

# Does culture explain managerial effectiveness

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A qualitative study in Mexico whether culture is influencing differences in managerial effectiveness between Mexican managers and western expatriates

S.G.H (Steven) Büter  
University of Twente  
(s.g.h.buter@student.utwente.nl)

First supervisor: Dr. H.J.M. Ruël  
Second supervisor: M. Stienstra MSc.  
External supervisor: Prof. L.F. Torres Gómez  
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UNIVERSITY OF TWENTE.



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## Summary

In this report a study is presented about how culture is influencing managerial effectiveness. Due to continuing globalization and as a result of increasing international competition more and more companies have started to operate internationally and became multinational companies (MNCs). To maximize the effectiveness of these MNCs, multinational firms ought to investigate whether culture explain differences in managerial effectiveness between expatriates and home country managers (HCMs). This research takes place in Mexico and focuses on western expatriates and home country managers from Mexico. The intention of this study is to find whether culture explains differences in managerial effectiveness between western expatriates in Mexico and host-country managers. The scope of this study is to seek for determinants and is limited to 2 areas and/or actors: the western expatriate manager (e.g. an expatriate manger that leads a team in Mexico, is working in Mexico lat least one year, has more than three year experience in managing employees and is originally from a western country) and the host-country manager (e.g. an originally born Mexican that leads a team in Mexico and has more than three year experience in managing employees in Mexico). The following central research question serves as the basis of this study:

*To what extent does culture explain differences in managerial effectiveness between western expatriates in Mexico and home-country managers?*

A research model is proposed to reflect the relationships between managerial effectiveness, culture, the western expatriate and the home country manager. Managerial effectiveness is divided into 5 dimensions (Grosse, 2001) including: managing and leading, interpersonal relationships, knowledge and initiative, success orientation and contextually adept. The research question is examined by means of an analyses of qualitative data that is collected via face-to-face interviews. The analysis is executed using NVIVO 9.0, a qualitative data analysis computer software package where deep levels of analysis on small or large volumes of data are required. NVIVO is designed for qualitative researches . The sample of this study consists of 20 participants. 10 western expatriates that is liven on a temporary base in Mexico longer than one year, should have at least 3 years experience in managing people and should communicate in a sufficient level of English and 10 HCMs that are working in Mexico, with at least 3 years working experience and communicate in a sufficient level of English.

The results indicate that the Mexican culture is very different compared to the culture of the western expatriates and that these differences are affecting the managerial effectiveness. The results of the interviews indicate that this can be explained by two factors: the personal culture of the two groups and the cultural history of the responsible countries. Regarding the personal culture, the difference in how the respondents grew up is important. It became clear from the interviews that the HCMs grew up in a more hierarchical environment than the western expatriates. This resulted in a different way of working, HCMs like to work in a hierarchical company structure whereas western expatriates enjoy to work in a flat company structure. Furthermore, there are differences regarding the personal characteristics of the two groups. HCMs consider themselves as relaxed, loyal and creative with a focus on traditions, hospitality and relationships. The western expatriates see themselves as tolerant, straight to the point and analytical with a focus on trust and decision making.

Most of the findings reinforce and extend current knowledge. However this study did not support that Mexicans are indirect and will not give a straight answer (Adler, 1998). Following the results of the interview the HCM is using a more direct approach compared to the western expatriate.

Moreover, results are indicative that western managers agree that western managers in Mexico are people that live to work and see leisure time as a reward for hard work (Kras, 1997). Also, the author mentions that it is common to distribute responsibility and authority among their employees. In this study, the western expatriates state that it is unusual to distribute responsibilities and authority among their employees. The results of this study can be used for HCMs, western expatriates and organizations in Mexico (both national and multinational). The HCM and the western expatriate can use this study to reflect their managerial characteristics with the key issues of managerial effectiveness and try to create an ideal mix of these characteristics to be as effective as possible. Organizations in Mexico can profit from this study to seek employees with the key characteristics needed. This study can help them in the choice between a HCM and a western expatriate. This study can be generalized across South-American countries. But since the focus lies on Mexican managers and western expatriates in Mexico, replication of this study in a different South-American country could elucidate on this.

Some implications for future research are proposed. This study focused on managers working in different companies, it is also interesting to perform a case study on this subject and to see whether the differences within one company are similar to that of several companies. Second it is also useful for future studies to examine cultural similarities, not cultural differences. Finally, we urge to investigate the same study using female managers and to analyze differences in results compared to this study.

## Samenvatting

Deze verslaglegging presenteert een onderzoek naar de invloeden van cultuur op de effectiviteit van managers. Dankzij de voortgezette globalisatie en als gevolg van de internationale concurrentie, hebben steeds meer bedrijven de bedrijfsactiviteiten over de landgrenzen verlegd en zijn getransformeerd naar multinationale ondernemingen. Om de effectiviteit van deze multinationale ondernemingen te maximaliseren is het belangrijk om te onderzoeken hoe cultuurverschillen in de effectiviteit van managers uit te leggen zijn tussen een expatriate en een manager in zijn/haar land van herkomst. Deze studie is uitgevoerd in Mexico en de intentie is om uit te vinden of cultuur verschillen uitlegt in de effectiviteit van managers tussen westerse expatriate en Mexicaanse managers. Het onderzoek is bedoeld om de kennis van de effectiviteit van managers uit te breiden door een kader van determinanten van effectiviteit van managers op te stellen en te testen. Het gebied van dit onderzoek, in welke determinanten worden gelokaliseerd, is beperkt tot de effectiviteit van managers, de westerse expatriate, de Mexicaanse manager en cultuur. De volgende centrale onderzoeksvraag dient als basis voor dit onderzoek:

*In welke mate verklaren cultuurverschillen de effectiviteit van managers tussen westerse expatriates in Mexico en Mexicaanse managers?*

Een onderzoeksmodel is opgesteld om de relaties tussen de effectiviteit van managers, cultuur, de westerse expatriate en de Mexicaanse managers weer te geven. De effectiviteit van managers is onderverdeeld in 5 dimensies (Grosse, 2001) deze dimensies zijn: managen en leiden, inter-personele relaties, kennis en initiatief, succes oriëntatie en contextuele aanpassing. De onderzoeksvraag wordt onderzocht door middel van een analyse van de kwalitatieve data die is verzameld door het afleggen van individuele interviews. De analyse van de resultaten is uitgevoerd met hulp van NVIVO 9.0, een kwalitatief data analyse computer software pakket. NVIVO is ontwikkeld voor kwalitatieve studies en assisteert met het analyseren van kwalitatieve teksten. De steekproef van deze studie bestaat uit 20 deelnemers, 10 westerse expatriates en 10 Mexicaanse managers, de westerse expatriates in dit onderzoek zijn managers die minimaal 1 jaar in Mexico wonen maar wel op een tijdelijke basis, meer dan 3 jaar ervaring hebben in het managen van medewerkers en voldoende kennis hebben van de Engelse taal en de 10 Mexicaanse managers zijn managers die woonachtig zijn in Mexico, meer dan 3 jaar ervaring hebben in het managen van medewerkers en voldoende kennis hebben van de Engelse taal.

De resultaten geven aan dat de Mexicaanse cultuur erg verschillend is vergeleken met de cultuur van de westerse expatriates en dat deze verschillen de effectiviteit van de managers beïnvloedt. De resultaten van de interviews geven aan dat deze verschillen kunnen worden uitgelegd door 2 factoren: de persoonlijke cultuur van de 2 groepen en de culturele historie van de aansprakelijke landen. Met betrekking tot de persoonlijke cultuur, het verschil in opvoeding tussen de 2 groepen is belangrijk. Het werd duidelijk uit de interviews dat de Mexicaanse managers opgegroeid zijn in een meer hiërarchische omgeving dan de westerse expatriates. Dit resulteerde in een verschillende manier van werken, Mexicaanse managers houden van het werken in een onderneming met een hiërarchische structuur terwijl daarentegen de westerse expatriates genieten van het werken bij een onderneming met een platte structuur. Verder, zijn er verschillen met betrekking tot de personele kenmerken van de 2 groepen.

Mexicaanse managers zien zichzelf als relaxed, loyaal en creatief met een focus op tradities, gastvrijheid en relaties. De westerse expatriate ziet zichzelf als tolerant, rechte doorzetter en analytisch met een focus op vertrouwen en besluitvorming.

De meeste bevindingen versterken en breiden de huidige kennis uit. Maar deze studie bevestigt niet dat Mexicanen indirect zijn en geen directe antwoorden geven (Adler, 1998). Uitgaande van de resultaten van de interviews blijkt dat de Mexicaanse manager een directere aanpak gebruikt dan de westerse expatriate. Verder, onderbouwen de resultaten de stelling van Kras (1997), die schreef in haar studie dat de westerse managers in Mexico personen zijn die leven om te werken en die vrije tijd zien als een beloning voor het harde werken. De auteur schrijft vervolgens dat het gebruikelijk is, voor westerse expatriates in Mexico om verantwoordelijkheid en autoriteit te verdelen onder de werknemers. In deze studie, de westerse expatriates geven aan dat het ongebruikelijk is om verantwoordelijkheid en autoriteit te verdelen onder de werknemers.

De resultaten van deze studie kunnen gebruikt worden door Mexicaanse managers, westerse expatriates en ondernemingen in Mexico (zowel nationaal als multinational). De Mexicaanse managers en de westerse expatriates kunnen deze studie gebruiken om na te denken over de leidinggevende karakteristieken die ze hebben en of die overeenkomen met de belangrijkste dimensies van de effectiviteit van managers, verder kan deze studie de managers helpen om een ideale mix van deze karakteristieken te creëren zodat ze zo effectief als mogelijk kunnen zijn. Ondernemingen in Mexico kunnen profiteren van deze studie in de zoektocht naar potentiële werknemers, deze studie kan de ondernemingen helpen in de beslissing tussen een Mexicaanse manager of een western expatriate. De bevindingen van dit onderzoek kunnen worden gegeneraliseerd over Zuid-Amerikaanse landen. Hoewel, de focus ligt op Mexicaanse managers en westerse expatriates in Mexico. Replicatie van deze studie in een ander Zuid-Amerikaans land kan de generalisatie bevestigen.

Verder worden er een aantal implicaties voorgesteld. Deze studie focust op managers die werken in verschillende ondernemingen, het kan ook interessant zijn om alleen respondenten te ondervragen die in dezelfde ondernemingen werken zodat de verschillen tussen 1 onderneming en meerdere ondernemingen duidelijk worden. Ook is het interessant en bruikbaar voor toekomstig onderzoek om culturele gelijkenissen te onderzoeken en niet alleen culturele verschillen. Als laatste suggestie is de drang naar een onderzoek die uitsluitend gebruikt maakt van vrouwelijke managers en deze te vergelijken met de resultaten in deze studie.

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I hope you take pleasure in reading this report. Your interest is appreciated.

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# 1 Introduction

## 1.1 Background

With a population exceeding 112 million, a gross domestic product (GDP) per capita over \$13,000 – more than double that of China – and preferential access to the United States and Canadian market, Mexico is one of the most dynamic emerging markets. One could make the compelling case that the BRICs (Brazil, Russia, India and China) should be renamed the CRIMBs, to account for Mexico's prominence (Haar & Riner, 2010).

During the last decades a tremendous increase in research on expatriation has been conducted. In particular, much work has been done on the personal and situational factors that influence expatriate adjustment and effectiveness (e.g., Aycan, 1997; Black & Gregersen, 1991; Black, Mendenhall, & Oddou, 1991; Caligiuri, 2000a; Mc-Evoy & Parker, 1995; Mendenhall et al., 2002). Although this research has significantly increased our understanding of the antecedents of expatriate success, it has offered relatively little insight into how management effectiveness is affected with cultural differences when western managers are expatriated in multinational companies (MNCs) compared to home-country managers in Mexico.

Due to continuing globalization and as a result of increasing international competition more and more companies have started to operate internationally. The World Investment Report 2009, published by the UNCTAD (United Nations Conference on Trade and Development), state that there is a total of 889,416 MNCs around the world: 82,053 parent corporations and 807,363 affiliates. It is difficult to determine how many MNCs are located in Mexico. For the Secretaria de Economía (SE) and some Latin American based scientific authors such as Mortimore (2006) and Dussel Peters (2007) MNCs are companies with a foreign direct investment (FDI) of more than 1% off their turnover. Following this definition, the total amount of MNCs with foreign capital in Mexico is 34.535 in 2008.

To maximize the effectiveness of these MNCs in Mexico, multinational firms ought to investigate whether culture explain differences in managerial effectiveness between western expatriates located in Mexico and home country managers. Konopaske, Werner and Neupert (2002) state in their research that, in particular, MNCs use parent country national (PCN) expatriate managers, third country national (TCN) expatriate managers and host country national managers (HCN) to balance their strategic needs for global integration and local responsiveness.

Richardson and McKenna (2002) define an expatriate (in abbreviated form, expat) as a professional who has chosen to live on a temporary base in a country longer than one year and other than the one in which he or she legally resides. The word *expatriate* comes from the Latin *ex* meaning "out of", and *patria* meaning "country, fatherland". Roughly 10-20% of personnel sent on expatriate assignments return early, and about a third of those who remain do not perform up to their supervisor's expectations while in these assignments, both of which are extremely costly for the organization (Black & Gregersen, 1991). Eschbach et al. (2001) state in their article that the direct cost per expatriate (salary, housing, education for their children) is between €150.000 and €300.000 per year.

Expatriates work in an unfamiliar environment and interact with other individuals from different cultures. There are many definitions of culture available from research; in this study the definition of



Hofstede (1980) is adopted. Hofstede regards culture as “the collective programming of the mind which distinguishes the members of one human group from another” (Hofstede 1980, p. 21). Although Hofstede’s definition of culture has been criticized by several researchers (e.g., McSweeney 2002; Javidan et al. 2006), it remains the most cited framework of national culture dimensions in comparative research (Kirkman, Lowe and Gibson 2006). Managers in today’s multicultural global business community frequently encounter cultural differences which can interfere with the successful completion of projects. Two recognized studies of cross-cultural management have been conducted by Hofstede (1980) and the GLOBE research program (House et al., 2004). Both approaches propose a set of cultural dimensions along which dominant value systems can be ordered. The GLOBE study represents a impressive collaboration between 170 scholars from 62 countries and sought to build on the seminal work of Hofstede (1980) and others. In contrast to the research of Hofstede (1980) where the focus was on values, the GLOBE data explicitly asks questions regarding values (“what should be?”) and practices (“what is?”) of their sample for all cultural dimensions. Another difference from Hofstede is that GLOBE uses society as the level of analysis in its items whereas Hofstede used the individual level of analysis. Thus, to measure national culture, GLOBE asks respondents to describe the values of a country they live in, whereas Hofstede asked respondents to describe their own personal values. In this study the research of Hofstede is implemented because the researcher is interested in the personal values regarding culture in the interviews.

The scientific relevance of this study is to contribute to the understanding of differences in managerial effectiveness between western expatriates and host-country managers and whether this is influenced by culture. The practical relevance of this study is that it can support MNCs in Mexico in the decision between hiring an expatriate manager or an host-country manager.

## **1.2 Research objective and question**

The context of managerial effectiveness and culture is described in the aforementioned introduction. It seems that the knowledge that can analyze if culture explains differences in managerial effectiveness between western expatriates in Mexico and host-country managers is somewhat limited. This is the starting point to introduce a research objective and a central research question as the foundation of this study. The intention of this study is to find whether culture explains differences in managerial effectiveness between western expatriates in Mexico and host-country managers. The findings of this study can assist managers in the selection process of hiring new managers and the decision whether to hire a western expatriate or a host-country manager. The scope of this study is to seek for determinants and is limited to 2 areas and/or actors: the western expatriate manager (e.g. an expatriate manger that leads a team in Mexico, is longer than 1 year working in Mexico, has more than 3 year experience in managing employees and is originally from a western country) and the host-country manager (e.g. an originally born Mexican that leads a team in Mexico and has more than three year experience in managing employees in Mexico). Although this study is inspired upon literature and in particular on managerial effectiveness and culture, theories and concepts are used to fill gaps in the existing literature. This study solely focuses on the uncertainty if culture can explain differences in managerial effectiveness between western expatriates in Mexico and host-country managers in Mexico.

Now that the topic is identified, the research question can be formulated:

*To what extent does culture explain differences in managerial effectiveness between western expatriates in Mexico and home-country managers?*

To answer the central research question a number of sub-questions are distinguished:

1. What is managerial effectiveness and how can it be measured?
2. What is culture and which cultural behaviors can we determine?
3. What are the managerial effectiveness - and cultural behaviors of the expatriates and the home country managers according to themselves?
4. What are the differences or similarities in managerial effectiveness and culture of the western expatriates and the home-country managers in Mexico according to themselves?

### **1.3 Research Method**

This research is predominantly of an explanatory nature as it aims to explain how cultural differences (independent variable) affect management effectiveness (dependent variable). To gain a deeper insight of the factors that influence cultural differences a research design of a qualitative nature is opted. The qualitative research methods investigate the 'why' and 'how' of decision making, not just 'what', 'where' and 'when' (Denzin & Lincoln, 2005). The qualitative research method also provides examples and explanations. The main research method used to acquire information are the in-depth interviews. In-depth interviews are conducted with a fairly open framework allowing communication in several ways including: focused, conversational, face-to-face, and two-way communication. The technique of the in-depth interviews is used to collect qualitative data by setting up an interview that gives the respondent the time and scope to talk about his or her opinions on a particular subject. The researcher decides the focus of the interview. The objective is to understand the respondents point of view rather than construct generalizations about managerial effectiveness. The interviewer uses open-ended questions that have the same order and content for all the participants. The interviewer also uses open-ended questions that could arise naturally during the interview, therefore, the wording of the questions will not necessarily be exactly the same for all respondents. During the interviews the respondents are encouraged to freely express ideas and provide information which they think are important.

The focus population of this study are western expatriate managers working in Mexico and host-country managers. Out of this sample a sample of 20 managers, equally divided between the two groups, is interviewed. Although this sample may not be sufficient in size to result in findings that can be generalized to the population at large, statistically, this sample size is sufficient in terms of providing findings that can be convincing or at least be strongly indicative towards the theoretical assumptions adopted in this study.

The remainder of this paper is organized as follows. In chapter two a literature review is presented that elaborates on culture and cultural differences between western expatriates and Mexican managers. Furthermore, it includes an elaboration of managerial effectiveness of western expatriate managers in Mexico, managerial effectiveness of home-country managers in Mexico and a comparison between these two. The second chapter also includes an explanation of the research context in Mexico and concludes with the construction of a research framework. The third chapter of this paper is used to describe the methodology, in particular the data collection, the interview and variable operationalization. In chapter 4 the results of the interviews are described and analyzed. In chapter 5 the aim is to conclude this study and to discuss the most important findings of this study. Furthermore, in chapter 5, the scientific and practical implications of this study are elaborated.

## 2 Literature review

### 2.1 Introduction

The literature review chapter criticize, summarize and combine literature on concepts associated with the central research question and serves as a basis to compile a research model that integrates the determinants of managerial effectiveness and culture. Several academic databases and the library of the University of Twente and the library of the Tecnológico de Monterrey located in Querétaro (Mexico) are used to select documents.

To enlarge the probability of a complete and relevant literature review, the literature review is not restricted to one set of disciplines and/or journals (Webster & Watson, 2002). The literature review builds on existing knowledge of culture and managerial effectiveness. Additionally, it enlarges the scope by integrating extensively accepted theories and concepts, since many studies often make use of a wide variety of literature in order to successfully research a subject (Saunders, Lewis, & Thornhill, 2009). These theories and concepts relay to the four different actors that appeared in the central research question: culture, managerial effectiveness, western expatriates in Mexico and home-country managers.

The literature review is conducted systematically; the focus of this literature review is on culture and managerial effectiveness. In order to answer the central research question, of which managerial effectiveness and culture are major elements but also includes western expatriates and home-country managers. The literature review first explains the terms western expatriate and home-country managers and continues with the terms managerial effectiveness and culture. This order is chosen because the terms western expatriate and home country managers are also used in the managerial effectiveness and culture paragraphs.

### 2.2 Western expatriate

Although there have been a large number of studies related to expatriate management, the definition for expatriate however has not been generalized. In this research the definition for expatriate is adapted from the study of Richardson and McKenna (2002), in this study an expatriate (in abbreviated form, expat) is defined as a professional who has chosen to live on a temporary base in a country longer than one year and other than the one in which he or she legally resides. The word *expatriate* comes from the Latin *ex* meaning "out of", and *patria* meaning "country, fatherland". Muczyk and Holt (2008) mention in their study that the world is rapidly becoming a global economic village, characterized by multinational and transnational firms. International organizations are now seeing an increasing number of expatriate employees to effectively compete in this ever-expanding hypercompetitive marketplace (Harvey & Novicevic, 2002).

Derr and Oddou (1991) identify two types of expatriates: those who are assigned abroad to "fix" a problem, including those assigned to line management and specialized functional positions, and those who go abroad as "high-potentials" to broaden their development before moving up to senior management. In this research, there is no distinguish between these two types of expatriates. Expatriate managers are considered a practical mean for exercising control over foreign operations and they can have a direct impact on organizational performance (Harvey & Moeller, 2009). According to Takeuchi (2010) there are both positive and negative benefits of being an expatriate.

Positive benefits include acquisition of global management skills and expatriate experience for career advancement. Negative consequences include poor performance due to difficulties in adjusting to the foreign environment or disillusionment with parent company support. However, for an expatriate to be successful, leadership is an important area (Harvey, 1996), and expatriates are now required to have leadership dimensions in their roles (Harvey & Novicevic, 2002). In 2009, Harvey and Novicevic constructed a table that could predict success and failure of expatriate managers including the representative research, see table below.

<b>Expatriate performance</b>	<b>Individual</b>	<b>Organizational</b>	<b>Environmental</b>	<b>Systemic</b>
<b>Success</b>	<ul style="list-style-type: none"> <li>• Big '5' personality characteristics</li> <li>• Technical competence</li> <li>• Cultural adaptability</li> <li>• Previous cultural adjustments</li> <li>• Extensive foreign travel</li> </ul>	<ul style="list-style-type: none"> <li>• Cross-cultural training</li> <li>• Repatriation program</li> <li>• Knowledgeable IHRM Managers</li> <li>• Separate IHRM process/ Procedures</li> <li>• Mentoring program</li> </ul>	<ul style="list-style-type: none"> <li>• Relocation to similar economy/culture</li> <li>• Reduced government restriction</li> <li>• Similarity of languages</li> <li>• Similarity of social institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Planning perspective</li> <li>• Integrated IHRM system</li> <li>• Increased use of technology</li> <li>• Flexibility of IHRM system</li> <li>• Consistency of systems globally</li> </ul>
<i>Representative research on success</i>	<i>Aycan et al. (2000); Harvey and Novicevic (2002); Hechanova et al. (2003); Selmer and Leung (2003); Chen and Tzeng (2004); Harvey et al. (2004); Holopainen and Björkman (2005); Deller (2006); Lett and Smith (2009)</i>	<i>Harzing (2001); Downes, Thomas, &amp; Rodger (2002); Stahl, Miller and Tung (2002); Hocking et al. (2004); Novicevic and Harvey (2004)</i>	<i>Selmer (2000); Wasti (2003); Wang and Kanungo (2004); Shay and Baack (2006)</i>	<i>Bonache et al. (2001); Novicevic and Harvey (2001); von Glinow, Drost and Teagarden (2002)</i>
<b>Failure</b>	<ul style="list-style-type: none"> <li>• Family issues</li> <li>• Unwillingness to be relocated</li> <li>• Dual career issues</li> <li>• Commitment to assignment</li> <li>• Lack of language capabilities</li> <li>• Inadequate support for the employee/family</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of career planning</li> <li>• Inadequate orientation</li> <li>• Inadequate compensation programs</li> <li>• Inadequate training programs</li> </ul>	<ul style="list-style-type: none"> <li>• Emerging markets</li> <li>• Restrictions on HR by government</li> <li>• Hostility (climate, healthcare, etc.) of environment</li> <li>• Cultural taboos (women, minorities)</li> </ul>	<ul style="list-style-type: none"> <li>• 'Centric' IHRM orientation</li> <li>• Ad hoc case-by-case negotiations with candidates</li> <li>• Inadequate career development process during foreign assignment</li> <li>• Ineffective performance appraisal system</li> </ul>
<i>Representative research on failure</i>	<i>Harvey (1996); Daniels and Insch (1998); Bonache et al. (2001); Takeuchi, Yun &amp; Tesluk (2002); Selmer and Leung (2003)</i>	<i>Selmer and Leung (2003); Wasti (2003); Templer et al. (2006)</i>	<i>Wang and Sangalang (2005); Selmer (2006a,b);</i>	<i>Novicevic and Harvey (2001); Harvey et al. (2004)</i>

Table 1: Predicting success/failure of expatriate managers; Harvey and Novicevic (2009)

Takeuchi (2010) also argues that for an expatriate to be successful the stakeholders that are involved are equally important and these stakeholders can influence and can be influenced by the expatriates.

The primary stakeholders according to Takeuchi (2010, p. 5-6) include: “the spouses and family members, the parent organization, and the host country nationals, whose support can be instrumental in expatriate succeeding in their objectives or whose resistance can lead to failures.” This view of multiple stakeholders raises a critical implication that expatriate adjustment cannot be managed just by focusing on the expatriates themselves. Takeuchi (2010) argues that international studies have neglected the host country nationals role in the success of expatriate assignees. It is difficult to say how many expatriates are living in Mexico because there are many expatriates that are living and working in Mexico on tourist visas. There are also a number of foreigners that own property in Mexico, but do not live in the country full time. The three biggest groups of expatriates living in Mexico include; the Americans with an estimated population around 2 million, the Canadians with an estimated population of 1.4 and the Spaniards with an estimated population of 700,000.

To conclude, in this research a western expatriate is defined as a professional from a western country who is living on a temporary base in Mexico longer than one year, has more than three year experience in managing employees and speaks a sufficient level of English.

### **2.3 Home country managers (HCM)**

OECD (2011) published a study stating that the Mexicans are the hardest working people in the world -or at least-, in 29 of the most advanced economies. The HCM in Mexico works on an average 594 minutes per day (OECD, 2011), this is significant higher compared to western countries such as The United States (496 minutes per day), The Netherlands (450 minutes per day) and Spain (475 minutes per day). A full breakdown of the 29 economies can be found in Appendix A on page 48 of this report. Still, Mexicans have the highest level of poverty following the report of the OECD (2011). According to this study, 1 out of 5 Mexicans is under the poverty level, and the average in the study is 1 out of 10. The reason for this difference is that much of the Mexican women’s work is unpaid. Mexican women work 4 hours and 21 minutes a day more than Mexican men on unpaid work – compared with two hours and 28 minutes for the average OECD woman, one hour and 42 minutes for the average North American woman and 57 minutes for the average Danish woman, whose country boasts the smallest gender gap of this kind. Notwithstanding its high poverty rate, Euromonitor International, a market research economy states that hard-working Mexico is on the rise. Euromonitor expects Mexico to replace Italy as the world’s 10th biggest economy in the next four years. The firm says Mexico will grow at an annual rate of 4 per cent for the next decade, with Italy at 2 per cent.

When looking at characteristics of the Mexicans, one of the most important characteristic is trust. Rajagopal (2006) states in his research that Mexico is generally considered to be a low-trust culture. Most of the literature suggests that Mexicans prefer not to speak out independently but remain interdependent with a group (Rajagopal, 2006). Morris and Pavett (1995) mention that authority is a different characteristic of the Mexicans. In their study they stated that Mexicans need a strict authority to perform. Furthermore, Mexicans are often trying to avoid responsibility (Guy, 2006). The author states that it is a natural human characteristic however it seems exaggerated in Mexico. If something goes wrong, employees like to have an out – they were simply following the boss’ orders; the employees cannot be held responsible for mistakes if they were simply following orders.

One area of research that has not been tapped with respect to Mexican managers is the cultural consequences of the Hacienda system. Mexican anthropologists have written that the heritage of the

Hacienda system has numerous behavioral implications for Mexican society in general that often result in cruelty toward social inferiors, engenders a desire to exercise power harshly and promotes an attitude that if there is no danger of being caught, laws are to be violated (Hewes, 1954). The hacienda system is studied by Konrad (1980). In his study, he states that the hacienda system started around the 15<sup>th</sup> century. In Mexico, minor nobles from Spain were getting large land grants from the Spanish crown. The emphasis of these grants was not on efficient economic development but was on culture and a status system. Konrad (1980) mentions that the hacienda system is still a drag on development. The hacienda system is based on the economics of scarcity: Low production and high prices. The owner is called the Patrón. Konrad (1980) describes a hacienda system as fatalistic and hopeless for the working class. Furthermore, it is mentioned that Mexico is still suffering from the hacienda system, especially it is dragging on in the development sector in Mexico.

To conclude, in this research the HCM is defined as a manager that is working in Mexico with at least three year experience, should have the Mexican nationality and is managing at least one employee, furthermore the level of English of the HCM should be sufficient to take part in the interviews.

## **2.4 Managerial effectiveness**

Managerial effectiveness has been defined from different perspectives over the past decades and there have been numerous attempts to arrive at one single definition of this variable. In the context of an employee's specific role within an organization, managerial effectiveness is a product of the individual's effective or ineffective work-related behaviors (Drucker 1967, 2001; Page, Wilson, Meyer & Inkson 2003). The managerial effectiveness is assessed on the basis of their role-specific skills and the degree to which they are able to accomplish the goal requirements of the organization. Managerial effectiveness is also emphasized on the organizational and environmental contexts in which a manager works (Page et al. 2003). In terms of identifying factors which are most influential to the manager's duty to effectively accomplish organizational goals, Wood et al (2004) and Drucker (1967; 2001) focus on what a manager does and how he or she does it. Deming (1982) however, argues that before a manager can be judged in terms of effectiveness, the entire organization needs to be transformed into an 'effective' environment, after which effectiveness will be a resultant endemic norm. While the authors differ in their views of the path to effectiveness, there is agreement that managerial effectiveness occurs when a manager's effort results in the ongoing satisfying of organizational goals. The term "satisfying" here implies that the goals are met in such a way that provides for sustainable repeatability within the context of the organization and its environment (Page et al. 2003).

There are numerous managerial effectiveness theories, for instance Gregersen, Morrison, and Black (1998), conducted interviews and gathered survey data from international managers in identifying five characteristics of successful global leaders: (1) context specific knowledge and skills, (2) inquisitiveness, (3) personal character (connection and integrity), (4) duality (the capacity for managing uncertainty and the ability to balance tensions), and (5) savvy (business savvy and organizational savvy). Coleman (1995; 1998; 2000) reveals that 90% of the difference between average and exceptionally effective managers is due to emotional intelligence, as opposed to cognitive abilities. The competency factors that make up the emotional intelligence index are self-awareness, self-regulation, motivation, empathy, and social skills (Coleman 1995; 1998; 2000).

Associates of the Hay McBer Group (2007) conducted critical incident interviews with 55 CEOs from a variety of industries located in 15 countries to determine the critical factors predicting global managerial effectiveness (Martin, 1997). They named competencies they believed are universal regardless of context (four competencies under each of three headings labeled: sharpening the focus, building commitment, and driving for success) and identified three kinds of competencies that vary as a function of a given cultural context (business relationships, the role of action, and the style of authority). Leslie et al. (2002) aimed to integrate a number of theories of managerial effectiveness as they relate to management. In their report it is said that managerial effectiveness represents the observable things that people do related to stated goals. In the next paragraph the components of Leslie et al. (2002) are further explained.

#### **2.4.1 Components of managerial effectiveness.**

To represent managerial effectiveness, Leslie et al. (2002) gathered 27 items from the literature, then supplemented and revised in consultation with one of the companies that took part in the research project. The 27 items were written to address three dimensions of managerial effectiveness: business practices and outcomes, managerial and leadership qualities, and relationships. Further analysis and discussion by the research team suggested that these dimensions were better represented as five factors rather than three factors. The authors derived the final five dimensions of managerial effectiveness using three steps:

1. A principal components analysis was conducted at the individual-rater level with boss and direct report ratings combined (747 observations). Fifteen items loaded cleanly on one of five factors.
2. After a series of discussions related to the data and/or the conceptual understanding, the authors incorporated from the remaining 12 items an additional 9 items into the 5 scales, three items were dropped.
3. The five derived scales and corresponding items were e-mailed to a group of CCL faculty members, who were asked to provide a name for each scale.

These steps have identified the components of managerial effectiveness as follows:

1. Managing and Leading (ML)  
The extent to which the managers represents traditional leadership behaviors of setting direction, inspiring and motivating. Furthermore, the component included items that reference an internal focus and traditional manager-to-direct report activities, such as selection, development, coaching, and managing conflict.
2. Interpersonal Relationships (IR)  
The extent to which managers represented relationships with peers and senior managers inside the organization, if professional relationships are important in the country and whether the managers see themselves as team players or individuals.
3. Knowledge and Initiative (KI)  
The extent to which the managers combined the characteristics of broad knowledge compared to other managers and professional competence with the personal attributes of confidence, risk taking, independence, and initiative.



4. Success Orientation (SO)

The extent to which the managers represented an orientation toward goal achievement and attainment of desired organizational outcomes. Furthermore it represented the managers reaction on setbacks and SO also included an item related to the managers potential to reach the most senior position in the company.

5. Contextually Adept (CA)

The extent to which the managers were able to judge characters correctly and how the managers used employees from different cultures. Furthermore, CA had an external focus and included the ability to manage external relationships.

According to Leslie et al. (2002) a manager is effective when the 5 components of managerial effectiveness are achieved. In addition in the study of Leslie et al. (2002) it is mentioned that emotional stability, skill in the roles of leader and decision maker, and the ability to cope with stress are components of managerial effectiveness. Furthermore, conscientiousness, skill in the role of negotiator and innovator, business knowledge, cultural adaptability and the ability to take the perspective of others as significant influences managerial effectiveness. Although more elaborated, these are details of the 5 main components of managerial effectiveness.

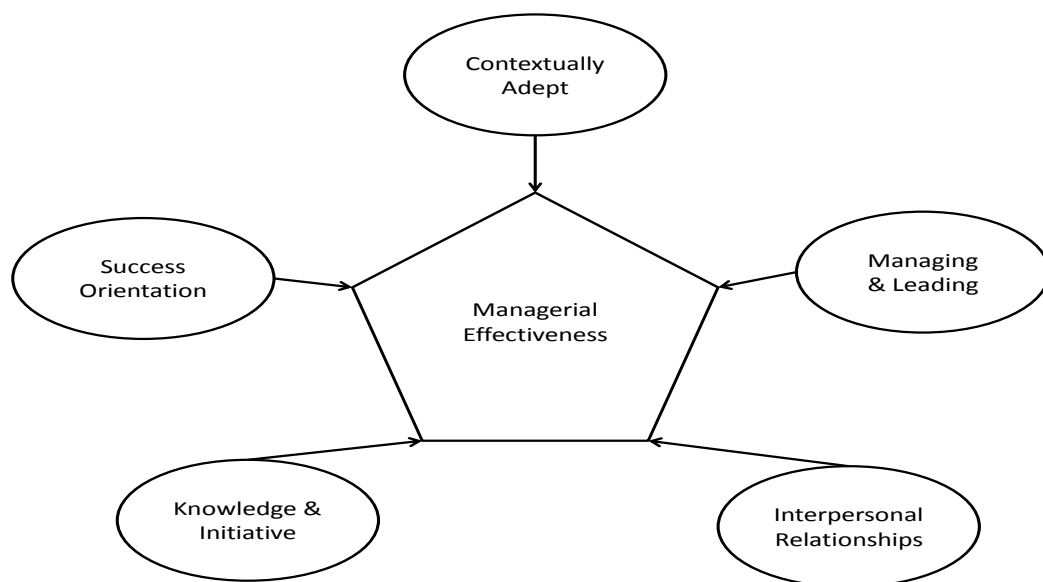


Figure 1: Five dimensions of managerial effectiveness (Leslie et al. 2002)

#### 2.4.2 Managerial effectiveness of Mexican managers

As mentioned before, Mexican managers are the hardest working managers in the world (OECD, 2010). There are many excellent and successful Mexican companies who are distinctly Mexican in their management and techniques. Several Mexican companies are in the Forbes 500 list (Forbes, 2011) including among others, Banorte (financial services), Grupo Televisa (broadcasting), Telmex (telecommunications), Femsa (brewery) and Cemex (construction). Kras (1997), states that whether to operate in a culture or management system it requires patience and understanding of that culture or management system. Pariente (2009) studied which prejudices existed concerning Mexican managers from a western point of view. In the results of the study, several prejudices about the

Mexican managers were mentioned from a western point of view, Mexican managers were often called lazy and when they work, nothing gets done. Furthermore, Mexican managers are called non-enterprising, unintelligent, unsophisticated, and untrustworthy. Following the study of Kras (1997), Mexican managers work when they need to work and when it is leisure time, the Mexican manager does not work. Adler (1998) mentions in her study that when U.S. executives are sent to Mexico, they soon hear that Mexicans are "indirect" and "will not give you a straight answer, "especially if what needs to be communicated is unpleasant." Thus, the generalized statement about the Mexican "vagueness" is often heard among foreigners residing in Mexico. Following the study of Kras (1997), a Mexican manager is autocratic. However, there is a trend among younger managers that they start to accept and delegate responsibility among subordinates, but these subordinates are not used to this, they are used to get tasks assigned, not authority.

In the report of OECD (2010) it is mentioned that it is considered poor behavior to criticize a Mexican manager or employee in public, it can result in a loss of self-esteem and can harm the long term relationship severely. A Mexican manager expects loyalty from himself and from his employees, in return for loyalty; the manager will look after the interests of subordinates. In Kras (1997) study, she mentions that Mexicans prefer to hire a family-member or a friend due to trustworthiness.

#### **2.4.3 Managerial effectiveness of Western expatriates**

In the study by Kras (1997) she describes the western managers as people that live to work and they see leisure time as a reward for hard work. Bettancourt & Brown (1997) indicate that it is customary for a western manager to entrust responsibility to employees and it doesn't imply a lack of intention to the employees needs and requests. It is common for a western manager to distribute responsibility and authority among their employees. Katzenbach (1998) writes in his book that pragmatic managers are typical western managers; he states that pragmatic managers are sensitive to their company's context and open to uncertainty. Pragmatic managers focus on outcomes and are willing to make sacrifices to reach these outcomes. Kras (1997) further describes the western manager as a manager that has a problem solving approach and is action oriented, she also describes the western manager as a manager that is only focused on tasks that are happening now and that can contribute towards the future.

#### **2.4.4 Managerial effectiveness of Mexican managers versus western expatriates**

This paragraph intends to describe the differences in managerial effectiveness of Mexican managers versus western expatriates. A model was constructed by Kras (1997) to make a comparison between Mexican managers and western managers on managerial aspects and the main differences. The model can be found in the table below.

Aspect	Mexican manager	Western manager
Work/Leisure	<ul style="list-style-type: none"> <li>- Works to live.</li> <li>- Leisure considered essential for full life.</li> <li>- Money is for enjoying life.</li> </ul>	<ul style="list-style-type: none"> <li>- Lives to work.</li> <li>- Leisure seen as reward for hard work.</li> <li>- Money often end in itself.</li> </ul>
Direction/Delegation	<ul style="list-style-type: none"> <li>- Traditional manager is autocratic.</li> <li>- Younger managers starting to accept and delegate responsibility.</li> <li>- Subordinates used to being assigned tasks not authority.</li> </ul>	<ul style="list-style-type: none"> <li>- Managers delegate responsibility and authority.</li> <li>- Executives seeks responsibility and accepts accountability.</li> </ul>
Theory vs. Practice	<ul style="list-style-type: none"> <li>- Basically theoretical mind.</li> <li>- Practical implementation often difficult.</li> </ul>	<ul style="list-style-type: none"> <li>- Basically pragmatic mind.</li> <li>- Action oriented problem solving approach.</li> </ul>
Control	<ul style="list-style-type: none"> <li>- Still not fully accepted.</li> <li>- Sensitive to being "checked upon".</li> <li>- Sensitive to giving and receiving critical feedback.</li> </ul>	<ul style="list-style-type: none"> <li>- Universally accepted and practiced.</li> <li>- Critical feedback expected and discussed.</li> </ul>
Loyalty	<ul style="list-style-type: none"> <li>- Mostly loyal to superior.</li> <li>- Beginnings of self-loyalty.</li> </ul>	<ul style="list-style-type: none"> <li>- Mainly self loyalty.</li> <li>- Performance motivated by ambition.</li> </ul>
Staffing	<ul style="list-style-type: none"> <li>- Family and friends are preferred due to trustworthiness.</li> <li>- Promotions based on loyalty to superior.</li> </ul>	<ul style="list-style-type: none"> <li>- Relatives usually barred.</li> <li>- Promotions based on performance.</li> </ul>
Competition	<ul style="list-style-type: none"> <li>- Avoids personal competition; favors harmony at work.</li> </ul>	<ul style="list-style-type: none"> <li>- Enjoys proving self in competitive situations.</li> </ul>
Training & Development	<ul style="list-style-type: none"> <li>- Training highly theoretical.</li> <li>- Few structured programs.</li> </ul>	<ul style="list-style-type: none"> <li>- Training concrete, specific.</li> <li>- Usually structured programs.</li> </ul>
Time	<ul style="list-style-type: none"> <li>- Relative concept.</li> <li>- Deadlines flexible, "Mañana, mañana".</li> <li>- What is happening right now is more important than the future</li> </ul>	<ul style="list-style-type: none"> <li>- Literal impressive.</li> <li>- Deadlines commitments are firm.</li> <li>- What is happening now is only important when it contributes towards the future.</li> </ul>
Planning	<ul style="list-style-type: none"> <li>- Mostly short term because of uncertain environment and sense of "now".</li> </ul>	<ul style="list-style-type: none"> <li>- Mostly long term in predicted environment.</li> </ul>

Table 2: Management comparison adapted from: "Kras (1997) Bridging the gap between two cultures"

To summarize this model, Kras (1997) sees the Mexican manager as an autocratic, loyal and theoretical manager that works to live, prefers to hire friends or family and is not used to control, competition and planning. The western manager is described by Kras (1997) as a responsible, self loyal and pragmatic manager that lives to work, does not hire relatives and is used to control, competition and planning.

## 2.5 Culture

Several studies have been conducted concerning culture and there are numerous definitions of culture. These definitions go from the most complex and comprehensive (e.g. Kluckhohn, 1962) to the most simple (e.g. Hofstede, 1997). Miroshnik (2002) studied over more than hundred different definitions and argues in his article that the definition of Kroeber & Kluckhohn (1962), which conducted a compilation of 162 definitions of culture offers one of the most generally accepted definition of culture: "Culture consists of patterns, explicit and implicit, of and for behavior acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiment in artifacts. the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other as conditioning elements of further action." (Kroeber & Kluckhohn, 1962 p. 357). Based on the study of Kluckhohn & Kroeber (1962), Hofstede defines culture as "the collective programming of the mind which distinguishes the members of one

group or category of people from another” (Hofstede, 1997 p. 5). Furthermore, culture is something that is shared by almost all members of some social group; that the older members of the group try to pass on the younger members and something (as in the case of morals, laws and customs) that shapes behavior.”

A country’s culture is multidimensional, and since the late 1970s a great amount of literature has expanded the set of cultural value dimensions. Various cultural frameworks have been developed by researchers. Three main researches are seen as the most important in the field of cultural-comparative research: Geert Hofstede, Ronald Inglehart and Shalom Schwartz (Vinken & Dekker, 2006). The research of Inglehart (1990, 1997) is based on cultural shifts in society and on the fact that economic development, cultural change and political change go together in coherent and predictable patterns (Vinken & Dekker, 2006). Schwartz (1994) has done research towards the existence of universal value orientations within more than 65 countries, following the research of Schwartz (1994) cultures can be accounted for by seven basic cultural values including: Conservation, hierarchy, intellectual autonomy, affective autonomy, competency, harmony and, egalitarian compromise. Hofstede (1980) compares national cultures based on four cultural dimensions: individualism versus collectivism, power distance, uncertainty avoidance, and masculinity versus femininity. Hofstede added a fifth dimension after conducting an additional international study using a survey instrument developed with Chinese employees and managers. That survey resulted in the dimension called long-term orientation, the fifth dimension is not analyzed in Mexico and therefore this study only focuses on the first four dimensions of the study of Hofstede. Hofstede indicates three reasons for cultural differences: political, sociological and psychological. Nations are political units that have different institutions, legal systems and so forth. Sociological differences derive from the fact that citizens within each country have an identify with that country. Finally, the psychological differences result from early life experiences which are partly formed as a result of the other two differences mentioned.

The four dimensions of Hofstede are described in the next sub chapter. As well as supporters and opponents of Hofstede’s research. Furthermore, regarding the Mexican culture, Grosse (2001) interviewed 47 Mexican managers with the result an advice to expatriates on how to conduct business in Mexico effectively, this is more detailed described in the next sub chapter.

### **2.5.1 Cultural differences between Mexico and western countries.**

First, this paragraph starts with the cultural differences that were found in the research of Hofstede (1980) and it continues with the study of Grosse (2001). The first cultural dimension of Hofstede (1980), individualism versus collectivism refers to value within the society of the home country with respect to an individual’s dependence upon others within their society. Following the study of Hofstede (1980), Mexico is a collectivist society where individuals strongly identify with a particular group of which they are members, such as family and the western countries have an individualistic society and have less identification with groups. Power distance, according to Hofstede, fundamentally relates to how a society deals with inequality. Some societies are more accepting of inequalities and tolerant of growth of these inequalities over time. Hofstede cites that this is because the situation satisfies the psychological need for dependence of the people without power. The western countries have values representative of small power distance and minor inequalities. Mexico is characterized as a country with large power distance where inequalities can grow. The

next dimension, uncertainty avoidance refers to a society's values about the reality that the future is uncertain. Members of some societies are socialized into accepting what will be, will be. Each day is taken as it comes, risks are taken more cavalierly and work ethic is less strong, according to the author. On the other hand, there are societies that socialize their members to the idea that you can beat the future. These societies have strong uncertainty avoidance, like western countries. Mexico is analyzed as a country with weak uncertainty avoidance. Hofstede posits that weak uncertainty avoidance countries, such as Mexico, will have a weak work ethic. There is a logical supposition that job satisfaction and work ethic are correlated, therefore, it seems that Hofstede's conclusion about work ethic is not supported by the more recent research. The last dimension identified is masculinity versus femininity. In essence, Hofstede found that societies can be classified as to whether they minimize or maximize the social sex role division. The western countries are more feminine than Mexico but this dimension is closer than any of the others. Hofstede notes that it is clear that culture does matter; culture is a collective mental programming that conditions each member within their particularly society to hold certain values. Other research is supportive of Hofstede with respect to Mexicans' attitudes towards work. Kluckhohn and Strodtbeck (1961) classify Mexico as a "being" rather than a "doing" culture, which implies that relationships are more important than work: incomplete tasks or jobs are not a bothersome thing. The impression that the Mexican culture values non-work activities above work activities is supported by Kras (1989), Slocum et al. (1971) and Flynn (1994). However, Peterson et al (2003) point out that cultural communications within and between cultures are more complicated than suggested by Hofstede's findings. Furthermore, Mexican values about work are being challenged. Chandler (1999) found an increase over time in Mexicans' placing more emphasis on work than leisure. Tatto et al (2001) had similar findings. Harrison and Hubbard (1998) found that the Mexican labor force exhibited values different from what Hofstede would have predicted. Davis and Nayeypour (2004) concluded from questionnaire responses of workers from five different factory locations that Mexicans exhibited a stronger work ethic than would have been predicted by previous research.

For the expatriate manager working in Mexico, understanding cultural differences can make or break successful business dealings. Grosse (2001) interviewed forty-seven Mexican managers with the result an advice to expatriates on how to conduct business in Mexico effectively. The managers in the study group identified the greatest challenges to cross-cultural understanding in business, citing the following five areas of significant difference between the Mexican culture and the western culture: Business relationships, attitudes towards time, family and religious values, communication patterns, and the government-business relations. The first area is business relationships, in Mexico business relationships depend heavily on personal connections, with value placed on trust, friendship and sincerity. Thus socializing is a cultural necessity in Mexico that precedes conducting business. In contrast to this view, Morrison et al. (1994) point out that western managers tend to consider their personal life private, something that is not discussed in business negotiations. Friendships are limited and are more specific to needs. Furthermore, in the study of Grosse (2001) it is stated that unlike Mexicans, western managers do not mind conducting business with strangers and tend to keep their personal and business life separate. Regarding the second area, attitudes toward time, in Mexico, people typically have a more relaxed attitude towards time and work longer hours than their western counterparts. Ferraro (1998) contrasts in his study the two cultures attitude towards time: "to be kept waiting 45 minutes for an appointment may be unthinkable rude for the western businessperson, whereas for many Mexicans a 45-minute delay would be well within the acceptable

limits.” Kras (1997) recommends that western executives should be tolerant of Mexican attitudes toward time, and add a time cushion for any unexpected developments. Concerning the third area, family and religious families, Mexican families tend to be larger than western families, and family loyalty is stronger in Mexico. Tight family ties go beyond bloodlines, extending to *compadres* (brothers), or godfather relationships. These important *compadre* (brotherhood) connections extend family ties and obligate people to help each other in an extensive network. Condon (1985) contrasts Mexican and western attitudes towards the family, “while the family is a cherished part of the western way of life, what is meant by ‘the family’ and its relationships to the individuals is very different from what one finds in Mexico.” Ninety percent of the Mexican population is catholic (Moreno, 2006) and therefore, western executives should recognize the importance of the family and religion to Mexicans. The fourth dimension, communication patterns, describes that in Mexico, as Morrison et al. (1997) describe in their research it is polite to tell someone what they (apparently) want to hear, even if that is untrue. In the research of Grosse (2001) it is clearly defined that when a western manager speaks Spanish it will give them an edge, if a western manager speaks at least 60% Spanish, this will make a very good impression on the Mexican businessperson. Meetings and business related communications often take an indirect route, Mexicans don’t like to go direct to the point, communications goes in circles, Hall and Hall (1990) point out that many western managers are comfortable with directness, the authors further state that a Mexican manager is not comfortable with directness. The Mexican culture respects hierarchy, and people tend to be formal, especially at the beginning of a business relationship. The last area, government-business relations, in Mexico, the government plays a more active role in business compared to the western governments. In the study of Grosse (2001) it is mentioned that in Mexico there are still high levels of corruption in business and government. Leppart (1996) concurs that Mexican and western contract laws differ significantly, and that the complex relationships between government and business in Mexico may be difficult for western businesspeople to navigate.

## **2.6 Mexico as a research context.**

Researchers compare the writing of a paper to that of telling a story and the specific results of the story is the main basis of the research project. The explanation of the setting in which the study will take place is an important element before a reader can understand the study. This sub chapter will provide a description of Mexico (the main location of the study) and the relevance of the study to Mexico. Also in appendix B on page 47 a map of Mexico can be found and appendix C, also on page 47, includes a description of the location in Mexico where this study is conducted (Querétaro) and the appendix includes a brief description of the university in Querétaro (TEC de Monterrey, campus Querétaro) that helped in this research.

Mexico, also called “United Mexican States” is the most populous Spanish-speaking country in the world and the second most-populous country in Latin America after Portuguese-speaking Brazil. Mexico has a land area of 1,972,550 square kilometers and a population figure of 112,468,855 in 2011 (INEGI Census Statistics, 2011). This makes Mexico forty-seven times the size of the Netherlands.

Kras (1997) describes Mexico as a country of extremes in her study, it has extremes in climate from the temperate north to the hot, humid, tropical south-east, and it has extremes in terrain from great mountain ranges and high plateaus to flat dry plains and steamy jungles. These extremes are

matched by extremes in the types of people who inhabit the country-from the industrious north to the traditional southeast, in terms of the business and industrial communities. A map of the country Mexico can be found in appendix A.

In 1990, Mexico approached the United States with the idea of forming a free trade agreement (FTA). Mexico's main motivation in pursuing an FTA with the United States was to stabilize the Mexican economy and promote economic development by attracting foreign direct investment, increasing exports, and creating jobs. The North American Free Trade Agreement (NAFTA), in effect since January 1994, plays a key role in the trilateral economic relationship between Mexico, the United States and Canada. The three countries are closely tied in trilateral trade and investment, and in areas of mutual interest such as migration, security, environmental, and health issues. NAFTA's effect on Mexico and the state of the Mexican economy have implications for the overall relationship between the United States and Mexico and for U.S. economic and political interests. Due to the NAFTA agreements in Mexico, Mexico has become the destination of many western expatriates since the introduction. A more detailed explanation of Querétaro and ITESM Campus Querétaro can be found in appendix B.

The study assumes that due to the uniqueness of the country in terms of its culture, values and ethics of individuals and the fact that Mexico is an emerging economy; and a country that has not been researched in relation to the area of study; an interesting contribution to the field of international management and managerial effectiveness for Mexico can be expected.

## 2.7 Research framework

All the relevant aspects of this research will be illustrated and summarized in the following research model. The research model in Figure 2 displays how culture explain differences in managerial effectiveness between western expatriates in Mexico and home-country managers.

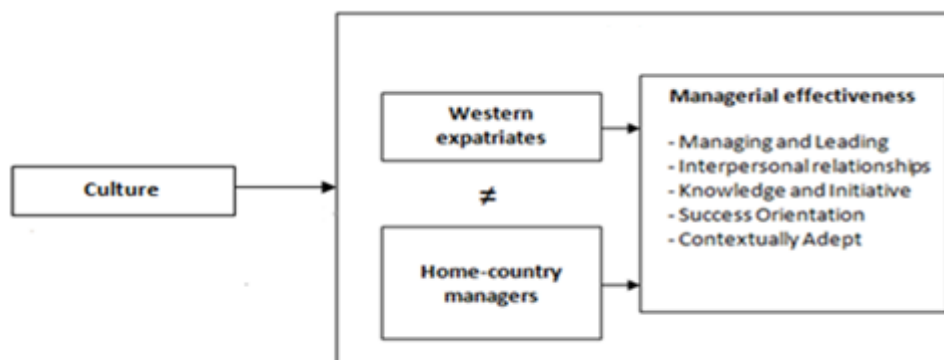


Figure 2: Research Framework

First, culture is analyzed through the interviews among the western expatriates and the home country managers and differences and/or similarities are explained using the study of Hofstede (1980). Furthermore, 10 western expatriates and 10 home-country managers are interviewed. The managerial effectiveness determinant is based upon the research of Leslie et al. (2002) where the researchers explain the five dimensions of managerial effectiveness.

## **3 Methodology and Design**

### **3.1 Introduction**

The research model and the corresponding characteristics in the previous chapter are tested in this study. While we select the appropriate research design and methods in the following paragraphs, the fundamental principles shape the research design and methods. Therefore we first elaborate on the applicable research philosophies, paradigms, and approaches. The latter paragraphs describe the practical considerations and present the design of this study, including how and which data to collect, sampling techniques and sample selection, measurement and instrumentation, and data processing and analysis.

### **3.2 Research design**

This research is predominantly of an explanatory nature. An exploratory study is a valuable means of finding out 'what is happening; to seek new insights; to ask questions and to assess phenomena in a new light' (Robson, 2002). This research aims to understand how managers from both Mexican and western descent see how culture influence managerial effectiveness. Therefore, this research adopts a qualitative design. Bluff (1997) describes qualitative research to understand how it works, qualitative research is not to gather numbers, it is to gather information. Corbetta (2003) demonstrated that qualitative research is open and interactive. He also demonstrated in his study that observation precedes theory whereas quantitative research is structured and theory precedes observation. Denzin & Lincoln (2000) define qualitative research as a situated activity that locates the observer in the world. It consists of a set of interpretive, material practices that make the world visible. They turn the world into a series of representations including field notes, conversations and interviews. Ewings (2007) points out that there are three main methods for collecting data in qualitative research. These three main methods are focus groups, direct observations and in-depth interviews. Focus groups is a method when the researcher brings together a small number of subjects to discuss the topic of interest (Rutman, 1996). The next method is direct observation, in this type of study the researcher aims to become immersed in or become part of the population being studied, so that they can develop a detailed understanding of the values and beliefs held by members of the population (Johnson and Webb, 1995). The third method is in-depth interviews, in-depth interviewing is a qualitative research technique that involves conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular problem or subject (Boyce & Neale, 2006) In this study, the in-depth interview method to collect data in qualitative research is used. In-depth interviews are conducted in order to elicit necessary information from participants knowledgeable in the concerns of this study. In-depth interviews can range in length (but are usually between 30 and 90 minutes) and can be conducted with an almost unlimited number of identified individuals. Although typically the number of respondents interviewed is under 100, and usually are in the 10-50 respondent range. In-depth interviews (Ewings 2007) are most often conducted by telephone during a prearranged appointment for time reasons but can also be conducted face-to-face, either at a respondents home or office or in a central location.



Furthermore, face-to-face interviews can be conducted when people exit a physical space and in “captive audience” situations, such as during conferences, classes, workshops, or meetings. In this study the face-to-face approach is used, face-to-face interviews are ideal concerning targets that are more difficult to manage such as managers and directors. The face-to-face interviews will be further discussed in paragraph 3.2.2

### 3.3 Methodology

The sampling procedures and explanation regarding the limitations associated with its generalizability is elaborated in paragraph 3.2.1. A description of the face-to-face interviews is presented in paragraph 3.2.2. Paragraph 3.2.3 outlines the data collection procedures and paragraph 3.2.4 presents a note on the ethical considerations.

#### 3.3.1 Sample

The sample size for this study is small. Patton (2002) in Saunders et al. (2009) argues that data collection and analysis skills provide more insights to the validity, understanding and insights that one gains from data than with the size of the sample. The research sample consists of 10 Mexican managers and 10 western expatriates that are all working in Mexico. Requirements for the participants can be found in the table below.

Requirements	Mexican Manager	Western Expatriate
Nationality	Mexican	Western
Managing	>1 employee	>1 employee
Level of English	Sufficient	Sufficient
Time in Mexico	Permanent	Temporary and >1 year
Experience	>3 years of managing people	>3 years managing people

Table 3: Requirements of the participants.

The Mexican manager in this research sample is working in Mexico with the Mexican nationality and is managing at least 1 employee, furthermore the level of English of the Mexican manager should be sufficient to take part in the interviews and he or she should have at least 3 years experience in managing people. A western expatriate is defined as a professional from a western country who has chosen to live on a temporary base in Mexico longer than one year, the western expatriate should also be in Mexico longer than 1 year already. Furthermore, the western expatriate should manage at least 1 employee, must communicate in a sufficient level of English to take part in the interviews and finally should have at least 3 years experience in managing people.

The managers are chosen with the help of the ITESM (Instituto Tecnológico y de Estudios Superiores de Monterrey) university database and snowball sampling techniques are also used. Respondents are asked to forward the invitation to others eligible to perform the interview. Saunders et al. (2009) note that snowball techniques create samples in which cases will have desired characteristics. The managers in this study include general managers, engineering managers, presidents and marketing managers.

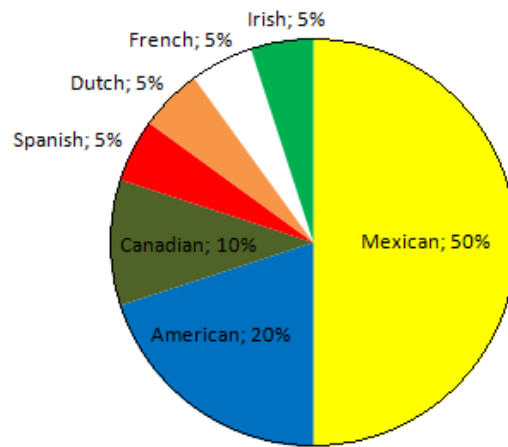


Figure 3. Nationalities of the managers (N = 20) that were interviewed during the study.

The criteria restricts the sample to only the accessible population that has got a link with the participants in the ITESM university database. It is noted as a limitation of the generalizability of the findings of the study.

### 3.3.2 Face-to-face interviews

Face-to-face interviews is a valid way to investigate the subject properly as it is impossible to directly observe a managers effectiveness. Face-to-face interviewing tends to be flexible thereby allowing the researcher to respond to the direction in which the interviewee takes the interview and perhaps adjust the areas of interest in the research based on significant issues that emerge in the course of the interview (Bryman and Bell, 2003). Face-to-face interviewing also allows immediate follow up and clarification. There is room to deviate from the questions if other interesting subjects are discussed. Face-to-face interviews usually prone to several issues Since there is a lack of standardization, reliability may feed growing concerns (Saunders et al., 2009) and the interview data consists solely of verbal statements and or talk, it is subject to fabrications, deceptions, exaggerations and distortions that can characterize any conversation (Taylor and Bogdan, 1984). We generate detailed interview transcripts and fully recorded audio material of the interview to counteract on this issues. Moreover the face-to-face interviews are not intended to generate reliability. It is intended to generate as many different perspectives. As Saunders et al. (2009, p. 327) also note, face-to-face interviews do not necessarily have to be reliable because they “reflect reality at the time they were collected, in a situation which may be subject to change”. In addition interviewer and interviewee bias might be an issue. Increasing the level of knowledge of the interviewer might decrease the chance of interviewer bias to occur.

In order to inform the participant about the subject and to prepare him for the questions an e-mail was sent to the participant two days before the actual face-to-face interview took place with a brief explanation of the subject and the interview questions. All the questions in the face-to-face interview were open-ended, these questions required a narrative approach. The cover letter can be found in Appendix D on page 50 and a sample of the interview is attached as Appendix E on page 51.

The managerial effectiveness of the participants was measured using Leslie et al's (2002) five dimensions of managerial effectiveness. Each dimension consisted of questions that were related to the components of the dimension:

- The first dimension seeks to cover the dimension of managing and leading (ML), including subjects about leadership behaviors, report activities and inspiring employees.
- The second dimension seeks to cover the dimension of interpersonal relationships (IR), including subjects as: how the managers work in a team, the way the managers represent relationships and how relationships are handled in Mexico.
- The third dimension seeks to cover the dimension of knowledge and initiative (KI), including subjects about the general knowledge of the manager, the professional competence of the manager and the personal attributes of confidence, risk taking, independence and initiative.
- The fourth dimension seeks to cover the dimension of success orientation (SO), including subjects like goal achievement, the managers reaction to setbacks and the potential of the manager to reach the most senior position within the company.
- The fifth dimension seeks to cover the dimension of contextually adept (CA), including subjects on how a manager sees himself judging characters from the same- and different cultures and the ability to manage external relationships.

The interview consisted of two additional dimensions to address the general information of the manager and the culture dimension of the manager. The first part of the interview addresses the general information of the manager, including subjects like marital status, age, number of years working at the company, amount of employees in the managers team and country of origin. The final part of the interview addresses the culture dimension. This dimension aims to generate information about the respondents culture and to receive an answer on whether the managers cultural aspects being an expatriate manager or a Mexican manager influenced the managers leadership style. The actual face-to-face interview will follow the scheme pictured below

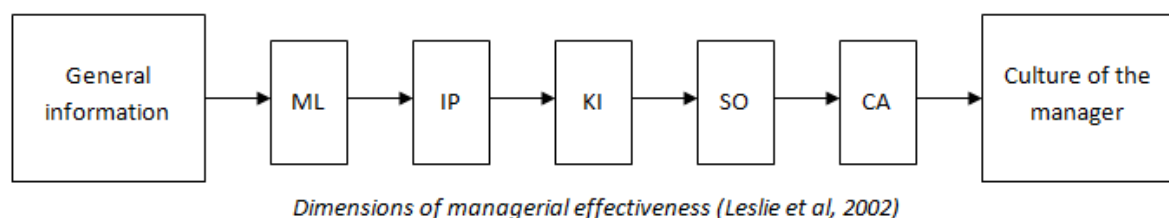


Figure 4: Interview set-up.

Furthermore, at the end of the five dimensions of managerial effectiveness, every manager self-assessed themselves on the discussed dimension and had to provide a grade between 1 to 10 for the dimension, 1 being very bad, 10 being perfect. Richter and Jones (2001) state that self-assessment requires less time than testing. Connaly et al. (2002) point out that self-assessments provide results that are easily quantifiable and thus analyzable, are relatively inexpensive to produce and can be easily administered in personal interviews.

### **3.3.3 Data collection**

All interviews are audio recorded and then immediately transcribed, since this is beneficial for reliable results (Saunders et al, 2009). Data is categorized according to the categories that were proposed in chapter 2. These categories include managing and leading, interpersonal relationships, knowledge and initiative, success orientation and contextually adapt and specific dimensions including general information of the manager and the culture of the manager. Subsequently, the data are systematically summarized per question by means of frequently recurring themes / subjects, which, on their turn, will be used for the interpretation of the results. The summarizing of the data was carried out by entering the data collection into QSR's NVIVO 9.0. – A software package which facilitates the qualitative analysis of data. A more detailed explanation of NVIVO 9.0 can be found in appendix F. Statistical analysis is not performed with the categorized qualitative data since the data is not numerical and the sample size is low (Wengraf, 2001). Moreover the aim is only to illustrate and clarify the findings from the face-to-face interviews. The most relevant and interesting quotes and outcomes are reported in chapter 4.

### **3.3.4 Ethical considerations**

The questionnaires address a normal adult population, researchers must take extreme care to avoid any harm to the participants (Denzin & Lincoln, 2000). The research design takes into account the key ethical issues for business management research as outlined by Saunders et al. (2009, p. 185):

- The privacy of participants and the confidentiality of data provided by participants and their anonymity are maintained;
- The participants have the right to withdraw partially or completely from the process at any time;
- Maintenance of the confidentiality of data provided by individuals or identifiable participants;
- The researcher maintains the behavior and objectivity as a researcher.

There are other considerations that are less unanimously upheld, Douglas (1985) argues for the use of covert methods, because they mirror the deceitfulness of everyday-life reality. Furthermore, Denzin & Lincoln (2000), mention that it is very important to assure participants that what they say will be kept in confidence, the authors state that this is important for earning their trust and thus for eliciting good data. Furthermore, the authors state that the researcher should understand the procedures outlined in the protocol for protecting participants' privacy and the researcher should be able to explain those steps clearly. If the participant raises concerns about confidentiality that the researcher cannot address, the researcher should offer to postpone the interview until the stated concerns can be solved.

## 4 Analysis and results:

### 4.1 Introduction

In this chapter, the results of the interviews are presented, the paragraphs are drawn from the interview set-up (Figure 4: Interview set-up). Starting with the general information of the Mexican managers and western expatriates. The following five paragraphs include the dimensions of the managerial effectiveness model from Leslie et al. (2002). This model can be found in chapter 2.4.1. The seventh, and last, paragraph includes the culture of the managers.

### 4.2 General information

Each interview was conducted at the company of the expatriate or home-country manager, they have been transcribed into individual files and to ensure the anonymity of the respondents the files have been renamed “Ex” for the expatriates and “Mx” for the home country managers where “x” is the respondent number from 1 to 10. There were a total of twenty respondents (equally divided among the two groups) with demographic characteristics as presented in table 4.1. In table 4.2 the job functions of the respondents and the number of people the respondents are directly managing is described and in table 4.3 the level of Spanish of the western expatriates is analyzed.

	Gender		Age			Educational background		
	Male	Female	Under 30	31-50	50+	High school degree	Bachelor level	Master level or higher
Expatriates	10	0	1	6	3	0	6	4
HCM	10	0	3	5	2	2	5	3
Total	20	0	4	11	5	2	11	7

Table 4: Demographic of managers

The typical age of the HCM and the western expatriate is between 31-50 years old and their typical educational background is on a bachelor level or higher. In appendix G on page 55 there is a table presented that investigates the average duration of the interviews with the respondents. The average duration of the interview with an expatriate is 51 minutes, the average duration of the interview with a HCM is 83 minutes. In the following table the job function of the respondents is described and the number of employees the respondents are directly managing.

Expatriates	Job function	Number of people directly managing	HCM	Job function	Number of people directly managing
E1	Engineering manager	6	M1	Delivery manager	23
E2	Competency manager	18	M2	President	22
E3	General manager	7	M3	CIO	4
E4	Managing director	8	M4	HR Manager	4
E5	Operations manager	11	M5	Owner	15
E6	Engineering manager	8	M6	General manager	5
E7	General manager	7	M7	Chef cook	6
E8	Senior director	50	M8	Managing director	8
E9	Marketing manager	8	M9	Sales director	6
E10	General manager	7	M10	Event manager	30
	<b>Average:</b>	<b>13</b>		<b>Average:</b>	<b>12,3</b>

Table 5: Job function and number of people directly managing.

This table shows that the difference of the number of people that are directly managed between the groups expatriates and HCM is minimal. A closer look at the results of the general information dimension made it possible to construct a table focusing on the western expatriates and their knowledge of Spanish in relation with the time they are already working here in Mexico.

Western Expatriate	Years in Mexico	Level of Spanish
W1	1.5	20%
W2	3	20%
W3	1.5	75%
W4*	3.5	100%*
W5	2	40%
W6	3	50%
W7	5	90%
W8	6	90%
W9	3.5	60%
W10	1	60%
<b>Average</b>	<b>3</b>	<b>60,5%</b>

Table 6: Years working in Mexico in relation with their level of Spanish

W4\* is a Spanish native and therefore Spanish is the managers native language, the western expatriates that participated in this study are working in Mexico for an average of 3 years now. When looking at their knowledge of the Spanish language, the average level of Spanish of the western expatriates is 60,5%. The study of Grosse (2001), previously mentioned in this study, identifies that when a western expatriate speaks Spanish it will give the western expatriate an edge, if a western expatriate speaks at least 60% Spanish, it will give a very good impression on the Mexican business person. Note that, when W4\* is excluded from the table, the average percentage drops to 56% and 44% of the interviewed western expatriates do not meet the language requirement.

### 4.3 Five dimensions of managerial effectiveness

The respondents answered several questions about the five dimensions of managerial effectiveness, the answers to these questions are analyzed using Nvivo 9.0. Nvivo 9.0 provides us the opportunity to search for the keywords that were most cited in every dimension. These keywords are used to analyze differences in managerial effectiveness. The keywords are drawn from the questions in the interview and the responses of the respondents and are considered the most important keywords in the dimensions. All the five dimensions start with the average grade of the dimension divided between HCMs and western expatriates. The dimension are treated as individual dimensions and therefore the word count only reflects on the responsible dimension, at the end of every dimension there is a conclusion to summarize the results.

### 4.3.1 Managing and leading

Average grade: HCM: 8.4 Western expatriates: 7.3

Keywords managing and leading (Synonyms)	Word count HCM	Word count WE
Managing (manage, micro-management, lead, leading)	11	39
Communication (communicate, talking, meetings, chat)	43	46
Effective (effectively, efficient)	22	35
Responsibility (responsibilities, responsible)	32	23
Inspiration (inspire, coach, trigger, motivate)	7	14
Hiring (hire, hired, employ)	12	7

Table 7: Word count dimension managing and leading.

There is an extensive difference between HCMs and western expatriates on the keyword managing, especially the word “micro-managing” is used more by the western expatriates. The western expatriates in the interviews state that they are micro-managing when they start to watch the employee more detailed and ask for explanations why the employee is performing the task in that way. When problems arise, western expatriates tend to micro-manage their employees more often whereas HCMs take actions easier. Whilst looking at communication, the HCM describes communication as an important tool for managerial effectiveness, all the managers interviewed had at least one formal meeting per week. Furthermore, a lot of informal communication takes place during the working hours. Some HCMs argued that probably the Mexicans communicate too much prior to making a decision. The western expatriates also describe communication as an important tool for managerial effectiveness. In general, there is more long term planning from the western expatriates where 8 out of 10 western expatriates developed long term goals compared to 4 out of 10 for the HCMs. The western expatriates agree that the communication with Mexican employees is somewhat limited and ineffective due to cultural differences and language barriers.

(M3): *“Mexican culture tends to be very socializing, we Mexicans tend to go around the subject as much as possible before going to the actual subject and we don’t like to commit to an assignment. When we have to decide something today, after one hour in the meeting we will probably have a letter saying that everybody will look at something and we will meet again in one week to see if we have enough information to make the decision. Mexicans don’t like the responsibility to make the decision, it is like we wait to the last minute and then we take the responsibility.”*

(W6): *“The weekly meetings I have with my Mexican team are pretty ineffective because Mexicans don’t like to take decisions and rarely ask questions. They say that they understand the task even if they don’t, it is a weakness to tell the “boss” that you don’t understand it.”*

(W4): *“When a Mexican employee knows that the meetings can benefit his job, he will try harder to participate. Still, it is difficult to come to the stage where the Mexicans participate.”*

6 out of 10 HCMs state that they work effective. 3 out of them mention that they work effective because they do not work the “Mexican way of working”. The Mexican way of working is described by these managers as unstructured and with no planning. Several western expatriate managers also state that Mexican managers do not like to take decisions and that they need more control compared to western countries. 8 of the western expatriates reflect themselves as an effective manager. The main reasons to be effective here in Mexico according the managers are the skills to adapt to a new culture and the ability to understand the Spanish language. The 2 managers that reflect themselves as ineffective state that the main reasons of being ineffective are based on trust issues.

(M2): *"I used to work in Germany and I managed people there, when I gave them an order, it was simply, quickly and easy. I was sure that this order will be executed. If I give an order here in Mexico, I will know exactly that this order will not be done, but because I know it, I can prepare myself for this. In Germany I don't need control to prove if the jobs gets done, in Mexico I need a lot of control to monitor my employees. This, of course, effects my effectiveness."*

(M4): *"We Mexicans don't like to take decisions for a really long time already. The thing is that Mexico used to be a conquered country and since then we have been servants to somebody else, when we became independent, we didn't know what to do with our freedom. I think our culture was defined from those moments. When you go to the lower classes, you will see they will do everything what they can to please you. The word in Spanish is called "servicial", this means like obliging. All Mexicans believe that we are inferior to other races. As you go higher into the social levels, it will get less. But still some people that are very high on the social level can still see their self as inferior."*

(W6): *"No, I don't think I work effective now. I wanted to create an open door policy so that everybody can come to the office and tell me what is going on, it is very difficult to establish that here in Mexico. Trust and confidence in your employees and that the employees trust you comes with time. Their sense of criticism is also different, if you criticize them, they take it personal because you are the boss. When they take it personal they might not go the next mile for you in the future anymore. I am not effective because I need to put a lot of time and effort in the team to get it running at a appropriate level."*

HCMs like to distribute responsibilities among their employees. 8 out of 10 HCMs state that they provide their employees with responsibilities, most of them also state that they only give responsibilities to their employees when they are sure that they can trust the employee. It is quite similar compared to the western expatriates, 7 out of 10 state that they give their employees a lot of responsibilities, however the western expatriate agree on the fact that Mexican employees have more problems of taking responsibilities compared to western employees. 6 HCMs see themselves as an inspiration for their employees. The other managers do not see themselves as an inspiration. 8 western expatriate managers see themselves as an inspiration for their employees, they state that there is more hierarchy here in Mexico compared to the western countries and that Mexican employees look up to somebody from a western country.

(M9): *"I don't think my employees see me as an inspiration. They see me as the brother of the owner that got this job very easily."*

(W10): *"Yes, the employees see me as an inspiration. They see me as the general manager, I am the big boss in their eyes that came from a western country. I am always trying to take down the hierarchy but it is very difficult, I tell my people that they can call me by my first name but they are very uncomfortable with that most of them remain to call me "Boss" or in Spanish: "Gerente"."*

(W5): *"I am not sure if the employees see me as an inspiration, I would say it is a salvation. I think that 50% of the employees see me as an inspiration, 20% sees me as just another expatriate or "gringo" (a not so positive way of how Mexicans name people from the United States) and 30% is neutral."*

8 out of 10 of the HCMs hired employees themselves or were participating in the hiring process. Some of them state that they first investigate in their own circle of friends to find a right candidate prior to posting the job opening. 3 out of 10 western expatriate managers is participating in the hiring process. Most of them are on a temporary base in Mexico and are only responsible for hiring expatriates like themselves.



(M5): *“It is very common that the owner of a company in Mexico has all the knowledge and is reluctant to share this knowledge, it is also very common that Mexican managers hire somebody that is a friend or a family member.”*

(M6): *“When a position opens I first check if I know somebody that can be right for the position. If not, then I advertize the job opening.”*

## Conclusion

Western expatriate are managers that operate on a more personal level compared to the HCMs, the western expatriate first micro-manages their employees instead of taking actions directly. Following the interviews, the western expatriates consider themselves more effective than the HCMs. The main reason of the western expatriates to be effective in Mexico is to adapt to their culture. HCMs are distributing responsibilities among their employees slightly more than the western expatriates. However, western expatriates see themselves more as an inspiration to their employees compared to the HCMs. The western expatriate is not often participating in the hiring process, the HCM is most of the time participating in the hiring process.

### 4.3.2 Interpersonal relationships

Average grade: HCM: 8.7 Western expatriates: 7.7

Keywords interpersonal relationships (Synonyms)	Word count HCM	Word count WE
Relationships (Relationship, relations, network)	37	26
Team player (teamwork, team, cooperate)	32	40
Individual (alone)	5	7
Politics (Government)	7	4
Corruption (bribe, fraud)	3	14

Table 8: Word count dimension interpersonal relationships.

For the HCMs, relationships are important both privately and business wise. All 10 HCMs state that relationships are important in Mexico. However, 4 of the HCMs are mentioning that Mexico is changing, in the past relationships were even more important than nowadays, especially in the big cities. Western expatriates agree with the HCMs that relationships are important in Mexico, the western expatriates also express that relationships in Mexico are more important than relationships in western countries. Furthermore, HCM's have a stronger opinion on politics compared to the western expatriates. The HCMs agree that the influence of politics is stronger in Mexico compared to other countries. The HCMs are not very open about corruption, many of them don't want to talk about it or express that corruption is existing in Mexico but they've never been in contact with this. The western expatriates are more open about this topic, they have seen bribery as a fundamental part of doing business in Mexico.

(M7): *“Yes, relationships are very important here in Mexico. I think everybody knows that there are a lot of dirty games being played in Mexico to keep the rich people rich and the poor people poor. Examples include: family members and friends of the governor get good jobs without applying or putting in an effort. Universities have a high tuition fee unless you are from a good family, then you get a discount or you don't even have to pay a tuition fee. For poor people it is almost impossible to get into good universities because of this tuition fee. The government provides the poor people with scholarships but there are not a lot of scholarships available.”*

(W7): *“The relationships in Mexico are more important compared to western countries. With relationships in Mexico it is much easier to become successful. One of my strengths is that I speak fluent Spanish, people really appreciate this and therefore it is easier to talk to the right people. If I refuse to speak Spanish, people will not give you the opportunities that I have now. There is a good saying here in Mexico:” In Mexico, you are whoever you know”.*”

(M5): *“Just like relations, politics is very important in Mexico. It can help your company a lot if you have good relations with institutions like the police and the border control. You can also see this as corruption by the way, a lot of companies pay certain people an amount much lower than what they should pay normally according to the law. This is a typical Mexican problem that is really hard to get rid of. I am not sure if Mexico will ever be free of corruption.”*

(M9): *I have three sales representatives that only sell their products to people that they already know for a very long time. They went to strip clubs and expensive diners with the potential buyers, it is very difficult to change this “bribery” because these sales representatives are used to this way of doing business their entire life.”*

Both the HCM and the western expatriate consider themselves as team players instead of individuals. 9 out of 10 HCMs and 8 out of 10 western expatriates consider themselves as team players instead of individuals.

(W5): *“I am 100% a team player, I always try to hire people that are smarter than me. I think that is also a difference between Mexican managers and western managers, there are a lot of examples here in the past of Mexican managers that hired employees that have less quality compared to them, mainly because they see the new employees as a threat instead as a valuable asset.”*

## Conclusion:

The HCMs and the western expatriates agree with each other that relationships are important in Mexico, also both groups see themselves as team players instead of individuals. The HCMs have a stronger opinion on the politics then the western expatriate, they state that it is more important in Mexico then in other countries. Western expatriates are more open about corruption in Mexico and see bribery as a fundamental part of doing business in Mexico.

### 4.3.3 Knowledge and initiative

Average grade: HCM: 8.3 Western expatriates: 7.9

Keywords knowledge and initiative (Synonyms)	Word count HCM	Word count WE
Risks (risk, chance, gamble, risky, jeopardy)	31	23
Knowledge (acquaintance)	25	39
Initiative ( independence)	29	44
Confidence (trust)	9	8

Table 9: Word count dimension knowledge and initiative.

6 of the HCMs like to take risks compared to four of the western expatriates. Some of the western expatriates state that the HCMs have to take more risks because they do not use a lot of formal planning for their actions. Following the answers of the respondents, it shows that the western expatriates like to take strategic risks whereas the HCMs like to take true entrepreneurial risks. If the western expatriates compare themselves on the knowledge of the business they are active in to other western expatriate managers and working in a similar position, 4 respondents state that their knowledge is higher compared to other western expatriates. 6 respondents state that the knowledge they have of the business is equal. When the western expatriates compare themselves to HCMs on the knowledge of the business they are active in, again, 4 western expatriate managers

state that their knowledge is higher. 3 western expatriates state that their knowledge is equal to the HCMs and 3 state that their knowledge of the business is less.

When the HCMs compare themselves to other HCMs on the knowledge level of the business they are active in, 6 HCMs state that they have a higher level of knowledge compared to other HCMs and 4 HCMs state that the level of knowledge is similar. When the HCMs compare themselves to the western expatriates, not one respondent declares that his knowledge is higher than that of a western expatriate. 6 respondents state that their knowledge is equal and 4 respondents state that their knowledge is less compared to a western expatriate.

(M6): *"I cannot compare straight away my knowledge to that of a western manager because I have nothing to compare to. If I generalize all the western managers and all the Mexican managers including me, I would say that the Mexicans have a lower level of knowledge compared to the western managers. Just because the western managers have so much better opportunities compared to Mexicans. For instance, it is much easier to go to a good university and it is easier to get a good job."*

HCMs tend to show their employees confidence based on trust. Most of the HCMs state that it is accepted for the employees to make mistakes as long as the employees learn from their mistakes. All of the HCMs are trying to demonstrate confidence to their employees. 3 HCMs are not happy when employees show initiative because the company they are working at is well structured and organized, therefore there is no room for initiative. Western expatriates not always demonstrate confidence and initiative to their employees. Some of the western expatriates state that the employees should show them confidence and initiative instead of the other way around. Western expatriates mention that they have difficulties with the hierarchy in Mexico.

(W1): *"In Mexico, typically the supervision is more hierarchical. It normally goes like this: I am the boss, I make the decisions, you do what I tell you to do. No comments, no ownership, no accountability. This style differs a lot from the western style, it is more common to have a flat organized structure in western countries."*

Furthermore, the western expatriate managers state that it is very difficult to encourage initiative among their employees.

(W6): *"It is actually very difficult to encourage initiative among my employees, generally speaking Mexicans don't like to take initiative, you need to control everything and then they feel better. In my team it is also like that, although I have a very young team. The team doesn't like to take initiatives. Culturally it is not accepted to take initiatives, from the past people that took initiative were seen as rude. Nowadays, it is getting better but still it needs to be improved."*

### **Conclusion:**

The western expatriates like to take strategic risks whereas the HCMs like to take true entrepreneurial risks. 6 HCMs think that they have a broader knowledge than other HCMs. However, not one of the HCMs think that they have a broader knowledge than a western expatriate. 4 western expatriates think that they have a broader knowledge than other western expatriates and the same 4 western expatriates think that they have a broader knowledge than HCMs, 3 western expatriate state that they have less knowledge than the HCMs, the main reason for this is the industries that these 3 western expatriates are active in (infrastructure, distribution and government) needs a lot of knowledge of the Mexican culture. The 3 western expatriates all individually state that a HCM probably has more knowledge on that matter.

HCMs are showing more confidence to their employees compared to the western expatriates. Furthermore, several western expatriates state that they have problems with the hierarchy in Mexico.

#### 4.3.4 Success Orientation

Average grade: HCM: 8.8 Western expatriates: 8.1

Keyword success orientation (Synonyms)	Word count HCM	Word count WE
Success (results, consequence)	21	13
CEO (boss, leader)	10	20
Goals (goal, destination, deliverables)	39	36
Creative (out-of-the-box)	19	14
Setbacks (failure)	7	2

Table 10: Word count dimension success orientation.

Following the interviews, HCMs focus on success and results is high. The path to success is not important for them following their response, it is more important that they achieve their goals and get success. Western expatriates focus more on the path to success and making that path stable, the western expatriate looks more to the future and making the success sustainable.

(W2): *"I try to reach success following the SMART (Specific Measurable Acceptable Realistic and Time) method. This helps me a lot in reaching success. In western countries people use a lot of reports to focus on goals and outcomes, I am trying to introduce it here in Mexico because people here in Mexico tend to be very creative when it comes to reaching success."*

8 HCMs think that they have what it takes to become the CEO of the company that they are working for now. 6 of them also have the ambition to become the CEO one day in the future. 5 western expatriates think that they have what it takes to become the CEO of the company that they are working for. 2 of the western expatriates also have the ambition to become the CEO of the company one day in the future.

(W8): *"I don't think I do, I miss the management skills to be the CEO of the company. I have to be honest in that otherwise I will make a fool of myself."*

Both the HCMs and the western expatriates have a strong focus on goals and deliverables. 8 HCMs state that the focus on goal setting and deliverables is strong in their role as a manager. The 10 western expatriate managers all agree with each other that the focus on goal setting is strong in their role as a manager. The western expatriate manager is using more scientific methods to explain their goals to their employees compared to the HCMs.

(W4): *"Very strong, I want all my goals, objectives and outcomes to be very clear and measurable for the entire company. With clear I mean that the goals should not be complex, they should be easy to understand. I think that is a good tool to be successful if everybody understands the goal. One of the first things I did when I came here was to introduce KPI's to the company. To my surprise, the Mexican people didn't know what KPI's where. Now, after 2 years it is finally going following plan with the 6 KPI's that are active."*

8 HCMs encourage their employees to think creative and to search for solutions out-of-the-box, compared to 4 of the western expatriates. The western expatriate describes the Mexican employee as creative and out-of-the-box already, therefore they don't need to be encouraged to think creative.

(M4): *“Actually, I’ve never been inside the box. what I am trying to say is that I never think inside the box, so people say please try to understand the problem. Sometimes it is a problem for me because I propose things to solve in a different way and the people say that it is already solved in a good way and they don’t need to change it.”*

(W8): *“I stimulate it to a certain level. You have to keep in mind that Mexico is an emerging market. Most of the time people are still lacking discipline and common sense of certain issues. People are always looking for new ways to solve the problem. Most of the times the solution is already “invented” and they only need to implement it instead of looking for a completely new way.”*

HCMs are handling setbacks differently then western expatriates, the HCM is using a direct approach with immediate actions, whereas the western expatriate is first trying to make the responsible employee feel comfortable and starts to discuss a recovery plan to improve the situation. Following the interviews, the HCMs are using official warnings more than the western expatriates.

(M3): *“I have a very nice saying that I tell my employees when they have a setback or are not performing well: “If you do not know, we teach you. If you cannot, we help you. If you do not want, we will miss you”.”*

### Conclusion:

HCMs are more focused on direct success compared to the western expatriates who are looking for sustainable success. The HCM is more certain, compared to the western expatriate, that they have what it takes to one day become the CEO of the company they are working for. Furthermore, the HCM is more stimulating the western expatriate to be creative than the western expatriate manager. Next to that the way the managers handle setback is different, the HCM is using a direct approach where the western expatriate is first looking to discuss a recovery plan.

### 4.3.5 Contextually adept

Average grade: HCM: 8.2 Western expatriates: 7.4

Keyword contextually adept (Synonyms)	Word count HCM	Word count WE
Character (characters)	21	14
Strength (strengths, potency, potential)	7	9
Adaptation (adapted, adapting, adapt)	11	24

Table 11: Word count dimension contextually adept.

8 HCMs see themselves as a good judge of character compared to 9 western expatriates. 8 western expatriates see themselves as a good judge of character when the character is from a different culture compared to 4 HCMs. The main reason for this difference is the fact that the western expatriates have experience in working with other cultures and most of the HCMs do not have this experience. The next keyword, strength, reflects to if a manager uses people from a different culture as an organizational strength. 7 HCMs are using people from a different culture as an organizational strength, compared to 9 western expatriate managers.

(M9): *“In the past there were 2 guys from India working here. They were used as an organizational strength because these Indian guys were typical Indians, with that I mean they were “IT-Geeks”, those 2 guys helped the company a lot to establish a more professional view. They taught me a lot, not only in the way they were working but also how they were living, India is a great example of a country that was really stuck in the middle in the past and is now really booming in the IT-sector. Mexico, at the moment is kind of stuck in the middle and we can look at India as a great example of how you should manage a country. Mexico is stuck in the middle because we are focused on a lot of things, not particular one. Mexico wants to be a country where you can buy*

*cheap vegetables and ingredients but also they want to be a country that is investing a lot of money in IT. Mexico needs to make a choice where they see the most potential in and invest in that path."*

*(W10): "Yes we use them as an organizational strength. We have 2 guys from Canada working here and one guy from France. We use them as an organizational strength because they can communicate with the head office in Canada very easily, also they see things, just like me from a different view than the Mexicans."*

The HCMs agree individually with each other that the best way adapting to Mexico is to learn the language as soon as possible and to be more relaxed in day-to-day life. HCMs see western expatriates as hectic and some HCMs mention that they think that a western expatriate is always in a rush. The HCMs state that in Mexico there is no reason for this. The HCM also mention that punctuality is not a characteristic of the Mexicans, therefore western expatriates should be more relaxed. Most of the western expatriates state that the adaptation to Mexico went beyond expectations. The secret to this according to the western expatriates is to be open to new cultures and to respect the new culture.

*(W8): "I already visited Mexico in the past a couple of times, I think the adaptation process was very positive. As long as you have respect for the other culture and you are open and willing to adapt to that culture the process will go positive. People will appreciate the trouble and effort that you put into the adapting process and will respect you more."*

#### **Conclusion:**

Both groups see themselves as a good judge of character. However, the western expatriates are considered better at judging characters from other cultures and the western expatriates are also using the different cultures more as an organizational strength compared to the HCMs. The best way adapting to Mexico following the HCMs is to learn the language and to be relaxed, the western expatriates state that the adaptation went better than expected, main reason that the western expatriate gave in the interviews is that they were open for new cultures and were willing adapting to new cultures.

#### 4.4 Culture

Keyword culture (synonyms)	Word count HCM	Word count WE
Culture (cultural, cultures)	93	62

Table 12: Word count culture.

The HCMs agree that origin is very important in Mexico. If you come from a rich and powerful family, the chance of being rich and powerful yourself is very likely. If you come from a poor family, the chance of staying poor is very likely. The HCMs are agreeing with each other that a distribution of the power among the people will benefit the country. However, they are very skeptical that this will ever take place.

Mexicans are raised more hierarchical than western expatriates, the HCMs all call their parents “sir” or “madam” and are prohibited to talk back to their parents. Western expatriates look at the Mexicans as over optimistic, Following the western expatriates, the Mexicans look at things too positive and they will never say anything negative. 5 of the western expatriates moved across several continents in their childhood, 3 of them benefited from a different culture they lived in. None of the HCMs lived across several continents in their childhood. However 3 HCMs traveled to other continents in their childhood for holidays.

##### 4.4.1 Culture of the HCM

All HCMs benefited from their national culture but also had disadvantages from their national culture. The table below shows the most cited keywords of the advantages and disadvantages of the Mexican culture by the HCMs.

Advantage	Disadvantage
Relationships	Relationships
Creativity	Structure
Hospitality	Inferiority
Relaxed	Relaxed
Traditions	Hierarchy
Loyalty	Dishonesty

Table 13: Advantages and disadvantages of the Mexican culture

There is a contradiction between the HCMs whether having relationships is an advantage or a disadvantage for Mexico. Some managers see it as an advantage because it helped them obtain a job and made doing business easier, others see it as a disadvantage because they believe that you should not be treated by “who you know”, people should treat you by “who you are”.

*(M6): “My wife is from Venezuela and she moved here two years ago. She was eager to find a job and sent out many application letters to several companies, she did not get one reaction. When I talked to a (powerful) friend and asked him to help us, she immediately received calls and interviews.”*

Creativity is seen as an advantage of the Mexican culture by the HCMs, creativity is helping the HCMs to come to new ways to solve problems. However, some of the HCMs also state that the lack of structure in Mexican business is obstructing them.

Hospitality can be related to inferiority by the HCMs, hospitality is seen as an advantage in the tourist industry by the HCMs. Mexicans are willing to do everything for others, some of the HCMs see this as an advantage and as hospitality, others see it as a disadvantage and as inferiority. HCMs agree that due to the inferiority and hospitality, Mexicans are unwilling to make decisions. Because the Mexicans always want to please everybody and do not want to interfere with somebody's opinion they hardly ever show their opinion.

*(M4): When you ask a Mexican about their opinion. It is very unlikely to hear their honest opinion, most of the time they will tell you what you want to hear instead of what they really think. Of course, I am generalizing, not all the Mexicans are like this. It is not only a bad point of the Mexicans, it is an advantage when we are working with tourists, the tourists will say: "oh the Mexicans are so helpful, warm and nice and are willing to do everything". But a Mexican executive needs to have a strong opinion and they need more challenge from their Mexican employees for their point of view, the Mexican managers need more confrontation to reach the best decision possible. I have a girl working here, she is very Mexican in her way of working. She is very shy and when I ask her: "what do you think of this?" She will reply saying that it is ok and that it is a good idea, she gives me this answer all the time, no matter what the idea is. That is a cultural thing, it is assertiveness, we Mexicans are not assertive."*

The HCMs see themselves as relaxed. Most of the HCMs state that this is an advantage, however, some of them state that it can be a disadvantage. The HCMs rely on traditions and see this as an advantage of their culture, hierarchy is generally mentioned as a disadvantage. The HCMs state that there is a lot of hierarchy in Mexico and that this is holding back the creativity of the employees.

*(M9): At the entrance of a factory in Mexico it is a tradition to put a statue of the virgin of Guadalupe, the legend of the virgin of Guadalupe is that she takes care of good business, therefore the Mexican people want the virgin of Guadalupe at the entrance, furthermore every year you have to pay a priest to bless the factory, if you do not do this, the production will be disappointing. Funny fact is that we forgot to hire the priest one year and of course exactly that year the harvest was disappointing. I actually like those aspects of the Mexican culture, it shows me that the people really are dedicated to the job and really want the factory to perform."*

The HCMs see themselves as very loyal and see this as an advantage. The Mexicans will do everything in their power to please the other party and are very loyal to their employer. However, some of the HCMs state that the Mexicans are not loyal. Dishonesty is seen as a disadvantage of the Mexican culture. HCMs state in the interviews that the Mexican employee can be dishonest about several issues and that it is in the Mexican culture to gossip.

*(M6): Mexicans are a lot of time dishonest, they always agree with you but you will never hear their true opinion and the Mexicans almost never really exactly do what they said."*

#### 4.4.2 Culture of the western expatriate

The western expatriates also have advantages and disadvantages from their culture, the table below shows the most cited advantages and disadvantages of the western culture stated by the western expatriates:

Advantage	Disadvantage
Tolerance	Confrontations
Trust	Trust
Analytical	Creativity
Straight to the point	Emotions
Decision making	Hospitality

Table 14: Advantages and disadvantages of the western culture



The western expatriates mention in the interviews that their tolerance is an advantage of their culture. They also state that they like confrontations, normally they would see this as an advantage. However, in Mexico it is seen as a disadvantage by the western expatriates.

*(W8): People from Europe are most of the times more punctual, pro-active and don't have problems with confrontations. Latin people are more servant, less punctual and don't like confrontation."*

Almost all the western expatriates that are interviewed trust their employees, the western manager mention the trust characteristic both as an advantage and as a disadvantage. Similar to the HCM, the western manager state that Mexican employees can be dishonest.

*(W1): My general philosophy is that I trust people until they give me a reason not to trust them. When you give them (what I call) moral expectations, people will rise to that. I had some bad trust experiences here in Mexico so my view on trusting changed. I am now trusting people only when they gave me a reason to trust them.*

The western expatriates state that they work in an analytical and structured way. Because of that, they sometimes are not as creative as they want to be. Due to their analytical way of working the western expatriates think that they are straight to the point and don't show their emotions during working hours.

*(W4): The western people are more resilient to criticism and they are more straight to the point compared to the Mexican people, if you criticize a Mexican employee you have to do it in a more softer message because the Mexicans are not very resilient to criticism and from my opinion they take the criticism personal whether the western people don't take it personal."*

The western expatriates state that one of the strong points of their culture is decision making. The western expatriates state in the interviews that they are able to make fast decisions that are well analyzed. A disadvantage of the western culture is their hospitality, they are positively surprised by the Mexican hospitality and did not experience this in their home country.

### **Conclusion:**

In the way the HCMs describe the Mexican culture it can be seen as very different compared to the way the western expatriates describe the western culture. The advantages of the HCMs are sometimes the disadvantages of the western expatriates and vice versa. Mexicans are considered to be more relaxed, loyal and creative with a focus on traditions, hospitality and relationships. The western expatriates see themselves as tolerant, straight to the point and analytical with a focus on trust and decision making.

### **4.4.3 Hofstede's cultural dimensions**

The 4 cultural dimensions of Hofstede (1980) individualism versus collectivism, power distance, uncertainty avoidance and masculinity versus femininity that were treated on page 13 and 14 can also be analyzed following the answers of the respondents. Starting with the first dimension, individualism versus collectivism, Hofstede describes Mexico as a collectivist society and the western countries as an individualistic society. The HCMs agree with Hofstede that Mexico is a collectivist society, this can be demonstrated by the hospitality that the HCM is describing, also it is proven that the HCMs see Mexico as a collectivistic society because they all see themselves as team players instead of individuals. There is a contradiction between the view of Hofstede on the first dimension and the view of the western expatriates, the western expatriates do not see their culture as an

individualistic society, most importantly because the western expatriates see themselves as team players instead of individuals. The second dimension, power distance, Hofstede mentions Mexico as a country with large power distance where inequalities can grow, the western countries have values representative of small power distance and minor inequalities. Following the results of the interview, the HCMs agree with Hofstede's statement on this dimension. HCMs state in the interviews that it is normal in Mexico that there is hierarchy. Furthermore, the HCMs state that it is very difficult to become successful when being raised in a poor family, inequalities easily grow in Mexico. When looked at the western expatriates it is also applicable that they agree with Hofstede's statement. The western expatriates do not encounter high levels of hierarchy in their day to day work and they express that the chance of being successful is much more distributed among all layers of the society. Continuing with the third dimension, uncertainty avoidance, Hofstede analyzes Mexico as a country with weak uncertainty avoidance and western countries as societies with strong uncertainty avoidance. The HCMs both agree and disagree with Hofstede's conclusion, the HCMs agree with Hofstede that in Mexico every day is taken as it comes and risks are taken more cavalierly but disagree that Mexicans have a work ethic that is less strong, following the results of the interviews it became obvious that the Mexicans have a strong work ethic. The western expatriates agree with Hofstede's point of view on this dimension, the western expatriates don't take every day as it comes, they are more familiar with planning and they have a strong work ethic. Furthermore, the western expatriates are raised with the idea that they could become anything. The last dimension identified by Hofstede is masculinity versus femininity. Hofstede describes the western countries as more feminine than Mexico but this dimension is closer than any of the others. Due to the lack of gender variation in the research sample it remains very difficult to approve or disapprove with Hofstede's 4<sup>th</sup> dimension.

## **H5 Conclusion and Discussion**

### **5.1 Introduction**

This chapter attempts to investigate whether culture explains differences in managerial effectiveness between western expatriates in Mexico and home country managers. Based on the analysis performed in the previous chapter this chapter aims to formulate an answer to the central research question. Additionally in this chapter, a reflection on current literature is executed, the limitations are addressed and the urge for future research is proposed. Also in this chapter, the practical implications of this study are discussed and improvements or issues are proposed that can help both western expatriates in Mexico and home country managers.

### **5.2 Conclusion**

At the start of this report it is mentioned that this study is aimed to locate differences in managerial effectiveness between western expatriates in Mexico and home country managers and whether culture is influencing them. On the basis of this objective the following central research question is proposed:

*To what extent does culture explain differences in managerial effectiveness between western expatriates in Mexico and home-country managers?*

The second chapter of this report proposed a research model that displayed the relationships between culture and the determinants of managerial effectiveness. Leslie et al. (2001) divided managerial effectiveness in five dimensions. These five dimensions include managing and leading, interpersonal relationships, knowledge and initiative, success orientation and contextually adept. The sample of this study was selected from managers in the area of Querétaro, Mexico. The research sample consists of 10 Mexican managers and 10 western expatriates. The two groups were all interviewed individually and after the interviews the western expatriates were compared with the home country managers.

While the qualitative data is analyzed in the previous chapter, this chapter proceeds to drawing conclusions and discussing the findings. The following paragraphs separately formulate an answer to the central research question. First differences in managerial effectiveness between western expatriates in Mexico and home-country managers are discussed. Then the paragraph proceeds to how culture is influencing these differences and the last paragraph combines culture and differences in managerial effectiveness to give an answer on the central research question. The last part of the paragraph draws conclusions on the relation between the western expatriate and the home country manager.

#### **5.2.1 Differences in managerial effectiveness**

Concerning the first dimension of managerial effectiveness, managing and leading, the results show that western expatriates operate more on a personal level compared to the HCMs. Western expatriates are using micro-management more often instead of taking actions directly. The western expatriates in the interviews state that they are micro-managing when they start to watch the employee more detailed and ask for explanations why the employee is performing the task in that way. The western expatriates consider themselves more effective than the HCMs. Furthermore,

HCMs are more frequently distributing responsibilities among their employees. When looked at inspiring, the western expatriates see themselves more as an inspiration to their employees as the HCMs do. Unlike the HCM, the western expatriate is not often participating in the hiring process. The focus on politics is stronger with the HCMs. However, the western expatriate is stating that politics is more important in Mexico than in their home country. The western expatriates are more open about corruption in Mexico and see bribery as a fundamental part of doing business in Mexico. Knowledge and initiative is the third dimension of managerial effectiveness, the majority of the HCMs think that they have a broader knowledge of the business compared to other HCMs. 4 out of 10 western expatriates think that they have a broader knowledge of the business compared to other western expatriates. If we compare HCMs with western expatriates, not one of the HCMs think that they have a broader knowledge of the business compared to the western expatriates and 4 out of 10 western expatriates think that they have a broader knowledge than the HCMs. HCMs are showing more confidence and initiative to their employees compared to western expatriates. However, the western expatriates like to take strategic risks whereas the HCMs like to take entrepreneurial risks. The fourth dimension of managerial effectiveness is success orientation, the results of the interview show that all respondents have a strong orientation towards goal achievement. However, there is a difference between the two groups. This difference is that the HCMs are more focused on direct success and the western expatriates are looking for sustainable success. Furthermore, the two groups handle setbacks differently, the HCM is using a direct approach where the western expatriate is looking to discuss a recovery plan. When looked at the future of the respondents, the HCM are more convinced that they have what it takes to become the CEO of the company they are working for one day. Regarding the fifth dimension of managerial effectiveness, contextually adept, the analysis shows that both groups see themselves as a good judge of characters. However, the results of the interviews show that the western expatriates are better at judging characters from other cultures and that they use the different cultures more as an organizational strength compared to the HCMs. The best way adapting to Mexico following the HCMs is to learn the language. The western expatriates state that the adaptation went beyond expectations, main reason for this is that the western expatriates were open for new cultures.

In this research not only differences in managerial effectiveness are found. Several similarities between the HCMs and the western expatriates were discovered. Both the home country manager and the western expatriate sees relationships as an important part when conducting business. Furthermore, both groups see themselves as team players instead of individuals. The orientation on goals is also a similarity between the two groups, both parties have a strong orientation towards goals and goal setting. The final similarity that is found in this research is that both groups consider themselves as good judge of characters of people that have a similar culture as the respondents.

The table below shows the 5 dimensions of managerial effectiveness and a summary of the key issues of managerial effectiveness of the HCMs and the western expatriates.

<b>Managerial effectiveness Key issues</b>	<b>Home country managers</b>	<b>Western expatriates</b>
<b>Managing and leading</b>	<ul style="list-style-type: none"> <li>- Direct actions</li> <li>- Distributing responsibilities</li> <li>- Active in hiring process</li> </ul>	<ul style="list-style-type: none"> <li>- Micro management</li> <li>- Effective</li> <li>- Inspiration</li> </ul>
<b>Interpersonal relationships</b>	<ul style="list-style-type: none"> <li>- Relationships are important</li> <li>- Team player</li> <li>- Strong focus on politics</li> <li>- Bribery is not necessary</li> </ul>	<ul style="list-style-type: none"> <li>- Relationships are important</li> <li>- Team player</li> <li>- Weak focus on politics</li> <li>- Bribery is fundamental</li> </ul>
<b>Knowledge and initiative</b>	<ul style="list-style-type: none"> <li>- Broader knowledge then other HCMs</li> <li>- Lower knowledge then WEs</li> </ul>	<ul style="list-style-type: none"> <li>- Similar knowledge to HCMs</li> <li>- Similar knowledge to other WEs</li> </ul>
<b>Success orientation</b>	<ul style="list-style-type: none"> <li>- Strong orientation towards goals</li> <li>- Focused on direct success</li> <li>- Setbacks handled with direct approach</li> <li>- Has what it takes to become the CEO</li> </ul>	<ul style="list-style-type: none"> <li>- Strong orientation towards goals</li> <li>- Focused on sustainable success</li> <li>- Setbacks handled with discussion</li> <li>- Don't want to be the CEO</li> </ul>
<b>Contextually adept</b>	<ul style="list-style-type: none"> <li>- Good judge of peoples character from similar cultures</li> <li>- Mediocre judge of peoples character from other cultures</li> <li>- Does not use other cultures as organizational strength</li> <li>- Successful adaptation when the language is learned</li> </ul>	<ul style="list-style-type: none"> <li>- Good judge of peoples character from similar cultures</li> <li>- Good judge of peoples character from other cultures</li> <li>- Use other cultures as organizational strength</li> <li>- Successful adaptation reached when open for new cultures</li> </ul>

Table 15: Key issues of managerial effectiveness

### 5.2.2 The effect of culture on managerial effectiveness

When looked at the results of the interviews it can be concluded that the Mexican culture is very different compared to the culture of the western expatriates. Several authors in this study discussed cultural differences and Hofstede (1980) indicated three reasons for cultural differences: political, sociological and physiological. The results of the interviews indicate that the cultural differences between the Mexican culture and the culture of the western expatriates can be explained by the three reasons of Hofstede namely: Psychological cultural differences, sociological cultural differences and political cultural differences. Regarding the psychological cultural differences, the difference in how the respondents grew up is important. It became clear from the interviews that the HCMs grew up in a more hierarchical environment than the western expatriates. This resulted in a different way of working, HCMs like to work in a hierarchical company structure whereas western expatriates enjoy to work in a flat company structure. Furthermore, there are differences regarding the personal characteristics of the two groups. HCMs consider themselves as relaxed, loyal and creative with a focus on traditions, hospitality and relationships. The western expatriates see themselves as tolerant, straight to the point and analytical with a focus on trust and decision making. The second cultural differences, sociological cultural differences, made the western expatriates change the way they managed people. Key issue is the resentment of confrontations of the Mexicans, the western expatriates state that the Mexicans can be dishonest and agree with everything to avoid confrontations. The Mexican culture also improved the hospitality of the western expatriates, hospitality is helping the western expatriates to develop better relationships which can improve managerial effectiveness. The third cultural difference, political, can be drawn from the fact that

several HCMs state in the interviews that the Mexicans see themselves as inferior and servants to other races. This is originally initiated due to the fact that Mexico is historically a conquered country. It is supported in the results of the interviews where the HCMs all agree that they have a lower knowledge level of the business than that of the western expatriates.

### **5.2.3 Conclusion**

This research supports the majority of the outcomes of several scientific authors (Kras 1997, Kluckhohn 1961, Hofstede 1980, and Grosse 2001) that studied cultural differences between HCMs and western expatriates. These studies were discussed previously in this report, one of the results of these authors collectively is that the culture of Mexican managers and the culture of western expatriates is different. Following the interviews with the 20 respondents in this study it became feasible to separate cultural differences in 3 groups of reasons that were based upon the cultural differences of Hofstede (1980): political-, sociological-, and physiological cultural differences. Furthermore, this research proves that culture influences differences as well as similarities in managerial effectiveness between HCMs and western expatriates. When looked at the central research question, it is plausible to say that culture influences differences in managerial effectiveness between the HCMs and the western expatriate. However, culture also influences similarities in managerial effectiveness between Mexican managers and western expatriates. The main differences and similarities in managerial effectiveness between the HCMs and the western expatriates can be found in table 15 on page 38.

## **5.3 Discussion**

This paragraph proceeds to discussing the findings. First the theoretical implications are discussed. The findings are compared to other literature and are elaborated on. If necessary, alternative explanations are proposed for the relationships found. Then the practical implications are discussed. The main issues are located recommendations are suggested to the target groups. Additionally the limitations of this study are pointed out to assess the strength of the findings and the urge of future research is presented.

### **5.3.1 Theoretical implications**

In chapter 2 a table of Harvey & Novicevic (2009) is included (table 1) that could predict success and failure of expatriate managers, One of the main conclusions of the authors for expatriate success is cultural adaptability. The western expatriates in this research agree with the authors that it is necessary to adapt to the culture to be successful and effective. The HCMs disagree with this view, in the interviews the HCMs state that the main factor to be successful and effective in Mexico is to learn the language. The study of Grosse (2001) identifies that when a western expatriate speaks at least 60% Spanish, it will give a good impression on the Mexican manager. The HCMs agree with the author that when the western expatriate speaks Spanish, this leaves a good impression on the Mexican manager. Grosse (2001), also cites five areas of significant difference between the Mexican culture and the western culture in his research. These five areas are business relationships, attitudes toward time, family and religious values, communication patterns and government-business relations. When the results are analyzed, the interview results agree with the author that there are differences in these five areas. However, when the interviews are more thoroughly analyzed, another area of the framework can be added, namely self-perception. It became clear in the results

of the interviews that there are major differences in self-perception between HCMs and western expatriates. This view is strengthened by the fact that HCMs do not want to compare themselves to western managers and all HCMs think that western managers have at least a similar knowledge of the business. This suggests a lower self-perception of the HCMs compared to the western expatriates.

Furthermore, in chapter 2 we included the research of Pariente (2009), in this study the author mentioned several prejudices that existed concerning Mexican managers from a western point of view. Mexicans are called non-enterprising, unintelligent, unsophisticated, and untrustworthy by western managers. We did not find compelling evidence to argue that Mexicans are non-enterprising and unsophisticated. However, the western managers in this study disagree that Mexicans are unintelligent, in the interviews it is stated that western managers judge HCMs as equally intelligent. The participating western managers agree with the author that Mexican employees and or managers can be untrustworthy.

Adler (1998) mentions in her study that Mexicans are indirect and will not give a straight answer. The results of the interviews show that the respondents disagree with this point of view. When looked at setbacks among their employees the HCM is using a more direct approach compared to the western expatriate, this is not in line with the statement of Adler (1998). Kras (1997) describes western managers in Mexico as people that live to work and see leisure time as a reward for hard work. Also, the author mentions that it is common to distribute responsibility and authority among their employees. The western expatriates agree with the author that they see leisure time as a reward for hard work. However, the western expatriates state that it is unusual to distribute responsibilities and authority among their employees. most of the times, trust issues are the reason for this.

### **5.3.2 Practical implications**

Due to eagerness to learn and develop professionally, all twenty managers participated within this study without hesitating. All the respondents wanted to receive a copy of this study when finished. This shows a certain dedication to professional development. This study will provide organizations, HCMs, western expatriates and other parties an insight in how culture influences managerial effectiveness. Findings in this study revealed that culture is influencing managerial effectiveness, this is interesting for both the HCMs and the western expatriates as for organizations. The HCM and the western expatriate can use this study to reflect their managerial characteristics with the key issues of managerial effectiveness and try to create an ideal mix of these characteristics to be as effective as possible. Organizations in Mexico (both national and multinational) can profit from this study to seek employees with the key characteristics needed. This study can help them in the choice between a HCM and a western expatriate.

## **5.4 Limitations**

Despite the careful planning and execution of this study the researcher is still well aware that this study has its limitations that affect the strength of our findings. First, the sample was selected from only a single country: Mexico. This might have implications to the generalizability of the results. However, the researcher is confident that the results hold for at least South American countries since their arrangements towards managerial effectiveness and culture are often alike. Replication of this study in a different country could elucidate on this. Second, all interviews in this study were done in English because the researcher is better in speaking English than Spanish. English is not the native

language of the HCMs, several western expatriates and the researcher. Consequently some information can get lost due to the language barrier. Third, the selected managers form a limitation, the participants in this study are all male managers, working in a profit organization and living in Mexico. This means that any conclusions drawn from this research can only be extrapolated to other managers who are in the same category as the managers in the study. One should be reasonable cautious when applying the results of this study to other samples such as female instead of male leaders or other countries/cultures. Fourth, a limitation of this study is that a possible bias in the perception of the respondents cannot be excluded. The last but certainly not least important limitation of this study is that the researcher, conducting the research, was personally involved in transcribing, coding, digitalizing data and analyzing the results. Furthermore, the researcher is from a western country and can therefore have a bias on his personal view. On all points, the personal theory and mindset of the researcher might influence the final results and findings. The above limitations are acknowledged but do not distract from the significance of the findings.

### **5.5 Implications for future research**

The abovementioned paragraphs did already propose some suggestions for future research. Not much research is done on the effects whether culture is influencing differences in managerial effectiveness. This research only paints a small part of the picture. Therefore, the researcher want to press the issue that more research needs to be done in this area.

Next to extending the current research, future research should contribute the insights of other cultures. Testing this study in a different setting should elucidate on the generalizability of our findings. Although we are confident that most of the results would hold for other South-American countries as well, more research on this subject should be done worldwide.

This study focused on managers working in different companies, it can also be interesting to perform a case study on this subject and to see whether the differences within one company are similar to that of several companies. Another interesting implication of this study is to focus on the subordinates of the managers and interview them about HCMs and western expatriates, this to eradicate the self perception of managers.

This study explored differences between different cultures in the area of managerial effectiveness, it is perhaps also useful for future studies to examine cultural similarities. One such study can be to find out to what extent culture explain similarities in managerial effectiveness. For instance, multinational corporations may find it less risky to hire somebody from a similar culture than to expand to cultures that are drastically different.

Finally, the researcher urges to investigate the same study using female managers and to analyze differences in results compared to this study.



## **5.6 Reflection**

This research has been a valuable, informative and adventurous period of 8 months. The period has been a variation of ups and downs, although the majority are the ups. First of all the integration and acceptance at the ITESM university in Mexico were enlightening and motivating. This was not my first travel overseas. However this was my first travel to a foreign university. It was interesting to see how I managed in a region where I did not have many contacts. It became a successful adventure due to the guidance of several supervisors, at one hand on the university in the Netherlands, and on the other of the university in Mexico. The start of a research where not a lot of information is available can be seen as difficult. I have learned many new things due to this research including the operationalization of concepts and the literature study. The readability and accessibility of the report has been another challenge in this research. This is because of the difference in expertise of the researcher and the readers of this report. Finally I would like to state that I am proud and relieved that I managed to successfully hand in this study.

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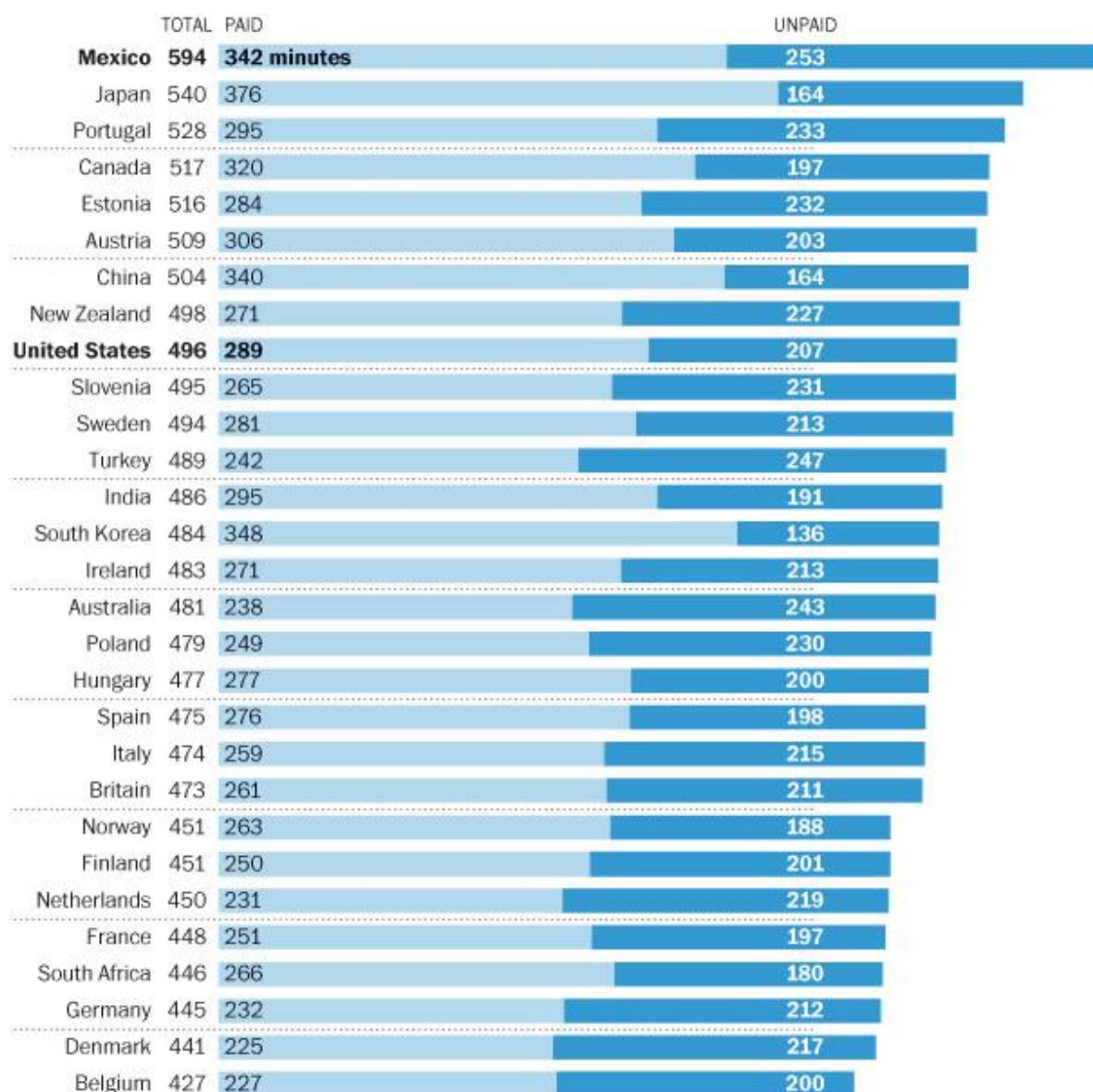
## Appendices

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## Appendix A: Total minutes worked each day

**Total minutes worked each day, including paid and unpaid work**



NOTE: Travel time related to the work is included in the categories. According to the OECD study, unpaid work is the production of goods and service by family members that are not sold on the market, and in separating unpaid work from leisure, if a third person could be paid to do the activity, such as cooking or cleaning, it is considered to be work.

SOURCE: "Society at a Glance 2011: OECD Social Indicators" report, Organization for Economic Cooperation and Development.

## Appendix B: Map of Mexico



## Appendix C: Queretaro & ITESM Campus Querétaro.

Santiago de Querétaro is the capital and largest city of the state of Querétaro, located in central Mexico. It is located 213 km northwest of Mexico City. In 1996 the historic center of Santiago de Querétaro was declared a World Heritage Site by UNESCO. The city is home to some of the most important universities in Mexico. Today, the city is one of the fastest-growing in the country, with its economic base in industries such as chemicals, paper products and machinery. This has caused the city and the metropolitan area to attract many migrants from other parts of Mexico and expatriates from countries including the United States, Canada, Spain and several other western countries. The city is host for major corporations such as Bombardier Aerospace (the only airplane manufacturing facility in Mexico), Kellogg's, Samsung Electronics, Colgate-Palmolive, General Electric, Michelin, Tetra Pak, Siemens, New Holland, Procter & Gamble, Nestlé, Scania, and Aernnova among others.

### ITESM Campus Querétaro

One of the most prestigious universities in Mexico, the ITESM (Instituto Tecnológico y de Estudios Superiores de Monterrey), have set campuses at the outskirts of Santiago de Querétaro where significant research is carried out. The ITESM Campus Querétaro is a private university. The campus first opened its doors on August 14, 1975. Founded by a local group of businessmen lead by Don Jesús Oviedo Avendaño and having as its first president Dr. Rafael Rangel Sostmann. The first academic programs were, besides the High School; Agriculture, Computer Sciences, and Business Administration. ITESM Campus Querétaro and the University of Twente have a partnership to exchange students among the universities.

Dear reader or Mr. or Mrs. [!tussenvoegsel!] [!achternaam!],

During the last decades a tremendous increase in research on expatriation has been conducted. In particular, much work has been done on the personal and situational factors that influence expatriate adjustment and effectiveness. Although this research has significantly increased our understanding of the antecedents of expatriate success, it has offered relatively little insight into how management effectiveness is affected with cross-cultural differences when western managers are expatriated in multinational companies (MNCs) compared to home-country managers in Mexico.

Due to continuing globalization and as a result of increasing international competition more and more companies have started to operate internationally. To maximize the effectiveness of these MNCs in Mexico, multinational firms should investigate whether culture explain differences in managerial effectiveness between western expatriates located in Mexico and home-country managers. Konopaske, Werner and Neupert (2002) state in their research that, in particular, MNCs use parent country national (PCN) expatriates, third country national (TCN) expatriates and host country nationals (HCN) to balance their strategic needs for global integration and local responsiveness.

This face-to-face interview is part of a research project conducted by the University of Twente and the Instituto Tecnológico y Estudiantes Superiores de Monterrey (ITESM). The research project aims to increase our knowledge of managerial effectiveness and whether culture influences differences in managerial effectiveness between Mexican managers and Western expatriates. Prof. Torres of the ITESM provided me with your contact information stating that you could be a perfect candidate for this research.

We would be very grateful if you could accept our invitation to take part in our research and that we could plan an appointment to conduct the interview. We would be very grateful if you could forward this invitation to other managers that you think are capable of conducting a face-to-face interview.

We would be happy to send you a summary of the results of our research project. Your cooperation will contribute to the growing body of knowledge on managerial effectiveness and culture.

Yours faithfully,

The research team:

Prof. Luis Felipe Torres Gómez – ITESM

Steven Büter – University of Twente

## Appendix E: Interview

### INTERVIEW

<b>Interview with:</b>	Respondent no.
<b>Job function:</b>	
<b>Interviewer:</b>	Steven Büter
<b>Transcriber:</b>	Steven Büter
<b>Location interview:</b>	
<b>Time and date of the interview:</b>	
<b>Category:</b>	Mexican Managers/Western expatriates
<b>Respondent no:</b>	X/10

Mention at the start of the interview that there is a framework of managerial effectiveness that consists of 5 dimensions. These dimensions are: (1) Managing and leading, (2) Interpersonal relationships, (3) Knowledge and initiative, (4) Success orientation and (5) Contextually adept, Furthermore the interview consists of some general information at the beginning of the interview and at the end of the interview there is one question about national culture.

#### Section 1: General information:

**Explanation:** This section enables the author of the study to divide the groups into a table with demographic characteristics based on age, job position and the amount of people leading.

- 1: Tell me something about yourself, are you married, what is your age etc.
  - 2:: What is your position within the company?
  - 3: How many people are working here at the company?
  - 4: if I would say, how many people are you leading, what would you answer then?
- EXPATRIATE QUESTION: How is your Spanish? Can you give a percentage of the amount of Spanish that you speak?

#### Section 2: Dimension 1: Managing and leading

**Explanation:** The managing and leading dimension represented traditional leadership behaviors of setting direction, inspiring and motivating for the manager. Furthermore, the component included items that reference to effectiveness, responsibility and inspiration.

- 1: You told me how many employees were in your team, so how do you communicate with them?
- 2: When you look at your staff and your employees, do you think they see you as an inspirational leader and why do you think that?
- 3: When you look at your own managing style, do you think you work effectively and efficient?
- 4: you think you give your employees a lot of responsibility and why do you think that?
- 5: Could grade yourself on the dimension managing and leading on a scale from 1 to 10 and why do you give yourself this grade?

#### Section 3: Dimension 2 Interpersonal relationships:

**Explanation:** The interpersonal relationships dimension helps to see which managers represented relationships with peers and senior managers inside the organization. If (professional) relationships and politics are important in Mexico and the country of origin of the western expatriate. Finally it includes whether the managers see themselves as team players or individuals.

- 1: When you look at other senior managers in the company, do you think you work effective with them and why do you think that?

- 2: Do you see yourself as a team player or an individual and why do you see yourself this way?
  - 3: How do you see the relationships in Mexico, are they important here?
- If EXPATRIATE: Do you see differences with your home-country and if so, what kind of differences?
- 4: How do you handle politics here in Mexico? If EXPATRIATE: Is there a difference with your home country?
  - 5: Can you grade yourself on the dimension interpersonal relationships?

#### **Section 4: Dimension 3: Knowledge and initiative**

**Explanation:** The extent to which the managers combined the characteristics of broad knowledge compared to other managers and professional competence with the personal attributes of confidence, risk taking, independence, and initiative.

- 1: In your role as a manager, do you take risks, if yes, could you explain what kind of risks you take?
- 2: FOR MEXICANS: when you look at yourself compared to other Mexican managers in the same position as that you are in but in a rival company, do you think your knowledge of the business is broader, equal or less?
- 2.1 For EXPATRIATES: If you compare yourself to a Mexican manager in the same position as that you are in a rival company, do you think your knowledge of the business is broader, equal or less?
- 3: For MEXICANS: This is the same question as the previous one but now compared to a western manager.
- 3.1 For EXPATRIATES: This is the same question as the previous one but now compared to a western manager like yourself.
- 4: How do you demonstrate confidence, independence and initiative to your employees?
- 5: How do you grade yourself on this dimension of knowledge and initiative?

#### **Section 5: Dimension 4: Success orientation:**

**Explanation:** The extent to which the managers represented an orientation toward goal achievement and attainment of desired organizational outcomes. Furthermore the dimension represents the managers reaction on setbacks and also included an item related to the managers potential to reach the most senior position in the company.

- 1: How is your focus on goal setting and outcomes?
- 2: How do you react when one of your employees is still not reaching the goals that you set for him/her?
- 3: Do you think you have what it takes to be in the most senior position of the company? Or that you could become the CEO of the company that you are working for now?
- 4: How do you handle out of the box thinking of your employees at the company? Do you encourage it?
- 5: Can you grade yourself on the dimension success orientation?

#### **Section 6: Dimension 5: Contextually adept:**

**Explanation:** The extent to which the managers were able to judge characters correctly from their own culture and from a different culture and how the managers used employees from different cultures.

- 1: Do you see yourself as a good judge of character?
- 2: How about judging characters from other cultures?

**3:** Are there any other cultures working here in the company? And do you think the company uses them as an organizational strength? Why do you have this opinion?

**4:** EXPATRIATES: How did your adaptation went to Mexico?

**5:** Can you grade yourself on the dimension Contextually adept?

### **Section 7: Culture**

**Explanation:** This section helps to explain how the managers look at their own culture and background and whether this influenced their leadership style.

**1:** Do you think the cultural aspects you have being a Mexican/Western expatriate manager influence your leadership style?

**2:** How do you think your cultural background is influencing your leadership style?

## **Appendix F: NVIVO 9.0**

NVIVO is a qualitative data analysis (QDA) computer software package produced by QSR International. NVIVO is designed for qualitative researches working with very rich text-based and/or multimedia information, where deep levels of analysis on small or large volumes of data are required.

NVIVO is used predominantly by academic, government and commercial researchers across a diverse range of fields, including social sciences such as anthropology, psychology, communication, sociology, as well as fields such as tourism and marketing.

The first NVIVO software product was developed by Tom Richards in 1999. The first edition contained tools for fine, detailed analysis and qualitative modeling.

NVIVO is intended to help users organize and analyze non-numerical or unstructured data. The NVIVO software allows users to classify, sort and arrange information; examine relationships in the data; and combine analysis with linking, shaping, searching and modeling.

The researcher or analyst can test theories, identify trends and cross-examine information in a multitude of ways using its search engine and query functions. They can make observations in the NVIVO software and build a body of evidence to support their case, study or project.

The NVIVO software accommodates a wide range of research methods, including network and organizational analysis, action or evidence-based research, discourse analysis, grounded theory, literature reviews, mixed methods research and the framework methodology. NVIVO can handle materials in most of the languages and supports data formats such as audio files, videos, digital photos, Word, PDF, rich text and plain text.

## Appendix G: Duration of the interviews

<b>Expatriates</b>	<b>Interview duration (in minutes)</b>	<b>HCM</b>	<b>Interview duration (in minutes)</b>
E1	30	M1	40
E2	30	M2	75
E3	45	M3	105
E4	75	M4	60
E5	45	M5	105
E6	45	M6	90
E7	45	M7	80
E8	55	M8	90
E9	75	M9	75
E10	60	M10	105
<b>Average time:</b>	<b>51 minutes</b>	<b>Average time:</b>	<b>83 minutes</b>