



Tiina Kesseli

The Business Environment and Culture of Mexico from the Perspective of Finnish Companies

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Thesis abstract

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Author(s): Tiina Kesseli

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The purpose of this thesis is to have a comprehensive look at the characteristics of the business environment in Mexico and the relations between Finland and Mexico from the economic perspective, and to study the business culture in Mexico.

The author of the thesis divided the thesis into four sections. The first three sections provide the theoretical framework, and the last section consists of semi-structured interviews conducted by the researcher.

First, the researcher analyzes the political, economic, social, technological, legal and environmental factors in Mexico. The second section focuses on the relations between Finland and Mexico from an economic perspective. The third section looks into the different layers of culture with effects on doing business. Last, the fourth section goes through the results of the qualitative study related to the Mexican business culture.

The point of view of the study is to provide useful information for Finnish companies interested in operating in Mexico. The topic was chosen, because it was interesting to the researcher, since she had done her internship in Mexico. Due to the connections the researcher had in Mexico, she was able to have constant updates and conversations on what would be significant information about Mexico for the present thesis. Hence, the researcher would like to dedicate this thesis to those Mexicans with whom she had long conversations related to the topics of the thesis.

Keywords: Mexico, business environment, business culture analysis

SEINÄJOEN AMMATTIKORKEAKOULU

Opinnäytetyön tiivistelmä

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Opinnäytetyön tarkoituksena on antaa kokonaisvaltainen katselmus Meksikon liiketoimintaympäristöstä, Suomen ja Meksikon suhteista taloudellisesta näkökulmasta sekä tutkia Meksikon liiketapakulttuuria.

Tutkija on jakanut työn neljään osioon. Ensimmäiset kolme osiota antavat teoriapohjan työlle, ja viimeisessä osiossa tutkija on kvalitatiivista tutkimusmenetelmää käyttäen toteuttanut tutkimuksen.

Ensimmäisessä osiossa tutkija käsittelee Meksikon poliittista, taloudellista, sosiaalista, teknologista, lainsäädännöllistä ja ekologista ympäristöä. Toisessa osiossa tarkastellaan Suomen ja Meksikon suhteita liiketaloudellisesta näkökulmasta. Kolmannessa osiossa tarkastellaan kulttuurin eri kerroksia, joilla on vaikutusta liiketoimintaan. Viimeisessä osiossa tutkija käy läpi Meksikon liiketoimintakulttuuriin liittyvän kvalitatiivisen tutkimuksen tuloksia.

Työn näkökulmaksi valittiin hyödyllisen informaation tuottaminen suomalaisille yrityksille, jotka ovat kiinnostuneita toimimaan Meksikossa. Tutkija valitsi aiheen, koska se on hänestä mielenkiintoinen, sillä hän on suorittanut harjoittelujakson Meksikossa. Tutkijan omien, Meksikossa olevien kontaktien ansiosta hänen oli mahdollista saada jatkuvasti päivitettyä tietoa ja keskustella siitä, mikä olisi oleellista tietoa opinnäytetyön kannalta. Siitä johtuen tutkija haluaa omistaa työn niille meksikolaisille, joiden kanssa hän on käynyt pitkiä keskusteluja tähän työhön liittyviin aiheisiin.

Asiasanat: Meksiko, liiketoiminta ympäristö, liiketoiminta kulttuuri

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Terms and Abbreviations

| | |
|---------------|---|
| GDP | Gross Domestic Product |
| HDI | Human development Index |
| PESTLE | <i>Political, Economic, Social, Technology, Legal, Environment Analyzis</i> |
| NAFTA | North American Free Trade Agreement |
| OECD | Organisation for Economic Cooperation and Development |

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1 INTRODUCTION

Mexico is an emerging market economy based on that they have a steady, moderate annual rate of growth 2.4 percent (Mexico Data, 2016). Mexico can not be considered to be developed country, since it does not have high enough of gross domestic product rate, GDP. At the moment the GDP rate is 10,307 U.S dollars (GDP per capita, 2016) in Mexico, and to be considered as developed country the minimum is 12,000 U.S dollars (Is Mexico an emerging market economy, 2015). Also the human development index, HDI (Salim, 2015, 209), falls short when it is compared to developed countries. HDI is 0.765 in Mexico, when the index should be at least 0.8. But as said, what defines Mexico as emerging market economy, is that Mexico's current state is not in yet in the level that it could be considered developed country, but the steady pace of the annual rate growth is making the economy stronger (Is Mexico an emerging market economy, 2015).

In Finland between the years 2004 till 2014, the whole portion of export to Mexico has risen 0.5 percent, from 0,2 percent to 0,7 percent. (Tilastokeskus, 2014), which indicates also the risen level of interest from Finnish companies operating in this region.

The purpose of this thesis is to have a comprehensive look on how is the business environment in Mexico, how are the relations between Finland and Mexico from the economic perspective and how is the business culture in Mexico? The paper will give information such as the relations between Mexico and Finland, for those companies that are interested in operating in this area. The topic is important for the Finnish companies, so that they have a better understanding of the business environment and culture in Mexico. This thesis aims to assist to evaluate the market area better to avoid possible threats and risks and also see the potential and possibilities. Understanding the business culture is a key factor in order to operate efficiently and productively in this region.

The author of the thesis has divided the paper in four sections. First the researcher will use the PESTLE analysis to go through political, economic, social, technological, legal and environmental factors in Mexico (Worthington&Britton, 2006, 7-8).

In the second part the researcher will go through the relations between Finland and Mexico. The focus will be in trade between Finland and Mexico. The researcher will demonstrate some of the possibilities that there is in Mexico for Finnish companies. Third part will go through the cultural aspects. In order to do this the researcher uses various theories to explain, what is culture and its importance. The main focus will be in Hofstede's dimensions in order to compare Mexico to Finland from the viewpoint of culture. The fourth part contains the results from the qualitative research. The qualitative research will include interviews of Mexicans and their views on business culture in Mexico. The researcher used Thompenaar's and Hampden-Turner's theory as a basis to structure the qualitative research and to analyze the research.

2 THE RESEARCH PLAN

The research problem, that the thesis aims to answer is, how are the relations between Finland and Mexico from the perspective of doing business. This is supported by sections, that describe of how is the business environment in Mexico. How are the relations between Finland and Mexico from the economic perspective? How is the business culture in Mexico? By answering these questions The researcher can give useful information for Finnish companies, which are interested in operating and doing business in Mexico.

Mexico is Finland's second biggest trade partner in Latin America with 0,7 percent of exports and 0,3 percent of imports. (Tulli, 2016) The researcher wants to investigate, what are the issues for Finnish companies, that has made Mexico the second important trade partner in Latin America and what possibilities Mexico can offer.

When doing business in foreign culture researcher believes, that it is not enough to know just the economic factors, but also it is important to have a good understanding of the foreign culture outside company's original cultural environment. As Hofstede (2011, 15) states, that understanding those cultural factors, that are different from what a person or a company is accustomed to -and are invisible- can make organizations, institutions and governments function better. This is why the researcher wants to solve the problem of how to do business in Mexico from a cultural point of view.

2.1 Research question

The research question the writer aim to answer is how are the relations between Finland and Mexico from the perspective of doing business.

In order to answer the research question the researcher aims to describe the following aspects:

1. How is the business environment in Mexico that influences of doing business? This is done by looking into how is the political, economic, social, technological, legal, ethical environment in Mexico.
2. What are the opportunities Mexico can offer for Finnish companies?
3. How is the business culture in Mexico?

The researcher uses both qualitative and quantitative research methods. It is important to give numerical and statistical data in order to have an understanding of the economy in Mexico and the relation between Finland and Mexico. The researcher will use the quantitative method by analyzing already existing researches. Also, the researcher will use the information for the thesis, that cannot be measured by numbers, but it is important to explain motivations and reasons, how Mexico as an environment and from a cultural perspective functions, hence it is necessary to use the qualitative research method. The qualitative research method will be used in the form of semi-structured interview.

3 MEXICO AS A MARKET AREA

In this section researcher will give an overview of Mexico as a market area. The purpose is to give an overview of the country and the factors, that affect doing business from a foreign company's perspective. This section demonstrates the potential, that Mexico possible has, and why it should be considered as a potential area for Finnish companies to expand their sales and operations in this region of the world. In addition, in this chapter researcher will bring up the issues, that might be a concern for a company that is doing or planning to do business in this region.

This chapter will have its focus on the overall situation in Mexico, for the reader to have an understanding of Mexico's economy and business environment. To have clearer overview and important information related to those issues, that has effects on the business environment, the writer will use the PESTLE analysis, that focuses on the political, economic, social, technological, legal and environmental aspects of a country.

3.1 PESTLE Analysis

To have a clear overview of the business environment, the researcher wants to bring up some main aspects, that influence on business activity. As Morrison (2009, 243) state, locations differ from each other, when it comes to the business environment and how receptive they are to transborder businesses. The researcher points out how the PESTLE analysis concentrates on the political, economic, social, technological, legal and ethical influences and it can be used to analyze the business environment in certain countries. (Reijonen, Puusa, Reijonen, Juuti, & Laukkanen, 2012, 8). Term PESTLE is formed from these words. Using PESTLE analysis allows to observe different factors to which a company cannot influence by its own business strategy. By using the PESTLE analyze, the researcher can analyze the political, economic, social, technological, legislative and ethical environment in Mexico. According to Morrison paying attention to

(2009, 244) these aspects can help the managers in their decision making and a company to come up with competitive strategy.

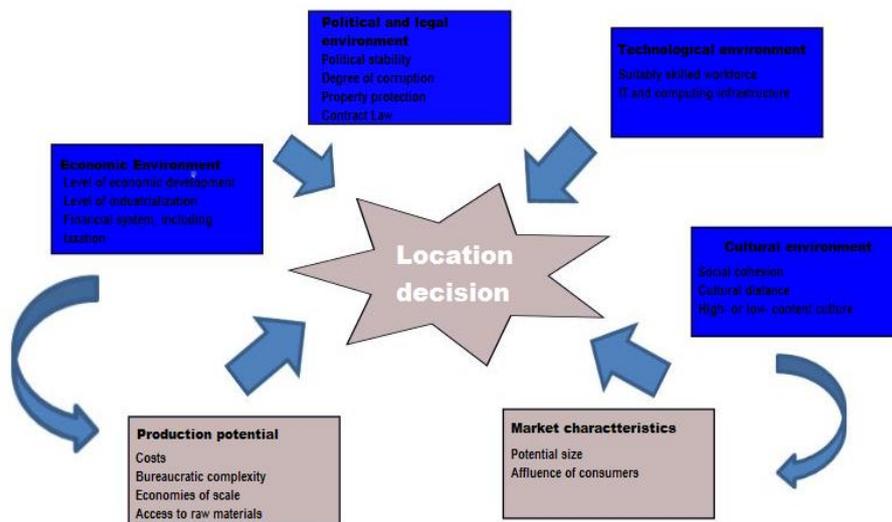


Figure 1 Location decision (Morrison, 2009, 244)

Morrison (2009, 244) says that all the dimensions: economic environment, Political and legal environment, technological environment, cultural environment, that can be seen also in the figure above, how all these environments affect the decision making of a company that is looking for new markets or already operating there. In the following sections the researcher will take a closer look at all these aspects.

3.2 Economic Environment

In this section the researcher will demonstrate how is the economic environment of Mexico. The economic environment and the other environments related to PESTLE can be difficult to separate from each other, for example the government has influence in the economy. But there are aspects of the economy that can be viewed individually when it comes to business activity. These aspects vary from

structural aspects of both markets and firms (Worthington & Britton 2006, 7). Weiss (2014,11) states that the economic environment is still evolving in a global context of markets, trade and resource flows. Companies are expanding their businesses overseas. It is important for a company to follow the changes in economic alteration, its effects on the profitability of the company, for example, in forms of change of the work force costs and in the changes of the prices in raw materials. The changes in economic fluctuation also effect on getting loans and the terms of the loans. (Reijonen, Puusa, Reijonen,Juuti & Laukkanen, 2012, 8).

3.3 Overview of the Economy in Mexico

Mexico is the world's 15th largest economy and analysts (Mexico Data, 2016) are predicting that it will be the 5th largest by the year 2050. Mexico is the second largest economy behind Brazil in Latin America. Based on analysts the economy continues to grow at a moderate annual rate of growth 2.4 percent. Overall, there has been a decline in growth in the Latin American and Caribbean region compared to the years 2003-2012 when the region experienced rates that were over 5 percent, which was above other emerging markets and the G7 countries. The problems are considered to be due to lower raw material prices, Chinese economy slowing down and fewer investments. Especially in Brazil and Argentina are facing problems with their economy, which has great importance for the overall growth average in Latin America and the Caribbean region. Mexico, Chile, Costa Rica and Uruguay are expected to stay in the 3-4 % growth. The researcher wants to point out how according to Ahonen (2015, 59) the location of Mexico is good geographically, since it is close to the United States and South America, which for example lowers the costs in trade. Mexico also has wide free trade network. Mexico is part of NAFTA, and it also has agreements with the European Union and Japan. NAFTA stands for the North American Free Trade Agreement. The NAFTA trade agreement contains three countries which are the United States, Mexico and Canada (Morrison, 2009, 108).

Ahonen mentions (2015, 59) how in Mexico the labor force is inexpensive and educated, big population of 112 million habitants and plenty of natural resources. The

economic situation is stable, inflation is low and creditworthiness is good. The researcher agrees with Ahonen, that low inflation and creditworthiness are important factors when assessing stable economy. In Mexico due to the increase of the income taxes, the public sector revenue has had a strong performance. Higher fuel excise and income taxes compensated the public sector oil revenue that has been lowered for the reason of decreasing oil prices and declining oil production. The government has lowered spending's on the public sector for the next two upcoming years 2016 and 2017. Mexican Peso has gone through a severe depreciation against the U.S dollar. Due to the depreciation prices have raised and concerns of the financial stability have arisen. The authorities have taken small actions to moderate the exchange rate movements. The complicated situation globally will have its toll on the growth prospects of Mexico. The Government has issued, that it will have appropriate fiscal and monetary policy tightening to have stable macroeconomic conditions. (Mexico data, 2016).

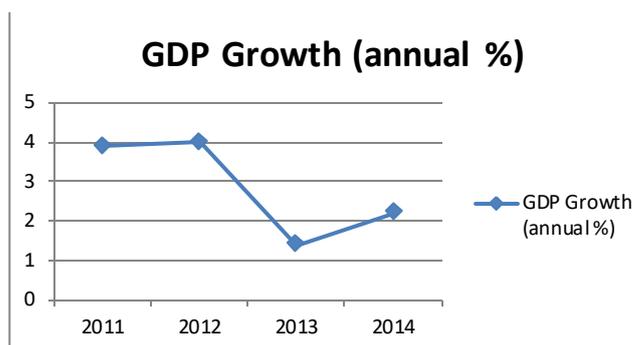


Figure 2 Annual DP growth of Mexico (Mexico data, 2016)

The figure above demonstrates the gross domestic growth in Mexico. The GDP rate in Mexico between the years 2011 and 2014 is on healthy basis, since it is believed by general consensus that 2,5-3,5 percent per year growth is overall most beneficial, it provides enough to have corporate profit and growth in jobs, but it does not give concerns of inflation (Gross Domestic Product – GDP [ref. 11.1.2017]). Overall, the researcher believes, based on the research that is demonstrated in this section, that the economic situation in Mexico is well. Even though Mexico is facing some problems, for example, with the oil prices and the

decline of growth rate, the researcher sees that at the moment there is not great risks in the economic environment for businesses to operate in Mexico due to the low inflation, credit worthiness and good GDP rate.

3.4 Trade and North American Free Trade Agreement

In this section the researcher takes a deeper look at the trade of Mexico and the free trade agreement called NAFTA. Touré (2010,15-17) states, that Mexico has opened its markets since the end of 1980's. Toll tariffs have been lowered and complicated structures related restriction on imports are simplified. Mexico has been a member of the OECD, the Organization for Economic Co-operation and Development, since 1994. Also, in 1994 Mexican signed the North American Free Trade Agreement, NAFTA. The purpose of NAFTA, has set the rules for trade and investment between Mexico, United States and Canada. Some of the main aspects of the agreement why it was created was to provide better market access for goods by eliminating tariff barriers, and to make trade more free and have a better environment for investments in the continent (North American Free Trade Agreement, 2012). Results that NAFTA was hoping to create was economic growth, better access to the work force, materials and technology (Results: North Americans Are Better Off After 15 Years of NAFTA, 2013). The short distance to the USA, that was already mentioned in the paper, Touré (2010, 15-17) explains that it has given the advance for Mexico to export goods there and Canada. Touré also states, that the most important products for Mexico are vehicles, electronic equipment, machines, engines, pumps, oil, fabrics, leather and products of the shoe industry, when it comes to trade. The most important trade partner with Mexico is the United States. Mexico is very dependent on the economic situation of the United States, because over 80 percent of its trade is done across the northern border of Mexico. (Trade issues, Policies and Laws: México as Global Window: Anthology of International Trade Relations, 2011).



Figure 3 Trade in goods (U.S Census Bureau, 2016).

Since joining the NAFTA the import of goods between Mexico and United States has increased significantly, as the figure above demonstrates. In 1994 U.S was importing from Mexico worth of 49,493.7 billion U.S dollars, whereas in 2015 the amount had reached to 294,741.1 billion dollars (U.S Census Bureau, 2016). When the researcher calculates the increase percent it is over 495 percent from the year 1994. The financial crisis has affected the trade between U.S and Mexico, the figure above shows how the trade with Mexico decreased since 2008 from 215,941.6 billion dollars to 176,654.4 billion dollars, but already the next year in 2009 the trade started to recover (U.S Census Bureau, 2016). The import section of Mexico is ruled by the manufacturing industry, meaning that Mexico imports mainly machines, equipment, electronics and parts and components (Touré 2010, 15-17). Beside United States, China, Japan, South-Korea and Germany are the most important trade partners. The figure below demonstrates the five most important trade partners of Mexico in both export and import. In year 2015 with a share of 81 percent of exports, and imports being 47 percent from the United States it demonstrates the importance of that one country for Mexico when it comes to trade. In 2015 total trade was negative for Mexico, leaving its trade balance in -14 460,4 million dollars (Secretaría de Economía, 2016).



Figure 4 Export and Import of Mexico in 2015 (Secretaría de Economía, 2016).

Former Mexican foreign minister, Castañeda (2014) says, that the benefits and downsides of NAFTA, can be argued. If only the trade aspect is looked at, Mexico has benefitted from NAFTA, exports have gone up since Mexico signed the agreement in 1994, from the level of total exports being approximately 60,6 million in year 1994 (Mexico Exports By Country and Region 1994, 2017) to over 380 million in year 2015 (Mexico Exports By Country and Region 2015, 2017) Also, Castañeda (2014) points out how exports of Mexico was already rising before the agreement, and he implies that exports might had kept rising despite NAFTA. Singh and Dasgupta (2011, 2-8) says that farming sector in Mexico was harmed by the agreement and jobs were lost. United States was able to import cheaper corn to the Mexican market and Mexican farmers were unable to compete with that. On the other hand partly the manufacturing processes has moved from United States to Mexico, but Singh and Dasgupta based on their research claims that by 2007 around 700 000 jobs in manufacturing industry was created in Mexico and over 2 million jobs lost in the farming industry. The researcher wants to point out, that the head of political figures has opened the conversation to make significant changes in the NAFTA agreement. The elected President of the United States,

Donald Trump has stated his ambitions to raise the tariffs between borders of the United States and Mexico in order to prevent loss of jobs (Gillespie, 2016).

3.5 Legal Environment

Ideally, every country has their administrative system that governs the institution. Depending how complex and inefficient the bureaucracy is, the more it affects the companies operating in a certain region (Morrison, 2009, 244). In this section the writer will go through the legislation and bureaucracy of Mexico. Due to the nature of this paper the look of the Mexican legislation and bureaucracy will not go into the core of the system, but the purpose is to give an idea of how these two systems combined to each other functions overall in Mexico.

Morrison (2009,244) says that, it is important to open up the level of bureaucracy and legislation of a country, since it can be a deterrent to many transborder businesses, if the bureaucracy and legislation seems very complex. It can be said that the Legal environment has impacted on the businesses on various aspects. The purpose of laws is to govern the status of the organization, its customer relationship, suppliers and some activities and internal procedures. (Worthington& Britton, 2006, 8). Researcher agrees with Weiss (2014,11) that the legal environments' purpose is to create laws and procedures to regulate corporate practices in order to protect consumers and restrict unfair business behavior. The researcher wants point out that when it comes to laws and a company that operates outside of its own country, it has to follow both the laws of its own country and also the regulations of the foreign country. Also, trade agreements such as North American Free Trade Agreement are part of the legal environment (Meiners, Ringleb & Edwards, 2015, 12-13).

3.5.1 Bureaucracy and legislation in Mexico

According to Ahonen (2015,48) when it comes to importing, especially manufacturing products, it has been made as easy as possible in Mexico for the companies to do business in this sector. In the service sector, there are more limitations and costs. This requires bureaucracy, since in many cases it is required to have licenses and registrations. The customs in Mexico are complex, they are not transparent. In Mexico they have their own regulations, which some cases mean that, for example, national technical requirements, that Mexico has, demands new testing in Mexico, even if it has been already tested abroad, this can be very time consuming (Ahonen, 2015, 48). Based on the survey that was conducted by the World Economic Forum (2016, 260), executives were asked to name the five factors that are most problematic in their country when it comes to doing business. Inefficient government bureaucracy was considered to be the third biggest problem in Mexico.

Mexico's legal system comes from the Civil Law tradition, this is because of the long historical relation with Spain. The Civil Law tradition is the oldest and most used legal tradition in the world today (Avalos A. 2015). Companies doing business in Mexico should take time to learn how the legal system works in Mexico and how it differs from their own system. The researcher agrees with the idea, that the best source of information is a Mexican lawyer when it comes to specific legal questions (Law Offices of Jaime B. Berger Stender, [ref. 5.4.2016]).

3.5.2 Problem of corruption in Mexico

The legislation, regulations and international laws should be followed by the companies and by the governments, but this is not the situation in all cases. Rathborne and Weber (2015) claim, that it has been seen as part of the process to pay bribes to get through the bureaucracy in Mexico. The government has launched new anti-corruption system, that is based on new laws, to solve the problem with corruption. The new regulations to cut bribery as an everyday way of doing business will take time, since the new act requires constitutional changes. According to Rathborne and Weber, because bribery has been part of doing business and dealing with the

bureaucracy for decades, the change will not be fast most likely. The World Economic Forum (2016, 260) survey revealed that the biggest problem, which affects doing business in Mexico according to the executives is corruption. In order to have an idea of the level of corruption in Mexico, the researcher decided to compare Mexico to other countries. Transparency International (2015) gives a score to each country and territory based on its corruption in the public sector. The rate is from 0 to 100, zero being highly corrupt and 100 very clean. In this ranking Mexico scores 35. Mexico's ranking compared to other countries, it ranks as 95th most corrupt country out of 168 nations.

Mexico's government's reform of legislation is supposed to have an effect on the corruption, the government has created the National Anticorruption System, the ministry of Public Administration and Court of Administrative Justice will be strengthened. Court of Administrative Justice has the power to give sanction to the government and to the companies involved in corruption. (Foreign & commonwealth Office and UK Trade & Investment, 2015). Dal Bó and Rossi (2007, 26) states in their study why corruption is bad for businesses is that the more there is corruption in a country, the more it affects on the business efficiency, because to complete a task it takes more workforce and time and this add's spendings of a company. Also, a company might be asked to pay bribes. The researcher sees that corruption is one of the biggest problems when it comes to Mexico, it creates uncertainty and threats while doing business. Corruption affects on many levels of the political, economical and social environment in terms of freedom, money and even human lives (What is corruption?, 2016).

3.6 Social-Cultural environment

The researcher agrees with Gupta (2013, 35), how social change have an influence on demographic patterns, habits and preferences. The social-cultural environment affects on the demand and supply. Cultural factors can affect, what type of products is produced or sold, and the markets they are sold in. Important re-

sources for organizations are people and they are a fundamental part of the market where goods and services are sold to. This is why the researcher is demonstrating the social-cultural environment. The focus will be in demographics and at the problem of cartels in Mexico, since later in the paper the researcher will give more thorough research of business culture. Demographic changes and social-cultural influences have an essential effect on business operations (Worthington & Britton, 2006, 7). For example, when more women started going to work outside their home it changed the culture, and also opened up new business opportunities such as day care centers and convenience food industry. Since the women were less at home they had less time to prepare meals, a new market emerged for convenience food, which is quick and easy to prepare. Understanding the Social-Cultural Environment can open up new business opportunities and also it can help to avoid conflicts (Reijonen, Puusa, Reijonen, Juuti & Laukkanen, 2012, 8).

3.6.1 Demography of Mexico and the challenges with cartels

The figure 5. demonstrates the demographics of Mexico in order to show some basic information about the area. Compared to European countries, the area of Mexico is big, with almost 2 million square kilometers, making also the distances long. Mexico has a population which is almost 122 million. Mexico City is the capital and has almost 21 million people living there. Over 79 percent of Mexicans live in cities or towns (The World Factbook, 2016).

| | |
|-----------------|--|
| Map Reference | North America |
| Area | Total: 1,964,375 sq km |
| Nationality | Mexican |
| Population | 121,736,809 (July 2015 est.) |
| Age Structure | 0-14 years: 27.59% 15-24 years: 17.9% 25-54 years: 40.55% 55-64 years: 7.19% 65 years and over: 6.77% |
| Life Expectancy | Male: 72.88 Female: 78.55 |
| Ethnic Groups | mestizo (Amerindian-Spanish) 62%, predominantly Amerindian 21%, Amerindian 7%, other 10% (primarily European) |
| Religions | Roman Catholic 82.7%, Pentecostal 1.6%, Jehovah's Witnesses 1.4%, other Evangelical Churches 5%, other 1.9%, none 4.7%, unspecified 2.7% |
| Languages | Spanish only 92.7%, Spanish and indigenous languages 5.7%, indigenous only 0.8%, unspecified 0.8% |
| Literacy | Total population: 95.1% |
| Urbanization | Of total population: 79.2% |
| Major Cities | MEXICO CITY (capital) 20.999 million; Guadalajara 4.843 million; Monterrey 4.513 million; Puebla 2.984 million; Toluca de Lerdo 2.164 million; Tijuana 1.987 million |

Figure 5 Demographic features of Mexico (The World Factbook, 2016).

The researcher believes that beside corruption drug cartels are big problem in the Mexican society. As Morrison (167, 2009) states, that unpredictability of hostile society is a concern for companies, so it is important matter that they can operate freely in a stable environment. Rapid changes in societies can have a negative influence on a company and its operations. In the World Economic Forum (2016, 260) survey the second biggest concern, that the executives had on doing business in Mexico is the concern of crime and theft. As Ahonen writes (2015, 61), violence in Mexico is concentrated in specific areas depending on where the drug cartels are operating at certain time frames. The past few years the violence in Mexico has been spread more widely, especially in the countryside. On the other hand violence in some of the big cities and in the northern parts of Mexico has gone down. Ahonen (2015,62) states that It is realistic to say, that there is no fast solution for the problem with the cartels and drugs, since it has a strong hold of the society. The cartels are not the only cause of violence in Mexico. Kidnappings, robberies, theft of cargos and vehicles and smuggling are a problem in this region. These problems are caused, because of the weak institutions and corruption, that creates poverty and inequality in the society and feed the security problem. The

researcher agrees with Ahonen, and solving the problem of corruption could be the start for solving the problem of cartels.

3.7 Political environment

Political environment influences on how much a government takes involvement in the economy. There is many ways a government can intervene on economics, for example the policies set by the government, foreign trade policies, policies on taxation, laws related to labor force, environmental law, and if there are any restrictions on trade. All these factors have an influence on corporations and the way they do business (Professional Academy, [referred 10.12.2016]). This why the researcher aims to demonstrate the political environment in Mexico. Corporations need to adjust their policies accordingly to the political environment and its demands (Professional Academy, [referred 10.12.2016]). To give an example, how politics can directly influence on a company is elections and referendums. When Finland joined the European Union new regulations and policies have been implemented, that has affected Finnish companies. Also the political leaders are the ones who regulate the taxes, which also influences companies (Reijonen, Puusa, Reijonen, Juuti & Laukkanen, 2012, 8) Weiss (2014, 12) states that when it comes to a political environment it is also important to look who regulates those who set the regulations. It is important to know, for example, how corrupted the political environment might be, and if the regulators have the best interest of the people, rather than having their personal agenda behind, since this has an effect on the competition and on the consumers.

3.7.1 Political situation in Mexico

Mexico is a Presidential Federal republic. The government is parted in three different levels, which are the federal union, the state government and the municipal government. In the Congress, there are eight parties represented. The biggest parties are the conservative Partido Accion Nacional, the liberal Partido de la Revolucion Democratica and the Partido Revolucionario Institucional (Donqui-

jote.Org, [referred 10.12.2016]). Despite of the social and safety issues in Mexico, the political situation is more or less stable. The current government has safety issues high on its reform list, also the government is focused on fixing the problems related to corruption, poverty and issues with the constitutional state. The biggest threat to the stability of the political environment and social stability is caused by drug conflicts. The biggest cartels have influence in their regions and they are fighting off the power with the officials (Ahonen A. 2015, 61). Based on Latinobarometro (Informe Latinobarometro, 2016, 13), which aims to measure the public opinion, Mexicans have the seventh least trust in democracy in their country out of eighteen Latin American countries. The researcher wants to point that the trust in democracy is getting higher, since in 2013 Mexicans had the least trust in democracy (Informe Latinobarometro, 13-37, 2016). Corruption that is believed to be amongst the politicians is one part of the explanation why there is a lack of trust in democracy.

The government has announced reforms (Gobierno de La Republica, 2016), that are in the process, are divided into ten sections. These reforms that the government is doing are listed as follows:

- Telecommunications reform
- Economic competition
- Financial Reform
- Tax Reform
- Labor Reform
- Education Reform
- National Criminal Procedure Code
- Appeal Law
- Political-Electoral Reform
- Transparency Reform.

These reforms that the government of the President Pena Nieto has announced to do, are meant to create more dynamic environment for competition, boost the economic growth of Mexico, create more jobs and take actions against corruption, to name a few goals of the reforms (Ahonen, 2015, 59). This way the government is

aiming to influence the economy of Mexico. The researcher agrees with Cuevas opinion (El Universal, 2016) who says, that democracy in Mexico is still very young, the institutions are still forming and changing, regulations are changed after each election. This can have affects on the stability of the political situation as well.

3.8 Technical environment

The technological environment can be described as an input and output of business organizations and having an environmental influence on them. Investing in technology and innovations are considered as factors that has an impact on the success of an enterprise. (Worthington & Britton, 2006, 8). Technological effects to management and marketing can be divided to producing and distributing services and goods and to communication with the target markets (Professional Academy [ref. 10.12.2016]). Technical development has provided new possibilities for both customers and companies. Technical environment has provided a new ways for companies to manage their company, they receive customer feedback through their interactive channels and also it has created a new platform for marketing. For many companies social media has become an important marketing channel (Reijonen, Puusa, Reijonen, Juuti & Laukkanen, 2012, 8-9). For the reasons mentioned above, the researcher finds technical environment as an important aspect for companies.

3.8.1 Technology and Mexico

When it comes to technology, the biggest reform that Mexico is the improvement of the telecommunication system. This is very important since when telecommunication system works well it has a positive impact on the economic and social development because it is a vital element in strengthening growth and productivity (Gobierno de La Republica, 2016). Part of the economic development is to have good and modern communication infrastructure. A Good example of this is Nige-

ria, which in the six year period of time increased its telecommunication infrastructure from 50 000 phone lines to cellular subscribers of 30 million. This has led to rise of living standards through better productivity and risen level of commerce in Nigeria (Tamer, 2015, 41-42). It is a fundamental element in developing democracy; it is one part of human rights to have the access to culture, education and health. Telecommunications and broadcasting in Mexico have been concentrated, this has had an effect on the users and to the whole economy, with low coverage, poor quality and expensive services has been limiting the exercise of freedom of expression and the right to information of Mexicans, and economic, social and cultural development. Due to this situation the Mexican government has decided to have a structural change that would increase competition in these sectors, so that it would improve the economic potential and the rights of Mexicans. With this reform Mexico's telecommunication sector will have better coverage levels and better penetration; they will have lower prices and better quality of services (Gobierno de La Republica, 2016). As Ahonen (2015, 60) states how the telecommunication has been monopolized sectors in Mexico and the telecommunication reform aims to open this sector for competition.

The biggest technical concentration areas in Mexico are a State of Jalisco and its biggest city Guadalajara. In Guadalajara can be found technology centers such as Software Center, and the Software and Integrated IT Services Park. In the State of Jalisco, where Guadalajara is located, there are about 18 000 students graduating from intelligent technology studies each year (Wade, 2016). According to Popescu (The Washington Post, 2016) In Mexico, Guadalajara has good possibilities for foreign technology companies. There is the government subsidies and affordable talent, which already has attracted foreign companies, which had made the area important technology centers, which Popescu compared to Silicon Valley which is known for its technology companies. Since 2014, 120 million dollars have been invested in over 300 startups. Already in 1960's, companies like IBM and Motorola came in Guadalajara due to the well-educated workforce, that had salaries third of the salaries in North-America. Also low energy costs and subsidies provided by the government for building and training has been part of the attraction for technology companies.

3.9 Ethical environment

The ethical environment has increasingly become more important, especially among the bigger and high profile companies. There is more demand for companies to operate socially responsible, and to have more consideration on how they are impacting the people, society and the natural environment (Worthington & Britton 2006, 9). Especially environmental factors are taken more into considerations when doing business. The burden that industrialization, the rise of living standards and consuming has had on the planet have been acknowledged, which has influenced companies to have more eco-friendly approaches while doing business. People are more aware and demanding for responsible methods of doing business from the companies (Reijonen, Puusa, Reijonen, Juuti & Laukkanen, 2012, 9). Due to this demand for responsible methods of doing business the researcher finds this topic important, thus the researcher demonstrates in the next section how is the ethical environment in Mexico.

3.9.1 Mexico and the ethical environment

When it comes to the ethical environment in Mexico, the researcher discovered that, there has been ratified 78 International Labor Organization conventions and 7 of the 8 fundamental labor rights conventions. The purpose of these conventions is to ensure the labor standards globally (Conventions and Standards, 2016). The Union leaders in Mexico are a powerful interest group and due to the problems in these Unions workers can be vulnerable without meaningful representation. The researcher wants to raise another issue concerning large scale commercial projects is, that these projects are taken forward without properly having consulted the communities, that will be affected due to the project. There have been conflicts related to mining in Mexico. These operations have contaminated and damaged the communities in these areas with mining developments. Around 70 percent of these companies involved with these conflicts are foreign. Civil society organiza-

tions are developing best practices for consulting the communities about the developments and the Mexican government is also developing public policy concerning this issue (Foreign & commonwealth Office and UK Trade & Investment, 2015). Part of the government's new reforms -which also affects the ethical environment- it has part of its energy reform to have more responsible energy regulations to take care of the environment. The goal is to have clean technologies and regulate the safety of hydrocarbon sector (Gobierno de La Mexico, 2016).

4 FINLAND'S RELATIONS WITH MEXICO

In this section the focus will be the relations between Finland and Mexico, when it comes to Finnish companies operating with Mexico in terms of import and export. The researcher will explain how Finland is a member of European Union effects on the relations between Finland and Mexico. Also, this chapter will give examples what specific potential there is for Finnish companies and for their knowhow.

The Finnish embassy (Suomen suurlähetystö Mexico, 2014) says, that trade and economic collaboration creates a concrete base for the relations between Finland and Mexico. Also, they claim, that there are good opportunities for adding the collaboration and add diversity between Finland and Mexico. Mexico acknowledged the independence of Finland in year 1920, The diplomatic relations between Finland and Mexico were signed in 1949. The first official higher level state visit was in 1999 by Martti Ahtisaari, the President of Finland at the time. The researcher believes, that this late state visit also demonstrates the lack of co-operation in the past and lack of vision in seeing Mexico as a potential market area in the past. In 1999 Finland and Mexico signed contract related to taxation and in year 2000 they signed an investment protection contract (Touré, 2010,21). The researcher agrees with the opinion stated by The Finnish Embassy of the possibility to have even better economic relations between Finland and Mexico, due to that Mexico is currently the 15th biggest economic area, with big population, and the economy has been steadily growing with expectations of becoming the 5th biggest economy by 2050. But it requires understanding the opportunities, that there is in Mexico. Also, Finnish companies have the opportunity to have innovative approach when entering the market area in Mexico, due to the lack of long and broad history of doing business in Mexico.

4.1 Trade between Finland and Mexico

Finland and Mexico have good political relations. Finland and Mexico have an agreement, which prevents dual taxation and investment insurance deal, these contracts with Mexico has advanced the economic relations between these two

countries (Suomen suurlähetystö Mexico, 2014). The figure six demonstrates how in the year 2014 Finland had a total export to Mexico of 0,7 percent. The total export value of Finland in the year 2014 was close to 56 milliard, and from this Finland was importing to Mexico of total value of 384 million to Mexico. From all the export countries Mexico was 26th biggest export country. In 2014 the total import from Mexico to Finland was 0,3 percent. The total value of imports of Finland in 2014 was nearly 58 milliard. Finland was importing from Mexico in total value of 160 million. From all the countries importing to Finland, Mexico was in 40th place in terms of biggest import countries of Finland (Tulli, 2016). Compared to the year 2013 trade between Finland and Mexico has grown. In 2013 the export share from the total export share was 0,6 and import share from the total imports was 0,2 (Suomen suurlähetystö Mexico, 2016).

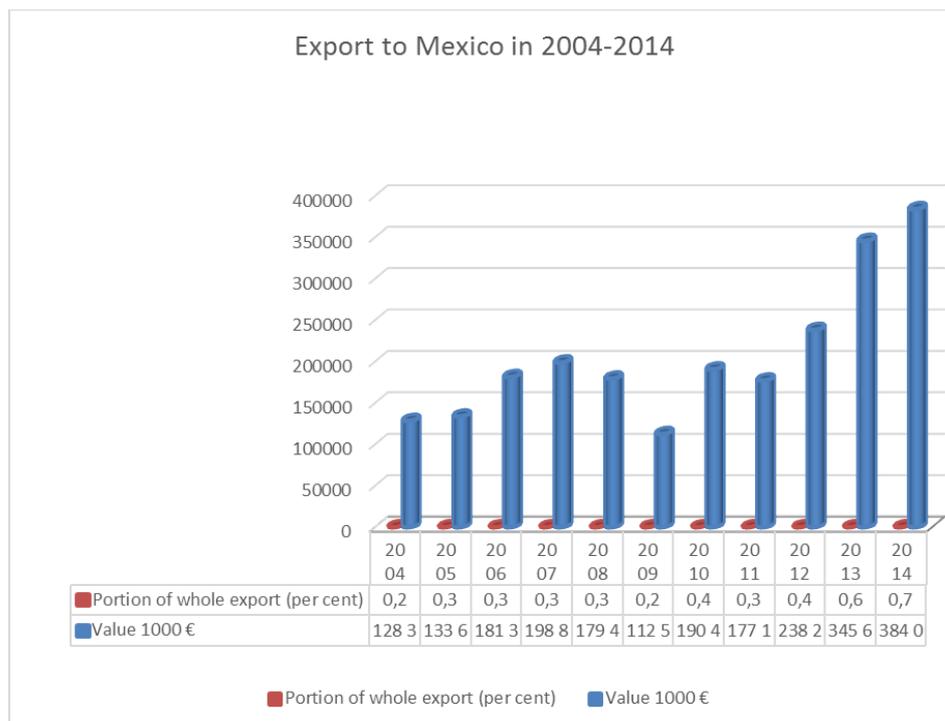


Figure 6 Export to Mexico from Finland between years 2004-2014 (Maatilastoja, 2016).

Finland exports mostly paper products and products from the chemical industry in Mexico. From Mexico Finland imports machines, equipment's and transportation machinery, those have formed the biggest group over the years. Also Mexico exports raw material, chemicals, different sorts of finished products and groceries and fruits (Ahonen, 2015, 49).

4.1.1 European Union and the trade agreement with Mexico

Finland is a European Union member, which means that also Finland is benefitting from the Economic Partnership, Political Coordination and Cooperation Agreement that was signed with Mexico in 1997. The agreement has three main objects:

- Political dialogue
- Trade
- Cooperation

Under this agreement EU has been able to achieve an EU-Mexico free trade area, it is important increment to bilateral trade and investment. This agreement also referred as 'Global Agreement', has helped to generate a free trade area between Mexico and the EU, it covers both goods and services. The EU and Mexico have found a good political consensus and dialogue. Every two years the EU and Mexico have Presidential summits to have regular contacts at the highest level (Commission of the European Communities, 2008). Also EU and Mexico has established a Joint Parliamentary Committee, twice a year a meeting takes place covering the topics of common interests, which falls into the category of the three pillars of the Economic Partnership, Political Coordination and Cooperation Agreement (European Parliament Delegations, 2016). This relationship established between the EU and Mexico benefits Finland by having good political relations with Mexico through EU and also having economic significance in the form of trade, and development of having better relations in terms of having investments in Mexico.

4.2 Prospects for Finnish companies in Mexico

Based on the statistics the researcher investigated, in the year 2013 there were 49 Finnish subsidiaries operating in Mexico. Overall, there were 4773 companies operating outside of Finland, biggest focus was in Europe and Asia (Tilastokeskus, 2015).



Figure 7 Finnish subsidiaries abroad (Tilastokeskus 2016).

One of the biggest Finnish companies operating in Mexico is Kone, which is one of the leading companies in the elevator and escalator industry. Kone has its factory in north of Mexico, in the state of Coahuila, in the city of Torreon. One of the reasons why Kone found Mexico a good place to have their factory, is the young population, strong macro economy, low inflation and large foreign-exchange reserves. Also one factor is, that approximately the Mexicans work three months more than Finnish workers in a year. Also the labor costs are significantly cheaper compared to Finland. Earlier in this paper when focusing on the business environment of Mexico these issues Mexico has a strong macro economy, low inflation had been brought up as showing the potential of Mexico (Saksa, 2014).

The researcher believes, that due to the reforms, that the Mexican government is planning to implement in telecommunication and the environment sectors, Finland

has great potential in the markets with their ICT and cleantech knowledge. As part of the reforms Mexico, is planning to build a 4G network to cover most of its area. This 4g network is going to be an open-access network. This means, that the owner of this network will not be offering operation services, but it sells capacity of the network to virtual network operators or to regular network operators. Because this network is built as an open-access network it gives the opportunity for multiple operators to access the market (Ahonen, 2015, 60). In cleantech industry Finland has around 1600 cleantech companies, most of them being small and medium size companies. Finland has knowledge and expertise in this sector, relative to the population, Finland has most research on the energy and environment field in the world (Cleantech Finland, 2016). In Mexico there is growing demand for clean technologies. This is an another opportunity for Finnish companies, since Mexico is looking solutions from Europe, as well as developing its own technology. The demand is in clean development mechanism, water sector, and waste sector and in the renewable energy sector (Virta, 2011). In Mexico the goal is to have 35 percent of its electricity production capacity provided by renewable energy. By 2014 the percentage of electricity produced by non-fossil sources was 22 percent (eia, 2015).

5 BUSINESS CULTURE

Companies and their managers in the international business environment are mainly concerned with subjects like values, norms, and rules that apply to the local business culture. The general norms of the local culture give the guidance to the norms mentioned above. For example, these norms can be the concept of time, if meetings start on time, or if women are accepted as authority figures. Understanding these norms can be very crucial for a company and their success or failure in international markets (Menipaz E. & Menipaz A. 2011, 95-96). This is why it is also vital for Finnish companies to pay attention to cultural factors when they are operating with companies, people and societies from different cultural backgrounds. In this section the purpose is to get an overview of the of the Mexican culture, that affects the way of doing business. Gore (2007,26) explains how it is a task for companies to gather the knowledge without the information flow getting out of control, so this is why the researcher wants to bring up some of the areas where to focus on. The researcher will first write about the theory of what is behind culture and business culture. The researcher will analyze what are the factors that influence individuals while operating in different culture surrounding.

5.1 Understanding the concept of business culture

As Scruton (2007, 1) demonstrates different examples of, how culture can be defined different ways depending from which angle is used. One definition, that is widely used is presented by Geert Hofstede (2011, 3-5). He studied the values in work life in different countries and organizational cultures all around the world. Hofstede sees, that culture is the collective or shared programming of the mind that identifies the members of a specific group or social class from one another. Hofstedes definition emphasizes in the human life course the role of the socialization and the social learning. The mental programming and its sources are based within the social environments in which a person has grown up and gained life experiences. This so called programming starts from the early stages of life, in childhood within in the family and continues in the neighborhood, school, studies, work life and in other communities during one's life. Korhonen (2010,16) states that

people are not only under the influence of just one coherent culture during their life. Globalization, internalization, multiculturalism are common trends, that affect everyday life, education and work life. These trends have influence on how lifelong learning and cultural influences are developed.

5.1.1 Elements of culture

As Menipatez and Menipatez (2011, 96) says, that for companies to understand a culture in a nation or community in order to have the best methods to operate is not a simple process. Each culture has their own specific elements, that differentiate them from another culture. Some of these features are language, religion, values and attitude, manners and customs and social structure. The researcher believes that understanding the existence of these different layers and elements, that affect culture gives important guidelines and information on what to focus on and to what pay attention in order for the companies to have a deeper understanding how to do business.

| | | | | |
|---|--|--------------------------|-------------------------|--|
| Visible Cultural Layer | Fine Arts | | Literature | |
| | Drama | | Classical Music | |
| Noticeable Cultural Layer (Folk Culture) | Humor | Religion | Folk Dancing | |
| | Popular Music | Cooking | Rites of Passage | |
| | Courtship Practice | | Dress Diet | |
| | Language | | | |
| | | | | |
| Undercurrents of Cultural Layer (Fundamental Culture) | Family Relationships | Nonverbal Communications | Gender | |
| | Superior-Subordinate Relationship | | Conversational Patterns | |
| | Preference of Cooperation vs Competition | | Eye Behavior | |
| | Decision-Making Patterns | | Concept of Beauty | |
| | Methods of Problem-Solving | | Conversational Patterns | |

Figure 8 Elements of Culture (Menipaz & Menipaz, 2011, 97).

As demonstrated in figure above how culture can be divided into different cultural layers by how detectable they are. The first layer of visible culture consists material objects like paintings and novels and experiences, that can be detected such as theatre and classical music by human senses, these are called cultural symbols. Those are the surface of culture (Menipaz & Menipaz, 2011, 97) . Gore (2007, 14) points out that when we try to understand the deeper layers, which are more invisible and intangible, it becomes more difficult to grasp and identify the culture.

5.1.2 Communication

Menipaz and Menipaz (2011, 98) points out that the language is easy to detect, but it is also an element, that gives deep insight of the culture. Language consists both spoken language, but also the non-verbal communication such as body language. The way language is used, reveals about the norms of the local culture when it comes gender, hierarchy in the workplace and how older people are treated to name a few. Body language can be seen, for example in how close people stand to each other or if physical touch is common, or do people tend to avoid it, this can reveal how relationships are informal or formal in different professional and social settings making it valuable information for managers and employees on how to behave in certain situations. Korhonen (2010, 67) writes about intercultural communication, he states that individuals, who are from different backgrounds and are in interaction with each other, communication can be seen as the core of the intercultural adoption process. For these reasons researcher believes that from the viewpoint of a Finnish company, to be successful in business meeting between Finns and Mexicans, it is important to understand the filters the Mexicans use in their communication to be able to decode what they actually mean.

5.1.3 Values and attitudes inside of cultures

In the bottom layer is the fundamental culture forms, the values and attitudes of a culture. Ideas, customs and beliefs are reflected by the values of a culture. The way values influence people can be seen how they balance their work and per-

sonal lives, how much importance it is put on gathering material or what are their comfort level with alcohol, drugs or smoking. Attitudes are views, opinions, feelings or judgements towards certain concepts, objects or situations they are in. Both values and attitudes are learnt through the role models of the community, these role models can be for example parents, religious leaders and teachers. Values are considered to be related to more fundamental issues whereas attitudes can be related to either important or unimportant circumstances of the society. Values tend to stay the same whereas attitudes are more flexible. When a company has a better understanding of values and attitudes of the cultural environment, it is an important deed in order for the company to have a suitable marketing message. (Menipatez & Menipatez, 2011, 100). In this context researcher believes that Finnish company entering or planning to enter the Mexican market, they have to plan the marketing message, so that it is suitable for the Mexican market. What has worked in Finland does not automatically work in Mexico, due to the different values and attitudes these two cultures might have. Related to the values and believe systems in Finland and Mexico the researcher wants to point out also, how the leading religion in Mexico is Roman catholic whereas in Finland it is lutherism. This has an impact on both societies, and how their beliefs and values have shaped throughout the history due to these two different religions. And as Gore (2007, 53) states, the level of religion practiced in a society can differ, but the belief system has influence in all societies.

5.2 Tools to analyse business culture

In this section the researcher introduces two theories that can be used as tools for analysing a culture, and also these theories can be used to compare it to one's own culture. First the researcher presents Trompenaars' and Hampden-Turner's theory (1999, 1-4) that is called the seven dimensions of culture. The researcher will be also using Trompenaars and Hampden-Turners theory in the later section, to analyse results from the interviews the researcher has conducted. Even though

the source, which is used here, is from 1999, which makes it as an old source the researcher thinks that it can be considered reliable. Morrison (2009, 130) states, how the theory of the seven dimensions of culture aims to give an overview that is systematic of cultural dimensions and orientations and the disparity of them, and this can help to understand the cohesion within cultures and differences between cultures.

Trompenaars' and Hampden-Turner (1999, 8-9) have divided the dimension in a way that first five dimensions deals with the relationships of people, and the remaining two dimensions covers the attitude towards time, and the attitude towards the environment. As the figure demonstrates what are the seven dimensions. Universalism versus particularism is the first dimension described by Trompenaar and Hampden-Turner (1999,29). The dimension describes the relation between rules and relationships and which one is more valued; rules or relationships. Individualism versus communitarianism is aiming to describe how people relate to other humans, meaning if they see themselves as individuals or if they see being a part of the group. Third dimension aims to describe how much people are showing their emotions. Next dimension is demonstrating how much people get involved on a personal level, this dimension is called diffuse versus specific. The fifth dimension is demonstrating how people gain their status. The two remaining dimensions that are defined by Trompenaar and Hampden-Turner (1999, 9) demonstrates how are the attitudes to time and how are the attitudes to the environment. Trompenaar and Hampden-Turner (1999, 1-2) states that these dimensions are intended to describe differences in cultures and how they influence the managing process and how to do business. From over 50 countries 30 000 participants took part to the research.

| | |
|---|--|
| Universalism vs Particularism | What is right and good can be specified and applies always Less attention is paid to societal codes that are abstract, more attention is subjected to obligations of relationships and circumstances that are unique |
| Individualism vs Communitarianism | People consider themselves as individuals People consider themselves more as a part of a group |
| Neutral vs Emotional | Focus is on the goals that are set and mixing emotions while doing business is considered as a distraction and affecting efficiency negatively Business is done between humans -not machines-, and showing emotions is acceptable |
| Specific vs Diffuse | Work objects matters the most, having good personal relationships when doing business is not an important factor Good personal relationships with those whom people do business is important |
| Achievement vs Ascription | A person is judged and respected through their recent accomplishments A person's family background, gender, age and connections are an attribution to one's status |
| Sequential vs Synchronic | Time goes forward in a straight line, it is a sequence of events that are different Time is considered to be moving in a circle, present, past and future are tied together. |
| Internal vs External | People believe that they can influence their own environment People believe that their surrounding environment influence them and they cannot control it. |

Figure 9 The seven dimensions of Culture (Thompenaar & Hampden-Turner, 1999, 8-9).

Another tool that can be used to analyse the differences between cultures is Hofstede's cultural dimensions. Morrison (2009, 131) states how Hofstede's theory is useful in order to understand culture from many contexts, for example organizations and family. Hofstede's dimensions contain six different dimensions, which are power distance, individualism, masculinity, uncertainty avoidance, indulgence (pragmatism) and short-term versus long-term dimension (Hofstede, 2011,8). In the next section the researcher will be using the Hofstede's dimensions in order to compare Mexico and Finland and their cultures. These culture dimensions are

used in order to introduce the culture in Mexico and compare it to the culture of Finland. Hofstede's theory is a way to position two countries relative to each other through giving a score to each dimension cultures. These dimensions will be explained individually and show what the scores for Mexico and Finland are. The focus will be on both countries to demonstrate the differences and similarities.

5.2.1 Power dimension

Power dimension is indicating the level of equality in societies by individuals, meaning that it shows how the culture reacts to these inequalities amongst us, as it is explained by Hofstede (2011, 8). In other words power distance displays in which extend those with less power in institutions and organizations accept and are expecting that power is divided unequally.

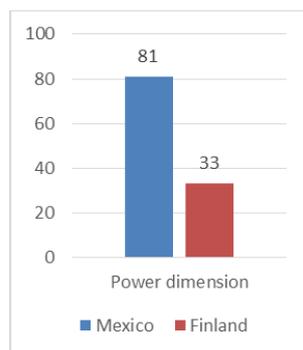


Figure 10 Hofstede's dimensions- Mexico and Finland Power dimension (Hofstede Center, 2016).

In Finland's case, they score low in this dimension, only 33 points which can be also seen from the figure above. It means, that the Finns are independent and they have a hierarchy for convenience only, also they have equal rights, superiors accessible, management facilitates and empowers. The managers have trust in their team members and they give plenty of freedom for them, and the employees expect to be consulted. The relationships between employees and managers are informal which can be seen how they communicate directly to each other (Hofstede, 2011, 9). Mexico scores on the power distance dimension 81 points. Hierarchy in Mexico is more present and it can be seen in how each individual has

their place and it is not questioned. In Mexico clear instructions are expected from the manager and the subordinates are expected to follow these instructions.

Finns are direct when it comes to the way of communication and exchanging information, whereas the Mexican communication style requires certain, more formal way of speaking. For example, it would not be appropriate to address one's superior by their first name in Mexico, where as in Finland it is acceptable.

5.2.2 Individualism

By individualizing the Hofstede dimension (The Hofstede Center, 2016) means the degree of interdependence in a culture. In other cultures they are more family orientated and in some cultures the inhabitants are more self-reliant (Hofstede, 2011,11).

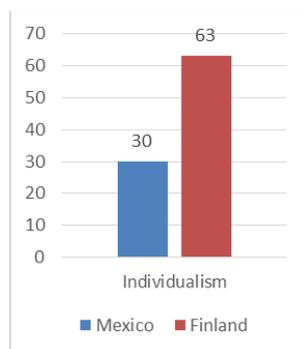


Figure 11 Hofstede's dimensions- Mexico and Finland Individualism (Hofstede Center, 2016).

The researcher demonstrates in the figure above how Mexico scores on individualistic dimension score of 30 (The Hofstede Center, 2016). This means, that Mexico is a more collective culture. Hofstede (2011, 11) explains that in collective cultures, people belong to a group; it may be a family, extended family or extended relationships. In collective societies, people are taking care of those who belong to their group in exchange for loyalty. In work life management is managing groups of people. Finland scores 63 points in this dimension (The Hofstede Center, 2016).

This means that Finland is individualistic culture. Employees are expected in the workplaces to be initiated and self-reliant. In Individualistic cultures, it is common, that people are competing in the society as a single member and comparing themselves to others. The relationship between employer and employee is based on contracts, which is beneficial for both sides. Hiring or promotion decisions are based on merit. In individualistic cultures, managers manage individuals (Hofstede, 2011,11).

5.2.3 Masculinity vs. Femininity

Having a high score on masculinity dimension refers that the society is competitive; they are achievement and success orientated. These values are set in the minds of the inhabitants of young age starting from the school and it these values move to the organizational behaviour. Having a lower score means, that the culture is more feminine and the values of feminine culture are having more care for others and care for the quality of life. Quality of life is the indicator to define one's success and individual standing out of the crowd is not seen as good. The difference between the feminine and masculine cultures and the definition of success is, that in the feminine cultures, enjoying what one does is a sign of success, and in masculine cultures is the being best of what one does (Hofstede Center, 2016).

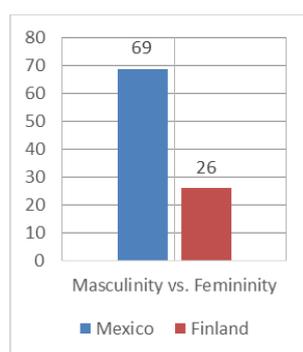


Figure 12 Hofstede's dimensions- Mexico and Finland Masculinity vs. Femininity (Hofstede Center, 2016).

The figure demonstrates the masculinity and femininity and in this dimension Mexico scores 69, which makes it more masculine culture than feminine (Hofstede Center, 2016). Finland is considered a very feminine country based on its low score of 26. In feminine cultures the decision making and tasks inside of the family is divided more equally. According to Hofstede (2011, 12) in feminine countries both men and women make decisions, deals with facts and feelings. When more feminine culture is compared to masculine culture, it can be seen how women have more power in politics, which means that they are making decisions in higher level. In masculine cultures, women possess less of elected political positions.

5.2.4 Uncertainty avoidance

The uncertainty avoidance dimension of culture deals with societal differences in their tolerance toward ambiguity and uncertainty. In particular, it highlights the extent to which members of a certain culture feel anxious when faced with uncertain or unknown situations. On one hand, members of cultures with high uncertainty avoidance, value clear rules and regulations, as well as clearly structured career patterns, lifetime employment, and retirement benefits, for example. On the other hand, members of low-uncertainty cultures are characterized by greater tolerance toward ambiguity and this is why people exhibit less emotional resistance to change and greater willingness to take risks (Hofstede, 2011, 10).

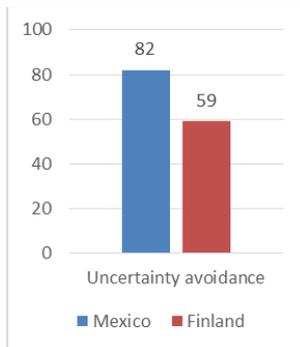


Figure 13 Hofstede's dimensions- Mexico and Finland Uncertainty avoidance (Hofstede Center, 2016).

Mexico scores in this dimension 82 and Finland 59 as it can be seen from the figure. Both countries score fairly high on this dimension, meaning, that in based on the Hofstede dimensions in both cultures value avoiding risks. It can be seen in Finland and Mexico as the need for rules and regulations, people want to stay busy and work hard. Precision and punctuality are valued. Unconditional ways of working and innovations can face rejection (Hofstede Center, 2016).

5.2.5 Long- versus short- term orientation

This dimension describes how the culture prioritizes the events of life, meaning that in some cultures it is seen, that the most important events are happening at the moment or in the past which is the Long-term orientation. In cultures that are Short-term orientated it is viewed, that the most important events will happen in the future. In cultures with short term orientation person with stable and steady personality is considered positive, whereas in long-term oriented culture, it is seen as a positive feature, if a person is able to adapt to new circumstances (Hofstede, 2011, 15).

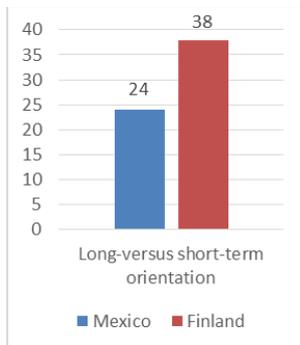


Figure 14 Hofstede's dimensions- Mexico and Finland Long-versus short-term orientation (Hofstede Center, 2016).

Both countries, Mexico (24) and Finland (38) scores low on this dimension as the figure above demonstrates, meaning Mexico and Finland are short-term oriented cultures (Hofstede Center, 2016). This means according to Hofstede (2011, 15), that they have an appreciation for traditions. They are more patriotic. Serving other people is important. Good and bad are seen more like universal guidelines that apply regardless of the time. A Person that is seen as good stays the same. Both Finland and Mexico have respect for the traditions and desire to achieve fast solutions, although these features can be seen more mildly in the Finnish culture according to the Hofstede dimensions.

5.2.6 Indulgence

This last dimension describes the social outlook, whether the society is more open for a person to follow ones desires and impulses that are related to enjoying life whereas the restraint societies controls more of those desires and impulses. In cultures that are more restraint it is common that there is less people satisfied with their life compared to societies that are more towards indulgence (Hofstede, 2011, 15-16).

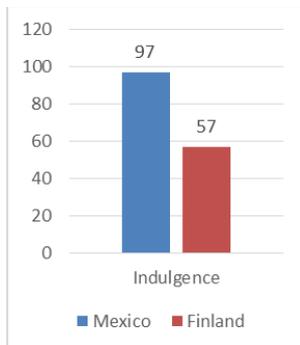


Figure 15 Hofstede's dimensions- Mexico and Finland Indulgence (Hofstede Center, 2016).

Mexico and Finland both have cultures that can be called indulgent. The figure that demonstrates indulgence shows how Mexico scores very high score of 97 and Finland relatively high of 68 (The Hofstede Center, 2016). This means that these cultures realize their desires and they want to follow impulses to be satisfied with their lives. People have as individuals feel in control of their lives (Hofstede, 2011, 16). In work life the tendency for indulgence can be seen in the importance of having leisure time rather than dedicating life to work (Hofstede Center, 2016).

5.2.7 Summary of the Hofstede's dimensions

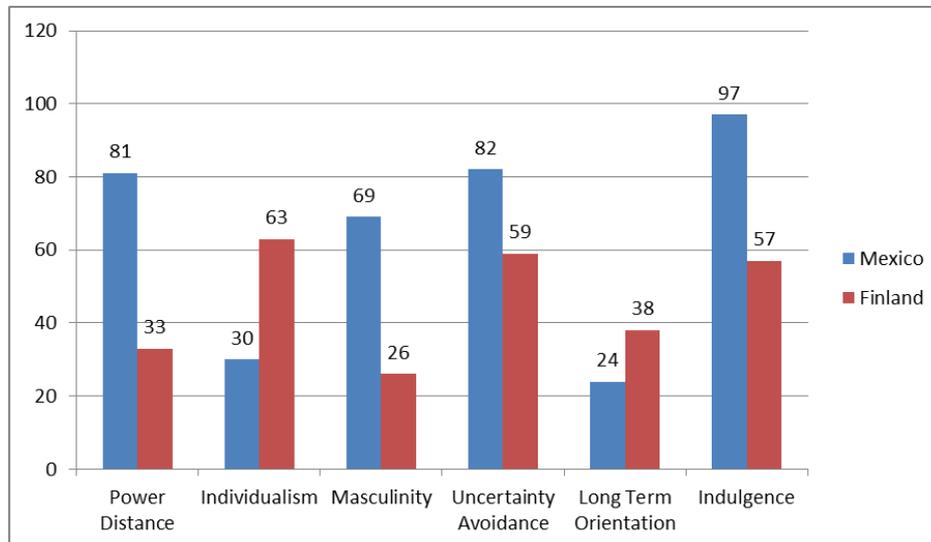


Figure 16 Hofstede's dimensions- Mexico and Finland all dimensions (Hofstede Center, 2016).

The researcher believes that the Hofstede dimensions can give useful information when it comes to analyzing both Mexico and Finland. When comparing these two countries, it demonstrates well like it can be seen from the figure above, how some cultural aspects between Finland and Mexico differ, and what is good to consider in the attitudes that influence the work environment. The researcher believes that though one can never be absolutely sure, how an individual will react, but through time and understanding of different cultures, it will be easier to make predictions how one will most likely to react in certain situations. This also applies to cultures inside of organizations and being able to predict and understand why and how people in different cultures behaves, will increase the likelihood of being successful of doing business. The researcher thinks that Hofstede dimensions are a useful tool to understand a culture to a certain level. The researcher agrees with the critique from Menipaz and Menipaz (2011, 117) towards the Hofstede dimensions, how the value claims are gathered from limited data and restricted number of questions, this is why it can raise a question, if all the dimensions are accurate.

The researcher agrees with Morrison (2009, 133), how the dimensions should be taken as relative instead of undisputable categories.

6 QUALITATIVE RESEARCH METHOD

Data collecting method used for this thesis was an interview. This method was chosen, because it is a flexible method, which enabled to get more extensive information from a Mexican work culture. Interview as a research method is a good when abstract concepts are measured. The researcher was able to ask defining questions and motivate the informants to explain their answers better while conducting the interview. If the informants had doubts about the meaning of the question the researcher was able to clarify the question. Also, this method enabled the informants to have their perspective and views of the matter in the focus point (Hirsjärvi&Hurme, 2009, 34-35). The researcher chose also a qualitative research method, because the researcher was able to study real situations and combine theoretical framework, making practice and scholarship meet (Myers, 2013, 13).

The purpose of the qualitative research method is to describe the Mexican work culture by interviewing Mexicans. The interview was chosen, because with this method can Mexican business culture be described more thoroughly and informants were able to bring up their own aspects which the researcher would have not necessarily brought up. Myers (2013, 5) Compares the qualitative method to solving crimes. If the investigation will only focus on quantitative data, crimes can be solved, but the motives will stay unclear, if there is no focus on talking to people. This applies also to organizations and how they function. Qualitative researchers argue that in order to understand people and their reasons, motivations and beliefs in context, qualitative research is the most appropriate method to do that. As Hirsjärvi, Remes and Sajavaara (2009,181) states that The purpose of the qualitative research method is to gain understanding of the object, that is researched. Also, the purpose of qualitative research is to describe actual life events (Hirsjärvi, Remes, Sajavaara, 2009, 161).

6.1 Semi-Structural interviews

Semi-structural interview method was chosen, because it gives the researcher an opportunity to limit the subject matter in to themes and also semi-structural inter-

view is a good research method when the research is done through random sample (Hirsjärvi & Hurme, 2009, 36). The themes were determined beforehand (Tuomi & Sarajärvi 2011, 73). The themes were based on the Trompenaars' and Hampden-Turner's "seven dimensions of culture" model (1999, 1). The researcher selected this model, to base the interview themes, since Trompenaars' and Hampden-Turner's research is aimed to focus on differences in cultures and how these differences affect the way of doing business and how to manage. The themes chosen for the interview are; communication at the Mexican work place, interaction in the Mexican work environment, hierarchy in the Mexican work environment, time conception of the Mexican workers, and the informants were given an opportunity to give suggestions, how to operate with Mexicans in the work environment.

The purpose was to interview Mexicans, who have experience of the Mexican work culture, but also experience from working with foreigners, since the researcher believes, that it helps the informants to analyze their own culture better, if they have been introduced to another culture and they have seen the differences compared to their own culture. The interviews were done one-on-one by using Skype calls. Pre-prepared questions were used for the interviews to give structure for the interview, so that certain themes are addressed making the analyzing meet the theory. Recording device was also used in order the researcher was able to write a transcript of the interviews which helped the analyzing. (Tuomi & Sarajärvi 2011, 111–112).

6.2 Informants and collecting the material

The informants were selected by having at least two years of work experience and by having experience working with foreigners. The researcher wanted to interview both men and women, because the researcher did not want to limit the material collected by one gender which could affect the answers of the interview.

The informants were Mexicans from Mexico City, which should be taken into consideration, since the work culture in different areas of Mexico could differ. The interviews included six informants. The informants included both men and women, three of each. The age of the informants was not defined. All of the informants had

several years of work experience and also all of the informants had been working with foreigners. The informants were selected by using connections the researcher had in Mexico. The interviews were done in November 2016 by using Skype calls. All the interviews were recorded. The permission to use recording was asked from the informants.

The purpose of the interview for understanding the Mexican working culture was told to the informants. The informants were encouraged to answer the questions from their own perspective and from their own experience. The informants were notified that the recordings would be used only by the researcher in order for the informants to be comfortable while being interviewed. The interviews took from 20 minutes to 50 minutes. The informants were given the opportunity to choose the best time for them to do the interview, which prevented any interruptions while conducting the interview.

7 RESULTS OF THE RESEARCH

7.1 Communication

According to Trompenaars and Hampden-Turner (1999,48-49) Mexico is a country where -when it comes to communication- it is important to create trust between people. It is normal to talk personal issues at the workplace, and whereas in Finland, people like to be very direct and get to the point, but it is important for Finns understand, that better results are gained when one is ready to spend time to talk issues, that does not have immediate relation to work. The small talk is an important matter for Finns to comprehend while dealing with Mexicans. Vartia (2009,10) states, that knowing how to operate in international environment requires new knowhow. It is not enough, that people understand how to read instructions and apply them to their behavior, when it comes to greeting, dining and to negotiations. One should know, how to communicate with the other person in a way, that the message one want's to deliver to the other person is understood by the counterpart as it was meant to, also it is important to listen the counterpart the right way. In this theme the topics which the researcher talked with the informants were how indirect or direct the communication in Mexico is and how feedback is given in Mexico so that the researcher could get information from the informants of how they see their way of communication at a workplace in Mexico.

7.1.1 Direct or indirect communication?

Based on the research done by Trompenaars and Hampden-Turner (1999,101), Finns have a diffuse culture, which means how deeply does people involve to other people's lives'. In diffuse cultures personal lives and work are kept separate. Cultures which are more diffuse, people can be very blunt and they like to go straight talking business related matters.

When the informants were talking about the way Mexicans communicate most of them said, that it is very common, that the way of communication is very indirect, the communication is softened by using very polite manners of speaking and by

not giving straight orders or tell bluntly, what should be done to achieve something in the work environment in Mexico.

“If you compare to direct people, indirect people think you are being offensive and rude. It is normal and accepted to be as indirect as possible” (informant 3).

As Nieminen writes (2007,9) how shy and quiet Finn can give a first impression, that lets the foreigner to think, that the Finn is being indifferent, or even unqualified in one's profession. At the same time a Finn can doubt the qualification and professionalism of a Mexican, who uses hand gestures and talks about personal issues, even before having formed a business relationship. What the researcher experienced during her time in Mexico, was that the way of being polite is understood differently in Finland compared to Mexico, which sometimes lead to situations, that neither the researcher nor the Mexican person were not understanding each other's point and the way of communicating, which led to misunderstanding the situation or matter. As one of the informants said:

“..we like to sugar coat stuff, so you might see it as lying, they see it as not wanting to be rude.” (informant 5).

As Nieminen (2007, 23) states how big part of doing business is communication and doing business in an international environment is about international communication. Making new contacts and maintaining relationships is the base of successful business relationships. Based on the interview and theory mentioned here the researcher believes, that it is important for a Finn not to be too direct and blunt with Mexicans, that way when trying to form business relations, Finn can give a better first impression and be more approachable for a Mexican. This is also important to remember in negotiations and casual situations.

7.1.2 Feedback

According to Trompenaars and Hampden-Turner (1999,155), how people relate to their environment can be divided into internal and external cultures. If the culture

is internal, giving feedback can be very direct. In internal cultural environments people are comfortable with conflict and disagreement. In external cultures, negative and positive feedback should be given evenly. Conflicts should be resolved fast and quietly. Even though the results from the research Trompenaars and Hampden-Turner does not give the information on which side the Mexican culture leans towards, internal or external, based on the answers from the informants researcher would place Mexico as a country, that has external culture. And based on the Trompenaars' and Hampden-Turner's (1999, 144) research Finland is leaning towards internal culture.

When the informants were telling about, how feedback should be given to a Mexican, especially if it is negative feedback, the informants had consensus with their answers that it should be done gently, if it is negative feedback.

“If the feedback is negative, the best way to give feedback is to speak personally, starting with the good points and then move on to the final point in evaluating their job.” (Informant 1)

Also another important factor was, that it should be done privately so that it is possible to avoid embarrassing the one who is receiving the bad feedback, because if it is done in front of other people it can be uncomfortable. Half of the informants mentioned, that they should receive also good feedback, while they are receiving the negative feedback.

“You should be like in a room that is only for you and your boss, that way you don't feel like, if it is bad feedback, you don't feel uncomfortable. When you are surrounded by people you can feel embarrassed. If you make it individually it is better.” (Informant 2)

As Folkman (Forbes, 2013) states, that direct feedback is valuable. If feedback, that is honest and it is not given well, many people experience it as a punishment. Folkman compares giving feedback and receiving feedback, as having a GPS. If one has GPS and paper map, both will show the destination and directions, but with GPS you will also see where you are at the moment. So it is important to remember to mention what is done correctly and in a way, that the feedback is more constructive rather than it would be a punishment and leave a negative feeling.

Based on the information presented in this section the researcher sees that Finnish companies and their employees who work with Mexicans, they should remember not only focus on the problems that a project or task might have, but also bring up what is done well in order to fix the problem most effective way, since being too direct while giving feedback can cause conflicts even though it would be considered a normal way of discussing a matter or a problem in Finland.

7.2 Interaction

When it comes to interaction with people, Trompenaars and Hampden-Turner (1999,79) divides cultures into two groups, which are neutral versus affective cultures. In this category, Finland and Mexico represent different sides. Finland is more neutral culture, whereas Mexico is a more affective culture. Finnish working with Mexicans should take into consideration, that in affective cultures, as in Mexico, it is important to create and have good personal relationships, by opening up to people in order to create trust. The researcher believes that gaining trust from the Mexicans is a process. For example, even if a company with good reputation wants to do business with a Mexican company, in order to get best result time should be spent on building the relationship, rather than just focusing on the objects, because, if the focus is too much on the objects, it can leave so called "cold" impression to the Mexicans, which can lead to a situation, where projects are not moving along as fluently as hoped (Trompenaars & Hampden-Turners, 1999, 9).

This theme was divided by the researcher into topics where the informants were describing, how much personal relation between people effect on results in the work environment, how conflicts are handled, and how meetings are organized in Mexican work culture.

7.2.1 Personal relations

Nieminen (2007, 13) states, that in Latin American countries, business is not done with strangers. In cultures like Mexico, it is important to have friendly and trusty work environment, to ensure good ground for doing business.

When the researcher asked from the Mexican informants how much do they feel, that personal relations effect on the results and goals on the work environment, the consensus was that it does affect, if there are problems, but then again, it also depends on the company. Also, it was mentioned, that the tasks will get done, since it is also a matter of being professional. What seemed to be the biggest problem, if the personal relations are not good, was that it can affect the efficiency. One of the informants said that:

“When we don’t have good communication between ourselves, then we don’t have it either with the clients or with different tasks, so it is a little bit difficult.” (Informant 4)

Another informant also mentioned that:

“Sometimes Mexicans can be really sensitive, so I could see a personal problem getting in the way of their job.” (Informant 5)

Also one of the informants described how it can cause some problems even though the task gets done:

“They don’t know how to work as a team. They do the job, but as an individual, so at the end it is not the same.” (Informant 2)

As mentioned earlier, based on Trompenaars’ and Hampden-Turners (1999, 87-88) research, Finland is a specific culture, whereas Mexico is a diffuse culture. In diffuse cultures to meet the objectives, for example, in business negotiations, good relationships are important and there should not be separation between the relationships at work or outside of work, it is the same.

Based on the results from the interviews and theory of this section, the researcher would like to state that from the perspective of a Finn, it might seem irrelevant, when your business partner is asking questions about your home country, family or what are your music preferences, but this is what creates the more personal relationship between your business partner, the Finn should have the patience to talk matters as such, rather than keeping the issues strictly work related. As Trompenaars and Hampden-Turner (1999, 79-80) state that relationships becomes first and then people can focus on goals.

7.2.2 Conflicts

Nieminen (2007, 43-45) states that, when we are communicating with people, we search mutual interests and we are trying to create a good atmosphere. Sometimes, though, it can lead to a situation where we find ourselves in a conflict due to an uncomfortable topic, or people are feeling that they are being insulted. Time to time culture clashes occur, since we do not know what is insulting in some cultures.

The informants were asked, how Mexicans tend to deal with conflicts at the work environment, what was said by the informants was, that conflicts are usually something, which they try to avoid. What was said by two of the informants was that in their opinion Mexicans prefer not to face the problem, but rather let the situation resolve itself, if possible.

“We like to talk to each other and not go to our bosses. We talk to each other and figure things out on our own.” (Informant 6)

To keep the harmony at the work place is important this why the confrontation is avoided. But when there is an issue the common way is to talk about the issue between the sides, which are in conflict and deal the situation as quietly as possible.

“I can easily put apart personal problems from work, even if I don't like the other person I know work is more important than whatever there's going on with us.” (Informant 5)

Finland is more as an internal culture, according to Trompenaars and Hampden-Turner (1999, 145), In cultures as such conflicts are usually confronted and it can be seen in cultures, that are more neutral, that it is better to so called “clear the air”, so that the problem is faced in order to resolve the problem, because it is not seen that the problem disappears on its own. Based on the researcher's interviews, the researcher would place Mexico is more as an affective culture. In such cultures It is seen, that if there is an issue not that much attention should not be raised on the matter, it is more important to keep the harmony. In affective cultures

there is more willingness to find the compromise when there is a conflict (Trompenaars & Hampden-Turner, 1999, 155).

The researcher believes, based on the research in this section that, even though it might be seen as an effective way of dealing conflicts by Finns, to immediately talk about the issue that is causing problems in order to move pass the issue. The problem with this direct method of handling conflicts could be an uncomfortable way of handling the matter when it comes to Mexicans. When there is conflict, the situation could be solved by letting some time pass if possible in order to keep the harmony, otherwise if attempting to solve the issue immediately it can cause damage to the relationship.

7.2.3 Meetings

Meetings are important platforms for trading information and making sure that progress is made. Also meetings are where problems can be solved, decisions can be made and a functional team can be build. Meetings have important role for getting work projects done (Adams, Means & Spivey, 2015, XII). This is why the researcher found this topic relevant.

When the informants were asked about meetings in Mexico, it was said by all the informants, that they have regular meetings at their workplaces. Two of the informants criticized the amount of meetings. They felt, that there is too many meetings and it is affecting the efficiency of the work. Mexicans are versatile with their meetings. Modern communication methods like, email, phone, facetime are used. One of the informants said that:

“I have a lot of meetings in restaurants and cafeterias, mainly with clients; these meetings are prescheduled.” (Informant 5)

So, based on the interview, the researcher found out, that Mexicans use all the modern methods of organizing meetings. The meetings are held at the office, but also in more informal settings such as restaurants. In the interviews nothing about, how meetings are organized in Mexico brought up significant differences in the forms, which are used also in Finland based on researcher's own experiences.

Based on Trompenaars' and Hampden-Turner's (1999,118) research both Finland and Mexico are more achievement-oriented cultures, this also implies that there is not that great difference between Mexico and Finland when it comes to how meetings are organized and held. In cultures, which are more achievement-oriented it is important to have sufficient amount of knowledge and experts in the meetings, rather than making sure, that the negotiation team has senior and those who are formal position-holders to give a good impression to the other company, which can be seen important in ascriptive cultures.

7.3 Hierarchy

From Trompenaars and Hampden-Turner's (1999, 106-119) perspective, status can be viewed through achievement oriented and ascription oriented cultures. In this dimension, both Finland and Mexico are achievement oriented cultures. In cultures as such, performance is highly valued, rather than one's title or position. In manager position, there is variation between the age and gender. In achievement oriented cultures, managers are respected through their knowledge and skills, rather than it would be based on seniority, as it would be in ascription oriented cultures. In this section the researcher was talking with the informants about the use of titles, the formality or informality of the relationships between the managers and employees. Finally, how women are seen in the working environment in Mexico.

7.3.1 Titles

Though, both Finland and Mexico can be considered an achievement oriented cultures, where titles are not commonly used. (Trompenaars & Hampden-Turner, 1999, 105-106). As some of the informants said, that use of title is important this can suggest, that Mexico has also features in its culture that are common for ascriptive oriented cultures, meaning that more importance is put on the status of people compared to Finland.

The informants told, that when it comes to use of titles, they are important in some occasions and in some work environments titles are required to be used. Age seemed to have importance. When it comes to titles the older generation of managers, usually prefer to be addressed in a more formal way according to the informants. One of the informant pointed out, that the titles are losing their value:

“I would say maybe 5 years ago, they were still a big deal, nowadays is changing more and more.. The only thing you really should do, is call your superiors by the formal you (usted) unless they allow you to call them by the informal you.” (Informant 5)

The researcher found out, through the interviews, that four of the informants think that the use of titles is a matter of the person and the manager, how they prefer to be addressed, whereas two of the informants said, that it is very important to use titles at work places.

“We can’t call our managers by names, it would be weird. You have to use titles, all the time.” (Informant 2)

The researcher agrees with Nieminen (2007, 34) who states that it might be difficult to determine, how to address your counterpart when the ways of using titles at work environment are not stable. It is better to start very formally and, especially, if the name and title of one’s conversation counterpart is not known, best is to use the form “sir” (Senor). This can be implemented also while talking with Mexicans and when the form of how to address people is not yet established.

7.3.2 Relationsbetween managersand employees

When the interview moved on the subject of talking about how informal or formal the relationships between the employees and managers are, the informants told they have had a different kind of experiences, and that with some of the managers the relationship have been more informal than in some places. As one of the informant states:

“In big corporations the hierarchy is very established, so the employee has to be very careful with the things they say. More modern compa-

nies are not like that, but most of the corporations are very hierarchal.” (Informant 3)

This was supported also by two other informants that the smaller businesses are much less formal with their relations between managers and employees compared to corporations. Also, one of the informants gives importance on which field one works, because that can effect on the formality of the corporation:

“Usually they are very formal. In my experience, for the most it is formal because, if you work for the government it is formal. You go to work in tie and suit. But I’ve been also working in marketing and communications, where you can dress in a more relaxed way. And my boss is very horizontal and perspective. Like we are a team and we share ideas. So it is much more relaxed and not that formal.” (Informant 1)

Based on the informants, the conclusion the researcher came to was that in corporations the hierarchy is more established and the relationships with direct managers usually are formal. This implies that in this matter Mexico is more ascriptive culture. In ascriptive cultures the relationships between managers and subordinates are more formal. In ascriptive cultures, decisions can usually be challenged only by the people who have higher position (Trompenaars & Hampden-Turner, 1999, 119).

The researcher would state as a guideline based on the interviews and theory of this section, that Finns who are working with Mexican’s it is more safe to treat them more formally, if you are dealing with a Mexican who possess a higher position than you in their company. This way conflicts can be avoided. In time it will be revealed, if the Mexican in higher position is more willing to have a relationship that is not as formal.

7.3.3 Women in work life

Based on the research Trompenaars and Hampden-Turner (1999, 221-223) they discovered, that men and women had only small differences in their scores on different dimensions. Also, based on the research women are not complaining more compared to men when it comes to the subject of equal treatment. The authors

raise a question, if companies should consider hiring and promoting women in higher positions, because women are as capable as men, or, if companies should hire and promote women, because they are significantly different from which the company could benefit from.

The informants were asked to explain how women are seen in the work life in Mexico in their opinion. All the informants felt that there is discrimination when it comes to women possessing managing position. What was mentioned is that the society has a judgmental point of view, when it comes to women working in higher positions. It was also said, that women do possess certain fields where it is easier for them to proceed in their career, for example communication, marketing, fashion, writing and the arts. One of the informants mentioned that, if a woman has a managing position they still might be required to have a man to work beside them in order to get credibility, so they can't be fully in charge and execute their decision making and projects at all times.

“Well Mexico is a country with severe inequality problem. In big corporations the discrimination is not very obvious, but it is still there, I mean most of the CEO's and the directive positions are held by men. And many men who are working tend to think of the women, that they are less as a people.”(informant 1)

“Once I had one client refusing to talk with me, because he wanted to speak to the guy in charge, there was no guy in charge, I was the one in charge. So he said he wanted to speak with my boss”. (Informant 5)

The problem of the society being judgmental towards women in high positions according to the informants is, because often it is seen that they have not achieved the position by their own merits, but it was given to them due to their appearance. Or as one of the informants explained how the candidates for congress and the senate are divided by law so, that fifty percent of the candidates are women, which can lead to a situation, where the ability of the women is questioned, because also in this case it can be seen that women gets the candidacy by law, not by their own merits. As one of the informant stated, the discrimination might not be visible, but it is affecting women. Women have their ways of proceeding in their careers, but it is not as simple as it is for men, there can be doubts about the ability of women doing their job well. As one of the informant described the following:

“Because there is always this discrimination, but in some cases you can just – I don’t do this, and I am not ok with this- If you have a physical relationship with your boss, you do have more opportunities and that is so real here and even, if you don’t have a physical relationship with your boss, they can harass you and give the women the position.”
(Informant 6)

According to the global gender gap report (World Economic Forum, 2016), which measures economic participation and opportunity, educational attainment, health and survival and political empowerment, Finland is placed second in the global rank index whereas Mexico is in position 66th out of 144 countries. So, there is significant difference between Finland and Mexico based on the gender gap. The researcher sees that for a Finnish company that is working with Mexicans, if possible, the best would be for them to send a team to Mexico, which would contain both men and women. A woman can face problems if it is greeted with a group of Mexican men who have the tendency to underestimate women. But as one of the informant stated that in situations when there is just women working with men, they need to speak louder or make themselves heard and spend more time proving, that they are capable performing the task than they normally would have to.

7.4 Time

Trompenaars and Hampden-Turner (1999, 123-134) have divided the cultures in two different sides, by how they manage time. These two sides are sequential time and synchronous time. Finland can be seen part of the Northern west Europe, where, according time is seen is more sequential, whereas Mexico represents more the synchronous time concept. Characteristics’ that cultures which have a sequential time concept is, that people focus on one task at a time and there is more concern about deadlines and those deadlines are clearly set. In cultures, which are leaning towards synchronous time, it is normal to be multi-tasking, not just focus on one thing at a time, there is more flexibility, when it comes to doing tasks and with the schedules.

When the informants were describing their workdays in Mexico from a time perspective, it was said that the business hours are usually from 9am till 6pm, which

makes total of 9 hours of work per day. But was said by all the informants, that usually people work more than that, it is what you work at least a day. If there is a task that needs to be completed, then one should do it and after that they can leave the workplace. The work days sometimes can stretch very long compared to Finland.

“The business hours are from 9 to 6, but as I mentioned that is only in paper. Because I have many times, like one or two times a week, I arrive at eight and I leave at nine or ten, because there is lot of work and things to get ready. I think the culture is trying to change” (informant 1)

Based on the interview there are established, work hours for the employees, but the hours can be very flexible often. As Vartia (2007, 111-112) says, how flexibility is required at the international interaction. The most important business related conversations might be held after the actual work day is done at the office. People are invited to spend the evening in more casual settings in restaurants or football game. This should be something, which the Finns also should keep in mind, that to reach better results, rather than going straight to the hotel after the day at the office is done, if there is an invitation for dinner or drinks they should join.

7.5 Suggestions from the Mexican informants

The informants had an opportunity to give suggestions and advices for Finnish employees who work with Mexicans regularly or in a project. What was said by the informants was that talking softly or gently and not too directly is very important so, that the person talking does not offend anyone or is not mistakenly considered impolite. Also, it is good to remember that the Mexicans are not as direct as Finns, so Finns should not take everything that is said too literally. If a Finn is working with Mexicans', it is good to follow the methods that the Mexicans are using, rather than trying to use the Finnish ways because those methods most likely will not work, it is important to adapt. And it is good to talk and present one's ideas in creative ways, not just by using PowerPoint in presentations for example, but other forms also. Mexican's like to see, that you are up to date with your digital solutions. When the researcher asked, if there are differences in work cultures inside of Mexico, it was said that Mexico City, where all the Informants were from, is a

very competitive city with faster pace compared to most places in Mexico, so the way people work and how they are can vary depending on which part or city of Mexico a person is. This is good to keep in mind also, that not all the areas of Mexico are the same.

As Vartia (2007, 10-11) states multiple small factors effect on how successful we are in our interaction. These small factors make a big entirety to which the opposite side bases their conclusion of how successful the collaboration has been. What is good to remember is, that there are usually not many situations in a cultural environment, where there is only one way of behaving. When stereotypes are followed there is usually not a great risk of culture clash.

8 RELIABILITY AND VALIDITY

Reliability and validity of a research need to be considered while doing a research. Reliability means, that if the same person was researched twice in both occasions the results would be the same (Hirsjärvi&Hurme, 2009,186). Validity on the other hand concerns the issues of, how well the findings of the research match reality and is the researcher measuring and observing what the researcher believes she or he is observing and measuring. Reliability and validity are terms, which are developed for quantitative research and do not necessarily meet the requirements for qualitative research (Merriam, 2009, 211-213).

The reliability of the interview material is depending on its quality. If the quality of the recordings or how the manuscripts are written differ between the interviews, it can be said, that the material of the Interview is not reliable (Hirsjärvi&Hurme, 2009, 185). The researcher had good quality of the recordings; they were clear and easy to hear from. The researcher used same method in writing the manuscript from the recordings. The researcher wrote word for word, what was said by the informants and only in cases where there was obvious issues with grammar the researcher changed the sentence in order to have understandable answers, but maintaining the original message, what the informant was aiming to say. At the interview situation the researcher followed the pre-planned questions, which were conducted in a way, that the questions would not be leading.

The results of the researcher's interviews have resemblance of Thompenaars' and Hampden-Turner's research and theory of the seven dimensions, and how the culture of Mexico is portrayed in that, which gives the support of reliability for the results of the researcher's interview. But it is not automatically a weakness of a quantitative research even though, there would be differences in the results when repeated, since it can be also interpreted how situations has changed. How people behave, think and where they are placed can affect variations of the results. If the assumption is accepted, that it is normal for people change during time, testing reliability has its weaknesses in quantitative research method (Hirsjärvi&Hurme, 2009, 186).

9 CONCLUSION

The aim of the thesis was to answer the question how are the relations between Finland and Mexico from the perspective of doing business? In order to answer this the researcher aimed to demonstrate how is the business environment in Mexico, how are the relations between Finland and Mexico from the economic perspective, and finally, how is the business culture in Mexico.

What the researcher discovered was that Mexico is a developing country. From the PESTLE analysis the researcher was able to conclude what makes Mexico, a country worth to invest by the Finnish companies is steady economy, healthy GDP, good Free Trade network -including with the European Union and Finland- to mention a few aspects. The future of NAFTA is under speculations of what will happen under the Donald Trump's government.

The researcher did find matters of concerns. Perhaps, the most significant problem in Mexico is the corruption. It influences Mexico in many levels, which means that the business environment is more challenging for Finnish companies. Corruption has been the fuel for the cartels to operate in Mexico, which not only affect negatively companies but also human lives.

The researcher discovered that there are only 49 Finnish subsidiaries operating in Mexico, even though Mexico is the second most important trade partner in Latin America for Finland. The researcher believes that if the reforms come to reality, which the government is aiming to execute, it can also have a positive influence on Finnish companies and their prospects in Mexico. Exporting from Finland to Mexico has been growing in the past four years now. The reform of the telecommunication systems in Mexico can open up more possibilities for Finnish companies due to the strong knowhow in this sector those Finnish companies' possess. Also, the energy reform can introduce possibilities for Cleantech companies making a positive impact on that sector in Finland.

The more Finnish companies are interested operating and increasing their business activity in Mexico, the more there is need to understand, how the Mexican business culture is. The researcher wanted to have more focus on the behavioral

models, which are not that easy to detect. The researcher felt, that there already was sufficient enough amount information and researches focusing on giving advices, for example, how to greet a Mexican and what to give as a business gift for Mexicans. When it comes to researching a culture, there are many factors and it requires limiting the research to certain aspects, so that the reader can have sufficient enough of an idea how the business culture works in Mexico and have some kind of a starting point on what to pay attention when dealing with Mexicans. It would be impossible to give a complete guideline of the Mexican business culture.

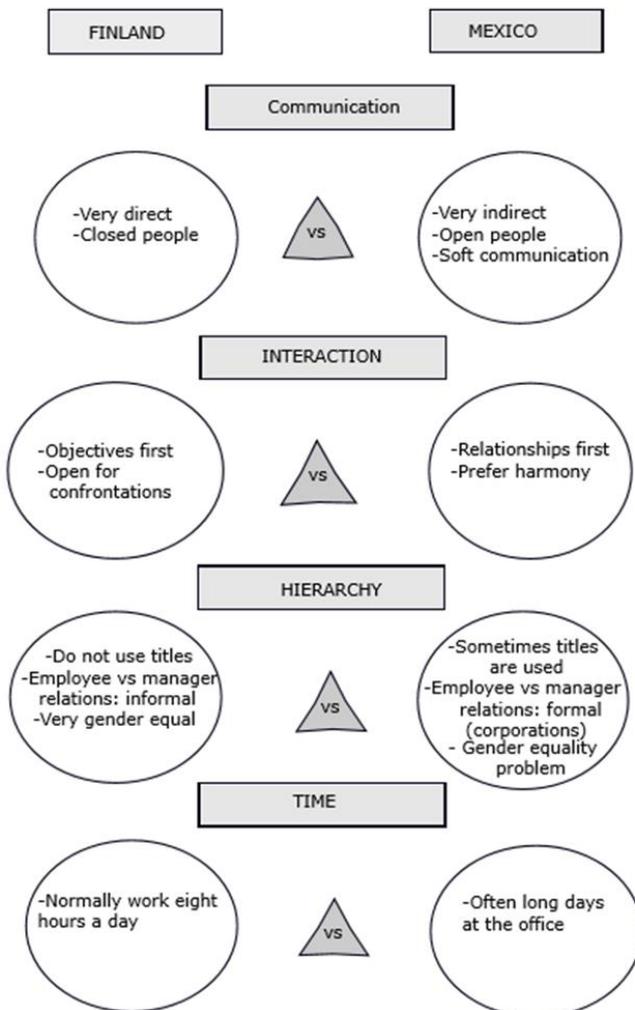


Figure 17 Applying concepts of Riding the Waves of Culture (Trompenaars and Hampden-Turner, 1999).

In this paper the researcher compared Finland and Mexico by using theories of Hofstede's dimensions and the seven dimensions of culture, and also conducted a semi-structural interview by interviewing six Mexicans about how they perceive their own culture. As a conclusion the researcher made based on the theories and the semi-structural interview, the researcher can say that the business culture of Finland and Mexico have many differences in how these cultures prefers to do

business. Some of the main aspects are demonstrated in the figure. The researcher feels that especially when it comes to the way Mexicans and Finns communicate and interact with people have most significant differences between these two cultures. The researcher believes that Mexico possesses more hierarchy than Finland does due to the use of titles and the formality of relationships between managers and employees in corporations. This requires adapting to a new way of doing business if a Finnish company wishes to enter and operate in the Mexican market. The differences in culture demands Finnish companies to pay attention to these aspects and accept the different way of doing business if they desire to be successful.

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APPENDICES

APPENDIX 1. Interview questions

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1. At work, do you think Mexicans are very direct or indirect with their communication? If it is normal to get straight to the point or is it more normal to so called “read between the lines” and gradually get to the point?
2. In your opinion, what is the best way to give feedback to a Mexican? Especially, if the feedback is negative? How do you like to receive feedback?
3. How do Mexicans like to deal with conflicts at their job?
4. In the Mexican work environment, does it effect on the results of work projects/goals, if the personal relationships amongst the co-workers are either good or bad? How does it affect/why it doesn't affect?
5. Can you describe how the Mexican work meetings are? How often are modern communication systems used?
6. How are women perceived at work life in Mexico in your opinion? Do they have the same opportunities, are they respected, how does it show in everyday work life?
7. In a Mexican work culture how important is the use of titles?
8. Are the relations between managers and employees very formal or informal in Mexico? For example, can you question/doubt your manager's decisions at hers/his presence? Or can an employee have similar conversations with their managers as they can have with their co-workers?
9. In Finland we usually work 8 hours a day, starting from eight o'clock. From a time perspective, how are the Mexican work days?
10. Do you think there is a difference of the work culture inside of Mexico? For example, do people have different way of doing things when it comes to working in Veracruz compared to Mexico City?

2(2)

11. Do you have any recommendations for Finnish employees, what to take into consideration while working with Mexicans

1(1)

