



Chile

cultural note

many North American gestures have completely different meanings in other countries. In Chile, slapping your right fist into your left open palm is obscene, and an open palm with the fingers separated means "stupid."

Country Background

History

The first European settlers in Chile were Spanish explorers in search of gold and silver, following the defeat of the Inca Empire in 1533. What they found instead was a fertile valley, and Chile quickly became part of the Spanish Empire, governed from Peru. Immigration from Spain, however, was limited because of the ferocity of the local Araucanian Indians, who remained a threat as late as 1883.

Bernardo O'Higgins, Chile's renowned patriot, led a struggle for independence against the Spanish from 1810 to 1818. Helped by an army trained by Argentine patriot José de San Martín, Chilean independence was formally declared on February 12, 1818.

During the nineteenth century, Chile expanded its territories. A treaty with Argentina gave Chile control of the Strait of Magellan and a stretch of land facing the Atlantic (although most of Patagonia went to Argentina). Chile then won the War of the Pacific in 1883 against Peru and Bolivia, expanding Chile's territory northward to an area rich in natural resources. But relations with Bolivia remain difficult to this day, as the now-landlocked Bolivia has never reconciled itself to the loss of its entire Pacific seaboard.

In the beginning of the twentieth century, Chile's emerging representative government degenerated as the ruling oligarchy struggled to retain control over the working class. By 1932, a strong middle class party, the Radicals, emerged as the key influence in government, and remained so until 1965. During this time, the state nurtured industrial development and improved and expanded social welfare and educational systems.

In 1964, Eduardo Frei, a Christian Democrat, was elected to the presidency. His program was marked by the slogan "Revolution in Liberty" and consisted of far-reaching social programs. But the radicals felt that these reforms were insufficient, while conservatives saw them as excessive. In the next election, in 1970, Dr. Salvador Allende won with 36 percent of the votes over two other candidates, becoming the first freely-elected Marxist leader in this hemisphere. He initiated programs of massive land redistribution and nationalized many private industries and banks—including U.S.

interests in copper mines. But he did not have majority support in the Chilean Congress, and discontent grew as a result of shortages of food and consumer goods. Furthermore, in the United States, the Nixon administration decided that the presence of a new Marxist regime in the Americas was unacceptable.

On September 11, 1973, a bloody, CIA-backed military coup overthrew Allende, abolished the Congress, and banned political parties. Allende was killed. A fourman military junta (known as *los Generales*) instituted a repressive regime. Thousands of people were imprisoned, and several hundred disappeared altogether. The leading general, Augusto Pinochet Ugarte, ruled as president and commander of the army.

In 1980, a new constitution was approved in a national plebiscite. Under it, General Pinochet was elected to an eight-year term, with the military junta acting as the legislature. At the end of that term, Pinochet allowed another plebiscite to decide if he should continue for another eight years. When he lost the plebiscite, he called for free elections in December 1989. As a result of that election, President Patricio Aylwin Azocar took office in March 1990 as the first elected president since 1970. Since then, political power has passed peacefully from one elected government to the next.

Type of Government

The Republic of Chile is a multiparty republic with two legislative houses, the 48-seat Senate and the 120-seat Chamber of Deputies. The president is the chief of state as well as the head of the government.

Suffrage is universal and compulsory at age eighteen.

While the current government is considered stable, the civilian leaders must deal with both the still-influential military and a rising tide of leftist terrorism. Although the president is technically the "supreme commander" of the armed forces, he has little practical control over the military, and the possibility of another coup always exists.

Language

The official language of Chile is Spanish, although English is spoken by welleducated business people and in tourist centers.

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Chileans have a renowned reputation for achievement in many cultural fields. Literature, social science, and fine arts are considered prestigious areas of study.

Religion

There is no official religion in Chile, but over 78 percent of the population identify themselves as Roman Catholics. Protestants account for over 13 percent. There is also a small Jewish population. A sizable number of people consider themselves nonreligious or atheist.

Demographics

Because of the geography of the area, the country has experienced a large degree of isolation and, as a result, is more ethnically homogeneous than most of South America. Of the 13 million people who live in Chile, some 95 percent are mestizo (of mixed European and Indian blood), 3 percent are Indian (mostly Araucanian), and less than 2 percent are solely of European descent.

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family respect and loyalty are primary concerns in Chile, even taking precedence over business responsibilities. Extended families are often found living close together and tend to be very dependent upon one another. Machismo remains an important aspect of Chilean culture.

Cultural Orientation

Cognitive Styles: How Organize and Process Information

In Chile, information is readily accepted for the purpose of discussion, but negotiations may be extensive, with little ~movement from the initial position. Well-educated persons may process information conceptually and analytically, but most are associative in their thinking. They see each problem as having a particular solution rather than looking to a universal rule or law.

Negotiation Strategies: What Chileans Accept as Evidence

Facts are not nearly as important in negotiating a position as are feelings. Truth tends to be subjective and personal. However, faith in a strong Catholic or Protestant ideology may form the basis for truth.

Value Systems: The Basis for Behavior

This is not a culture of conquerors but of cosmopolitans who assimilated all European cultures into their social strata through marriage. The following three sections identify the Value Systems in the predominant culture—their methods of dividing right from wrong, good from evil, and so forth.

Locus of Decision Making

This is a semicollective culture in which the extended family is a dominating factor in the individual's decision-making process. Expertise is less important than the ability to be a member of the group. Thus, kinship and friendship play a major role in one's business associations. It is essential that one become friends with the participants in a problem-solving situation.

Sources of Anxiety Reduction

The extended family is the primary source of structure and stability. Kinship is the key to membership in any group. Marriage into the right family is essential, as family ties are a major determinant of success. Social structure is strong, and poverty or wealth is generally accepted as destiny. One can be reconciled to one's existing status.

Issues of Equality / Inequality

In general, people are equal because each one is unique, and no law needs to be passed to ensure this equality. There is a class-conscious tiny elite, and a larger middle class than in most other Latin American countries. The Mapuche Indians still suffer discrimination.

Business Practices

Appointments



punctuality

- Be punctual at meetings. Punctuality is appreciated and expected from North Americans. Do not be offended, however, if your counterpart is up to thirty minutes late.
- On the other hand, everyone (even foreigners) is expected to arrive at social functions late. Be about fifteen minutes late to a dinner, and thirty minutes late to a party.
- Remember that many Europeans and South Americans write the day first, then the month, then the year (e.g. December 3, 1999, is written 3.12.99). This is the case in Chile.
- Business hours are 9:00 A.M. to 5:00 P.M., Monday through Friday. A two-hour lunch is taken at 12:00.
- Government offices are open 9:00 A.M. to 4:30 P.M., Monday through Friday.
- The best times to make appointments are from 10:00 A.M. to 12:00 and 2:30 to 5:00 P.M. Following up a late morning appointment with a business lunch is also popular.
- Make appointments about two weeks in advance of your arrival, and reconfirm them when you get there.
- A popular time for vacations is January and February (summer holidays). This is not the time to try to do business in Chile.



Negotiating

- Personal relationships are paramount in business relations in Chile. The initial visit should be by an upper-level executive, accompanied by mid-level executives. These mid-level executives are the ones who will make subsequent visits to conduct more detailed business negotiations. At a first meeting, spend most of the time establishing a rapport, then gradually steer the conversation toward introducing your firm.
- Attitudes toward trading with North America are positive.
- Conservative values in politics, economics, and social attitudes prevail. Honesty and integrity are highly valued. A sense of humor is appreciated, but generally serious, businesslike behavior is expected.
- There is a strong sense of personal honor on the part of Latin American business people. Therefore, do not criticize a person in public, pull rank, or do anything that will cause him or her embarrassment.

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the decision-making process is centralized, residing mostly with the upper-level *presidente* or *gerente general*. Next in importance comes the *gerente*, followed by mid- and low-level managers; all provide support to the upper levels. But all levels usually have input, so business transactions may take place at a slower pace than in North America or Europe. Be patient and expect delays. Several trips may be necessary to conclude a business transaction.

- Chileans are straightforward and take negotiating quite seriously. A hard-sell approach, however, will not work. Have your bottom line and other terms clearly

drawn out. Also outline a strong financial package with options such as nontraditional financing terms.

- Businesswomen will be at a slight disadvantage because of the machismo ethic that continues to exist in Chile. However, many women are professionally advanced, and a woman will have better success here than in most other Latin American countries.
- Show commitment to the business relationship through a willingness to provide continued service to your client, despite the long distances involved. Remember that Chileans strive to overcome the isolation imposed on them by geography.
- Making a good impression includes staying at one of the finer international hotels while in Chile.
- South Americans generally converse in closer proximity than North Americans. Do not pull away from a person who is speaking quite close to you, even if you are uncomfortable. This may be interpreted as a personal affront.
- Have business cards printed with English on one side and Spanish on the other. Present cards to everyone in a meeting except secretaries.
- Third parties are very important for making contacts in Chile. Banks and consulting firms can make introductions.
- The business atmosphere tends to be more formal than in other South American and European countries. Correct etiquette and dress are expected.
- Chileans avoid behavior that may appear aggressive. Kindness and respect for others are valued.
- Learn a little about Chile's history, culture, economy, exports, and so forth, and be prepared to discuss them. This will impress and please your contacts.

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Chileans do not bargain in either stores or street markets. Note that it is illegal to sell something and not issue a receipt. When a receipt is not issued, this often means that the merchant is not declaring the sale on tax reports.



Business Entertaining

- Breakfast is usually eaten between 7:00 and 9:00 A.P. Lunch, the largest meal of the day, is eaten at noon. *Onces* is a light snack between 5:00 and 6:00 P.M. in preparation for dinner, which is served between 8:00 and 9:00 P.M. If you are invited for drinks at a home, you will probably be invited for dinner as well.
- It is not customary to send a thank you gift or note following an invitation to a Chilean home, but flowers or candy sent to the hostess in advance are appreciated. If you wish to convey your thanks, do so by telephone rather than by mail.
- Entertaining is often done in large hotels and restaurants. Make arrangements concerning the bill with the maitre d' in advance to avoid competition for paying. If you are a guest, reciprocate the hospitality at a later date.
- Proper table manners are very important in Chile. In general, follow Western standards. Pour wine with your right hand, and try to at least taste everything that is served to you. Good topics of conversation include family, Chilean history, cuisine, wines, and sights that they might recommend. Many Chileans are very

interested in world travel, so mention other places you have visited. Skiing and fishing are very popular in Chile. Topics to avoid include local politics, human rights violations, and religion. Do not criticize Chile, even if your host is doing so.

Time

- Chile is four hours behind Greenwich Mean Time (G.M.T.-4). This makes it one hour ahead of U.S. Eastern Standard Time (E.S.T.+1). Chile goes on daylight saving time from mid-October through mid-March.

Protocol



Greetings

- Men will shake hands when greeting someone. Women will often pat each other on the right forearm or shoulder instead of shaking hands. If they are close, women may hug or kiss each other on the cheek.
- At a party, greet and shake hands with each person individually. Do not ask a person his or her occupation directly, but wait for the information to be volunteered.



Titles / Forms of Address

- Do not address a Chilean by his or her first name unless invited to do so. Generally, only children, family members, and close friends address each other by their first names. Persons who do not use professional titles should be addressed as Mr., Mrs., or Miss, plus their surname. In Spanish, these are
 - Mr. = Señor
 - Mrs. = Señora
 - Miss = Señorita
- Most Hispanics have two surnames: one from their father, which is listed first, followed by one from their mother. Only the father's surname is commonly used when addressing someone, e.g., Señor Juan Antonio Martinez Garcia is addressed as Señor Martinez and Señorita Ana María Gutierrez Herrera is addressed as Señorita Gutierrez. When a woman marries, she usually adds her husband's surname and goes by that surname. If the two people in the above example married, she would be known as Señora Ana María Gutierrez Herrera de Martinez. Most people would refer to her as: Señora de Martinez or, less formally, Señora Martinez.
- Most Chileans do not use a professional title. Those who do, expect to be addressed with that title followed by their surname. Physicians always are called Doctor.



Gestures

- The Chilean people converse at a closer distance than U.S. and Canadian citizens are used to—often with a hand on the other person's lapel or shoulder. Restrain yourself from trying to back away; a Chilean will probably step forward and close the distance.
- Maintaining eye contact is necessary to show interest and sincerity—something that North Americans may find difficult when speaking to a person at such close quarters.
- At a meal, keep your hands above the table at all times.
- Do not raise your right fist to head level, as this is a Communist sign.
- See the first Cultural Note for more gestures.



Gifts

- Gifts are not expected in business until the relationship is a close one.
- When visiting a Chilean home, send flowers in advance (avoid yellow roses, which signify contempt) or bring wine or liquor. Other popular gifts include leather appointment books, quality pens or cigarette lighters, perfume, and local crafts from home.
- If you receive a gift, open it promptly in the presence of the giver and extend thanks.
- Give gold jewelry to a girl on her fifteenth birthday. This birthday (called the *quinceaños*; the party is called a *quinceanera*) is a very important celebration in Chile; to be invited to one is a privilege.



Dress

- Business: Dress is generally more conservative than in the United States. Men may wear a dark blue or gray suit, a light shirt, and a conservative tie. Bright colors and flashy fashions are not suitable, nor is wearing anything on the lapel. Women should wear a suit and heels.
- Casual: When not doing business, pants or good jeans and a shirt are appropriate. Shorts will rarely be seen in public. Chile experiences temperature extremes from the beaches to the mountains. You will need warmer clothes at higher altitudes.