Doing Business in Colombia

A Cultural Guide

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EXECUTIVE SUMMARY

"Culture is what remains, when one has forgotten everything."

- Edouard Herriot

When working in a new culture, we are expected to conform to the norms of the host country and are likely to be treated differently than local colleagues. "These expectations make it necessary for the manager to quickly learn new patterns of thinking, valuing and behaving. The longer this takes the more problematic it becomes to manage successfully" (Phalak, Bhagat & Kashlak, 2005).

This text is intended for those who have an interest in conducting business in Colombia. Use this resource as a point of reference which can provide insights into cultural differences between Colombian and Australian business environments, and give food for thought for the resulting business implications these nuances will have.

I want to thank Angus Bartlett-Bragg for providing a highly rich and informative account of his time living and working in Colombia and across Latin America. I also would like to thank Alejandro Jaramillo for providing some of his own cross-cultural experiences as a contribution to this paper.

INTRODUCTION

Colombia is a country which has had a democratic political system for many years, but still has great social inequalities and an exclusive centralised power structure (Ogliastri et al., 2005). Many international perceptions of Colombia are tainted by the negative media coverage the Country receives. There has been a four-decade conflict between Government forces and Revolutionary groups heavily funded by the drugs trade. The majority of Colombians do not support these insurgent groups in their attempts to overthrow the Government, and violence has been decreasing since 2002. It is true the Country has had to deal with a lot of strife in the past and there are still some issues, particularly in rural areas. However, there is much more to Colombia than meets the eye. The resilience of the Colombian people is driving the Country's prosperity.

Colombia's ex-president Uribe greatly increased investment on security. Additionally, thanks in part to foreign aid, Colombian prosecutors are now supported by a fairly effective detective force and a witness protection program, which is in-part assisted by the U.S. (USA TODAY, 2007). There is confidence that Colombia will continue its emphasis on the Country's security policies as the new president Santos has extensive experience in the political domain and was the lead individual who drew up the policies several years ago.

The Government of Colombia is also working hard to promote its private sector through granting concessions. Large infrastructure projects are coming up for tender in 2011 which is open for foreign investment (ALABC, 2010). It is evident that Colombia is attempting to embrace globalisation and is welcoming business interests from abroad. However, globalisation does not mean we should deny cultural differences, on the contrary, it increases the importance of understanding these variant nuances and how they may affect business.

Overview

- **Time Difference:** UTC-5 (same as Washington DC – Standard Time)
- **President:** Juan Manuel Santos Calderón
- **Capital City:** Bogota (population approximately 7 million) check
- **Other Large Cities:** Medellin, Cali, Barranquilla, Cartagena
- **Population:** Approximately 46m people. Third largest population in Latin America after Brazil and Mexico. 70% live in urban areas and the remainder in the rural areas.
- **Unemployment rate:** 12%
- **GDP:** Purchasing power parity $399.4 billion
- **GDP Per Capita**: Purchasing power parity $8,900
- **Main Exports:** Coal, Coffee, Cut Flowers, Bananas, Nickel and Petroleum.
- **Language:** Spanish

Holidays

New Year's Day	Jan 1
Epiphany	Jan 6
St. Joseph's Day	Mar 19
Labor Day	May 1
Day of St. Peter and St. Paul	Jun 29
Independence Day	Jul 20
Battle of Boyaca	Aug 7
Assumption Day	Aug 15
Columbus Day	Oct 12
All Saints Day	Nov 1
Independence of Cartagena	Nov 11
Immaculate Conception	Dec 8
Christmas Dec	Dec 25

Key Economic Developments

- Colombia experienced a smooth transition of power earlier this year after nearly 10 years of the Uribe presidency. The new president Santos has committed to maintaining key policies implemented by the previous presidency.

- Colombia's economic recovery is progressing but is being partly hindered by the import embargo set by Venezuela.

- Monetary controls are tight as inflation is low and market growth is somewhat subdued for now.

- Recent opinion polls of the Colombian public indicate unemployment, health care and poverty as major concerns in 2010. It is encouraging to note that security was not ranked highly demonstrating the success attributed to ex-President Álvaro Uribe's Democratic Security Policy.

- Colombia is recognised as one of the most stable economies within Latin America. The Country has had above average economic growth for several years, levels of foreign debt have fallen considerably, and GDP growth is steady at 1%.

INTERVIEWS

Angus Bartlett-Bragg

Former Honorary Consul for Colombia

Angus Bartlett-Bragg is the former Honorary Consul for the Republic of Colombia and has more than 50 years of involvement in Latin American affairs. He has served as director of Latin American business at KPMG Australia; as a member of the consultative group on Latin America to DFAT; as director of the Australia Chile Business Investment Council; as a contributor to the Senate select committee enquiry into Australia's trade relationship with Latin America; and as councillor for the Australia Latin America Business Council. He worked in Latin America for some 30 years, holding managerial or company director positions in Peru, Chile, Colombia and Mexico. He is also a former executive director of the Australian British Chamber of Commerce. Mr Bartlett-Bragg remains a member of the Consular Corps in Melbourne and is contractual outside consultant director of Latin American business at KPMG Australia.

Alejandro Jaramillo

Colombian born Production Manager, now residing in Sydney, Australia

Alejandro Jaramillo was born in Neiva, a city to the south of Colombia in 1986. Alejandro moved to Bogota to study a Bachelor in International Business at the Universidad de La Sabana. Following his studies he spent a year travelling the world. Returning to Bogota in 2009 he worked for a Colombian company as a Production Manager for one year. He now resides in Sydney, Australia.

CULTURE

Culture is more than just opera, art and architecture. It is the underlying framework to our lives. Culture refers to shared assumptions, motives, values, beliefs, and interpretations of meaning from past events, which all derive from shared group experiences passed from generation to generation (House & Javidan, 2004). The most relevant point to make for any business dealing with foreign entities is that culture is the collective programming distinguishing one group of individuals from another (Hofstede, 1980; Schwartz & Bardi, 2001; Adler, 2008). Culture emanates in several forms of groups: societies; organisations; and even within teams of individuals (Erez & Gati, 2004). It is important to consider the different levels culture can be conceptualized at as it gives a group a unique personality. Trompenaars and Woolliams (2001, p 364) describe culture as "a hidden yet unifying theme that provides meaning direction and mobilization than can exert a decisive influence on the overall ability of the organisation to deal with the challenges it faces."

The cultural DNA of a group is dynamic and constantly evolving. It develops through the complex interactions between people's values, attitudes and behaviours. Values are what guide us and help us form judgments of what is right and what is wrong. These moderate our attitudes towards the appropriate and effective forms of behaviour we exhibit when dealing with particular situations. The relationship between culture, values, attitudes and behaviour can be thought of like a continuous circle with the values, attitudes and behaviours eventually becoming a part of the culture in question, which then leads to the cycle starting again. By understanding the differences among values, attitudes and behaviours, and their relationship with one another and culture itself, managers have a powerful tool which will assist in developing appropriate styles and techniques optimizing intercultural effectiveness.

DISCLAIMER – This document provides an insight into cultural dimensions and illustrates some practical implications foreign managers may wish to consider. However, the examples provided are just examples, and may not completely reflect the individuals you will be working with. Please digest this information and use it as a guide, but always form your own opinions.

CULTURAL DIMENSIONS

Cultural dimensions can facilitate the comparison of one culture against another. This identification of cultural variables has been a major goal of cross-cultural psychology. This is an important goal because it opens the way to a more adequate operationalisation of the concept of culture (Smith, Dugan & Trompenaars, 1996). With market success in mind, the consideration of cultural dimensions in cross-cultural business has become an issue that should be at the forefront of every international manager's mind.

Two studies feature prominently within the academic literature on culture. Hofstede's (1980; 1983) study conducted between 1967 and 1973 was based on a survey of approximately 117,000 IBM staff located across 53 countries. Through studying work goals across different cultures, Hofstede found that there are both national and regional groupings which affect behaviour within organisations and societies, and these can be used to differentiate one culture from another. Hofstede's work identified four dimensions as being key factors in determining the importance of different work goals across these nations: power distance, uncertainty avoidance, masculinity/femininity and individualism/collectivism. More recently, Hofstede added a fifth dimension which relates to the time orientation of a country, and at the time of writing this, is in the process of publishing another; indulgence versus restraint.

An additional research program was the GLOBE study (House, Javidan, Hanges, & Dorfman, 2002). This study investigated culture and leadership in 62 nations by surveying thousands of middle managers in local finance, telecommunications and food processing industries. The study examined cultures using nine cultural dimensions: future orientation, power distance, assertiveness, performance orientation, humane orientation, uncertainty avoidance, institutional collectivism, in-group collectivism and gender egalitarianism. It is worth noting

that the definitions of some of these cultural dimensions do overlap with those defined by Hofstede. The GLOBE study asked participants their perception of their own society at the time of the survey, and where they thought desired their actual values to be. This extra point of analysis distinguishes the GLOBE study from Hofstes's earlier investigation, and allows us to predict where there may have been changes in the cultural values of countries in question between the time the studies were concluded and the present day. The aforementioned studies did not establish all cultural dimensions which can be referred to, but they are the studies which are most relevant when comparing Colombian and Australian organisational cultures.

Cultural dimensions can differentiate one culture from another and these variances have important managerial implications. This report covers the most salient cultural dimensions within Colombia when observing from an Australian viewpoint, and they should be considered by any organisation seeking to understand the Colombian business environment.

Power Distance

Power distance refers to the extent to which the unequal distribution of power is expected and accepted by the less powerful members of organisations and society (Hofstede, 1980). Hofstede's study ranked Colombia as having a high power distance (67 points) compared to Australia's lower score (36 points), and these ratings are also consistent with the findings from the GLOBE study.

Countries with large power distances, such as Colombia, tend to have the power concentrated in comparatively few hands in heavily centralised and often hierarchical organisations. The use of coercion and referent power is accepted as subordinates acknowledge the power of their superiors. People view themselves as inherently unequal and are more accepting of the differences which come from individuals' roles, status and position within an organisation. All participants within an organisation expect their positions within the firm to be demarcated with clarity, and challenging those figures with higher authority is seen as unacceptable.

In small power distance societies like Australia, firms tend to adopt flatter organisational structures and the distinct rankings within hierarchical organisations may often be disregarded, as individuals are more likely to view themselves as equals. Decisions are likely to be made through consulting with subordinates and in the case of misaligned interests; the employee will be ready to argue their point of view. In low power distance countries respect is usually given through a proven capacity to perform, whereas in higher power distance localities emphasis may be more focused on ascription such as family status and social standing.

Colombia's acceptance of unequal distribution of power is evident in the stark social inequalities which can be seen within the country such as when driving through the cities; where shanty towns coexist alongside affluent mansions (Ogliastri, 1998). When looking at

corporate Colombia a similar pattern emerges. Some organisations have executive dining rooms marking a clear segregation of management from subordinates for example. Ogliastri (1998) notes that a key characteristic of Colombian culture "is the concentration of power in the hands of a closed, powerful elite" (p. 15) which is particularly directed at the Colombian government, but is also reflected in the corporate world. In Colombia, the respect of social status can also be seen in public places in large cities such as Bogota, where professional and social status are sometimes recognised with the prefixes of 'professora' and 'professoro' or 'don' and 'doña', but these formalities are generally not utilised across the whole country. Colombia's high score on the power distance dimension is reflected among the majority of its neighbouring countries. The Economist (2010, p.4) notes that despite many advances over recent years, income distribution in Latin America remains more unequal than anywhere else in the world. The Gini Coefficient measures equalities in the distribution of income across countries (0=absolute equality, 100=absolute inequality) and records Colombia much less equal with regards to income distribution at 58.6, compared to Australia at 35.2 (UNDP, 2008).

Australia is a little less comfortable with the unequal distribution of power than Colombia and other Latin American countries. The GLOBE study found that both countries have a strong desire toward a more equal society. It is interesting to note that Colombia's desire to be less accepting of the unequal distribution of power is one of the greatest out of all 62 societies studied through GLOBE.

Uncertainty Avoidance

Uncertainty avoidance refers to the degree to which a society tolerates ambiguity and uncertainty. It indicates how comfortable members of an organisation will feel when

confronted with unstructured situations (Hofstede, 1998), and also the levels of emotion and anxiety which will be exhibited. Colombia was rated as having one of the most uncertain cultural environments out of all countries analysed in the GLOBE Study (Ogliastri, 1998). Yet, the country exhibits a high tolerance for dealing with these uncertain situations and does report a desire to be less tolerant to ambiguity. High levels of uncertainty avoidance can be translated into a preference for formal and well structured rules, as well as a limited tolerance for those individuals and groups deviating from these guidelines. Ogliastri (1998) identifies both positives and negatives of having a strong tolerance of ambiguity. With regard to positive implications: Colombians are extremely flexible, open-minded, able to handle emergencies, and are likely to be creative and innovative in their job roles. On the other hand this high tolerance manifests itself through poor planning, an inability to identify fixed rules and procedures (Ogliastri, 1998), higher levels of anxiety and stress, and strong superegos (Hofstede, 1983).

Australia is less comfortable with ambiguity but still not overly comfortable with it. Contrasting against Colombian culture, in Australia: roles within organisations may not be as clearly defined, job mobility occurs more frequently, it is not uncommon to see all levels of the organisation interacting with one-another, business is usually conducted less formally, there are fewer formal rules, and individuals are expected to go above and beyond and exert greater levels of independence in their roles.

Individualism versus Collectivism

Hofstede (1980) ranks Colombia as highly collectivistic whereas Australia was found to be at the polar opposite end of the dimension and is highly individualistic. The extended family is well known for its collectivistic features within Colombian society (Ogliastri, 1998).

Colombians are taught from childhood to depend on family members rather than ‘making it alone’. Unmarried adults are likely to live in the family home, and family elders are usually looked after by their children. These traits do not extend to extreme parental control through arranged marriages, and non-conformity to the community is not overly frowned upon (Ogliastri, 2007). Colombian core values are irrefutably group-orientated by nature. The collectivistic nature of Colombia is also mirrored in the majority of neighbouring Latin American countries.

Members of individualistic cultures like Australia are more likely to be concerned about themselves and their immediate family, stress personal matters, take personal responsibility, be self reliant, be of a competitive nature, and focus on their own personal growth. Organisation systems within individualistic societies tend to focus on an individual’s personal growth and performance, and when working in teams an individual’s performance may be singled out, recognised and rewarded. Conversely, in a collectivistic culture the emphasis is on the group. Decisions are usually made collectively, people think of others before themselves, the social system highly influences personal success, and people are born into close extended families where protection is exchanged with loyalty to the clan (Hofstede, 1983).

People within Australia will often believe certain universal values should be shared by all whereas individuals from Colombia are able to accept the differing values among different groups (Adler, 2008). Performance is assessed on an individual basis and further stressed through emphasis on ongoing performance appraisals, whereas in Colombia, performance is usually appraised and rewarded at a group level.

Time

Across national boundaries the concept of time can vary considerably (Trompenaars & Hampden-Turner, 1997). A Colombian's concept of time is likely to be different to an Australian's. Colombia works synchronously whereas Australia and many other western nations follow a sequential time framework. Australians are used to following a linear pattern, usually working on one task before moving onto the next. Schedules are widely utilized and within organisations this concept manifests through performance reviews which are generally evaluated periodically.

Synchronic cultures are likely to perform several activities all at once and do not place as much emphasis on timeliness as sequential individuals do. Synchronous cultures are likely to consider relationships more important than schedules. Performance evaluation usually takes a different focus than in sequential cultures. Companies will likely take a holistic approach to performance evaluation and rather than focusing on assessment based on activities between evaluation periods, an individual's historical, present and future potential in relation to the firm will be assessed.

Performance Orientation

Within different societies and organisations the extent to which group members are encouraged and rewarded for performance improvement and excellence can vary greatly. This level of encouragement and rewards can be referred to as performance orientation. Colombia rates moderately low on performance orientation in the GLOBE study (House et al., 2002) but the country was one of three which indicated a clear desire to establish greater performance values. Furthermore, among all countries in the GLOBE study Colombia

appears to be undergoing the most significant change in this value. In contrast with this, Australia was rated as having an existing high performance orientation and yet still desiring to exert an even stronger emphasis.

Ogliastri (1998) notes that there is a growing tendency towards performance orientation in four major areas within Colombia: educational institutions, such as primary schools, colleges and universities; business organizations; legal statutes; and in the country's cultural values. In the corporate sphere, evaluating employees for job performance is often standard practice among multinational organizations, however only around 50% of Colombian organisations follow suit (Ogliastri, 1998). Within Colombia individual rewards and recognition of achievement are often exclusively linked to salesmen; whereas promotions tend to be linked to social standing, family ties and through personal networks.

The lack of performance recognition in Colombia is reflected in the limited laws and official initiatives dealing with commercial performance, such as government incentives for entrepreneurs, tax credits for research and development and subsidies for on-the-job training. Interestingly, streets and parks are not named after famous inventors and are often exclusively reserved for political achievers. A further point to note is that there are important variations of achievement orientations among the varying regions within Colombia and the levels of performance orientation within the Country has developed at different levels among different social classes (Sudarsky, 1973).

Future Orientation

The future orientation of a country indicates the degree to which the nation engages in forward-planning activities (Javidan & Dastmalchian, 2009). Colombia focuses more on the present than the future. The impulsiveness and spontaneity of Colombian culture, and the

Country's ability of its people to make themselves happy and live for the moment, are all behavioural characteristics passed from generation to generation (Ogliastri, 1998). The Government has tackled the nation's ingrained behaviour of immediate spending by developing restrictions to pension funds and encouraging severance packages which has somewhat reduced this sudden expenditure.

The Colombian business sector has had to adapt to global influences and put more emphasis on setting its sights on the longer-term. This is particularly evident when looking at large infrastructure projects and within the financial and FMCG sectors which rely heavily on research and development functions (Ogliastri, 1998) where long-term strategy is essential. An interesting contrast between Australia's future orientation and Colombia's focus on the present can be seen in the sale of tickets to sports and music events. In both countries, tickets usually go on sale weeks or months before the event takes place but Colombians tend to purchase only days before and sometimes even on the day. The findings from the GLOBE study indicate a global preference to move toward a stronger future focus, and this was also reported by Colombian managers.

Implications for Managers

When working across cultures, it is essential to remember that "what works in one country does not necessarily work in another" (Hofstede, 1998; p 15). The cultural dimensions previously shown highlight the greatest contrasts between Colombian and Australian business environments. These contrasts are now used to illustrate the most salient areas of business to consider when working in Colombia. However, it is important to note that each organization is unique and therefore has its own culture. As such, a particular organisational influence may stress tendencies for specific leadership styles, approaches to decision making and management behaviours in general. The following information should be used as a guide and applied only after the organisation in question has been analysed separately.

Leadership

To illicit the most appropriate leadership qualities in Colombia, one must be consistent with their cultural norms. In other words, be congruent with the Colombian view of 'the way things are done.' "Both large power distance and high scoring uncertainty avoidance countries demonstrate a strong preference for structured hierarchies in which the individuals role is clearly defined and strong leadership is regarded as an antidote to anxiety and stress" (Johnson & Turner, 2003, p 204).

The power distance cultural dimension is relevant to leadership behaviour as it directly relates to individual's expectations of and relationship with authority (Hofstede, 1980). It can also provide an indication into how individuals are likely to act with their superiors (Offermann & Hellmann, 1997). Colombia was identified in both Hofstede's study and the

GLOBE study as a culture with a high power distance which would suggest that Colombians favour more autocratic and paternalistic approaches to leadership, and accept the place of the formal hierarchy. Business in Colombia continues to be conducted formally, if not more so than western countries, but there is an increasing prevalence of more inclusive leadership styles.

The current trend towards more inclusive management and leadership styles is consistent with the 'should be' values held by the middle-level management employees surveyed in the GLOBE study, which indicated a strong desire for a lower level of power distance within Colombia (House & Javidan, 2004). According to academic literature it is uncharacteristic of leaders in high power distance countries to involve subordinates in decision making or even consult them directly on issues, but to some extent this stereotype is becoming diluted in Colombia.

It is apt to say that throughout Colombia the past tendency to follow an autocratic and formal approach to leadership, where employees were kept at arm's length, is not prevalent as it once was. Formalities of organisation structure, such as respect given to authority figures is still more emphasized than that of Australia, but nowadays managers may be more involved with the activities further down the hierarchy. It must still be stressed that Colombians will recognize that generational psychological barriers should regulate attempts to form strong relationships with superiors (Begley, Lee, Fang, & Li, 2001), like those which may be more of the norm in Australia.

Still, there are certain leadership characteristics that may be more effective than others. Alejandro Jaramillo (personal communication, 31st October, 2010) characterises successful Colombian leaders as passionate, extroverted, and willing to fight for their ideas, and leaders should also look for ways to exercise and keep control (sustain certainty) within their teams.

As a leader in Colombia there is an expectation that you will guide the business and be the one who makes the important decisions. The collectivistic nature of the culture demands that the levels of social interaction expected must not be underestimated. Latin Americans in general tend to have a larger overlap of the work/life balance than Australians do. Despite this, it is almost certain that to be completely effective at work and uphold your position in the eyes of your colleagues there must still remain some psychological distance or respect of authority between subordinate and superior. The collectivistic nature of Colombia also affects other areas of business. In Australia businesses emphasize personal goals and promoting individual initiative. When working in Colombia it is likely a greater emphasis on team building and group goal setting will be expected.

Leaders in Colombia must also be aware of the stakeholders of the organization outside the firm's physical boundaries. Research has shown that corporate citizenship is becoming an important management dimension to consider (Waldman, Luque, Washburn, & House, 2006; Hamann, 2007). The Colombian general public desires a trusting relationship with organisations and in some cases they would appreciate collaborative responses to local challenges. Any figurehead of an organisation or individual who is in direct contact with the general public must be aware of this desire of employees and other stakeholders to form participative relationships.

TIME/DEADLINES

Time factors affect many aspects of daily life in Colombia. They have implications on organising business meetings during the day and social engagements in the evening. In Colombia punctuality is not emphasised as much as it is in Australia, and this must be taken

into account when setting meeting times or attending events. Australians are adept in following a linear process when working, performing one activity at a point in time and then moving onto the next. Many western nations follow this sequential framework to time, whereas in Colombia people are likely to be more synchronous and people are likely to be more used to multi-tasking. Keeping appointments and following schedules are not followed as stringently.

> "..Latin Americans, including Colombians, live and work on a very different time cycle. The working day starts early, pauses in the midday heat, and later continues on well into the evening…The mid-day break or siesta is seen by some westerners as a sign of inertia and idleness on the part of the Latin Americans. Not a bit of it. When I was transferred from Latin America to Australia I was struck by the easy, relaxed, less intensive, and to all appearance less dedicated work ethic that, by comparison, I found in Australia." (Angus Bartlett-Bragg, personal communication, 20th October, 2010).

"If one wishes to arrange a punctual evening engagement then it is necessary to clearly establish that timing is to be based strictly on *la hora inglesa*" (Angus Bartlett-Bragg, personal communication, 20th October, 2010). If people really want you to arrive punctually they will say something similar to, 'a las siete – pero hora inglesia' – which translates to 'at 7 o'clock – but English time'. If uncertainty remains on how close to stick to the 'agreed' time then ask a colleague to be sure.

HR

HRM practices within Colombia are diverse. This miscellany is influenced by global business approaches as well as traditional Colombian cultural practices. Contemporary management practices, which include approaches to HR, have been to some extent disseminated throughout Colombia (Ogliastri, 2007). At a global and now also a local level within the Country, the degree to which HR is seen as a strategic unit within Colombian organisations is a contentious issue. It has been suggested that true integration of HR within Companies'

strategy may "be achieved if human resource policies were explicitly drawn up, written, and documented, and specifically associated with business results and organizational practices, instead of responding to some 'best practices' coming from generic overseas trends" (Ogliastri et al., 2005, p. 167). There must be quantifiable evidence presented to the executive showing that HR represents an investment, not a cost. Hindering this process is the scarcity of appropriate control systems and indicators to facilitate accurate results and allow for strategic decisions to be made (Ca´mara de Comercio de Bogota, 1999).

The academic literature would suggest that due Colombia's collectivistic nature, recruitment decisions are more likely to follow an approach which may favour family members and close personal networks of the decision makers. This would be a concern for a foreign manager wishing to recruit the appropriate people based on performance criteria. It is interesting to note that based on his broad range of international experience, Angus Bartlett-Bragg (personal communication, 20th October, 2010) affirmed that the practice of nepotism is international and is by no means "…any more greatly practiced in Colombia than in any other country of the western world."

Mode of entry

When considering Colombia's business investment opportunities there are a number of approaches that can be taken. Merging or acquiring an existing Colombian business which is likely to have a hierarchical organisational structure, may come with some unexpected challenges beyond those of mere physical integration. Imposing a hierarchical structure on Australian employees may lead to frustration and the feeling of disempowerment as power is not distributed as evenly as it is in Australian firms. On the other hand, imposing a flatter

structure on Colombians may lead to them becoming disorientated and unclear on where their role fits (Johnson & Turner, 2003).

Preparation is essential to consider which approach is the most appropriate to take. Angus Bartlett-Bragg provides some advice on this front:

> "Stand-alone foreign business operations in Colombia or elsewhere in Latin America are vulnerable to increased operational risk…Any foreign business activity in Colombia or elsewhere in the region would be well advised to enter into a firm partnership and equity sharing with a reputable local interest. If I were to relive my time in any Latin American market I would insist in the foreign business being so structured to accommodate a proper and participatory national partner" (Angus Bartlett-Bragg, personal communication, 20th October, 2010).

COMMUNICATION

The communication styles that Colombians exhibit are likely to be different than what you may be used to. Colombian's are considerably more indirect at communicating than Australians. For example, when asking a Colombian for something it is likely that if they wish to decline the proposal, it is unlikely they will say so. It is probable they will reply more vaguely requiring you to read between the lines. They communicate this way to save face and sustain relationships. The Colombian approach to communication has implications for most Australians. It is suggested that if your style of communication is open and direct, you tame it so not to cause offence.

In addition to being indirect and subtle, Colombians are an emotional people, and as such, are also much more animated, and likely to interact within a close physical distance to their counterpart. The closer proximity of communication may initially be uncomfortable for those unfamiliar, but this will be remedied through time. It should also be noted that the increased level of animation should not be mistaken for aggression. It is simply used to emphasise the

content of the conversation. Colombians communicate on a relational basis as they highly value relationships. Their approach to communicating politely and indirectly declining requests is down to the premise of sustaining the relationship held with the counterpart. That being said, it is also important not to out someone in public. If a Colombian has made an error do not publicly expose this as it will lead to loss of face. Follow the guideline of avoiding confrontation at all cost.

The difference in communication styles between Colombia and Australia also has implications at a virtual level. Colombia's synchronous approach to time leads to the supposition local employees are likely to exhibit superior performance through systems which facilitate multitasking. Western IT systems tend to enable users to complete one task at a time (e.g. download one document at a time) before beginning another whereas Colombian's are more likely to excel when systems seek multitasking efficiency. This is important to consider when implementing or analysing internal communication processes.

NEGOTIATION

The broad concept of culture describes human mentality and behaviour such as ideology, language and attitudes. Negotiation is a part of this activity and as such, is dependent on the ingrained frameworks predefined through Colombian cultural values. These differences may determine the hierarchy of negotiating objectives themselves. They could even be as trivial as non-verbal cues and behavioural mannerisms that are detrimental to negotiation, and ultimately subtly block confidence and trust.

Colombians lay emphasis on social values and responsibility to others. This is usually considered more important than an Australian's focus on schedules, task accomplishment and

protocol. Colombian negotiators will have clear authority figures but will be willing to use power with discretion, as they will not expect to have rank pulled on them. In contrast, Australians are more likely adopt a shared authority approach and will only use power in limited and what are perceived as legitimate circumstances. In most cases Colombians tend to adopt centralised decision making from the top-down. They are used to negotiation through tradeoffs, which for Australians may be frustrating as there is more of a focus on compartmentalising issues and sticking to specific areas.

It may be more difficult for Australian negotiators to build trust than it would be when negotiating a western setting. This is due to the emphasis Colombians place on interpersonal relationships. It may take time to build a trusting working relationship and in doing so, you may be expected to blur the work/life boundaries you may be used to in Australia. Alejandro Jaramillo (personal communication, October 31st, 2010) refers to incidences where he has observed impolite reactions by western individuals when asked directly how their family are doing. An Australian who may not know their Colombian counterpart well may be asked this question. Consider this course of action as socialising and a longer than usual 'breaking the ice' process. These sorts of questions are common in Colombia and throughout Latin America, and this should be taken into account if meaningful relationships are to be formed.

The path a negotiation may follow is likely to also follow a different route. Colombians work synchronously and will therefore be more adept at discussing multiple issues at any one point in time. This may result in issues being negotiated in a holistic format, making it likely that any new issues arising may result in the need to renegotiate previously agreed terms. This format contrasts greatly with the linear path Australians are used to following. It is important to reconcile these differences prior to the negotiation's initiation to avoid conflict later on.

Colombia's high ranking on power distance may make it necessary to send Australian representatives with equivalent or higher titles/positions than their Colombian counterparts

(Adler, 2008). Another tactic would be to appoint an individual who already has an established positive relationship with the Colombian party and has trust on both sides of the table. Employing a mediator may be the best approach to take if both parties are unfamiliar with one another's cultural differences. The role of mediator will require the appropriate individual and is likely to reduce the likelihood of misunderstandings from taking place. If we look at approaches other Latin American countries take, Colombians may seek assistance from insider partials rather than outsider neutrals, choosing an individual whom they already hold an established and trusting relationship with (Smith, Dugan & Trompenaars, 1996). These individuals are generally called *confianza* which means 'trustworthiness' and are select persons who Colombians instil a great deal of reciprocal trust.

MARKETING

A study by Gregory, Munch and Peterson (2002) investigated the differences in cultural values between the US, an individualistic country, and Colombia, a collectivistic country. He also looked into the effects these cultural variances had on attitudes and consumer behaviours. The results are important for marketing professionals, and particularly relevant for international advertising campaigns. The study's main finding was that cultural differences require different approaches to advertising. It was identified that idiocentric cultures which tend to hold more self-directed values emphasizing independence, such as Australia, will require a different type of ad appeal than allocentric cultures like Colombia. Additional factors such as persuasiveness of the adverts, cultural appropriateness and product use conditions, all played vital roles in the design of advertising strategies, and were also affected by the cultural dimensions of the countries studied (Gregory et al., 2002).

Rather than considering marketing a technical activity, ethnomarketing (Morales, 2005) suggests the Marketing function should be viewed as a cultural expression. The foundations of ethnomarketing are built on the premise that products can be charged with symbolic meanings and these may vary across submarkets. The ethnomarketing approach works in parallel with ethnoconsumerism; the study of consumers at a social and cultural level and may be utilised in a country with a rich and diverse cultural heritage such as Colombia.

Dealing with Cultural Differences

Dealing with cross-cultural differences well requires education, training and experience to discover how to progress beyond cultural misconceptions and stereotypes (Kimmel, 1994). It is likely that no matter what country you are being assigned to, or assigning someone else to, everyone will go through an adjustment period. The culture of an individual's home country will affect how they deal with this process. For example, social networks are well utilised in the collectivistic Colombian workplace, and as a result, hardworking and ambitious individualistic Australians who lack these social connections may not be overly productive during this honeymoon period (Brislin & MacNab, 2004).

Individuals who are intending to work foreign countries can prepare themselves in a number of ways. Firstly, they can enhance their cultural awareness by researching the location in question to gain an understanding of the backgrounds and behaviours of the people they will be working with. Being culturally aware will likely improve their cultural intelligence. Having cultural intelligence will lead to an individual becoming more in-tune and efficient in dealing with cultural differences. Being culturally intelligent means an individual will be able to identify cultural nuances and understand the impacts these will have on conducting business. Preparing for an overseas assignment also requires mental preparation. Settling in to new settings will no doubt be stressful and lead to anxiety. The sojourner requires the capacity to deal with these stressful situations. The personality type of the individual on assignment must also be malleable to some extent. To achieve long-term success they are likely to have to modify their behaviour to accommodate particular cultural differences.

Managing the Assignment

The most successful companies who conduct expatriation exercises break the process down into three key areas. Pre-assignment focuses on identifying the right people for the assignment. Secondly, reciprocal communication between the expat's home country and the assignee is maintained. Finally, one must consider the repatriation mechanism.

Identification

To manage expatriates effectively you need to focus on the long-term. It is true that immediate business concerns will be at the forefront of your mind, but you must consider the long-term implications of sending the wrong people (Black & Gregerson, 1999). For example, if you are in the mobile telecommunications sector you would want to send someone with expertise in this field, but the individual should have the necessary social capacity and initiative to interact with and adapt to local customs and practices. Ensuring you pick culturally literate individuals is essential.

Ongoing Communication

It should be noted that to reduce repatriation difficulties supportive mechanisms should be in place to keep communication open between expatriates and the home country throughout the assignment period. This will involve keeping the sojourning employee up to date with current developments affecting the home organisation, the team they have left and other organisational goings on. This can be achieved through predefined updates scheduled prior to departure. Identifying a contact person for the sojourner in the home organisation to

communicate and engage with the employee will help facilitate this stage as well as the repatriation process.

REPATRIATION

This vital aspect of corporate expatriation programmes is often overlooked and yet can have disastrous implications on an organisation if not implemented effectively. At this stage your staff member may have become part of the host country's culture, and adapted his/her personal identity to their foreign home. Upon arriving home they may experience reverse culture shock (Hurn, 1999). Friends may have moved away; physically or mentally, routines will be different, business may have changed, it may be difficult for the family to reintegrate, and so on. Reverse culture shock usually takes the form of either *alienation* – negative feelings are accentuated by perceived differences in everyday life, or *reversion* – living in denial that major changes have taken place, and for business this can have major implications. Not managing these negative effects effectively can lead to family problems at home which may manifest in poor behaviours and poor performance at work, and will consequently result in financial drains on the company.

Initiating the repatriation process early facilitates effective repatriation. Ask your employee to identify their career goals and objectives around 6 months before arriving on home soil. Organise for a representative from HR and a line manager, preferably the individual used as a contact point whilst on assignment, to discuss possible job roles for the sojourner upon return, and ensure all three members are able to engage with one another during this process. Offer repatriation courses to familiarize expats and their families with any changes. This may include information sessions on financial planning, political changes, spouse support, children's education, and counselling if appropriate.

CASE STUDY: MEDELLIN

The Municipio de Medellin is the second largest city in Colombia. It has a population of 2.5 million and is the capital of the Department of Antioquia. The city's impressive development in recent years provides a strong illustration of Colombia's propensity for change. The area of Antioquia has traditionally been considered an apt example of 'good' cultural, social and economic development, yet the region has suffered from being a prominent location of criminal activities. It is well understood that organized crime within Colombia has had a negative effect on the Country's youth and particularly in Medellin"...Some well-educated segments of the juvenile population who had leadership capabilities and good opportunities for traditional careers have been introduced to the life of crime" (Rubio, 1997, p 812).

Medellin has been able to achieve a buoyant economy despite stark inequalities. Recent investments have facilitated the city's transition to moving away from its previous notoriety. The *paisa* (peoples from the region of Antioquia) 'can do' attitude has been a strong driver which has facilitated the change to a modern business and leisure destination. This has been supported by collaboration between public and private sector establishing clusters of firms to supply components to the electricity industry (The Economist, 2010). New shopping malls have been built and are thriving, and a new metro system has been built bringing the city closer together.

Bridges are being built between the more affluent and the impoverished: Local entrepreneurs have implemented social change programmes directly tackling juvenile groups and family problems; a gondola system now connects the poorer neighbourhoods with the main city; and the airports are busy with business travellers and tourists flocking to the cities rich cultural heritage and affluent business environments. Many prominent blue chip Colombian

organizations have headquarters established in the area which has rapidly increased the collective proximity to many leading companies. The inspiring levels of investment and ongoing development in the Antioquia region, has led to Medellin becoming increasingly widely recognised as the new cultural and economic hub of Colombia.

BUSINESS ETIQUETTE

The advice provided on this page is primarily sourced from the interviews conducted with Angus Bartlett-Bragg and Alejandro Jaramillo during the research phase of this report. Alejandro Jaramillo (personal communication, 31st October, 2010) asserts that to summarise, Colombians mainly respect politeness and courteous behaviour. Below are some etiquette guidelines you may wish to follow:

- Be confident with your handshake. Be firm and hold eye contact
- Business cards are normal but not really required. If you do use business cards make sure that one side is translated in Spanish
- Titles are important and should be used to be consistent with the culture's formality. Titles such as Señor (Mr), Señora (Mrs) and Señorita (Miss), as well as appropriate professional titles should be commonly used. Only address someone with their first name after you have been invited to do so
- Gifts are generally well received and in most cases expected. Stereotype's prevail here. A bottle of scotch is adequate for men, and a bunch of flowers for women. Gifts are usually expected when visiting a colleagues home
- Try and get into the habit of discussing issues around family, friends or even what you did at the weekend when meeting local employees. Be careful not to dive right into business
- Trust is one of the most important facets of business in Colombia. It can make or break a deal.

DO'S AND DON'TS

- ✓ DO expect to spend time getting to know your Colombian colleagues prior to conducting business.
- ✓ DO attempt to learn Spanish. It creates a good impression, and the likelihood of talking to someone with little to no English skills increases as you travel further down the hierarchy.
- ✓ DO accept and attend invitations to business and social events. These sorts of occasions are pivotal to Colombian culture and not attending may reflect badly on you and ultimately your business interests.
- ✓ DO translate all marketing materials, business cards and any other documents into Spanish.
- ☠ DON'T be overly aggressive with your communication. Take time to think through what you are saying and why you are saying it. Try not to out any individual within a group.
- ☠ DON'T ignore what may seem minor aspects of etiquette such as using the appropriate titles for people, dining formalities and having patience whilst waiting for someone to arrive to a meeting.
- ☠ DON'T rush things. Be aware that most things will take longer in Colombia and business is no different.
- ☠ DON'T make jokes about drugs. This is a cliché of Colombia and it is quite common seeing foreigners making fun around the subject, but it is considered an unforgivable act.

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