

# Doing Business in Chile

## Instructor's Guide



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## **OBJECTIVE**

Objective: to give the participant a better understanding of Chile's unique culture and way of doing business.

Who should use this program?

Executives, managers and other professional personnel preparing for:

- Travel to Chile
- Living in or relocating to Chile
- Working with Chileans in the United States

Spouses and family preparing for:

- Living in or relocating to Chile

Students:

- Of international business, marketing, management and related disciplines
- Of cross-cultural topics, foreign languages, and related disciplines
- Preparing for travel or living in Chile

## **MATERIALS**

### **Video**

- Approximately 38 minutes in length
- Includes location footage, expert interviews, dramatizations and graphics
- Divided into 8 chapter-like sections, each with a section introduction and summary. These 8 sections are:
  1. Orientation
  2. History
  3. Economy
  4. Etiquette
  5. Business Relationships
  6. Communicating
  7. Negotiating
  8. Management

*Note: Non-business viewers (language students, spouses, etc.) should watch sections 1, 2, 4, and 6. The remaining sections are optional.*

### **This Instructor's Guide**

- This guide is designed to enable the instructor to create the most effective learning experience.

## **SUGGESTED INSTRUCTION SESSIONS**

### **For Students**

1. Instructor should view video.
2. Confirm availability of player and monitor.
3. Make a photocopy for each student of video outline in this guide.
4. Show Video. \*\*
5. Use discussion questions in this guide to facilitate classroom discussion.
6. Administer test using essay questions and/or test questions in this guide.

### **For Executive Self-Study**

1. Make a photocopy of video outline in this guide. The video outline should be used to highlight and/or take notes while viewing video.
2. View video.
3. Reflect on discussion questions in this guide.
4. Use photocopy of test questions in this guide for self-testing.
5. Check test answers.

### **For Executive Training**

1. Instructor should view video.
2. Confirm availability of player and monitor.
3. For each participant, make a photocopy of a) video outline and b) test questions in this guide. The video outline should be used to highlight and/or take notes while viewing video.
4. Show video.\*\*
5. Use discussion questions in this guide to facilitate group discussion.
6. Administer test using essay questions and/or test questions in this guide.

### **For Spousal/Family Training\***

1. Instructor should view video.
2. Confirm availability of player and monitor.
3. For each participant make a photocopy of a) video outline and b) test questions in this guide. The video outline should be used to highlight and/or take notes while viewing video.
4. Show video. \*\*
5. Use discussion questions in this guide to facilitate group discussion.
6. Administer test using essay questions and/or test questions in this guide.

*\*Note: Non-business viewers (language students, spouses, etc.) should watch sections 1, 2, 4, and 6. The remaining sections are optional.*

*\*\* Video can be viewed either in one session or multiple sessions. If viewing in multiple sessions, pausing is recommended after section breaks.*

## VIDEO OUTLINE

This is an outline of the entire video in detailed not form. For most effective learning, all participants should be given a photocopy of this outline prior to viewing the video.

### **1. ORIENTATION: SMALL TOWN LIFE AT EARTH'S END**

Chile's growing economy and open borders have made it a dynamic and attractive place to do business.

But it's essential to know that Chile has its own rules for success. It's a mistake to assume that business in Chile is like that in other Latin American countries or the United States.

#### **❑ Chile is the world's longest country and has a wide variety of climate and terrain.**

At about 2,700 miles in length, Chile is the longest country in the world. Its length is almost equal to the distance between New Your and Los Angeles.

At the same time, it's very narrow. It averages only 100 miles wide, giving it a unique geography.

Within a total land area about the size of Texas, Chile has an incredibly varied landscape. It ranges from subtropical to one of the driest places in the world, from bustling Santiago to the remote Easter islands.

Chile is hemmed in by the endless Pacific Ocean to the west. To the east rise the towering Andes, the highest peaks in the western hemisphere.

#### **❑ It has a small, geographically isolated population.**

This sense of isolation has numerous effects on Chilean culture. For example, it has helped create a sense of nationalism. In the business world, it means it's more important to establish a presence in Chile, rather than conducting your business from abroad.

Chile is a small country, with a population of only 14 million people. Because of this small population and geographic isolation, Chile's business community is very tightly knit.

❑ **Chileans are primarily of European descent.**

Like neighboring Argentina, Chile's population has a strong European heritage. 95% of its people are either of European or mixed European/native Indian descent.

Much of Chile's culture and values are thus derived from Europe.

But in contrast with the neighboring Argentines, Chileans have closer ties to the Indian influence on their society. For example, some early Indian warriors are considered national heroes.

❑ **Bear in mind opposite seasons, Santiago's poor air quality.**

The city of Santiago is the center of government, commerce and the arts. More than 450 years old, it's by far the largest city in the country, and home to more than 1 in 4 Chileans.

Visitors should take note that Santiago has poor air quality, particularly during the winter.

And remember, the seasons here are opposite those in the northern hemisphere, so bring warm clothes if you're visiting during the June through September winter season.

## **2. HISTORY: COLONIALISTS TO COMMUNISTS, DICTATORS TO ENTREPRENEURS**

Chile's history is unique in that it has seen a full spectrum of governmental rule, from colonialism to communism, from dictatorship to democracy.

❑ **Weak Spanish rule led to a tradition of independent thought.**

Ferdinand Magellan was the first European explorer to see Chile, Arriving in 1520.

The region was claimed for the Spanish empire in 1536. However, Madrid focused on gold and silver mines to the north, so colonial rule in the region was weak. This led to an early tradition of free thought and independence.

Nonetheless, Spain's impact on Chilean culture is clear. Spanish is the official language. The country has had a strong history of Catholicism; for example, it's one of the last remaining western countries where divorce is illegal.

❑ **Independence in the 1800's was followed by instability and military conflict.**

Chile started to fight for its independence from Spain in 1810. Exiled Chileans crossed the Andes with the help of Argentine forces and beat the Spanish in 1817 to gain their independence.

Bernardo O'Higgins, the hero of the revolution and of Irish descent, became the first leader of the new country.

The first century of independence saw a great deal of instability, including a civil war, as well as a war with Peru and Bolivia in the 1880's.

❑ **The 20<sup>th</sup> century saw a redistribution of wealth and power, culminating in the election of a socialist government.**

Stability started to emerge in the 1930's. During the next 40 years, the nation focused on redistributing power and wealth that had been concentrated in the hands of a few wealth landowners.

In 1970, Salvador Allende Gossens became the first freely elected Marxist leader in the western hemisphere. He won with only about one-third of the vote.

Allende moved to close markets and privatize industries. This hurt the economy, and increased the public's dissatisfaction with his leadership.

❑ **The economy prospered – while human rights suffered – under Pinochet during the 1970's and 80's.**

With the economy crumbling, a bloody CIA-backed coup took place in 1973. Allende died.

The coup's leader, Augusto Pinochet Ugarte, ruled the country by decree. His repressive regime imprisoned or exiled thousands of people. At the same time, it built a strong economy that is Chile's foundation today.

In the late 1980's, Pinochet stepped down. Democracy returned to Chile with free elections in 1990, the first elections in 20 years.

The paradox of Pinochet's legacy remains a controversy to this day. Chileans are proud of their nation's economic progress, yet remain haunted by the violence and human rights abuses of the Pinochet era.



### **3. THE ECONOMY: RISING STAR OF SOUTH AMERICA**

#### **❑ It's a model economy with strong growth and stability.**

Chileans are proud of their economy and rightfully so. By the late 1990's, their economy achieved more than a decade of growth averaging 6% a year.

Chile tends to be more sheltered – and recovers more quickly – from the economic crises that tend to sweep through Latin America. For example, the crash of the Mexican peso in the mid-1990's had relatively little effect on Chile.

Chile also has one of the highest per-capita gross domestic products on the continent. Its middle class is one of the largest in the region.

Nonetheless, it's a developing country with a per-capita income less than a third of that in the United States.

#### **❑ Key industries include copper mining, agriculture, wines and seafood.**

The mainstay of the economy is mining, specifically copper. Chile is one of the world's leading exporters of copper, which accounts for nearly half of total exports.

Other areas growing in importance are agriculture and fishing. Exports of wine, seafood and produce are growing rapidly. Chilean fruit, for example, is now exported to more than 40 countries.

Other key industries include light manufacturing, minerals, metals and wood products.

#### **❑ Chile is a leader in free market policies, both domestically and in foreign trade.**

One of Chile's most unique features within Latin America is its leadership in free-market policies.

For example, it has little bureaucracy, especially compared with its neighbors. It's also been a forerunner in the areas of privatization and free-market competition.

Chile has been active in courting the world's largest trade groups in Asia, Europe, and North America. For example, Chile was the first country outside North America to seek membership in the North American Free Trade Agreement.

These free market principles are particularly noteworthy when considering that only a few decades ago, Chile elected a socialist government. Whereas capitalism was formerly seen negatively, the nation has since seen a thriving entrepreneurial culture.

**❑ Its dependence on exports makes trade policy a sensitive subject.**

In part because of its geography, Chile has a long history of being active traders. Its economy is one of the most export-oriented economies in the world.

It's important to know that because of Chile's dependence on foreign trade, it's very sensitive to trade policies.

This is best exemplified by the grape scandal of the late 1980s, when the United States banned grape imports from Chile because of alleged poisoning.

The ban hit the nations' economy hard. Chileans have not forgotten this controversial event, and has damaged their feelings of trust in the United States.

#### **4. ETIQUETTE: POLITENESS, PLEASE**

**❑ Business in Chile is formal: dress well and mind your manners.**

Business in Chile is generally more formal than in the United States, in particular with older generations.

There is a particular emphasis on being respectful and polite.

Personal presentation is important. You should wear top quality, conservative clothes, and bear in mind that Chileans prefer European fashions.

Your image also includes your accommodations, so be sure to stay in a high quality hotel or inn.

**❑ Be patient if meetings start late or business is delayed.**

Generally speaking, Chileans tend to be more prompt – and get things done more quickly – than their Latin neighbors.

Nonetheless, don't be surprised if a meeting starts late or a project is delayed. The best advice: be patient.

**❑ Be familiar with proper greetings.**

While Chilean businessmen tend to greet each other with handshakes, good acquaintances might greet each other with an abrazo, or a hearty embrace with a pat on the back.

Members of the opposite sex – even professional acquaintances – might greet each other with a peck on the cheek.

When meeting a group, it's important to say hello to each person individually. It's considered rude to greet a group as a whole.

However, give the majority of your attention to the senior official. It's a mistake to give equal attention to subordinates.

**❑ Be aware of the proper use of names.**

When you address a Chilean, use their family name until you're invited to use their first name.

Chileans sometimes use two family names. They are most commonly addressed by their first last name, which is their father's family name.

**Juan Fernandez Trujillo = Mr. Fernandez**

The second last name – which is the mother's maiden name – is often given only as an initial, as in the following example:

**Juan Fernandez T.**

With married women, use the second last name if two names are given. This is her husband's family name.

**Monica Roman de Fernandez**

Married women are also increasingly using their maiden name instead of their married name. For example:

**Monica Roman**

Professional titles are less common than in other Latin American countries. The only title used regularly is doctor for a medical doctor.

A meeting or appointment is likely to warm up with casual conversation. However, the chitchat is likely to be briefer than in other Latin American countries.

A typical first meeting will primarily focus on a brief introduction of your company and your products. However, allow you host to decide when to move the conversation from casual conversation to business.

**❑ Note that bribery and certain hand gestures are offensive.**

It's important to know that one of the greatest taboos here is bribery. Chileans have a great respect for the law and any hint of a bribe is a strong insult.

There are also a couple gestures that are important to avoid:

Slapping your fist into the palm of your hand is considered obscene;

And holding your fist next to your head is a communist symbol and should be avoided.

## **5. BUSINESS RELATIONSHIPS: GUARD YOUR REPUTATION**

**❑ It's vital to protect your reputation in this tightly knit business community.**

As in many parts of the world, business in Chile is based on building relationships with the right people.

In Chile it is particularly important to treat every relationship with great care.

Because it's a relatively small country, its small business community is tightly knit. Bad reputations travel quickly and are not soon forgotten.

**❑ Third party introductions are usually the best way to make initial contact.**

When trying to make business contacts, it's usually best to get a third party introduction.

People who can help provide introductions include:

- Investment bankers;
- Professionals such as accountants, attorneys, and consultants;
- And the Chilean-American Chamber of Commerce.

**❑ Building relationships in Chile will take time and frequent visits.**

Getting your foot in the door is only the first step. Throughout Latin America people prefer to do business with people they know. You must be willing to spend time building relationships before conducting business.

**❑ Be personable, warm and honest with your Chilean partners.**

The key to building a relationship with a Chilean is demonstrating warmth and trust. You need to make efforts to ensure your Chilean counterpart likes and trusts you.

If you're only visiting Chile, it's particularly important to make frequent trips. Chileans are sensitive to their remote location, and your effort to overcome their isolation will be greatly appreciated.

**❑ Casual conversation, dining and gifts are good ways to build relationships.**

An important relationship builder is casual conversation, which often is a warm-up that precedes meetings.

Good topics of conversation include:

- Chile's economy, especially export growth;
- Travel;
- Chilean literature and art;
- And sports such as soccer, skiing and fishing.

You might bring pictures of your family or talk about your parents and grandparents, where they come from and what they have done.

It's important to be informed about history and current events, particularly if you're from the United States. Chileans feel that although we've intervened in their domestic affairs, we know little about their country.

There are topics that are best to avoid early in a relationship. These include:

- Religion;
- Local politics;
- Human rights;
- And excessively favorable comments about neighboring countries.

Another good way to strengthen personal contacts is dining, particularly lunch.

If you're extending the invitation, you might ask your Chilean counterpart to suggest a restaurant, and be sure to pick up the check.

Business lunches can be long, lasting two to three hours. These meals are primarily vehicles to build relationships. If wine is served, it means the meal is likely to focus more on socializing than business.

When making dinner plans, it's important to know that Chileans eat dinner late in the evening. In Santiago, it's difficult to find a restaurant open before 8 p.m.

Chileans are friendly and hospitable, and you might receive and invitations into a home. When invited, be sure to bring a gift for the hostess such as flowers or candies.

Once a relationship has been established, the exchange of favors and gifts is another way to build rapport.

Appropriate gifts include items that can be used in an office, such as pens or clocks. Later in your relationship, fine whiskey might also be appropriate. It's important that gifts be top-quality.

On a return trip, ask your host if there's something you may bring from your home country. Gifts for children are also greatly appreciated.

## **6. COMMUNICATING: MORE THAN WORDS**

### **❑ Knowledge of Spanish will boost your effectiveness here.**

Habla Usted Español? If you want to be truly effective in Chile, you need to speak Spanish, or at least be able to understand the language.

If you don't speak Spanish, it's always best to ask permission before speaking English. Also, have important papers and your business card translated into Spanish.

**❑ Communication is physical, and involves close personal space and physical contact.**

Communication in Chile is physical. For example, Chileans tend to stand closer when talking. Be comfortable with this because backing up will be taken as a sign of rejection.

Male friends might greet with an embrace. Business associates of the opposite sex often greet each other with a light kiss.

In keeping with the physical nature of communication here, there's a strong preference to conducting business face to face rather than by telephone. During your meeting maintain good posture and eye contact, which is a sign of sincerity.

**❑ Communication is diplomatic, and based on context as well as content.**

Chileans are very diplomatic. For example, they dislike saying "no." This is particularly true in situations involving bad news. Such as a delay or other problem.

If you're trying to get a straight answer, try to do it in a subtle manner. It's best to avoid trying to force a "no" answer.

Bear in mind Chileans also dislike hearing "no," and the visitor should learn to give rejection gently.

Latin communication is based more on context than content. In Anglo-Saxon cultures, people say what they mean. In other words, the content is the message.

But in Latin America, you must also read the context to understand the true meaning. Contextual factors include:

- Body language
- Eye contact
- Status/relationship
- Other people

An interpreter or Chilean colleague can be valuable in reading the subtleties of contextual communication.

**❑ Chileans place great importance on their families, as well as building their nation.**

It's also important to know that Chilean values are different. In Chile, one could say, family makes the world go round.

Extended relations live close together and are often very interdependent. Understanding this is important when doing business in Chile. The impact of family ranges from employee absenteeism to high-level promotions or appointments.

Another important value for the Chilean people is building their nation. They are proud of economic development in recent years and are keen to further this growth.

**❑ Women should be patient with differences in this relatively progressive culture.**

Compared with the rest of Latin America, women are likely to find Chile a relatively progressive atmosphere for doing business.

About one-third of the work force is female, with many important business and political positions held by women.

But even with a relatively high acceptance of women in business the visitor should be prepared for cultural differences.

It's important for visiting businesswomen to project a professional image. At the same time, they should try to accept local cultural nuances, and avoid being overly aggressive.

## **7. NEGOTIATING: HONEST AND STRAIGHT FORWARD**

**❑ Chileans are less prone to bargaining than their Latin neighbors.**

Generally speaking, Latin Americans enjoy bargaining. One typically thinks of a tourist haggling with a street vendor.

Try this approach and you might find trouble. In contrast to other Latin American countries, Chileans tend to dislike bargaining.

There's a tendency to stay close to one's original position. Negotiations can carry on for weeks with little movement from square one.



Nonetheless, Chileans have their own bargaining tactics. One strategy is to deflate quantities. They might ask for a quote for 500 units, then order only 100 units but expect the same price per item. Be very firm and clear about your pricing structure.

**❑ Decisions are made at the top, so it's essential to reach the decision maker.**

Decision-making is highly centralized here. This means it's important to accurately identify and get in touch with the key decision maker. Indeed, sometimes it can be challenging to identify the decision maker.

Bear in mind that because business in Chile is based on relationships, it's vital that your negotiating team include any executives who will be onsite.

**❑ Make your sales pitch with enthusiasm, but avoid a hard sell.**

Chileans place value on intuition and emotion, and therefore it's important to be enthusiastic about your sales pitch. However, never show anger. Chileans are very polite and any sign of anger is uncouth.

Furthermore, Chilean negotiators tend to be polite, and avoid obstacles or confrontation.

A tough or hard sell approach will not work in Chile. Chileans like to think things over before making decision.

Indeed, Chileans often prefer to make deals in informal settings, such as at lunch or on the golf course.

Another useful selling point to keep in mind is the Chilean desire to develop their country. Try to tailor a sales pitch to show how your company can help achieve this by bringing something new to the nation and adding value.

**❑ Be honest and open, and be sure to honor verbal agreements.**

As discussed, Chileans place great value on honesty. This is especially true when making deals. Be prepared to back up any statement. For example, if another product is inferior, you must be able to explain why.

If you're talking with competing companies in Chile, be up front if asked. If it becomes known that you've secretly been dealing with another company, your reputation will be damaged.

Because Chile's business community is small and tightly knit, it's important not to walk out of negotiations in haste. Abandoning talks prematurely can damage your image.

Chileans tend to be legalistic and have great respect for the law. Thus, there is a greater emphasis on written contracts here than you might find elsewhere in Latin America.

Nonetheless, also be careful about what you say. A person's word of honor is also very important here, and one is expected to live up to verbal agreements.

## **8. MANAGEMENT: LONELY AT THE TOP**

Management in Chile involves a surprising paradox: managers are more distant from employees, yet need to watch and guide them more closely.

### **❑ Chile has one of the best-trained work forces in Latin America.**

Chile has one of the best labor pools on the continent, with productivity that rivals North America.

The literacy rate is 94%, with 70% of all students receiving secondary education. One reason for the effectiveness of Chilean workers is a strong system of training programs.

Nonetheless, it's important to know that the work ethic here is different from in the United States. Visiting managers might find locals place less emphasis on work, and are less likely to be driven to success.

One reason for this different work ethic goes back to a difference in values.

### **❑ Creating a family-like bond can motivate employees and build loyalty.**

Again, family comes first in Chile, so an employee might be late or miss a meeting when family needs dictate. Work is completed more slowly, and projects take longer.

For a U.S. manager accustomed to employee loyalty to a company or career, this might be frustrating. One way to build loyalty to a business is to create a sense of family in the workplace, making the company a professional clan.

On a related note, bosses are often invited to important personal events such as birthdays or religious ceremonies. It's important for managers to accept invitations because their presence will be considered a great honor.

Family also has an important role in upper levels of management. In this nepotistic culture, jobs and appointments often are doled out to family members.

**❑ Management is top-down with authority concentrated at high levels.**

The management style here is authoritarian. Bosses are expected to have a hands-on management style and provide strong leadership. They are also expected to make most decisions.

One result of this separation between manager and employee is a sense of humility or fear of the boss. A worker's primary motivation is to please the boss.

**❑ Delegating and feedback requires sensitivity to pride and fear of failure.**

Because of apprehension about displeasing the boss, it can be difficult to assign tasks or get employee input.

Chileans might be reluctant to speak up and give an opinion because of fear of making a mistake. They might also give unreasonably optimistic reports or projections.

They also tend to have less experience with accepting delegation, and are more likely to avoid extra responsibility.

There are strategies to counteract these problems. When seeking employee input, avoid asking for an answer immediately. As mentioned, Chileans like to consider an issue before making a decision.

Also, bear in mind there is a strong sense of honor here. Avoid criticizing a Chilean, especially in front of others. Any attempt to bring up problems should be done subtly and, ideally, preceded by a positive statement.

Finally, remember that management here will take more effort. Managers must work closely with each individual, and closely supervise cooperation between individual team members.

## DISCUSSION QUESTIONS

The following questions are appropriate for discussion in both professional training and academic teaching. In this context, they are designed to promote further reflection on the material learned. Possible answers might lie outside the scope of the video.

The questions in the section can also be used as essay questions in an examination.

*Note: This section can be photocopied for participants for use as either A) discussion notes or b) a test.*

### **1. ORIENTATION: SMALL TOWN LIFE AT EARTH'S END**

How does Chile's geographical diversity and isolation affect Chilean business culture?

Chile's small population is tightly knit. What implications does this have for the visiting businessperson?

In what ways is European influence evident in Chilean culture?

### **2. HISTORY: COLONISTS TO COMMUNISTS, DICTATORS TO ENTREPRENEURS**

Chile has seen military conflict – or the threat thereof – with all of its neighbors. What are the implications for business?

What was the effect of Augusto Pinochet's regime in Chile in the 1970's and 1980's?

### **3. THE ECONOMY: RISING STAR OF SOUTH AMERICA**

Chile is a developing country. What strategic ramifications does this have for foreign companies in Chile?

Chile's key industries are mining and food products. What impact might this have on Chile's economy? (For example: vulnerable to price swings in commodities, less developed industrial infrastructure, etc.)

What effect does Chilean free market policies have on international trade?

#### **4. ETIQUETTE: POLITENESS, PLEASE**

Chileans treat time with a different attitude than U.S. business people. Discuss this difference and its effect on Chilean business culture. How can a foreign businessperson effectively handle this difference in attitude?

How does the use of people's name differ from in the United States? What steps should the foreigner take to avoid mistakes?

Chileans have great respect for the law. What significance might this have for business?

#### **5. BUSINESS RELATIONSHIPS: GUARD YOUR REPUTATION**

Chileans place much emphasis on reputation. How is their attitude towards reputation like/unlike that in the United States?

Discuss specific ways visiting business people can build strong relationships with their Chilean counterparts.

What are appropriate topics for warm-up conversation? How might the visitor prepare for this part of a meeting?

#### **6. COMMUNICATING: MORE THAN WORDS**

What problems might be encountered by a visitor who doesn't know Spanish?

How is communication in Chilean business culture different from communication in the United States? How can U.S. business people overcome these differences?

Chileans have a hard time saying "no" or giving bad news. What kinds of problems might this pose in business?

Discuss the role of family in Chilean business affairs. In what ways might the role of family be different from in the United States?

#### **7. NEGOTIATING: HONEST AND STRAIGHT FORWARD**

Chileans are less prone to bargaining or haggling. How should visitors adapt a sales pitch or negotiating strategy?

What advice would you give to a U.S. businessperson preparing a sales pitch for a Chilean audience?

Chileans place great emphasis on honesty. What significance does this have in conducting business here?

## **8. MANAGEMENT: LONELY AT THE TOP**

Management in Chile involves a surprising paradox: managers are more distant from employees, yet need to watch and guide employees more closely. Discuss what this statement means and give examples to verify it.

One success strategy for management is to create a family-like atmosphere in the workplace. What steps might be taken to accomplish this?

Management of employees in Chile can be described as authoritarian. How might this affect the manager-employee relationship and employee motivation?

## MULTIPLE-CHOICE QUESTIONS

**Note:** The following test questions are designed primarily for university and college students. However, they can be useful for professional or other training.

This test is designed to be self-contained within this program. In other words, the answers to all of the questions below are contained in the video. Participants who carefully watch the video – and study a photocopy of the video outline in their guide should be able to answer all questions.

**1. Which of the following correctly describes Chile?**

- a) Coldest country in the world
- b) Driest country in the world
- c) Highest country in the world
- d) Longest country in the world

**2. Because Chile is so isolated and remote, bad reputations travel less quickly within its business community.**

True                  False

**3. Chile's population is:**

- a) European descent, primarily Irish, with some Indian blood
- b) European descent, primarily Spanish, with some Indian blood
- c) Latin American descent, primarily Spanish, with some Africa blood
- d) Latin American descent, with some African blood

**4. Chile has fought wars with:**

- a) Argentina and Bolivia
- b) Argentina and the United States
- c) Peru and Bolivia
- d) Peru and the United States

**5. Which of the following correctly describes Chile's political transformation from the 1970s to the 1990s?**

- a) Colony to dictatorship to democracy
- b) Dictatorship to democracy to colony
- c) Dictatorship to democracy to socialist rule
- d) Socialist rule to dictatorship to democracy

**6. Chile's per capita GNP is:**

- a) Roughly equal that of the United States
- b) Roughly 30% smaller than that of the United States
- c) Roughly ½ that of the United States
- d) Less than 1/3 that of the United States

**7. Chile's most important industries are:**

- a) Foods and coal mining
- b) Foods and copper mining
- c) Manufacturing and coal mining
- d) Manufacturing and copper mining

**8. Chile pioneered open markets and free trade in South America.**

True                      False

**9. During a first meeting with a Chilean businessman, you should address him by:**

- a) First name
- b) First surname
- c) Second surname
- d) The courtesy title "Señora"

**10. At a Chilean meeting, all of the following might be offensive except?**

- a) Being late
- b) Greeting a secretary prior to greeting a senior executive
- c) Holding your fist net to your head
- d) Kissing the cheek of a female associate

**11. As in much of Latin America, bribery is a common problem in Chile.**

True                      False

**12. Which of the following would make an appropriate topic for warm-up conversation?**

- a) Historical relations with Argentina, Bolivia and Peru
- b) Human rights policies under Pinochet
- c) Interest rate hikes by Chilean banks
- d) Your involvement in your local church

**13. You've identified a potential business partner. Which of the following would be the most appropriate first steps?**

- a) Ask mutual acquaintances for introduction, request lunch meeting
- b) Ask mutual acquaintance for introduction, request business meeting
- c) Thoroughly research partner's company, request lunch meeting
- d) Thoroughly research partner's company, request business meeting

**14. All of the following are appropriate ways to build a business relationship in Chile except:**

- a) Do them a personal favor
- b) Fly from the United States to visit them
- c) Offer a small cash gift
- d) Treat them to lunch or dinner



**15. While Chileans value honesty, they might avoid giving you a direct answer.**

True                  False

**16. Which of the following best describes Chilean communication:**

- a) Diplomatic and physical
- b) Diplomatic and distant
- c) Direct and physical
- d) Direct and distant

**17. Chilean communication is contextual. All of the following are factors in contextual communication except:**

- a) Body language
- b) Relationships
- c) Situation
- d) The content of words

**18. All of the following are true about Chilean negotiating style except:**

- a) Decision making might be influenced by emotions
- b) Strong emphasis on word of honor
- c) Tendency to bargain hard for the best price
- d) Tendency to deflate quantities

**19. When bargaining, a visiting businessperson might want to avoid making a counter offer.**

True                  False

**20. All of the following are appropriate negotiating strategies in Chile except:**

- a) Be enthusiastic, but allow Chileans to “think it over”
- b) Give them information about competing products
- c) Suggest further talks at golf course or at lunch
- d) Use a strong selling approach because of Chile’s competitive market

**21. There’s a greater gulf between management and employees in Chile than in the United States.**

True                  False

**22. A manager in Chile is likely to encounter all of the following problems with subordinates except:**

- a) Absenteeism due to family situation
- b) Lack of education
- c) Misleading financial forecast
- d) Reluctance to accept new assignment

**23. All of the following are techniques for effective management in Chile except?**

- a) Allow employees to “think things over” before giving input or feedback
- b) Create family-like work atmosphere
- c) Delegate more responsibility
- a) Give criticism only behind closed doors

## NOTES

## **Answers to Multiple-Choice Test Questions**

1. d
2. False
3. b
4. c
5. d
6. d
7. b
8. True
9. b
10. d
11. False
12. c
13. a
14. c
15. True
16. a
17. d
18. c
19. True
20. d
21. True
22. b
23. c