

Understanding and Managing Latin American Culture

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Doing Business in Latin America



Information about me

- Background:
 - Family roots are in Northern Mexico - Family moved to USA since 1950's
 - Travel back often for business and pleasure
- Degrees:
 - BA, Psychology & Spanish
 - MBA & Ph.D., International Business
- Teaching: All International business, all levels
 - Undergraduates, 4 MBA Courses, Kelley Direct, and Exec. Ed.
 - MBA program 40% of students are international
 - SCGM Academy 50% international (from 2001-2010)
 - Germans at IU, KD-Global, KD-Thailand, Germans in Germany, Croats in Croatia
- Recent Work Trips:
 - Mexico, Belgium, England, Chile, China , Italy, Germany, Thailand, Peru, Brazil, Japan, India, Australia, Croatia, Turkey
- Consulting/Teaching/Research:
 - Ford, GM, VW, Nissan, Chrysler, Alcoa, U.S. Dept. of Justice, Philips, Kimball Electronics, Ingersoll Rand, Manitowoc, Cummins, Lilly, etc.



Agenda

- Common Cultural Difference Examples
- How Culture Works
- The Cultural Dimensions Approach
- A Focus on Latin America
- Tips for Successful Relations with Latin Americans
- Fostering a Global Leadership Perspective
- The Platinum Rule



Mistaken assumptions about Latin America

- “There will be many who speak English.”
- “Latin Americans working in U.S. are pretty much the same as those who stay at home”
- “Latin American’s are generally appreciative of their relationship with the U.S.”
- “They are eager to adopt U.S. ways of doing things.”



Common Cultural Differences between USA and LA

1. A team **project deadline** is set. A **local** member of the team has an **important task**. When asked if his/her part can be completed on time, the **person says “Yes”** when they **actually knew** there was **no way** it could be done on time. *The deadline is missed and all members are surprised and tension ensues...*
2. **Appointment meeting time** is set in advance. The US guests **arrive exactly by the appointed time**. Some of the **locals** arrive around 10, 15, or 20 minutes after. Some **locals** may even arrive 1 hour or more later. Locals pass the time by making pleasant small talk. **US guests experience irritation and may even show it**. *Both sides are surprised and tension ensues...*
3. **Meeting time arrives and passes**. One of the **locals** has **not arrived** yet. The US team members push to get the meeting started anyway. The **locals politely divert attention** and prefer to wait for the **one person** to arrive. *Things don't feel right for either side and tension ensues...*
4. In a **problem solving meeting**, it is clear that **things are not going well** and **performance targets** are **not** being met. The **local** person providing the assessment **focuses only on positive** aspects. Seems to be **working hard not to offend anyone**. *The US guests become suspicious or wonder if they are seeing the same events...*
5. In a **work related meeting**, **US** members have a **strong sense of the agenda** and want to get down to business quickly. The **local hosts** would rather focus on **interesting sites** and having a **2-3 hour lunch**, perhaps with **wine or beer**. The meeting is interrupted a few times by friends dropping by. *Both sides are surprised and tension and discomfort is felt...*



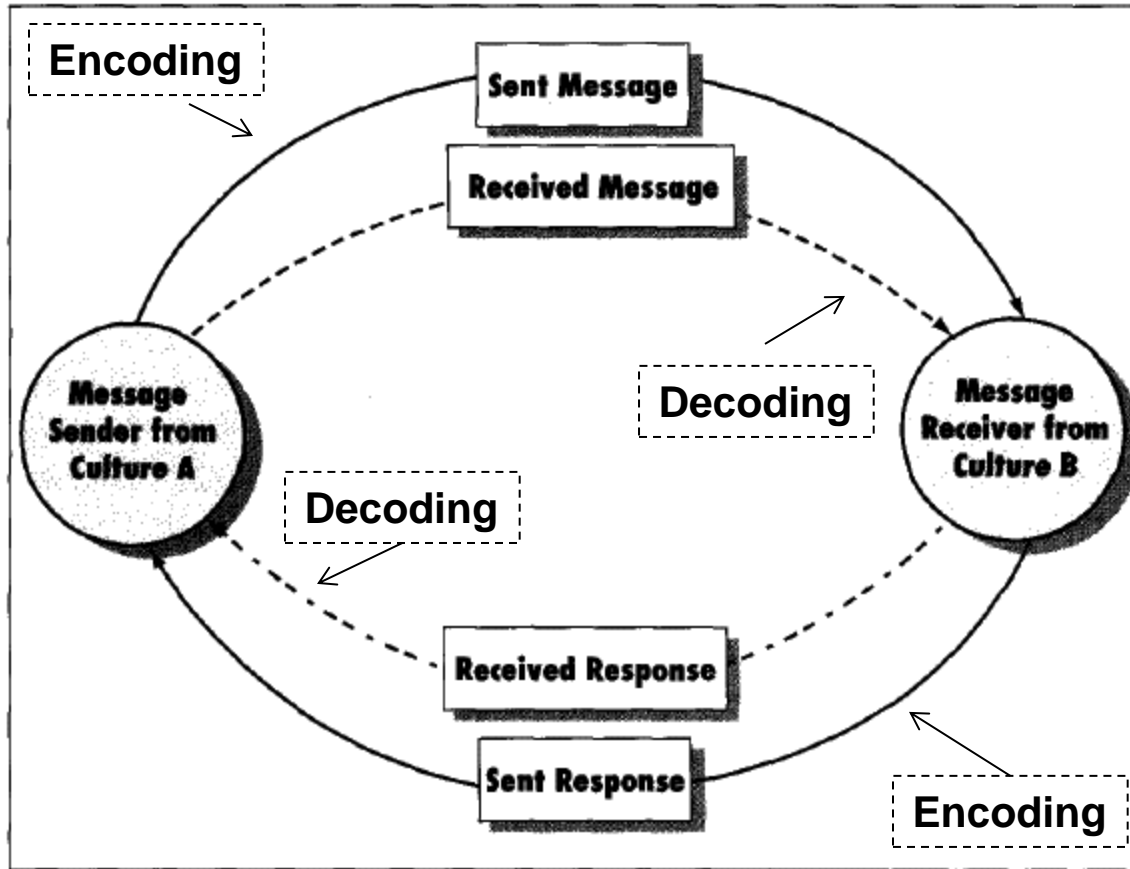
Cultural Explanations for Team Issues

- Trouble with **Accents** and **Fluency**
- **Direct** versus **Indirect** Communication
- Differing Attitudes toward **Hierarchy** and **Authority**
- Differing Norms for **Decision Making**
- Differing Focus on **Tasks** versus **Relationships**



The Cross Cultural Communication Process

FIGURE 3-1 Communicating Across Cultures



Source: Adler, The Cultural Dimensions of Organizational Behavior, p. 70, 2008

How Does Culture Work on Us?

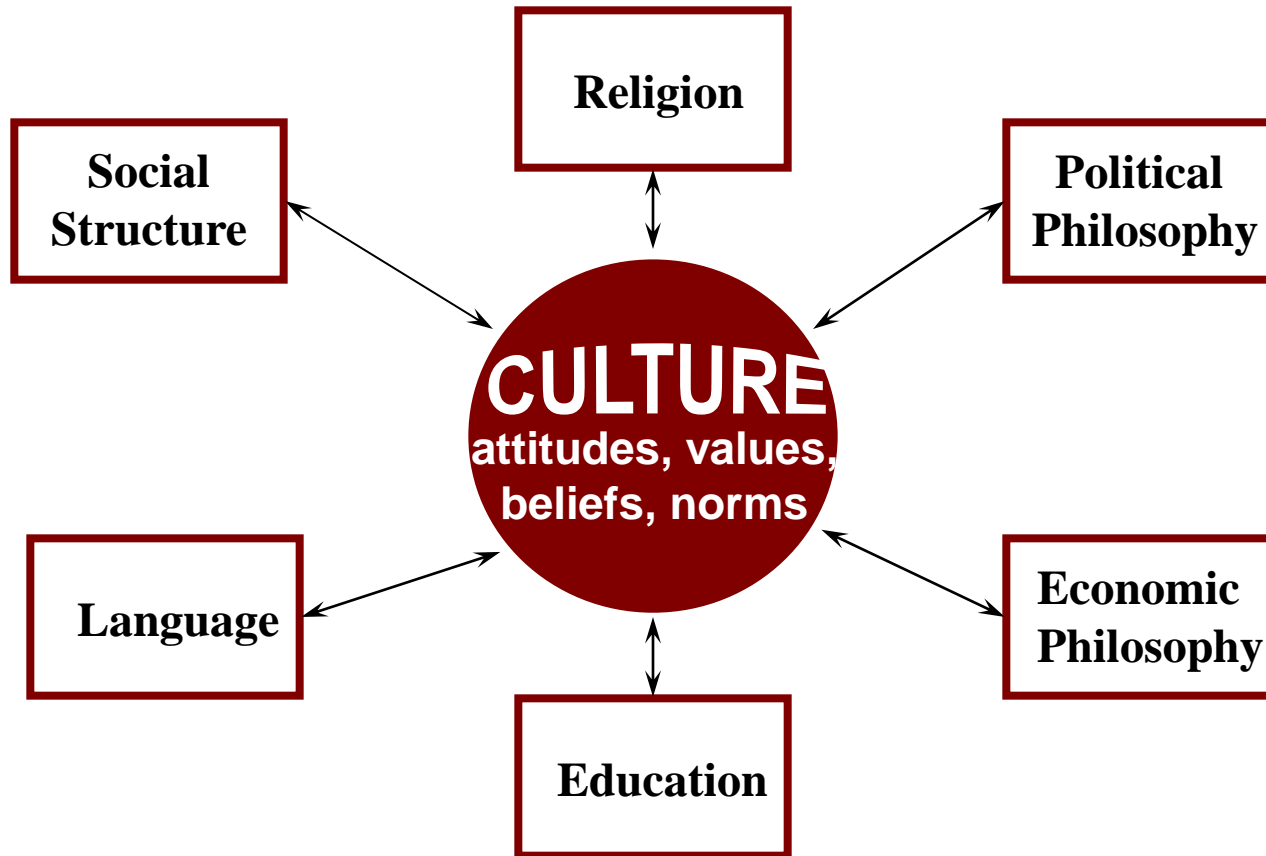


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The Determinants of Culture



Culture: The collective programming of the mind of a group of people.

(Geert Hofstede, Dutch Researcher)

Source: Hill, C. International Business, 7th ed., p.91.

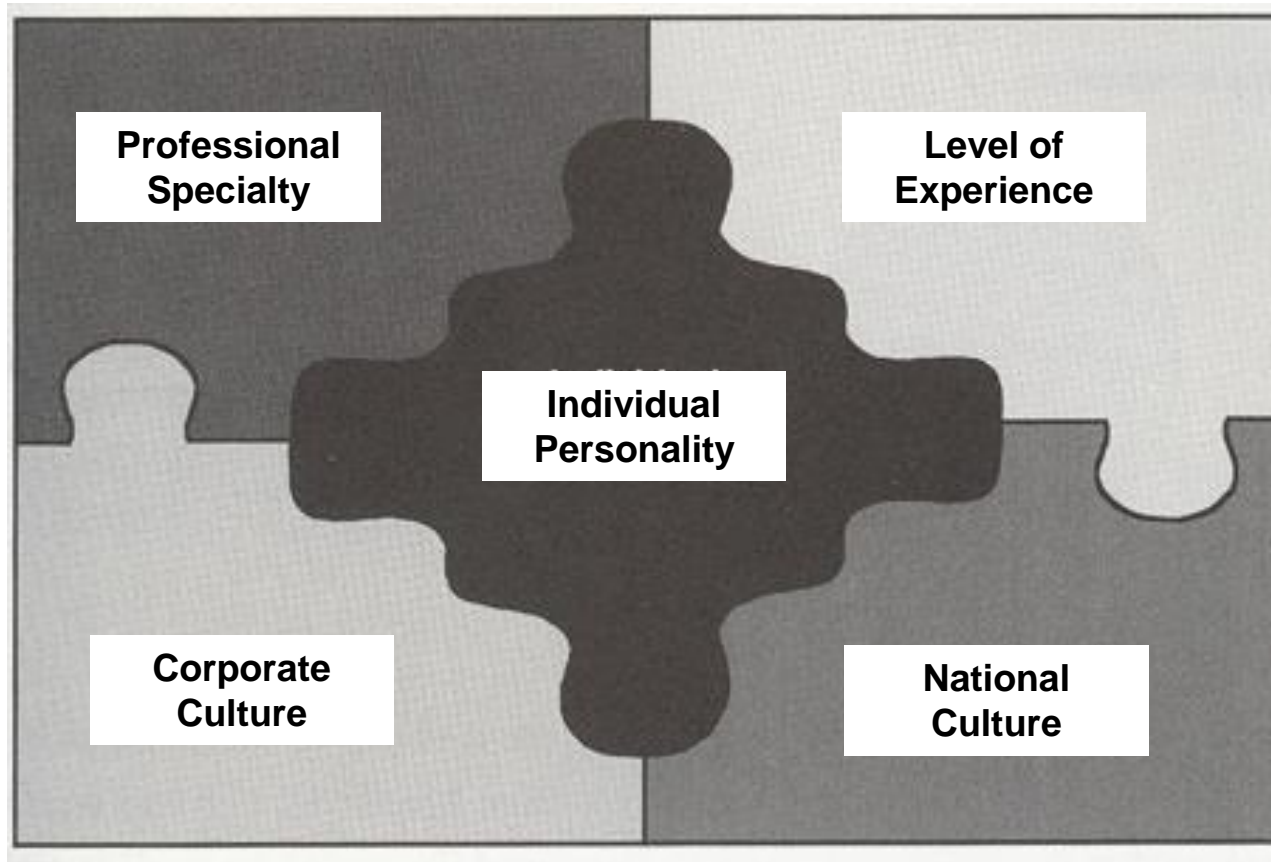


National Culture is...

- Acquired (not inherited)
- Gradual (not apparent)
- Ethnocentric (center of the map)
- Shared (those who are different seen as weird)
- Hard to change (old habits die hard)
- Relative (not right nor wrong – just different)
- Same process across groups (but with different norms and meanings)



Culture and Behavior: Key Factors



Source: Gundling, E. Working Globesmart, 2003, p. 25.

The Ethnocentric Tendency



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A Quote

**We don't see things as they are,
we see them as we are.**

**Anais Nin,
Cuban-French author, 1903-1977**



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How Each Culture Views the World



Source: AIB Conference Materials, 2003



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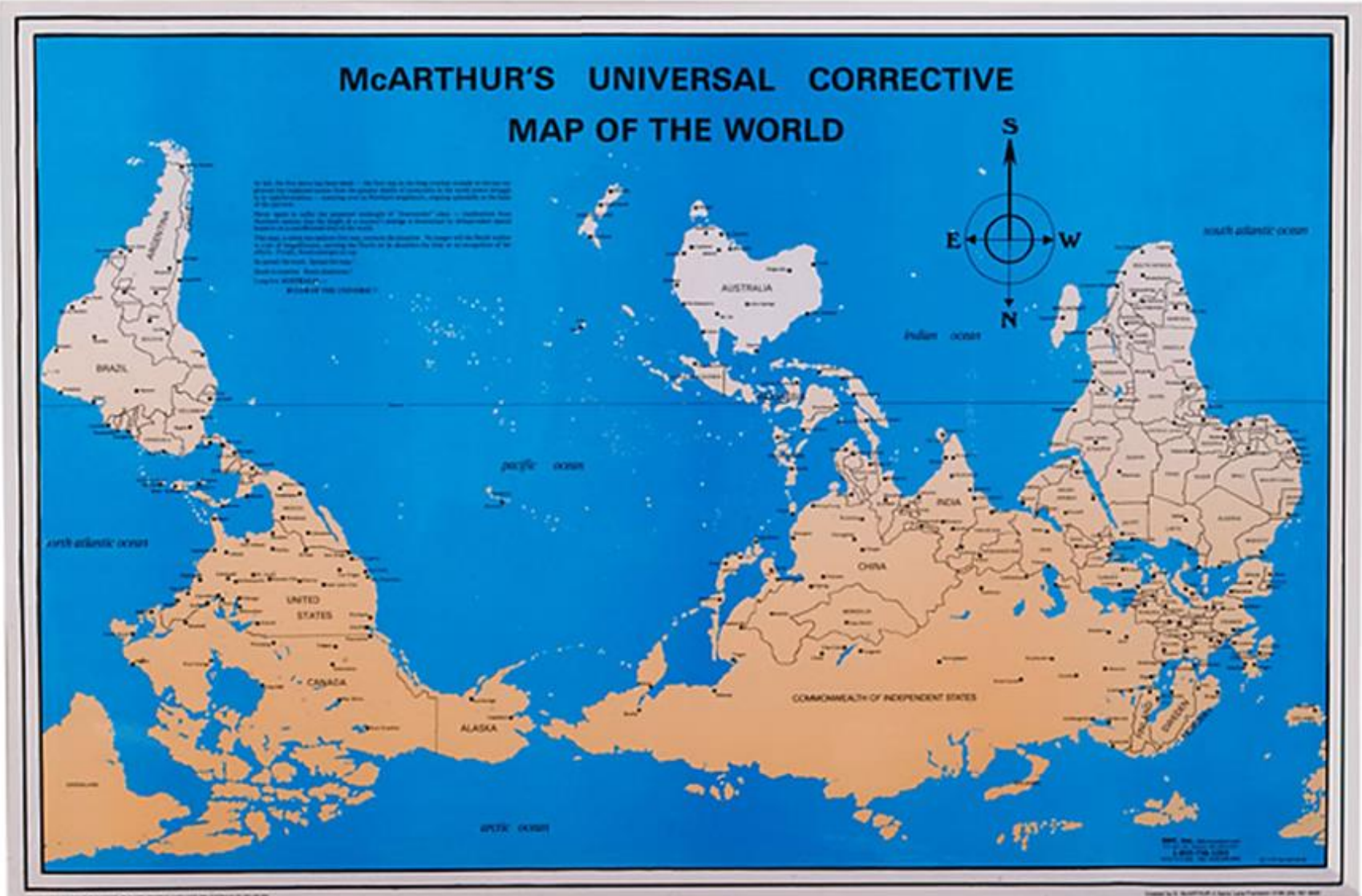
How Each Culture Views the World



Source: AIB Conference Materials, 2003



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Source: <http://flourish.org/upsidedownmap/>

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Source: <http://s3-ec.buzzfed.com/static/enhanced/webdr03/2013/2/21/16/enhanced-buzz-wide-7170-1361482899-8.jpg>

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The Cultural Dimensions Approach

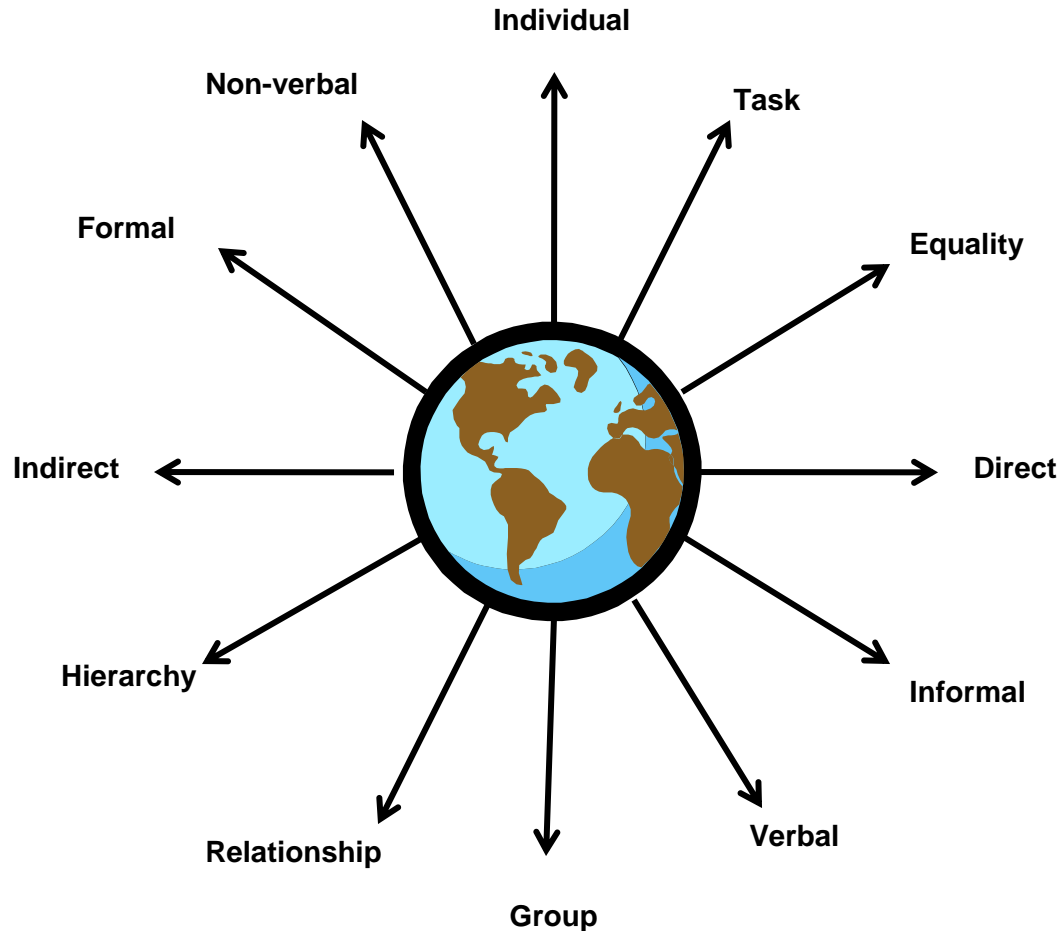


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Dimensions of National Culture



Source: Gundling, E. *Working Globesmart*, 2003, p. 37

Commonly Researched Cultural Dimensions

<p>Individualism = Independence Individuals are major unit; success attributed to own ability; personal goals over group goals; values autonomy & independence ; confrontation is OK</p>	<p>Collectivism = Interdependence Groups are major unit; success attributed to help of group; achievement for benefit of group; values interdependence ; harmony is expected</p>
<p>Power Distance–Low = Equality Status differences played down; less formal dress, speaking; etiquette; hard work vs. pomp and ceremony</p>	<p>Power Distance–High = Hierarchy Upper status carries respect; formal in language, dress, etiquette; social rank order is important and observed; deference shown by age, gender, rank</p>
<p>Task = Report Talk Move quickly to business, relationships develop quickly; focus on achievements; time is money</p>	<p>Relationship = Rapport Talk Relationship-building comes first; relationships happen slowly; people more important than agendas</p>
<p>Direct = Low Context Message carried by words; directness in communication; conflicts depersonalized; straight talk</p>	<p>Indirect = High Context Message carried nonverbally also; less direct communication; conflicts personalized; diplomacy</p>
<p>Masculinity = Tough Societies Gender inequality at work; Highly competitive; task-oriented, bigger is better; live to work</p>	<p>Femininity = Tender Societies Relative gender equality; highly cooperative; relationship oriented; smaller is beautiful; work to live</p>
<p>Uncertainty Avoidance – Low = Risk Taking Willingness to live day–by–day; more risk taking; willingness to change employer; initiative valued</p>	<p>Uncertainty Avoidance- High = Low Risk Greater anxiety about future; less risk taking; more loyalty to employer; initiative discouraged & feared</p>

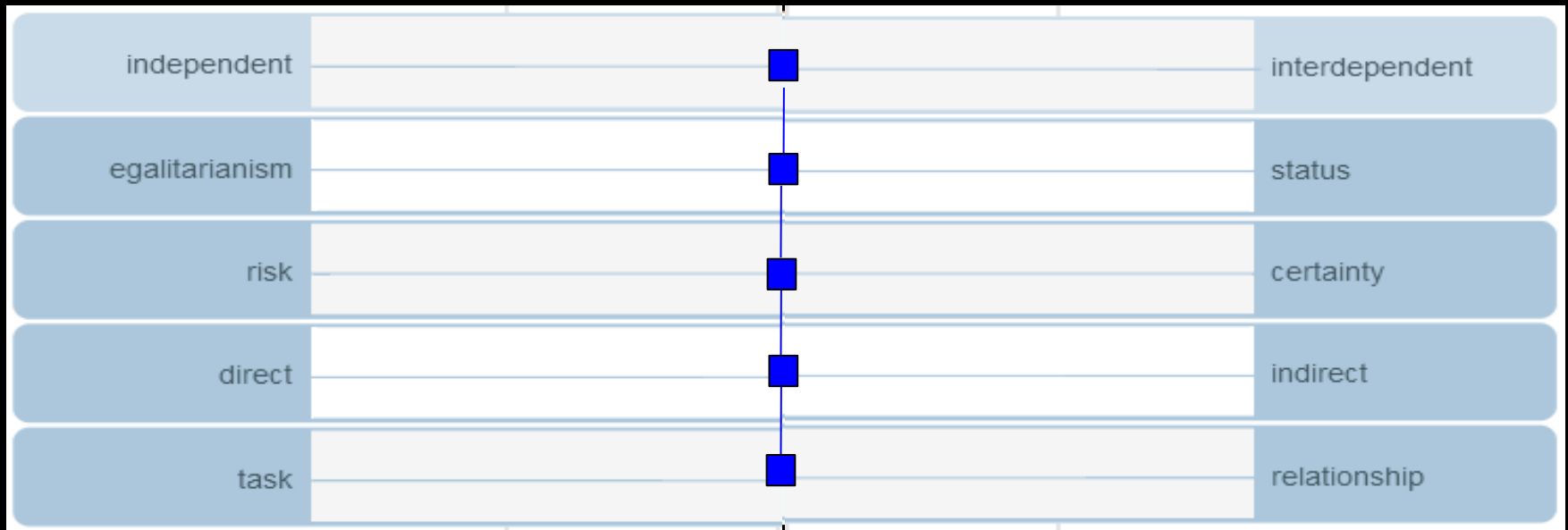
GlobeSmart Cultural Profile Dimensions



<p><u>Independence</u> Take more initiative individually; quick decision making style; openly express opinions; focus on personal achievements; Reward/recognize individuals</p>	<p><u>Interdependent</u> Collaborate with others; Focus on group goals and decision-making; Express opinions cautiously; Reward/recognize the group; appreciate protocol</p>
<p><u>Egalitarianism</u> Self-directed; flexibility in roles; OK to challenge opinion of superiors; treat everyone equally; downplay protocol and formality</p>	<p><u>Status</u> Do not challenge superiors; more formal dealing with junior staff; status and position matters/respected; behavior based on status</p>
<p><u>Risk</u> Demonstrate quick results; flexibility and initiative valued; speed valued over thoroughness</p>	<p><u>Certainty</u> Spend time on background research; processes & systems valued; thoroughness valued over speed</p>
<p><u>Direct</u> Say what you mean and mean what you say; More direct and to the point; openly confront difficulties; OK to disagree and give feedback</p>	<p><u>Indirect</u> Take care how something is said; avoid discussing difficulties; personal dignity/face saving matters; not OK to disagree publically; don't hurt any feelings</p>
<p><u>Task</u> Move quickly to business; stick to schedule on goals and objectives; relationships with colleagues and customers develop quickly; focus on achievements; OK to disagree and to criticize directly</p>	<p><u>Relationship</u> Trust-building comes first; relationships with colleagues and customers happen slowly over time; People more important than agendas; NOT OK to disagree and to criticize directly</p>

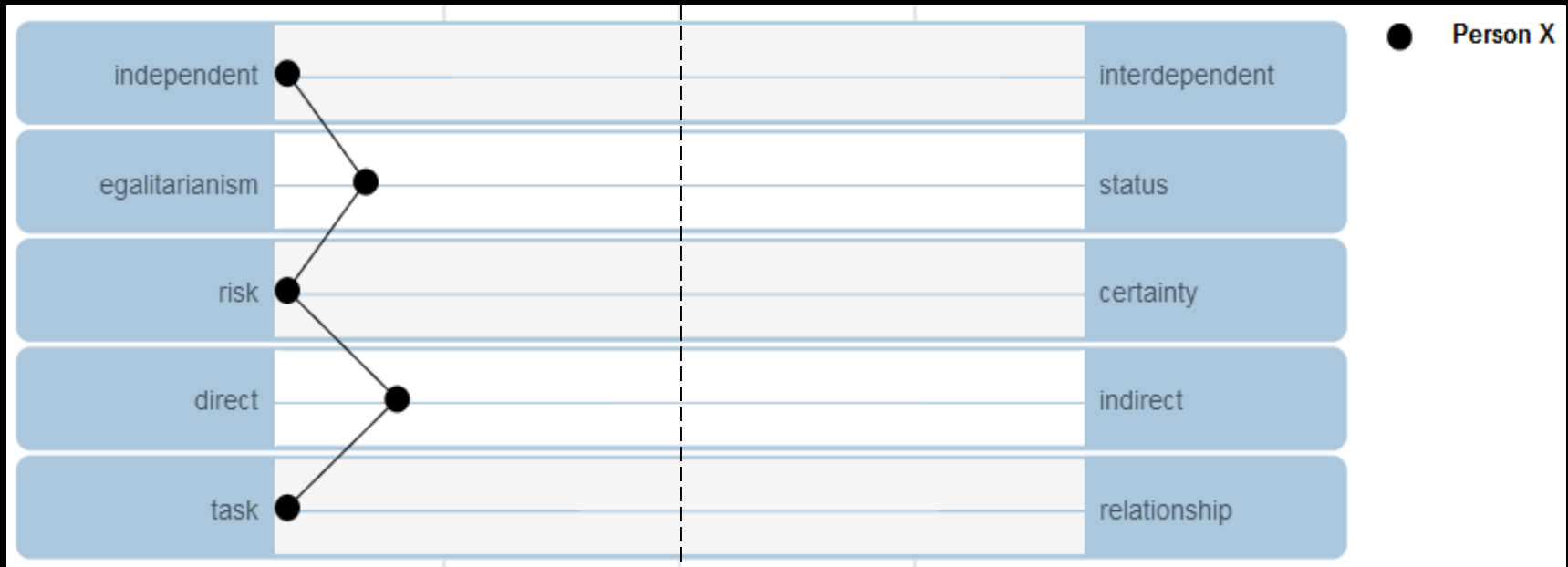


A Balanced Country Profile



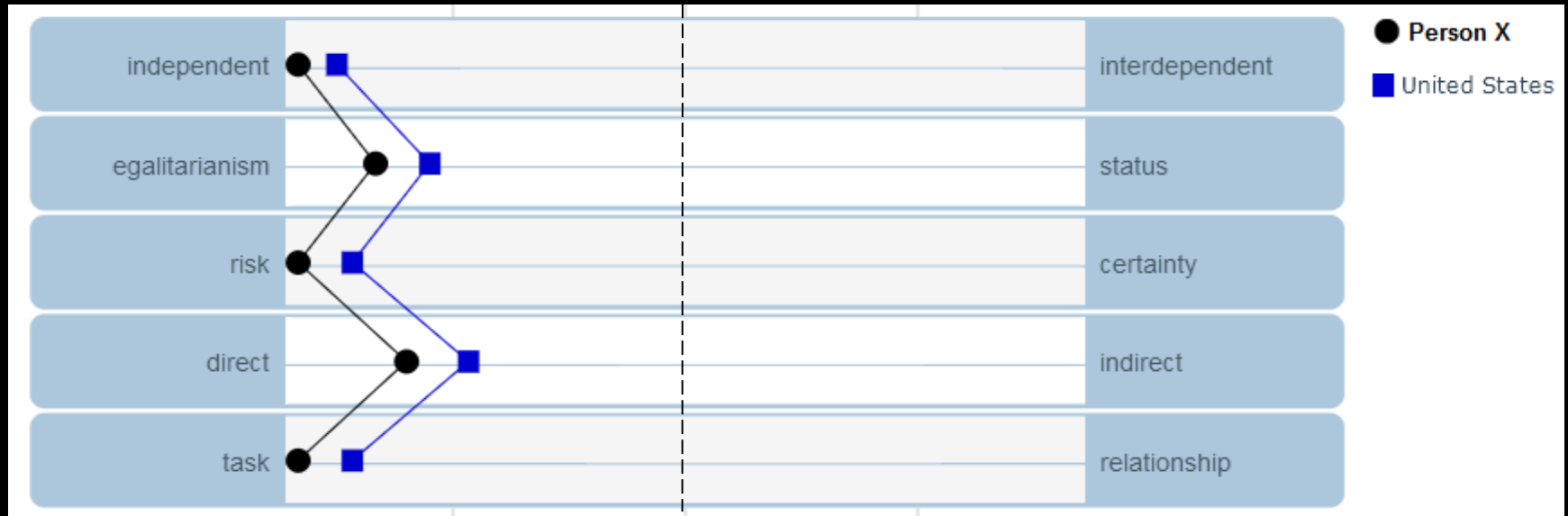


A Person's Profile





A Person's Profile Compared to USA





Latin American Countries in GlobeSmart



Europe

Asia Pacific

The Americas

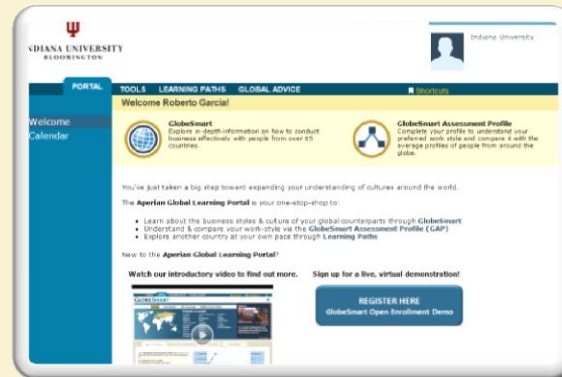
Middle East & Africa



Choose a Locale

- | | |
|--------------------|---------------------|
| Argentina | Guatemala |
| Bahamas | Jamaica |
| Barbados | Mexico |
| Bolivia | Nicaragua |
| Brazil | Panama |
| Canada | Peru |
| Chile | Puerto Rico |
| Colombia | Trinidad and Tobago |
| Costa Rica | United States |
| Dominican Republic | Venezuela |
| El Salvador | |

Using *GlobeSmart*: Online Global Business Tool



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Tips for Successful Relations with Latin Americans



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Culture as Capital when Selling in Latin America

Proposition 1: Rock-Bottom Price + Bell-Ringer Product = Sale

Proposition 2: Reasonable Price + Reasonable Product + Customer's Trust = Sale

Based on: Becker, Doing Business in the New Latin America, Praeger, 2011.



Latin American Communication Style

- High context and High Power Distance
 - Subtle messages involving protocol and relationships between locals. Protocols, rank and titles are important.
- Indirect vs. Direct
 - Pretty indirect. More tactful and diplomatic so as not to offend. Will tend to focus on the positive often. Will try to soften bad news.
- Group Oriented vs. Individualistic
 - Focus will be on group harmony and smooth group relations. May be very careful what to say and how to say it in front of the group. May experience face-saving behaviors.
- Personal Space
 - Stand much closer to each other and may touch often. Try not to back away from close contact.



Latin American Business Protocol

- Views of Time
 - People and relationships are more important in social situations than adhering to a strict time schedule.
 - Busses, trains, and planes may follow a strict schedule but it is common for people to run late for an appointment – its OK...
- Formality
 - Use of title and last name (Señor, Señora, Señorita...Garcia) is common until permission to use first names is offered.
 - Common business titles are Licenciado, Ingeniero, Doctor
- Invitations for Refreshments
 - May be invited for coffee, tea, soft drinks, cookies. Try not to refuse, even if full. It is part of the relationship.
 - However, use moderation and mind your manners.



Tips for Establishing Relationships

- Learn about the Country (history, regions, arts, sports, etc.)
- Use your Spanish, learn some Spanish
- Take time to let the relationship warm up
 - Focus on social aspects, family, non-work issues, etc.
- Refrain from boasting, use modesty to build credibility
- Take a sincere interest in the person
- Prepare to show a personal side of yourself
- Use titles and last names until given permission
- Watch for inappropriate topics:
 - Poverty, lack of order, corruption, timeliness, civil wars, unflattering comments, etc.



Tips for Establishing Relationships

- Prepare to take longer to develop trust
- Appreciate seniority and status from their side
 - Allow for lateness from seniors and do not push for decisions without them
- Help them understand how power, seniority, communication, relationships, etc. work in the USA
- Pay attention to the relationship as well as the task
- Highly developed social skills and politeness matter



Establishing Credibility

- Establishing Credentials
 - Build trust by paying attention to the relationship and protocol
 - If possible, find a local to provide introductions to others
 - Take time to communicate highlights about your company and the purpose of your visit. Share your past work experience.
- Make a Good First Impression
 - Formality, protocol, conservative dress/behavior, patience, attention to rank - are viewed as signs of maturity
 - Be conscious of moving as a group, move less loudly...
 - Take time to learn about what makes them proud of their country
- Develop a Smooth Process as a Foreign Visitor
 - Use of Spanish, introductions, seating arrangements, taking refreshments, use of facilities, being good guests, gifts, etc.



Latin America Conversation Topics

Appropriate

- Family
- Weather
- Sports, soccer (futbol)
- Local history, culture, positive contributions
- Local geography and cultural sites
- Sightseeing and restaurant requests

Topics to Avoid

- Racism and Indigenous rights
- Poverty and social Inequality
- Migration
- Street gangs and drug trafficking
- Unflattering comments about their country
- Use of “America” for USA



A Key Perspective for Understanding Many Cultures

No better tool set exists for approaching an unfamiliar location than **keen eyes, open ears, a flexible mind, and a willing heart...**

As we step into a new culture, learning ideally takes place through a gradual process of **observation, imitation**, comparison with **one's own culture**, and finally choosing to do things **our way, their way**, or through some new **hybrid** solution that we create **together**.

(Ernest Gundling, "Working Globe Smart, p. xiii, 2003)



Successful Global Leader: Adaptability

Someone who can handle more complexity and uncertainty than domestic managers are typically accustomed to, who relate well with diverse groups of people, who listens more than talks, who craves adventure over the status quo, and who accepts that there is more than one way to skin a business problem. As one executive put it, good global leaders like getting up in the morning and saying, “I have no idea what’s going to happen today.”

Hal Lancaster, Wall Street Journal



Successful Global Leader: Respect

Someone who can move in and out of social, cultural, and mixed gender encounters with relative ease; one who is able to handle diversities of many sorts and to be flexible in the face of rapid social changes -- in short, a psychologically secure person who believes in the common unity of humankind.

Thomas Fitzgerald, Business Horizons



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The Platinum Rule

**Do unto others
as they'd like done unto them**