



A Brief Overview of Mexico and India and Implications for U.S. Expatriates

EHRD 607- International HRD

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Cultural Lens Activity

- We react to things we see and hear based on perceptions from our own culture
- Consider *why* you are experiencing certain feelings before expressing them
- You must know and understand your own culture before you can hope to know and understand another



Objectives

1. Provide a brief overview of Mexico and India.
2. Implications for U.S. expatriates in Mexico and India.

Four Stages Of Expatriate Stress

Based on Selye's (1976) model of General Adaptation Syndrome [GAS], four stages of expatriate stress has been identified:

1. Pre-alarm stage

- Unaware of assignment
- Pre departure training

2. Alarm stage

- Culture shock in the host country
- Cross cultural training after arrival

3. Resistance stage

- Expat uses all possible resources to adjust

4. Exhaustion stage

- Adjust- increased performance and productivity.
- Not able to adjust- Dropping the assignment and returning back to home country

Welcome to Mexico



Demographics

- **11th Largest population** in the world: 113 million (2010)
 - Urban population: 78% (2010)
 - Population 15-29 years: 28.1 million (2010)
 - By 2015 Mexico will reach a vertex of 29.5 million
- **Active Workforce: 49.6 million (2011)**
 - Employed: 46.8 million
 - Unemployed: 2.8 million
- **Informal Employment: 28.5% (2010)**
 - Approx. 30% of male informal activities focused on commerce and agriculture
 - Approx. 34% of female informal employment focused on commerce

More Facts

Religions:

- Catholicism 83.9%, Evangelists 7.6%, Others 2.5%, Non-Affiliation 4.6%

Ethnic groups:

- 75% Mestizo, 12% Amer-indio, 12% European-White

GDP:

- \$1,035,870 million (2010)
- Ranked #14 worldwide by the World Bank.
 - Canada has a GDP of \$1,577,040 million (ranked #10)
 - United States of America has a GDP of \$14,586,736 million (ranked #2)

Education Facts

- 94.7% of the total 6-14 age population is enrolled in school.
- Analphabetism is 11.2% of the total population or approximately 2.2 million citizens.
- 40.4% out of 22.2 million people in the age range of 15-24 is enrolled in school.
 - 40% of the total 15-24 age women population is in school
 - 12 million have a professional degree
 - 890,000 have a graduate degree

HRD in Mexico

- First HRD effort: 1950-1970 economic momentum due to industrialization.
- Vocational Training Institutes established in the 1950s.
- Institutes of Technology (IT) in North Mexico in the early 1950s.
- National Development Plans 1995-2012
- Secretariat of Employment and Secretariat of Education functions.

HRD in Mexico cont.

- The Secretariat of Employment dedicates part of their resources to the training and development in different areas:
 - Administrative Skills Training
 - Technical Skills Training
 - General Skills Training
 - Literacy
 - Life Skills

U.S. and Canada Influence in HRD

- U.S.-Mexico higher education and training agreements resulted in more than 28,002 activities, especially in non-degree training, through 64 university partnerships.
- The Canadian government promoted the Program for North American Mobility in Higher Education among the United States and Mexico.

Financial Institutions Influence in HRD

- The Inter-American Development Bank (IADB) approved a 5 year-\$55.4 million HRD project aimed to enhance the quality and efficiency of technical education.
- In 1994, the World Bank funded a large training program that aimed to enhance the skills of the unemployed population

U.S. Multinationals in Mexico

- General Motors since 1965

GM Mexico operations include over 11,500 direct and about 90,000 indirect employees

- Ford Motor Company since 1925

Ford Mexico include over 7,300 direct employees

- General Electric since 1929

GE Mexico operations include over 30,000 direct employees

- Wal-mart since 1991

Operations include over 209,000 employees

Mexico as a preferred destination for MNC's: Positives VS Challenges

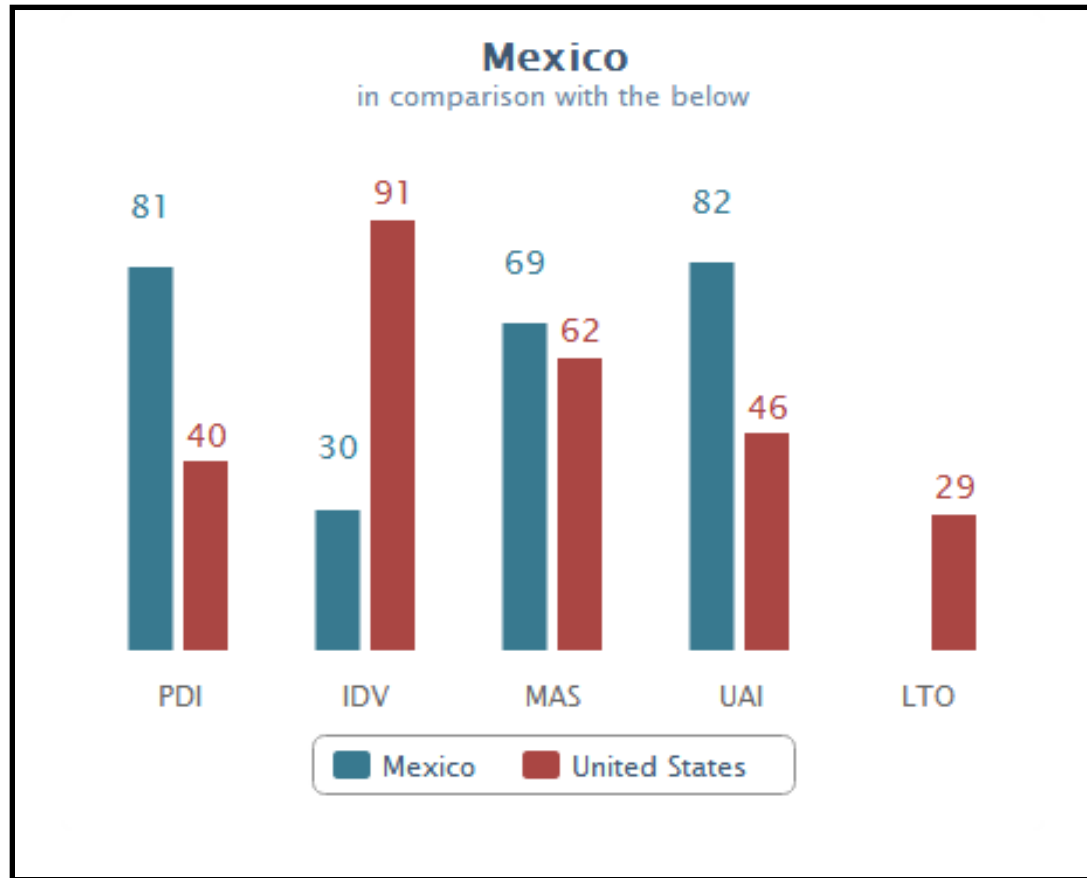
Positives

- Workforce Availability
- North American Trade Agreement (NAFTA)
- Geographic Location
- Democratic government
- Stable economy

Challenges

- Bureaucracy
- Political Party- Congress System
- Weak law enforcement institutions
- Violence in northern states (U.S.-Mexico border)
- Poor quality of education

Hofstede's Comparative Analysis: Mexico and U.S.A.



U.S. Expatriates Pre-Departure Training

Nature	Number	Responses Percentage of total
Holidays	9	28.1
Previous business experience(s) in Mexico	8	25.0
Member(s) of family are Mexican	4	12.5
Lived near US-Mexican border	4	12.5
Worked with Mexicans in the USA	4	12.5
Studied in Mexico	2	6.3
Studied Mexico (in USA)	1	3.1
Total	32	100.0

Note: Total is more than 23 due to multiple responses

Leandra Celaya, Jonathan S. Swift, (2006), "Pre-departure cultural training: US managers in Mexico", Cross Cultural Management: An International Journal, Vol. 13 Iss: 3 pp. 230 – 243

U.S. Expatriates Value of Training

Training type/method	Average value/score
Meetings with experienced international staff	4.3
Audio/visual presentations	4.0
Coaching	4.0
Field trips	3.5
Reading assignments	3.3
Drill-and-practice	3.3
Lectures	3.0
Cultural assimilator	2.5
Case studies	2.5
Job rotation	2.0
Role plays	2.0
Tutorials	2.0
Instructional games	1.5

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Factors that Influence Cultural Understanding

Single influencing factor	Number	Respondents
		Percentage of total
Experience working in other foreign countries	11	37.9
Proficiency in Spanish	6	20.6
Previous experience/encounters with Mexican people/culture	4	13.8
Member of family is Mexican	4	13.8
Hispanic influence in the area of the USA where I live	2	6.9
Corporate/company culture	1	3.5
On-site socialisation programme	1	3.5
Total	29	100.0

Leandra Celaya, Jonathan S. Swift, (2006), "Pre-departure cultural training: US managers in Mexico", Cross Cultural Management: An International Journal, Vol. 13 Iss: 3 pp. 230 – 243

Stressors in Expatriate Assignment

Job-related Stressors

- Spanish proficiency
- Visa renewal (FM2 and FM3)
- Exiting the country
- Pay scale difference
- Management communication problems
- Cultural values (e.g. loyalty)
- Gender issues

Personal Stressors

- Family Visa
- Housing
- Tax in Mexico
- Tax in U.S.A
- Health Care Coverage
- Safety
- Exiting the country

Mexico-U.S Management Differences

Aspect	Mexico	U.S.A
Work/Leisure	<ul style="list-style-type: none">• “Works to live”• Leisure is essential	<ul style="list-style-type: none">• “Lives to work”• Leisure seen as reward for hard work
Delegation	<ul style="list-style-type: none">• Autocratic	<ul style="list-style-type: none">• Delegate responsibility and authority
Issue-Solution Approach	<ul style="list-style-type: none">• Theoretical mind	<ul style="list-style-type: none">• Pragmatic and action oriented
Control	Sensitive to feedback and criticism.	Feedback and criticism accepted
Loyalty	Loyal to superior	Self-loyal

Mexico-U.S Management Differences

Aspect	Mexico	U.S.A
Competition	<ul style="list-style-type: none">• Promotes harmony	<ul style="list-style-type: none">• Promotes competition
Promotion/ Rewards	<ul style="list-style-type: none">• Promotion based on loyalty	<ul style="list-style-type: none">• Promotion based on performance
Training	<ul style="list-style-type: none">• Highly theoretical	<ul style="list-style-type: none">• Concrete and specific
Time	<ul style="list-style-type: none">• Deadlines and commitments are flexible	<ul style="list-style-type: none">• Deadlines and commitments are firm
Planning	<ul style="list-style-type: none">• Short term	<ul style="list-style-type: none">• Long term

Welcome to India



Demographics

- **Republic of India- *Bharat* or Hindustan**
 - 35 states and union territories
 - Seventh-largest country by geographical area.
- **Major Cities** -New Delhi ,Mumbai Kolkata ,Chennai, Bangalore.
- **Population** : 2nd Largest population in the world: 1.21 billion (2011 census).
 - Combined population of six countries (USA, Indonesia, Brazil, Pakistan, Bangladesh and Japan).
 - Rural population 68.84% ; urban population 31.16%

Languages : 22 official Languages

Religions:

- Hindu (81%), Muslims (12%), Christian (2%) ; Others (5%)

More facts

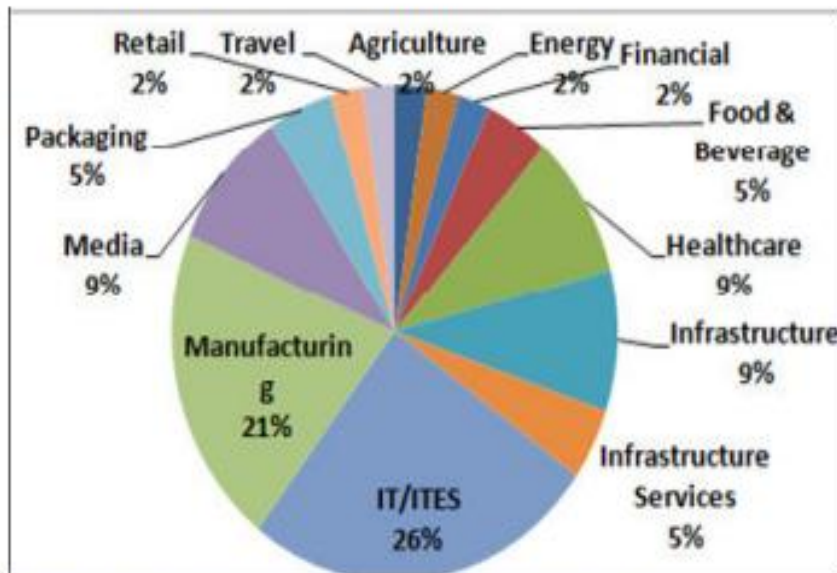
- **GDP (purchasing power parity):**
 - The Indian economy is the world's eleventh-largest by nominal GDP and third-largest by purchasing power parity (PPP)
- **Unemployment Rate-7.8%**
- **Labor force:**
 - 51 % of the India's total workforce is self-employed
 - 15.6 % are 'regular wage/salaried' employees
 - 33.5 % are casual labours
 - Over 70% of Indians will be of working age in 2025.
- **International Politics:**
 - Ongoing dispute with Pakistan over Kashmir region; nuclear weapons state; world's most prolific film industry - Bollywood

HRD in India

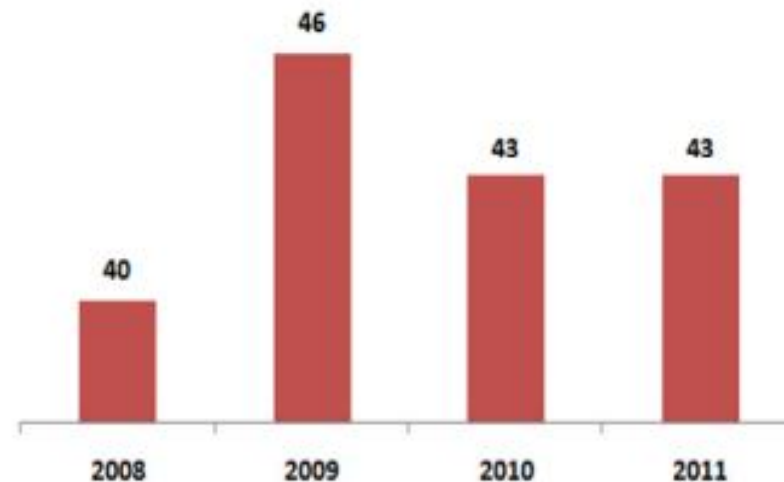
- **The Ministry of Human Resource Development (MHRD)**
- **The MHRD works through two departments**
 1. **Department of School Education & Literacy (SE & L)**
 - Elementary Education
 - Secondary Education
 - Adult Education
 - Vocational Education
 - Teacher Education
 2. **Department of Higher Education (HE)**
 - University and Higher Education
 - Technical Education
 - Distance Learning
 - Language Education

US MNC's in India

- American companies base in India soared up from zero in 1992 to more than 300 in 2012
- IBM., Microsoft, Bank of America, Coco Cola, Fed-Ex, GM , Pfizer, Johnson & Johnson , Nokia etc.



2011 India based Transactions by US Companies



India based Transactions by US Companies 2008-2011

India as a preferred destination for MNC's: Positives VS Challenges

Positives

- Growing Economy
- Stable Democracy
- Language – English is the preferred business language
- Robust Legal System- protects investors
- Huge market potential of the country
- Globally competitive education system.
- Competitive and cheap work force

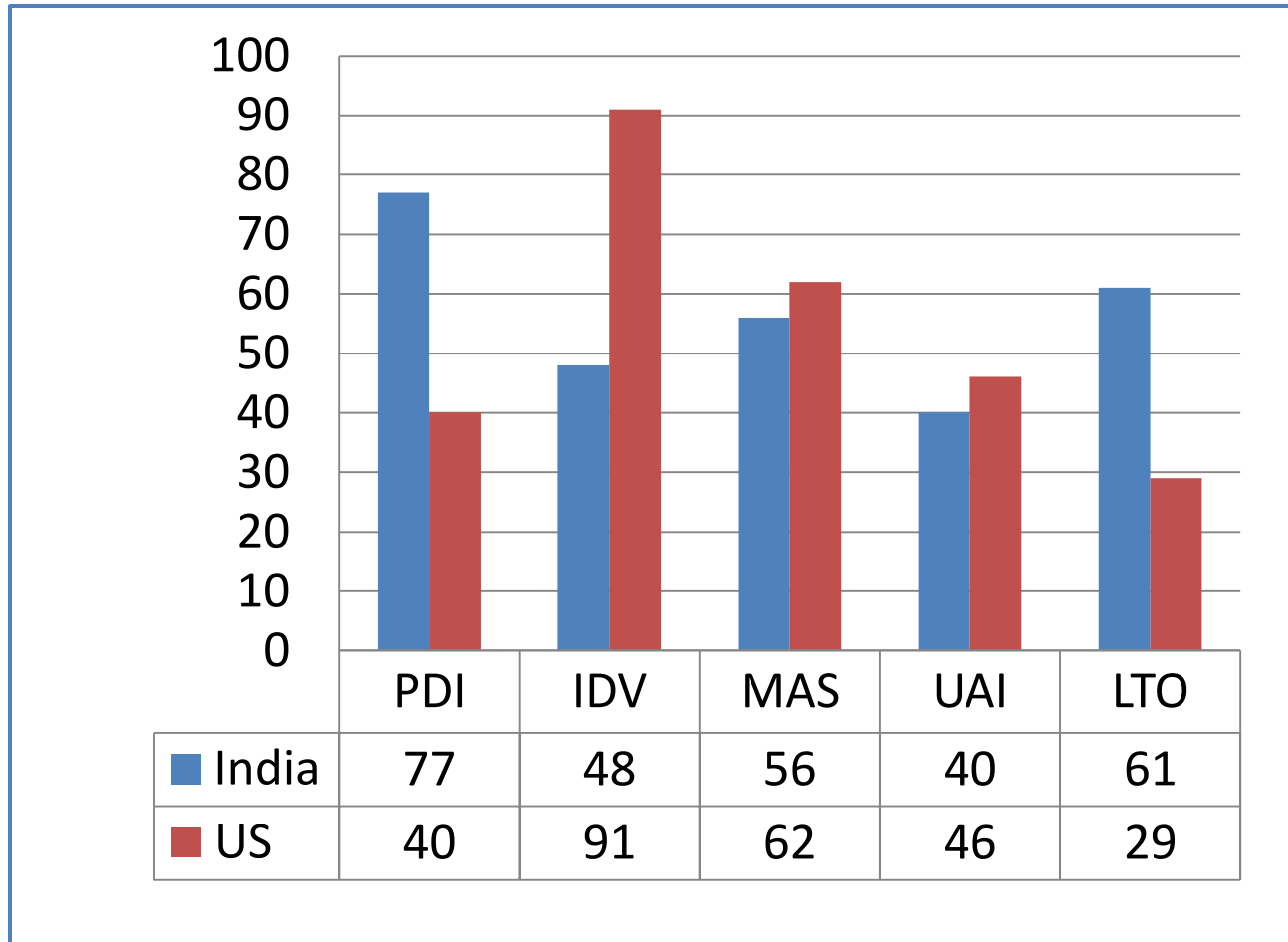
Challenges

- Bureaucracy - Slows down decision making
- Corruption
- Infrastructure (road, electricity, transportation)
- Overburdened legal system
- Rising wages / Attrition
- Poverty
- Public Healthcare
- Pollution and Environmental hazards

Factors that Attract U.S. Expatriates to India

- **Economy** – Fastest growing economy in the world .
- **Increasing Unemployment in home countries**
- **Growth Opportunities**
- **Leadership Role** – As per Credence Research and Analytics (CRA), there are 40,000 expats in India presently and almost 15% are in leadership roles.
- **Compensation** – Additional perks and rewards.
- **Adds value to resume**
- **Potential to save**
- **Low cost of living**

Hofstede's Comparative Analysis: India and U.S.A.



Indian companies Hiring/Training U.S. Americans

- **Tata Consultancy Services (TCS)**
 - Roughly 1 in 10 of the 72,000 employees are foreigners
 - Many US expats get trained in India before being sent to one of the many countries where Tata has its operations.
- **Infosys**
 - Infosys recruits and trained US expats in India to acquaint them with the firm's culture and with their Indian colleagues and repatriates them to their US offices.
 - http://www.youtube.com/watch?v=GNwfqy_r5m4&feature=related
- **Jet Airways, Air Deccan and other airlines**
 - About 500 foreign pilots work with Indian Airlines

Stressors in Expatriate Assignment

Job-related Stressors

- Cultural adjustment/Shock
- Job/Task characteristics.
- Tension between parent and host country work set-up.
- Communication problems.
- Gender issues.
- Blocked career progression.
- Differences in Compensation.
- Quality of superior-subordinate relationship.

Personal Stressors

- Family issues
- Dual-career couple
- Psychological acceptance

Organizational Training Strategies to Cope with Expatriates Stress in India

- Pre-departure training programs
- Cross-cultural training before and after arrival in the foreign country
- Language Training
- Practical Training
- Job training and Strategic training
- Training local supervisors
- Management Development Programs
- Coaching and Mentoring

Conclusion

- Effective pre-departure training programs emphasize local workforce behaviors.
- Management/business strategies are customized to fit the cultural context.
- Do not assume that effective U.S. managerial behaviors will have similar results with host country workforces.

Questions

