

Organizational implications of Latin American Culture: lessons for the expatriate manager

Implicações organizacionais da cultura latino-americana: lições para os gerentes expatriados

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What does an expatriate manager (or consultant or visiting professor) need to understand about the local culture to work effectively in Latin American organizations? This article contains the major lessons we have accumulated over many years spent working in and around Latin American organization.¹ We overcame a reluctance to make generalizations about large and varied region, albeit with a coherent value system (INGLEHART; CARBALLO, 1997), to submit our best effort at identifying cultural explorations that underlie common organizational problems² were overcome. Without question, there are

* Este trabalho é baseado em um artigo originalmente publicado no **Journal of Management Inquiry**, v. 8/2, June 1999, p. 219-234.

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² There are always caveats when writing this type of article. First, our perception of certain cultural themes, those that caught our attention most strongly over the years, may well be influenced by our own cultural backgrounds as a U.S. American of motley descent, a Nicaraguan of Italian extraction, and U.S. – naturalized Norwegian. Other nationalities might focus more on themes that contrast more with their own cultures. Second, although we are writing about cultural themes we have observed throughout the Latin American region, we remind the reader that these cultures vary widely, just like the individuals within them. Third, many of the cultural themes we discuss can be observed elsewhere. For most Latin American examples in this essay, we could think of an example of similar behavior occurring in the United States – the only difference is that such behavior occurs to a lesser degree and frequency.

innumerable Latin American organizations that are extremely efficient, well run, and managed by highly effective managers. It has been a pleasure to watch them in action, occasionally work with them, and learn from them. In our work as consultants, managers of “turn-around” efforts, and professors, however, we have been exposed more often to organizational problems and dilemmas. Thus, the major lessons concern the cultural themes that became more figural and fascinating as we struggled to decipher what else besides the usual organizational behavior concepts was at work in troubled organizations.

These themes can be found in other descriptions of Latin American culture (e.g.; ALBERT, 1996), but such descriptions seldom explain how these themes play in organizational life and what implications they have for expatriate managers. When we decode cultural behavior or untangle an organizational problem, we find that these themes are often interrelated. Thus, we chose to present them not in order of their relative importance but in the configurations we tend to see in organizations. We describe the collectivist-individualist paradox in Latin American culture and propose a model of cultural types to explain this phenomenon. In our opinion, to manage effectively in a Latin American context, the expatriate manager must understand these cultural contingencies. The key themes are (a) *simpatia*, personal dignity, and classism; (b) personalism; (c) particularism; (d) trust; (e) collectivism and ingroup/ out-group behavior; (f) paternalism; (g) power; (h) humor and joy; and (i) fatalism.

Simpatia, personal dignity, and classism

A large part of what keeps drawing us back to Latin America is the warmth of personal relationships. There is great emphasis on respecting human dignity. Latin Americans resent affronts to personal dignity, such as criticism, insults, or loss of face. The warmth of relationships also engenders a strong sense of connection. People always take time to greet one another with a show of genuine pleasure, asking after their health and family. The intrinsic value of good relations runs high. Triandis, Marin, Lisansky, and Betancourt (1984) have identified this cultural script as *simpatia* (which translates roughly as positive social behavior that emphasizes empathy, respect toward others, and harmony). Interpersonal relations are seldom tense or unpleasant. To a much larger degree than in the United States, for example, interpersonal

relations in Latin America are predictable and follow the comforting format of a courtly dance. However, the expatriate should not assume that this is always the case.

One of the few exceptions to *simpatia* and personal dignity is an exhibition of rudeness on the part of people in positions of power.

The other face of *simpatia* in Latin America is a tendency to avoid open conflict and unpleasantness. Expatriates must therefore develop good relationships and speak privately with individual Latinos to determine what they really think. One can seldom assume that the public persona accurately reflects a person's private reality.

Personalism-personalismo

In Latin America, people seem to produce work for others primarily because of a personal relationship with them. You can rely on employees and colleagues to do a task because they have a sense of personal loyalty to you. The formal organizational structure or their job descriptions are not enough to guarantee compliance or service. Personalism, a desire for personalized, individualized attention, is a strong theme in Latin American culture (ALBERT, 1996).

The positive side of *personalismo* is that once you have developed friendships with people, they are long lasting and not easily broken. In these relationships, people show that they care about you as a person, and they do not let you down. For the U.S. American working in Latin America, *personalismo* can be particularly seductive because it is so pleasant to be treated as an individual rather than a number. To be effective, expatriates need to develop relationships based on trust and mutual help and personalize the way they deal with employees and business contacts. However, they must also resolve the paradox of distinguishing when a good relationship with an expatriate boss contributes to a productive climate versus when a good relationship is perceived as a license for an employee to slack off.

Particularism

The common practice of making personal exceptions in Latin America

can play havoc with bureaucratic rules in organizations, as well as government/industry regulations. In this part of the world, the struggle between Parsons's (1951) universalism (treating everyone equally according to bureaucratic rules and abstract societal codes) and particularism (making exceptions based on individual circumstances and the obligations of friendship) is especially tricky. Close beneath the surface of every Latin American bureaucracy is an efficient, effective informal network that operates in a fashion Max Weber, with his equal treatment rules, would never approve. Here's where the real power and influence are wielded and things get done.

As Crozier (1964) noted, particularism creates uncertainty and fosters power on the part of the individual able to resolve the uncertainty. Latin American governments with a particularistic legal system and company managers with particularistic human resources policies have increased power over employees, thanks to the resulting uncertainty.

Trust

According to the literature, as well as our personal experiences, Latin American cultures generally have a fairly low level of trust in people who are not family or close friends. When you are in serious trouble, Latin Americans say that you can only trust your family, which they define as the extended family. The strong family unit is what earns Latin American cultures the collectivist label; families watch out for their members in return for loyalty. In many cases, the dynamic tension within families is this delicate balance between trust and control.

Lack of trust relates to one's view of human nature as evil rather than good (KLUCKHOHN; STRODTBECK, 1961). The lack of trust is very tangible in organizational design and policies. There are numerous controls in Latin American organizations because the owners or managers may assume that employees will embezzle or defraud the company. Some organizational controls are warranted; others are so excessive that they hinder good customer service or efficiency. Lack of trust also affects the training and development of employees. Lack of trust is occasionally a factor that impedes group work. A reluctance to trust group process underlies the difficulty some Latin

Americans have in listening to one another and accepting ideas other than their own.

Collectivism and in-group/ out-group behavior

Latin American countries are generally described as collectivist cultures, which are characterized by individuals who give their loyalty to a group, and in return, the group takes responsibility for the individual. The collectivist unit in Latin America is the family. The strong sense of family and the loyalty owed to family are evident in organizational life.

Although we may quibble about the degree of collectivism in Latin American cultures, it is impossible to overlook the importance of in-group/ out-group dynamics within their organizations. In-group/outgroup behavior is an aspect of collectivist cultures in which in-groups receive preferential treatment compared to out-groups that are treated with hostility and distrust. In contrast, people in individualistic cultures tend to treat people more consistently because they see themselves as belonging to more and larger ingroups. For example, their in-groups consist of “people like us” in terms of social class, race, beliefs, attitudes, values, religious affiliation, political party, alma maters, regions, and so forth. Hsu (1971) notes that people in individualistic cultures choose their ingroups, whereas tradition dictates in-group membership in collectivist cultures.

We cannot leave the topic of in-groups without noting that the ease with which Latin Americans form cohesive groups in departments can also be a competitive advantage. The tendency to form in-groups or feudos can be positively redirected to produce an esprit de corps and an efficient work team—as long as managers emphasize socialized power, provide a superordinate goal for all subgroups, and model collaboration with other departments. As team-building experts have known for years, one of the dangers of developing strong teams is an increase in problems at their boundaries, especially if they see themselves as superior to other parts of the organization. Another cultural aspect that relates to both interdepartmental relations and power concerns the competitive relationship that many senior managers have with one another, which is explained in the next section.

Paternalism and hierarchical relationships

For many years, Latin American culture has been summed up for U.S. business students as three Ps—personalism, particularism, and paternalism. Paternalism, with its roots in the Iberian monarchy, the Catholic Church, and the extended patriarchal family (ROSENN, 1988), is a cultural pattern still found in some institutions. The previously described patron system is a reflection of paternalism. In the 1970s, Asbjorn took over the directorship of a development agency in Colombia from a man who walked around with a wad of bills in his pocket, dispensing largess. The previous director was also an expatriate, but his management style as “the grand patron” closely fit the community’s learned expectations about how bosses should behave.

Latin American employees expect bosses to take an interest in their nonwork lives in a way that is not found in all cultures. They assume that bosses, including expatriates, will attend their subordinates’ family functions, such as baptisms or weddings. Companies routinely place newspaper advertisements extending their condolences to the family when an employee or employee’s relative dies. Some benefits, such as recreational and vacation facilities, surprise foreign managers who are more accustomed to financial benefits. Paternalism also surfaces in the *pobrecito* (poor thing) attitude. When employees perform poorly, some supervisors and managers excuse them, saying something like, “Poor thing, we can’t fire him—he has to support his family.” Thus, expatriates must anticipate the cultural consequences (at times shock, disapproval) of firing or downsizing. In whatever form, paternalism has two main aspects—the power of the father, government, or boss to make decisions for others as well as the responsibility for those who are dependent on them.

The disadvantage of this model of hierarchical relationships is that information from the bottom of the organization seldom floats to the top. Bosses and managers who make poor decisions do not receive input from below that might help them avoid errors. Furthermore, competition among the managers does not promote a common effort to achieve a joint goal. When the general manager is extremely talented and the organization is operating in a stable environment, this pattern of relationships has fewer disadvantages. Managers who make it to the top of these pyramids (except in

family businesses) often exemplify a form of social Darwinism. They may well be the fittest in terms of acquiring and wielding organizational power. But that type of power does not fit a rapidly changing environment with a more highly educated workforce.

One way to break the frame of traditional hierarchical relationships with second-tier managers and their subordinates (and on down the hierarchy if more levels are involved) is to have them interact around data. For example, when supervisors and their workers engage in the collaborative problem solving found in TQM efforts, they discuss the data in a more egalitarian fashion (OSLAND, 1997) because “the situation is the boss,” as Mary Parker Follett (1941) wrote. This does not hold true, however, when the boss is involved. In one multinational, for example, the quality councils could not function effectively when the general managers (GMs) were in the room. Even when the GMs said nothing, subordinates carefully read their gestures and expressions in an attempt to discern the bosses’ opinions. As a result, the GMs joined the council only when the employees were ready to present a completed proposal (OSLAND, 1996).

Expatriate managers must build in multiple feedback loops because uncensored information seldom flows naturally from the bottom to the top of organizations. Subordinates may simply tell bosses what they want to hear unless a sincere desire for input is consistently modeled. This explains why the major impact of organization development (OD) projects in Latin America is often making top management aware of data and attitudes from the bowels of the organization that would not otherwise come to their attention. Expatriate managers should also encourage subordinates to study matters as a group without the expatriates’ presence. The group can then make a formal, stylized presentation to the manager.

Power

Up to this point in the article, we have used the words power, powerful, or powerless many times, further evidence of the importance of this dominant theme in Latin American cultures. Hofstede (1980) noted that it is the principal theme in the organizational literature indigenous to this region. The blatant

use of power mentioned previously is often found in leadership styles or at high levels in hierarchies, particularly in troubled organizations. It is not uncommon to run into top-level managers who throw their weight around, threatening and coercing others, with little regard for the negative consequences of such behavior. Here are examples of personalized power in three different settings.

In addition to a greater acceptance of coercion and dominance, people with power are accorded special privileges and often use their position for personal gain. Expatriates may find it necessary to wield power more obtrusively than they would in another culture, at least in certain situations. Paradoxically, they must also rely more on local employees for information and advice than they would in their own country. Mastering the expatriate paradox of being both powerful and powerless is a challenge. Expatriate managers should ensure that they initially meet many of the local expectations for a leader (e.g., greeting employees daily and asking after their families; being articulate, dynamic, and decisive; having a strong presence; attending numerous business and social functions to represent the organization). Once they have gained the employees' trust, expatriate managers can gradually implement a different leadership style without being perceived as weak. Occasionally, when expatriate general managers employ a participatory style with their senior management team, members of that group perceive their "empowerment" as a power vacuum and an opportunity to seize power for themselves. Unless the expatriate manager takes preventative measures (such as ensuring a common goal, ground rules for the senior management team, and evaluating managers on how well they empower their own subordinates), he or she may discover that senior managers are wasting their energy feuding among themselves and trying to consolidate their own power.

Humor and joy

Another cultural characteristic we miss when living outside Latin America is the sense of humor and fun that lies so close to the surface. Humor also plays a major role in the work setting. In addition to greasing the wheels of organizational life, humor has two other functions in Latin America. It is sometimes used to keep people in line. Pointed jokes are an acceptable manner

of conveying feedback to people. Humor also functions as a safety valve in the form of black humor. Political jokes in Latin America are an art form. The more powerless the people, the more plentiful the jokes. The same phenomenon occurs in organizations. When employees are not happy with their boss or with other departments, the jokes fly fast and furious. But behind the humor that satirizes or mocks the powerful, there is often a trace of envy.

Fatalism

The fatalistic nature of Latin American cultures is well documented. As we would expect, one generally finds more evidence in Latin America of external control (one's fate lies in the hands of destiny) than internal control (people determine their own fate and are accountable for their own successes and failures). However, we discovered that a sample of 240 outstanding Central American senior managers reported very high levels of internal control (OSLAND, 1993). Perhaps this cultural norm is undergoing change as people are forced to compete in a global economy, or perhaps driven, entrepreneurial personalities differ from the cultural norm. There are still numerous examples of fatalism in Latin American organizations, other than the phrase *si Dios quiere* (God willing), which is frequently appended to plans for business meetings and goals. Subordinates in dysfunctional organizations complain that their managers do not urgently seek out problems to fix or rush to make decisions. Latin America has long been characterized as fatalistic and resistant to change. There are numerous examples, however, of individuals, companies, and economies that are rapidly undergoing a transformation in response to changing circumstances, free markets, and a global economy. Dysfunctional organizations mired in the negative patterns we have described find it difficult to compete, in part because they are the victims of self-fulfilling prophecies about their own workforce. The myth of the lazy Latin American worker is not true; productivity depends on individual motivation, an organizational culture that encourages hard work, and good management-just as it does in any country.

Summary

One of questions we are asked in both hemispheres is whether

management theories developed primarily in the United States are applicable in Latin America. Our answer is basically yes – as long as one also takes into consideration the cultural characteristics and constraints of the specific country and region and sticks to the more practical theories. It is the training programs developed by headquarters in another region that more often than not required major modifications and adaptation to the local culture. Local adaptations require an understanding of the unobtrusive controls in Latin America culture.

The cultural traits we have described are interdependent and self-reinforcing control mechanisms. In particular, they maintain the pyramidal structures found in pseudo-collectivist cultures. *Simpatía* is a way of signaling one's location (over or under others) in the pyramid. Personalism and particularism are reflected in the individual's desire for the special treatment guaranteed to the pyramid's in-group members. They also emphasize how dependent people are, in low-trust cultures, on the good graces of more powerful people. As a result, people have a need to signal more powerful people of their good intentions and their loyalty to ensure ongoing special treatment. At the same time, particularism also reminds people of the need to belong to a pyramid as insurance that provides protection in an uncertain environment. Bosses with a high need for personal power make it clear that negative consequences will result if individuals give their loyalty elsewhere (e.g., to professional standards, abstract ethical principles etc.). When workers are not productive, this should not be attributed automatically to laziness. In most cases, it is a rational decision not to participate (MARCH; SIMON, 1963), which is consistent with culturally learned rules of fatalism, management's lack of interest in their ideas, and exposure to the sometimes capricious whims of the people on top. Fatalism plays an important role in the preservation of pyramids. No matter how much people dislike the system, they may be convinced nothing will change. Therefore, why risk making waves and finding oneself without the protection of one's superior? Classism is a way of narrowing access to opportunities, thereby maintaining the status quo of pyramids.

Deciphering culture “as a set of control mechanisms-plans, recipes, rules, instructions . . . for the control of behavior” (GEERTZ, 1973, p. 44) is one of the most stimulating aspects of working internationally and bridging

cultures. The hazard in sharing the lessons learned about another culture is that one's contact and exposure to another culture (or even one's own) and the resulting interpretations may be like the blind men touching different parts of the elephant's anatomy and assuming they understand the beast as a whole. Doubtless there's more for us to learn about Latin American culture and organizations, but we hope these lessons will help expatriate managers be more effective and encourage their own reflections on Latin American culture.

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