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THE WAY TO SUCCEED IN MEXICAN BUSINESS RELATIONS¹

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Abstract

The article is based on the research project titled “Intercultural Dimension in Corporate Culture of Multinational Companies” and it deals mainly with cultural stereotypes that influence business relations. The article takes a famous research of Geert Hofstede and extends it on Czech-Mexican business reality. The article is therefore dedicated to Czech businessmen who are interested in having good relations with Mexico and avoiding mistakes that could prevent them from doing so.

The first part of the article covers Hofstede’s dimensions and compares them with other studies. The comments include topics such as social hierarchy in Mexico, Mexican collectivism and life values, approach to pragmatism of both Czech and Mexican nations and also how these nations tend to indulgency.

The second part of the article is aimed at the image of Czech Republic in the foreign markets and includes the feedback on Czech work behaviour from Latinoamericans who have previously worked with Czechs.

Key words: business relations; Mexico; cultural dimensions.

Resumo

Este artigo baseia-se no projeto de investigação intitulado “Intercultural Dimension in Corporate Culture of Multinational Companies” e trata principalmente dos estereótipos culturais que influenciam as relações empresariais. O artigo parte de uma investigação de Geert Hofstede e estende-a para a realidade empresarial checa-mexicana. O artigo é, portanto, dedicado a empresários checos que estejam interessados

¹ This study was written as a part of the project IG 208013 *Intercultural Dimension in Corporate Culture of Multinational Companies – a comparative study of Romance cultures in their domestic and Czech environments.*

em ter boas relações com o México e em evitar erros que poderiam impedi-los de tal.

A primeira parte aborda as dimensões de Hofstede e compara-as com outros estudos. As observações incluem temas como a hierarquia social no México, o coletivismo mexicano e os valores de vida. É feita uma abordagem ao pragmatismo de ambas as nações e como estas tendem para a indulgência.

A segunda parte visa dar a imagem da República Checa nos mercados estrangeiros e inclui o feedback sobre o comportamento de trabalho dos checos a partir de latino-americanos que já trabalharam com pessoas desta nacionalidade.

Palavras-chave: relações empresariais; México; dimensões culturais.

Introduction

This article was written in line with the research project titled “Intercultural Dimension in Corporate Culture of Multinational Companies”. It is a comparative study of Romance culture in both domestic and Czech environments. The project was conducted during a two-year period (2012-2014) and it deals mainly with cultural stereotypes that influence business relations and therefore have a direct impact on business communication and leadership. The aim of the project was to determine the differences and similarities between the Czech and Romance cultures and the way they influence the international business relations.

As a part of the project, there is a questionnaire based on the world famous sociologist Geert Hofstede’s research (1) and it is further extended for the project purpose. The study used qualitative and quantitative research methods among respondents from Mexico, Columbia, Argentina, Peru, Chile, Bolivia, as well as the Czech Republic. The respondents related to this study are only those who have previous working experience with one of the cultures (Czechs with Mexicans, Argentinians with Czechs, etc.)

Given the current foreign politics of Russia, the European Union is forced to change its trade strategies. The state agency Czech Trade pointed out countries with the highest potential for Czech products according to the dynamics of their growth and real chances of Czech exporters. The Czech Republic, a country highly dependent on exports, decided to focus its attention on the developing markets of Latin America. The second largest Latin economy, Mexico, is also on the list. (2) Succeeding in the

Mexican market is the main focus of the article dedicated to the comparison of Mexican and Czech business culture and it is based on a project previously mentioned, Geert Hofstede's study and personal experience of the author. The results are given into a context of Mexican business reality and results of the Latin American part of the project. The research was not held among Mexican respondents only, but the Globe Academy (3) study proves the homogeneity of the Latin region. This is why I decided to use the Latin section part of the project in the article as well.

The article is mainly dedicated to Czech exporters or any other exporters and businessmen who are interested in having good relations with Mexico and avoiding mistakes and stereotypes that could prevent them from doing so.

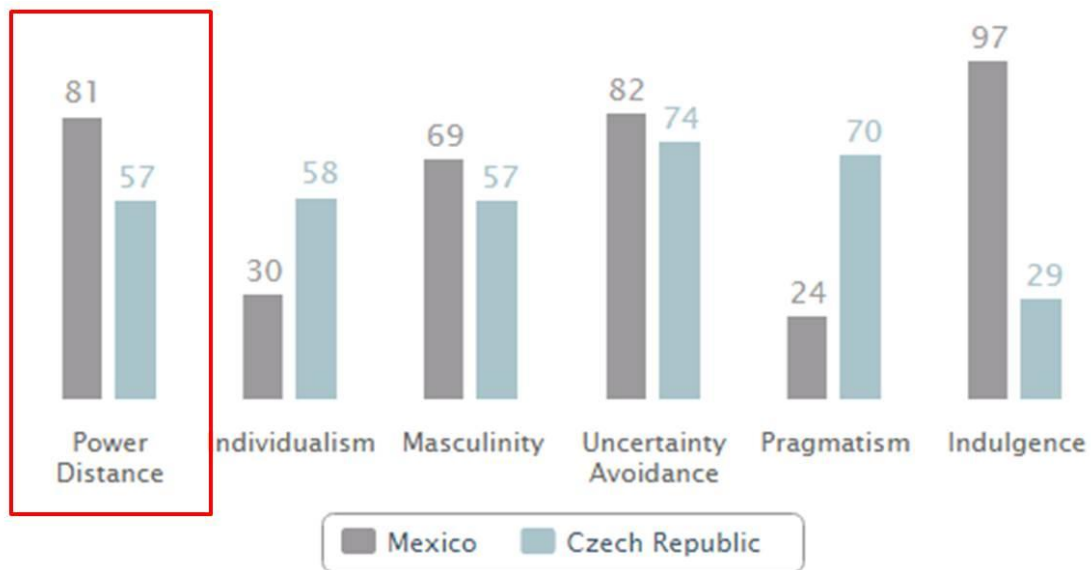
The way to success

The question is: how to succeed in the Mexican market? There are many studies showing how to make a good first impression. But given the environment of Latin America, first impressions only are not enough. The participants of the Association of Czech Exporters conference agreed that success in the markets of Latin America is subject to following aspects:

- *participation in local trade fairs and exhibitions*
- *knowledge of local bureaucratic procedures and taxation*
- *behaviour in line with local customs*
- *providing jobs to local people*
- *personal attendance in business meetings/negotiations*
- *cooperation with local intermediary (4)*

The degree of fulfilling these aspects depends very much on the possibilities of a concrete company. But what one can influence without trouble is a personal attendance. The results of the negotiations are strongly dependent on one's *real expectations* about the Mexican business partners. How can exporters cooperate successfully with Mexicans? What to focus on? Is there a big difference between the cultures?

DIFFERENCES IN VALUES



Picture 1: Power distance index. Reference (5)

The first dimension is a power distance index. The value 57 refers to Czech culture, in contrast with Mexican 81. It shows both cultures (Mexicans more) are accepting of inequalities more easily and tolerant of growth of these over time. They both expect the power to be distributed unequally, therefore they both care a lot about personal status in a society and overall hierarchy.

While conducting business, thanks to this index, we know who to address. In Mexico it is a must to go through several rounds of contacts till you get to the right person who has a power to influence the negotiation.

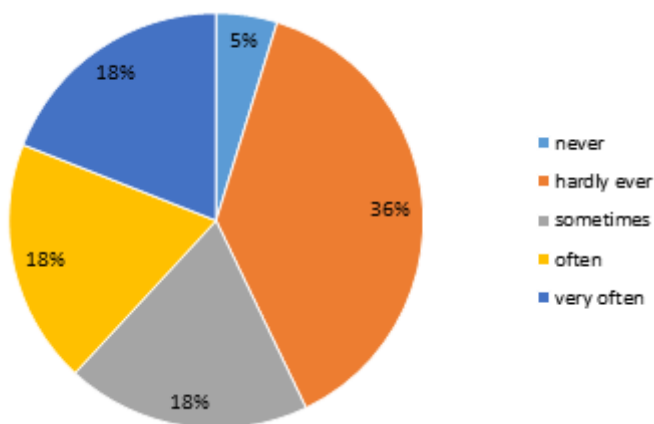
Our stereotypical expectations about Mexico would change just after the arrival. Despite the fact that Mexicans seem to be informal, there is a hierarchy in society one can see in business as well, for example, in the appearance and also in choosing the representatives of a company. In the era of colonization, the most powerful people in the region were the descendants of Europeans, followed by mestizos and the bottom of pyramid was created by the indigenous cultures. (6) This hierarchy is basically still in place today. This is why we should not go blindly by our stereotypical expectations.

The hierarchy is connected with addressing as well. In Mexico, they like using titles, so it is proper to use them (“licenciado“), even when you know the person has no title. (7)

The IGA research among Latin respondents implies also a question of using the more formal version of “you” in company. It was noted that 45% of respondents are

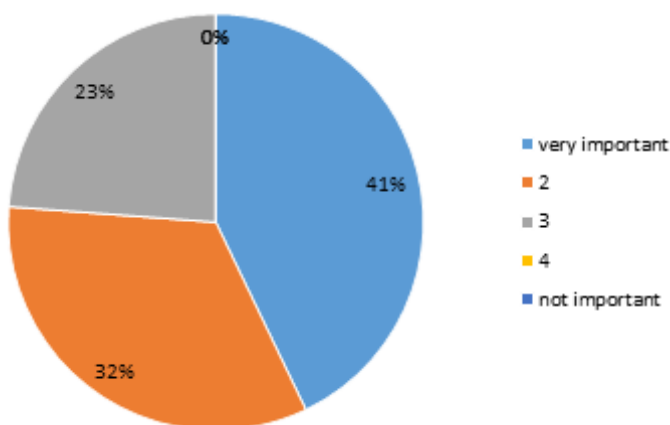
meeting their colleagues also during informal sessions and they address each other informally. The other 41% meet their colleagues only at the workplace and 23% of those address them only formally. The research was held with people from various companies and business fields, so this question shows only that this aspect very depends on the internal culture of given company.

The next question explains whether the employees are afraid of expressing disagreement with their boss. The results are in the graph below. There is a notable group of respondents who said they think it occurs sometimes, often or very often, which confirms Hofstede’s findings. The power distance index is strong in Mexico and people have more respect for their boss.

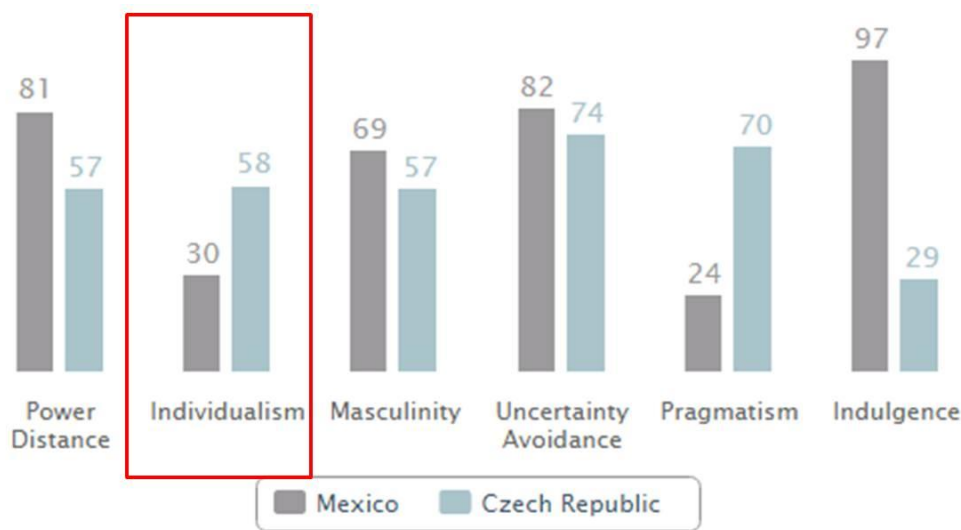


Picture 2: “How often in your company you think people are afraid of expressing disagreement with their boss?” Reference IGA

It is also noted in the research that Latin people would like to change that fact and become a more “equal” society. Practically all of the respondents said the possibility to discuss with their direct superior is very important to them.



Picture 3: “Imagine an ideal company- how important for you is the possibility to be able to discuss things directly with your superior?” Reference IGA

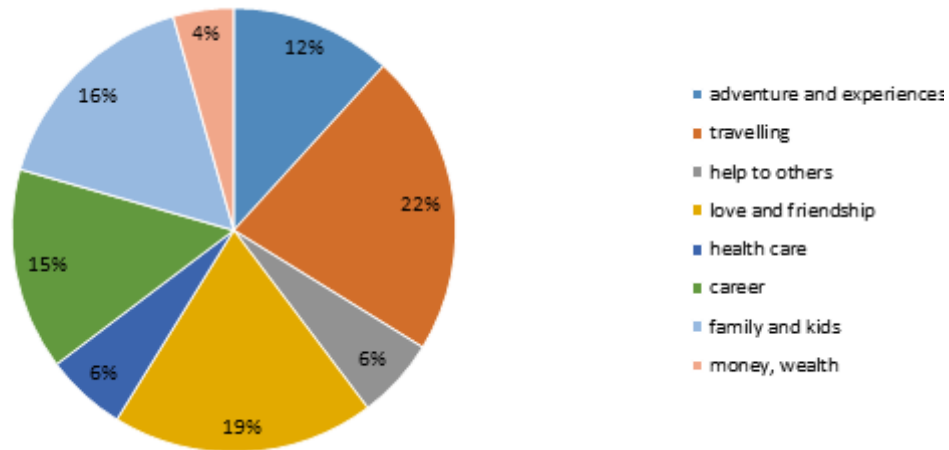


Picture 4: Individualism index. Reference (5)

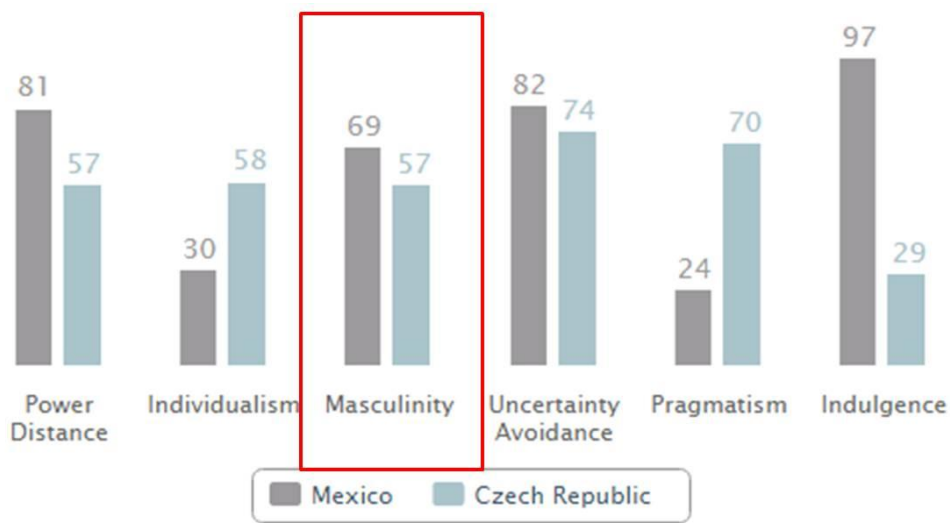
Compared to Mexicans, Czechs are very individualistically oriented. They want to differentiate themselves from a crowd. The power to make a decision in a company is more often a matter of individuals. On the other hand, Mexico ranks 30 in Hofstede's findings showing more collectivism. The status of a person is given by their origin, people they know and relatives. Therefore, collectivism can significantly influence the flexibility and the time of the negotiations. The managers are not expected to decide independently, but to consult previously with their colleagues.

According to The Globe Academy study (3), there is a need to make a difference between collectivism related to family, which is strong in Mexico, and Mexican individualism in terms of favouring sacrificing the wealth of the whole society in order to improve one's own position.

According to the research project among Latin American nations, the main life priorities are love and friendship altogether with family and kids. A big percentage also goes to travelling and career, confirming the changing tendency to individualism.



Picture 5: „From the following life priorities choose 3 that are of the most importance for you“. Reference IGA

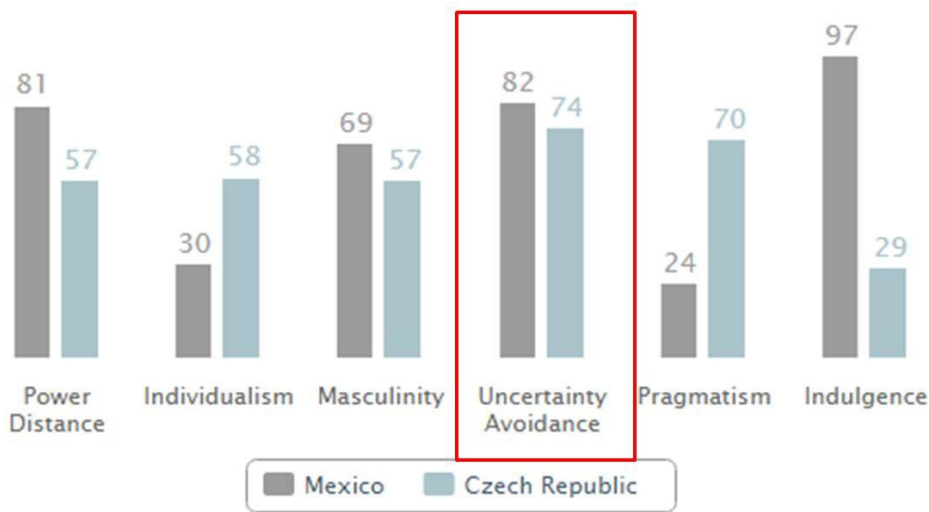


Picture 6: Masculinity Index. Reference: (5)

Both cultures have competitiveness in common. Hofstede claims that both countries prefer more of masculine values such as performance and success. Mexicans, as well as Czechs, are masculine, oriented to success, they work hard and the conflicts are solved by fighting.

The research project shows that the most important values in the workplace are the following: job promotion opportunities, work on interesting projects, having enough time for one’s private life and working in a good team. The majority of respondents agreed that while in a discussion, they are imposing their own opinion, but they are also able to accept the opinion of others. 81% add that they prefer to solve conflicts by compromise rather than a fight, and that competing among employees cannot bring anything positive (71%). The results are, therefore, similar to Hofstede’s research, but

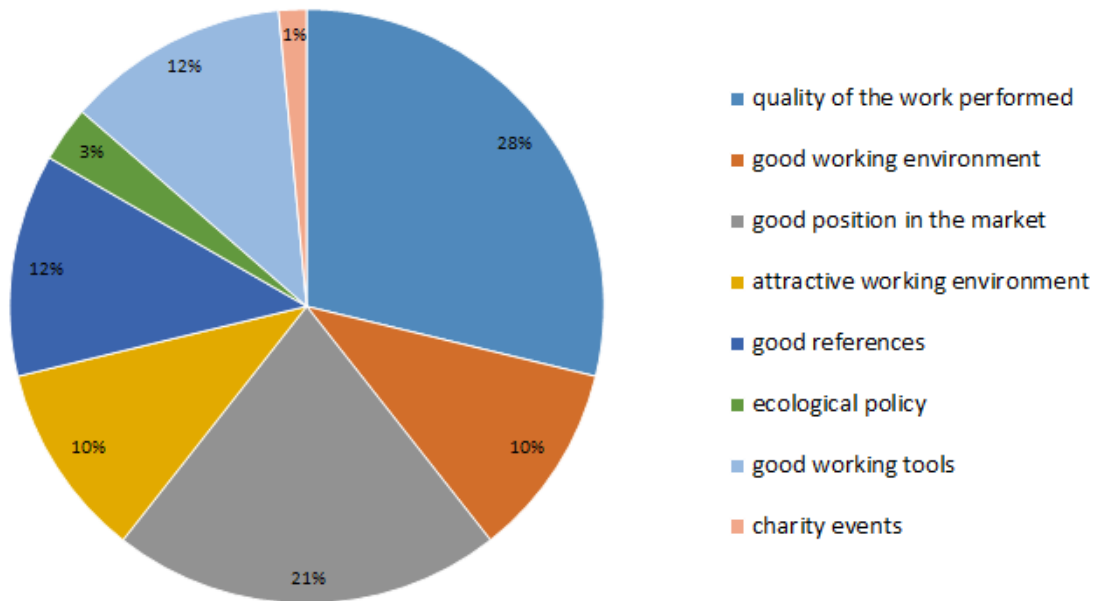
not in every aspect. They show only a slightly stronger tendency to masculine values than to the feminine.



Picture 7: Uncertainty Avoidance. Reference (5).

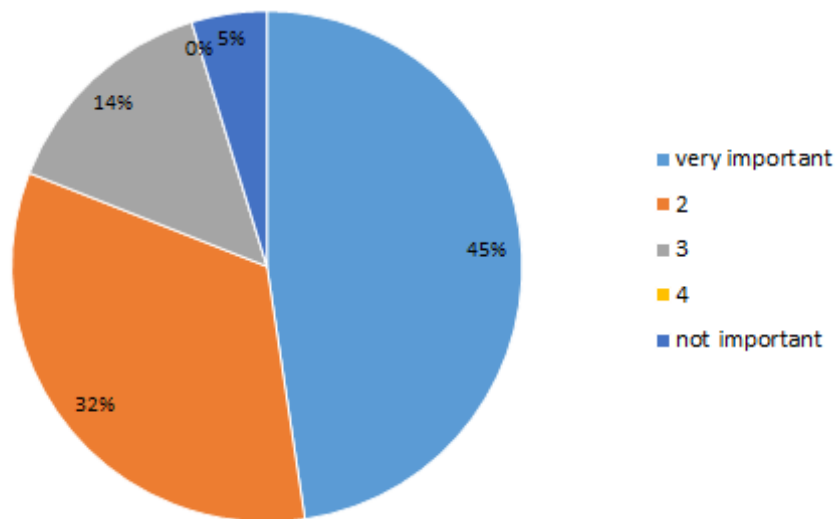
One of the highest values of index shows uncertainty avoidance. Both Czech and Mexicans like their certain rules. This is a reason why in Mexico they prefer a long-term partnership with people they know very well. Mexicans focus on long-term relations and strong connections among members of a family as well as broader range of friends and family members. These relations imply responsibility for the other member of the group. (8)

The results of the research project show us a very similar trend. Latino Americans say that the most important fact for a good name of a company is the quality of work performed, solid position in the market and good references. If a company wants to do long-term business in Mexico, it must prove that it is solid and reliable.

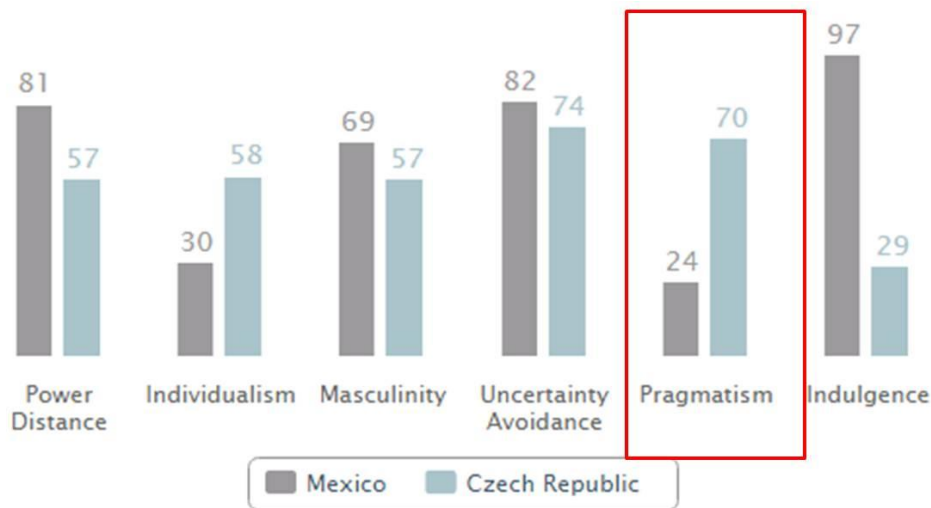


Picture 8: “Which factors are the most important for a company’s good reputation?”. Reference IGA.

The high number of uncertainty avoidance index supports also the following graph showing the level of importance of having a safe job for Mexicans. According to the Globe Academy research (3), Latin Americans are one of those cultures who most live the uncertainty every day and the most they live it, the more they try to avoid it and get some rule they can rely on.



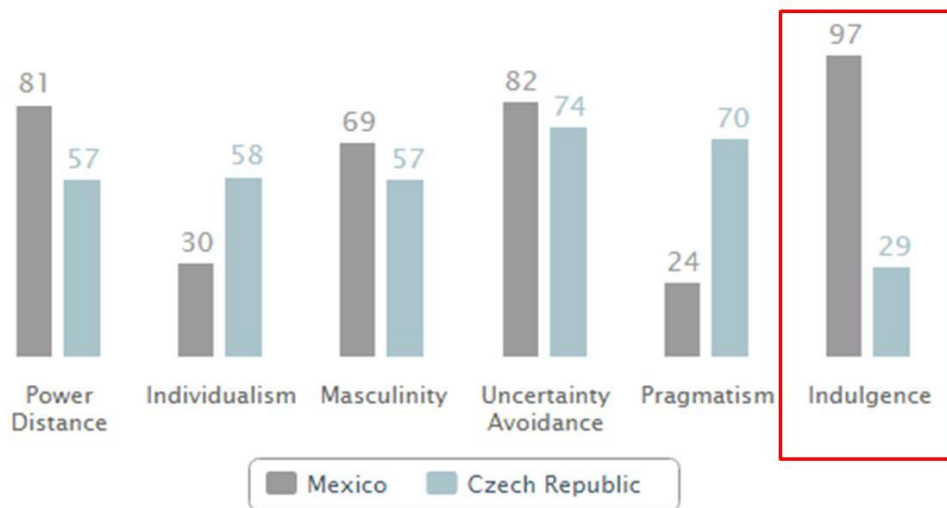
Picture 9: Imagine an ideal job- how important is for you to have a safe job?“. Reference IGA.



Picture 10: Pragmatism. Reference (5)

Czechs are very pragmatically oriented and they have the ability to adapt themselves to the situation. On the other hand, they have a tendency towards pessimism and cynicism. They love to improvise and try to solve problems at the last moment. Given these circumstances, they focus a lot on the context of the whole situation. Generally, their “truth” is very dependent on the situation they are in. The value of the index for Czech culture is (70) in great contrast with Mexican (24). Mexican culture is called “normative”, believing in the “absolute truth”. Mexicans don’t look at the future too much, they keep a strong hold on their traditions, focus on the present situation and on reaching the goal quickly.

The project research confirms the information mentioned above. They say the final result of the activity is more important for them than the process itself. Orientation to a goal noted 68% of the respondents. It is not important how they reached the goal, but the satisfaction of both of the sides. They care more about the complex as a whole than to details, says 76% of respondents.



Picture 11: Indulgence. Reference: (5)

Compared to Czechs, Mexicans show higher index of optimism and indulgence (97). In case they like doing something, they adjust all the other activities to this. They like to let the others know their success at the same time. On the other hand, Czechs consider that behaviour rude, which explains their low index value (29).

Latino-Americans in the research prove themselves to be spontaneous, energetic and friendly, optimistic people. They also admit they are not able to fulfill the previously agreed. This fact is partially due to their high optimism which later on unables them to realize what they promised.

IMAGE OF THE CZECH REPUBLIC IN THE FOREIGN MARKETS

Businessmen agree on the fact that the image of the Czech Republic in foreign markets is greyish and not very strong. Despite that, the majority of them still prefers to brand their goods “Made in Czech Republic”, given the fact that it enables them to have lower prices (compared to “Made in EU”). “Made in EU” is used mostly by bigger companies whose activities cover different business fields and those who plan on expanding to markets like Latin America where the image of CZ is not built up yet. (9) In America, local people don’t know much about the Czech Republic. Mexican tourists are usually aware only of Prague.

Latinos, who have already worked with Czechs say they are “hard workers“. According to them, Czechs seems to be professional and they are prepared for meetings. The most positive trait Czechs poses their reliability and system which enables them to solve problems quickly.

In comparison to Latino-Americans, Czechs seem to be cold and not very open. They claim it is difficult to convince them to cooperate. Czechs are more focused on the process. They are very bureaucratic and sometimes arrogant. Nevertheless, Czechs make it up with tolerance and generosity.

Conclusion

To conclude, while doing business in Mexico, it is crucial to realize that the majority of Latinos in the project claimed that they didn't go through any culture training, and they have only a slight awareness about the Czech Republic. In case they didn't do business with Europeans previously, it is very probable they will consider different things more important than their European business colleagues would.

In Mexico, in one of the typical representatives of cultures of Latin America, it is good to make a good first impression. Dressing in an elegant and serious way and following the typical dress code can make a good impression. Despite the fact many partners speak English, it doesn't mean they are able to conduct a business meeting in English.

Mexicans aim very much at good and friendly relations and they try to bring these into the business as well. To find such a business, one must speak Spanish. Without that, in their eyes you will fall down into the same category as "gringo" despite not being American. If you speak Spanish, "sí" doesn't have to mean "sí" as Mexicans are used to communicating indirectly and they don't like expressing disagreement directly. (10)

If you are not able to achieve friendly relations and atmosphere, it is very probable that there will be no business at all. Latin people do not do business with a company, but with an individual. Therefore, they need more time to think it through and to decide collectively. At the same time, they don't like spending too much of their free time at work. Be patient and give them their time, but don't be afraid to remind them you are waiting. If you are in contact with a new partner, try to always be present personally. It is worth supporting your offer with the previous references and results and showing your position in the market.

Finally, I would like to mention that it is useful to always have a plan B and have a time "reserve". It doesn't happen very often that Mexicans fulfill the previous agreement and they are aware of that. They often make changes at the last moment.

Therefore, it is good to use the positive feedback Czech culture received in the research: professionalism and ability to improvise.

The characteristics Czech should work on are less bureaucracy and administration. We should be more open and communicate more with the partners. This is the way to get information and avoid misunderstanding.

Last but not least, Latin America is not only a developing country. It is a region where new changes the old and where there are deep social differences. But the people are able and more and more educated and there is no reason to be arrogant, as some of the respondents feel.

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