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In order to conduct business in any given country it is important for potential investors to establish the conduciveness of business in that country. Chile has a vibrant and fast growing economy with more than half its population being middle class. The country would, therefore, be a suitable place for business. This essay explores the potential of establishing a commercial bank in Chile. Understanding the culture of the new country is crucial if the firm is to become successful. This essay introduces Chile as a country, the culture of its people, Chilean business etiquettes and provides basic information about the commercial bank the group intends to set up.
Chile is a country in South America located between the Pacific Ocean to the West and the Argentina to the East. The country exists as a long thin strip occupying an area of 756 Square kilometers, (Central Intelligence Agency, 2009). Its landscape has diverse features with tremendous beauty culture, landscape and climate. The country has a population of approximately 17million people. Most of the people (89%) live in urban centers with Santiago being the largest city and holding a population of about 5 million people (CIA, 2009). Chile is ranked among South America’s best performing economies with a Per capita Gross Domestic Product (GDP) (nominal) of $14, 413 (CIA, 2009). This GDP value places the country at the 49th position in the world. The Human development Index (HDI) of Chile is 0. 805 placing the country at the 44th position in the world, category of “ very high” HDI in the world (CIA, 2009).
Chile has a multiethnic population with majority of the people having some European ancestry. The population comprises of 95% population of white and white-Amerindian descent, 3% Amerindian and 2% of other descents (CIA, 2009). The most dominant European ancestry is Spanish. There is also a sizeable population of German, French, Italian, British, Irish, Croatian and Swiss descent. In some areas such as Osorno, Valdivia and Llanquihue the most dominant ancestry is German. Most other areas show the dominance of one ancestry over others due to the migration and settlement patterns in the ancient times. In addition, there is population of about 800, 000 Native Americans (approx. 5% of the population) known as mapuche who mostly reside in the southern central part of the country (CIA, 2009). Roman Catholicism is the most dominant religion (89% of the population) Protestants form 10% while others form less than 1% of the Chilean population (CIA, 2009).
The national language of Chile is Spanish. German is spoken in the southern part of the country or as a second language by sizeable populations living in big cities. Quenchua, Aymara, Rapa Nui and Mapundugun are some of the indigenous languages spoken in parts of Chile.
The culture of Chile is mostly based on Spanish aspects on music and dance, cuisines, sports, literature, dressing among others. Chileans enjoy a variety of music genres that range from classical music to popular and folkloric music. The size and geography of Chile contributes to varied musical expressions in the South, Central and North of the country. The national dance of Chile is the cueca while the tonada is a popular song among Chileans. Popular rock bands in Chile include Los Jaivas, La Ley and Los Prisioneros.
Chileans enjoy a variety of Cuisines. Chile’s topographical variety enables the people to come up with an assortment of cuisines from beef, seafood, vegetables and fruits. Some of the famous traditional recipes include cazuela (a mixture of vegetables and meats), humitas (steamed corn), asado (a range of beef barbeques), empadas (stuffed pastry – commonly stuffed foods include cheese, meat, fruits or vegetables) among others. In addition to these popular cuisines, Chileans use crudos an example of the cuisines from the different ethnic communities in the country (CIA, 2009). They use ilama meat, shellfish and rice bread to make such mixtures.
Sports are a part and parcel of Chilean culture with soccer being the country’s most popular sport. The country’s national team has made several appearances at the world cup and at the regional (copa America) tournaments. Tennis is another popular sport in Chile with the country having won the 2004 and 2004 world team cup plays. Rodeo is Chile’s national sport. The sport involves two horse riders around an arena who try to stop a calf by pinning it against massive cushions. The riders earn points going by the point (on the calf’s body) that it has been stopped. Other sporting events in Chile include basketball, boxing, skiing, and polo among many others.

## Business etiquette

The culture of the Chilean people greatly influences their business relations. It is imperative for anyone from a different culture to learn business etiquette practices that Chileans hold in high regard. This will enable such people to do business more efficiently and effectively.
The establishment of a language convenient to parties transacting business impacts heavily on the chances of the business succeeding (Ahlstrom & Bruton, 2010). Spanish being the national language of Chile means that most of conversations, business or otherwise are conducted in Spanish. It is worth noting that Chilean Spanish is quite different from the Spanish spoken in Spain both in word use and pronunciation. It is advisable for those not proficient in Spanish to bring interpreters with them to meetings.
Chileans value timeliness in respect to business meetings. Chileans believe in sticking to appointments. They also appreciate handshakes when meting people for the first time. Kissing females on the cheek is appreciated once some business relationship has grown between business people. Men shake hands while women pat each other on the right shoulder or forearm (Cannon, 2007). The greetings are usually accompanied by greeting befitting the time of day. For instance Buenos dias – good morning, buenas noches – good evening. It is important for strangers to stick to the surnames of the Chilean people they meet since first names are usually used between close friends. Unless invited by a Chilean to address them by their first names it is advisable for one to stick to refer to Chileans by their surnames (Cannon, 2007).
Chilean business people also engage a lot in exchanging and reviewing business cards instead of just tucking them away. Chileans usually stand close when conversing and appreciate direct eye contacts (Ahlstrom & Bruton, 2010). Business cards should contain adequate information about a business person and the type of business they do. In an effort to reach out to both local and international business partners, most business people use double-sized business cards with Spanish translation on the back.
Chileans value relationships in general and family life in particular. The Chilean appreciation of family relations is deep and heavily intertwined with business and to an extent nepotism is almost viewed as a positive concept (CIA, 2009). Very many small firms are run by entire families. It is always good to start of a conversation with a Chilean by asking them about their family whilst answering fully to questions asked about one’s own family. This aspect is not only deemed courteous but also builds trust which is essential in business. After exchanging niceties about families, Chileans prefer discussing other issues that may be necessary before moving on to the business at hand. It is advisable to strangers to wait till the host or local business person introduces the business agenda. Chileans like to discuss issues about their country and a small chat on the same helps strangers “ fit in” much more easily. According to Ahlstrom and Bruton, (2010) maintaining a cordial relationship with people in highly cohesive societies such as Chile is much more important than professional experience and competence. One should exercise caution when engaging in small talk with a Chilean and keep off controversial issues relating to politics such as the Chile’s ongoing dispute with Argentina. Light, appreciative and non-emotive topics are the key to building a lasting relationship.
Chileans’ appreciation of relationships and the build-up of cordial atmospheres mean that their meetings can take up quite some time. It is essential for strangers to be patient during meetings. Decisions are usually not made at the meetings and have to be arrived at other forums. Chileans can get very emotional when conversing and it is not uncommon for interruptions to occur during such conversations.
Business titles are another key component of Chilean business culture and etiquette. Cannon (2007) advises strangers to Chile to take time and understand which title to use and when. The titles are usually unaccompanied by the person’s name. For instance a physician is to be referred to as “ doctor” in any business setting. In case of those lacking professional titles, they should be referred to as Mr. or Mrs. Followed by their surnames. The titles “ senor” (equivalent sir) and “ senora” (equivalent of missis) are usually given to males and females respectively. Senorita and senora are titles to distinguish marital statuses with senorita referring to an unmarried woman “ miss”. Strangers should acquaint themselves with the titles in order to avoid offending any person.
Chileans also value transparency in business dealings. They prefer being very clear on terms and the crucial details of a deal. They prefer not to be pushed around and being given ample time and several options whenever possible. It is illegal to give bribes in Chile and Chileans are not appreciative of corruption. Though negotiations can be somehow lengthy, the pace they take is relatively faster as compared to that in other South American countries (Ahlstrom & Bruton, 2010). This can be attributed to the relatively lower degree of bureaucracy in Chile. Chileans also appreciate confirmation of arrangements in writing after the verbal arrangements have been concluded. Chileans generally see contractual agreements as more binding. Once business deals are completed the continuance of a relationship holds potential of the person being gaining connections.
The giving of gifts is part of any business dealings and utmost care and etiquette should be adhered to for the business relationship to flourish. The giving of gifts in Chilean culture follows stringent cultural interpretations. Yellow roses for instance indicate contempt, black flowers symbolize death, while giving someone scissors or a knife indicates that you want to sever the relationship (CIA, 2009).
Some of the “ Don’ts” when dealing with Chileans include: Do not slap an open hand over the fist as this is construed to be an aggressive and vulgar gesture. Do not criticize a Chilean counterpart in front of other business colleagues as it may cause them loss of honor. Do not feel offended when a Chilean enters what you deem as personal space; Chileans are a highly social and cohesive society. In order to adapt quickly to Chilean way of life and get drawn into business circles quickly, it is advisable for one to try and use every opportunity to socialize with his/her Chilean counterparts outside the office.

## Basic information about the company

Rapid advancements in technology have prompted several entrepreneurs to set up virtual companies that operate in diverse industries such as finance, logistics, manufacturing, consultancy among many others. Virtual companies basically rely on outsourcing for services from other companies. This project aims at stating up a virtual commercial bank in Chile. The financial services sector is one of the fastest growing in Chile. In 1997 and 2001, the country introduced extensive banking reforms that broadened the scope of Chilean banks and opened up opportunities for investments by foreign banks (CIA, 2009). The commercial bank that this group wants to establish will offer the basic services of commercial banks such as lending money, savings accounts for members, money market services such as forex bureaus. Other activities the bank will be involved in include private equity financing, cash management and treasury, safe keeping of treasures and documents, issuing of bank cheques and bank drafts among many other services. The bank will however focus more on the growing demand for internet banking and telegraphic money transfers. It is along this service line that the bank plans to perfect as a speciality.
The name of the bank will be selected from among the suggestions put across by the group members. After the formalization of all required documentation as required under Chilean law, the bank shall open its headquarters in Chilean capital Santiago. The bank shall have and start up with a staff of 20 people. The bank shall be headed by a managing director. Under the managing director there shall be four managers to oversee proper coordination and deliverance of services by the outsourced companies. Some of the departments under the watch of the managers will be the finance and accounts services, the human resources department, and the marketing department among others. The rest of the staff members will be based in the company headquarters to perform tasks under the departmental managers. As the company grows, the number of departments and consequently the staff population will be increased.
The choice of internet banking and telegraphic money transfers is informed by the rising number of Chilean businesses dealing in importation and exportation of varying goods. These people usually settle transactional payments through ordinary commercial banks which take them several days. Our commercial bank will seek to bring together related money transfer services in an effort to shorten the time it takes to settle payments and do so effectively while guaranteeing clients of the security of their transactions. Speed and responsiveness are key in any service industry and so a virtual company promising to deliver these two in a vibrant economy such as Chile seems viable.

## References

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