



# LEADER'S PREPARATION GUIDE TO CONDUCTING BUSINESS IN ARGENTINA



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## **Introduction**

Over the course of the last century, Latin America (including the areas of Central and South America) has experienced a growth in population, technology and investment that has culminated in multiple countries becoming respected players in global business. Although located in the same geographical region and sharing some common resources and historical influences, these countries have evolved differently and each now possesses its own unique culture, customs and business environment. As the region continues to rise in importance on the global scale, it will become even more crucial for international managers to understand the nuances of these areas in order to maximize the abundance of opportunities available.

When doing business in a country for the first time, it is important to first study how business is done in that country and to be flexible to operating within that framework. Different countries, for example, will have various customs related to men's and women's roles in the workplace, how to "dress for success," the importance of time commitments and deadlines, the acceptability of gifts or gratuities, and many other components. Many of these factors can be researched ahead of time to allow a manager to become familiar with the practices and create a smoother and more productive interaction once in the country. Some may require strict adherence and others may be more loosely followed, allowing some flexibility. A manager should be as knowledgeable as possible of the customs, practices and factors prior to entering a new country, and be respectful of them when conducting business.

Latin American business culture is steeped in a rich history comprised mainly of influences from the region's European "discoverers" and subsequent immigrants. Many countries have maintained a hierarchical caste system that has since lost traction in Europe and North America but remains vital to business relations in Latin America. In these systems, particularly, it is important for one to recognize and fulfill the expectations of the business and upper classes.

In recent years, Argentina has become a more prominent player in global business, with the second largest GDP in Latin America (behind Brazil). In order to be successful at conducting business in Argentina, it is crucial to study and become familiar with the country's history, political environment, culture and business practices.

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## **Essential Information**

### ***Overview***

The Argentine Republic, or Argentina, is the second largest country in South America, and the eighth largest country in the world. It has a varied topography within its million square miles of national borders. It rises from the plains close to the Atlantic Ocean and reaches the heights of

the Andes Mountains. Its location at the convergence of the Atlantic and the Pacific Oceans, wealth of natural resources and wide range of business opportunities also make it one of the biggest economies in the world. Argentina's 40.6 million people live on 1.1 million square miles of land that is divided into 23 provinces and the autonomous region of Buenos Aires.

Buenos Aires is the capital and largest city with a total population of 3 million people. The other principal cities listed in order of population are: Cordoba, Rosario, Mendoza, Tucuman, La Plata, Mar del Plata, Salta, Santa Fe, and San Juan.

### *History*

Argentina was colonized by Spain in 1516, and endured multiple takeover attempts by the British before finally starting a six year civil war in 1810. It gained independence in 1816 and became a unified nation in 1862, shortly after some other countries in the region. Until around 1950,

Argentina's major internal political conflict stemmed from clashes between Federalists and Unitarians and between civilian and military factions. In 1943, a military coup of a generally weak government was accomplished by the (in)famous Juan Domingo Peron, and his beloved wife Evita. The Peron era of politics followed with promises of higher wages and social security. During this time a new constitution was passed which imprisoned dissidents of the new government. In 1951, Peron was reelected in a landslide by using fear, among other things, to gain support for his policies and reign. In June 1955 the Navy unsuccessfully attempted an overthrow of Peron; however, three months later, the entire military



joined forces and was able to overthrow Peron, causing him to flee to Spain and allowing Argentina to reinstate a constitution based more on the United States. Military rule was once again reinstated in-between the odd period of an elected government. In 1973 the Peronist party rose again and Juan Peron once again became president. He died a year later and was succeeded by his third wife Isabel.

Next, another military junta that lasted seven years and was referred to as the “Dirty War” started in 1976, opposing civilians in an effort to reunify Argentina. Many people “disappeared” during this war, but ultimately civilian rule was restored in 1983 following defeat at the Falkland Islands by the British. The “Dirty War” was investigated by new president Raul Alfonsin, and many former military leaders were brought to trial and charged with human rights abuses. Successive elected presidents followed and while many of them resigned after sometimes only a few days in office, it showed that the people were getting more of a say than the military. More atrocities were uncovered from the “Dirty War” and more military personnel went to prison. These convictions were instrumental in healing old wounds and refocusing energy on the economy.

### *Economy*



Agriculture is by far the most important industry in Argentina. The temperate climate in most of the country is ideal for the approximately 50 million heads of cattle to graze year-round allowing them to export nearly 460,000 tons of beef per year. While Argentina is known primarily for its beef production, the country also exports soybean, petroleum and gas, vehicles, corn and wheat. The agriculture industry employs about 8% of the workforce and production has steadily grown since 2002.

A strong global demand for soybean has made this commodity account for 26% of Argentina’s export volume.

Argentina is one of the US’s largest trading partners with the highest ever trade value of \$22 billion worth of goods and services exchanged between the two countries. The leading exports by share of total value during the year were in industrial manufacturing (34.1%), agricultural goods (33.8%), primary products (24.1%) and energy (8%). Argentina’s largest export markets in 2013 by share of total export value were MERCOSUR (27.8%), the European Union (14.4%) and NAFTA(8.8%).

In the last 10 years or so, the economy has become the priority as debt is being refinanced and International Monetary Fund (IMF) bailout money is repaid. Argentina’s strong growth was hampered by several events in the late 1990s such as the Asian crisis, the Russian debt default, the Brazilian devaluation and the rise of the US dollar. The recession in 1998 lasted until 2002

and recovery lasted until 2007. Private consumption and investment raised GDP and while exports rose, imports were still greater.

### *Politics*

The 1989 election of President Carlos Menem of the Peronist party ushered in a wave of economic reforms which provided a glimpse of Argentina's potential economic strength. In 1991 Argentina, Brazil, Paraguay and Uruguay formed MERCOSUR (Southern Common Market) to allow free trade between these member countries. Argentina also became part of ALADI (Latin American Integration Association) with Mexico and all other Latin American countries. This group has the goal of creating a region of economic preferences ultimately leading to free trade between all of the member countries. Despite these positive economic developments, Argentina still faces many serious social demands.

The current president is Cristina Fernandez, wife of former president Nestor Kichner. They have been likened to Bill and Hillary Clinton, a comparison she took advantage of during her last campaign. The government is set up much like the US with three branches of government. Politics is important to Argentines as is the economy. As recent as this past April, riots in the streets against the current regime for a failing economy, un-democratic reforms being made to the judicial system, and the media demonstrated the public's desire for change. The increasing gap between the rich and the poor continues to threaten the social stability of the country. With 23% living below the poverty line, Argentina has an uphill battle in poverty alleviation but thus far has failed to showcase any formidable plan. Its strategic location at the horn of South America also attracts many ill elements to its borders.

### *People*

The majority of Argentines, about 97%, would be considered "white" and share a mostly Spanish/Italian heritage. Amerindians and mestizos comprise the remaining 3%. Most of the population is Roman Catholic with only a quarter practicing the religion on a regular basis. The country is very liberal when it comes to other faiths, and Islam in particular has been growing more popular in the last 10 years. The country also has the largest Jewish population in South America.

When it comes to education, Argentina spends almost 6% of GDP, placing them 44<sup>th</sup> in the world (the U.S. is #60). Nearly 90% of the population is literate and public school is mandatory and free for the first seven years of primary school and the next five of secondary. The poorest of the population only run into problems affording the uniforms, books and supplies that are required but not provided. Private schools offer better education but most middle class students attend the Catholic schools subsidized by the state. The main hurdles affecting the school system

are the enforcement of truancy in the remote areas and the frequent teacher strikes that plague the public school system. Higher education in Argentina consists of highly selective public universities where tuition is free or the many private universities in the biggest cities. Most of the wealthy send their kids overseas to college in places such as the United Kingdom, the United States or Australia.

The family structure in Argentina is similar to that of Asian societies where elders are respected with the mother managing the household and finances and the father often taking the role of head of the household. The father generally works long hours and may not return until 9 p.m. Children are expected to help with chores, especially in poorer households, and few move out of the house before they are married as housing is expensive. As education is very important, many sacrifices will be made to ensure the children get a good education. Most urban households have two kids and rural families average three or more. The children are expected to take care of their parents as they age, and retirement homes are rarely used. Rural families tend to be more conservative and judge those in urban areas as being overly proud.

Higher education and proximity to power are signs of social status so people in the cities do see themselves as superior to those that live in the rural areas. The urban social elites are well cultured with reserved manners but are equally friendly. Argentines like to dress elegantly yet conservatively. Appearance is very important in this culture and there is a high incidence of plastic surgery in Argentina. Dressing to impress is the norm in most social and business situations.

Family is very important to Argentines and nuclear families are growing closer and more supportive especially in times of economic hardships. Argentines tend to have a lot of national pride and more political problems are solved democratically now rather than with military force.

Business hours in Argentina are usually 8am till noon with businesses opening after lunch at 3 p.m. and closing at 9 p.m.. The retail stores are generally closed on Sunday. Bank hours are 10 a.m.- 3 p.m. Monday through Friday. Cafes, bars, and pizza places are generally open around the clock although some will close between 2 a.m. and 6 a.m. Lunch is taken around 2:30 p.m. and dinner is generally eaten around 9:30 p.m. As work schedules become longer and more hectic, most urban families are only able to gather for dinner if at all. These meals mostly consist of Italian food, especially pasta. Because beef is produced in such great quantities, domestic prices are usually low enough for most people to eat beef every day. A common way to entertain guests on the weekend is by having BBQ (Asado). Ice cream is also very popular in Argentina with most shops selling over 60 flavors.

Now more and more women are working outside home, and hold important business and government positions. It is still difficult for women to acquire higher status jobs, but much like

the U.S., this is becoming a growing trend. However, Argentina has done something the U.S. is yet to do, by electing a female president. In 2010, Argentina made another great stride in equality and became the first Latin American country to legalize same-sex marriage, granting gay couples the same rights as heterosexual couples.

Argentina has built a well-developed system of communication and transportation. Public transportation such as taxis, buses and the subway are efficient ways to get around cities such as Buenos Aires. Airlines are common in most major cities and flying intra-country is an easy way to traverse the nation. Many people own private cars and some own motorcycles, but bicycles are mostly used for recreation. Cell phones are prevalent in the cities and a national telephone system connects most of the country. The postal service is not reliable but does cover most of the nation. The popular TV stations Telefe, America, Canal 9 and Canal 13, are privately-owned by media giant Grupo Clarin. This group also owns several newspapers and radio stations. The most popular newspapers are the Clarin Popular Daily and the Buenos Aires Herald (the English language daily). Argentina's 28 million internet users (67% of the population) is second only to Brazil on the continent.

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## Famous People & Figures

Argentines love their soccer and the country is home to the legend Maradona. “[I]ts people dance to the tango and the tune of free market enterprise” (Moran 311). However, they also enjoy racing, boating, basketball and horseback riding. Following is a small sampling of famous people as found on "Famous People From Argentina " article:

### Lionel Messi

Argentine soccer maestro Lionel Messi was born on June 24, 1987. He was regarded by many as the little maestro and the next Pele in the world soccer arena. Diego Maradona, another Argentine legend and coach for the national team, has quoted Messi as the next Maradona for Argentina. Early in his career the local teams could not afford to pay for the treatment of his growth hormone deficiency, and he was forced to move to Spain to play for FC Barcelona. He scored 38 goals in the 2008-2009 season for FC Barcelona, an amazing feat in one of the highest ranked soccer league in the world. Messi grew up with his parents Jorge and Celia and siblings: Maria, Matias, and Rodrigo.





## Che Guevara



An icon of social revolution, Che Guevara was the Argentine Marxist revolutionary civil rights leader who played a vital role in overthrowing the Cuban government in 1959. Che was born on June 14, 1928 and died at a young age of 39 in October of 1967. Even today he regarded to have popularized the socialist movement across South America while forming alliances with other political leaders like Fidel Castro. Che was captured in Bolivia with the assistance of the CIA and was executed at a young age.

## Pope Francis

Pope Francis was born Jorge Mario Bergoglio on December 17, 1936 and is the 266<sup>th</sup> Pope of the Catholic Church, succeeding Pope Benedict XVI in March. He managed to rise through the ranks since being ordained a priest in 1969. He is most notably known for his humility and his modern views on homosexuality and contraception. Born in Buenos Aires, he was the eldest of five children of Italian immigrants.



## Carlos Saul Menem



President Menem was born on July 2, 1930 and served as the President of Argentina from 1989 to 1999. He was responsible for the many sweeping reforms and array of international agreements which started the emergence of prosperity in Argentina. During his teen years he worked as a traveling salesman helping his father. His friendship with President George W. Bush is well known in Argentina. However, his legacy was tarnished when he was arrested in an arms deal scandal during his presidency.

## Gustavo Santaolalla

Mr. Santaolalla was born on August 19, 1951. Gustavo is a popular film composer who has won Academy awards for Best Original Score for the now famous movie “Brokeback Mountain,” released in 2006. He is also known for his role in the Argentine rock and American folk band Arco Iris. One of his solo music piece includes “Igazu,” which was used in Michael Mann’s “The Insider” and “Collateral.”



## Luis Alberto “El Flaco” Spinetta



Mr. Spinetta was born on January 23, 1950. He was an Argentine rock star and influenced rock music throughout South America. He was born in Buenos Aires in the residential neighborhood of Belgrano. He was known to have a love for all types of music, including folklore and tango. *To learn more about other rock star figures in Argentina, visit [Spanish.com](#) article, [The Best Rock Singers in Argentina](#).*

## Business Environment

As a first time business traveler into Argentina, it's essential to have a basic understanding of the political, financial and economic environment which will have a major impact on business decisions. This section focuses on the current issues facing Argentina and how to apply critical skills to being successful and achieving results.

An excellent resource in finding in-depth information about a country is the Political Risk Services Group. The PRS Group's assessment of countries completes an International Country Risk Guide. Argentina is rated low to moderate risk for an overall composite of political, financial, economic spheres. The financial risks are on the higher end with a current score of 37.5 due to issues surrounding its debt restructuring efforts and inflationary concerns. The range is from 0 to 100 with 0-49.9 being very high risk.

## RISK ASSESSMENTS

Risk Category	Year Ago	Current 09/13	One Year Ahead		Five Years Ahead	
			Worst Case	Best Case	Worst Case	Best Case
Political Risk	62.5	63.0	58.5	69.0	56.0	74.5
Financial Risk	40.5	37.5	33.0	40.0	29.0	44.0
Economic Risk	35.0	36.0	31.5	36.5	27.5	39.5
Composite Risk	69.0	68.3	61.5	72.8	56.3	79.0
<b>Risk Band</b>	<b>Mod.</b>	<b>Mod.</b>	<b>Mod.</b>	<b>Low</b>	<b>High</b>	<b>Low</b>

\*Table from International Country Risk Guide, Sept 2013

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## Top Three Current Conditions to Consider

**1. Electoral Uncertainty:** Presidential elections are held every four years. The next presidential election is in 2015. President Cristina Fernandez de Kirchner faces a challenge going into the second half of her term as the mid-term elections resulted in fewer seats for her party in the chambers of Congress. She was considering another re-election bid, but the “two-thirds congressional majority she would need to change the constitution to run for a third term is now definitely out of reach” (Argentine Elections). With a 40% approval rating, she remains in control with a slim majority of her political group, Frente para la Victoria (FPV) Party which translates into Front for Victory Party.

**2. Economic Policy Strategy:** “[W]ith growth slowing, inflation soaring, and foreign currency reserves being depleted at an alarming pace, Fernandez has come under heavy pressure to adopt a more orthodox policy program” (Argentina Country Report 33). The overall strategy has centered around government spending to shore up the economy. Public spending is already running about one-third ahead of last year, adding to an inflationary spiral that is among the main sources of the FPV’s political troubles (Argentina Country Report 3). However, the political party still maintains control and focuses on policies that continue the governmental spending trend.

As Fernandez continues to explore and act on policies which seek to amend relations with foreign investors, “Argentina’s biggest economic policy goal, at the moment, is to boost its access to foreign currency. Reserves are falling fast. Its energy deficit with the rest of the world is widening. It desperately needs investment to fund exploration and development of its vast shale gas reserves” (Rathbone).

## 2. Possibility of Currency Devaluation and Foreign Currency Crisis

Due to a recent ruling by the U.S. Supreme Court seeking repayment by Argentina of debt, foreign investment in Argentina continues to struggle. Foreign currency is fleeing the country. Inflation is creeping up and currency devaluation is possible. The best analysis of the overall economic conditions can be found in the Argentine Country Report. The following excerpt serves as an excellent short analysis of Argentina’s current situation:

“At the same time, the government’s struggle to hold on to foreign currency has been made more challenging by a record drop in the price of soybeans, exports of which are a principal source of hard currency. The progressive tightening of restrictions on dollar transactions has given rise to a flourishing black market for the U.S. currency, contributing to a widening gap between the official and unofficial exchange rates...Expectations of a currency devaluation following the October elections have reinforced the appetite for black-market dollars. Highlighting the futility of the effort to

preserve dollars, the government has introduced a hybrid instrument known as the Cedin, an official government note valued in U.S. dollars, which can be used for certain transactions and can be purchased with dollars, no questions asked” (Argentina Country Report 4).

### **3. Foreign Investment Challenges**

Argentina is eager to engage in foreign investments and contracts, but there is a wariness among the private sector due to past failure to meet obligations and the nationalization of certain industries. The regulatory environment along with concerns for meeting contracts has given companies pause before doing business. “Although the country hosts 500 U.S. companies that employ more than 155,000 Argentines, the Government of Argentina (GOA) has taken actions in recent years that have dampened the investment climate and made the business environment challenging, especially for new entrants to the market” (Argentina Country Report 35). The following conditions have been of concern for businesses attempting to work in Argentina as outlined by the Argentina Country Report:

1. GOA actions to curb the remittance of profits abroad have also led some foreign companies to question whether their money should be invested in the country if they are unable to access it later.
2. Currency controls delay companies’ access to dollars to pay suppliers.
3. The GOA introduced an all-encompassing import licensing system that has made importing the materials necessary for the day-to-day functioning of a business to be burdensome.
4. Factories and distributors occasionally sit idle while the GOA delays granting approval to move inputs through customs, a process that can be restrictive and unpredictable. Companies have reported being unable to import to Argentina unless they have a trade balancing plan on file that puts them on a path to ensuring they bring in as much foreign exchange into Argentina as they take out.
5. The GOA has not complied with its obligations under the Bilateral Investment Treaty (BIT) or the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention) to pay final and binding arbitral awards rendered in investor-state arbitration under the BIT.

These top three economic issues are a snapshot of the current conditions related to doing business in Argentina. For a more thorough analysis, it is recommended to review the most current Political Risk Services Reports for a global comparison against other countries. By having a fundamental understanding of the political and economic situation in Argentina, an international manager will be more effective at making sound business decisions that can be sustainable within the current climate.

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### **Critical Skill #1: Know the Communication Norms**

It is important to recognize the many acceptable and unacceptable behaviors when entering an unfamiliar culture. Shaking hands with a slight bow of the head to show respect is the general form of greeting when people meet. However, it is common for females to kiss one another on the cheeks and shake with both hands. An introduction by a common acquaintance is critical to initiate a dialogue between women and strange men.



When meeting a large group, it is considered rude to broadly greet everyone. Instead one should go around and greet everyone individually. It is appropriate to wave one's hand with a smile when trying to get someone's attention. Argentines do not start their conversations with a question but a greeting is more acceptable to start the conversations. When meeting someone it is advisable to wait until invited to be seated.

Complimenting locals about their children, home décor and garden can be an easy way to establish rapport and build trust. When at the dinner table it is considered bad manners to place hands on the lap, clear throats, use a toothpick or blow one's nose. One should excuse oneself from the table in order to cater to bodily demands.

Given their family values and focus on living a more enriched life, it is common not to rush into business discussions. One must take the time to develop a richer relationship by exchanging pleasantries of asking about the family's health, the weather or even the local sports. Flowers are commonly sent with a thank you note as a follow up to a meeting or with invitations to parties.

During a large event, flowers can be left at designated spaces but at smaller gatherings they should be presented to the hosts. Argentines also have a relative sense of time and guests are expected arrive a half hour late to invitations. During social events, although this is changing rapidly, women tend to interact with each other with men seated separately at a distance. The homes of most affluent Argentines have high walls and enjoy the privacy. Uninvited visiting of the neighbors is not a common practice.

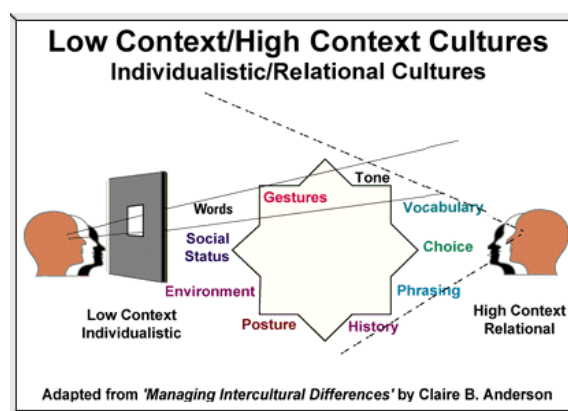
Argentines also have a different sense of personal space and tend to converse in a much closer proximity than North Americans. Social status determines the level and kind of service one can

expect in a variety of business and personal settings. The general pace of business tends to be slower and more relaxed. Major negotiations are normally formalized at the top and in person.

## Critical Skill #2: High/Low Context Communication

When going to a foreign country, certain questions need to be asked, such as: What skills are needed to complete the assignment or goal? What expectations would there be of a foreigner? Global managers need to realize that all the countries and people south of the U.S. border are not basically the same. Communication and business practices must be adapted to local circumstances. Any kind of generalizations regarding Latin America is dangerous.

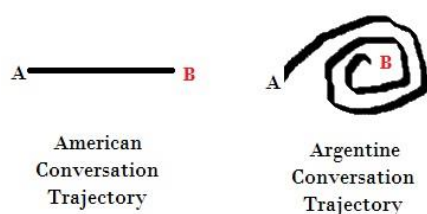
There are two skills that we will generalize as social and business etiquette. The below etiquette guidelines will act as a safety net for those doing business there, to help avoid misunderstandings and promote better communication. Though foreign investors are



not discriminated against and enjoy the same treatment as Argentine nationals, one would hope not to have a mishap by exercising unacceptable etiquette, making any kinds of business impossible. Beset by numerous economic, political and social difficulties, Argentina remains a country which holds vast potential for the careful, well-prepared business investor.

Proper etiquette is necessary for Latin American cross-cultural communications. The value systems are in conflict. This means that the general goals may be in agreement, but there may exist conflicts anticipated in the means to achieve the goals (the time, place, division of labor, sequence of actions, and other factors). Having the ability to speak in both a low and high context is useful. Though there are many English speakers in Argentina, it would bode well not to speak with too much hidden meaning in a high context. Much meaning might be lost. There may be much derived meaning in what is communicated in Argentina, and this is an ability needed to understand communication in the high context. Building the relationship is the first priority for success in Argentina.

For both sides, to achieve the ideal requirements for successful cross-cultural communication, each party must learn to recognize symptoms of miscommunication in oneself and the other. Separate facts, interpretation, and conclusion derive silent assumptions about major premises in the interpretive process from the foreigner's minor premises and conclusions; request



information from the host country citizen in such a way as not to bias or inhibit responses. Be alert for nuances and hidden meanings. It is a good idea to repeat details to ensure understanding, to confirm agreement among business colleagues.

Initial greetings are formal and follow a set protocol of greeting the eldest or most important first. It is imperative to show deference and respect to those in positions of authority. When dealing with people at the same level, communication can be more informal. One way of understanding the chain of command is by observing the deference given to others during a meeting, as watching how the participants treat each other can be very telling. Do not assume that a published organizational chart necessarily reflects the actual structure of the organization. Power does not necessarily lie in the hands of the most obvious person.

People should be greeted with their title followed by the surname, if professional titles are not known than Señor, Señora or Señorita; physicians and lawyers are addressed as doctor followed by surnames. The most common form of greeting between business personnel is a handshake and slight nod of the head, applicable to both men and women. Direct eye contact is encouraged, even if it is uncomfortable. Maintaining eye contact indicates interest. If there are several people in the room, with a little bow, go around to each person and shake hands. A single greeting to everybody is considered rude and brash. The abrazo (embrace) is a greeting only used with individuals very familiar with each other.

Avoid placing hands on the hips when speaking, which indicates anger. It is good etiquette to cover one's mouth when yawning or coughing. The OK sign and thumbs up are not appropriate and are considered vulgar.

Argentina is a relationship-driven culture, so it is important to build networks and use them. Argentines like to do business with people they know and trust. Once a relationship has developed, their loyalty will be personal rather than to the company represented. Once a relationship has been built to the point of friendship, hugs, kisses and slapped backs will become the norm.

Character is very important to Argentines. Take heed in refraining from publicly criticizing or patronizing others, or doing anything else that might create embarrassment. Expressing concern for the country's welfare and the Argentines you deal with will be an appreciated gesture. Catholic values have a profound influence on Argentine thinking. Don't participate in discussions that include politics or religion. Argentines are often vocal about these subjects. As a foreign guest, it is advised to steer clear of expressing one's opinion.

It is recommended not to comment on the U.S. or Brazil. This is considered rude. Do not talk about Great Britain, the Falkland Islands or the Peróns. These are very sensitive topics and could evoke strong reactions.

Appointments are necessary and should be made one to two weeks in advance, preferably by e-mail or telephone. January and February should be avoided, as these are the holiday months. It is important to make appointments to see prospective clients through an *enchufado*, or a third party. The *enchufado* acts as a middleman with contacts within an industry. Doing business in Argentina involves building up a relationship and establishing trust, so it is unwise to consider it acceptable to approach companies directly. Argentine counterparts may appear formal during an initial meeting. Subsequent encounters are usually conducted in a more cordial atmosphere. If the representative dealing with Argentina is changed, a new relationship will have to be established.

If a decision maker is needed, go through his or her personal assistant or secretary. Politeness is essential here when dealing with intermediaries as they determine the order in which visitors get access to their bosses. Argentines expect to deal with people of similar status. An upper-level executive, accompanied by mid-level executives, should make an initial visit. Mid-level executives will attend subsequent visits to conduct negotiations that go into greater depth. Argentines prefer third-party introductions, so wait for the host or hostess to do the introductions to others at a small gathering. They prefer face-to-face meetings rather than by telephone or in writing, which are seen as impersonal.

Business attire is formal, conservative, and yet stylish. Men should wear dark colored, conservative business suits. Women should wear elegant business suits or dresses. The *porteños* tend to be style-conscious and smart. Appearances do matter, as well as good impressions.

Business cards are given without formal ritual. One side of the business card should be translated into Spanish, and the card should be presented with the Spanish side facing the recipient.

Working hours differ by areas. In Buenos Aires, people in decision-making positions may work non-stop from 10 a.m. to 5 p.m., with a short break for lunch at 1 p.m.. In the provinces, managers start earlier, have a break around 1 p.m., resume work at 4 p.m. and then continue until 8 p.m.

Punctuality is appreciated and expected from visitors to Argentina for all business-related occasions. The Argentine counterpart may be 15 to 20 minutes late. In some older, more bureaucratic organizations, the more important the person, the longer the wait to be seen. During



the meeting, the person may accept telephone calls and attend to other business, though the visitor would think this rude and unacceptable. It would be advisable to have all printed material available in both English and Spanish.

Do not immediately begin discussing business. Small talk helps establish a rapport. Always engage in small talk until the topic of conversation changes to business. Establishing trust and mutual benefit oils the wheels when doing business in Argentina. The ability to fit in and maintain cordial relations with the group is considered as important as professional competence and experience. Establishing rapport and friendship remains key to conducting business and effective problem solving. Providing continued service to your client, despite the long distances, can be a welcome gesture of commitment. Approach business meetings and negotiations as both a potential business partner and a friend. Nobody rushes into business. As a foreign businessperson, take time and ask about colleague's family's health, the weather, or perhaps the local sports team.

Hierarchy is important. Decisions are made at the top of the company. Business moves slowly because it is extremely bureaucratic. Decisions often require several layers of approval. Patience is key to ensuring success as it often takes several trips to the country to finalize the deal.

Avoid high-pressure sales tactics. Aggressive negotiation tactics or sales pitches do not appeal to Argentines, but maintaining a reliable long-term relationship does. Instead of hard sell and other aggressive tactics, specify priorities, terms and conditions. Lean toward the conservative side; hold loyalty, stability and consistency in high esteem.

Greater emphasis is placed upon the spoken than the written word. Follow up with a phone call or a meeting.

There is a particular etiquette, if invited to an Argentine's home for a social gathering. It is customary to bring a small gift for the hostess. Choose gifts that will not be perceived as a form of bribery, inexpensive but in good taste, ideally recognizing the receiver's preferences and likings. Flowers (red, white roses), chocolates for the hostess and a well selected bottle of wine for the hosts are best choices. Since taxes on imported spirits are extremely high, a bottle of imported spirits is always well received.

Dress well. Men should wear a jacket and tie. Women should wear a dress or a skirt and blouse. Arrive 30 to 45 minutes later than invited for a dinner party. Arriving on time is not the norm, and considered rude.

The host or most senior man present will be at the head of the table, the guest of honor at his immediate right, and the next seat of honor will be the immediate right of either the hostess or the second highest-ranking Argentine. Wait for the host or hostess to offer a seat. There may be a seating plan. Wait for a toast to be made before taking the first sip of a drink. When an Argentine contact proposes a toast, propose another in return. Always keep hands visible when dining, wrists resting on the edge of the table. It is considered bad form to keep hands concealed.



Dinner is eaten European style, with knife in the right hand and fork in the left. Do not begin eating until the hostess invites guests to do so. Take small bites and chew slowly. Chewing loudly, clanging silverware, scraping the plate, lip smacking and finger licking are considered vulgar. Accept everything that is served. If given something not liked, just take a sample bite or two, for the sake of politeness. It is considered polite to leave a small amount of food on the plate when finished eating. When finished eating, place the knife and fork across the plate with the prongs facing down and handles facing to the right. Before smoking, it is considered polite to offer cigarettes to companions first. Pouring wine is beset with many rituals and cultural taboos. If possible, avoid pouring wine.

Business entertaining is usually a social event. The best policy is to let the host initiate any discussion of business. It is important to make gestures to demonstrate to the Argentine companions that a relationship with them is a greater priority than business. People who focus solely on work-related matters will not make friends or succeed in business.

After a dinner party or similar occasion, the best policy is to telephone the host the following day to thank them.

### **Critical Skill # 3: Attitudes and Qualities of a Successful Partnership**

An extremely important aspect of doing business in a foreign country is understanding how one's country is viewed by the country in which the business is being conducted. There are some fundamental aspects of the U.S. culture that are measured against the perceptions of Argentina's experiences.

For the most part, the relationship with Argentina is longstanding and attitudes toward the United States are positive although not as positive as other Latin American countries as noted by Pew Survey Research:

“In Latin America, most Salvadorans, Brazilians, Chileans and Mexicans consider the U.S. a partner. About a third express this view in Argentina and Bolivia, although in both nations, people are more likely to think of the U.S. as a partner than as an enemy” (*Kohult 9*).

Since 1823, the United States has had a relationship with Argentina. “The bilateral relationship between the U.S. and Argentina is based on shared interests including regional peace and stability, nonproliferation, human rights, education, cultural exchanges, and commercial ties” (U.S. Relations with Argentina). In regards to a business relationship, Argentina is eager to work with expatriates. The younger generation shows an even more favorable view toward the United States.

By focusing on Argentina, integrating an understanding of the language and showing a willingness to share business goals, a global manager’s ability to succeed will increase. Living in Argentina will further increase one’s ability to conduct business successfully. By experiencing the diversity, social elements, and discovering the nuances of living in a community, a global manager will be able to connect with local Argentines on a more personal level, drawing directly off personal experiences and conversing more naturally.

If possible, combine the mostly favorable attitude toward the United States with an personal effort to create quality business connections by establishing relationships. Over time, the ability to integrate personal experiences with business contacts will assist in providing a clearer means of communication. Business conversations will improve as the filter between cultures and communication dissolves allowing what is said to equal what is heard. The sincerity with which relationships are established will increase the quality of business relationships in Argentina.

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## **Conclusion**

Argentina is a country with a rich history and culture, and an abundance of business opportunities for global managers. It is crucial to understand that, as in most countries, successful business partnerships depend on the ability of the manager to adapt to the business norms of that country. When working in Argentina, remember that the relationship comes first, and business follows.

Relationships can be built by respecting the customs and communication norms of the Argentine people and understanding that some aspects of business are conducted differently than in North America.

Important reminders:

- Be familiar with the current political and economic conditions, but avoid politics in conversation.
- Follow expectations for dress, timeliness, greetings, and etiquette.
- Focus on building and maintaining relationships with key people to make business transactions go more smoothly.

Above all, remember that success in business is a product of preparation and hard work, and in global business, communication is key. With advanced preparation and an open mind, one will be better positioned to take advantage of any opportunity that arises. We wish you much success in your endeavors. ¡Buena suerte!



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