



DOING BUSINESS IN LATIN AMERICA: 5 TIPS FOR UNDERSTANDING ITS BUSINESS CULTURE

Business in Latin America continues to offer opportunities in different sectors, despite the political uncertainty in which many of its countries are immersed. This is evidenced by the investment interest of Chinese and, more recently, North American companies, which are positioning themselves strongly in certain sectors, especially those related to raw materials and natural resources.

However, in spite of the business opportunities that exist in the medium term in Latin America, it is very important to understand and be aware of the business culture of the countries in the area. Apparently, due to the similarity of the language and the colonial heritage, it could be interpreted that Latin American businessmen and executives are very similar to the Spanish, Portuguese and, by extension, French or Italian. Nothing could be further from the truth: to give a clear example, a Spanish executive is more similar to an Englishman or even a German than to a Mexican or an Argentinean.

When doing business in Latin America, Western companies must take into account five relevant aspects that are discussed below.

USE OF TIME

Latin American executives tend to perform different professional tasks at the same time and, on the other hand, pay great attention to their family and social life. Add to this trust as a basic element in professional relationships, and we have the justification why there is so much flexibility in the use of time. It is common for business appointments to start late and to be interrupted by professional or personal matters that need to be resolved urgently. Meeting deadlines can be renegotiated and, in any case, will depend on seniority and trust with the supplier.

PERSONAL/PROFESSIONAL RELATIONSHIPS

Deepening personal relationships is essential for doing business in Latin America, especially at a high level. Personal contact precedes the business-to-business relationship. Both levels must be worked on for long-term success. Cold calling is not usually an effective technique. Time must be spent making contact with the right person in each company and, simultaneously, learning about the local bureaucracy that determines the permits, licenses or contracts necessary to conduct business. The connection between personal and professional matters is very strong. This way of relationships includes the exchange of favors; what might be considered unethical and even corrupt in the United States or Northern Europe is seen as natural in Latin American culture. A person's position in society is determined by the power he or she has to resolve issues through his or her network of contacts. People make decisions and close deals on behalf of their companies and organizations, but relationships are established on a personal, not professional, level.

People with more power have a higher status known to all and expect to be treated with the respect and consideration that their social position gives them.

COMMUNICATION PATTERNS

Given the high-level context in which relationships are established, the style of communication tends to be formal, indirect, subjective, expressive, and sometimes argumentative. Many of the messages conveyed are considered implicit in the attitude of the interlocutors. In the first meeting a formal attitude should be maintained: men do not take off their jackets, people are called by their last name, professional titles (doctor, engineer) are used profusely and part of the conversation is dedicated to talk about social topics such as family, vacations, sports, gastronomy, etc. It is not appropriate to deal with sensitive topics such as religion, politics, historical aspects of the colonial era and independence, or to make jokes about the country's customs. The language used is quite elaborate, but with soft expressions, without falling into exaggeration. Laughter and emotional behaviour are not appreciated. Latin Americans -especially those from the Southern Cone (Argentina, Chile)- are proverbially fond of entering into intellectual conversations about art, literature or history. Eloquence is a highly regarded value that reflects social position, while marking the intellectual capacity and knowledge of individuals.

CONCESSIONS AND AGREEMENTS

Latin American negotiators use a technique of soft confrontation, trying to avoid direct disagreement that has no solution, while respecting the position of the other party. Initially, high gains are sought, which are gradually reduced during the course of the negotiation. When a concession is achieved, it is advisable to acknowledge it to the other party as their initiative rather than insisting that it has been achieved by one's own arguments.

DECISION MAKING

Latin American business culture is very hierarchical. In general, people's roles are determined by traditional aspects such as age, gender and seniority in the company. Managers tend to be people with many years of experience, almost always male and very well connected socially. Managers are treated with deference. It is not common for subordinates to propose alternatives for improvement or to influence the decisions of their superiors. For managers, consulting their employees can be a symptom of a loss of credibility. Delegation and teamwork is not the normal way of doing business. Bosses make the decisions and subordinates follow instructions without asking many questions.

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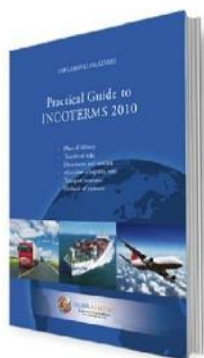


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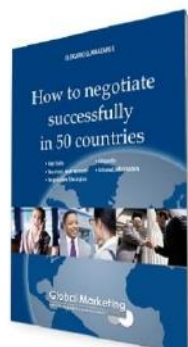


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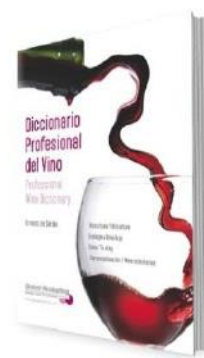
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