominated Italian politics.
- From 1992 to 1997, Italy faced significant challenges as voters demanded political, economic and ethical reforms.

Language

- The majority language of Italy is Italian.
- Parts of the Trentino-Alto Adige region are predominantly German-speaking.
- There is a small French-speaking minority in the Valle d'Aosta region.
- In the Trieste-Gorizia area, there is a Slovene-speaking minority.

Population

- Italy has a population of 58,145,320 (July 2008 estimate).
- Small clusters of German-, French- and Slovene-Italians live in the north of Italy and there are some Albanian- and Greek-Italians in the south.
- Approx. 94.2% of the population is designated as ethnic Italian.
- Italy's make-up of ethnic minorities is 1.05% Romanian, 0.93% North African, 0.67% Albanian, 0.26% Chinese, 0.66% other Asian (non-Chinese), 0.22% Ukrainian, 0.46% South American, 0.41% Sub-Saharan African, 1.09% designated as "other".

Business Activity in Italy

Key Sectors

- The main industrial sectors of Italy are tourism, machinery, iron and steel, chemicals, food processing, textiles, motor vehicles, clothing, footwear and ceramics.
- Exportations are linked to engineering products, textiles and clothing, production machinery, motor vehicles, transport equipment, chemicals, food, beverages and tobacco, minerals and nonferrous metals.
- A large percentage of food exportation is represented by the export of olive oil, wine and many typical food products.

Trading With Italy

Business Relationships

- Italians are generally relationship orientated.
- Italians tend to establish a very relaxed mood, often from the first acquaintance.
- In general, they are also eloquent and curious.
- It is possible that they will ask you questions about your family and your personal interest.

- For Italians, establishment of a trusted relationship is as important as the presentation of the business proposal.
- Italian firms tend to follow a pyramidal hierarchy where final decisions are centralised and taken by the chairman.
- Employees generally have great respect for their boss and look for consensus among their colleagues.
- These attitudes often speed up doing business with Italians.
- This rigid organisational framework is mostly counterbalanced by the individualism and creativity of team members.

Attitudes

- The Italian State and its bureaucratic system are generally perceived as a negative and intrusive presence by Italian business people.
- Italians have a positive attitude towards doing business with foreign companies.
- The presence of women in technical and business positions is increasing, although it is still relatively infrequent to find them in the highest position of an organisation.
- Italians are generally not inhibited when working together with the opposite sex and foreign women can do business without great difficulty in Italy.

Taboos

- There are not many taboos that affect trading with Italy.
- There are a number of sensitive topics, such as politics, mafia, private family and private income.
- If an Italian business associate expresses negative comments about any aspect of the Italian situation, avoid expressing additional criticism of your own.

Time Keeping

- Punctuality is not a priority for Italians.

- As a general rule, work plans are often not taken too strictly, meaning that some flexibility is associated with any deadline.
- Italians prefer to multitask.

Business Ethics

Giving Gifts

- It is not particularly common in Italian business culture for gifts to be given and, generally speaking, this is not expected.
- If a trustful and familiar relationship has been established, it may appear natural to give a small, not obviously expensive gift as a sign of friendship.
- Choices of gifts may include liquors, delicacies or crafts from your home or region.
- Never give an even number of flowers and avoid chrysanthemums.

Business Practice

Cross-cultural Communication with Italy

- Written forms of communication should be used on first approach with Italian business associates.
- If you do not speak Italian, state this clearly in your letter, email or fax and indicate the language you prefer to speak.
- After the first approach, Italians prefer to do business on a face-to-face basis.
- A certain formality is common and appreciated.
- The use of professional titles is required, especially in writing.
- Usage of informal address can be adopted quite rapidly, depending on the company culture and personal attitude.

Non-verbal Communication

- Italians tend to gesture good-naturedly to emphasize their speech.
- In face-to-face conversation, Italians generally leave almost no personal space.

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- Eye contact is very important as it is considered a sign of interest.
- Looking away from a speaker may be perceived as a lack of interest or as misunderstanding.
- Italians often exchange business cards and will sometimes cross off formal titles to show that a less formal relationship has been established.

Dress

- Dress plays an important role in Italian culture.
- Often great attention is given to fashionable brand clothing and accessories as well as quality fabrics.
- Formal attire is generally expected for business meetings.
- For the most part, businessmen wear dark coloured suits and businesswomen wear elegant, sober trouser or skirt suits with simple jewellery and make-up.

Business Meals

- Hospitality plays an important role in Italian business culture, so business meals are a key part of business.
- Normally, business dinners take place at carefully selected restaurants.
- According to circumstances and time constraints, the invitation might be for lunch or dinner.
- In Italy, lunch is still the main meal of the day and it comprises several courses.
- Wine is served with lunch, but drinking too much is not accepted and is considered impolite.

Restaurant Etiquette

- Do not leave the table during dinner - it is considered rude.
- Try to keep your hands above the table, even when you have finished eating.
- Place your knife and fork on the right side of the plate to indicate that you have finished eating.

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- Once you are full, you may have to insist repeatedly that you do not want more food.
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- Keep your wine glass relatively full if you do not wish to drink more.

Business Meetings

- Italians feel more comfortable when a direct relationship has been established before getting down to business.
- Meetings are primarily considered as a way to get a deeper, common understanding of an issue.
- Business meetings are not the conclusive part of the decision-making process.
- The goal of business meetings in Italy is often to provide all necessary information about a proposal and to establish reciprocal trust and respect.

Setting up a Meeting

- Appointments are mandatory and should be made in writing in Italian 2 to 3 weeks in advance.
- Reconfirm the meeting by telephone or fax.
- Avoid scheduling meetings in August, as many companies are closed.
- Make sure all printed material is available in both English and Italian.
- It is often a good idea to employ the services of an interpreter if you do not speak Italian.

Negotiations

- In the north, people see time as money and get down to business after only a brief period of social talk.
- In the south, people take a more leisurely approach, and like to get to know the people with whom they do business.
- Allow your Italian colleagues to set the pace for negotiations. Follow their lead when looking to move from social to business discussion.

- Italians prefer to do business with high-ranking people - they respect power and age.
- Negotiations are often lengthy and protracted.
- Heated debates and arguments can often break out in meetings. This is a perfectly normal part of the exchange of ideas.
- Hagglng over price and delivery date is common.

Meeting Follow-up

- Always adhere to verbal agreements - failing to honour a commitment could destroy your relationship with a business.
- Decisions will frequently be made following a meeting, and not during - the meeting is used to exchange ideas and to hear everyone's views.

Hints and Tips

- Greetings are enthusiastic, but quite formal.
- A handshake with direct eye contact and a smile will suffice between strangers.
- Once a relationship develops, air-kissing on both cheeks, starting with the left is often added as well as a pat on the back between men.
- Wait until invited to address someone by their first name.
- Italians are guided by first impressions - demonstrate propriety and respect when greeting people for the first time.
- Many Italians use calling cards in social situations - these are slightly larger than business cards, and are a good idea if you're visiting Italy for an extended period of time.