

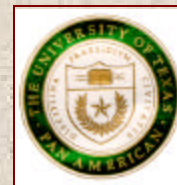
Cross-Cultural Accommodation and Biculturalists in the Core Borderlands: A View of the Expatriate Experience in Border vs. Interior Multinationals



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**Working Paper #2002-7
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Abstract: In 1988 the noted international business scholar Steven Kobrin wrote a controversial article where he argued that US multinationals (MNCs) were reducing their use of US nationals in their foreign subsidiaries because of widespread performance problems. According to Kobrin (1988), US expatriates are often unsuccessful due to a critical lack of cross cultural and second language skills. In a series of studies relying on interviews at 57 MNCs in Mexico, similar to Kobrin (1988) we found that that there existed a clear trend towards expatriate reduction in US subsidiaries located in the Mexican interior; that the cross cultural and second language skills of US expatriates were generally low; and that significant conflict between US and Mexican nationals was present because of these skill deficiencies. Utilizing a sample of 45 maquiladoras located in Reynosa, Tamaulipas, in this study we test to determine if these dynamics generalize to the border. Surprisingly, we found just the opposite; i.e. expatriate numbers while relatively low were stable or going down only slightly; there was a high incidence of internationally experienced, bilingual US nationals in border plants; and there appeared to be little open conflict between US and Mexican nationals. To account for these differences, we argue that the border context has contributed to a virtuous cycle of human capital development that is largely absent in interior locations.

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INTRODUCTION

The maquiladora industry has been the primary force driving economic development along the Mexican side of the US-Mexican border for at least the last two decades. What used to be sleepy border towns have been transformed into strategic export platforms for multinational companies (MNCs) from the US, Asia, and Europe looking to supply as a general rule the largest consumer market in the world, i.e. the US. Given their importance, a long and distinguished list of scholars have examined the maquiladora phenomena in both border and non-border locations. When the unit of analysis has been the individual, researchers have examined such topics as the nature of work for women in operating level positions (Fernandez-Kelly, 1983), engineers (Hualde, 2001), and even mid level managers (Kavanaugh, 1997). The purpose of the study described in the following pages is to profile a group that has largely escaped systematic research attention; i.e. the maquila plant managers themselves. As a collective, there are few if any groups along the border that can match the economic and political power of top managers at maquilas controlled by MNCs such as Delphi Automotive, Johnson Controls, TRW, and Sony.

Our goal in this paper is not only to provide a lens into the identity of top maquila management but also to understand how the “borderlands milieu” (Martínez, 1994) impacts the expatriate experience. Expatriates are defined as individuals that work outside of their country of origin and, as our data and the common stereotype suggests, the majority of plant managers in border maquilas are not Mexican nationals. In one of the few studies examining border expatriates, Martínez (1994) characterized US national maquila managers as “transnational commuters” that due to job demands must acquire some knowledge of the Mexican business

and industrial culture as well as minimal fluency in Spanish. However, he also found that many expatriates are frequently transferred elsewhere after a relatively short three to five year border assignment. As a result, this group may have little chance to develop anything other than a superficial knowledge of Mexican, border, and maquila culture. Given the specialized skills needed within the industry, this staffing pattern would seem to be far from ideal.

Our interest in the success and failure of top maquila managers has been long standing. During interviews conducted with plant management in Cd. Juárez (23 maquilas), Cd. Chihuahua (7 maquilas), Guadalajara (10 “mixed” maquila and non-maquila MNCs), and Monterrey (17 mixed MNCs), we asked our interviewees (typically Mexican nationals) about the cross-cultural and Spanish language skills of US expatriates (Sargent and Matthews, 1998). Our Mexican respondents often stated that US expatriates were typically monolingual and knew little if anything about the peculiarities of the Mexican culture and business environment. In Guadalajara and Monterrey (utilizing a more refined interview schedule), we found that not only were the Spanish language and cross-cultural skills of US expatriates typically low but that these deficiencies were creating substantial cross-cultural conflict between US and Mexican managers. Furthermore, there was a clear trend for US MNCs to reduce their use of expatriates. Based on our experience, we argued that these factors were linked, i.e. US expatriates were often unsuccessful in their Mexican assignments due to low levels of second language and cross-cultural skills and US MNCs were increasingly turning to Mexican managers given these performance problems.

In the current study, we test to determine if these findings generalize to the border. The challenges faced by US managers working in border maquilas are likely to be very different

from those encountered by expatriates in the Mexican interior. For example, border expatriates almost invariably live in the US and commute on a daily basis to Mexico. Therefore, the spouse and children of the expatriate can remain in the US and not face the challenges that inevitably arise when living in an unfamiliar country and culture. Research has consistently shown that the failure of the spouse to adjust is the number one reason for expatriates to return prematurely from their foreign assignment (Tung, 1982; 1987). While reducing although certainly not eliminating the problems associated with spousal adjustment (Richardson, 1999), the border context may create its own unique set of dynamics. For example, since border managers typically live in the US they may perceive even less incentive than expatriates in non-border locations to learn Spanish and the idiosyncrasies of the Mexican culture.

Clearly, a critical variable shaping US expatriate-Mexican national interaction patterns in maquilas plants is the dominate cultural norms in border communities. A number of scholars have studied border interaction patterns and frequently found that these environments tend to strongly shape the values, attitudes, and behavior patterns of long-term residents. On the US-Mexico border, Martínez (1994: 56) argues that:

Subjected to an environment of vigorous transnational interaction for decades, El Pasoans, Juareneses, San Diegans, Tijuanaenses, and residents of other frontier cities have fashioned a complex system of social organization that transcends the conventional dividing lines of nationality, race, ethnicity, and class. Internationalism and transculturalism have emerged as highly significant variables in the structuring of borderlands society.

In this paper, we test to determine if and how these dynamics impact the expatriate experience. If transculturalism is in fact a dominate characteristic of border culture, we would expect to find something very different than what we encountered during previous rounds of data collection especially in the Mexican interior.

In order to gain a broader perspective on trends in the use of US expatriates and common interaction patterns between this group and host country nationals, in the next section we present a small slice of the extensive expatriate literature. We then describe the details of our research methodology, our study findings, and finally a discussion of the theoretical and managerial implications of this study.

A PRIMER ON EXPATRIATE UTILIZATION AND SUCCESS

There are a number of generic arguments for the use of expatriates in the foreign subsidiaries of MNCs (Perlmutter, 1969; Ronen, 1986; Dowling, Welch, and Schuler, 1999). First, especially in the developing world there may not be a large number of host country employees available with the managerial and technical knowledge needed to run large, complex organizations. Second, expatriates can serve as an effective mechanism to transfer information about company culture, complex organizational routines, and tacit knowledge from the parent company and other parts of an MNC's global network to the local operation (Bartlett and Ghoshal, 1989). Third, the expatriate experience can be a very useful training ground for fast track managers being groomed for top management positions at the parent company. Fourth, the stereotypical view given in the literature is that expatriates are more likely to respond to the needs of the parent company while local managers will identify with and respond to the needs of the local operation. While the loyalty of expatriates may not always be with the parent company (Banai and Reisel, 1993; Tung, 1998), expatriates may be helpful to insure that the parent company's interests are properly represented in the foreign subsidiary.

While the reasons given for the continued utilization of expatriates are compelling, there are a number of potential problems associated with their use. First, expatriates are typically very expensive. Estimates place the fully loaded cost of the average US expatriate at two to three times his or her domestic salary (Peterson, Napier, and Shul Sim, 1996). Second, only a small percentage of expatriates, especially those from the US, may have the cross-cultural skills necessary to be successful in their foreign postings. Third, many countries in both the industrialized and developing world pressure MNCs to utilize host country employees as much as possible. Fourth, host country managers know the local language, culture, and often have contacts with local power holders. In many industries, these types of local ties may be absolutely essential for the successful operation of the MNC. For these and other reasons, once expatriate employees train host country nationals in the skills necessary to run local operations it often makes sense to send them home.

Somewhat surprisingly, few studies have specifically addressed how the cross-cultural skills (or lack thereof) of US expatriates influences MNC staffing practices. However, in a controversial article Kobrin (1988) argued that “there has been a dramatic and significant replacement of American expatriates abroad by local (or third country) nationals.” Although lacking empirical support, Kobrin stated that the primary reason for this reduction is that “Americans have not been able to handle working and living in other cultures and US MNCs have found it easier to replace them with foreign nationals than to make an effort to solve the underlying problem” (Kobrin, 1988: 64). Kobrin blames the lack of second language competence and a “scandalously” low level of international awareness on the part of corporate managers and business school graduates for the high level of expatriate failure in US MNCs.

While the empirical evidence is not wholly supportive of Kobrin's conclusions (cf. Tung, 1998), a number of studies support his position that a lack of cross-cultural and second language skills often restricts expatriate acceptance by host country nationals. For example, Hailey (1996) interviewed host country managers employed in US, European, and Japanese MNCs in Singapore. He found that Singaporean managers tended to interpret the continued employment of expatriate managers as a sign that the parent company did not trust local managers and, perhaps even worse, as an expression of the "colonial mentality" held by top managers at corporate headquarters. Singaporean managers often viewed expatriates as inflexible, unable to adjust to local cultural norms, isolated in an "expatriate lifestyle," and failures as far as their ability to make contacts with the local business community. Half of the managers in Hailey's (1996: 266) sample also "reacted angrily to what they saw as the insensitivity and even insulting behavior" of expatriates. In China, Walsh, Wang and Xin (1999) found that US and Chinese managers in 10 joint venture firms frequently had negative opinions of each others' abilities. The Chinese interviewees made such statements as (Walsh et al., 1999: 75): "Some Americans, not all Americans, are full of hot air" and "Expats become dumb or lost after coming to China." A study conducted in Hungary (Simon and Davies, 1996) found host country manager attitudes similar to those discussed in Hailey (1996) and Walsh et al. (1999).

In Mexico, little research has systematically attempted to determine the rates of expatriate utilization and/or the presence of cross-cultural conflict in MNC subsidiaries. However, two recent studies do provide some insight into these questions. Gowan, Ibarreche, and Lackey (1996) reported that Packard Electric had an explicit policy not to use expatriates in assembly plants in the interior of Mexico. Packard's top executive in Mexico stated that this

policy was at least partially due to the lack of US expatriate cross cultural skills and that expatriate engineers had been especially unsuccessful when assigned to interior locations. Kavanaugh (1997) conducted an in-depth case study of one large maquila on the US/Mexican border and the factors contributing to the retention of Mexican professional employees. While communication problems, language differences, and a lack of understanding between expatriates and Mexican nationals due to socioeconomic differences were mentioned as sources of misunderstanding, Kavanaugh (1997) found little evidence of open conflict between US expatriates and Mexican nationals.

Our interest in the cross-cultural abilities of US expatriates in Mexico was sparked by our initial fieldwork in Mexico and comments made by a limited number of Mexican human resource (HR) managers in Cd. Juárez. For example, one manager stated that she did not like the informal way that US expatriates dressed and interacted with each other and with Mexican nationals at the plant. Another HR manager stated that he did not approve of US expatriates flirting with the Mexican secretarial staff. Significant differences between the compensation received by US and Mexican engineers performing essentially the same jobs was also a sensitive issue. As a result of these comments, in a subsequent round of field work in MNC subsidiaries in Guadalajara and Monterrey we specifically asked our interviewees questions regarding trends in expatriate utilization and success. As stated by both Mexican and expatriate respondents, there was a clear downward trend in expatriate numbers in US subsidiaries. In fact, there were no US expatriates working full time in the majority of interior plants (see Table One). A number of our Mexican interviewees were critical of the cross-cultural skills of the few expatriates that remained. Even at plants where no expatriates worked, several interviewees

expressed unfavorable opinions of individuals whom they reported to in the US. The following quotation from a Mexican plant manager in Monterrey provides a concise summary of many of the concerns expressed in a number of interior plants:

- *Is there any cross-cultural conflict in this plant?*

Yes. There is a big problem there. A very important problem that I think that the North American executives are not well aware of. Their expectations, that the behavior of Mexican executives must be the same as the behavior of North American executives. This more than anything translates into problems and to not achieving the results that people are expecting . . . It is very important the North American executives try to invest more time to know the Mexican culture. It is curious, but Mexicans know more about the U.S. culture than the other way around. And we try to satisfy your needs, but on the other side, there is not that willingness. You can see it reflected, for example, in that the ones who have the obligation to understand English are Mexicans. And the North Americans do not have the obligation to understand the language of the country where they are working. Normally, when people go somewhere they try to adapt, but in this case, no. This has caused problems. The language barrier has caused a lot of problems I think it is due to the economic position that we find ourselves, it seems that the responsibility rests more with Mexicans. If Mexico was a more powerful country than the US, perhaps the North Americans would have to learn Spanish.

As a result of our Mexican fieldwork, we came to believe that Kobrin (1988) was right; i.e. US expatriates often lacked the necessary second language and cross-cultural skills to be successful. Our research suggested that at least in the Mexican interior US MNCs reacted to these skill deficiencies by replacing expatriates with Mexican nationals. Motivated by these findings, we decided to conduct an addition round of data collection in order to further test these relationships. In addition, we chose to focus on the US-Mexican border rather than the Mexican interior. If US expatriates were really as unprepared to work in Mexico as our fieldwork tended to indicate, we believed we would find a significant trend towards expatriate reduction and considerable cross-cultural conflict even in border maquilas.

Table 1: Expatriate Utilization in Border versus Interior MNCs

Border Location N=23			Interior Location N=34		
# of Expat.	# of Firms	%	# of Expat.	# of Firms	%
0	4	17%	0	19	56%
1-4	11	48%	1-4	11	32%
5-9	3	13%	5-9	4	12%
10 >	5	22%	10 >	0	0%

OVERVIEW OF RESEARCH STUDIES

For this study, we adopted a two stage approach. In study one, we utilized semi-structured interviews as well as a detailed survey to collect in-depth information on staffing policies, expatriate cross-cultural and Spanish language skills, and the existence of cross-cultural conflict in 15 maquiladoras controlled by US parent companies. Study two involved an additional round of data collection in 30 maquilas where we asked a limited number of focused questions in a semi-structured interview format in order to test the validity and generalizability of our study one findings. Table Two summarized the primary characteristics of our study one and study two firms.

Table 2: Sample Characteristics

	Industry Sector				Parent nationality		
	Elect.	Auto	Apparel	Other	US	Asia	Euro
Study One							
Number of firms	8	2	2	3	15		
Total employment	6,472	4,135	521	2,369	13,497		

Study Two							
Number of firms	13	6	2	9	23	3	4
Total employment	11,284	11,170	1,560	4,780	19,350	5,500	3,944

Combined Totals							
Number of firms	21	8	4	12	38	3	4
Total employment	17,756	15,305	2,081	7,149	32,847	5,500	3,944

Grand Total

Number of firms	45
Total employment	42,291

Study One Methods

Maquiladoras operating in the border city of Reynosa were surveyed for this study. As of March, 2000 Reynosa (65,827) ranked third behind only Cd. Juárez (238,593) and Tijuana (177,054) as the Mexican city with the greatest number of maquiladora employees (INEGI, 2001). Beginning in the summer of 1998, we contacted those maquilas that were controlled by a US parent company, employed 100 or more employees, were located in four of the five major industrial parks, and had been in operation for at least three years. This last criteria was particularly important to our study. MNCs often employ a relatively large number of expatriates during the start-up phase and then gradually reduce that number once host country nationals learn basic organizational routines. We wanted to sample firms that had already passed through

the start-up process. Of the 29 maquilas that qualified using this sampling criteria, managers at 15 firms (14 plant managers, 1 human resource manager) agreed to participate.

In our review of the literature, we did not find a survey instrument designed to measure the dynamics associated with expatriate reduction. Therefore, we developed our own. To do this, we reviewed the literature as to why firms choose to fill positions with expatriates, host country, or third country nationals (individuals from neither the home nor the host country) as well as studies reporting conflict between expatriates and host country employees. After several rounds of refinement and a pre-test conducted with two maquila plant managers, the final version of our survey contains sections measuring the number and trend in expatriate use, reasons for expatriate reduction, and reasons for the continued use of expatriates. Also, in our review of the literature we did not find a reliable and valid scale that we could use to measure expatriate cross-cultural skill. Therefore, similar to other studies (see Tung, 1998) we adopted as a proxy the number of years a person has spent working outside of the US.

Top Management Profile and Survey Results

In Table Three, we present information on the main variables examined in this study for our 15 firm study one sample. To summarize, all of the plant managers were US citizens. Of the 13,497 employees in our sample firms, 144 qualified as expatriates (1.1 percent of total maquila employees). Our survey respondents classified expatriates into three categories; third country expatriates (12, all in one company), expatriates that were born and raised on the border and holding US citizenship (38, this groups was largely made up of bilingual Mexican Americans), and “normal” expatriates (94, often from states such as Michigan, Illinois, Ohio,

and Indiana). In addition to general management positions, expatriates performed jobs such as design engineer, product engineer, and chief financial officer.

Table 3: Firm and Expatriate Characteristics

Industry Segment, Expatriate Use	International Experience, Language Skills of Plant Management	Trend in Use of Expatriates
Apparel, 321 employees, 1 expatriate	Plant manager has extensive experience in the Dominican Republic, Jamaica; few Spanish skills	Company had policy to only have expats at plant manager level
Electronic, 850 employees, 25 expatriates	Plant manager has 9 plus years on border, fluent Spanish speaker	Numbers stable due to need for specialized engineering skills
Contract producer, 970 employees, 17 expatriates	President has no international experience, directors of finance, marketing, and HR taking Spanish classes	Corporate offices moved to Reynosa, expat managers up, tech down
Electronics, 850 employees, 3 expatriates	Operations manager has 15 plus years experience in Mexico, limited Spanish skills	Slight downward trend with both managerial and technical expats
Decorative items, 275 employees, 2 expatriates	Plant manager has 11 plus years experience in Mexico, extensive experience in Central and South America with US military, fluent Spanish	Numbers stable
Apparel, 200 employees, 7 employees	Local firm that relocated production from US to Mexican side, all expatriates bilingual Mexican Americans	Numbers stable
Electronics, 1100 employees, 6 expatriates	Female plant manager, started out in company as typist, exceptional interpersonal skills, no international experience before current posting, few Spanish skills	Number of expat managerial positions stable, technical jobs going down
Foundry, 494 employees, 12 expatriates	Plant manager has extensive international experience in Europe, 11 plus years on the border, good Spanish skills	Stable over last two years, dramatic reduction since 1993
Auto parts, 4000 employees in two plants, 45 expatriates	Plant manager has extensive Mexican experience, both plant and HR managers married Mexican nationals, good Spanish skills	Number of expat managers stable, expats with technical positions going down slightly
Auto parts, 135 employees, 3	Plant manager US citizen but grew up in Mexico, perfectly bilingual, other expatriates from local	Slight reduction in expat managers, technical

expatriates	area with good Spanish skills	positions stable
Electronics firm, 420 employees, 1 expatriate	Plant manager has 10 plus years experience on border and in China, fluent Spanish	Expatriates numbers reduced from 5 to 1 over last three years
Shelter operator, 1600 employees, 12 expatriates	Owner has extensive international and border experience, HR and finance managers Mexican-Americans, fluent in Spanish	Expatriate managers stable, technical going up slightly
Electronics firms, 598 employees, 4 expatriates	Plant manager has 5 plus years on the border, few Spanish skills	Slight reduction in expatriate managers, technical positions stable
Electronics firm, 684 employees, 4 expatriates	Plant manager Brazilian American with extensive international experience, a Masters from Thunderbird, good Spanish skills	Expatriate numbers stable
Electronics firm, 1000 employees, 2 expatriates	Plant manager has over two decades of international experience. Recently started own shelter operation.	Expatriate numbers stable

As shown in Table Three, many of our interviewees had extensive international experience on the border and/or elsewhere and the majority had good to excellent Spanish language skills. In total, 12 of the 15 plant managers had at least five years experience working outside of the US and 9 had good to excellent Spanish language skills. Responses to our survey questions are summarized in Table Four. In total, there was a slight trend towards expatriate reduction. Two maquilas had reduced their use of expatriates in both managerial and technical areas during the last three years. Two plants had reduced expatriate staff with managerial (but not technical) duties while three firms had reduced expatriate numbers in the technical (but not managerial) area. At the seven firms where expatriate numbers were going down, participants responded to the questions addressing the reasons for expatriate reduction. The preferred explanation was that in order to attract, motivate, and retain their high potential Mexican staff they needed to offer this group significant development and promotion opportunities. Concisely

stated, the need to create an attractive internal labor market for Mexican nationals and not expatriate failure was the preferred explanation for the slight downward trend in expatriate use.

Table 4: Summary of Responses to Expatriate Questionnaire

Part One: Trends in the Use of Expatriate Employees (n=15)

	Mean	S.D.
1. What has been the trend in the total number of expatriate managerial employees working at this plant over the last three years?	3.60	.91
2. What has been the trend in the total number of expatriate technical employees working at this plant over the last three years?	3.47	.99

Responses are on seven point Likert scales (1 = dramatic reduction, 4 = the same, 7 = dramatic increase)

Part Two: Responses to Questions Addressing Reasons for Expatriate Reduction (n=7)

	Mean	S.D.
1. Reduce turnover if possibility of promotion	6.0	.82
2. Attract higher qualify local employees if possibility of promotion	6.0	1.00
3. Increase motivation level if possibility of promotion	6.0	.82
4. Fewer expatriates needed after start-up phase	5.6	1.1
5. Highly skilled Mexicans available to take over departing expatriates	5.3	1.3
6. MNC more socially responsible when employing Mexicans	4.6	.79
7. Expatriates receive a much higher compensation package	4.1	1.7
8. Mexican nationals more knowledgeable of local environment	3.3	1.5
9. Difficulty in finding expatriates willing to work in Reynosa	3.3	2.1
10. Communication problems due to lack of expatriate Spanish	2.7	2.1
11. Lack of expatriate adjustment to local culture	2.4	1.3
12. Cross-cultural conflict between expatriates and Mexicans	1.9	1.1

Response are on seven point Likert scales (1 = strongly disagree, 4 = nether agree or disagree, 7 = strongly agree)

Part Three: Responses to Questions Addressing Reasons for Continued Use of Expatriates (n=15)

	Mean	S.D.
1. Facilitate transfer of knowledge from parent company	5.3	1.5
2. Provide technical or managerial expertise unavailable locally	4.7	1.9
3. Communicate more effectively with external groups because of	4.6	1.6

English skills		
4. Effective link with parent headquarters	4.2	1.2
5. Effectively represent interests of parent company	4.1	1.6
6. Provide expatriates international experience	3.9	1.7
7. Greater stability and continuity	3.3	1.8
8. Fully loaded cost for expatriates is less	2.8	1.3

Responses are on seven point Likert scales (1 = strongly disagree, 4 = neither agree or disagree, 7 = strongly agree)

When queried as to why they continued to use expatriates, our respondents indicated that expatriates were useful in order to facilitate the transfer of knowledge from the parent company and helped train local employees, to provide technical and managerial expertise that was unavailable locally, and to insure effective communication with external groups because of their superior English skills. While the usefulness of expatriates as both technical/managerial experts and as effective transmitters of parent company organizational culture is well documented, employing US expatriates simply because English is their first language is rarely mentioned in the expatriate literature. However, English language fluency appeared to be especially important for border firms. The typical maquila receives the great majority of their raw and intermediate components from non-Mexican suppliers. In addition, the primary customers for maquila products are also generally located in the US. Our interviewees frequently reported that they had intensive communication linkages with suppliers, customers, and the parent company where English was almost invariably the language of choice. One long term border manager stated that he had seen several plant managers fail because they did not fully realize the importance of having individuals with a similar linguistic and cultural background (thereby facilitating more effective communication) interact with key internal and external

customers. A mid-level Mexican engineer went so far as to state that the primary skill possessed by US expatriates was their English language ability.

Study Two Methods

Beginning in the summer of 1999 and continuing until April, 2000, as part of a larger study we conducted another round of data collection in Reynosa plants. During this period, we contacted all of the maquiladoras in the five largest industrial parks in Reynosa that employed 100 or more people (69 total firms). In addition to re-visiting and re-interviewing managers at 13 of the study one plants, we conducted interviews at 30 additional maquilas. Our interviewees for study two included 21 plant managers as well as 9 people that held other upper management positions (controller, operations manager, director of sourcing, etc.). In general terms, our sample appears to be representative of the total population of maquilas in Reynosa.

Since our study one findings were so unexpected and contradicted what we had found in subsidiaries in the Mexican interior, rather than ask our interviewees to respond to our full survey we decided to narrow our focus and address critical issues that emerged from study one. Therefore, in study two we utilized a number of questions addressing trends in the use of expatriates, the work history of our interviewees, their Spanish language skills, and why they had chosen to work for a maquila.

Top Management Profile

In the 30 maquila study two sample, there was considerably more diversity than in study one. In total, there were 5 plants where the top manager was a Mexican national, 23 plants lead by a US national, 1 with a Japanese national, and 1 with a German national. In Table Five, we present information on the most relevant interviewees from our study two sample.

Consistent with study one, it was uncommon for someone with little international/Mexican experience or Spanish skills to be a member of the top management team. When we asked our interviewees about trends in expatriate use, the most frequent response we received was that expat numbers were stable. However, a number of plant managers went into relatively long discussions about the types of openings they had for technical and managerial personnel and the difficulties in finding talented people for those jobs. The nationality of the applicant was rarely brought up as an important criteria during these discussions.

Table 5: Profile of Study Two Top Managers

Firm Characteristics	Top Management Profile, Interview Highlights
Japanese firm, auto parts, 200 employees, 5 Japanese expatriates	Office manager Japanese national, educated in the US, heavily accented but good Spanish and English skills, married Mexican national that is the HR director of a nearby maquiladora.
US maquila, “other” industrial sector, 200 employees, 4 US expatriates	US plant manager, worked for five years starting when he was 19 in a maquila in Tijuana, good Spanish skills, all the other expatriates at the plant bilingual Mexican Americans.
European firm , auto parts, 1,300 emp., large number of US expats	Controller first generation Mexican-American from the border, over two decades working in the maquilas.
US firm, electronics, 800 emp., 5 total expats	US plant manager originally from Ohio, excellent Spanish skills, 10 years experience in the maquilas, 4 other expatriates all Hispanics (one Mexican American, one from Panama, two from Puerto Rico).
US firm, “other,” 1000 employees, 18 US expats	Start-up operation, female plant manager, expatriates primarily from Boston, expats “came with the product line,” few Spanish skills. Plant manager replaced with bilingual US expatriate soon after our interview.
US firm, “other,” 1,300 emp., 6 US expats	US plant manager, extensive experience in Mexican interior and China, married Mexican national, fluent Spanish speaker, stated that he was “only 50 percent effective in Mexico until I learned the language.”
US firm, “other,” 640 emp., 2 US expats	US plant manager, 10 plus years experience on the border for two different companies, fluent Spanish speaker

US firm, apparel, 1,060 emp., 1 US expat	US plant manager, fluent Spanish
US firm, auto parts, 7,000 emp., large number of expats	US chief financial office, 15 plus years experience on border and in Mexican interior, married Mexican national
German firm, auto parts, 500 emp., 5 German, 2 US expats	Plant manager German national, bachelors and masters degrees from Stanford, Ph.D. in engineering, fluent Spanish.
US firm, "other," 350 employees, 2 US expats	Plant manager bilingual Mexican national, extensive experience in maquilas, recently hired from a maquila in Matamoros to replace fired US plant manager.
US firm, apparel, 500 emp. 1 Mexican American expat	Plant and then district manager for multi-plant operation with both border and interior plants Mexican female, married a US national, expatriate reduction in interior locations due to spouse/family problems
Japanese firm, electronics, 1,300 emp.	Plant manager, bilingual Mexican American from the border, close to two decades experience in the maquilas, only US expatriate at plant.
US firm, electronics, 200 emp., no expats	Bilingual Mexican plant manager with graduate degree from university in England.
US firm, electronics, 200 emp. no expats	Bilingual Mexican plant manager, obtained current position when plant started up in 1997 after extensive experience at one of the large maquilas in Reynosa
US firm, auto parts, 350 emp., 11 expats	Plant manager bilingual Mexican-American from the border. "Our customer base is in the States and dealing with customers makes it important for us to have US people in those kinds of jobs."
US firm, electronics, 1,000 emp., large number of expats	Operations manager US national, substantial experience dealing with subcontractors in Mexico, recently advertised within the company to bring more expats to the border with little success, "hard to attract the right kind of talent to the border."
German firm, electronics, 274 emp., 5 US expats, 2 Mexican Americans	Plant manager US national, over two decades on the border with a number of different companies in three border cities, bilingual.
Asian, but historically US firm, electronics, 4,000 emp., 60 plus US expats, 8 Asian expats	Director of sourcing US national, two years experience on border but has been coming down from the parent company since the 70s, taking Spanish lessons, sourcing function was recently shifted from the US mid-west to the border, only person from that group that decided to re-locate. Stated that Reynosa was a "completely crappy town" and "my wife was ready to go back since day one." Thought that many long-term plant managers on the border "had gone native . . . soldiers of fortune . . . acted like kings" and would never be promoted because they could not handle the loss of autonomy if they worked at corporate headquarters.

US firm, electronics, 150 emp., 0 US expats	Plant manager Mexican national from Reynosa. Had worked for 6 plus years in US before current assignment, office manager stated that plant manager was successful because of English skills and relationship with parent company and that now “he is more one of them than one of us.”
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Considering both studies, we did not find convincing evidence to support our initial assumption that significant conflict existed between US and Mexican employees. For example, one of our interviewees had worked for over two decades for a major multinational in Taiwan and Mainland China in addition to Mexico. While he certainly agreed that many of the US expatriates that had worked for him over the years lacked cross-cultural and second language skills, in Reynosa he stated that he “has never had a problem” with conflict between US expatriates and Mexican nationals. In fact, in our sample there were a number of US expatriates that mentioned that they had been transferred to Reynosa after working in unionized plants in the US. They found the maquila work environment much more friendly and accepting than what they were accustomed to in the US. One mono-lingual, female US plant manager with no prior international experience even went so far as to state that she would never again take a job as plant manager in the US because of frequent union-management conflict. On the border, she felt she had been fully accepted by everyone except other US national male plant managers.

In both rounds of data collection, there emerged another dynamic that was especially notable. In the expatriate literature, studies have found that the average foreign assignment for a US expatriate is typically from three to five years. For many of the people we interviewed, however, assignments to the border were evolving into permanent or near permanent relocations. For example, one plant manager from Ohio was transfer to the border with the

understanding that it was for only a two year period. After the two years, his company kept extending the Mexican assignment until finally our interviewee agreed “more or less” to stay permanently on the border. During his ten years in the region, he had learned Spanish, switched companies, and moved from Matamoros to Reynosa. He has also been promoted from mid-level finance and accounting positions to his current job as plant manager of a large maquila. In another notable example, our interviewee had obtained his first job on the border through his company’s internal network. After his original three year posting (during which he learned Spanish principally because he thought his Mexican co-workers were talking about him behind his back), he agreed to extend his stay. He stated that once employees agreed to remain on the border past their original contract, “the company knew that they had you.” In other words, since the employee had willingly left the normal career path and there existed a high demand for capable maquila managers, the possibility that the parent company would willingly transfer the person back to the domestic operation grew less and less as the person became more valuable on the border. After working in the Laredo area for over six years, this person changed employers and obtained a higher paying job as a plant manager in Reynosa for a very large MNC.

The two cases described in the prior paragraph were not isolated incidents. Many of the people we interviewed stated that they received frequent calls from executive recruitment agencies asking if they would be interested in applying for openings at other maquilas, especially at companies coming to Mexico for the first time. Several interviewees stated that firms looking to establish new facilities in Reynosa often have a hard time convincing people from the parent company to transfer to the border. Given this, executive recruitment agencies were aggressively

trying to find capable people from the existing border talent pool for “desperate companies wanting to move to Mexico trying to fill the top two to three spots.” Within our sample, it was certainly not unusual for talented expatriates (as well as Mexican nationals) to be jumping from one maquila to another in search of increased pay and opportunity.

THE EMERGENCE OF BILINGUALS AND BICULTURALISM IN THE CORE BORDERLANDS

This study was designed to test Kobrin’s (1988) argument that US MNCs were reducing their use of US expatriates because this group was often unsuccessful due to their lack of cross-cultural and second language skills. Drawing from our fieldwork in a number of Mexican locations, Kobrin’s (1988) arguments appeared to be an accurate characterization of the dynamics associated with the use of US expatriates in Mexico. What we found in this study, however, was something very different. While relatively few US expatriates worked in Reynosa maquilas, the trend in the utilization of this class of employee was steady or going down only slightly. In addition, we discovered significant numbers of bilingual, bicultural long term border professionals in top leadership positions in border plants and, at least when judged by statements made by our interviewees, a very lower level of cross-cultural conflict with their Mexican colleagues. We consider the identification of this group of bilingual, bicultural border professionals and an understanding of the evolution process by which they come to acquire such skills to be the primary finding emerging from this study.

What factors account for the differences we found in expatriate utilization and success when comparing Reynosa MNC subsidiaries with those in Guadalajara and Monterrey? We

suspect that the border context in general as well as the subculture within the south Texas – northeastern Mexico region is the primary explanatory factor. These forces combine to set off a virtuous cycle of human capital development that proceeds along the following lines. Often transferred from industrial states such as Michigan and Indiana, as newcomers to the border US managers clearly fit Kobrin’s (1988) characterization of the average US expatriate. While the majority of these individuals view their border posting as temporary and are only too happy to transfer back to a “normal” job at the first opportunity, a minority but still substantial number of these border neophytes understand that there is significant opportunity for those with the ability to prosper in the rapidly expanding maquila industry. If they can learn the appropriate skills (a process we would argue takes roughly three to five years), border managers realize that their newly developed Spanish ability and in-depth knowledge of the maquilas will be of little value if they transfer to a non-border location. In order to earn a greater return on their highly specialized skills, they may commit consciously or unconsciously to continuing to work in the maquiladoras. If promotion opportunities are blocked at their original employer (or if the parent company wants to transfer them to a non-border location), prodded by calls from executive recruitment agencies with offers of increased pay and opportunities these now near permanent border professionals will frequently jump to another established operation or one of the new companies coming into Reynosa or some other part of the US/Mexican border.

Our experience suggests that this evolutionary process is rarely recreated in the Mexican interior. In our view, the primary factor short-circuiting the expatriate newcomer to biculturalist adjustment process in non-border locations is the expatriate’s spouse and family. If our interviewees had experience in the interior, we asked them about staffing practices in those

facilities. Our respondents frequently emphasized that it was very difficult to convince high potential US employees, especially those with young children, to move to an interior location. Even if a person accepts a transfer to the interior, spouse/family problems may persist. In one interview, an operations manager indicated that her company had assigned an Anglo manager with border experience to take over a plant located roughly 100 miles from Reynosa in the Mexican interior. However, the person's spouse refused to move from McAllen therefore leaving the manager little choice but to commute back and forth across the border. After six months of this arrangement, the plant manager resigned. Our interviewee stated that this was their last attempt to place a US expatriate in a non-border location. These and other comments associated with spouse/family adjustment challenges suggest that US expatriates rarely stay long enough in their interior postings to develop true bicultural skills.

We began this study with the expectation that we would find significant conflict between US expatriates and Mexican nationals. To our surprise, we found cross-cultural accommodation rather than conflict to be the primary characteristic of the maquila work place. We attribute this to three complementary dynamics. First, since many top managers had considerable bicultural skills, Mexican nationals could hardly accuse them of being overly ethnocentric. In addition, the maquila industry has grown explosively in the Reynosa area. Our impression is that many young, high potential, bilingual Mexican nationals, many from lower or middle class backgrounds, often have more opportunity and are progressing much faster in their career than they ever thought possible. Therefore, they find little reason to complain that their promotion opportunities are blocked by large numbers of expatriates. Finally, we agree with Martínez (1994) and other border scholars that take the position that a separate border culture

is present in the “core borderlands.” Furthermore, we would argue that the regional sub-culture in the southern Texas – northeastern Mexico borderlands contributed to our findings. For example, on the US side of the border Hispanics make up 85 percent or more of the local population. A permanent minority on either side of the border, Richardson (1999) found that bilingual Anglos that interact with Hispanics as equals seldom feel discriminated against or excluded. In addition, we also suspect that the border culture has strongly shaped the attitudes and values of Mexican nationals to be more consistent with a true bicultural approach. With poverty perhaps the defining characteristics of the region (the McAllen metropolitan area across the border from Reynosa is consistently rated as the poorest in the US), traditional conflicts centered around differences in nationality, race, and ethnicity appear to have little meaning.

We believe that it is very important to clearly specify the boundary conditions as well as limitations of this study. It would be a mistake to conclude that all US expatriates in Reynosa fit the bilingual, bicultural model. Due to cultural differences, hot and humid summers and a variety of other factors many newly arrived US nationals do not view the border as an especially attractive place to live and work. Individuals fitting into this category often retreat to more familiar environments after a relatively short border stay. In addition, bilingual, bicultural semi-permanent border expatriates appear to be more common in small and medium sized firms rather than the largest plants in Reynosa. For example, the large auto part assemblers in Reynosa continue to follow more traditional expatriate policies where US managers stay on the border for only three to five years before being transferred elsewhere. Finally, for this study we interviewed primarily US rather than Mexican nationals. It is possible that Mexican nationals perceive more cross-cultural conflict than do their US counterparts. While certainly a

possibility, especially when compared to the Mexican interior we are confident that there exists a relatively low level of conflict within our sample firms. Two recently completed dissertations that relied on extensive interviews with Mexican nationals did not identify cross-cultural conflict as a serious issue in maquilas along the south Texas/northeastern Mexico border (Kavanaugh, 1997; Ortiz, 2000).

We believe our study may also provide interesting avenues for future research. Our research design does not allow us to claim that our findings generalize to other locations along the US - Mexican border. In fact, the results from the current study are far from identical to our earlier experience in Cd. Juárez (Sargent and Matthews, 1998; 82-85). While Martínez (1994) argues that the borderlands experience creates commonalities that shape the attitudes and behavior of long term border residents in similar ways, he also finds that there are four cultural subregions along the US - Mexican border (southern California-Baja California, Arizona - Sonora, New Mexico - West Texas - Chihuahua, and southern Texas - northeastern Mexico). We believe our results are most likely to generalize to other maquila concentrations in the southern Texas - northeastern Mexico area and that common interaction patterns between US and Mexican nationals vary somewhat across cultural subregions. However, we would also argue that these differences are relatively minor when compared to the factors that shape the expatriate experience on the border when compared to the Mexican interior. Studies that allow for more systematically comparisons of attitudes and behavior of residents in multiple border and non-border locations would appear to be fruitful directions for further research.

In a controversial article, Brannon and James (1994) argue that with the implementation of NAFTA more and more maquiladoras might choose to locate in the Mexican interior rather

than the border. While maquila employment in the interior has grown, border cities such as Cd. Juárez, Tijuana, Reynosa, and Mexicali have maintained if not augmented their prominence within the maquila program. Along the border, scholars have noted a number of positive evolutionary trends such as the development of third generation maquiladoras (Carrillo and Hualde, 1998) and the formation of clusters (Carrillo and Mortimore, 1998). We believe our study contributes to the literature that indicates that the border may retain its preeminence as a location for maquila investment. If a company truly needs bilingual, bicultural engineers and managers (both US and Mexican), our study suggests that these types of skills may be more common on the border than in the Mexican interior. In addition, border culture may serve to shape workplace norms in such a way that dysfunctional cross cultural conflict is minimized. In an age where knowledge workers are increasingly important, the specialized bicultural human capital emerging from within the core borderlands appears to be well positioned to contribute to cluster formation and regional competitive advantage as the US and Mexico continue their experiment with regional economic integration.

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