

## Doing Business in Mexico | Mexican Social and Business Culture

### A Mexican Culture Overview

#### Fact File

- **Official name** – United Mexican States
- **Population** – 111, 211, 789 \*
- **Official Languages** – Spanish, various Mayan, Nahuatl, and other regional indigenous languages
- **Currency** – Mexican peso (MXN)
- **Capital city** – Mexico City (Distrito Federal)
- **GDP** – purchasing power parity \$1.559 trillion\*
- **GDP Per Capita** – purchasing power parity \$14, 200 \*



#### Overview

Mexico is the site of advanced Amerindian civilisations and the northernmost and westernmost country in Latin America. Mexico's ethnic composition, its prominent regional identities and notoriously vivid culture, have all been shaped by the nation's history of immigration and various outside influences from the indigenous, (Toltec, Olmeca, Zapotec, Maya, Aztec, Huichol, Purapecha and Tarahumara) , Spanish and African civilisations. The rich diversity of its many cultures is by far Mexico's most valuable asset.

For those wanting to conduct business in this thriving environment, an understanding of this complex Mexican heritage and culture must be achieved in order to secure your future business success.

#### Mexican Culture - Key Concepts and Values

**Communication style** - In Mexico, communication tends to be indirect and subtle, and presented in such a way as to be diplomatic and non-confrontational. Meaning is conveyed through non-verbal forms of communication or by less explicit verbal messages. Mexicans will often disguise "no" in responses such as "maybe" or "we'll see" with the aim of maintaining harmony and avoiding disappointing or offending the receiver. When doing business in Mexico, it is vital to take this indirect approach with your Mexican counterparts as it will help to strengthen your business relationships.

**Family** - A fundamental Mexican value is that of the family and the place it holds in society. As a collectivist culture, the family unit is a dominating factor of daily life and the close ties between extended families and communities can have a major influence on individual behaviour. In a business context, the importance of family is evident in many Mexican companies. Family-owned

or controlled businesses are not uncommon and you will often find relatives working for the same company. These key families area also intrinsically connected to Mexico's political establishment and therefore establishing trustworthy contacts will be crucial for your success. This means that nepotism is a frequent occurrence in Mexican business culture and establishing trustworthy contacts will be crucial for your success.

**Time** - In Mexico, time is considered to be flexible, relaxed and circular, and is therefore unlimited. The word "*mañana*" is closely linked with the Mexican concept of time. In literal terms it means "morning" or "tomorrow", however it is also a way of saying "later". When hearing it in this context, you should expect things to be done some time in the near future, without great urgency or specific dateline in mind. Consequently, business meetings will run at a slower pace and your associates may take longer to reach a decision. Punctuality and time keeping are less closely observed; therefore, planning a tight daily schedule when doing business in Mexico should be avoided.

### **Doing Business in Mexico**

Following three centuries under Spanish rule, Mexico finally achieved independence early in the nineteenth century. The subsequent period in Mexico's history was dominated by civil war, European intervention, a long domestic dictatorship and perhaps the most important event in the twentieth century, the Mexican Revolution. This influenced Mexican culture and politics for more than half century as Mexico's could have been easily described as one-party political system, until elections held in July 2000 saw a defeat for the Institutional Revolutionary Party. Today Mexico's political landscape is a thriving democracy with three political parties, competing neck and neck to govern the country. Despite the economic crisis of the mid-nineties, Mexico's economic achievements are many. The country's increasing manufacturing output, rich natural resources and major exports have resulted in a significant recovery in the economy, which continues to improve well into the twenty-first century and invites foreign business from across the globe. Mexico's economy largely shadows the economic cycles of it powerful neighbour the USA.

### **Mexico Business Part 1 - Working in Mexico (Pre-departure)**

- **Working practices in Mexico**
  - It is important to schedule business appointments in advance and confirm them once you have arrived in Mexico.
  - Business lunches are a favourable method of conducting business in Mexico, emphasising the more social aspect of Mexican business culture, and often go on for several hours. Breakfast meetings are also popular for getting to know your business associates, and to establish a more personal relationship.
  - In most Mexican cities, working hours are generally 9.00 a.m. to 5.00 p.m., but may extend until 7.00 p.m. from Monday to Friday. Business is rarely conducted at the weekend, which is normally reserved for family.

- **Structure and hierarchy in Mexican companies**
  - The structure of Mexican companies is representative of the country's social structure. Hierarchy and social status are particularly significant in Mexican culture and the boundaries they create should be observed.
  - Final decisions are generally made by a central authority figure. However, in Mexican business culture, general consensus is taken into account and subordinates are encouraged to openly express their point of view.
- **Working relationships in Mexico**
  - In Mexican business culture, cultivating close personal relationships and building trust are considered vital components for a successful working environment. Mexicans prefer to do business with people whom they know/trust and it is not uncommon to find many family members working for the same business.
  - Respect is a key component in Mexican business culture and is reflected in the extensive use of professional titles and the formal "you" (*usted*). Mexicans place great emphasis on showing respect to others, especially to elder and more senior members of the group.

## **Mexico Business Part 2 - Doing Business in Mexico**

- **Business practices in Mexico**
  - Mexicans adopt a more formal approach to business relationships; therefore it is customary to address your Mexican business partner with the appropriate title. Courtesy titles such as "Mr" (*Señor*), "Mrs" (*Señora*), or "Miss" (*Señorita*), and professional titles (i.e. "*Licenciado*", "*Doctor*", "*Profesor*") should be used, followed by a surname. Since first names are generally only used with family and close friends, you should wait until invited to address someone in this way.
  - During an initial business meeting, the most appropriate form of greeting is a warm and firm handshake. This should be done both upon arrival and departure and regardless of gender or seniority. When a more personal relationship has developed, it is not uncommon for business associates to kiss on the cheek or use a friendly embrace.
  - An important part of Mexican business protocol is securing reliable contacts that can introduce and vouch for you. The use of personal introductions through a mutual friend or an appropriate professional is crucial for establishing trust and ensuring your future business success in Mexico.
  - Business negotiations can be a lengthy process in Mexico and a certain element of bartering will be expected. It is also important to bear in mind that Mexican business people tend to base proposals and business decisions on the degree of personal trust established with the foreign counterpart and on some occasions on gut feelings.

- **Mexican Business Etiquette (Do's and Don'ts)**
  - ✓ DO translate all your marketing literature and any other documents for your business dealings into Spanish. Failure to do so may jeopardise your business potential.
  - ✓ DO expect your Mexican business counterparts to converse at a much closer physical distance than you may be used to. A Mexican's sense of personal space is much smaller and physical contact is not frowned upon.
  - ✓ DO take your time during business dealings with your Mexican colleagues and avoid pressing for final decisions, remember that time in Mexico does not always equal money, as in some western countries.
  - ✗ DON'T make direct and frequent eye contact when in conversation with you Mexican business associates. Mexicans tend not to make direct eye contact as a sign of respect.
  - ✗ DON'T be overly aggressive while negotiating business deals, as it is considered rude.
  - ✗ DON'T offer gifts of extremely high value. Gift giving is not a requirement of Mexican business etiquette, but a small gift will be gratefully accepted and appreciated.

#### **Mexican Culture Quiz – True or False**

1. During a business meeting, it is considered disrespectful to throw documents on the table.
2. If giving a gift of flowers, you should avoid the colour yellow. Yellow flowers are associated with funerals and symbolise death.
3. To give the "OK" gesture with the thumb and index finger in Mexico is considered vulgar.
4. Your business success in Mexico is primarily based on professional experience and know-how. Building and maintaining good personal relationships is considered less important.
5. Using the "psst-psst" sound to gain another's attention is considered rude and impolite in Mexican business culture.

#### **Cultural Quiz - Answers**

1. True.
2. True.
3. True.
4. False. Business relationships often take precedence over capability.
5. False. This is an accepted form of behaviour and not considered impolite.

\* Source: CIA World Factbook 2007

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