

## Attachment II. Chilean Society & Business Culture

This description of the characteristics of Chilean society and business culture is a result of work by the United Nations Development Program (UNDP) and Chilean sociologists, as well as experience acquired by TradeChile. The questions were asked of a cross-section of the Chilean population.

### PROUD TO BE CHILEAN?

**“There are different ways of understanding and defining what is Chilean. Would you say that...”**

...what is Chilean is found in our habits, values and history	...today it is difficult to say what is Chilean	...it is not possible to define what is Chilean, we are all different	No answer
41.7%	27.9%	30.1%	0.3%

**The PROUD Chilean – 41.7%**

**The INDECISIVE Chilean – 27.9%**

**The Chilean with NO MIRROR – 30%**

As can be seen from the above chart, nearly 42% of the Chilean population polled strongly identifies with the customs and history of the country. Chileans feel pride and confidence with respect to their homeland. This means that they identify with the current Chile, even in the face of globalization. On the other hand we see a strong group of Chileans who find it impossible to define what is Chilean. Due to globalization, they find it difficult to talk about what is “Chilean” per se. This group defines what is Chilean in historical characters and national institutions. The third group, which represents of 27.9% of those surveyed, are indecisive. They feel confused about what is considered Chilean.

## INTERACTING WITH OTHERS

Which of the following situations do you find most difficult to handle?

...complain	...ask others for help	...express my feelings to other people	...establish limits and say no	...talk about intimate subjects with my partner	No answer
18.5%	27.3%	21.9%	22.5%	7.2%	2.4%

## CHILEANS & CONFLICTS

When a conflict arises, what should one do?

Let conflicts show so that problems are discovered	Try to avoid conflicts so that they don't become a serious problem	No answer
27.5%	69.9%	2.6%

*An overwhelming, 70% of the population try to avoid conflict.*

## CONFIDENCE IN OTHERS

How much confidence do you have in the information that you receive during conversations with others?

Absolute and sufficient confidence	28%
Little or no confidence	69%
No answer	3%
<b>Total</b>	100%

*Chileans are suspicious.*

Chileans do not trust information received from other Chileans. They are very suspicious people and lack confidence in what others say. However, foreigners are considered to be more trustworthy and

there is also a very strong perception that foreign products, particularly products from Canada, are of very high quality and supersede others.

Moreover, Chileans have a great difficulty in seeing the positive side to their experience.

## PRICE & QUALITY

**When you need to buy a blouse or a shirt, you prefer to buy...**

<b>...one piece of a good brand</b>	<b>...three pieces for the same price as one</b>	<b>No answer</b>
36.5%	62.1%	1.5%

**If you would have to choose between two products, you would choose the ...**

<b>...most beautiful</b>	<b>...cheapest</b>	<b>No answer</b>
28.2%	69.6%	2.1%

These two tables demonstrate that Chileans place price before quality with regards to consumer products. Chile represents a relatively small market, with a population of 15 million. This results in a highly competitive market where price is crucial. Nevertheless, there are niche markets where quality comes before price, such as advanced machinery.

Foreign products are considered to be of superior quality compared to national products and when possible, Chileans choose foreign brands, even when they are more expensive.

## ATTITUDE TO FOREIGNERS

**During the last years Chile has received the cultural influence from abroad through channels such as, cinema, TV, artists, and expositions. Do you believe that...**

<b>...this harms the Chilean soul and culture</b>	<b>...this is good for our culture</b>	<b>No answer</b>
24.8%	<b>71.7%</b>	2.3%

This overpoweringly reveals that Chileans have a permeability and acceptance of foreign cultures. They are NOT nationalists who fervently endeavour to maintain their national customs and limit the amount of exposure to foreign media and other influences.

**During the last years Chilean economy has received the influence from foreign companies and investment. Do you think that these represent...**

<b>...an opportunity to develop for our country</b>	<b>...a threat for the autonomy of our country</b>	<b>No answer</b>
<b>60.8%</b>	35.6%	3.6%

Once again, this supports the premise that Chileans perceive foreign participation as a positive influence in the country.

## ENGLISH

**Do you speak English?**

<b>Yes</b>	<b>Some</b>	<b>Very little/ nothing</b>	<b>No answer</b>
5.6%	20.9%	<b>72.1%</b>	1.4%

Having stated this, there is a significant number of high-level professionals (i.e. decision makers) among the business community that speak English. An increasing trend in the Chilean market is studying MBA's abroad.

## ORGANIZATIONAL DIFFERENCES

The following chart demonstrates the main organizational differences between the Western, Japanese, and Latin American models.

The Chilean model is a very tactile society where business relationships are personal, while at the same time creating an atmosphere of competitiveness between inter-office relationships.

FACTORS - PROCEDURES	WESTERN MODEL	JAPANESE MODEL	LATIN AMERICAN MODEL
RECRUITMENT PROCESS	<ul style="list-style-type: none"> <li>▪ UNIVERSAL</li> <li>▪ TECHNICAL RATIONALITY</li> </ul>	<ul style="list-style-type: none"> <li>• PERSONALIZED</li> <li>• COMPANY IMMERSION AND TRAINING</li> </ul>	<ul style="list-style-type: none"> <li>• PERSONALIZED</li> <li>• TECHNICAL RATIONALITY</li> </ul>
TYPE OF RELATIONSHIP	<ul style="list-style-type: none"> <li>• IMPERSONAL</li> </ul>	<ul style="list-style-type: none"> <li>▪ PERSONAL</li> </ul>	<ul style="list-style-type: none"> <li>• PERSONAL</li> </ul>
ECONOMIC RATIONALITY	<ul style="list-style-type: none"> <li>• PRODUCTIVITY (LONG TERM)</li> </ul>	<ul style="list-style-type: none"> <li>• PRODUCTIVITY (LONG TERM)</li> </ul>	<ul style="list-style-type: none"> <li>• PROFIT (SHORT TERM)</li> </ul>
FACTORS - PROCEDURES	WESTERN MODEL	JAPANESE MODEL	LATIN AMERICAN MODEL
INTER – UNIT RELATIONSHIP	<ul style="list-style-type: none"> <li>• COMPETITIVE</li> <li>• CONFLICTS</li> </ul>	COLLABORATION	<ul style="list-style-type: none"> <li>• COMPETITIVE</li> <li>• CONFLICTS</li> </ul>
COMMUNICATIONS	<ul style="list-style-type: none"> <li>• VERTICAL</li> <li>• SPECIFIC</li> <li>• INDIVIDUAL</li> </ul>	<ul style="list-style-type: none"> <li>• HORIZONTAL. BY GROUP &amp; WIDER</li> </ul>	<ul style="list-style-type: none"> <li>• VERTICAL (FORMAL)</li> <li>• BY GROUP &amp; WIDER (INFORMAL/RUMOUR)</li> </ul>
RESPONSIBILITY	<ul style="list-style-type: none"> <li>• LIMITED</li> <li>• INDIVIDUALLY ASSUMED</li> </ul>	<ul style="list-style-type: none"> <li>• VAGUE AND ASSUMED BY GROUPS</li> </ul>	<ul style="list-style-type: none"> <li>• VAGUE AND NOT ASSUMED</li> </ul>

## THE CHILEAN EMPLOYEE

This table provides a valuable insight into the changing pattern of the past Chilean employee compared to the modern Chilean worker. This shows the way the Chilean employee has progressed and adapted to the highly globalised society to which we are all exposed. As can be seen, the Chilean employee of today has a better level of education, has higher work expectations, adjusts quickly to changes, sees the rising trend in technology and the gaining of knowledge as an opportunity, likes to be fluid in the sense of not staying for extended periods of time at the same job, and willing to use their own initiatives.

<b>FORMER CHILEAN EMPLOYEE</b>	<b>TODAY'S CHILEAN EMPLOYEE</b>
BASIC LEVEL OF EDUCATION	BETTER FORMAL EDUCATION
USED TO A MORE PATERNALIST & PROTECTIVE SYSTEM	ADJUSTED TO NEW WORKING ENVIRONMENT
PREFERS WHAT IS "KNOWN"	HIGHER EXPECTATIONS
PREFERS TO RECEIVE ORDERS	WILLING TO TAKE OWN INITIATIVES
RELUCTANT TO LEARN NEW TASKS	FAST LEARNER AND FACILITY TO ADAPT TO CHANGES & NEW REQUIREMENTS
LESS ASSERTIVE & LOWER SELF ESTEEM	HIGHER SELF ESTEEM & CONFIDENCE IN OWN CAPABILITIES
SEES TECHNOLOGY, TRAINING & COMPENSATIONS AS A THREAT VALUES SOCIAL BENEFITS	DOES NOT SEE SO MANY THREATS BUT OPPORTUNITIES
	VALUES REMUNERATION OVER SOCIAL BENEFITS
PREFERS TO STAY WITHIN THE COMPANY	NOT REALLY CONCERNED ABOUT A "CAREER" WITHIN THE COMPANY
OVER-SPECIALIZED	QUALIFIED FOR DIFFERENT JOBS AND CHALLENGES
VALUES LABOUR STABILITY	READY TO MOVE TO ANOTHER COMPANY

**THE CHILEAN ENTREPRENEUR**

<b>HIGHER LEVEL OF INDIVIDUALISM</b>
<b>HIGHER LEVEL OF FORMAL EDUCATION (POST-GRADUATE STUDIES)</b>
<b>MORE ASSERTIVE</b>
<b>MORE ENTREPRENEURIAL</b>
<b>OPEN-MINDED AND CONSISTENTLY SEARCHING FOR NEW BUSINESS</b>
<b>LOOKING TO MAXIMIZE PRODUCTIVITY AND PROFIT MARGINS</b>
<b>INTERESTED IN OBTAINING A LONG-TERM RELATIONSHIPS WITH RELIABLE FOREIGN SUPPLIERS</b>
<b>INTERESTED IN IDENTIFYING “ASSOCIATIVE” MECHANISMS TO INCREASE BUSINESS WITH FOREIGN PARTNERS (JOINT VENTURES)</b>
<b>RECOGNISES THE KNOW-HOW OF A FOREIGN PARTNER, BUT AT THE SAME TIME VERY PROUD OF OWN ACHIEVEMENTS</b>
<b>IT IS A COMMON PRACTICE AMONG EXECUTIVES TO AVOID SAYING “NO” SINCE THAT MIGHT GENERATE CONFLICTS.* MORE SUCCESSFUL = MORE DIRECT MORE EDUCATED = MORE ASSERTIVE</b>
<b>RELUCTANT TO TRAIN EMPLOYEES</b>

\* As previously seen, a substantial majority of Chileans prefer to avoid conflict.

## CONCLUSION

The following table should be read from left to right, i.e. Chileans avoid expressing an opinion, they are individualist society and 85% are Catholics, therefore the Ontario exporter should avoid religion, politics and soccer.

<b>AVOIDS EXPRESSING OPINION, INDIVIDUALISTIC SOCIETY, 85% CATHOLICS...</b>	<b>AVOID RELIGION, POLITICS &amp; SOCCER!</b>
<b>PRICE BEFORE QUALITY</b>	<b>DO YOUR BEST IN PRICE</b>
<b>AVOIDS CONFLICTS</b>	<b>A “YES” MIGHT NOT ALWAYS BE A “YES”, BUT A POSTPONED “NO”...</b>
<b>FINDS IT DIFFICULT TO ASK FOR HELP</b>	<b>EVEN THOUGH WE SAY WE UNDERSTAND, WE MIGHT NOT</b>
<b>FAMILY-ORIENTATED SOCIETY</b>	<b>KEEP YOUR CUSTOMER’S FAMILY IN MIND</b>
<b>STRONG TELEPHONY AND INTERNET GROWTH</b>	<b>IN MOST CASES SUGGEST THAT THE E-MAIL IS USED AS PRIME MEANS OF COMMUNICATION</b>
<b>LEGALISTIC SOCIETY*</b>	<b>A DEAL MUST BE FORMALIZED IN A WRITTEN FORM</b>
<b>RELUCTANT TO PROVIDE INFORMATION UPFRONT</b>	<b>DON’T BECOME FRUSTRATED, THE INFORMATION WILL COME</b>
<b>HUNGRY FOR INFORMATION</b>	<b>BE PREPARED TO PROVIDE REFERENTIAL PRICE LIST &amp; SPECS</b>
<b>TREND TOWARDS MORE ARROGANCE</b>	<b>SUGGEST BUT DON’T IMPOSE</b>

\*Legalistic Society- all business practices are regulated by contracts and legal or administrative standards. A handshake is not enough.

Chileans are a very proud people and confident of their achievements in international markets. Because of this, although Chileans are very receptive to receiving know-how and innovative technology from Canada, it must be stressed that Ontario exporters should not try to impose their systems.