

Latin American Cluster

Ionel Sergiu Pirju, PhD in progress
“Danubius” University of Galati, Romania
pirjusergiu@univ-danubius.ro

Abstract: The insufficient knowledge of South America in South Eastern Europe can be explained to some extent by the enormous distances separating the two regions, but also because contemporary realities make us put more emphasis on the situation analysis and the proximity regions with whom we interact more often. The purpose of research is to analyse the elements of regional specificity of the 10 South American countries and the objectives are the highlighting of the intercultural particularities and the construction of an intercultural diagnostic based on the presentation of regional differences.

Keywords: political intransigence; similarities; multiculturalism

1. Introduction

The Latin American cluster of the GLOBE’s study consists of the largest number of countries, namely: Argentina, Bolivia, Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Mexico and Venezuela. The Latin American cluster had a high percentage only within collectivism in group dimension of the social culture, an average score on assertiveness, gender egalitarianism, human orientation and power distance and a low score in future-orientation, institutional collectivism, performance orientation and uncertainty avoidance (House et al., 2004).

Table 1. Significant values of cultural specificity for the Confucianist cluster

Country	Argentina	Brasil	Colombia	Mexic	Ecuador	Venezuela
Surface (km ²)	2 780 000	8 515 700	1 141 700	1 972 500	258 238	916 445
Population (mil. in)	41, 281	193,946	46, 366	115, 296	15, 200	28,900
Ethnic structure	Argentinian (european roots)	Brazilian	colombian	Mexican	ecuadorian	venezuelan
Language	Spanish	portuguese	Spanish	Spanish	Spanish	Spanish
Climate	tropical, continental, arid	tropical, ecuatorial	ecuatorial, subtropical	subtropical	ecuatorial, temperate	tropical
Political and economical specificity	Presidential republic	Presidential republic	Constitutional republic	Constitutional republic	Constitutional republic	Presidential Republic
Main Export partners (%)	Brasil-21, China-9, Chile-6	China-17, USA-10, Argentina-9	USA-36, EU-17, China-8	USA-73, Rusia-10, Canada-7	USA-33, Peru-6, Chile-6	USA-35, Dutch Antilles-8
Main import partners (%)	Brasil-31, China-13, USA-10	USA-15, China-14, Argentina-7	USA-28, China-11, Mexic-17	USA-60, China-6, South Korea- 5	USA-25, Colombia-10, Venezuela-6	USA-23, Colombia-14, Brasil-9
Power distance	49	69	67	81	78	81
Individualism	46	38	13	30	8	12
Masculinity	56	49	64	69	63	73
Uncertainty avoidance	86	76	80	82	67	76
Long/Short Term Perspective	20	44	13	24	Ns	16
Indulgence/restriction	62	59	83	97	Ns	100

*Sistematization apud Gavreliuc (2011), Hofstede & Hofstede (2004), Wikipedia. Com, CIA World Factbook

Outstanding leaders in Latin America are expected to be charismatic / value-based and team oriented. Participative leadership and the human oriented one are also favoured. Between countries, the variation for participative leadership is high and low for human-oriented leadership and very large in terms of autonomous leadership from negative in Columbia to neutral in Mexico and positive in Argentina. (Chhokar, p. 655)

2. The Historical Development and its Economic Impact

The major waves of immigrants, who settled in Latin American countries, have contributed to the urbanization and created a prosperous middle class. The procedures have developed many technical and organizational improvements which favoured the export of wheat and meat. Landlords increased their ability to accumulate capital and introduced the flexibility to invest in other fields.

Although industry has grown, protectionism and the lack of foreign currency have stimulated a substitution program of production import. The moderately complex industrial installations took advantage of an extending internal market, this ensuring recovered investments and high profits. The expansion provided employment and higher incomes for employees, benefiting even though they didn't participated further to their union, this having a great influence.

The increased economic difficulties led to the fall of autonomy leaders of Latin America. The globalization has increased this process and the weakened economy of the countries has allowed outside influences. The economic uncertainty has enabled the USA, the IMF and the World Bank to perform a monitoring role of local government. The control was based on international loans; this has led the establishment of a relationship with the U.S. government, aligning the Latin American policy with directives and strategies.

3. The Main Intercultural Values in Latin America

3.1. Performance Orientation

Competition makes imperative the development of professional ideas, in development strategies target, setting, resource allocation, time management, weighing alternatives, measuring results and adaptation of the action plan. Latin

Americans exploit performance and the state is neglected and unappreciated, they being the surviving supporters through their intelligence, respondents using them in their individual research, but discovering that they are not in the Latin American society. (Chhokar, p. 666)

3.2. Assertiveness

In other Western societies, intransigence suggests dogmatism and rigidity. In Latin America is understood as a moral principle and a defence in terms of statistics on cases of homicide and other factors that indicate a violent behaviour; Colombia is one of the most aggressive countries. This is actually one of the most serious problems of the country, being directly related to political conflicts, a weak government and social inequality, and in Mexican society there is a strong orientation towards dominant masculinity.

3.3. Institutional Collectivism

Hofstede (2004) classifies Latin America as being individually oriented and the GLOBE's study placed her at the end of the collectivism. This can be attributed to a feeling of fortified abandonment in the Latin American society. Researches focused on determining how far a company is family oriented towards collectivism analysing family unity, children socialization and sports. A large family in Colombian society was reorganized due to collectivist distinctive features: unmarried or widowed adults live with their families, elderly parents are not in an institution, but taken care of by one of the children; Columbians are thought from childhood to depend on family members rather than to fend for themselves. (p. 697)

3.4. Gender Egalitarianism

Significant changes on the social integration of women includes young women who leave the parental home before men, significantly contributing to the family budget, and raising families without the help of a husband. Women make up about 60% of university students, and they are employed in positions that were limited only for men. In terms of gender egalitarianism the Colombian society was classified by Hofstede as having "male" values; the employees seek opportunities that pay better, recognizing good performance and advanced opportunities. The feminine survey conducted by Hofstede listed the employee preferences namely: a good relationship with the boss, a cooperative atmosphere, a good living area for family and job security.

Monogamy is the only accepted practice by both men and women, but there is no distinction between legitimate and illegitimate children.

Before, schools boys were considered more superior than those of girls, but this is no longer available. Male and female occupations are still differentiated; those of women are less paid than those of men. (Chhokar et alli, p. 698)

3.5. Human Orientation

Latin America has a long tradition of charitable institutions that maintain continuity through patronage; many of them appear to complete unfinished objectives of the state. Parent cooperatives exist in schools and hospitals, the contribution of neighbour's supplements police and fire-fighters budget and various governmental institutions finance community projects in areas where the legitimate income does not cover the needs of its inhabitants.

Catholic traditional values of charity and the resignation to their own fate has always been a part of the Colombian culture, but these values are questioned in front of a nation who is confronted with a situation quite difficult.

3.6. Power Distance

Latin America is a nation politically and economically centralized. The essayist literature relates that the leader manipulates through charisma. This helps to explain why even the most moderate politician adopts a populist style, a feature that extends to business and generates a model employer, similar to a feudal lord.

As clarified above, one of the key features of Colombian society is the concentration of power in the hands of powerful elites. It is not difficult to see that social inequality and its values are part of the daily life, for example, in cities, mansions coexist with makeshift camps. It is not also difficult to observe the privileges enjoyed by members of top organizations, this includes: an elegant desk, special parking lot, fashionable clothing, and living rooms special arranged according to the rank of each employee.

3.7. Uncertainty Avoidance

Improvisation and short-term actions are a big part of the public and private life; they explain failures in complex efforts which require careful evaluation of objectives, resources, actions arising from learning from experience. In the last decade, as a result of inflation control, two contradictory processes have arisen in Latin America: a greater degree of planning in front of uncertainty. However, due

to the impossibility of knowing the future, there is scepticism: low credibility is awarded before any public state images and young people identify more with pop idols than with politicians, business leaders or intellectuals. (Chhokar et alli, p. 671)

Other factors which led to the country instability are: the entrance of a new and illegal capital, drug war, violent crimes, guerrilla armies, the weakness of the Colombian government and the state in general. All those mentioned above are factors that have led to drastic changes and, last but not least, to a significant uncertainty.

4. The Managerial Approach in Latin America

The South American market, as well as that of the Middle East was always characterized by political and economic instability, although it always showed signs of gradual recovery. Although there are advantages because of similarities in language, in this cluster management practices differ from country to country mainly due to the influence of cultural factors (most of the population of Argentina, Uruguay and Paraguay have European descent, for Brazil prevailing the cultural cross-fertilisation of Aboriginal, African and few European).

In South America prevails a strong bureaucratic system which often penalizes the international economic exchanges. One can say with objectivity, that: *„management in Latin America is marked by many contradictions meaning that although the company is receptive to innovations, most businesses are managed traditionally and very little is invested in human resources training and development.“* (Crammed, 2006, p. 366)

In addition to rich natural deposits and the farming products that they sell, the countries in the Cono Sur region do not increase their GDP by exporting technology, automobiles, IT products etc. On the contrary, they are among the main importers of technology, being “overcome” only by the Arab world. Although large sums are spent for the purchase of modern technology, companies do not properly train their staff, this demonstrating the lack of concern for workforce training. According to the research conducted by Arias M. and A. Condo the lack of interest for staff training can be explained by the existence of large numbers of labour, existing always the possibility to recruit staff, and by the

fact that only large companies have training programs of career for employees. (Arias & Condo apud Crammed, 2006, p. 367)

Not only do workers need professional specialization, but also a large number of managers therefore many international companies, as well as regional managers prefer other countries (Europe, USA, Japan) because they have a greater ability to provide creative solutions to specific problems.

In South American societies, the social has a strong influence on the company, as evident from the following table.

Table 2. The Latin American culture and the management functions affected by it

Everything is determined by God, life cannot be changed	Programming
People adapt to the environment, don't influence it	Work planning
Ideals are pursued with perseverance	Objectives
Work is necessary but alongside it is also necessary luck, wisdom, etc.	Motivating employees
An agreement concluded does not mean that the parties are able to fulfill their obligations	Negotiation
Planning are important, but only phasing priorities	Short or long term planning
Family situation and personal relationships prevail	Recruitment and reward
Dismissal affects prestige	Promotion
Prevailing family ties	Recruitment
Are taken by superiors	Decisions
No importance is given	Data recording
Do not give advice to superiors	Communication
Persons on a hierarchical superior level considers to lose dignity if performs specific activities of a lower hierarchical level	Performing tasks
Evaluation is done so that those who are not appreciated will not feel embarrassed	Rewarding

Adapted from (Moran & Haris. apud Constantinescu, 2002)

5. The Characteristics of the Economic Relations Romania – South America

The events of the last decade at a planetary level demonstrate the appearance of a new economic era with markets, companies, products and international labour. Romania's EU accession has meant a reorientation in trade, common interest prevailing at the expense of the individual one. In these circumstances, Europeans concluded that, *“this region has become one of the most dynamic markets in the world of European exports (the same applies to Romania) and this contributed to the favourable political climate that was achieved by strengthening the rule of law in the region, these elements creating a favourable climate for the real economic growth“*. (Miclea, 2007, p. 137)

Even if there is no agreement with the organization, Romania has signed trade agreements at the state level with all Mercosur countries, both those who have permanent membership and those associated. After 1989, the cooperation agreements were signed also at private and joint venture organizations.

With all the differences which have arisen due to disagreements caused by defending the national interest (the agricultural problem): *“a dialogue between Latin American countries and Eastern Europe could lead to the identification and sanitation of common concerns to both geographic areas of the planet: economic efficiency, development on multiple levels, democratization of public life, institutional reform, human rights etc. In this context, Romania may have an easier dialogue regarding its relations with Latin America due to language similarities and common economic objectives”* (Dobrescu, 2010, p. 3).

6. Conclusions

Hofstede (1996, p. 284) believes that the cultural dimensions which he presented may help explain only 49% of the differences, the rest related to cultural specificity of the country, and the research field still is very large, more particularly when it comes to analysing trade between different national cultures being at rather large distances.

We believe that if we want an improvement in the trade balance, the Latin American countries must redefine its goals and objectives and to reposition through

better information on the global economic conjuncture. Is very important that in any economic cooperation that we do in the future, we can see that success depends on the report that we will establish knowing the particularities of the partners from other regions. Through the realization of the importance of proximity value we can achieve not only the economic, but also political, social etc. objectives. Reducing the gap in South American countries also depends on local management capacity to valorise and national cultural *differences specific strengths*.

“For a multicultural company and for a multicultural administrative organization, the effective management must achieve maximum synergy by considering specific elements or cultural differences through the smart valorisation of them. It is preferable to carry out specific behavioural and attitudinal complementarities against the attempt to culturally equalize the group or the action concerned”. (Zait, 2008, p. 108)

The final reflection urges us to affirm that whatever the current situation, these countries can profit from mutual economic exchanges.

7. References

- Burduş, E. (2006). *Management Comparat Internațional/International Comparative Management*. Bucharest: Economică.
- Chhokar et al. (2008). *Culture and Leadership Across the World. The GLOBE Book of in Depth Studies of 25 Societies*. London: Publisher Taylor & Francis Group.
- Constantinescu, D. A. et al. (2002). *Management Comparat, Culegere și studii de caz/Comparative Management, Reports and case studies*. Bucharest: Semne.
- Dobrescu, E.M. (2010). *Integrarea Economică/Economic integration*. Bucharest: Walter Kluwer.
- Gavreliuc, A. (2011). *Intercultural Psychology*. Iasi: Polirom.
- Hofstede, G. & Hofstede, G.I. (2005). *Cultures and organizations - Software of the Mind*. New York: Mc Graw Hill.
- Hofstede, G. (1996). *Managementul structurilor multiculturale, Software-ul gândirii/The management of multicultural structures, the thinking software*. Bucharest: Economica.
- Miclea, L. (2007). *Mercosur în cadrul regionalismului din America Latină/Mercosur within the Latin American regionalism*, Bucharest: Editura ASE.
- Zaiț, D. et al. (2008). *România și integrarea europeană/Romania and European integration*. Iasi: Editura Universității “Alexandru Ioan Cuza”.

*** CIA World Factbook <https://www.cia.gov/library/publications/the-world-factbook/>

*** <http://comtrade.un.org/>