

Human Resource Issues : US-Mexico Joint Ventures

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PRAMILA RAO

PH.D. CANDIDATE (HUMAN RESOURCES MANAGEMENT)
THE GEORGE WASHINGTON UNIVERSITY
DEPARTMENT OF MANAGEMENT SCIENCE
2115 G STREET - MONROE HALL 403
WASHINGTON DC, 20052
(202) 994-7375 VOICE (202) 994-4930 FAX
pramilarao@aol.com

HILDY TEEGEN, PH.D

THE GEORGE WASHINGTON UNIVERSITY
DEPARTMENT OF INTERNATIONAL BUSINESS
2115 G STREET - LISNER HALL
WASHINGTON DC, 20052
teegen@gwis2.circ.edu

NOTE: Please address all correspondence to the first author, Pramila Rao

Abstract

Regional trade alliances, such as the NAFTA, have motivated an increasing number of US multinationals to set up joint ventures in Mexico. While such ventures require both sides to understand and use different management practices, practitioners are paying increasing attention to the human resources aspect of such ventures.

There is a striking absence of information on human resources management issues relating to US-Mexico joint ventures. This exploratory study offers a preliminary analysis on human resource management issues of such organizations. A review of the literature and an ethnographic approach, using open-ended interviews with directors of such ventures was used to draw the propositions. Each proposition has sub propositions, distinguishing between the human resources practices of US-Mexico joint ventures and the Mexican-owned firms, which are driven by cultural differences of the same.

Though the findings of the ethnographic study reveal some parallels with the literature review, they seem to suggest that human resource practices may be industry-specific. Conclusions and directions for future research are included.

Human Resource Issues : US-Mexico Joint Ventures

The past decade has witnessed the formation of several important trade alliances in Latin America. Trade alliances such as NAFTA (North America Free Trade: United States, Mexico and Canada), MERCOSUR (Mercado de Sur: Brazil, Argentina, Uruguay and Paraguay) and CACM (Central American Common Market: Guatemala, Honduras, Nicaragua, El Salvador and Costa Rica) are a few that have emerged in the recent past. Such regional integration efforts has made trade easier for organizations and also suggests that multinationals will have an increasingly important role to play in the 21st century. (Flynn, 1994; Flynn, 1994a; De Forrest, 1994; Martinez, Quelch & Gantinsky, 1992).

As NAFTA has made trade easier for US and Canadian companies, more multinationals seek Mexican joint ventures (Orive, 2000; Knotts & Tomlin, 1994; St. Goar, 1994; Lawrence & Yeh, 1994). The trade integration of these three countries has helped organizations in these countries (US, Canada and Mexico) have joint ventures partnership as a means of acquiring competitive advantage.

However, as US multinationals look for such ventures, multinationals need to understand cultural differences and also learn different management practices. As these multinationals exploit and make strategic choices in production, marketing, transfer of technology, these companies must pay attention to human resource management as well. Researchers state that most multinationals do not pay enough attention to the human

resources issues of the corporation. (Lemak, Arunthanes & Moore, 1994; Doz and Prahalad, 1986; Schuler, Fulkerson & Dowling, 1991).

Strategic management of human resources is equally important for multinationals to maximize performance. Issues such as recruiting, selection, training, compensation, and performance management require careful planning and organizing. Such issues contribute to employee motivation, satisfaction, performance, and empowerment which are critical to an organization's effectiveness. (Yeung & Berman, 1997; Yeung & Ready, 1995). Consequently, human resource management has a key role in the success of the multinational as an institution (St. Goar, 1994; Flynn, 1994; Lemak, Arunthanes & Moore, 1994; Doz and Prahalad, 1986; Werther, Wachtel, & Veale, 1995; Evans, 1986).

Indeed, that international joint ventures pose problems for human resource management (HRM) has been well documented in the human resources and international management literature (Shenkar & Zeira, 1987; Lorange, 1986; Luthans, Marsnik & Luthans, 1997; Edstrom & Lorange, 1984; Makino & Beamish, 1998; Lin & Germain, 1998; Gantinsky & Watske, 1990; Zeira & Shenkar, 1990; Geringer & Frayne, 1990; Bleeke & Ernst, 1991; Yuen & Kee, 1993; Beamish, 1988). Researchers contend that management approaches are culture-specific and transferring such approaches to other cultures could produce disappointing results (Lorange, 1986; Luthans et al, 1997; Pucik & Katz, 1986; Gomez-Mejia & Palich, 1997).

Joint ventures pose a special problem to human resources issues as usually the dominant partner tries to impose and influence its personnel policies on the other partner. Makino & Beamish (1998) state that US firms commonly tend to secure a dominant position in such venture alliances. Also, the partners perceptions of human skills and talents may differ- a situation which could potentially develop into critical issues. A lack of understanding of the other partner's culture and policies, could also lead to misunderstandings and problems. This is especially critical when national cultures are significantly different, and each partner has heterogeneous personnel policies (Gomez-Mejia & Patich, 1997; Zeira & Shenkar, 1990; Teagarden Von Glinow, 1990; Laurent, 1986).

Cross-cultural research indicates that managerial assumptions are strongly shaped by national cultures. These assumptions shape value systems which give rise to different managerial practices. Subsequently, human resource management practices are most sensitive to any cultural change and could also become the most challenging tasks for joint ventures. Researchers state that common personnel problems that joint-ventures have are in areas of staffing, loyalty, promotion, decision-making, performance management, and compensation (Laurent, 1986; Lorange, 1986; Hannon, Huang & Jaw, 1995).

Shenkar & Zeira (1987) define an international joint venture as “a separate legal organizational entity representing the partial holdings of two or more parent firms, in which the headquarters of at least one is located outside the country of operation of the

joint venture. The entity is subject to the joint control of its parent firms , each of which is economically and legally independent of the other”.

While many studies have focused on the human resource issues of the maquiladora industries, (Lawrence & Yeh, 1994; Peak, 1993; Teagarden & Von Glinow, 1990; Teagarden, Von Glinow & Butler, 1992) there is a striking absence of information on human resource issues in US-Mexico joint ventures. The only studies that have examined human resources issues in joint ventures have been the study of Martinez & Ricks, (1989) and Stephens & Greer, (1995).

While the former empirical study examined the *influence of US parent* companies on the human resource decisions of their Mexican affiliates in specific areas such as selection, compensation and training and development, the latter was a qualitative study highlighting *problems areas* such as selection, managerial style and attitudes in joint ventures.

However, there is quite a vast literature on human resource issues of US wholly-owned subsidiaries in Mexico. There have been qualitative, anecdotal and quantitative studies in areas such as managerial style, staffing, and team-work done by several researchers (Gutierrez, 1994; Greer & Stephens, 1996; Sergeant & Matthews, 1998; Flynn, 1994). However, the differences in the methodologies adopted by these researchers makes the conclusions difficult to synthesize.

While Martinez & Ricks, (1989) & Stephens & Greer, (1995) examined issues in joint ventures per se, this paper looks to examine human resources issues in US- Mexico joint ventures in comparison with Mexican owned firms. Specifically, the focus of this research is to explore areas such as selection, performance, compensation, and training practices in such ventures and Mexican owned firms.

Concurrent with this research, an exploratory ethnographic study, using open-ended interviews, was conducted on four US-Mexican joint ventures focusing on human resources issues. The US-Mexican joint ventures came from a cross-section of industries including textiles, law, services, and telecommunications. This paper uses data from the ethnographic study to provide a preliminary evaluation of the propositions.

The paper is organized in the following format. First, Mexican cultural values have been drawn with reference to Hofstede's and Trompenaar's cultural typologies. Second, the impact of these cultural values on human resources practices have been discussed. Third, propositions have been drawn from the same. Conclusions and future research directions have been included.

Cultural Typologies of Hofstede and Trompenaars

Hofstede, (1994; 1984), the prominent Dutch cross-cultural researcher, identified four culture dimensions which have been valuable in researching work-related values.

Hofstede's studies reveal that Mexicans scored high in Power-Distance, Uncertainty-Avoidance, Collectivism and Masculinity. Power-Distance is the extent to which cultures accept power in institutions and organizations. Hence employees from high Power-Distance cultural backgrounds prefer to maintain a professional distance from their bosses. This could lead to less employee participation in any decision-making or goal-setting process (Hofstede, 1994; 1984).

Uncertainty-Avoidance indicates the extent to which a culture feels threatened by uncertain or ambiguous situations. Employees from such high Uncertainty-Avoidance cultures tend to get anxious about unknown situations and this could have implications in the selection process. Such employees would prefer to hire known people over unknown (Hofstede, 1994; 1984).

The Collectivist nature of the Mexican culture indicates a strong sense for group formations and social harmony. This suggests a preference for team-based work and group harmony to individual competition (Hofstede, 1994; 1984).

Employees from high Masculinity dimensions, such as Mexico, have a preference for display of power which is associated with prestige, status, and wealth. This could have consequences in compensation area in terms of benefits provided to employees (Hofstede, 1994; 1984).

Hofstede identified the United States as an Individualistic nation, high in Masculinity, but low in Power-distance and Uncertainty-Avoidance. Employees from such cultural dimensions strive for *individual* recognition and praise. They do *not* display any great anxiety over unknown situations. They prefer to *work closely* with their superiors and also seek status, money, and power

However, as much has changed since Hofstede's studies in the 1970s, researchers are paying equal attention to another Dutch researcher, Fons Trompenaars. He did a comprehensive study of 15,000 managers from 28 countries in 1993 to assess national cultures.

Trompenaars' studies (1994) reveal that Mexican culture is particularistic, individualistic, and high on the achievement dimension. People from such cultural dimensions have a tendency to prefer high status, are self-oriented, and also do not tend to follow any universal pattern of rules. On the other hand, United States was identified as having individualistic, achievement and universalistic dimensions.

Hence, people from such cultures tend to follow rules implicitly, very self-oriented and have a desire for status and power. Greer & Stephens (1996) found Trompenaar's cultural dimension of particularistic attribute to hold good in the study they conducted. From their study, it appears that Mexicans did not have any universal rules specially in areas such as selection, promotion and for other organizational activities.

It is interesting to note that the Trompenaars study revealed Mexico as an individualistic nation compared to the collectivist dimension that Hofstede found in his earlier study. Since Hofstede's study in 1980's, Mexico has opened its economy and has become more exposed to different management styles, perhaps modifying their earlier collectivist attitude (Gutierrez, 1994; Luthans, Marsnik, & Luthans, 1997).

Kras (1995a), along similar lines, states that with constant exposure to the human resources practices of US multinationals, Mexicans are slowly beginning to move away from their traditional management style. They are becoming more receptive to practices such as team work, participative management, management-by-objectives, quality circles, and formal interviews, which they had not adopted before. Employees are beginning to see the benefit of such practices in terms of employee satisfaction and work morale.

Mexicans view employment in these joint ventures as a substantial economic and career opportunity . As the presence of US joint ventures are on the increase, there is an increased tendency among Mexicans to accept US practices (Stephens & Greer, 1996). Employees working for such ventures have adapted easily to teamwork, quality circles, less hierarchy in management, pay-for performance and a careful selection process (Luthans et al, 1997; Ganitsky & Watzke, 1990).

The following sections will look at Hofstede's four dimensions and how they specifically affect some human resource practices, both in US Mexico joint ventures and in Mexican-owned firms.

Power-Distance

Hofstede's survey indicated that Mexico's score on Power-Distance was the second highest among the 40 countries surveyed. Power-Distance is the extent to which cultures accept power in institutions and organizations. Subsequently, the boss' role in such a culture is clearly defined and well-differentiated. Employees and employers maintain a clear professional distance, and employees hesitate to provide input to their bosses. The boss' role is clearly to direct and give orders (Lawrence & Yeh, 1994; Stephens & Greer, 1995; Teagarden & Glinow, 1990; Kras, 1995a; De Forest, 1994; Hecht & Morici, 1993).

The literature is replete with evidence that Mexican employees may dislike such participative behavior with their bosses (Hofstede, 1994; Kras, 1995b; Ishida, 1996; Lawrence, & Yeh, 1994; Stephens & Greer, 1995) as Mexicans are high in Power-Distance and Uncertainty-Avoidance. Such participatory behavior would disturb the employees' perception of the traditional role of a manager. Consequently, employees would consider such situations threatening or anxiety producing.

Teagarden et al (1990) cite an example of a maquiladora industry where employees were disturbed when the production manager asked *them*, (employees) to stop a production line (instead of the manager doing it himself). This is because the employees

assume this to be a manager's privilege and right, and not *theirs*. Lawrence & Yeh (1994) argue that any step towards participative management will result in lower regard for the superior. Kras (1995a) contends that, since participative management requires employees to be responsible for their decisions, such a practice would be considered threatening for Mexican employees.

Conversely, Mexican managers do not tend to take their employees' suggestions seriously and also like to have the final say in all matters. Nolan (1994) states that maintaining such a degree of control with the subordinates is tied down to the "machismo" concept of Mexico, which implies an exaggerated "sense of maleness"(p 240).

It has been observed that US companies generally use participative management techniques rather early in such ventures (Kras, 1995a; Kras, 1995b). Participative management techniques involve urging employees to actively join in decision-making at the work place with superiors (Ishida, 1996). The American managerial style has been characterized as democratic and egalitarian. It is common for subordinates and superiors to discuss projects together, and even for subordinates to disagree with their superiors (Stephens & Greer, 1996).

Sargent & Matthews (1997) in their study on US-Mexico joint ventures, stated that top directors of the organization, (all of whom were Mexican employees) were

actively involved in a participative process with their lower-skilled employees, taking their input and advice on job-related issues. Hence, the first proposition is:

P1: Participative management techniques will be associated with Mexican employee dissatisfaction.

P1a: This proposition will be relatively stronger for a Mexican-owned firm than for a US-Mexico joint venture in Mexico.

Participative management was practiced in two of the four organizations interviewed. These employees seem to enjoy the interactive process with their bosses and it helped them in terms of their satisfaction and morale. In the interviewee's words (All quotes appear with a reference to the specific informant as A, B or C. Appendix 1 provides details about these informants):

“Superiors and subordinates sit around the same table and offer ideas. This is a new adventure for the Mexican employees and they like it. For years and years, these Mexican employees spoke only when asked. Now that they are being asked to contribute to discussions it has tremendously helped their morale in terms of dedication and satisfaction”. (B)

Uncertainty-Avoidance

Hofstede, (1994; 1984) identified Mexicans high on the cultural dimension of Uncertainty-Avoidance. Uncertainty-Avoidance indicates the extent to which a culture feels threatened by uncertain or ambiguous situations. Generally, Mexicans do not like situations which are unambiguous or uncertain. Such cultural assumptions have

consequences in the staffing area of the human resource management function. (Geringer & Frayne, 1990; Stephens & Greer, 1995; Teagarden, Butler, & Von Glinow, 1992).

Mexicans have a strong need to hire and recruit people they know. Management practices in Mexico always favor hiring family members or friends who seem more trustworthy than unfamiliar applicants. Researchers state that employers in Mexico use social referrals predominantly in their hiring process. Nolan (1994) refers to it as “the old boy network” (p 240) which Mexican employees are used to.

Subsequently, these social referrals do not always perform to company standards leading to employee dissatisfaction and finally employee exit (Flynn ,1994; Muller & Rowell, 1997; Morrison, Conaway, & Borden, 1994). Without upsetting such employee referrers, some companies, like Nabisco, have faced this human resource challenge by hiring only Mexican graduates from US-based colleges (Flynn, 1994).

Literature also suggests that maquiladora owners constantly use word-of mouth techniques for hiring lower level employees; however, the emphasis here is that such a cultural attribute widely exists in Mexico at all levels (Peak, 1993; Teagarden, Butler, & Von Glinow, 1992).

Trompenaar’s research also indicates that the Mexican particularistic nature leads to a less compartmentalization of work and personal life activities. As a result of this cultural attribute, employees mix personal and work activities easily in areas such as

hiring and recruiting (Greer & Stephens, 1996, Kras, 1995b). Flynn (1994) cautions that job titles tend to get inflated in Mexico, and hence careful attention must be given to job duties of applicants

However, US-Mexican joint ventures usually have multiple interviews for candidates applying for managerial level jobs and also spend more time in selecting the right candidate for the job. This is because recruitment and selection represent strategic control mechanisms for joint ventures (Geringer & Frayne, 1990; Martinez. & Ricks, 1989).

The parent company's objectives are likely to be achieved only if the joint venture is staffed with qualified personnel. Researchers recommend developing a strategic recruitment practice to generate a qualified labor source, which can ensure effective employee selection. Only employees who evidence sufficient technical, interpersonal and organizational skills should be selected (Geringer & Frayne, 1990). Consequently, the second proposition is:

P2: Clear criteria for recruitment and selection will be associated with Mexican employee satisfaction.

P2a: This proposition will be relatively stronger for a US-Mexico joint venture than for a Mexican-owned firm.

In the qualitative interview, interviewees uniformly agreed that technical and bilingual skills were very important criteria in the selection process. Two of the organizations (the textiles and entertainment industries) cited social referrals being used in the selection process. According to one informant:

“Social referrals are used sometimes. However, the credentials are looked at only as a courtesy. The credentials are not looked at close enough. I specifically know, a couple of social referrals, known to the upper hierarchy, who did not perform up to the company standards. These employees had to be removed, taking care, that no disruptions were caused in the social hierarchy. Social referrals are both good and bad. On the positive side, employees are sometimes the best recruiters.” (B)

Individualism Versus Collectivism

The collectivist nature of the Mexican culture indicates a strong sense for group formations and social harmony (Hofstede, 1994; 1984). Their affinity for groups is especially very evident in strong family relationships that Mexicans tend to display.

Literature suggests that this attribute translates to a clan orientation at the work place and consequently Mexicans have been found to do very well in projects that require team work. Peak (1993) illustrates the tremendous affinity for team work in Mexico where a team project consisting of seven Mexicans and three Americans made significant input in reducing manufacturing steps from 349 to 96 and production time from 32 to 2 hours (p 21).

Team work is when a group of employees, including superiors, work together towards common goals and interests of the organization. (Fisher, Schoenfeldt & Shaw, 1999). Examples of such teams would be work teams, cross-training teams and total quality management work teams (Stephens & Greer, 1995; Kras, 1995a; Kras, 1995b ; Greer & Stephens, 1996; De Forest, 1994).

Specific studies by researchers (Stephens & Greer, 1996; De Forrest, 1994) state that US Mexico joint ventures have implemented concepts such as teamwork very successfully. In another study, Canadian, US, and Mexican researchers (Millan, Kras, Jacques & Fish, 1995) state confidently that multinationals can introduce teamwork even very early in the venture's operations, as such a concept is received well by Mexicans. This was observed not only in US-Mexico joint ventures but also the Canadian-Mexico ventures.

However, (Kras, 1995a; Kras, 1995b) states that the concept of team work is non-existent in a *traditional* Mexican owned company primarily due to the fact that superiors seldom believe their subordinates would have anything beneficial to contribute. The strict hierarchical nature of *traditional* organizations does not allow any place for teamwork. Hence, the third proposition is:

P3: The existence of team work projects will be associated with Mexican employee satisfaction.

P3a: This proposition will be relatively stronger for a US-Mexico joint venture than for a Mexican-owned firm in Mexico.

In the interviews, three of the four informants stated that team work is used very frequently in their organizational settings, leading to proposition P3a. Employees working in these firms do understand that working in an organization requires an interdisciplinary approach.

Hofstede's cultural dimension of collectivism, which calls for a strong sense of group harmony and rewards, also suggests that Mexicans do not like to be singled out for recognition for their job performance. Performance appraisal, a critical aspect of the human resource process, can be quite complicated in Mexico due to the cultural dimensions of Collectivism, Uncertainty-Avoidance and Power-Distance.

Pay-based performance, where pay is contingent on an employee's performance, singles individuals out for recognition (Fisher, Schoenflet & Shaw, 1999). Such systems will be stressful for the Mexican due to the fear of being ostracized by their social group (Kras, 1995a; Peak, 1993). Mexicans prefer a congenial work atmosphere to a competitive one (Kirkman & Shapiro, 1997; Flynn, 1994; Teagarden et al, 1992; Hofstede, 1994). Also, their high scores on the Uncertainty-Avoidance dimension, suggest that Mexicans prefer guaranteed pay to pay-based on performance (Hofstede, 1994).

The management-by-objectives (MBO) method of appraisal is based on joint-goal setting between a superior and subordinate, and subsequent joint appraisals of the goals after a specified period of time. This method presumes negotiation between subordinates and superiors, which can be quite disturbing for high Power-Distance cultures with a focus on hierarchy. The fact that the Mexican employees have to discuss such matters with their bosses, from whom they have traditionally maintained a distance, can be quite disturbing to them (Kras, 1995a; 1995b; Hofstede, 1984).

Researchers also suggest that goal setting behavior is based on certain cultural dimensions of ‘being vs. doing’ orientation. The Mexican culture has been described as having a “being orientation”, and employees from such cultures neither like goal setting practices nor feedback (Kras, 1995a; Flynn, 1994a; Kirkman & Shapiro, 1997).

Kras (1995a), also reports that traditional Mexicans feel an environment of competition very stressful, impeding their performance and satisfaction. In an interview conducted with Mexican executives, they indicated that such competitive environments had made them leave the company, even if their salaries had been very good.

Employees in the US are motivated by pay-for-performance and the management-by-objectives method of evaluation, which is consistent with the American ideology of achievement and individualism (De Forrester, 1994). Luthans et al, 1997, state, however, with exposure to US multinationals, Mexicans are responding more positively

to both pay-for-performance and objective method of evaluation than in the past. Hence, the fourth and fifth proposition are:

P4: A Pay-for- performance compensation method will be associated with Mexican employee dissatisfaction.

P4a: This proposition will be relatively stronger for a Mexican-owned Mexican firm than for a US-Mexico joint venture.

P5: Management by objectives method of appraisals will be associated with Mexican employee dissatisfaction.

P5a: This proposition will be relatively stronger for a Mexican-owned Mexican firm than for a US-Mexico joint venture in Mexico.

The three firms interviewed had rigorous evaluation procedures. The firms had objectives that employees had to meet, and the feedback provided was usually direct. However, such objectives and goal setting practices are inconsistent with the literature relating to performance appraisal management and Mexicans. This could also suggest that Mexicans are slowly moving from their traditional human resources practices.

Researchers indicate Mexicans strong collectivist dimension and hence clan orientation is also displayed in their strong sense of loyalty to their boss, who becomes a “patron” or “father figure”. The same relationship and loyalty Mexicans have for their families are transferred to the boss, who is unquestioned at the work place. The employees owe complete allegiance to their boss. In many companies, subordinates

follow a boss' exit within a few months (Lawrence & Yeh, 1994; Teagarden et al, 1990; Teagarden & Von Glinow, 1992; Kras, 1995a; Adler, 2000).

Hence, working under a matrix type reporting relationship might be very difficult for Mexican employees. Matrix reporting is when an individual has to report to more than one individual at the same time. The fact that their loyalty has to be divided in such a situation can be quite stressful for the Mexican worker (Doz and Prahalad, 1986; Flynn, 1994; Greer & Stephens, 1996).

Kras (1995a; 1995b) states that in traditional Mexican companies, superiors prefer subordinates to have characteristics such as loyalty, devotion and cooperation over technical qualifications. Such qualities of subordinates are well rewarded in the evaluation and promotion process. Similarly, the subordinates rely completely on their superiors for advancement in their career.

Matrix relationships, was adopted early in the 1970s by a significant number of US companies. Hence US employees generally understand such a reporting structure. (Doz & Prahalad, 1986). Moreover, in US companies, employees do not view their bosses' as a "father figure" nor do they display any attachment or loyalty to their bosses as Mexicans do. Having formed an "attachment to the boss" is one of the fundamental problems that Mexicans have with the matrix. (Sargent & Matthews, 1997) . Thus proposition six and seven state:

P6: Matrix reporting relationship systems will be associated with Mexican employee dissatisfaction.

P6a: This proposition will be relatively stronger for a Mexican-owned firm than for a US-Mexico joint venture in Mexico.

P7: Frequent changing of bosses will be associated with Mexican employee turnover.

P7a: This proposition will be relatively stronger for a Mexican-owned firm than for a US-Mexico joint venture in Mexico.

In the qualitative study, a matrix reporting system was utilized by only one of the four joint ventures. The director of the company added that employees accepted this practice easily without any problems. One of the interviewees added that from his experience in Latin America, he thought that the a matrix organization would be a difficult concept to introduce in Mexico.

Though Mexicans feel a strong sense of loyalty towards their bosses, corporate loyalty is not a part of the Mexican culture. Subsequently employee turnover is usually high in Mexican companies (Flynn, 1994; Kras, 1995a; Lawrence & Yeh, 1994). To overcome this lack of loyalty that Mexican employees display towards an organization, researchers have suggested that multinationals frequently conduct company-oriented training sessions.

Such sessions would help develop and inculcate a sense of commitment, understanding and loyalty to the company (Flynn, 1994a; Geringer & Frayne, 1990; Guitierrez, 1994; Eynde & Tucker, 1997). Jaeger (1983) notes that Unilever, the Anglo-Dutch multinational instills a strong sense of loyalty in its world-wide employees through constant use of such orientation programs.

These sessions should provide frequent information of the company's mission, goals, and strategies. This would also provide employees opportunities for socialization, which will be received well by the Mexican employees (Flynn, 1994a; Geringer & Frayne, 1990; Guitierrez, 1994). Martinez & Ricks, (1989) in an empirical study on US-Mexican joint ventures, found that US companies usually placed low emphasis on such training programs, and it was also an area where companies invested little.

Kras (1995a; 1995b) states that traditional Mexican-owned Mexican companies also spend very little money on training programs, either for middle management or employees. Though US and Mexican firms consider training as a costly investment, many US-Mexican joint ventures have invested and found such training programs to have substantial benefits. Specifically, Ford's high quality joint venture Hermosillo plant in Mexico identifies their training and development programs as one of the primary reasons for increased commitment, satisfaction and reduced employee turnover among its employees (Sargent & Matthews, 1997) Hence, the eighth proposition is:

P8: Periodic company-oriented training sessions will be associated with Mexican employee retention.

P8a: This proposition will be relatively stronger for a US-Mexico joint venture than for a Mexican-owned company in Mexico.

In interviews conducted, all the firms provided orientation training ranging from formal to informal sessions. Most of the companies did not provide periodic company-oriented training sessions to their employees, insisting that it was a very costly exercise. Only one company provided periodic training programs for both its employees and customers, focusing on the company's mission and goals. In the interviewee's words:

“An interesting annual training offered by the company is “IntroTech” which the company offers to its world wide customers and employees. This training program explains the companies missions, goals and strategies. The company pays for the hotel, food and entertainment expenses. This is offered about four times a year.”(B)

Masculinity Versus Femininity

With regard to employee perquisites, Mexicans are accustomed to a generous amount of perquisites in their compensation package (Kras,1995a ; Peak, 1993; Greer & Stephens, 1996). Employee perquisites are the “extras” that frequently go with an employees' compensation package (Fisher, Schoenfler & Shaw, 1999).

The need for perquisites can be tied down to Hofstede's cultural dimension of Masculinity, and to Trompenaars Achievement dimension wherein power is associated with prestige, status, and a semblance of authority. Also, people in masculine cultures (particularly men) are socialized to reach for rewards, and they grow up to learn that

money is very important (Pelled & Yin, 1997). Greer & Stephens, (1996) indicated in a qualitative study that Mexicans like to impress and indulge in what can be called “impression management”.

Researchers emphasize that Mexicans freely enjoy privileges like food coupons, child-care, weekly food baskets, health care and educational programs, cafeterias offering free food, and holiday bonuses in their compensation package (Flynn, 1994; Peak, 1993; Greer & Stephens, 1996; Teagarden et al, 1992; Luthans et al, 1997; Teagarden et al, 1990). In fact, areas of Mexico have been called “Perk Paradise” (Sunoo, 2000).

On the other hand, executives and managers value special employee perquisites such as having more than one secretary, an impressive title, a company car, family maid, and club membership, as special privileges that add to their power and prestige . Special employee perquisites are usually provided to managerial employees (Flynn, 1994; Stephens & Greer, 1995). Such a craving for power may be due to the fact that in reality Mexican middle managers have a very limited-decision making role. Hence Mexicans middle managers yearn for such a show of authority.

Clearly Americans also desire employee perquisites and the advantages they offer. However the need for such perquisites is more for the benefits rather than the status that Mexicans associate with these symbols. Initially after NAFTA, US-Mexican joint ventures used to provide a lot of employee perquisites. But slowly, companies have been

providing fewer perquisites due to economic and tax restrictions (cars are no longer regarded as tax-deductible) (Flynn, 1994). Consequently, proposition nine is:

P9: Special employee perquisites to managers will be associated with Mexican employee satisfaction.

P9a: This proposition will be relatively stronger for a Mexican-owned firm than for a US-Mexico joint venture.

In the qualitative study, three of the firms interviewed did not provide employee perquisites, contrary to the literature.

Conclusion and Future Research

Strategic human resource management literature is replete with how organizational effectiveness can be increased through sound human resource practices. Starting with selection and all the way through retention practices, human resource policies can impact employee satisfaction and motivation and consequently the performance of the organization (Yeung & Berman, 1997; Ulrich, 1997; Becker, Huselid, Pickus, Spratt, 1997).

As trade continues to increase between US and Mexico, it would be a good strategic decision for companies to pay careful attention to some of the current human resources issues discussed in this paper. The interviews seem to suggest that there might be a potential evolution of the human resources practices in US-Mexico joint ventures

beyond what the Mexican national culture might indicate. Increased multinational presence in Mexico could be helping Mexican employees to adapt to US practices easily.

For future research, researchers may like to consider two issues when sampling. First, it would be a good strategy to get more samples from the same industries (textiles, law, etc) to determine whether the results drawn can be generalized or not. Expanding the sample would allow for inferential statistical testing of the propositions. Second, it would also be interesting to sample different industry types (electronics, airlines, auto, banks, etc) to find out if there are distinct human resource practices among various industries. Such findings could be very significant for both academicians and practitioners

Appendix 1: Background Characteristics of the Companies

Code	Industry	Location	Interview with
A	Textiles	Mexico	Director
B	Law	Mexico	Joint director
C	Services	Mexico	Consultant for the company
D	Telecommunication & Entertainment	Mexico	Consultant for the company

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