



G20: Mexico

As subscribers to our newsletter will know, we are looking at the G20 group of major economies and this month our attention returns to Mexico. Located in the North American subcontinent, Mexico is bordered by the US to the north, Guatemala and Belize to the south, the Gulf of Mexico to the east and the Pacific Ocean to the west. The country's official name is Estados Unidos Mexicanos (United States of Mexico); its official language is Spanish, with only a small portion of its population boasting a command of English. Its functional currency is the Mexican peso.

Mexico is a Federal Republic comprised of 31 States and a Federal District (Mexico City) with its political system made up of three levels of government, federal, state and municipal and these three levels are split into: the executive (President), the legislative and the judicial.

Economic growth is expected to remain stable and analysts forecast that the Mexican economy will be larger than that of the UK by 2040, and the world's seventh largest economy by 2050. Aerospace, automobile manufacturing and tourism remain the most attractive industries in the future, aside from renewable energy, life sciences, professional services, software and digital contents industries.

Mexico has a population of 115.6m people, 50.7m of which are classified as the country's economically active population. The forecast is for the number to double over a 30-year period. Approximately 111,400 students graduate with engineering and technological degrees every year and Mexican universities currently offer more than 900 engineering and technology-related postgraduate programmes. Such programmes are considered vital for Mexico's growing economy and its competitiveness on the world stage.

Mexico's culture is generally group-oriented. Building lasting and trusting personal relationships is therefore very important to most Mexicans, who often find it essential to establish strong bonds prior to closing any deals. Personal networks may open doors and solve problems that would otherwise be very difficult to master therefore maintaining honest and cordial relations is crucial.

While Mexicans are usually warm and friendly, they are also proud and may be offended by comments that leave room for misunderstandings. 'Saving face', respecting everyone's honour and personal pride are crucial requirements for doing business in the country. Openly criticizing someone in front of others can have a devastating impact on your negotiation. Avoid open conflict, and know that politeness is crucial. In addition, show genuine interest and compassion in your counterparts.

While discussions may get very lively, Mexicans generally dislike loud and boisterous behaviour. They may show their emotions openly. However, it is crucial that you never lose your temper or appear impatient, as there is always a risk of hurting someone's pride.

The oft-repeated complaint that Mexicans miss deadlines and appear to behave without accountability can be attributed to an unawareness of Mexican values and assumptions. According to experienced expatriates, a key adjustment to be made by new managers in Mexico is to request accountability for results. "Your team will perform best when you set clearly defined targets, followed by regular progress checks. If you give clear direction and the required support, your employees will jump over walls for you" says one Country Manager. The reason for this is that in Mexico accountability needs to be

specified, because often the authoritarian tradition puts the burden of accountability on the boss. Thus, transferring accountability to a subordinate is never just assumed, and needs to be spelled out.

Even less clear in the Mexican business world is a request that has no specific deadline. From the Mexican perspective, this is an example of vagueness in communication. The Mexican experience is that bosses often request information and other tasks, only to forget about them. Without a specific time deadline, the request appears not to be that important. Attach specific completion dates to assignments. In the absence of such dates, Mexicans often simply wait to be called for information. With deadlines in place, you are more likely to receive assignments before the requested date.

Meetings may appear somewhat chaotic, with frequent interruptions and several parallel conversations but business is a serious matter in Mexico. Do not take this personally; it does not indicate a lack of interest. It is unrealistic to expect initial meetings to lead to straight decisions. In addition, it is rare to get open opinions at the conference table, so watch for subtle clues and use other opportunities such as one-on-one conversations or business dinners to learn more.

Expect negotiations to be slow and protracted. Be prepared to make several trips if necessary to achieve your objectives. Relationship building, information gathering, bargaining, and decision making may take considerable time. Attempts to rush the process are unlikely to produce better results and may be viewed as offensive. Remember, Mexicans can be very shrewd and tough negotiators. They are used to hard bargaining and often do a lot of haggling. Surprisingly strong emotions and many exaggerations may accompany the process.

Finally, when doing business in Mexico, you will find that first names are not always used initially as they are reserved for family and close friends. Wait for someone to address you by your first name before doing so yourself. People have three names: Their First name, their Paternal name and their Maternal name. Written, they will use all three (or the third will be often abbreviated with the first letter), but verbally they will use the first two. For example, Maria Vazquez Laredo would introduce herself as Maria Vazquez, or Señora/Señorita Vazquez.