CROSS-BORDER BUSINESS CHALLENGES:
AN ETHNOGRAPHIC STUDY OF
SMALL U.S. AND MEXICAN FIRMS

A Thesis
by
RHONDA SNIDER

Submitted to the Office of Graduate Studies of
Texas A&M University
in partial fulfillment of the requirements for the degree of
MASTER OF ARTS

August 1997

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August 1997

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ABSTRACT

Cross-border Business Challenges:
An Ethnographic Study of
Small U.S. and Mexican Firms. (August 1997)
Rhonda Snider, B.S., Texas A&M University
Chair of Advisory Committee: Dr. Norbert Dannhaeuser

This study explores the cultural differences in Mexican and U.S. business behaviors and the challenges to successful U.S.-Mexico trade relations among small firms. The differences and challenges identified through interviews and participant-observation of 35 firms in Mexico and the U.S. are compared to cultural conceptual frameworks proposed by two scholars. The data collected provided support for two of the four frameworks. The findings also revealed that the primary challenge to cross border business today is the Mexican economic recession. In response to Mexico’s economic downturn, precipitated by NAFTA and the devaluation of the peso, Mexican firms have developed several adaptations in their business behaviors. Other challenges identified are cultural in nature, including differences in business customs and differences in communication styles.
DEDICATION

This thesis is dedicated to my parents, Dorothy Snider and the late John Snider. My mother, who dropped out of college to work full-time, always encouraged me to further my education. My father, who worked overseas many years, inspired me to learn about other cultures. I am grateful to both for regularly telling me that I could do and be whatever I wanted, if I worked hard enough.
ACKNOWLEDGEMENTS

With great respect, I wish to acknowledge the guidance provided by Norbert Dannhaeuser who is at once an inspiring teacher, excellent editor and encouraging mentor. I am very appreciative of his many hours of advising on this project. I am also sincerely grateful to Jeff Cohen and Jon Alston whose suggestions were very helpful both in the research and writing phases of my thesis. Thanks go to David Carlson, whose encouragement was a major factor in my selection of anthropology as a field of study and who provided much-needed assistance on the statistical portion of my thesis, and to Gentry Steele for use of his lab, for his advice on the visual portions of this project and for his words of wisdom. I wish to acknowledge the Department of Anthropology for two grants that provided financial assistance on this thesis and Department Head Vaughn Bryant whose helpful spirit made life at A&M much easier. A very special thank-you is extended to my friends, former colleagues and fellow graduate students who gave me leads on firms, read and gave me feedback on portions of this document, provided food for and attended my defense, provided a diversion from my writing, accompanied me on research trips, and encouraged me when I was discouraged. Finally, and most importantly, I wish to acknowledge my family members, who have provided important emotional support over the past three years.
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I. INTRODUCTION AND OVERVIEW

This document reports on an investigation of the cultural differences and international challenges faced by small firms in Mexico and the United States. U.S.-Mexico trade has tripled over the last ten years, and it is projected to double to $200 billion a year within the next five years (North American Development Bank 1996; McGraw 1996). With this expanded interaction among enterprises in the two countries, comes increased opportunities for cultural clashes — faux pas, blunders, and mistakes made based on misconceptions about appropriate social and business behaviors.

For the owner or manager of a firm attempting cross-border commerce, lack of awareness of cultural differences can be, at best, frustrating and, at worst, a cause for business failure. Cross-cultural mistakes not only cause embarrassment to the organization and the individual responsible, but they also can be costly to a firm in lost business, in public relations efforts to regain its reputation, and in early returns of expatriates (Caudron 1991:27). Seeking strategies to avoid these difficulties, companies pursuing international opportunities turn to "how to" publications on doing business abroad (cf., Axtell 1993; Barnard 1995; Devine 1988; Diaz-Leal 1996; Durmaine 1995; Kras 1989), as well as to explanations of cultural variations in Mexican and U.S. societies from scholarly works by anthropologists (cf., Hall and Hall 1990; Hofstede 1984; Mendonsa 1988) and others (cf., Allen 1996; Condon 1985; Fedorowicz 1994; Gudykunst 1984, Hess 1980).

This thesis follows the style and format of American Anthropologist.
Although there is an abundance of literature on cultural issues in cross-border commerce, the existing body of work has two limitations that my research seeks to counter. First, as Limaye (1991) has suggested, most of the popular-press literature comes from anecdotal evidence and is typically written by a business person about his or her personal experiences rather than being based on academic research (cf., Alessi 1995; Jessup and Jessup 1993; Snowden 1986; Winsor 1994; White 1995).

Second, scholarly articles and books, while more scientific in their collection and presentation of data, have focused primarily on large, multi-national corporations (cf., Hofstede 1984; 1994; Lowe 1992; Maddox 1993; Moran 1994; Stephens and Greer 1995). As Baird asserts, few studies have been conducted that explore the particular socio-cultural issues of small international firms (1994). Investigating the particular issues of small enterprises (less than 200 employees) is valuable because studies suggest that the key challenges for small firms are not the same as those for large firms, especially in the international arena (Baird 1994; Brady 1995; Scully 1994). In addition, small firms and entrepreneurship play “a much more important role in the economy than had been previously acknowledged” (Acs and Audretsch 1993:1).

This thesis seeks to answer two questions: 1) Are the cultural frameworks suggested by social scientists valid predictors of Mexican and U.S. business behaviors and attitudes? 2) Of the many cultural differences between Mexico and the U.S., which ones are of greatest concern and/or cause the biggest challenges to cross-border commerce? To answer these questions, I used both qualitative and quantitative methods in my investigation, and placed an emphasis on the applied rather than the theoretical dimensions of anthropology.
LITERATURE REVIEW

For the past six decades, cultural anthropologists have conducted a modest amount of research in business settings, focusing primarily on corporate cultures in the United States (Ferraro 1994). In the 1940s, a group of "pioneer business anthropologists" organized a new field they coined "industrial anthropology" (Hamada 1989). Overlapping with the established field of economic anthropology (Plattner 1989), this area of study involves the application of socio-cultural theory and ethnographic methodology to specific business-related issues. Despite a growing number of scholars (cf., Arnold 1994; Bantz 1993; Bemowski 1995; Hamada 1989; Harper and Riffkind 1995; Masterson 1994; Zipser 1994) interested in what is now more commonly referred to as "corporate anthropology" or "business anthropology," the challenges in cross-cultural commerce have received little attention among anthropologists. Nevertheless, investigating the cultural dimensions of international business is pertinent and timely. As Gary Farraro states:

Failure to consider the cultural context in the domestic organization can, and has, led to misunderstandings, miscommunication, lawsuits, and generally an undermining of the goals of the organization. When moving into the area of international business, the need to be aware of cultural environments becomes even more critical. . . If American business persons are to meet the challenges of an increasingly interdependent world, they will need to develop a better understanding of how cultural variables influence international business enterprises. A healthy dialogue between cultural anthropologists and members of the international business community . . . will be an important first step in achieving that needed understanding (1994:8-9).
Research, both anthropological and otherwise, on intercultural issues in a business setting can be divided into three major categories: 1) those that stress a society's overarching value systems, cultural patterns or conceptual frameworks, which affect the way business is conducted in particular cultures, 2) those that stress economic issues, which impact business decisions and behaviors, and 3) those that stress cultural differences in specific business customs, which can cause challenges in intercultural encounters.

**Conceptual Frameworks**

A society's belief and value systems can dictate behaviors in many aspects of life, including economic and commercial activities. Recognizing and understanding these patterns is a key to successful cross-cultural business dealings according to anthropologist Tomoko Hamada.

It is not enough to know "Do's and Don’ts" of cultural behavior as proliferated in many superficial know-how books. Culture is not a list of exotic behavioral codes that one could read in an airplane magazine. Cultural learning is more than learning the foreign language, as it involves understanding of cultural codes, behavioral patterns and their significance (Hamada 1989: 45).

Two anthropologists (Hofstede 1984, 1994; Hall 1959, 1976, 1990) have undertaken major cross-cultural studies that go beyond the “do’s and don’ts. Hofstede and Hall explore the impact of social values on business-related behaviors. For my thesis, a “value” is defined as “a broad tendency to prefer certain states of affairs over others” (Hofstede 1984). “Conceptual frameworks” or “cultural frameworks” refer to the theoretical models developed to describe certain values that are held as norms by a
society and that encourage certain attitudes and behaviors. In my research, I have tested whether the cultural frameworks suggested by Hofstede and Hall are valid predictors of business behaviors and attitudes among the small firms in my study.

**Hofstede’s Individualism and Power Distance Frameworks**

The significance of Hofstede’s research (1984) on the behaviors and attitudes of employees around the world is reflected in the tremendous interest in, and citations of, his work. His first book was reviewed at least 36 times and his study replicated more than 60 times (Alston and Morris 1995). Based on data from 116,000 questionnaires collected from informants in 40 countries, Hofstede has identified four dimensions along which dominant value systems can be ordered: power distance, individualism, masculinity, and uncertainty avoidance. He argues that these four dimensions “affect human thinking, organizations and institutions in predictable ways” (1984:11). His research suggests — and others have supported his notions (Harper 1995; Matsumoto 1997; Stephens 1995; Stewart 1971; Triandis et al. 1991) — that Mexicans and U.S. Americans differ in “individualism” and “power distance.”

According to Hofstede, societies that rank high on the individualism continuum emphasize privacy and independence; individuals are strongly “inner directed” and tend to have less company loyalty (Hofstede 1984:151). Cultures ranking low in individualism value teamwork, cooperation and group loyalty; individuals are less inner-directed and more “controlled by a need for not loosing face” (151). On this scale, Mexico ranks low, whereas the United States was found to be the most highly individualistic of the cultures Hofstede studied.
Hofstede's research suggests that individuals who grow up in high power distance cultures, such as Mexico, tend to be more concerned with status and the distinctions between those of different ranks. They are more respectful of their superiors yet trust them less. Such cultures also typically have little social mobility, have autocratic or oligarchic governments, prefer tall organizational pyramids and express ideologies of power polarizations. In contrast, individuals in low power distance cultures, such as the United States, tend to view others as equals and place less emphasis on formality and rank. Low power distance societies tend to promote equal rights, have pluralist or democratic governments, have flatter organizational structures and encourage power equalization.

Hall's Communication and Time Frameworks

Edward Hall is responsible for an earlier and highly respected research effort on the impact of social values on business behavior (1959). In a review of the literature of cross-cultural business research, Limaye and Victor (1991) note that most of the work in this field "has occurred in the last three decades following the pioneering work of the anthropologist Edward Hall (1959)." According to Hall, Mexico and the United States have different approaches to communication and time.

Hall believes "messages come in many forms (most of them not in words), which are imbedded in the context and in the choice of channels" (1990:20). Thus, cultures can be distinguished by the typical level of context provided in communication events by its members. He says the United States is a "low-context communication culture," where "the listener knows very little and must be told practically everything" (Hall and Hall 1990:183). On the other hand, in high-context communication cul-
turies, such as Mexico, “the listener is already contexted and so does not need to be given much background information.”

Hall says Mexican and U.S. cultures also are distinctive in their perceptions of time, with Americans being described as “monochronic” and Mexicans as “polychronic.” These differing orientations are “two variant solutions to the use of both time and space as organizing frames for activities” (1976:17). According to Hall, monochronic cultures “stress a high degree of scheduling, concentration on one thing at a time, and an elaborate code of behavior built around promptness in meeting obligations and appointments” (Hall and Hall 1990:184). In polychronic cultures, “human relationships and interactions are valued over arbitrary schedules and appointments. Many things may occur at once and interruptions are frequent” (184). A number of intercultural communication researchers have provided experimental confirmation of both of Hall’s theories (Gudykunst 1984; Harper 1995; Hess 1980; Lustig and Koester 1993; Samovar and Porter 1991).

Testing These Theories

My research investigated whether the cultural frameworks proposed by Hofstede and Hall (individualism, power distance, communication context and time perception) were valid in a small business setting. These frameworks are important to scrutinize for several reasons.

First, scholars have questioned whether the frameworks proposed by Hall and Hofstede are appropriate cultural categories. For example, the validity of Hofstede’s dimensions are questioned by Limaye and Victor (1991:291) who hypothesize that “more and different dimensions of culture are discoverable through different sets of questionnaire items.” Other
scholars have indeed suggested many additional conceptual frameworks or dimensions of culture along which social values can be categorized. Among these are the following: world view, cultural "mindsets," level of trust, evaluation and decision-making styles, comfort with ambiguity, ethnic solidarity, materialistic-orientation, family-orientation, achievement-orientation, rule-orientation, impression management, and religion (Bonacich and Modell 1980; Condon 1985 1975; Fisher 1988; Giacalone 1994; Hess 1980; Landa 1994; Lane 1992; Mendenhall 1994; Meschi 1994; Stewart 1971).

Second, the type of socio-cultural frameworks suggested by both Hall and Hofstede are similar to controversial cultural patterns proposed by earlier anthropologists (Benedict 1946; Gorer 1949; Mead 1942), which have been criticized by some researchers as over-generalizations or simplistic models based on small sample sizes (Bock 1988; Harris 1968; Pelto and Muessig 1980). In a criticism of Hofstede's work, Barnard states:

The idea that all cultural responses to common situations can in some way be attributed to one of these dimensions, or to a combination of orientations within these dimensions, seems to me to be a massive oversimplification. Indeed, the attempt to encompass all cultural responses within these dimensions leads to a system of profiling, in terms of behaviors and beliefs, which more closely resembles a horoscope from a newspaper, than a scientific document (1995:30).

Third, both Hall and Hofstede's frameworks are based on data collected ten to 30 years ago. As Harper and Rifkind point out regarding Hofstede's research, "economic and political conditions that affect cultural patterns have changed dramatically in some of these countries during this time frame. Nevertheless, his work represents the best available attempt
to measure empirically the nature and strength of value differences across cultures” (1995:48). Thus, this thesis also explores whether Hall and Hofstede’s frameworks are still applicable to business behaviors today.

Fourth, I believe there are methodological concerns with these two researchers’ approaches. As noted by Harper and Rifkind, Hofstede used an empirical orientation in his survey use and analysis of responses. However, his research lacks the rich qualitative information that comes from lengthy informant interviews and participant observation. In contrast, Hall did not use a strongly quantitative methodology. Rather, he chose a more qualitative approach relying on extensive interviews and his own perceptions. My study combines these two alternatives, providing quantifiable data from specific questions asked of all subjects, along with in-depth qualitative research to provide as complete a view of Mexican and U.S. business practices as possible.

Finally, all of the research done by Hofstede and much done by Hall focused on large, multi-national corporations. It is important to test whether their findings are relevant for small international enterprises. Sections II and III of this thesis provide the results of my investigation to determine whether the Hall and Hofstede conceptual frameworks are valid indicators of business behaviors and attitudes among the small firms in this study.

**Economic Issues**

In addition to studies that focus on socio-cultural patterns affecting business behaviors, research has been conducted on the impacts of economic situations on firms and firm owners’ decisions and behaviors. Although little anthropological work can be found on the specific eco-
nomic issues of *small* companies engaged in *international* business, a
great deal of anthropological literature exists that investigates the eco-
nomic challenges and resulting adaptive strategies of societies. Some of
that research is applicable to this study.

For example, a number of anthropologists have, in general terms,
discussed forces of culture change and strategic adaptations to environ-
mental (including economic) challenges and changes (Bennett 1976;
Halstead and O'Shea 1989; Naylor 1996). Others have used specific com-
munities and cases to illustrate common adaptations in Mexico and other
developing countries. These include investigations into topics such as
NAFTA's impact on the Mexican dairy industry (McDonald 1994), house-
hold survival strategies on the Mexico-U.S. border (Heyman 1994;
Valez-Ibanez 1994), the impact of economic development strategies on
small producers (Cohen 1994; Harper and Soon 1979; Kottak 1990;
Stonich et al. 1994), Mexican unions in maquiladoras (Passé-Smith and
Williams 1994), joint ventures between small and large firms (Goddard
1994), and the impacts of industrialization and trade concentration on
firms and individuals (Dannhaeuser 1996; Foster 1979; Lomnitz and
Perez-Lizaur 1986).

Economic anthropologists working in indigenous villages in Mexico
also have investigated the wide range of challenges to business success
for small firms, such as craft producers and small industries. Of relevance
to my thesis are the discussions in these ethnographies of competition
and cooperation among small producers (Cohen 1997), economic limita-
tions on firm growth and success (Acheson 1982), cultural identity and
customary business practices and their relationship to firm success and
regional trade (Cancian 1990; Cook 1982; Cook and Joo 1994; Rosebery
1989; Wolf 1986) and a rise in violence resulting from increased competition and other economic pressures (Greenberg 1990).

The economic issues explored in this study also build on the literature of entrepreneurship and the entrepreneur's unique responses to risk and economic uncertainty. Some of the related subjects investigated by social scientists include the entrepreneur as an innovator and agent for social change (Greenfield and Strickon 1986; Schumpeter 1949), the behavioral and attitudinal factors associated with successful entrepreneurs (Barth 1963; Glade 1967; McClelland 1961; Weber 1930), kinship and ethnic solidarity strategies among entrepreneurs (Aldrich and Waldinger 1990; Barnett 1960; Bonacich and Modell 1980; Landa 1994; Ward and Jenkins 1984), and the specific obstacles for small firm owners in developing countries (Acs and Audretsch 1993; Harper 1984).

These studies regarding economics and related ethnic and entrepreneurship issues are important to mention because the primary challenge to cross-border commerce identified in this study was economic in nature. The poor economic situation in Mexico today was described by informants as the most difficult obstacle to U.S.-Mexico business dealings. Section IV of this thesis describes the economic challenge and the adaptations made by small Mexican firms in response to the recession in Mexico. These adaptations are compared to the conclusions of the authors cited here.

**Differences in Business Customs**

In contrast to the broad cultural frameworks suggested by Hall and Hofstede or to the community studies of economic anthropologists, other scholars have a narrower focus, looking at specific business practices and how they vary from culture to culture. Researchers of international busi-

Some authors have focused on the particular business behavioral differences between Mexico and the United States. For example, several argue that these differences are being minimized due to a transition taking place in Mexico's business world (Coone 1996; Fedorowicz et al. 1994; Kras 1994). A younger generation of managers — many trained at prestigious business schools in the United States — is influencing the day-to-day operation of firms.

They are bright and energetic administrators who are well versed in the latest management techniques. It is not uncommon for them to put in long hours implementing some of the more innovative approaches to manufacturing, quality assurance and organizational development (Fedorowicz 1994).

Other authors suggest that even with the potential changes being instigated by some of the new generation of managers and the unquestionable Western influence on Mexico (Padgett 1992), the typical Mexican firm still differs significantly from the typical U.S. firm. Furthermore, a number of behavioral differences can pose significant challenges to individuals conducting business across the border. Some of the differences in U.S.-Mexican business behaviors frequently cited by international trade and Latin American specialists include the following (Axtell 1991; Condon 1985; Fedorowicz et al. 1994; Hess 1980; Jessup and Jessup 1993;

- A difference in emphasis on socializing in business dealings is noted. For example, U.S. Americans immediately get to the point when meeting a potential business partner; Mexicans prefer getting to know each other first, meeting several times before discussing business.

- Personalized networks are much more important in Mexican commerce. For example, hiring is most often done by personal intermediaries and family connections; in the United States it is conducted through less personal mechanisms such as newspaper ads or unemployment offices.

- The Mexican sense of timing and approach to labor, combined with infrastructure problems, means it can take two to three times longer to get things done in Mexico than in the United States.

- U.S. business persons assume everyone in Mexico speaks English and that efforts to speak Spanish are unnecessary. In contrast, Mexicans appreciate the foreigner who speaks Spanish, and they will seldom attempt to do business in the United States without a working knowledge of English.

- A more significant respect for rank and authority in Mexico leads employees to avoid saying anything that might displease the boss, including alerting them to potential problems. Organizational hierarchy discourages decision making at lower levels in many Mexican companies.

- Expectations of male-female relationships are different in the U.S. and Mexico. Comments commonly made to females by males in Mexico are considered unacceptable in the U.S.
Government regulations are complex in Mexico, and their application is often unpredictable. Differences in legal codes, policies and procedures can cause problems for business persons on both sides of the border.

In my research, I attempt to determine which, if any, of these assertions are indeed challenges for small firms in Mexico and the United States. I will turn to my findings regarding cultural challenges in Section V of this thesis.

Significance of Research

In addition to the rationale for this research suggested earlier, this study fills an important academic function by investigating issues that have thus far not been addressed. In my review of the literature on this subject, I have found no major study that specifically investigates the socio-cultural issues for small firms (under 200 employees) conducting international business. This lack of information exists, despite the fact that "over 90 percent of firms have fewer than ten employees in most developed countries" (Acs and Audretsch 1993:4). Nor have I discovered much literature written for or about Mexican firms doing business in the United States, even though exports from Mexico to the U.S have increased 54 percent in the past three years (McGraw 1996). Thus, this research fills a void in the existing body of knowledge on intercultural relations in a business setting.

Moreover, this study also serves a practical function. One economist argues that "a prosperous and stable Mexico is good for Mexicans first. But it is also good — in terms of higher exports, lower illegal immigration, fewer illicit activities, and an improved environment at the border — for
the United States" (Lustig 1996:9). Therefore, research, such as this, that attempts to identify some of the barriers to successful U.S.-Mexico business development and trade, can support the economies of both nations.

**METHODODOLOGY**

My research was carried out using basic ethnographic methods (Bernard 1994; Pelto and Pelto 1980), interpretive data collection strategies (Bantz 1993; Herndon and Kreps 1993; Spradley 1979), and business case study analysis (Ronstadt 1980, Pelto and Muessig 1978). Whereas quantitative methods are better at testing hypotheses and qualitative methods are better for understanding meanings and gaining insights, research that incorporates both often offers the most supportable results (Mason 1993). Thus, both qualitative and quantitative data were collected and analyzed for this thesis.

**Subjects of Study**

The sample population for this study was derived from small Mexican firms doing business with U.S. enterprises, from small U.S. firms doing business with Mexicans and from small firms of third countries doing business in both Mexico and the United States. As noted by Acs and Audretsch, “how to distinguish small firms from large ones is not obvious from any theoretical literature” (1993:5). However, they and Harper (1984) suggest that the most valid measure of firm size is number of employees rather than some financial measure. Thus, for this thesis, I have defined a “small firm” as one with 200 or less employees.

Nationality of a firm is determined by the nationality of the owner regardless of where the firm is located or where the interview was con-
ducted. If publicly held, nationality is determined by the nationality of the stock exchange on which the firm is registered. The demographic profile of firms and informants is provided in Table 1.

*Identification*

I adopted a snowball method for identifying informants/firms as potential interview subjects (Bernard 1994:97-98). The initial interviews were carried out with companies of which I had personal knowledge and with firms recommended by representatives of various entities familiar with international businesses (e.g., chambers of commerce). Each of the first 15-20 individuals interviewed were asked to recommend other firms that I might study. This resulted in a list of about 100 potential informants/firms over the course of my research.

*Selection*

Recognizing that meaningful cultural comparisons can only happen when the subjects compared are “equivalent on non-cultural, demographic variables” (Matsumoto 1997:10), I established some demographic parameters to guide my selection of firms and informants. The parameters I set were as follows: a) each company had to be a small firm, b) each firm had to have regular business dealings currently (or have had in the recent past) with the other culture, and c) the informant(s) had to be well versed in the company and its international business dealings. One or two informants from each firm were selected to provide information on the firm along with perceptions about the cultural challenges the firm faces. In each case, my first choice for informant was the highest ranking person in the company who had international responsibilities.
### Table 1
Firm and Informant Demographics

<table>
<thead>
<tr>
<th>Firms</th>
<th></th>
<th>Individuals</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>35</td>
<td>Total</td>
<td>37</td>
</tr>
<tr>
<td>Mexican</td>
<td>14</td>
<td>Mexican</td>
<td>17</td>
</tr>
<tr>
<td>U.S.</td>
<td>18</td>
<td>U.S.</td>
<td>17</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>Other</td>
<td>3</td>
</tr>
<tr>
<td>Average years doing business internationally</td>
<td>10.68</td>
<td>Average age</td>
<td>45.53</td>
</tr>
<tr>
<td>Average years doing business in Mex/U.S</td>
<td>7.71</td>
<td>Average years on this job</td>
<td>8.77</td>
</tr>
<tr>
<td>Average days/month in contact with U.S./Mex</td>
<td>13.37</td>
<td>Average years doing int'l business</td>
<td>15.34</td>
</tr>
<tr>
<td>Average number of employees</td>
<td>32.31</td>
<td>Percent of bilingual informants</td>
<td>0.76</td>
</tr>
</tbody>
</table>
The Sample

By this method of identification and selection, I eventually had pertinent discussions with about 70 individuals representing more than 50 firms, chambers of commerce, academic institutions and government organizations (Appendix A). Of these, I completed interview schedules with 37 individuals at 35 firms. This comprises my primary data set. I managed to obtain an approximately even distribution between U.S.-owned and Mexican-owned companies, an even distribution between the Mexican and U.S. informants, and a male-female ratio that is representative of international business in general (see Table 1). Seven firms were located in Mexico City or Monterrey, the rest were based in several South-Central Texas cities.

The firms in this study varied greatly in the type of business conducted. They ranged from an office supplies retailer to a steel forging operation, from a law firm to a fitness club, and from a stock broker to a customs broker. Of the 35 firms, 12 were family firms, defined as being owned by a family and having two or more members involved in the operation of the firm (Dannhaeuser 1993). See Appendices B and C for a information on specific firms.

The largest firm I interviewed was a U.S.-owned publicly held company with 200 employees. The average number of employees among the firms in this study was 32 and the median was 10. Thus, most firms in this sample were very small or "micro" in size. Three firms in my study were one-person operations.

All firms selected were involved in business dealings with Mexico and the U.S., or had been in the past. On average, the firms had done or had been doing business with the other country for 8 years. Forty-seven per-
cent of informants said their firms had dealings with individuals in the other country on a daily basis. On average, firms conducted business with/in the other country 13 business days per month (out of 22 possible business days).

Each informant selected was well-informed regarding his/her firm and its international endeavors. In 69 percent of the cases, the informant was the owner or president of the company. The average number of years on the job was 9.

Informants showed greater variety in their level of experience in international business and their level of cultural awareness. The average number of years doing international business was 15. The least experienced informant was a U.S. citizen who had worked with Mexicans for only two years through her employer’s import/export business. Her contacts were mainly by phone, and she had never traveled outside of the United States. On the other hand, many informants were quite experienced in the international arena with 37 percent having 20 or more years experience in international business, 76 percent speaking both Spanish and English, and most having worked or traveled abroad. The most experienced informant had been conducting international business for 55 of his 70 years, dealt regularly with people in 30 or more countries, spoke several languages and had traveled extensively throughout the world.

**Collecting Data**

This study was conducted over a five month period, July to November 1996. Data was collected through interviews, participant observation, and in-depth information collection based on case study methods.
Interviews

With the exception of two phone interviews and three meetings held in restaurants, interviews took place at each informant’s place of business. This allowed for an on-site viewing and evaluation of the enterprise and informant. In several cases, photos were taken of the informants and their firms (Appendix D).

Interview schedules were developed to facilitate the collection of information (Appendix E). These surveys were developed following preliminary interviews with representative small companies. I created "operational definitions" (Pelto and Muessig 1978) of the conceptual frameworks and other potential challenges being tested. These were stated in the form of possible behavioral differences and were included as questions in the interview schedules. The questions were written and ordered based on models by ethnographic research specialists (Pelto and Muessig 1978; Spradley 1979). Following review by two experienced ethnographers and several preliminary interviews, the interview schedule was polished and perfected.

The questions were translated into Spanish with the help of a Spanish language instructor from Texas A&M. All of the interviews were held primarily in English. However, I did use the Spanish version of the questions on one occasion when an informant was having difficulty understanding some of the questions as I stated them in English. Matsumoto has warned researchers to be cautious when using questionnaire translations, as many words have no equivalents in other languages (1997:11). This is taken into consideration in the analysis of information collected from the informants whose native language was Spanish.

Effective interviewing techniques were used to make the informant
comfortable and illicit the maximum amount of information possible (Mason 1993; Spradley 1979). The interviews were divided into two parts: a) "life history" information was collected concerning the background of the company and the informant's own personal history; b) informants were asked about their perceptions regarding cultural differences and challenges in business dealings between Mexico and the United States. Specific questions were designed to identify the differences in social values and business customs and to answer the questions proposed in the introduction of this document. The interview schedules included descriptive questions that were both closed- and open-ended as suggested by Spradley (1979).

Beyond the printed schedule, I often asked other questions when the informant raised a new or interesting issue. Following each interview, I made notes on the mood of the interview, personality of the informant, the setting/description of the office and any other pertinent details.

In addition to those company representatives who completed the interview and became part of the primary data set, I had discussions with about 20 other individuals knowledgeable of business customs and behaviors in the two countries, such as academic experts, government officials, chamber of commerce representatives, and business development specialists. Their comments are not part of the numeric data derived from the primary data set. However, they are occasionally quoted, as their comments substantiate various assertions throughout this thesis.

*Participant-Observation*

As suggested by Ferraro, "with their traditional emphasis on participant observation, cultural anthropologists are in a unique position to
gather information on grass-roots corporate culture from the bottom up (1994:7). During the many meetings I had with those informants who made up the primary data set and with others, I had numerous opportunities to observe and sometimes participate in formal business meetings, business phone calls, informal meetings conducted over meals and cocktails, plant tours, receptions, presentations and other intercultural interactions between Mexican and U.S. business persons. This allowed for insights that are provided as observations throughout this thesis.

**Case Studies**

Depending on the time I had available and the willingness of informants, in-depth research was conducted to compile case study-style information. Using standard case study protocol (Arneson 1993; Ronstadt 1980), I “shadowed” several informants as they carried out the day-to-day operations of the firm, participated in business meetings and socialized with potential clients and associates. For example, I spent a total of about 30 hours on five separate visits with Jorge Canavati and held 20 or more phone conversations with him. The information collected from Canavati is provided as a case study in Appendix C.

**Data Analysis**

All data, both narrative and numeric, was entered into a database using FileMaker 3.0 software on a Macintosh IIx. Each interview was entered as a separate record, resulting in four to eight pages of condensed text for each. See Appendix F for a sample record. Following Bernard (1994), Coffey et al. (1996), Herndon and Kreps (1993), and Siegel (1956), various methods of analysis were considered and applied.
Quantitative Data

Among the demographic data collected, 12 questions produced answers that were numeric in nature. For example, questions were asked concerning number of employees, age of informant, and percentage of business conducted in the other culture. The database was programmed to tabulate totals, averages and basic statistics on this numeric data (see Table 1).

Furthermore, two portions of the narrative data were transformed to numeric data to make for easier tabulation and to follow trends. In one portion of the interview, six questions asked “To what extent is \textit{(i.e., infrastructure)} a challenge to doing business with \textit{(Mexico or the U.S.)}?” Informants were given three answer choices: “a significant challenge,” “somewhat of a challenge,” or “not a challenge.” These answers were translated into “2,” “1,” and “0” respectively.

In another portion of the interview, 21 questions asked whether a certain behavior or attitude was more prevalent in Mexico, in the U.S., or was not a difference in the two cultures. For each of the three possible answers, a “1” was entered if the response was positive, “0” was entered if the response was negative. By this method, I was able to get totals as well as percentages on the responses to each variable in the data set.

Each of these 21 questions tested an assertion made by scholars concerning Mexico-U.S. business practices (see Appendix G). For each supposed behavioral difference, an assumption was made that if the assertion were true, significantly more than 50 percent of informants who noticed a difference would respond the way predicted by the assertion. To test these assertions, the null hypothesis for each was that informants would see no difference between Mexican and U.S. business persons
concerning the behaviors/attitudes about which I asked. With this hypothesis, we would expect either 1) all informants to say they see no difference in a particular behavior or 2) among those who do see a difference, the responses should be evenly split between those who think the behavior occurs more in Mexico and those who believe it happens more in the United States.

A binomial test (Siegel 1956), with a probability of .5 and a significance level of .05, was applied to the numeric results obtained for each of the 21 questions. Those with probabilities less than .05 were considered statistically significant enough to not attribute the distribution of responses to chance. In 16 of the 21 cases, the differences between the number of responses predicted by the null hypothesis and the actual number of responses was significant enough to reject the null hypotheses. The responses on the remaining five questions were not found to be significantly different from the null hypothesis prediction. Thus, five of the 21 assertions tested are not supported by my data. Appendix G provides a list of questions asked and the results.

For the 16 cases that were considered significant differences in Mexican and U.S. behaviors/attitudes, if the probability level determined by the binomial test is less than .0001, then the assertion — and thus the model being explored — is considered strongly supported. If the probability level is between .05 and .0001, then the assertion is considered slightly supported.

Qualitative Data

All narrative data was entered into the database according to the category of information being provided rather than in the order it was
asked (see Appendices E and F). For example, a field called “about the firm” was created. Early in the interview, the informant was asked to discuss the firm. Often, at other points during the interview, the informant would volunteer information about the firm. Regardless as to when it was discussed, information concerning the firm was entered into the field “about the firm.” When appropriate, the same information might be entered into more than one field. By this method, information could be easily searched and tracked on particular topics.

The first non-demographic question asked of each informant was, “What is the biggest cultural challenge your business and others face in doing business with Mexico/the U.S.?” Seven other questions required informants to identify specific cultural items/issues/traits/instances. For each of these questions, I tabulated the most commonly cited item/issue/trait/instance provided by informants.

The results of both the quantitative and qualitative analyses are provided throughout the thesis, organized according to the questions being discussed.
II. CONCEPTUAL FRAMEWORKS TESTED

PART ONE: GEERT HOFSTEDE

The two most quoted scholars among those who conduct cross-cultural studies with applications in a business setting are Geert Hofstede and Edward Hall. These researchers have proposed conceptual frameworks to explain how societies deal with the world around them and how those frameworks influence business behaviors. Two of Hofstede's frameworks and two of Hall's were tested in my research. The results were that two of the four models were strongly supported by my data. A third framework was slightly supported, and the fourth was rejected. Hofstede's work is discussed in this Section, and the test of Hall's research is provided in Section III.

Hofstede proposes four dimensions of culture along which social values can be categorized. Hofstede considers each of his dimensions to be "a value system shared by a majority in the middle classes in a society." He acknowledges that these dimension are continuums, not polar opposites and that "most countries are in between" the two extremes. Regarding his generalizations about each dimension, he admits that "not all statements apply equally strongly in all countries." Moreover, concerning within-country variation he advises that "individuals in countries vary widely around the norm" (1984: 93). Despite these disclaimers, Hofstede believes his categorizations are valid predictors of cross-cultural behavior, and his findings indicate that the U.S. and Mexico are significantly different on his individualism and power distance dimensions. Because Mexico and the U.S. are not significantly different on Hofstede's other two dimensions — masculinity and uncertainty avoidance — I chose not to study
those frameworks, presuming few differences would be found in those areas. For this project I chose to focus the investigation on potential differences between Mexico and the U.S. rather than on areas of similarity.

INDIVIDUALISM VS. COLLECTIVISM

Hofstede suggests that some cultures, such as the United States, place high value on the individual, stressing personal rights and looking out for oneself. In contrast, collectivist cultures emphasize what is good for the group, and its members expect their leaders to do what is in the best interest of the whole. Hofstede's individualism dimension "describes the relationship between the individual and the collectivity" (1984: 148) and is correlated significantly with McClelland's "Need for Affiliation" personality (1961).

Other authors have studied the individualism-collectivism dimension. For example, Triandis et al. comment, "individualism is assumed to be a relatively stable and important attribute of U.S. samples ... which contrast them sharply with the collectivism of samples from Africa, Asia, and Latin America" (1991:370). Triandis lists more than 20 other authors whose research supports the individualism-collectivism framework.

The assertions by Hofstede and others that U.S. persons are highly individualistic and Mexicans are highly collectivistic was the least supported of the four theories I investigated. Some data supported this framework; other data did not. To test this theory, informants were asked three questions to determine if they perceived differences between Mexican and U.S. behaviors in areas that would support the individualism vs. collectivism dimension.
Company Loyalty

First, an assumption was made that if Mexicans are more concerned with what is beneficial for the group, then Mexicans will be more loyal to the needs of the firm. In contrast, if Americans are more concerned with themselves and their personal needs, then they will exhibit less company loyalty. Thus, informants were asked whether Mexicans or Americans were more loyal to their firms. Sixty percent of respondents said Mexicans are more loyal to their companies than U.S. citizens are; 30 percent said there was no difference in company loyalty; and 10 percent said U.S. individuals are more loyal (see Figure 1). Based on a binomial test, the probability level for this set of data is less than .05, meaning the differences are significant enough to not attribute it to chance. As defined pre-

![Bar Chart]

- **Mexico**: 18 (60%)
- **U.S.**: 3 (10%)
- **Same**: 9 (30%)

P<.05 for test of Mexico vs. U.S.  
P = .0007

**Figure 1**
Responses to: “In which culture do business people exhibit more company loyalty?”
viously, those questions that return data with probabilities less than .0001 are considered as offering strong support for the model being tested. Those with probabilities between .05 and .0001 are considered as providing slight support. Thus, the responses to the question on firm loyalty offered slight support for the individualism-collectivism model.

Outside of the specific question asked about company loyalty, general comments from informants regarding commitment to the firm mostly supported the hypothesis that Mexicans are more loyal. For example, the director of a Mexican enterprise operating in the U.S. (Rodriguez) said he believes Mexicans are much more loyal, whereas people in the U.S. “look out for their own interests.” Another Mexican informant (Poulat) said 80 percent of her employees have been with her Mexico City-based firm more than seven or eight years. A U.S. informant (Askew) believes Americans once had more company loyalty than they do now. “U.S. bosses aren’t so loyal to their employees anymore,” she said. This results in less loyalty from employees in return.

Several informants offered explanations for the greater company loyalty in Mexico. The director of a firm (Fit-Biz) operating in Mexico City believes that this behavior is rooted in the patron system of Mexico’s past. “Some of that culture is still there,” he said. Other informants suggested the greater Mexican company loyalty is an outgrowth of the emphasis on extended families in Mexico. They said that the head of a firm takes the role of father of the house, and the employees will display the same respect for him as they would their own parents. Some informants saw Mexicans as more loyal to their firms not due to tradition but because of a desire to retain their jobs in a time of high unemployment. “The Mexican employee doesn’t have an alternative,” said a U.S. firm owner (Cuenod).
Emphasis on Privacy

Next, informants were asked whether Mexicans or U.S. Americans tended to ask more personal questions in a business setting. The assumption here was that if individualistic cultures emphasize privacy, then Americans would be less likely to ask about or desire to discuss personal matters. The results were slightly supportive of Hofstede's individualism-collectivism model (probability < .05 but > .0001). Fifty-nine percent of informants said Mexicans asked more personal questions; 25 percent said U.S. business persons ask more personal questions; and 16 percent said there was no difference (see Figure 2).

![Bar Chart](chart)

- **Mexico**: 19 (59%)
- **U.S.**: 8 (25%)
- **Same**: 5 (16%)

*Figure 2*

Responses to: "In which culture do business people ask more personal questions in a business setting?"

P < .05 for test of Mexico vs. U.S.  
P = .0261
Beyond the results of the specific question I asked, the informants who commented on this issue were split on the question of who discusses more personal issues in a business setting. For instance, a Mexican native and owner of a firm operating in the U.S. (Fossas) said that for U.S. natives “business is business” and people don’t talk about things other than business unless they know their associates very well. Even then, the subject will not be very personal. “You might discuss football,” he said. In contrast, says a woman working for a U.S. firm (Askew), Mexican business associates are much more likely to ask about her family. She believes these conversations are not “just small talk” but rather represent a sincere concern about her personal life.

On the other hand, a number of informants believe that they get more personal questions from their U.S. business associates. For example, one U.S. firm owner (Steagall) who lived in Mexico for almost 40 years described Mexicans as “more private” and less likely to ask questions or reveal information. Another U.S. firm owner (Cuenod) believes Mexicans are “very private individuals.” In his experience, during the first few meetings, Mexicans will talk in generalizations and not share too many details, whereas a U.S. person will talk without hesitation from the outset.

**Teamwork and Cooperation**

The final question used to test Hofstede's theoretical framework concerned the difference in attitudes toward teamwork and cooperation. If, as Hofstede suggested, collectivist cultures are more concerned with group needs and cooperative work behaviors, then Mexicans should be perceived more often as being team players. However, only 14 percent of
informants said that Mexicans were more team oriented and cooperative than Americans; 39 percent said Americans were more team oriented; and 46 percent said there was no difference between the two cultures (see Figure 3). This was one of five behavioral hypotheses in this study (among the 21 tested) that was rejected because it was found to be not statistically significant. Its probability was above .05 based on a binomial test.

![Chart showing responses to the question: "In which culture are business people more team oriented?"

**Figure 3**

Responses to: “In which culture are business people more team oriented?”

Informant comments provided additional evidence for the rejection of this hypothesis. An international business consultant (Zeissig) believes there is no team playing in Mexico. He describes Mexican business as much more autocratic. The director of a Mexican firm (Ponce de Leon) said business persons in Mexico are less cooperative than U.S. business persons. Mexicans are “Zoros” or “Lone Rangers” in business, he says.
According to this informant, the majority of enterprises in Mexico are small companies and family firms, run by a head of a household. These managers and owners make autonomous decisions and do not encourage their employees to work as a team. A U.S. informant (Steagall) thought there was more team playing in the U.S. but primarily at the managerial level. Among laborers, he believes cooperation and team playing are the same in both cultures.

In contrast to these comments, a few individuals interviewed believed Mexicans are in general more cooperative. One U.S. business person (Siegel) believes Mexican people tend to work as a team more frequently, whereas U.S. business people tend to look out for themselves. “We are inclined to step on others’ toes to make ourselves look good,” he said. A Mexican firm owner (Fossas) referred to Mexicans as having a group decision-making style, and, said this is one of the reasons it takes longer to do business in Mexico than in the U.S.

Discussion

My personal observations were not adequate to make a persuasive case for or against the assertion that Mexico is a more group-oriented culture. However, because the data collected providing little or no support for Mexico as a collectivist culture, I must reject Hofstede’s individualism-collectivism dimension as a valid predictor of Mexican and U.S. behavioral differences in a small business setting.

That my research indicates Mexicans might be more individualistic than Hofstede had suggested can be accounted for by five possible explanations: 1) Hofstede was incorrect, and Mexicans are not collectivist-oriented; 2) Hofstede was correct, and my data does not accurately reflect
the collectivist nature of Mexicans; 3) over time Mexicans have shifted from a collectivist orientation to an individualistic one while the U.S. has remained the same; 4) Mexicans are individualistic but in a different way than Americans are; or 5) Mexican society as a whole is collectivist, but my sample is more individualistic.

The first explanation is supported by the writings of authors such as Alan Riding, a long-time investigator of Mexican culture and history, who argues that Mexicans are highly individualistic. "The Mexican is not a team player: in sports, he excels in boxing but not in soccer, in tennis but not in basketball. He finds it difficult to subscribe to any ideology that demands strict coherence between his ideas and his actions" (Riding 1984:5). Thus, it is possible that Mexicans never have been collectivist oriented and Hofstede's data is incorrect for some reason.

The second explanation, that Mexicans are collectivist but my data does not accurately reflect the collectivist norm, is possible considering the many potential ways of measuring such abstract concepts as "individualism" and "collectivism." Admittedly, the "team player" question, the least supportive of the individualism-collectivism framework, may have been a term that was misinterpreted by some informants.

The behavior I was intending to define with this phrase was cooperative work behaviors and willingness to work in a group setting. I suspect, however, that the term "team player" is too closely associated with the "quality movement" in the U.S. and Japan, and that some informants said U.S. employees were more likely to be team players based on their knowledge of the U.S. focus on teams as part of the emphasis on quality. For example, in discussing team-playing, a Mexican informant (Brown) said "Mexico has a lot to learn" from U.S. business techniques.
The third explanation, that Mexico has shifted from a collectivist to an individualist culture, is found in Hofstede's own results. Hofstede noted an overall shift over time from collectivist values to individualistic values among employees from all cultures in his study. He noted a strong tendency toward greater individualism in his 1971-'73 set of data compared to his 1967-'69 data (1984:242-3). Now, 25 years since his second set of data, there likely has been an even greater shift toward individualism. Hofstede attributes this shift, in part, to the introduction of western technologies, which he says "more or less presupposes an individualist mentality." Diffusion of these technologies, as has happened extensively in Mexico according to my informants, "represents one of the main forces toward a shift of societal norms in those countries" (153). A shift might also have occurred for other reasons such as the increasing incidence of Mexicans obtaining a U.S. education and/or the increasing influence of U.S. business practices on Mexican firms. Both of these issues are discussed later in this thesis.

My fourth explanation for why my findings are different from Hofstede's results is that Mexicans take a different approach to individualism than do U.S. Americans. My data collection method did not distinguish between approach to individualism and level of individualism. Thus, it is possible that the two countries are both intensely individualistic, but that "individualism" is defined and exercised differently in the two cultures. Fisher (1988:54) comments that "a sense of individualism is relatively strong among Latin Americans, but in contrast to North Americans, Latins define it more in terms of personal dignity rather than self-reliance, which is the dominant motif in the U.S." He further suggests that in Latin America, "being who you are counts for more than what you have
accomplished: security comes not from individual effort but from reciprocal relations."

The fifth explanation for the discrepancy in results will be explored in greater detail in the Conclusions Section of this thesis. It has to do with the fact that my sample is made up of primarily entrepreneurs, which may be more individualistic than Mexican society at large.

The present data does not provide enough insight to argue convincingly in favor of one of these explanations over another for why my information differed from Hofstede's. However, I suspect the best explanation is probably the last one, or else the reason for the difference lies in a combination of these factors.

**LOW VS. HIGH POWER DISTANCE**

According to Hofstede, his power distance continuum "deals with the desirability or undesirability of inequality and of dependence versus interdependence in society" (1984: 93). High power distance countries value "an order of inequality in this world in which everyone has his rightful place; high and low are protected by this order. "They believe "a few should be independent; most should be dependent" (94). In contrast, low power distance cultures promote equality and interdependence.

According to the power distance construct, managers in high power distance countries emphasize inequality and are more likely to make decisions autocratically and paternalistically. In low power distance countries, by contrast, managers emphasize equality and make decisions only after consulting with subordinates. Ceremonies and rituals are created to encourage and maintain status differences in high power distance cultures (Matsumoto 1997:82). Hofstede says high power distance countries
see this emphasis on inequality as "problematic" but don't see practical alternatives to the customary interactions between more and less powerful people (1984:91). Along this dimension, according to Hofstede's work, Mexico is extremely high in power distance, with only the Philippines ranking higher. In contrast to Mexico's second-place ranking, the U.S. was ranked 26th among the 40 countries Hofstede studied (1984:77).

To test this theory, informants were asked three questions to determine if they perceived differences between Mexican and U.S. behaviors in areas that would support the power distance dimension. The results are that Hofstede's power distance framework is strongly supported by my data (probabilities for two out of three questions were less than .0001).

**Respect for Rank and Status**

The responses to a question concerning the relationship between superiors and subordinates in the two countries offered strong support for the power distance framework. An assumption was made that if high power distance cultures are more authoritarian, then employees will be more likely to exhibit respect for their superiors. Informants were asked whether employees in one culture or the other tend to show more respect for rank.

The results provide strong support for the power distance model (probability level was below .0001). Seventy-eight percent of informants said Mexicans were the more respectful of their superiors; 19 percent noticed no difference in level of respect; and a mere 3 percent (only one informant) believed U.S. employees exhibited more respect for superiors (see Figure 4). The one informant who said U.S. employees are more respectful of rank than Mexican employees was a native Mexican for
whom English was a second language. From comments he made regarding respect, I suspect he equates respect with professionalism rather than subservience.

![Bar chart showing responses](chart)

**Figure 4**

Responses to: “In which culture are business people more respectful of their superiors?”

Hofstede’s suggestions that high power distance cultures are more authoritarian, are more respecting of rank and tend to emphasize status are supported by comments about Mexico by both U.S. and Mexican business persons. Regarding respect for superiors, a U.S. customs broker (R. Gonzalez) said seniority is more of an issue in Mexico. Mexican junior executives are much more careful about saying something negative to someone of higher rank, he said. Whether the junior executive believes he will “get chewed out” or not, he will still be more timid. This informant
believes this is true everywhere in the world except in the U.S. Therefore, in meetings he attends, he speaks up when he sees a problem because he knows the Mexican subordinates will not say anything.

A U.S. seller of equipment to commercial fishermen in Mexico (Shannon) says the lower levels of employees in Mexico "kiss butt" more. I asked whose were being kissed, and he replied both his and that of their bosses'. He added that it is important not to create enemies on the lower levels or it could come back to haunt you. He recommends praising the low-level employees to their superiors.

A U.S. insurance salesman (Buisson) agrees that respect for superiors is more important in Mexico. In the U.S., it is generally acceptable to exhibit skepticism toward your boss. In Mexico, "you contradict your boss at your own peril," said this firm owner. He tells a story about working with a lower level employee at a company to reduce the company's insurance rate. They agreed to increase the deductible. A higher-up executive got upset over the new deal and was offended that this informant did not work with him directly. The informant said he now tries to determine who "the boss" is in the organization, who to talk to. He says Mexican firms have a "more vertical organization" and that there is "less integration in the chains of command there."

Several informants told me that they have learned to not do business with anyone in Mexico except the highest level decision makers. For example, a Turkish exporter (Bilecik) working in the U.S. and Mexico said he is frustrated by the propensity of Mexicans to send lower-level employees to negotiate deals. "He can promise anything he wants, but it doesn't matter if he is not the top guy," this firm owner said. He is skeptical of commitments made by anyone but the top person because he has seen a
frequent lack of follow-through by lower-level employees. According to this informant, most companies are run by a single individual, and lower- to mid-level managers in Mexico have “zero power and authority.” So, a U.S. business person is wasting time talking to anyone except top management, he said. This informant now only talks to a firm’s president or senior vice president. Concerning low-level managers sent to talk to him, he said “I don’t know what they do, why they are there.”

Several informants pointed out that the Spanish language and standard word usage in Mexico also emphasize respect for authority. For example, courtesy titles (i.e., señor) are always used with superiors as well as colleagues in Mexico, whereas colleagues and superiors are often on a first-name basis in the United States. Other types of titles are more often used in Mexico, as well. For instance, Ing. or Lic. are frequently used to designate an engineer or college graduate in Mexico. Moreover, a Mexican, when addressing a boss, will always use the formal usted over the familiar tu. In contrast, English has no distinction between a formal and familiar you.

Status is important for Mexicans in or out of the work setting. An informant (Anderson) who was raised in both cultures said that as she was growing up, it was difficult for her to understand why people were treated differently in Mexico, while people in the U.S. were considered more the same. She says status is very important to Mexicans. As an example she gives the choice of beeper vs. cellular phone. According to this informant, beepers are more popular than cellular phones in the U.S., because they are cheaper and can be easily hidden away. In contrast, Mexicans prefer the cellular phone. She believes this is because the phone is more likely to be seen by others than the beeper, providing the
Mexican an opportunity to be seen as important. She says cellular phones are so popular in Mexico that she once saw a Mexican cocktail waitress with a phone. Another example of status among Mexicans is the desire to have a nice car. This company president noted that she, herself, is more concerned about having a nice car than are most of her U.S. peers. “These cultural things carry over for me even today,” she said.

A Mexican working for a U.S. firm in Mexico City (Ballina) also notices a greater emphasis on status at Mexican firms. She said the Mexican value of status and prestige carries over into the workplace where titles are “fancy” and all executives have secretaries — even if the firm is already overstaffed — because it connotes power. In her firm, she and her colleagues do their own letters. In contrast, at a typical Mexican firm, the secretary types all letters, serves coffee and more.

Based on the opportunities I had to observe employees interacting with their superiors, I believe subordinates are respectful of their bosses in both cultures. However, Mexican employees tended to be a little more likely to “wait on” — for lack of a better word — their bosses. For example, the only times I saw an employee take coffee and/or food to her boss were in two Mexican firms (Salizar and Nunuz). The one time an assistant sat in on my interview to take notes for her boss was in Mexico (Gerdes).

**Ceremony and Formality in Events**

If Hofstede is correct in his assertion that high power distance countries are more ritualistic regarding status, then Mexicans should exhibit more formal and ceremonial behaviors stressing status differences in their business interactions. To test this assumption, informants were asked whether Mexican or U.S. business people tended to be more prone to the
"ceremonial," to add "pomp and circumstance" to an event, or to make an occasion more formal. The results offer strong support for Hofstede's model. Sixty-two percent of informants said Mexicans are more ceremon-ial in their business dealings than are U.S. business people; 32 percent noticed no difference; and only 6 percent said U.S. business persons are more ceremonial (see Figure 5).

![Bar Chart]

**Figure 5**
Responses to: "In which culture are business people more ceremonial?"

The narratives of informants provide further support of the ceremonial nature of Mexican business people. For example, one U.S. business man (Siegel) commented that Mexicans are definitely more ceremonial, noting that they are much more likely to want to have a celebration dinner following the making of a deal or signing of a contract. Another U.S. business man (Buisson) also has seen more pomp and cir-
cumstance from his Mexican counterparts. This insurance salesman says he once saw a priest participate as part of the opening ceremonies of a new business.

The Mexican point of view on this matter was consistent with the U.S. perception. One Mexican executive (Gerdes) said that Mexicans are "more ceremonious" during a discussion about communication differences. He volunteered this before I had asked him specifically about the level of ceremony between the two cultures. A Mexican director of a product promotion firm (Ponce de Leon) asserted that protocol is very important in Mexico. "We are Catholics," he notes. "Catholicism is very liturgical." This ritualistic inclination, he believes, carries over into their everyday lives. The protocol and ceremony that take place are part of the "non-written code of behavior" for Mexicans, according to this informant. Another Mexican firm owner (Poulat) said Mexicans are not ceremonial with other Mexicans, however with foreigners, they are more formal. She said Mexicans do this because they think they should treat the visitor in a very special way.

My observations of U.S. and Mexican business encounters confirm that Mexicans tend to be more formal in their business dealings. For example, I attended an event, hosted by the Mexican Consulate in Houston, in honor of a delegation of business persons and officials from the State of Colima. Houston area business people were invited to this function to learn about the state's resources and business opportunities, to meet people from Colima and to potentially make some deals. In addition to a networking time and a reception with food, drinks and a mariachi band, the consulate had organized a formal program in which the governor and other officials from Colima were asked to speak to the audience.
At the beginning of the program, the Consul’s assistant took five to
ten minutes to introduce all the visitors from Colima (about 20), one by
one, from the governor to the minister of urban development on down.
Then, the U.S. officials were introduced. The audience applauded each
name and title as it was called out.

Although this could be explained by way of typical consulate protocol
that takes place regardless of nationality, this formality was typical of
other Mexican events I have attended. For example, at the grand opening
of the Texas A&M Center in Mexico City, the master of ceremonies not
only introduced everyone with any sort of title, but also several purely
symbolic activities were added to the program to allow for the participa-
tion of all high ranking guests. There was a ribbon cutting ceremony, a
ribbon tying ceremony, certificates and plaques handed out to the start-
up committee and donors, and about ten different speeches.

An interesting formality I also observed at the Colima reception was
in the handling of the overhead transparencies that accompanied the
Mexicans’ speeches. Whereas U.S. presenters typically change their own
overheads as they talk, at this program each of the Mexican presenters
had an assistant to change the overheads as the talk progressed. I believe
this was another effort to emphasize the rank of the person, as if the
changing of the transparencies was too menial a task for the officials.
Although this may have reinforced the status of these individuals to the
audience, it also had the effect of slowing down the meeting. The assistant
turning the overheads was unfamiliar with the presentations, and several
times the transparencies were out of order, requiring fumbling and
switching around of overheads — and delay of the speech — until the
right one was placed on the projector.
Formality of Dress

In addition to investigating the ceremonial nature of business, Hofstede's assertions about formality of high power distance cultures was also tested by investigating the typical business attire in the two cultures. The results of this third test of the power distance model was found to be statistically significant and slightly supportive of the framework. Mexicans dress more formally according to 53 percent of informants; 32 percent saw no difference in the way Mexican and U.S. business people dress; and 15 percent said U.S. persons dress more formally (see Figure 6). Before this question was asked, at least two informants characterized Mexicans as more formal in their dress.

Figure 6
Responses to: "In which culture do business people dress more formally?"
Other informants, when asked specifically about typical dress in the
two cultures, asserted that Mexicans are more concerned with their ap-
ppearance than are U.S. Americans. In Mexico, "how you present yourself
is more of an issue," particularly for people in sales, according to a Mex-
ican seller of automotive parts (Franco). "You are saying you care through
what you wear," he said. The Mexican president of a firm operating in the
U.S. (Anderson) said she believes Mexicans are "definitely more formal."
Both women and men pay more attention to fashion; it's a "status thing,"
she said. A U.S. firm owner (Wales) noted that Mexicans are particularly
conscientious about wearing dressy shoes.

Some informants made a distinction between Mexico City and other
major cities in Mexico, saying the capital city is more formal. For example,
a Mexican firm owner said that in Mexico City "even the office boy wears a
tie," but in Monterrey business people dress more casually.

On the other hand, a few informants felt that Mexicans were less
formal than U.S. executives. According to one U.S. entrepreneur (Pruitt),
the U.S. businessman is more likely to wear a suit and tie, whereas
Mexicans are "more laid back." A U.S. seller of foam products (Siegel) said
of his Mexican counterparts, "they don't like you to dress up." He showed
me a photo of himself with a group of furniture manufacturers celebrating
a deal that had just been made. All individuals in the photo were casually
dressed. Other informants saw no difference in formality, commenting
that they only deal with executives, and executives throughout the world
wear the standard suit and tie regardless of their nationality.

Based on my observations, Mexican and U.S. business people appear
to dress equally formal when conducting everyday business. However,
Mexicans are more likely to dress formally when they regard a meeting as
important. Also, because of certain behaviors and body language, Mexicans can present a more formal image.

During my interviews, the typical attire worn by informants, regardless of nationality or gender, would be described as “dress-casual.” Most men wore slacks and a collared shirt; a few wore a tie without a jacket; a few others wore a jacket without a tie. Only two male informants, both U.S. citizens (Buisson and Agraz), wore a suit with a jacket and tie for my interview. A few others may have worn suits to the office the day of my appointment, but were not wearing the jacket during my meeting with them. Of the four women I interviewed in person, only one wore a dress. One wore slacks, one jeans, and one shorts.

Although informants dressed somewhat casually for the interviews, the business people I observed in meetings with other business people, and at receptions and dinners tended to dress more formally, regardless of nationality or gender. For example, at the Colima reception mentioned earlier, everyone in attendance was formally dressed: men with suit and tie, women with dresses or suits.

However, I also observed Mexicans dressed more formally than Americans at two meetings I attended. In both meetings, the Mexicans wore suits and kept their jackets on for the entire meeting. In contrast, the U.S. executives and consultants, with the exception of one woman who wore a jacket, wore the “dress-casual” attire described previously.

Furthermore, I believe Mexicans, particularly men, can “appear” more formal than U.S. business people. I attribute this to a more gracious attitude, more attention to “courtesies” such as opening doors and a more erect body posture when sitting. For example, I attended a luncheon meeting between three executives of a U.S. rice producer and three
Mexican shipping firm owners. Also in attendance were a Mexican and a U.S. business consultant. The three Mexican entrepreneurs, all male, sat through the entire meeting with their backs straight and elbows at their sides. The U.S. executives, including a woman, frequently exhibited one of the following behaviors: leaning back in his/her chair, hanging one arm over the back of the chair and sitting sideways, leaning forward with one elbow propped on the table, or slouching down in his/her chair with arms crossed in front.

Regarding the informants' suggestions that Mexico City has a more formal dress code than other cities in Mexico, my observations were not sufficient to confirm nor deny this assertion. None of the five informants interviewed in Mexico City wore the traditional business suit for my meeting. The two Mexicans I interviewed in Monterrey also wore the "dress-casual" attire. Two Mexican natives (Canavati and Sherman) who own firms in the U.S. and whom I interviewed in Houston wore suits without a jacket for my interviews.

Two informants mentioned another aspect of formality in Mexico. They say that Mexicans make a point to shake hands as a ritual greeting more frequently than U.S. persons do. One (Steagall) said Mexicans think U.S. business people have bad manners because Americans don't shake hands with every individual at a meeting when they arrive. According to this informant, if a Mexican comes in late to a meeting, he will go around the room and shake hands with everyone there. In a related custom, I detected a much greater effort among Mexican business persons to exchange business cards on first meeting. In fact, in one business meeting I observed, a bicultural informant (Canavati) joked that the business card exchange was "a ritual that won't die."
Discussion

Based on the evidence provided through observations and interviews, Hofstede's low vs. high power distance framework is a valid predictor of behavioral differences between Mexican and U.S. business persons. Mexicans appear to represent a high power distance culture, whereas the U.S. seems to be low in power distance as defined by Hofstede.

In summary, Hofstede's power distance dimension appears to be a more valid model for describing cultural differences between U.S. and Mexican business persons than is his individualism-collectivism dimension. As shown in the first part of this section, Hofstede's assertion that Mexicans are high on the collectivist dimension is not supported by my data.
III. CONCEPTUAL FRAMEWORKS TESTED

PART TWO: EDWARD HALL

Edward Hall, an anthropologist who has studied cultures around the world, has written a series of books delineating cultural patterns regarding interpersonal space, information flow, communication and time. His ideas concerning the latter two concepts have been frequently tested by other researchers. However, I could find no studies that looked at the potential impact of these frameworks on small firms. Also, as mentioned earlier, Hall took a more qualitative approach to his research. Thus, I have investigated his models of high- vs. low-context communication and polychronic vs. monochronic time in a quantitative manner for their relevance to small firms in Mexico and the United States.

LOW-CONTEXT VS. HIGH-CONTEXT COMMUNICATION

According to Hall, the way people communicate can be ranked on a scale from high to low context. Individuals from high-context communication cultures tend to rely heavily on context cues or “the information that surrounds an event” (1990:6). Contextual cues refer to “all the messages implicit in a communication transaction, including the nature of the interpersonal relationship between the communicators, the nonverbal expressions of the communicators, the physical setting, and the social circumstances” (Gudykunst 1984:120). In other words, high-context communication occurs when most of a message being received is implied rather than explicitly stated. Low-context communicators rely more on the explicit, content part of the communication event to send and receive messages (Hall 1990:6).
Hall says high-context cultures do not require or expect much indepth, background information during important communication events. This is because they constantly stay informed about information deemed important. Information flows rapidly in high-context cultures and much time is spent sharing information. They will already know the background, or be "contexted," prior to any important communication event. In contrast, a person from a low-context culture will expect background information to be provided on the subject at hand during an important communication transaction. They will not be contexted or backgrounded.

Thus, an individual from a low-context culture, such as the United States according to Hall, will "feel the need for contexting, for detailed background information, any time they are asked to make a decision or to do something" (1990:8). In contrast, high-context people, such as Mexicans, will "become impatient and irritated when low-context people insist on giving them information they don't need" at a business meeting (9). Furthermore, low-context individuals will be seen as overly direct and explicit in their communications by high-context persons; whereas high-context individuals will be seen as passive, secretive, obscure and indirect by low-context persons.

Among the four frameworks I investigated, the communication context model was the most difficult to operationalize with specific questions for informants that would reflect high-context or low-context behaviors. Nevertheless, a number of topics were explored with informants to ascertain the validity of Hall's framework. The numeric results provided slight support for Hall's model, and the qualitative results provided stronger support.
Forthrightness

The business people in this study were first asked about the level of information provided by associates in Mexico compared to their counterparts in the United States. An assumption was made that if low-context individuals expect much explicit information in their meetings and conversations and high-context individuals are less likely to provide that information, then high-context cultures will be seen as less forthcoming and more secretive in conversations, particularly by low-context people.

Thus, informants were asked whether they noticed a difference between Mexican and U.S. business persons in their level of forthrightness. Based on statistically significant grounds, the answers to this question lent slight support to Hall’s context framework. Fifty percent of informants said U.S. business people are more forthcoming than Mexicans; 35 percent said there is no difference in level of forthrightness; and 15 percent said Mexicans are more forthcoming (see Figure 7).

Most comments regarding forthrightness supported the notion that U.S. business persons tend to be more forthcoming with relevant information. Before being asked specifically about forthrightness, a U.S. firm owner (R. Gonzalez) said that one of his biggest challenges in dealing with Mexicans is that they are “not as forthcoming in telling you things” as U.S. business people are. “Even your best friends don’t tell you the whole story,” he said. “They act like they have to hold something back.” A second informant (Pruitt) commented that Mexicans “live in a round room, and you can’t ever get them in a corner.” A third (Adams) described Mexicans as “more closed, harder to read.”

Similarly, most Mexican informants also thought U.S. people were more forthcoming and direct. One (Gerdes) described Americans as “much
Figure 7

Responses to: “In which culture are business people more forthright?”

more forthright.” Another Mexican (Sherman) said Mexicans find it hard to say “no,” so, they will hedge when responding. “My experience is that, in the U.S., everybody knows what to expect,” he said. Thus, he believes Americans are more comfortable just saying what they feel.

Another example of the U.S. propensity to forthrightness was stated by a Mexican business man (Rodriguez) who said Americans “spend lots of time talking about the background of the company” when they first meet a potential business partner. In Mexico, he says he considers it his duty to find out about the background of a company he is considering doing business with, and doesn’t expect the firm representatives to waste their time telling him about their company.

On the other hand, a few informants said they believe Mexicans provide more information and that U.S. business people are more secre-
tive. A few others think that the two cultures are equally forthright and secretive. A pensive Mexican firm owner commented, “both have learned to hold back; files don’t go into closed mouths.”

Feedback and Criticism

As with forthrightness, an assumption was made that if Mexicans are high-context communicators and provide less information in their communicative events, then they will also provide less feedback or criticism to clients, suppliers and other business associates. Informants were asked which persons provided more feedback and criticism on average. The results were not statistically significant enough to support the hypothesis that Mexicans provide significantly less feedback (probability level was above .05). Thus, Hall’s model is not supported by these results. Forty-four percent of informants said U.S. people tend to provide more feedback and criticism than Mexicans; 29 percent said there was no difference; and 26 percent said Mexicans provide more feedback and criticism (see Figure 8).

Some informants sharing comments about feedback in the two cultures offered that Mexicans were less likely to provide feedback or criticism. For example, a U.S. firm owner (Wales) commented that he never hears from Mexicans again after his products cross the border. A Turkish native (Bilecik) working in both countries said that in Mexico “you get zero feedback. . . . They completely shut you off.” Another U.S. business person (Cuenod) believes that in the U.S., if something doesn’t meet specifications, it will be pointed out right away. However, in his experience, the Mexican won’t say anything if it is not a big deal.
Figure 8
Responses to: “In which culture do business people provide more feedback and criticism?”

Similarly, a U.S. sales director (Siegel) claims Mexicans will “tell you what you want to hear.” They may even be untruthful, in order to avoid making you unhappy, he said. “They don’t like to address problems.” For example, he shipped to a Mexican client some of his company’s product, a portion of which turned out to be defective. However, the Mexicans never told him about it, even though he would have been happy to correct the situation and replace the defective product. He didn’t find out about the defects until he visited the client in Mexico much later.

A Mexican business man (Autrique) believes the lesser feedback is due to a culture that is less customer oriented. Mexicans won’t complain because they believe it won’t do any good; their philosophy is “buy at your own risk,” he said. Another perspective is offered by a Mexican executive
who says Mexicans don’t want to criticize because they are afraid the other person might say something negative about them in return. Also, he said Mexicans care more about personal relationships, so they are more careful not to say negative things. In contrast, in the U.S., “business is business and friendship is friendship.” He sees less crossover between the two in the U.S. compared to Mexico, where business and friendship are more intertwined.

Other informants suggest that there is no difference in level of feedback or criticism in the two countries. For instance, a Mexican business owner (Fossas) says the difference is not in level, but in how people criticize. He believes U.S. business persons are more direct, saying exactly what they like and don’t like, whereas Mexicans criticize more indirectly. Another Mexican informant (Gerdes) who has worked for both U.S. and Mexican firms, gave an example of the Mexican’s indirect criticism. In contrast to the U.S. client who criticizes her supplier when unhappy, according to this informant, Mexicans won’t complain to their supplier when dissatisfied; they will simply stop doing business with him.

A few suggested that Mexicans provide more feedback than U.S. persons do. For example, one informant (Salizar) said Mexicans are more critical, adding that U.S. people won’t complain, they will just sue if a product doesn’t work. Another (V. Franco) believes that his Mexican customers are more critical of his products due to their higher status. He said that in the U.S., a middle-class person can afford his firm’s products, whereas in Mexico, the only people who can afford his products are very rich, coming from upper-class society. Because this level of people have high expectations and are more demanding about everything in life, they are more likely to criticize his product.
I found informants were, in general, equally open in sharing both positive and negative characteristics of both cultures. However, I would describe Mexicans, especially females and older persons, as a little less willing to criticize and a little more indirect in their speech. For example, a 60-year-old female Mexcan seemed hesitant to say anything negative about either Mexican or U.S. business people. She often used modifiers to diminish anything that might be construed as criticism. To illustrate, in response to a question about where business is slower, she hesitantly responded “Mexico.” Then quickly explained that it’s because there is “a little bit of red tape” one has to deal with there. Also, following statements that might appear negative, she often would add a disclaimer, presumably to lessen the blow of the criticism. For example, after she said Mexicans tend to be “a little more late,” she added “but it doesn’t matter to us.” A 70-year-old Mexican male was similarly reluctant to criticize. He commented at one point that “human relations are warmer in Mexico.” When I asked what he meant, he said that Mexicans were kind. Then, he quickly added that people in the U.S. were kind also, but it was a different kind of kindness.

**Arrogance and Aggression**

Harper and Rifkind (1995) discuss several applications of the high-context vs. low-context framework, based on research by Ting-Toomey (1988). First, they state that in high-context cultures, an attack on an issue is seen as an attack on the person associated with the issue. In contrast, in low-context cultures, communicators are more able to separate the issue from the person. Furthermore, she says the direct communication style of low-context cultures can be perceived by high-context
communicators as confrontational. Assuming these statements are valid, U.S. business persons should be seen as more arrogant and aggressive with their direct and explicit style of communication.

Thus, informants were asked whether they considered Mexicans or Americans more arrogant and aggressive. The responses on the aggressiveness question offer slight support for the hypotheses. However, the responses on the arrogance question were not significantly different to support the assertion that U.S. business people are more arrogant (probability level was more than .05). The results were that 48 percent of informants identified U.S. business people as more aggressive; 45 percent saw no difference; and 6 percent regarded Mexicans as more aggressive (see Figure 9). Forty-one percent saw the United States as a more arrogant culture; 32 percent believed there is no difference between cultures; and 26 percent regarded Mexicans as more arrogant (see Figure 10).

![Bar Chart]

**Figure 9**

Responses to: "In which culture are business people more aggressive?"
Figure 10
Responses to: “In which culture are business people more arrogant?”

Comments regarding aggressive behavior indicate that informants may view Americans as more aggressive in communication style than the numbers above indicate. This is because many informants associated aggressiveness with competitiveness and suggested that Mexicans are more aggressive in their business strategies than they were before the peso devaluation and the implementation of NAFTA. For example, one informant (Wales) commented that there is not much difference in aggressiveness today, because Mexicans are having to “hustle” if they want to keep their jobs in their poor economy. And, a Mexican informant (Sherman) said that in the past Mexicans had no reason to be aggressive, as Mexico was a “closed economy.”

Many informants did say that they see the U.S. business person as more arrogant and aggressive. A Mexican executive (Brown) believes
Americans are more arrogant, exhibiting the attitude that "my way is the right way, the best way," and the American philosophy is not to adapt but to change the other culture without taking into consideration social factors. He also thinks U.S. natives are more aggressive, as well, saying they learn this trait from childhood. Another Mexican informant (Poulat) described U.S. business persons as being "too arrogant" when they deal with the Mexican people.

Several business persons interviewed suggested that any difference in the level of arrogance is based on the individual's rank or position in the firm rather than on culture. However, these informants were split as to who is the more arrogant. Some believed that top administrators were more humble, while others believed that the lower-level employees were the humble ones. Other informants stated that Mexicans were more arrogant than U.S. Americans. A few of these individuals mentioned specifically the greater pride and nationalism that Mexicans have.

In my interactions with Mexican and U.S. business people for this project, I encountered six individuals whose communication style I would describe as arrogant and/or aggressive to the point it could be perceived as confrontational. No cultural trends can be identified to lend support to Hall's context framework, however, as the backgrounds of these six individuals vary widely. Two were U.S. citizens, one of whom had worked for 16 years in Mexico. Two were Mexican natives, both of whom had spent much of their lives in the U.S. Two were natives of other countries.

Discussion

In summary, although the numeric data offered only slight support for Hall's framework, the qualitative data and my observations offer some-
what greater support for some type of a difference in communication style
between U.S. and Mexican business persons. For example, when asked to
characterize Mexican and U.S. business persons, a Mexican firm owner
(Canavati), said, "Mexicans speak in hieroglyphics and use smoke
screens."

Thus, although Hall has recognized a cultural difference between
Mexico and the U.S. in the area of communication style, the framework he
proposed may not be a valid predictor or descriptor of the behavioral var-
tiation that exists. Because the theory received such slight support from the
numeric data, with one hypothesis being rejected due to lack of signifi-
cance, I assert that this framework is not as useful as others tested in this
study for providing an indicator of expected behavioral differences. I have
four possible explanations for the discrepancy between Hall's findings and
mine: 1) the questions I used to operationalize the high- vs. low-context
construct were not sufficient to test Hall's framework; 2) Mexico was once
more high-context than it is today; 3) the differences between high-context
and low-context individuals are so subtle that most informants did not
recognize them as differences; and 4) the subjects of this study are suffi-
ciently different from the population at large to provide different results.

My first explanation is that the questions asked to test the high- vs.
low-context framework were too vague to be universally understood, and
therefore not adequate for testing this theory. The behaviors asked about
— forthrightness, feedback, aggressiveness, arrogance — were admittedly
more abstract concepts than those used in questions supporting other
frameworks in this study. The meanings I had in mind may not have been
interpreted as intended by all individuals, especially when communicating
across cultures.
For example, aggressiveness was interpreted both as competitiveness and communicative assertiveness by informants. In addition, arrogance was seen by some informants in a positive sense connoting pride of one’s country and culture, while it was seen by others in a more negative sense as demanding “do it our way or we don’t do business,” as was stated by one informant.

In another instance, an informant answered “no difference” to the question of who provides more feedback and criticism. However, at a different point in the interview she said it is more common for Mexicans to accept things as they are, whereas U.S. Americans are very critical and demanding if things aren’t to their liking. This difference in perception of terminology and concepts may have caused the data to be skewed in a way that provided less support to Hall’s construct than it might have if more definitive terms had been used.

A second potential explanation for the lack of support for Mexico as a high-context culture is that over time it has moved down the context continuum, coming closer to the U.S. level of context. In a discussion of the low- vs. high-context framework, Gudykunst explains that advanced technology is often associated with low-context cultures (1984:121). He suggests that as high-context cultures, such as Japan, go through rapid technological advancement, the society will change “toward less implicit, lower-context communication patterns.” Similarly, Mexico may be experiencing a contextual transition as technology advances there and as they are exposed to more Euro-American styles of business behavior.

A third explanation is that the difference between high-context and low-context communication is so subtle, most people don’t notice. Hall describes this and other aspects of communication as existing “outside
the range of people's conscious awareness, a 'silent language' that is usually conveyed unconsciously" (1990:3). Thus, it is conceivable that behaviors, such as forthrightness and feedback are not noticed as readily as respect for rank or time spent socializing — behaviors tested and discussed elsewhere in this thesis.

The fourth explanation for the discrepancy in findings could be due to the fact that the majority of those interviewed are entrepreneurs who may have traits different from the population at large. This issue will be discussed further in Section IV of this thesis.

MONOCHRONIC VS. POLYCHRONIC TIME

"In Mexico, one commonly hears the expression, 'Our time or your time?' 'Hora americana, hora mejicana?'' says Hall (1959:6). This represents a recognition by many individuals of a differing approach to time and punctuality found in the two countries. In explaining these different approaches, Hall states:

As a rule, Americans think of time as a road or a ribbon stretching into the future, along which one progresses. The road has segments or compartments which are to be kept discrete ("one thing at a time"). People who cannot schedule time are looked down upon as impractical. In at least some parts of Latin America, North Americans (their term for us) find themselves annoyed when they have made an appointment with somebody, only to find a lot of other things going on at the same time... The American concept of the discreteness of time and the necessity for scheduling [is] at variance with this amiable and seemingly confusing Latin system (1959:6-7).

This distinction between the way Latins view time and the way it is perceived by U.S. Americans is referred to by Hall as polychronic and
the range of people’s conscious awareness, a ‘silent language’ that is usually conveyed unconsciously” (1990:3). Thus, it is conceivable that behaviors, such as forthrightness and feedback are not noticed as readily as respect for rank or time spent socializing — behaviors tested and discussed elsewhere in this thesis.

The fourth explanation for the discrepancy in findings could be due to the fact that the majority of those interviewed are entrepreneurs who may have traits different from the population at large. This issue will be discussed further in Section IV of this thesis.

**MONOCHRONIC VS. POLYCHRONIC TIME**

“In Mexico, one commonly hears the expression, ‘Our time or your time?’ ‘Hora americana, hora mejicana?’” says Hall (1959:6). This represents a recognition by many individuals of a differing approach to time and punctuality found in the two countries. In explaining these different approaches, Hall states:

As a rule, Americans think of time as a road or a ribbon stretching into the future, along which one progresses. The road has segments or compartments which are to be kept discrete (“one thing at a time”). People who cannot schedule time are looked down upon as impractical. In at least some parts of Latin America, North Americans (their term for us) find themselves annoyed when they have made an appointment with somebody, only to find a lot of other things going on at the same time. . . . The American concept of the discreteness of time and the necessity for scheduling [is] at variance with this amiable and seemingly confusing Latin system (1959:6-7).

This distinction between the way Latins view time and the way it is perceived by U.S. Americans is referred to by Hall as polychronic and
monochronic, respectively. According to Hall (1959, 1990), monochronic cultures, such as the United States, value punctuality, don’t like interruptions in meetings, take time commitments seriously, and are accustomed to short-term business relationships. In contrast, polychronic cultures are adept at doing many things at once, are more lax about punctuality and time commitments seeing them as objectives rather than responsibilities, and value long-term relationships over schedules and appointments.

Three questions were asked of informants to determine whether Hall’s polychronic vs. monochronic framework is a valid predictor of cultural differences between business persons in Mexico and the United States. The results were that Hall’s model of time perception patterns was strongly supported by the data collected (probabilities for two out of three questions were less than .0001). In fact, of the four frameworks tested in my research, this one was the most strongly supported by the ethnographic data.

**Time Taken to Get Things Done**

An assumption was made that if Mexicans are polychronic, then they will care less than U.S. business persons about completing processes and decisions in a rapid fashion. Thus, informants were asked where it generally takes longer to get things done. This was the strongest supported hypothesis among the 21 questions asked. Not only was the probability less than .0001, but also a greater percentage of informants answered the question as predicted than with any other hypothesis. Eighty-three percent of subjects interviewed said it takes longer to get things done in Mexico than in the U.S.; 14 percent said it makes no
difference; and 3 percent (one informant) said it takes longer to get things done in the U.S (see Figure 11). This single differing answer came from an individual who owns a retail office supply store. Her answer reflects the fact that for her firm, ordering supplies from the U.S. takes longer than ordering from a manufacturer in Mexico.

Figure 11
Responses to: "In which culture does it take longer in general to get things done?"

As would be expected, virtually all comments from informants indicated that things, in general, take longer in Mexico. When asked what the biggest challenges in Mexico are, a U.S. firm owner (Warner) said a major issue is that “closure is not the same” in Mexico as it is in the U.S. If it takes three months here to close a deal, it will take 12 months there, he said. Another U.S. informant (Siegel) described the biggest cultural challenge as the Mexicans' “inability to make decisions.” He said all deals are
slow moving. "It's like, 'Okay we need these samples right now; as soon as I get the samples, I'll place an order,'" he says. "But it may take two months to actually get the order. They are slower than molasses."

Similarly, the owner of a U.S. advertising agency (Bishop) says Mexicans tend to be friendly and professional, but "it takes more calls to get some things accomplished." She speculates that this is because advertising in Mexico is still an emerging industry and because Mexicans "have a different time table." In the U.S., if someone doesn't call back, she assumes they aren't interested in the deal discussed. But, she said this is not necessarily so among her Mexican counterparts who might call back many days after an initial discussion and still be interested.

A Mexican business man who recently relocated to the U.S. (Franco) said everything is faster in the U.S., which "has been a pleasant surprise." Another native Mexican (Anderson) describes her Mexican counterparts as very relaxed. "If you want something, you can't set a deadline," she said. A third Mexican (Vasquez) complained that it takes about 20 steps to open a business in Mexico, whereas in the U.S. it requires only about four steps.

Informants postulated many reasons for why things take longer in Mexico. Some of these include more "red tape," greater need for approvals from higher-ups in the organization, lack of communication or miscommunication, lesser technology, less productivity, poorer infrastructure, banking delays in the transfer and exchange of currency, a relaxed atmosphere, group decision-making style, and the tendency for Mexicans to make promises they can't keep because they don't want to say "no."

A few informants suggested the reason for things being slower in Mexico is simply due to a belief system that finds no value in rushing. This is epitomized in a story told by a U.S. firm owner (Wales) about his
visit to a mining site in Mexico to supervise the installation of a conveyor belt. While doing the installation, he noticed that it took the Mexican crew two full days to load a dump truck with rock, whereas it might take a couple of hours in the U.S. with the standard use of heavy equipment to transport the rocks down the mountainside. At this Mexican site, the rocks were being passed slowly down the mountain by handing them from person to person. This informant told the foreman, "We'll install this conveyor belt, then all the crew can be put at the top of the hill loading rock on the conveyor belt, and your trucks will be filled much faster." The Mexican responded, "What's the hurry?"

**Frequency of Lateness**

Next, an assumption was made that if polychronic cultures place less emphasis on punctuality and promptness, then Mexicans should be seen as more often late for appointments and deadlines. This assertion was strongly supported by the responses of informants to a question as to who is more frequently late (probability was less than .001). Seventy-one percent of informants said Mexicans are more likely to be late for appointments and deadlines than are U.S. business people; 29 percent said there is no difference in frequency of lateness; and not a single informant said U.S. business people are more likely to be late (see Figure 12).

Summarizing the views of many informants, a U.S. executive (Adams) said "Mexicans are always late." For this informant, waiting is a frequent occurrence in Mexico. According to another U.S. business person, (R. Gonzalez) delays and waits for appointments are constant in Mexico. In addition, he complains that Mexican secretaries don't try to accommodate visitors when the boss is late.
Figure 12
Responses to: "In which culture are business people more often late for appointments?"

When discussing the biggest challenges faced by small firms in Mexico, a Mexican director of a firm (Ponce de León), commented that for Mexicans, time is a relative concept; for Americans, it is an objective concept. For U.S. business persons “11 o'clock is 11 o'clock,” he says. For the Mexican “11 o'clock is more or less 11 o'clock.” A Mexican native, (V. Franco) who recently relocated his firm to the United States, says even though he knew it was important in the U.S. to be on time, it still has been a problem, especially appointments later in the day. He tries to do too many things and gets more and more behind as the day goes on.

Another Mexican working in the U.S. (Sherman), also had a problem adjusting to the expected punctuality in the U.S. when he moved there. This executive describes himself as “lackadaisical” about his punctuality
at his first job in the U.S. His boss reprimanded him for not being more
careful to come into work promptly at 8:30 a.m. "In Mexico people are
much more relaxed about time," he says. "People here [in the U.S.] are
very time sensitive. God forbid if you're 5 minutes late."

This informant also found it difficult to get used to going to lunch as
early as 11 or 11:30 a.m. as many U.S. business persons do. This con-
trasts with the typical Mexican comida that begins at 2 or 3 p.m. and can
last several hours. Although he had "a very hard time adjusting" to the
different business schedule in the U.S., he actually likes it better now that
he has gotten used to it, because the U.S. schedule allows him to have
more time with his family. He's quick to add that the Mexican way isn't
wrong; it's just a different approach.

Some informants believe that Mexicans in top positions and those
familiar with international business are less likely to be late or make
visitors wait. Others said a Mexican is more likely to be late for a social
engagement than he is a business appointment.

One astute informant (Steagall) suggested that there was no differ-
ence in "lateness" since the Mexican doesn't perceive himself as being late,
even though he might arrive 20 minutes after the appointment time. This
is because there is a difference in the perceptions of what "being late"
means. He noted that Mexicans are much more focused on what's hap-
pening "right now." They don't worry about an appointment they might be
missing. In addition, he joked that Mexicans think Americans must be
bad at sex, because Americans are always thinking about something else,
worrying about what they are missing.

Informants' explanations for why Mexicans are more frequently late
fell into two categories: 1) status and 2) traffic. For example, a Mexican
firm owner (Anderson) said if you are visiting someone important, he might make you wait to see him in order to make himself seem more important. In contrast, according to this informant, this never happens in the U.S., “not even with the vice president of Exxon.” Several other informants, in a non-cultural explanation, blamed the Mexico City traffic for the frequent lateness of Mexicans to their appointments. A shop owner, whose store is in the busiest commercial district of Mexico City (Poulat), said, “people try hard, but it is difficult in Mexico City.” She adds that it is considered acceptable to be late in the capital city. Another firm owner (Salizar), whose business is in Monterrey (Vasquez), blamed the propensity to lateness on the traffic, as well.

Attributing lateness in both Mexico City and Monterrey to traffic congestion may not adequately explain its frequency. These explanations do not consider that one could leave early enough for an appointment to accommodate any delays they might experience. I was once an hour late for an interview in Mexico City. The traffic congestion was partly to blame, but I didn’t allow enough time between appointments. In addition, I was delayed because the previous informant insisted on driving me to the next appointment, despite the fact that she was unfamiliar with that part of the city. She repeatedly got lost, asked for directions, and got lost again.

Also, from personal experience, the traffic explanation doesn’t work for Monterrey. Traffic there is no worse than in a city the size of Austin. Even at rush hour, Monterrey’s traffic moves along at 30 miles per hour or more, and is never at an almost standstill as it is in Houston or Mexico City during rush hours. Therefore, I believe a cultural or behavioral explanation is more appropriate for justifying any actual lateness than is the traffic rationale.
In another observation regarding Mexican lateness, I took note of how frequently I was made to wait to meet with informants. For my interviews, U.S. business persons were just as likely to be late as Mexicans. In eight out of 17 interviews with Mexicans, both in Mexico and in the U.S., I had to wait 5 minutes or more for the informant to see me. The same was true in eight out of 17 interviews with U.S. business persons. Also, the persons who made me wait were not any more or less likely to be higher ranking persons than those who did not make me wait. Thus, my experiences with informants did not provide additional evidence for the hypothesis that Mexicans are more frequently late for appointments.

**Interruptions**

If Hall's assertion that monochronic individuals don't like to be interrupted is correct, then Americans should be seen as less likely than Mexicans to allow interruptions in meetings. Thus, informants were asked who was the more likely to allow interruptions. The responses offer slight support to this hypothesis. Forty-four percent of informants said Mexicans are more likely to allow interruptions in their meetings; 38 percent said there is no difference; and 18 percent said U.S. business persons are more likely to allow interruptions (see Figure 13).

The narrative data lent greater support to this hypothesis. Most of the comments regarding interruptions and/or ability to juggle several things at once favored Hall's monochronic vs. polychronic framework. A U.S. business consultant (Steagall) said a Mexican “can't stand to let a call go unanswered.” In contrast, he said American executives don't have to tell the secretary to hold calls; it's done automatically. A Mexican informant (Brown) commented that Mexicans have an “annoying habit of
Figure 13
Responses to: “In which culture do business people allow more interruptions in meetings?”

taking calls” during meetings. Another Mexican native (J. Gonzalez) implied that he allows for interruptions, but rather than stating so directly, he said, “I can deal with several things at once.”

In an effort to explain the interruptions, a Mexican business man (Ponce de León) suggested that the Mexican tendency to allow for interruptions in meetings is part of their “demons of power” and a “status thing.” Also, he says, it’s related to the Mexican concept of time. According to this informant, Mexicans see themselves as able to juggle many things at once, and this contributes to Mexican meetings lasting longer. Similarly, another informant (Fossas) explained the interruptions by saying, if a person meeting with you accepts a call, he “might be telling you something” or he wants to “feel important.”
Several informants suggested that whether or not interruptions are allowed is dependent upon the individual. They believe that the more professional a person is, the less likely she is to accept interruptions.

My observations from interviews for this research project are that Mexicans are more likely to have a greater frequency and longer interruptions without apology than are U.S. business persons. Based on my documentation of what happened during each interview, nine of the 17 Mexicans I interviewed took phone calls or had brief discussions with employees or clients during our meeting; 10 of the 17 U.S. persons I interviewed took calls or talked to other employees. Based on this data, the number of persons who allow interruptions is close to even in the two cultures.

However, among those who allowed interruptions, the frequency and length of interruptions was much greater among Mexicans than among U.S. business people. For example, during an interview one Mexican informant talked to three or four clients, one of his employees and two people who called on the phone. He left the interview before it was completed to eat dinner with some clients. In contrast, no U.S. informant allowed more than two interruptions, and they generally apologized following these interruptions.

Discussion

The findings in the area of time perception among Mexicans and Americans, overwhelmingly support Hall's polychronic vs. monochronic framework. The time perception model appears to provide a much better prediction of cultural differences between U.S. and Mexican business persons than does the communication context model offered by Hall. In
fact, among the four cultural patterns explored in this thesis, the time perception dimension was the most strongly supported by my research.

In general, Hall's frameworks tend to be supported more by this study than do Hofstede's. However, as will be discussed in the conclusion, Hofstede's work may be easier to criticize because he shared much more of his research methodology and philosophical approaches in his writings. In contrast, Hall took a much less empirical approach in his reports of cross-cultural differences. Another issue that will be discussed further in the conclusion is the choice of questions or "proxies" I chose to test the four models. The behavioral differences identified by informants and my observations could be explained in a number of ways other than by the four frameworks proposed.
IV. THE ECONOMIC CHALLENGE

In the previous two sections, findings were presented for the first goal of this study — to test four cultural frameworks to determine their relevance to U.S.-Mexico business relationships. In this section, and the one that follows, I explore the second goal of this study — to identify the primary challenges to cross border trade for Mexican and U.S. small firms. The number one challenge identified in my investigation is the current economic situation in Mexico and the resulting consequences for both Mexican and U.S. firms.

Mexico and the United States have a relationship that is economically interdependent. Even before passage of the North American Free Trade Agreement (NAFTA), the economic decisions and business transactions of the northern partner had a significant impact on the southern one. The Mexico-U.S. business environment for cross-border trade is intimately linked with the history of the two countries, their resources, and the mutual flow of cultural influences. This relationship is described by Alan Riding.

The asymmetry of power determines how Mexico and the United States view each other. Differences of history, religion, race and language serve to complicate their relationship, to contrast their ways of doing things, to widen the gulf of understanding that separates them. But all these variables are overshadowed by the inescapable and unique fact that a vulnerable, developing country shares a 2,000-mile border with the world's richest and strongest power. When confronting its northern neighbor, history has taught Mexico that it has few defenses. Contiguity with the United States has proved a permanent psychological trauma. Mexico cannot come to terms with having lost half of its territory
to the United States, with Washington’s frequent meddling in its political affairs, with the U.S. hold on its economy and with growing cultural penetration by the American way of life (Riding 1984:316).

This unique relationship between Mexico and the U.S. has meant many changes in the past three years, particularly for Mexican firms. In Mexico, the dual impacts of NAFTA and the peso devaluation have brought about changes in both economic and cultural behaviors among business persons in small firms. Although the adaptive strategies employed by Mexican companies have moved them closer to a U.S. or western style of operation, the business behaviors among the two countries remain culturally distinctive. In fact, these cultural differences can be major challenges to intercultural business transactions.

These challenges will be explored in the Section V. In this section, I will discuss the challenge to cross border trade posed by the current economic downturn in Mexico and the recent adaptations made by small Mexican firms in response to it.

THE CHALLENGE DISCOVERED

The Mexican economic recession and resulting financial environment for business were cited as major issues by 24 of 37 informants or 65 percent. This is especially significant as there were no questions on the interview schedule related to the economy, NAFTA, the peso devaluation, financial concerns nor credit issues.

The reason these questions were not part of the initial research design is because my review of the literature had not alerted me to any such concerns for international business. Anthropological works con-
cerning international trade tend to focus on cultural issues rather than economic ones. For example, in Gary Ferraro's anthropology textbook *The Cultural Dimension of International Business*, he emphasizes differences in behaviors and attitudes, asserting that "failures in the overseas business setting most frequently result from an inability to understand and adapt to foreign ways of thinking and acting" (1994:7). In this text he includes no significant discussion of the economic challenges of international business. I assume this absence of discussion of the economic challenges in the anthropology of international business literature results from economic issues being out of these social scientists' realm of expertise.

The "how-to" literature on doing business in Mexico tends to cover cultural differences as well as infrastructure and legal issues, but the economic dimension is again overlooked. For example, Kras (1994), one of the more frequently quoted cross-cultural business scholars, discusses the differences in management style between Mexico and the U.S. In *Doing Business in Mexico*, a typical guidebook, Jessup and Jessup (1993) provide an overview of Mexican business customs, emerging industries and how to export. Neither book discusses the economy as a challenge to Mexico-U.S. business relations. Presumably, this is because the Mexican economic downturn is too recent an occurrence to have made its way into this literature.

Economic anthropologists certainly have explored the impacts of economic challenges on business success, as discussed in the Literature Review of this thesis. However, I was not able to find information on the financial impacts of recessionary periods on *international* business dealings among anthropological works. Therefore, the following discussion related to the Mexican economy and its impacts, is based primarily on
information collected from informants, supported by statistics presented in contemporary news articles.

When this study's informants were asked to identify the primary challenge to doing business with the other country, 5 Mexicans, 10 Americans and one German informant mentioned the economy, financial or credit problems, or the increased competition resulting from NAFTA. For example, a U.S. informant (Steagall) said, "the number one challenge is the instability of the Mexican economy." He believes the economic situation currently overrides all cultural issues as the primary challenge for small firms in both countries. Another (Shannon) said the Mexican "economy is lousy and unstable," making monetary issues the biggest challenges for his firm.

Thirteen other informants discussed economic difficulties at some point in the interview. A Mexican business man (Brown) said he sees an "economy going to hell" in today's Mexico. The results are "huge unemployment," some people resorting to crime to stay alive, and the average citizen "concerned about personal safety on the street... If this instability continues, it may get worse," he said. A U.S. manufacturer (Adams) also is concerned about the unstable situation. He said he doesn't care what the ultimate value of the peso turns out to be, he just wishes for more stability, an end to the too-frequent currency fluctuations.

THE CAUSES

The year 1994 was a tough one for Mexican firms. First, NAFTA went into effect in January of that year. With the influx of U.S. business into Mexico, competition was significantly increased for many Mexican firms. Then, at the end of the year, the Mexican government turned the peso's
value over to the international marketplace. The resulting devaluation of almost 50 percent, sent Mexico into its worst depression in 60 years (Export Today 1996:34). Three years later, Mexico still has not recovered economically.

**NAFTA**

Before it was implemented, NAFTA was viewed by many in Mexico as something to jump-start their economy. Most of my Mexican informants now see NAFTA as primarily benefiting the United States. In contrast, U.S. business people tended to look upon the impending passage of NAFTA with skepticism (e.g., Ross Perot’s “glint sucking sound” prediction), but now perceive it as helpful or, at least, not as bad as had been expected.

A survey of executives at some of Mexico’s top 500 companies, revealed a general dissatisfaction with NAFTA (Moore 1996:29). Fifty-four percent of Mexicans surveyed said NAFTA should be modified. A young Mexican executive I interviewed said “NAFTA is only good for the U.S.” Most Mexicans “had great expectations [about NAFTA], but not anymore” says another Mexican (Brown). He said many of his colleagues fear the U.S. will break the contract. Calling NAFTA a “fallacy,” he sees the agreement’s biggest problem as attempting to treat two nations on equal terms when they are not equal. The U.S. economy is much larger than the Mexican economy; minimum wages and standards of living are different, he points out. “The average [Mexican] business person doesn’t see it as particularly helpful,” he said.

Another Mexican business man (Gerdes) said he was “personally scared cock-eyed of the foreign trade agreement.” He believes that NAFTA began as a political maneuver without giving enough consideration to the
economic side. Over time, when all the economic implications have surfaced, NAFTA will be much more effective between the U.S. and Canada, than between Mexico and the U.S., he predicts. This is because Canada and the U.S. are closer in size, more economically compatible, and more culturally similar. He adds that Canada may be more culturally compatible with Mexico than the U.S. is. Because of its French influence, they “maybe can think more Latin," he said. Unfortunately, however, the U.S. is “right in the middle," so it’s hard for Mexicans to do business directly with Canada.

In contrast, most U.S. business persons seem pleasantly surprised with the results of NAFTA. Contrary to many predictions that a huge percentage of U.S. jobs would flow southward, NAFTA has meant a net loss to the U.S. of only about 44,000 jobs (McGraw 1996). The agreement also has resulted in fewer import-export headaches for U.S. firms.

One U.S. manufacturer (Siegel) says before NAFTA, attempting to export his product to Mexico was difficult as every point of entry had different requirements. Among other things, NAFTA clarified what documents are required by all customs officials to get a product across the border. Now, it’s all “cut-and-dried," he said, and customs regulations are no longer a challenge. Another U.S. supplier (Shannon) had heard that the NAFTA regulations would require a “nightmare" of paperwork, but this turned out not to be true. It takes him only a half-hour to complete each set. He also heard that as a result of the new regulations, border customs officials would be more annoyed, creating tremendous delays, but this was unfounded, as well. He has seen a few minor delays but not long ones.
The Peso Devaluation

If NAFTA was discouraging for many Mexican firms, the peso devaluation was devastating. One informant (Warner) believes the peso devaluation was such a turning point in the economic history of Mexico, that he now refers to all time previous to the devaluation as “BD” (before-devaluation) and time since as “AD” (after-devaluation). In fact, many informants seemed to recognize this economic mile post. When I attempted to collect demographic information regarding the percentage of business being conducted, number of employees, and so forth, it was common to get a response such as “do you want to know how it was before the devaluation or how it is now?”

Official statistics also highlight December 20, 1994 as the beginning of a major economic downturn for Mexico. Results of the peso devaluation include:

- a currency rate that has continued to rise from about 3.4 pesos per dollar before the devaluation to about 8 pesos per dollar in 1997,
- a 7 percent drop in Gross Domestic Product from 1994 to 1995 (Export Today 1996),
- an interest rate increase to more than 90 percent (Johnson 1995),
- “mini-runs” on Mexican banks (Poole 1995), and
- an inability for the average Mexican consumer to afford foreign goods.

The United States also suffered from the peso’s fall. McGraw explains what happened.

During the first year, trade increased between both countries, and the United States ran a small ($1.3 billion) trade surplus with Mexico. But in 1995, with the meltdown of the Mexican economy from the peso devaluation, the U.S. trade deficit with
Mexco ballooned to $15.4 billion, as Mexican consumers had no money to buy American products and goods produced in Mexco were cheaper than ever (McGraw 1996: 48).

The United States is not fairing as poorly as these statistics may superficially suggest. Consider the fact that although the U.S. is at a trade deficit with Mexco, U.S. exports to Mexco have actually increased since 1994, rising from $41 billion to $46 billion (McGraw 1996). The deficit occurs because U.S. imports from Mexco have risen even higher than exports.

Comments from both Mexican and U.S. informants readily agreed with the statistics on the impacts of the peso devaluation. “Everything is on hold there,” said a U.S. firm owner (Warner) whose business with Mexco has substantially decreased since the economic setback. Another informant (Buisson) sees the middle class as much more disenfranchised than in the past. He describes his Mexican clients as nervous and frustrated, with many asking “why am I in business?” “It will take a while to get the cynicism out,” he said. “With that many disenchanted people, you’re going to have problems.”

THE CONSEQUENCES

The economic fallout from the implementation of NAFTA and the peso devaluation created a stormy business climate for Mexican entrepreneurs. Among the many consequences were loss of credit, increased competition for previously monopolized markets, closure of many firms, layoffs, and more. The least tangible of consequences, yet possibly the most important is a mixture of confusion and anger that I heard in the voices of the Mexican business persons with whom I talked. It took an outsider, however, to articulate this mood I sensed in Mexco.
"A total loss of orientation," is how Dr. Hilmar Zeissig, a German native and consultant to governments throughout Latin America describes the Mexican outlook. Everyone is disoriented and unsure what to do, he says. With years of economic hardship, Mexicans had begun to lose confidence in their economy and government. But now, Zeissig said, they feel completely betrayed. Even though improvements are being made, the new ways are not yet in place. He believes the present lack of faith in the unreliable monetary system is causing "such an insecurity now."

**Finance and Credit Issues**

The most commonly cited economic challenges affecting firms on both sides of the border are financing and credit issues. At a time when credit is needed more than ever by Mexican firms, U.S. companies are reluctant to extend credit to their Mexican customers. A Mexican retailer (Poulat) complains that U.S. companies don't trust Mexicans to pay their bills. She said her firm and other Mexican companies buying from U.S. suppliers are required to pay in cash before the shipment is made. In contrast, when her firm did business with a major U.S corporation before the devaluation, the firm was given four months to pay its bills. Yet, even then, her company was granted this relationship only by having the backing of a bank credit card in the firm’s name.

From the U.S. perspective, it is risky business to issue Mexicans credit at this time. An American owner of a printing business (Hill) says he doesn't feel comfortable issuing credit for jobs from Mexican clients. Mexico’s economy is so unstable he can’t be sure their Mexican customers will be able to pay within 30 days after the printing job is done. Therefore, the company requires Mexicans to pay half the total cost before the job is
printed, and the other half is due on delivery. A U.S. heavy equipment manufacturer (Wales) has a similar policy: “You don’t do business until you get a check.”

Other U.S. firms try to work with the Mexican clientele to accommodate their mutual needs. A U.S. executive (Adams) believes some companies are insensitive to the economic situation in Mexico. His firm, which sells laboratory paraphernalia, attempts to work with Mexican customers on making payments because the company wants to keep their business. He allows Mexicans to pay in ways he wouldn’t normally allow his U.S. clients to do. Similarly, a U.S. distributor of pipe repair products issues credit to its Mexican customers. However, its president (Cuenod) says the firm has “to watch carefully” their decisions on who will be allowed to pay a bill out over time. He adds that the situation is “just like here — there are good and bad risks.” He believes the Mexicans he deals with are “very fine people, even though they owe us money,” and that those in debt to him are “trying to do the right thing.” It’s simply that they don’t have the money to pay their bills right now, he said.

Sales made in the other direction also can cause financial challenges. Due to the fluctuation in currency in Mexico, prices for goods and services there are unstable, making budgeting and planning for purchases by U.S. firms difficult.

For example, a U.S. advertising agency owner (Bishop), who often places ads in Latin American publications, described a situation that she was negotiating at the time I interviewed her. Earlier in the year, she had approached a Mexican publishing firm about placing a series of ads in one of its publications. The publication had just cut its prices in half due to the fluctuating currency and quoted her a reasonable price of $3,500.
She used this price when working up an advertising budget for one of her clients. The client approved the budget. Recently, when this ad executive was ready to advertise, she contacted the firm again, only to find out that the cost had increased to $7,000, double the price quoted earlier.

This shocked and exasperated my informant because in the U.S. publication quotes can be depended on not to change more than 10 to 15 percent in a year’s time. Thus, when she makes out a budget for a client, she can be fairly confident that what she promises to deliver will seldom exceed that budget. This informant told the Mexican publication that she couldn’t afford to pay them the extra $3,500 because she didn’t have it in the budget. As of the interview, the publication had not gotten back with Bishop to let her know whether they would honor the lower price originally quoted.

**Increased Competition**

Following the implementation of NAFTA, many U.S. firms, finding it easier than ever to do business in Mexico, began pitching their goods and services to Mexican consumers. This influx of U.S. firms into Mexico has meant a reduction in market share for many Mexican firms who previously controlled particular market segments. Those Mexican enterprises that remain in business are struggling to compete against these U.S. infiltrators who are accustomed to aggressive battles for a large share of the consumer pocketbook.

One Mexican firm owner (J. Gonzalez) believes the biggest obstacle faced by Mexican businesses is that they are not used to competing at the level necessary to succeed in today’s business environment. He is confident, however, that his fellow entrepreneurs will muster whatever is
necessary to do so in the future because they are capable and know they must. A U.S. lawyer (Agraz) also has recognized the new struggle for competition among Mexican firms. He says his U.S. clients who do business with Mexican firms are worried that Mexicans are so in need of business that quality will be sacrificed to make more money. For example, he knows an entrepreneur who sells designer furnishings and wanted to buy some furniture from a Mexican manufacturer. The attorney said this person “came back [from Mexico] shaking his head.” The man couldn’t believe the deals, saying Mexican firms “will do anything for business.” Now that business man is worried, though, about the quality of future products he’ll receive.

Quality is the issue also for many U.S. firms that have been able to break into the Mexican market because they offer high-quality products and services that are unavailable from Mexican firms. For example, a Houston firm’s president led his company into the Mexican market to take advantage of NAFTA. The company opened a subsidiary in Mexico and has maintained a strong customer base and a steady flow of business, despite the recession.

This president attributes his continued sales to the higher quality offered by his printing company than most in Mexico. Few printing companies in Mexico have access to the high quality papers his firm has, nor do they have the ability to turn around jobs quickly. Even though a job has to be sent from Mexico City to Houston, and then back again, passing through customs twice, this firm can deliver an order faster than most of its Mexican competitors. “Printers in Mexico City are extremely busy,” this informant said. It is virtually impossible to get four or five day service from a Mexican printer, but his company can provide it. Also, despite the
shipping costs, this firm’s prices are competitive with Mexican printers.

A U.S. business consultant (Warner) also believes that Mexican firms are suffering due to higher quality products offered by U.S. firms. As an example, he said Pemex, Mexico’s national oil and gas company, had been purchasing Mexican-made bolts. These bolts, made of very low quality steel, would easily strip out and break, requiring frequent replacement. “They looked good but were of terrible quality,” he said. Because U.S. standards are higher, U.S. companies have better bolts. According to this informant, since NAFTA, Pemex buys their bolts from a U.S. company.

Business Closures, Layoffs and Long Hours

Whether due to financial challenges resulting from the peso devaluation or from increased competition after NAFTA, many Mexican firms shut their doors for good in 1995 and 1996. One U.S. informant who worked extensively with firms in Mexico before the peso devaluation (Warner) said he personally knows of 25-30 Mexican firms that have gone out of business in the past three years.

As an example, Evolution Tuning, which sells upgrade kits for automobiles, was a new Mexican business when the peso was devalued. The company president says the average car retailer saw a 75 percent drop in sales during 1995. Because few people were buying new cars, few retailers were pushing his products. Evolution Tuning almost went under at this time. The firm decided to relocate their operation to the United States and to pitch their products to the international market. The business is now on its feet again and is expecting sales to continue to increase.

El Modelo, a wholesale and retail office supplier in Mexico City, also was hit hard by the economic downturn. In the early 1990’s the firm
imported a good deal of its products from the United States. However, they can no longer afford to do so. Due to fewer items being imported, a lessening of sales and increased competition, El Modelo was forced to significantly scale back its operations. The firm closed nine of its ten retail stores and reduced its staff from 200 employees to 50.

Many Mexicans lucky enough to keep their jobs during this recession have been asked to work longer hours and/or take salary cuts. I observed one Mexican firm owner (Salizar) at his office on a Saturday. His entire staff was working that day. I asked him how common it was for Mexican employees to work on the weekend. He said many companies had reduced their staffs since the recession. This means the remaining employees must work longer hours to maintain the same level of productivity. He believes the working hours in Mexico have increased for the average employee, and that many firms such as his have been forced to add an extra day to their work schedule. In addition, many firms have asked their older employees to retire early. Other Mexican employers have tried to retain as many employees as possible by cutting salaries.

**Increasing Crime**

One of the cultural issues most frequently discussed by informants in association with the economic recession was Mexico's increased crime rate. Official statistics confirm the fears of this study's informants:

- In Mexico City, overall crime rose by 35 percent between 1994 and 1995 (Buita 1997).
- In Mexico City, car thefts doubled to more than 50,000 from 1994 to
1995. On average, 58 carjackings a day were reported in 1995 (Corchado 1996).

- The number of crimes per day in Mexico City rose from 360 in 1993 to 550 in 1995 (Corchado 1996).

Most informants attributed the crime wave to a combination of 1) the many newly unemployed people being forced into an outlaw lifestyle due to a lack of income and 2) a corrupt police force that offers little protection to Mexican residents. Police corruption may not be a new issue in Mexico, but it certainly has garnered much attention since the increase in crime. A 1996 poll of 1,300 people in Guadalajara, Mexico City and Monterrey revealed that 83 percent of respondents had little or no confidence in the police (Buitla 1997).

For example, a Mexican executive (Brown) pointed out that the Mexico City nightlife was very popular in the past, but not any more because people worry that the crime has increased so much at night that police can’t or won’t provide protection. I personally noticed a decline in the number of people out at restaurants and clubs in the Zona Rosa area, a popular night spot in Mexico City, on my September 1996 visit compared to a visit two years prior.

Several Mexican and U.S. business persons had warned me to be especially careful on my trip to Mexico City, as females traveling alone were often the victims of crime. I asked a female Mexican informant (Ballina) if she felt safe living in Mexico City. She said adamantly that she did not. She believes, based on anecdotal evidence, that criminal activity
is rising in the capital city. She has heard of many assaults, which in the past only occurred at night, happening now in broad daylight. For example, as a woman walks down the street, thieves will grab her purse or jewelry and run away. Also, many car thefts take place in which people will come up to a driver as she sits at a red light and take her money or watch at knife-point or gun-point. Carjackings and hold-ups at ATM machines are also common, she said.

This business woman used to believe that in New York City, where she once lived, a person was more likely to be killed by a mugger than in Mexico City, because in Mexico a person might steal from you, but he won't kill you. However, she thinks this has changed. Statistics confirm her suspicion that along with an increase in muggings, Mexico is seeing an increase violence, as well (Corchado 1996). She said that recently she and her colleagues were discussing the increase in crime in Mexico. It turns out that everyone in her office (18 people), except her boss and her, have been mugged at least once.

Evolution Tuning, the automotive supplier mentioned earlier, had planned to move their primary operation into the United States due to the poor economic situation. The family-owned firm was motivated to relocate more quickly than anticipated following a horrendous theft of much of their business and personal assets. Co-owner Victor Franco said an organized crime gang wielding automatic weapons came into their Mexico City store and held him and his employees hostage for five hours. In addition to taking much of the company's expensive auto products, the sophisticated thieves also took money from each employee's bank account. The gang, which obviously had cased the business and investigated all the employees, knew the bank where each individual had his or her accounts.
One by one, the owners and employees were forced at gun-point to call their banks, using the speakerphone to get their account balances so the thieves could listen in. Each was then escorted to the bank and forced to withdraw all his or her funds. Franco said he lost about $80,000 in the heist.

**THE ADAPTATIONS**

“As the physical and socio-cultural environments continually change, it is inevitable that people will adjust, or at least attempt to do so” (Naylor 1996:1). Firms in Mexico have made a number of adjustments in response to the various economic impacts of NAFTA and the peso devaluation. Some of these strategic adaptations include shifting to a more U.S. style of business behavior, technological advancements, becoming more competitive, enhancing security and protection, relocating the firm out of the country, and attempts to change governmental systems.

**Business American Style**

When asked what business-related changes they had seen in Mexico and/or the U.S. in the past few years, the most commonly cited change was in Mexican business practices. At least one-quarter of informants commented that firms in Mexico were operating in a more western or U.S. style than in the past. For example, a U.S. firm owner (Wales) who has worked in Mexico for 15 years, says he has seen a tremendous change in the way business is carried out in Mexico. “They’re adopting more U.S. customs,” he said.

A U.S. sales executive (Siegel) says his Mexican counterparts are becoming more interested in “how we do things and seeing how our op-
erations run." A Mexican native, who opened a family firm in the U.S. 23 years ago (Gillespie) to import goods from Mexico, says changes have been gradual but Mexico is becoming more like the U.S. Previously, Mexicans didn't like Americans, and Americans didn't like Mexicans, she said, but "everything in Mexico is now American." Young people adopt U.S. attitudes and customs, and old people complain about it, she said.

Many informants tied the changes in Mexican business behavior to the recent influx of U.S. firms into Mexico. For example, one Mexican informant (Au trique) says the U.S. has "invaded" Mexico more in the past few years. As a result, Mexicans are more worried about learning English and doing business "the American way." Another Mexican firm owner says Mexico's business leaders "know they have to change and will."

Some of the specific changes that informants said they see in Mexico include being more aggressive, more capitalistic, more forthright, and less often late. Another change cited was greater acceptance by Mexicans of the hard-driving Americans who want to "get in and get out" in their Mexico business dealings. Informants also mentioned that Mexicans are developing more flexible management structures, are more accepting of U.S. franchises, and are gaining a more global outlook for business.

The latter change was the most cited paradigm shift for Mexicans. A U.S. executive sees Mexicans as now being more conscious of the world around them and what it takes to survive in the world market. Another (Bilecik) says they "shop the world" more than in the past and are much more concerned with exporting. Before NAFTA, there were few doing international business, according to a Mexican executive (Sherman). Now that more have started to look at and participate in foreign markets, they have overall become more culturally sensitive, he said.
Several simply said Mexicans are now "more global" than they used to be. As an example, a U.S. customs broker (R. Gonzalez) noted that the company that won the bid for the renovation of the Houston City Hall is a Mexican firm. He says it wasn't too long ago that Mexican firms would never have had the technology or the international expertise to have been a competitor for the renovation.

How do Mexicans learn these new U.S.-style behaviors and obtain a global outlook? Informants attributed these changes to more American media in Mexico, greater interactions between Mexican and U.S. firms, and the increasing number of U.S.-educated Mexicans. Concerning the latter, one informant (Bilecik) noted that richer Mexicans often send their children to U.S. colleges. Those young adults then come back to Mexico to work at the family firm. They implement changes in business customs for the company, based on what was learned in the U.S.

**Technological Advancement**

When asked how Mexico is changing, Mexican advancement in technology was the aspect mentioned second most often by informants. One bicultural entrepreneur (Canavati) went so far as to say the U.S. misperception about Mexican technology may be the biggest cultural challenge to cross-border business. He says Americans don't realize how "very technically advanced" Mexicans have become in recent years. "Their information systems are great," he says. The hottest employees in Mexico, according to this informant, are those "fluent in English and Windows." Unfortunately, however, many U.S. firms avoid doing business in Mexico because they still think of Mexicans as technologically illiterate.

This notion was verified by a couple of informants who perceive
Mexico as being much less advanced technologically and Mexicans as inferior in technical skills. A shipping manager for a U.S. heavy equipment distributor (Shannon) had this to say about Mexican vs. Mexican-American workers: “If they have American blood it brings out their technical side,” he said. “But if they are full-blooded Mexican, they seem best suited for laborer jobs. They [Mexicans] don’t have a good head on their shoulders for technical stuff.” The same man notes that he doesn’t see any computers that say “made in Mexico.” He doesn’t know whether to attribute this to lack of technical training or whether Mexicans are just inherently poor at technology.

This ethnocentric point of view was atypical of informants. Both U.S. and Mexican informants described Mexico as advancing rapidly in technologies that put them at the forefront of international business. As one firm owner summed up, Mexico is “coming closer to the U.S.” in its ability to compete technologically. One U.S. business man (Adams) notes there are now more companies from Mexico with sites on the internet than from any other country besides the United States. A printing company owner (Hill) describes Mexican graphic designers as “highly skilled” and “very good.” He says they are as knowledgeable of the latest computer technology for graphic design as U.S. designers are.

Get Competitive or Leave

Another Mexican adaptation frequently cited by informants is the effort to become more competitive and aggressive. A Mexican native (Sherman) said since “the border was opened” (the implementation of NAFTA), Mexican businesses have had to become more competitive. A U.S. firm owner (Agraz) describes Mexicans as “very competitive now” com-
pared to the past. Mexicans have the “drowning-man-grabbing-the-head-of-the-lifeguard syndrome,” he said. In other words, they will try to make up for a year's losses with a single transaction.

A Mexican executive (Ponce de León) whose consulting firm helps companies package and market new products says NAFTA has changed the way Mexicans must do business. Any company that wants to survive must be very competitive in their marketing strategies, and their “mentalities must be oriented to the marketplace,” he said. A U.S. informant (R. Gonzalez) believes “Mexico is quickly moving into the twenty-first century.” Little by little, he said, the many new foreign investors are causing a greater focus on the bottom line and an orientation to producing less expensive but quality products.

A number of other specific competitive strategies now being used by Mexicans were noted by informants. These include more aggressive marketing campaigns, a focus on efficiency and cost control, increasing the quality of products and being more customer oriented. Unfortunately, these strategies don’t work for all companies.

Some firms have decided it’s better to flee than fight. For these companies, becoming more aggressive and competitive doesn’t work in an economy where so few individuals can afford their products. Two Mexican firms in this study decided to completely relocate their businesses to the U.S. in order to tap new markets. One, Evolution Tuning, was mentioned previously.

The other firm, Therma-Save, is a manufacturer of structural building panels, a new technology for homes. Therma-Save began when two Mexican firm owners heard about this technology and decided to use it to construct low-cost homes in Mexico. Shortly after the Mexican firm
decided to get the rights to manufacture the panels, the downturn in the Mexican economy hit, and the new venture’s future seemed dismal.

Meanwhile the technology was approved for use in U.S. mobile home construction. The Mexican firm was approached by an American to start a joint venture in the U.S. to build mobile homes with the technology. The Mexican firm agreed, and the venture was re-born as Therma-Save in the United States. The firm owners say that once the Mexican economic situation is better, they plan to open a plant there. At that point manufacturing and sales will take place in both countries. Meanwhile, they are looking forward to marketing their new enterprise in the U.S., where the economy is better and consumers are much more able to afford their product.

**Protect Yourself or Leave**

The fight or flight alternatives were again discussed by informants regarding Mexico’s responses to its increasing crime rate. Other than the obvious heeding of warnings to “be careful,” Mexicans have followed two primary strategies to solve their crime problems: 1) taking the matter into their own hands or 2) relocating their firms.

“We worry that people will arm themselves,” said one Mexican business man (Brown), commenting on some of the Mexican vigilante groups that have arisen to suppress criminal activity. Another Mexican informant also mentioned vigilante justice. A stock broker based in Mexico City (Ballina) told me about a situation in a small Mexican village that she said is typical of what is happening across the country. She says people throughout Mexico are exasperated by the corruption and inefficiency of the nation’s police departments, which do not deter criminal activity or bring criminals to justice swiftly enough.
According to this business woman and a news article (Builta 1997), in Playa Vicente, Veracruz, a man had been accused of rape and murder. When the town's officials didn't seem to be taking any action to stop the man, many of the community's 1,300 residents signed a petition supporting a vigilante group to stop him. The group hunted him down, beat him, tied him to a tree in the town square, doused him with gasoline, lit him on fire, and allowed him to burn to death. This supposed exercise in justice was videotaped by community members and later aired on the national news. After much air-play, Mexican police raided the village and arrested seven individuals connected with the vigilantism.

Other Mexicans are taking a legal approach to protecting themselves against criminals. Most Mexican firms in this study have hired security personnel who protect their businesses and their employees. In 1996, there were 741 companies in Mexico City alone that were authorized to provide security (Builta 1997). They employed more than 37,000 people — 10,000 more than the number of police assigned to patrol the streets.

Another response to Mexico's crime problem is for individuals and firms to simply leave the country. This alternative is exemplified by Evolution Tuning. As described earlier, this company and its employees were victims of a major theft by a gang of thieves. The gang was never identified, nor the owners' or employees' assets recovered. The owners suspect the police were either part of the gang or "on the take." This emotional incident and financial setback was the last straw for this family firm. Weary of doing business in Mexico, the family moved quickly after the theft to open an office in the United States.
Changing the System

Frustration came from informants on both sides of the border over Mexico’s inefficient federal systems and corruption in government. Interestingly, despite much progress made in the last presidential term, many seem to feel betrayed by the Salinas administration. “We all got a dose of cold water in the Salinas shower,” said a U.S. business man (Buisson) who believes that Salinas is more to blame than Mexico’s current president Ernesto Zedillo for the economic downturn.

Another informant (Zeissig) remarks that his faith in Salinas was the “biggest misjudgment of my career.” He had great hopes for Mexico’s economy, but “the Salinas government fooled us all.” Salinas was to break the cycle of corruption, and he “did a lot” admits this business consultant, including making government more democratic, privatizing some government industries, and hiring “technocrats” rather than military to run the government. Nevertheless, he said, “it turns out, they were the biggest thieves ever.”

Despite the sense of frustration and betrayal, many informants see the Mexican government and average citizens making strides to change the old way of operating. A Mexican native (Brown), who worked in the U.S. for 15 years, saw significant changes in Mexico when he returned two years ago to help start up a new firm. “What a difference,” he remarked. The biggest change he noticed was that Mexicans at lower levels had become more conscious and demanding of changes in government.

This informant speculates that some of these changes are occurring because Mexican children are better educated today and know more about the world. Or, he suggests, it could be because of the influx of U.S. business, causing more people to desire to participate in western-style
commerce. Also, because the government is in "dire straits," people, in general, are not happy and are complaining about the way government is running. "This is causing big changes in government like we've never seen before," he said.

These changes include efforts by the Zedillo administration, and encouraged by the business sector, to halt corruption in government and in the federal and local police forces. In March of 1996 Zedillo initiated a series of reforms to fight rising crime and increase police protection. In addition, Mexico's Attorney General has fired 1,250 Federal Judicial Police agents and directors (more than one-fifth of the police force), who were suspected of corruption and other illegal activities (Buillaume 1997). Zedillo has also installed career officers from the military — widely seen as the least corrupt branch of government — to head many federal and local police departments.

DISCUSSION

In summary, the major consequences resulting from NAFTA and the peso devaluation were issues regarding credit, increased competition, business closures and cutbacks, and increasing crime. The primary adaptations made or encouraged by small Mexican firms in response to these consequences included shifting to a more U.S. style of business, becoming more competitive, enhancing security and protection, relocating the firm, advancing recent technology, and changing federal systems. These factors prompting change and the resulting strategic adaptations are consistent with the anthropological literature on cultural responses to economic risk and uncertainty.

According to Naylor, "conservatism, competition, and cooperation are
characteristics of all cultures that serve to generate responses, to guide actions and reactions in the change setting" (1996:140). Conservatism, or the belief that the status quo is acceptable, can inhibit culture change, whereas competition and cooperation can facilitate it.

Increased competition for "position, prominence, or success" can result in changes in individuals or organizations in order to "enhance their survival, to better position themselves to compete with others, and to achieve their own goals" (1996:141). This increased competition, as discussed earlier, can be seen in Mexico among firms battling for market share against the influx of U.S. businesses, and among individuals competing for jobs following business closures and layoffs.

"A cooperative effort is required to get things done that societies must get done if they are going to survive. The more complex the system, the more cooperation is required" (Naylor 1996:142). This cooperation, or attempts at it, is found in the efforts by U.S. and Mexican firms to work together to achieve mutually beneficial financing/credit arrangements. It is also reflected in the Mexican cooperative behaviors regarding responses to increased crime and changes in the governmental systems.

Thus, we can see that the forces at work in Mexico to encourage changes in business behaviors and strategies are the same as those that occur in many societies. Furthermore, the changes seen in Mexico are connected to its interdependence with the United States and other outside influences. As Naylor states, "the same competitive, cooperative and conservational forces identified for individual cultures function on a worldwide basis, between nations competing for status, power, and influence. . . . International politics, economic relations and competition exert considerable influence on the change process and its directions" (164).
In *Bad Year Economics*, Halstead and O'Shea argue, from primarily archaeological data, that ancient societies have four standard societal responses, or "buffering mechanisms," to dampen the effects of economic variability (1989). These are 1) mobility, which involves moving away from the economic hardship, 2) diversification or exploiting a broader range of resources in more varied areas, 3) exchange, involving sharing and reciprocity, and 4) physical storage of food products to be consumed later. All except the latter adaptation can be seen in Mexico's response to its economic recession.

Mexican firms in this study exhibited the mobility adaptation as they relocated outside the country to tap new markets and get away from crime-related problems. As Mexican firms become more competitive and pursue advancements in technology, they are, in effect, using diversification as a tactic by increasing their opportunities to exploit greater markets and resources. Finally, exchange as a buffering mechanism for economic hardship is evidenced in increased U.S.-Mexico trade. The efforts by Mexican firms, as noted by informants, to change to a more U.S. style of operation can be seen as an indication of initiatives to facilitate and maintain those exchange relationships.

The importance of adaptations to economic insecurity "lies not only in the immediate realm of provisioning and economic activities, but extends beyond these to exert a strong influence on culture at large, shaping societal organization and providing the crucial conditions that give rise to social change and transformation" (Halstead and O'Shea 1989). It is particularly appropriate for the Mexican changes and transitions to be driven by firm owners and managers, because social scientists often refer to entrepreneurs as agents of change (Barth 1963; Schumpeter 1949).
Among the important contributions of small firms, Acs and Audretsch argue that enterprises encourage technological advancement, act as agents of change in their markets, promote international competitiveness and generate new jobs (1993). This certainly corresponds with the changes in business and social behaviors cited in this study.

Discussing the role of entrepreneurs, Greenfield and Strickon argue that the individual entrepreneur's efforts at innovation or copying can result in the emergence of new social patterns. "At any given time individuals may innovate new behaviors, adopt alternatives (at times even from outside the collective experience of their group) or copy the behavioral choices of others around them that have brought the goals or ends they also desire" (Greenfield and Strickon 1986:14). This is likely the force at work with the mimicking of U.S. style business behaviors by Mexican business persons. Thus, the change to a more western style of behavior among entrepreneurs and leaders of small firms may well be a prelude to a shift to more western style behaviors by Mexican society at large.

CONCLUSION AND OUTLOOK

In conclusion, the current economic situation in Mexico is the chief concern among small Mexican and U.S. firms in this study. Today's poor business climate in Mexico can be attributed primarily to the peso devaluation and the increased competition resulting from NAFTA. These two 1994 economic events resulted in a cascade of concerns that continue to impact international business success in the two countries. Fortunately, both informants and business analysts are hopeful that Mexico's economic picture is improving.

A U.S. business consultant who lost many of his Mexican clients
following the peso devaluation (Warner) says of Mexicans, "they are resilient people and will recover." Another informant (Buisson) agrees, saying he sees "lots of hope" among his Mexican clients. A third (Cuenod) encourages U.S. trade with Mexico. "The more international trade goes on and the more that it's a two-way street, the better it will be for Mexico," he said. "The more you engage in international trade with your neighbor, the more both will benefit."

Analysts say the key to Mexico's recovery is in exports. "Mexico's economy is again growing, but now the driving force is coming from exports, which became much more competitive internationally after the devaluation" (Export Today 1996: 48). Describing it as a mixed blessing, Edwards comments on the peso devaluation. "Consumer sales may have plunged, for instance, but the weaker peso has also brought about a surge in exports and a rapid upgrading of Mexico's export industries" (1996: 49). Those looking for signs of a strong recovery have also pointed to the fact that the U.S. loan of $20 billion to Mexico to assist in its financial bailout was paid back early.

On the U.S. side, "NAFTA, meanwhile, has resulted in less of a hemorrhage of jobs than many people had feared" (Export Today 1996: 48). In addition, the fact that many U.S. firms are opening plants in Mexico is probably not an issue of firms choosing Mexico over the U.S., but rather choosing Mexico over other developing countries with cheap labor. "Much of the U.S. investment that has flowed into Mexico has been industrial plants that likely would have gone abroad anyway, perhaps to Asia" (Export Today 1996: 48). The realizations by more American entrepreneurs that the trade agreement hasn't been as harmful as was predicted is likely to mean even further U.S.-Mexico trade initiatives, according to
analysts. Thus, "U.S. business in Mexico will remain a sound investment" (White 1995: 31).

With an economic recovery predicted for Mexico, particularly if Mexico-U.S. trade continues to increase, the potential for even further interaction and cultural exchange between Mexican and U.S. business persons will take place. This means the adaptive strategies employed by Mexican firms to deal with the economic challenges are likely not temporary changes. Based on the trends in other societies as discussed earlier, I predict these adaptations, particularly the shift to a more western style of business behaviors, are permanent.

Furthermore, I suggest that as we see more U.S. investment in Mexico, there will be adaptations by U.S. business persons to a more Mexican style of business behavior. For example, some U.S. informants are already relaxing their rigid notions of timing and punctuality when dealing with Mexicans. Although the two countries will likely remain culturally distinctive in some areas for many, many years to come, the adaptations made by Mexico in the past few years are bringing the two countries closer together than ever, both economically and behaviorally.
V. THE CULTURAL CHALLENGE

In the previous section, the economic challenge to cross-border trade for small firms was explored. In this section, I will discuss the cultural challenge to U.S.-Mexico business relations. As many scholars have pointed out, cultural differences — or more precisely, lack of awareness of differences — can pose significant obstacles to international business. Lederer and Burdick (1958) wrote *The Ugly American*, a scathing indictment of the cultural insensitivity of the typical U.S. citizen, four decades ago. Apparently, little has been learned since then, as the recent literature is full of cultural blunders made by Americans attempting business abroad (Axtell 1993; Caudron 1991; Fisher 1988; Joinson 1995; Kim and Maugorgne 1987; Ricks 1984, 1993).

Barnard states “the lack of awareness of and sensitivity to differences in culture, working practices and aspirations, has an impact on almost every aspect of business life and every normal business event: meetings, presentations, projects, sales, purchasing, managing, telephone and e-mail” (1995:3). These impacts can be particularly acute in interactions between significantly different cultures. Despite being neighbors, Mexico and the U.S. are worlds apart in many ways. Riding describes this interesting juxtaposition of cultures.

Probably nowhere in the world do two countries as different as Mexico and the United States live side by side. . . . Probably nowhere in the world do two neighbors understand each other so little. More than by levels of development, the two countries are separated by language, religion, race, philosophy and history. The United States is a nation barely two hundred years old and is lunging for the twenty-first century. Mexico is several thousand years old and is still held back by its past” (1985: xi).
BUSINESS BEHAVIOR DIFFERENCES

Of the many cultural differences that an international business person might encounter in another country, those that are found in the business setting seem to be the most intense and problematic. In this study, the most frequently mentioned cultural difference between Mexico and the United States is the difference in the customary way in which business is carried out. A U.S. business woman (Bishop) commented that the biggest challenge to cross-border commerce is that the two cultures don’t understand enough about each other’s culture and way of doing business. “My expectations are one thing,” she said. “But what actually happens is another.” In her early dealings with Mexico, she often felt “let down” by someone who didn’t follow through or respond in the way she expected. “I first assumed they don’t have integrity,” she said. However, she now understands that this is not true. Rather, the Mexicans simply have a different way of operating, she said.

A Mexican firm owner (Vasquez), when asked about the biggest challenge, replied, “The answer is very simple. Everyone will say it’s language, but it’s not. It’s the mentality.” According to this executive, U.S. citizens do business differently than Latin Americans, and it is the lack of cultural awareness that causes the greatest challenge to businesses operating across the border.

Out of 37 individuals interviewed, 23 informants or 62 percent said the disparity in business customs is a challenge for cross-border business. Three specific business behavioral differences were identified as being particularly troublesome areas for the small firms in this study: 1) emphasis on social relationships, 2) perceptions of time, and 3) bribery and corruption.
Emphasis on Social Relationships

The traditional style of business in the U.S. can be described as "get-in, make-a-deal, get-out." The emphasis is on the sale rather than the person, and business deals tend to be short-term in nature. In contrast, Mexican business persons tend to put much more emphasis on building long-term relationships over swift deal-making. The Mexican wants to do business with friends. Therefore, it is important to build a relationship with a potential business associate before talking business.

A number of anthropologists and other social scientists have recognized and studied this difference between the two cultures (Alessi 1995, Hall 1990, Kras 1994, Mendonsa 1988, Riding 1985, Stephens and Greer 1995). One researcher explains that in Latin America, "emphasis is placed less on managing things than on managing affiliations with other people. . . Friendship for Latins is rather formal, and considerable attention is given to the nurturing of substantive interpersonal relationships" (Fisher 1988: 54).

As mentioned in Section III of this document, Hall (1990) explains this emphasis on social relationships as being rooted in the Latin's polychronic nature. Other researchers explain this desire for friendships with business associates as stemming from a need for affiliation (McClelland 1961), an issue of trust (Bonacich and Modell 1980; Ward and Jenkins 1984), or an emphasis on family and ethnic loyalty (Aldrich and Waldinger 1990; Bonacich and Modell 1980; Landa 1994).

Whatever the reasons for the high value placed on social relationships, this investigation found strong support for the hypothesis that Mexicans emphasize friendships in business dealings more than Americans do. Informants were asked two questions to test this hypothesis.
Time Spent Socializing

First, informants were asked who was more likely to spend time talking about subjects other than business in a business setting. The responses offered strong support for the social relationship hypothesis (probability was less than .05). Eighty-two percent of those interviewed said Mexicans spend more time on social conversations; 12 percent said there is no difference in amount of time spent on non-business topics; and 6 percent said U.S. persons spend more time discussing things other than business (see Figure 14).

![Bar Chart]

P < .05 for test of Mexico vs. U.S.  

**Figure 14**

Responses to: “In which culture do business people spend more time talking about subjects other than business in a business setting?”

Comments from informants were equally supportive of this result. A U.S. company owner (Wales) says that from the U.S. perspective,
Mexicans "waste a lot of time." He explains "the American comes in and wants to do business right away." In contrast, the Mexican wants to talk about his family and other things before they do business. If the U.S. person doesn't respect this approach, "they [the Mexicans] are offended," he said. Another U.S. firm owner (Bishop) said Mexicans want to participate in "small talk" more than U.S. business people.

A business consultant who works around the world (Warner) said he sees Mexicans as devoting three to four times as much energy on "extra-curricular topics" before business is discussed than their U.S. counterparts do. One can spend two to three days getting to know a potential Mexican client before starting to talk business, he said, describing this as a "big problem" for unaware U.S. firms. Another firm owner (Cuenod) describes the U.S. attitude as: "It's nice to meet you, now let's make a deal." He says this doesn't work in Mexico because Mexicans don't want to be pushed into talking business at the first meeting. "They are slow to coming around to do business," he said.

A Mexican business man (Fossas) concurs with these assertions. He says in the U.S., when you meet a potential business associate, you make an appointment and do business right away. "In Mexico, they won't do business with you unless they know you," he said. If you have someone you want to do business with in Mexico, he explained, you go to lunch with him or her, and maybe at the end you can start doing business, but not right away. Another business man (Adams) shared an anecdote about one of the first times he did business in Mexico. He told his wife he was meeting a potential client at 5:30 p.m. and estimated he would be back at the hotel by 8:30 p.m. so he could go to dinner with her. The meeting wasn't over until 1:30 a.m. He advises that if you don't get to the place in
a conversation with a Mexican client where you are discussing your families, then you aren't ready to make the deal.

Personal observations also support the hypothesis that Mexicans spend more time talking about things other than business in a business setting. I was much more likely to have social conversations with my Mexican informants than with the U.S. individuals I interviewed. Particularly, with those Mexicans currently living and working in Mexico, I spent a greater percentage of time on subjects unrelated to my research. Several Mexicans wanted to know about my family, and two suggested that I needed to find myself a nice Mexican boyfriend/husband.

Network of Friends

In addition to exploring social conversations, I asked informants who had the greatest desire to build a network of friends to do business with. The results were that 57 percent said Mexicans were more likely to develop a network of friends to do business with; 7 percent said U.S. business people are more likely to have a business network of friends; and 37 percent said there was no difference between Mexicans and Americans on this dimension (see Figure 15).

While the numeric data generated by these questions offers slight support for this hypothesis that Mexican emphasize social relationships, the narrative data offers even more support. For example, a U.S. exporter of medical supplies (Trozzo-Schich) said it is "virtually impossible" for Americans to do business in Latin America due to tight friendship networks that exclude outsiders. A Mexican native (Fossas) said "who you know" matters more in Mexico; so, strong network ties are more important there than in the U.S.
A German entrepreneur (Zeissig) says the biggest challenge currently for European and American small firms operating in Mexico — beyond the economic problems — is that little value is given to personal commitments in business. The Euro-American style is to think only of short-term relationships. Sometimes U.S. business people feel they can't afford to invest the time, he says. When this happens, he says, they may go into Mexico and "make a deal," but they really don't have a deal.

A number of U.S. firm owners have recognized this desire for social relationships in Mexico. "The personal relationship is far more important in Mexico," according to a U.S. business consultant (Warner). Another (Hill) says of Mexicans, "in their culture, they like to do business with friends, not just business associates." He adds that executives in Mexico expect you to spend a great deal of time with them before and after the
business deal. "They like to receive a lot of attention — being wined and dined," he said.

"There in the U.S., it's money, money, money," comments a Mexican informant (Poulat). In Mexico, people have more "open," friendly business relationships, whereas in the U.S., business is "too closed," and people are "only interested in money, business and good-bye" she said. Another Mexican executive (V. Franco) agrees that U.S. business persons have a get-in and get-out mentality. In contrast, the Mexican business person wants to spend time socializing with her U.S. associate in order to get to know her better. "The main goal in Mexico is to make the U.S. visitor feel good," he said. "Mexicans by nature are warm people. Business lunches last 4 to 5 hours. U.S. visitors are treated very special in order to get their business."

A U.S. executive (Steagall) who worked in Mexico for almost 40 years said that in Mexico, business relationships are based on personal relationships because "they like to know who they are doing business with." Informants say once a personal relationship is established, Mexicans tend to be very loyal to their associates. For example, a U.S. informant (Pruitt) believes that if you ever gain a relationship with a Mexican, his word is his bond and he will be very loyal. On the other hand, if that relationship has not been established, the Mexican will not be any more loyal than an American.

Another informant (Cuenod) said the average Mexican business person "will deal more on the business relationship than on the product or service." In other words, for Mexicans the relationship developed is more important than the quality or cost of the product or service when making a business decision. "Who you know" is how you get in the door in
Mexico, said a U.S. informant (Peterson). Similarly, a Mexican business man (Atrique) said many Americans often have the "know how," but not the "know who." which he believes is essential for successful business deals in Mexico.

**Different Perceptions of Time**

Another challenging area of cultural difference for business persons in Mexico and the U.S. is the differing approaches to time. Mexicans tend to see time as a much more subjective concept than do most Americans. In fact, Fisher suggests that the different perceptions of business relations in general, and differing perceptions of time specifically, are both reflected in the variant meanings associated with the words in Spanish and English for conducting business.

In English, the word "business" is positive. It connotes "busyness," doing things — and that is good. One is going about one's business, is getting down to business, is responsible for attending to one's work responsibilities; one is not loafing or pursuing pleasure before the business at hand is completed. It is the normal and right condition of life. In Spanish, the word is "negocio." Here, . . . the value is turned around. The key is the "ocio" part of the word, which connotes leisure, serenity, time to enjoy and contemplate as the preferred human condition and circumstance. But when harsh reality forces one from one's "ocio," when it is negated, then one has to attend to "negocio." The subjective meaning is obviously much less positive than in English (Fisher 1988:148-149).

Many other scholars have noted this difference in time perception, with all agreeing that schedules, deadlines and punctuality appear to be far more important in the United States than in Mexico (Alessi 1995,
Axtell 1993, Ferraro 1994, Gudykunst and Kim 1984, Hall 1990, Kras 1994, Mendonsa 1988). Much of this time perception difference was covered in Section III with Hall's framework of monochronic and polychronic time (see Figures 11-13). Hall and others assert that cultures such as the U.S. have a desire for a precise reckoning of time, and see time as a thing that can be "saved," "spent," "wasted," or "killed." By comparison, many Latin cultures treat time in a more holistic way, concentrating more on the activity or person, rather than on the clock.

Thus, unlike the common U.S. stereotype of Mexicans, it is not so much that "putting things off until mañana is valued" in Mexico, but rather Mexicans believe that "things don't proceed like clock-work" (Condon 1985:66). Riding concurs, saying "The manana syndrome is therefore not a symptom of chronic inefficiency or laziness, but rather evidence of an entirely different philosophy of time. If the past is safe, the present can be improvised and the future will look after itself" (1984:7).

Several questions were asked of informants to determine whether these business people have experienced this difference in time perception. The results of these questions, which were provided in Section III, strongly support the hypothesis that U.S. persons have a strict view of time and Mexicans have a relaxed view of time. The reader is referred to the earlier section for this data. What follows are some of the narratives of those interviewed regarding the time perception issue.

First, many informants noted that business dealings tend to take longer for completion in Mexico than in the United States. A U.S. business consultant (Warren) says the two biggest issues for U.S. firms doing business with Mexico are the "time-frame involved and the personal nature of business dealings. . . . You're not going to make five calls and be done."
Another informant (R. Gonzalez) says things can be slower in Mexico, but how long business deals take depends on whether or not you have done your homework and whether or not it is repeat business. If the foreigner goes into Mexico prepared, closure will take place faster. Also, repeat business is faster because the initial business deal always takes longer due the necessity for extensive approvals on the new arrangement. Because the Mexican custom is to rely on the “top dog” to make all final decisions, he says the initial business deal will take longer than subsequent deals with the same firm.

Others interviewed say the time perception difference is not so much about slow vs. fast, but rather about differing approaches to life. One Mexican who opened a firm in the United States (Fossas) describes Mexicans as more relaxed and U.S. business people as more tense. In the U.S., he says, people “live to work,” whereas “Mexicans work to live,” he said. This workaholic tendency is also noted by a Turkish native (Bilecik) working in the U.S. He believes Mexicans are more relaxed and easy-going. “If they can put bread on the table, that’s all they care about,” he said. He sees them as having a less stressful life, whereas U.S. business people are more career-oriented. “We work, work, work,” he said. He believes people in the U.S. spend a lot less time with family than they do in any other country, noting business people work 12-13 hour days. “It’s crazy, but I do it, too,” he said. Similarly, a U.S. manufacturer (Siegel) says his U.S. customers are very demanding, uptight, very pressure oriented, whereas Mexicans are laid back and never in a hurry.

The slower, more relaxed approach may not be an issue of simply a difference in time perception, according to some informants. Several attributed the difference in turn-around time to infrastructure and com-
munication problems. For example, a Mexican executive (Brown) says the fact that things take longer in Mexico is not just cultural, but is partly due to the infrastructure available. The U.S. infrastructure is "geared to efficiency," so firms are able to get things done faster, he said. However, in Mexico the infrastructure is inefficient, thus things move slower.

A U.S. firm owner whose business venture in Mexico failed (Pruitt) describes Mexico as the "land of tomorrow . . . they are never in a hurry." In contrast, he believe the U.S. mindset is "the early bird gets the worm" and "profitability reflects punctuality." Despite this attitudinal difference, he asserts strongly that the Mexican quality of work is good and suggests that many delays are caused by miscommunication between U.S. and Mexican business people.

**Bribery/Corruption**

The third area of business practices identified as a major difference between Mexican and U.S. small firm administrators is bribery and corruption. Although the informants in this study frequently cited bribery as a challenge to cross-border trade, these issues are seldom discussed in the literature on international business. Most publications ignore the subject altogether. Among the few that address it, the subject is sometimes dismissed. For example, Jessup and Jessup in *Doing Business in Mexico* (1993) argue that rampant corruption is a myth, saying "overall, integrity is the order of the day."

On the other hand, two books about Mexico were bold enough to address the issue as a real challenge. Riding (1985) says corruption does not hold the same moral context in Mexico as it does for other cultures. "What the Protestant work ethic might consider corruption emerged as a
practical way of bridging the gap between idealistic legislation and the management of day-to-day living" (113). He adds that "probably no group complains more about government corruption than business, but it too is riddled with illegal habits aimed at economic advantage" (123). Riding says this is found in the form of purchasing managers accepting kickbacks from suppliers, tax evasion, price gouging, commissions paid for government contracts, bribes for court decisions, and payoffs of inspectors to overlook health, labor, customs or environmental violations.

Another publication, Importing from Mexico, argues that "La Mordida, or 'the bite,' as bribery is known in Mexico, is practically a way of life" (Trade Media 1991: 24). Describing bribery as being "what makes the system work," this book states that participating in the mordida custom is sometimes the only way for a firm to be successful. "When going through official channels can cost so much time and money that a business project isn't worth doing, oiling the wheels with a few 'tips' can often make a venture viable" (24). This book goes on to say that bribery and corruption is diminishing substantially in Mexico.

Interestingly, an article about the problems of corruption in various countries links high levels of corruption with an emphasis on social relationships, which has also been shown to be important in Mexico (Finance and Development 1995). In these cultures, "relatives and friends would simply expect preferential treatment whether they were dealing with individuals in the private or public sector" (1995: 25).

Both the acknowledgment of corruption in Mexico and the lessening of it over the past few years was noted by informants in my study. Because of the lack of discussion in the literature concerning bribery and corruption, I had originally not intended to ask informants about the
subject. In one of my preliminary interviews, before finalizing my inter-
view schedule, a U.S. company president (Symonds) told me that his
company had lost business because of his company’s refusal to give
bribes, and he knows other U.S. firms who have missed trade oppor-
tunities for the same reason. Business is being lost to Europeans and
Japanese firms, according to this executive, because they consider bribes
just a cost of doing business in Mexico. In the U.S., however, bribery by a
U.S. citizen, even in a foreign country, is illegal and enforced.

Frequency of Bribes

Following my discussion with this firm president, I added a question
to the interview schedule about bribery. When asked whether they see a
difference between the U.S. and Mexico in bribe requests, 70 percent of
informants said Mexicans request and give bribes more than U.S. busi-
ness persons do; 27 percent said they see no difference in level of bribery;
and 3 percent (one individual) said he sees more in the United States (see
Figure 16). These results are strongly supportive of the hypothesis that
bribes are more frequent in Mexico.

The general comments of informants also suggest that bribery is
common place in Mexico. For example, the director of operations for a
new firm in Mexico City (Brown) says bribery is “the status quo,” for
Mexico. “Mexicans bribe everyone, even their business partners,” he said.
Another Mexican (Vasquez) said that he has never been asked for a bribe
from a U.S. associate, but he is regularly asked for bribes by Mexicans.
However, he said that in his 22 years in business, he has never given a
bribe. Yet, he sympathizes with his Mexican associates who participate in
mordida, because “it’s very difficult” to avoid doing so.
Figure 16
Responses to: "In which culture is bribery more often found in a business setting?"

An example of this reluctant participation, a Mexican informant told me that the owner of his firm is very much against bribery. If the owner ever found out that an employee had given or received a bribe, that employee would be "out the door." He said his company never participates in private sector *mordida*, because it is easy enough to work with another firm that doesn't demand a bribe.

However, sometimes bribery is necessary in the public sector to get things done, he said. Once, when his firm was attempting to open a store in a small Mexican town, it needed a permit to start construction. The officials in this town continually delayed issuing the permit. This informant's boss finally asked the official in charge, "what will it take to get this permit?" The official said, "we need a new ambulance in this town." So, the owner paid the man enough money to buy an ambulance.
I asked if the official actually bought an ambulance with the money. The informant replied, "who knows whether it was bought or not. But we got our permit."

This way of doing business can cause problems for U.S. firms, as well. A U.S. company owner (Wales) says, "everyone is on the take" in Mexico. He has Mexican distributors who will request to buy a part from his firm for $10, when it sells for $35 retail. He points out that if he sells it to them for $10 he will be losing money, and they will see a huge profit. But they reply that they won't see much of a profit because most of the $15 difference will be used in bribes to persuade people to buy the part.

Alternatives to Bribery and Corruption

"The problem with corruption is that it goes beyond business," says a Mexican firm owner. "It's about values." This informant believes corruption hurts the economy overall and Mexicans' basic values must change to correct the situation. His company's policy is not to give bribes. Instead they give "promotional items," such as t-shirts. They will also give a "commission" based on sales to those in charge of distributing their products.

Considered by some a legitimate alternative to bribery, giving gifts or commissions rather than bribes was mentioned by several informants. Some of the "gifts" informants said they have given or seen used to please or appease buyers included a "professional development opportunity" abroad, small tokens such as "a tie or box of candy," and sports related trips such as "a golf outing" or an "offshore fishing trip." Others said they will give a percentage of a sale to a person who helps negotiate or otherwise secure a deal or sale. Whether commissions and gifts are actually
just bribes in disguise was debated by some informants. Others argued that gifts, commissions and even clear-cut bribery is no worse than certain similar aspects of U.S. culture, such as cut-throat competition among firms or the lobbying that goes on in legislative affairs.

Several U.S. informants said they avoid the issue of bribery entirely by using agents or representatives in Mexico who handle their business dealings. In this way, they are able to honestly claim ignorance of any bribes paid to Mexican firms. For example, a U.S. firm owner was told by a Mexican consultant he hired that his firm needed to establish a "slush fund" for "incidental" expenses, including bribery situations. This agent traveled down with the equipment and was able to "take care of" any situations that arose with money from the slush fund.

Several informants stated that they see a decrease in Mexican requests for bribes, particularly in the private sector. This was primarily attributed to the U.S. influence in Mexico. One U.S. firm owner (Warner), however, believes that although the incidence of bribery was lessening in Mexico, it increased again following the devaluation of the peso. The worst problem for his company is in customs. "We can't do it [pay bribes], and we lose lots of business to European and Japanese firms," he said.

COMMUNICATION DIFFERENCES

When asked about communication challenges in cross-border commerce, a few informants mentioned language as an issue and others noted some non-verbal differences between Mexican and U.S. business persons. However, the communication difference most often noted both by scholars and informants is that Americans are seen as more direct and explicit when speaking, whereas Mexicans are seen as more implicit and indirect.

As discussed in Section III, this difference is described by Hall as high vs. low context. However, Riding explains the Mexican use of formal and obscure language as a means of "self-defense" to protect their emotions, avoid commitment and "lavish praise without feeling servile" (1984:11).

The concept is simple: language has a life of its own, almost as if words rather than people communicated with each other. . . Empty promises and outright lies come easily since the words have no intrinsic value of their own. Excessive frankness or directness is considered rude, and even substantive discussions must be preceded by small talk about family or political gossip. Language serves as the neutral ground on which people can relate without danger of confrontation (1984:11).

Many informants commented on the problems associated with differences in the communication patterns of Mexicans and Americans. In describing the U.S. communication style, informants used terms such as "cut and dried," "direct," "straight forward," and "clear-cut." In contrast, Mexicans were described as using "very, very florid," "flowery," "indirect" or "passive" speech.

For example, a German business consultant (Zeissig) operating out of Houston described the communication differences between Mexican and U.S. business persons as "very bothersome." He says Mexicans don't get to the subject right away and conversations are not always "clear-cut" in Mexico. "Germans and Yankees do the worst" in interactions with Mexicans, he says, because they are too direct in their conversation style.
OTHER CULTURAL DIFFERENCES

Many other cultural differences were mentioned by the subjects of this study as being potential challenges to cross-border commerce. In addition to those discussed previously in this section, cultural variations mentioned frequently include the following issues.

- Status/class distinctions — Mexicans emphasize class distinctions and status more than U.S. business persons. This is exhibited in business dealings by the more frequent use of titles, greater respect for superiors and longer waits for appointments with those of high rank. This cultural trait is similar to Hofstede's power distance framework.

- Gender issues — This study revealed a greater level in Mexico of what U.S. women might define as “sexual harassment.” However, many Mexican informants believe Mexican women don’t perceive sexual related comments as harassment. Another difference identified is that Mexican women are less likely to work outside the home. One Mexican business woman (Anderson) says few females work, and female CEOs are rare in Mexico. “No matter how down and out they are, [Mexican] women don’t work,” she said. “They are still at the June Cleaver stage.”

- Laws and regulations — Legal and regulatory differences in the two countries can cause obstacles for the uninformed business person attempting cross-border commerce. Differences can be found in many areas, but in general, those interviewed seemed to agree that, as one informant (Salizar) put it, “laws in Mexico are more strict than in the U.S., but they don’t enforce them.”

- Hard work — In one of only two hypotheses rejected in this study, the assumption that U.S. laborers work harder than Mexicans was not supported by my findings. Almost 80 percent of individuals surveyed
said Mexicans work harder or equally hard as U.S. employees. A U.S. firm owner (Gruner) who employs Mexicans commented, "These guys are the hardest working bunch you'll ever see."

- **Quality capabilities** — Sixty-five percent of informants said both service and product quality is higher in the U.S. than in Mexico. However, many insisted that with the right training and technology Mexicans can produce as high quality products as Americans do. The one exception to the Mexican tendency toward lower quality is the hospitality industry. Business people on both sides of the border see Mexican hotels and restaurants as providing superior quality.

- **Mistrust/resentment** — A theme that arose repeatedly was the mistrust that many Mexicans have toward their U.S. counterparts. Much of the lack of trust appears to be rooted in the history of the two countries. "Some guys here [in Mexico] are still angry with the United States because they took land from Mexico over 100 years ago," said a Mexican firm owner (Salizar).

- **Lack of contacts/knowledge** — Another challenge to doing business in any foreign country is the lack of knowledge concerning how things operate in that culture. Lack of awareness of potential business partners also was cited as a constraint to expanding one's company internationally.

- **Family values** — The social value most frequently mentioned as impacting Mexican business decisions and behaviors is the Mexican emphasis on family. Several informants noted that in the corporate world Mexicans are less likely to transfer from one city to another because they want to stay near their extended families. Another related issue is that a Mexican supervisor is more likely to hire a family mem-
ber over a stranger for a vacant position at his firm.

- **Misperceptions/stereotypes** — “Image is our biggest problem,” said a Mexican executive (Brown) regarding U.S.-Mexico business relations. Others agreed that Mexico's negative image abroad means some in the U.S. don't want to do business with Mexico. To generalize, some of the most popular misconceptions of Mexico held by U.S. citizens are that Mexicans are lazy, technologically illiterate, uneducated, and dishonest. Likewise, many in Mexico have misperceptions of Americans, thinking U.S. people are silly or lack common sense, have no morals and are not family-oriented. In both cases, the perceptions are not based on reality and are likely reinforced by mass media.

**DISCUSSION AND CONCLUSION**

In summary, the primary cultural challenges for U.S. and Mexican firms doing business with one another are the differences in communication style and in business behaviors, including social relationship emphasis, time perception and bribery. Other issues frequently mentioned by informants include status, gender, hard work, laws and regulations, quality, lack of knowledge, mistrust, family values, and misperceptions.

The key to successfully negotiating these cultural differences is found in the comments of a Mexican executive working in the United States (Sherman). “Our cultures are so different, it's really amazing,” he said. American people believe that their way is right, and Mexicans believe their way is the right way, he says. “People need to recognize that there are different ways of doing business and both are okay,” he said.

According to informants, the difference in culture is only a challenge to cross-border business so long as individuals are unaware that the
differences exist and/or they refuse to accept the variations in business behaviors as equally legitimate ways of doing business. One business consultant (Zeissig) said that everyone he knows who is successful in international trade had several failures first, but they learned how to cope in the culture in which they wanted to do business. Learning about and accepting socio-cultural differences is a primary key to success in U.S.-Mexico cross-border business.
VI. CONCLUSIONS

This thesis has explored the validity of Hall and Hofstede’s frameworks in predicting U.S.-Mexico business behaviors and has identified the primary challenges to cross-border trade for small firms in Mexico and the United States. These findings are summarized below, along with further conclusions based on the results of this investigation. Although it would be inappropriate to make sweeping generalizations based on the small sample size of this study, we can identify some trends in the area of U.S.-Mexico trade relations, point out important issues regarding this field of research, and suggest potential areas for further study.

CULTURAL FRAMEWORKS TESTED

Hall’s model of polychronic and monochronic time was the most strongly supported of the four frameworks tested. In addition to being supported by the numeric data generated from the questions asked of all individuals interviewed, the narratives provided by informants and the writings of other scholars provide ample evidence that this framework is a valid predictor of business behavioral variations in the U.S. and Mexico.

Although the data was not as overwhelmingly supportive as it was with the monochronic-polychronic framework, Hofstede’s power distance model received strong support from the results of this study. Thus, it, too, should be considered a valid predictor of workplace differences. Hall’s high-context vs. low-context communication model was slightly supported by the results of my research. As asserted earlier, I believe the framework is an indicator of communication style differences between the two countries. However, using “context” as a descriptor for the communicative
approaches of the two cultures may be problematic. A model that empha-
sizes saving face or direct vs. indirect speech might be more appropriate.

The fourth framework, Hofstede’s individualism vs. collectivism model, was not well supported. One of the three questions used to test this model was rejected due to lack of statistical significance; the other two offered only slight support for the framework. In addition, although informant comments indicated that the U.S. was seen by informants as highly individualistic as Hofstede’s model would predict, Mexico was not seen as the collectivist society the model assumes. Thus, the individualism-collectivism framework has been rejected as a valid indicator of U.S.-Mexico business behavioral differences. Several possible explana-
tions for why it was not supported were postulated in Section II. The most likely of these explanations is that the group I investigated was substantially different from Hofstede’s sample population.

As pointed out earlier, this thesis focused on small firms, whereas the units of study in Hall’s and Hofstede’s research were mostly large, multinational corporations. Thus, the informants in my investigation, along with the people they interact with, were often entrepreneurs. In many previous works, entrepreneurs have been described as having a particular personality or behavioral type associated with traits such as risk-taking, innovation, self-reliance, and achievement orientation (Greenfield and Strickon 1986, McClelland 1961, Schumpeter 1949). Thus, it is possible that the informants in my study have behaviors and attitudes that are not the norm or average for the subjects in Hall’s and Hofstede’s investigations.

For example, the informants in this study did not consider them-
selves (in the case of the Mexican informants) nor the Mexicans they deal
with as being collectivistic. This could be because, as entrepreneurs, these Mexicans have a greater tendency than the average citizens of Mexico to be individualistic. Likewise, because entrepreneurs have other characteristics that set them apart from the norm, Mexicans firm owners and managers might be more likely than the subjects of Hall’s studies to exhibit low-context communicative behaviors.

Another important issue to point out concerning the investigation of Hall’s and Hofstede’s frameworks regards the specific behaviors associated with each of these cultural models. The behaviors these scholars cite as being evidences of the cultural patterns they support, along with the “proxies” that I selected to test their frameworks, could be explained in a variety of fashions. For instance, my results indicate that Mexicans are less likely to criticize in a business setting than are Americans. This data could be used to support Hall’s assertion that Latin Americans are “high context.” On the other hand, it also might be used to support Hofstede’s “power distance” framework. Moreover, it might support the notion that Mexicans are more “authoritarian” or more interested in “saving face.” In fact, it could support any number of other models or patterns of behavioral variation. Another example of differing explanations for a single behavior or attitude would be the social relations emphasis among Mexicans, which Hall attributed to a polychronic outlook (1990). Other researchers explain this emphasis on personal relationships in business as stemming from issues of trust, affiliation, or family and ethnic loyalty (Bonacich and Modell 1980; Landa 1994; McClelland 1961; Ward and Jenkins 1984).

Thus, although I assert that at least two of these four frameworks may be helpful in suggesting certain cultural differences between Mexico
and the United States, we must be careful not to glorify these frameworks as being the only way — or even the best way — to explain variations in behaviors and attitudes. These types of models can be of assistance in understanding cultural differences, particularly for the business person who lacks knowledge of a particular culture. However, when using these models or quoting these scholars, we must keep two things in mind: 1) much individual variation exists within any society, and 2) these global frameworks do not work equally well for all cultures, as has been shown in this study.

In addition, relying heavily on these models as explanations for cultural differences disregards changes that can occur over time in the members of a society. For example, as discussed in Section IV, Mexico has seen significant advancements in technology in recent years. Technological improvements have been linked both to shifts from low- to high-context communication (Gudykunst 1984) and to shifts from individualism to collectivism (Hofstede 1984). As further development occurs in Mexico, we will likely see even greater shifts in these areas. Thus, it is important, when referencing these frameworks to consider culture change.

Finally, regarding the work of Hall and Hofstede, I would like to acknowledge the latter's methodologically less opaque approach in his cross-cultural study of business behaviors. In Hofstede's report on his research, he spends much time laying out his methodology and being very upfront about the study's problem areas and the limitations of his approach (1984). Hall, in contrast, gives away very little concerning his methods of study or approach to model development in his delineation of cultural differences around the world (1959, 1970, 1990). Ironically, this has left Hofstede more open to criticism by other scholars (illustrated in
the Literature Review portion of this document), in contrast to Hall for whom we have no methods to critique. Despite being vulnerable to criticism, Hofstede’s approach is the recommended one, as it allows other scholars to test and attempt to replicate one’s findings.

THE CHALLENGES TO CROSS-BORDER BUSINESS

When I initiated this study, I fully expected to have informants describe the primary challenges to international business as being cultural in nature. I was surprised to discover that today’s greatest challenge to U.S.-Mexico trade relations is the current economic situation in Mexico.

The severe impact of the Mexican recession has affected firms on both sides of the border. Of particular anthropological interest are the adaptive strategies initiated by small Mexican firms in response to economic uncertainty. As outlined in Section IV, the changes in the business behaviors of owners and managers of small firms are in line with the social science literature on culture change, responses to economic scarcity, and entrepreneurship characteristics.

The lesson to be learned from the discovery of the economic challenge is that while there may be behavioral factors that distinguish Mexico and the U.S. culturally, the two countries are certainly economically interdependent. This intricately linked economic relationship of the two countries means that extensive financial hardship in one nation significantly affects small firms in both. Economic uncertainty not only impacts the companies’ abilities to conduct business in the other country, it also can affect the firm owners’ relationships with one another both positively and negatively. In the case of Mexico’s recent economic crisis, relations of small firm owners across the border became tense and strained with
credit and financing concerns. On the other hand, as Mexican business persons began to adopt a more U.S. style of business behavior, informants reported business relations improving and mishaps decreasing.

Thus, economic concerns are currently a major issue for small U.S. and Mexican firms doing business across the border. Certainly, economic issues in any country will have significant ramifications for small firms attempting international commerce in that society. Future scholars discussing the challenges to international business must consider the economic concerns as well as the more obvious cultural issues.

Beyond the economic challenge, this study identified a number of cultural differences as challenges to doing business across the border. The most important of these are three business behavioral differences — emphasis on social relationships, time perception, and bribery — and a difference in level of explicitness or directness in communication style.

The most important observation to make regarding the cultural dimension of U.S.-Mexico business relations is that the cultural differences listed in section five are challenges to business success only if an individual does not recognize them as differences and accept them as legitimate ways of doing business. While this may sound obvious, most small firms provide no cultural training to prepare their employees for international business dealings.

Among the 35 firms in this study, only one, Goldman-Sachs, has a formal cultural awareness training program. That single training program is organized and delivered not by the office under study, but by the headquarters office of its parent company. Of the companies in the study that hire employees (several were one- or two-person firms that don’t plan to expand), 29 percent hire only individuals with previous international
experience to avoid training. The remainder said they operate on a “learn as you go” system or share information informally among employees.

The cost of cultural training programs may be the inhibiting factor for small firms. A typical training program for a family can run as high as $10,000 (Caudron 1991). “But it’s worth considering if that training can prevent a costly expatriate failure” (1991:30). Not only are early returns of expatriates more expensive than training, costing $250,000 or more, but expenses relating to repairing a poor image following a cultural blunder by an uneducated employee are often beyond the budget of many firms (1991:30). Thus, the literature on intercultural competence is full of recommendations regarding cultural awareness education for business people who plan to interact with individuals of other cultures (Black and Mendenhall 1990; Derdarian 1993; Gudykunst 1984; Hogan and Goodson 1990; Landis and Brislin 1983; Ruben 1976).

FURTHER RESEARCH

While I am hopeful that this research project has provided some insight into the socio-cultural issues related to Mexico-U.S. trade relations, I believe there are many more opportunities for research in this arena. Beginning with my own study, I see the potential of a number of other projects being developed from the data that has already been collected. Some of these include the following.

- Investigate the correlation between the age or level of international experience/training of informants and the number of cultural differences recognized.
- Investigate the correlation between size of firm and success in international business.
• Investigate the correlation between nationality of company and/or informant and the number of cultural differences recognized.

• Investigate the correlation between the family background of informants and the number of cultural differences recognized or success in international business.

• Separate the Mexican informant responses from the U.S. responses and look for differences in their answers on the 21 behavioral/attitudinal variables investigated.

• Photograph and discuss the architectural and space differences between Mexican and U.S. offices.

• Describe, in case study fashion, more of the firms studied to provide more descriptive information on small international firms and to provide a better understanding of the challenges faced by such companies.

In addition to these potential projects that could be initiated with existing data, other potential studies could shed light on this area of research. The following list names but a few of these.

• Two of Hofstede's four cultural dimensions were tested for this project. His other two dimensions, masculinity vs. femininity and uncertainty avoidance, could be tested for their value in predicting behavioral differences or similarities between Mexican and U.S. business persons.

• Similarly, more of Hall's cultural frameworks — proxemics, information flow, spatial issues, action chains — could be tested as to variations in and predictability for Mexican and U.S. culture.

• Videotapes of some of the behavioral differences discussed in this thesis could be prepared. Business persons could be shown these tapes and asked to describe what they see. This might provide a better test of some concepts, such as communication context, which I found
difficult to operationalize into questions that appropriately tested the model.

- Small firm administrators point to the lack of cultural awareness as being a primary challenge to success in international business. Why, then, do more not have a formal training program? A study is needed to answer this question and propose a cultural training program designed to meet the needs of small firms.

- Any of the subjects listed as "Other Cultural Differences" in Section V would be interesting to explore in further detail. Of particular value might be issues regarding status, gender, and mistrust/resentment, as these were mentioned by informants as being distinctly sensitive and difficult aspects of doing business across the border.

- Related to several of these potential studies, a project to develop an instrument, formula or method for measuring "international business success" would be quite valuable. Ideally, this would measure a variety of components of success, including strong reputation across cultures, solid financial situation, and longevity of operation.

Finally, I suggest the applied nature of my research project, along with many of the potential projects recommended here, calls for greater collaborative work across traditional academic disciplinary lines in an effort to create a comprehensive set of materials that could foster better U.S.-Mexico business relations. Glen Fisher, who studies the role of culture and perception in international relations, comments on this need.

"... our collective competence rides on the ability of anthropologists, sociologists, social psychologists and linguistic and communication scientists, among others, to engage in multidisciplinary applied projects... Such countries as are able to channel
research and development energies in this direction can be expected to enjoy a substantial advantage as a larger portion of any nation's problems becomes international in scope (1988:178).

APPLICATION AND RELEVANCE

"Anthropological inquiry reminds us that business and its future is not an issue of statistics and mathematical problems, but it is an issue of people at a particular moment in time and space" (Hamada 1989:49). As Hamada suggests, the ultimate relevance of this thesis research is found in its usefulness to the individuals who make up the world of international business.

Furthermore, as Matsumoto explains, the primary motivation for studying culture should be "to improve our lives and our relationships with others in an increasingly diverse world" (1997:113). He adds that if we forget this rationale for cross-cultural investigations, then "the mass of facts about both similarities and differences will remain just that, a mass of facts. . . . If we are not able to take the information gathered so far and use it in some productive way, the great opportunity provided by this information will slip through our hands and be wasted" (113).

Other scholars also encourage application of anthropological research (Ferraro 1994; Pelto and Muessig 1978; Van Willigen 1993). For example, the results of this project could be used in cultural brokerage. Van Willigen explains the role of the culture broker as "a way of restructuring cultural relationships not so much to resolve cross-cultural conflicts, but to prevent them" (1993:126). Therefore, in an effort to prevent conflicts, I have developed a few suggestions for Mexican and U.S. firms who intend to initiate business with one another. These can be found in Appendix H.
“Cross-cultural comparison studies have demonstrated the theoretical importance of descriptive data from the more exotic societies of mankind, and resulting theoretical findings can have powerful applications to the problems of our modern day” (Pelto and Muessig 1978:231). The realm of international business between Mexico and the United States may not be so very exotic, nevertheless I believe the results of this investigation can have powerful applications for today’s anthropology and for U.S.-Mexico trade.

This study contributes to the field of applied anthropology as it relates to business development practices and to economic anthropology’s body of knowledge on adaptive strategies of small international firms confronting poor economic environments. In addition to this academic function, this project can serve a practical one as well. I believe that research, such as this, that attempts to identify some of the barriers to successful U.S.-Mexico business development and trade, offers opportunities to support the economic improvement and business climate of both nations.
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Bennett, John

Bemowski, Karen

Bernard, H. Russell

Bock, Phillip K.

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Brady, Anna

Buitla, Jeff
Cancian, Frank

Caudron, Shari

Coffey, Amanda, Beverly Holbrook and Paul Atkinson

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Greenberg, James B.

Greenfield, Sidney M. and Arnold Strickon, eds.

Gudykunst, William B., ed.

Gudykunst, William B. and Young Yun Kim

Hall, Edward T.


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Hofstede, Geert


Hogan, Gary W. and Jane R. Goodson

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Jessup, Jay M. and Maggie L. Jessup

Johnson, Arthur

Joinson, Carla

Kim, W. Chan and R.A. Mauborgne

Kottak, Conrad Phillip
Kras, Eva S.


Landa, Janet Tai

Landis, Dan and Richard Brislin, eds.

Lane, Henry W. and Joseph J. Distefano

Lederer, J. William and Eugene Burdick

Limaye, Mohan R. and David A. Victor

Lomnitz, Larissa and Marisol Perez-Lizaur
Lowe, Janet
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McClelland, David
McDonald, James H.

McGraw, Dan

Mead, Margaret

Mendonsa, Eugene L.

Meschi, Pierre-Xavier and Alain Roger

Moore, Marilyn

Moran, Robert T., David O. Braten, and John E. Walsh, Jr., eds.

Naylor, Larry L.
North American Development Bank

Padgett, Tim

Passé-Smith, John and Edward J. Williams

Pelto, Pertti J. and Gretel H. Pelto

Pelto, Pertti J. and Raymond H. Muessig

Plattner, Stuart

Poole, Claire

Rabin, Steve

Ricks, David

Riding, Alan

Ronstadt, Robert

Rosebery, William.

Ruben, Brent D.


Schumpeter, Joseph A.

Scully, Joseph and Stanley Fawcett

Siegel, Sidney
Snowdon, Sondra

Spradley, James P.

Stephens, Gregory K. and Charles R. Greer

Stewart, Edward C.

Stonich, Susan C., Douglas L. Murray and Peter R. Rosset

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American Management Association.
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APPENDIX A

SELECTION OF FIRMS VIA SNOWBALL METHOD

*Performance Diesel
*HER C&F
*Steagall International
*F&M Systems
Silver Fox Advisors
*Advanced Risk
*Maya International
*Rancisco Agraz
*BQR
*Casa Gonzalez
*Qemi
*Texas Fibers
*ThermaSave
*Pruitt Energy

*Centro Promotor De Diseño
*Universal Exports
*ABC Exports
*Hill Graphics
*Indumar
International Business Directory
Maurice Pincoffs

†Others
North American Chemicals
*Interpax
*American Broco
*Tellus Chemical
*Bio-Century
*Industrias Vago

Jack Ewing
Roland Beach
Sijo
Aggie Network

Greater Houston Partnership
TAMU Anthropology Dept. Head
TAMU Latin American Programs

Me

Navasota Chamber of Commerce
Brenham Chamber of Commerce
Bryan-College Station Chamber of Commerce

*Houston International Business Corp.
*Fit-Biz
*Goldman-Sachs
*El Modelo
*ILT Exporta

*Ram Forge

B-CS Economic Development Corp.

*Max Recycling
*Amerimex

* Interviews conducted with individuals at these firms were included in the primary data set used to calculate the quantitative portions of this thesis. Conversations with others on this chart were sometimes included in this thesis as part of the qualitative materials.

†Through Canavati I met more than 20 individuals with whom I discussed small business challenges and Mexico-U.S. cultural differences. Quotes from these firm owners, governent officials and cultural development specialists are included in this thesis.
## APPENDIX B

### LIST OF FIRMS

<table>
<thead>
<tr>
<th>Informant(s)</th>
<th>Firm Name</th>
<th>Firm Type</th>
<th>Employees</th>
<th>Years Int'l</th>
<th>Family members</th>
<th>Years Mexico/U.S.</th>
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<tr>
<td>Adams, Tom</td>
<td>Lab Equipment Company</td>
<td>Lab equipment manufacturer</td>
<td>200</td>
<td>14</td>
<td>7</td>
<td>14</td>
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<tr>
<td>Agraz, Francisco</td>
<td>Francisco Agraz, Attorney at Law</td>
<td>Law Firm</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
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<td>Anderson, Sherina</td>
<td>Qemi International Group</td>
<td>Chemical import/export</td>
<td>6</td>
<td>6</td>
<td>3</td>
<td>6</td>
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<td>Askew, Cynthia</td>
<td>HER C&amp;F, Inc.</td>
<td>Import/export</td>
<td>2</td>
<td>6</td>
<td>0</td>
<td>6</td>
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Informant(s)  Autrique, Alejandro Peterson, Mike  
Firm Name  ThermaSave  
Firm Type  Building panel manufacturer  
Employees  35 Family members 4  
Years Int'l  2 Years Mexico/U.S. 2  

Informant(s)  Ballina, Marylou  
Firm Name  Goldman Sachs-Mexico  
Firm Type  Brokerage house  
Employees  18 Family members 0  
Years Int'l  1.5 Years Mexico/U.S. 1.5  

Informant(s)  Bilecik, John (pseudonym)  
Firm Name  ABC Exports (pseudonym)  
Firm Type  Steel import/export  
Employees  10 Family members 3  
Years Int'l  14 Years Mexico/U.S. 14  

Informant(s)  Bishop, Katherine A.  
Firm Name  Bishop Quintana Roy Advertising and Public  
Firm Type  Ad agency  
Employees  4 Family members 0  
Years Int'l  5 Years Mexico/U.S. 3  

Informant(s)  Brown, Eduardo  
Firm Name  FitBiz  
Firm Type  Health club  
Employees  140 Family members 2  
Years Int'l  5 Years Mexico/U.S. 5
Informant(s) Builsson, Galen

Firm Name Advanced Risk International
Firm Type International insurance
Employees 9 Family members 0
Years Int'l 4 Years Mexico/U.S. 4

Informant(s) Canavati, Jorge

Firm Name J. Canavati & Co.
Firm Type International business consultant
Employees 1 Family members 0
Years Int'l 1.5 Years Mexico/U.S. 1.5

Informant(s) Conley, Art

Firm Name Tellus
Firm Type Chemical import/export
Employees 1 Family members 0
Years Int'l 4 Years Mexico/U.S. 4

Informant(s) Cuenod, Ronald

Firm Name InduMar and AquaMarine
Firm Type Pipe repair product sales
Employees 12 Family members 0
Years Int'l 10 Years Mexico/U.S. 10

Informant(s) Fossas, Rafael

Firm Name North American Chemicals
Firm Type Chemical import/export
Employees 10 Family members 0
Years Int'l 6 Years Mexico/U.S. 6
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<th>Informant(s)</th>
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<th>Firm Type</th>
<th>Employees</th>
<th>Family members</th>
<th>Years Int'l</th>
<th>Years Mexico/U.S.</th>
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<td>Franco, Victor, Franco, Carlos</td>
<td>Evolution Tuning Inc.</td>
<td>Automotive parts sales</td>
<td>8</td>
<td>3</td>
<td>5</td>
<td>5</td>
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<tr>
<td>Gerdes, Frederico</td>
<td>ILC Exporticion</td>
<td>Business finance and export consultant</td>
<td>41</td>
<td>0</td>
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<td>2</td>
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<td>Gillespie, Mary</td>
<td>F&amp;M Systems</td>
<td>Import/export</td>
<td>5</td>
<td>5</td>
<td>7</td>
<td>7</td>
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<td>Gonzalez Ortiz, Jorge</td>
<td>Casa Gonzalez</td>
<td>Bed and Breakfast</td>
<td>12</td>
<td>2</td>
<td>55</td>
<td>50</td>
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<td>Gonzalez, Rey</td>
<td>Universal Exports Inc.</td>
<td>Customs brokerage</td>
<td>7</td>
<td>2</td>
<td>25</td>
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</table>

Informant Nationality Mex
Ownership Nationality Mex

Informant Nationality Mex
Ownership Nationality Mex

Informant Nationality Mex
Ownership Nationality Mex

Informant Nationality Mex
Ownership Nationality Mex

Informant Nationality US
Ownership Nationality US
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<th>Firm Type</th>
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<th>Years Mexico/U.S.</th>
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<td>Ram Forge</td>
<td>Steel forging</td>
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<td>1</td>
<td>30</td>
<td>11</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peduzzi, Ricardo</td>
<td>Interpax, Inc.</td>
<td>Buying agent for large projects</td>
<td>8</td>
<td>0</td>
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<td>Ponce de León, Enrique</td>
<td>Centro Promotor de Diseño</td>
<td>Marketing consultant</td>
<td>15</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Poulat de Dávila, Teresita</td>
<td>El Modelo de Mexico</td>
<td>Office supply retailer</td>
<td>50</td>
<td>3</td>
<td>43</td>
<td>3</td>
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Informant(s)  Pruitt, Terry
Firm Name  Pruitt Energy/HPD
Firm Type  Tank manufacturer
Employees  23  Family members  ?
Years Int'l  .75  Years Mexico/U.S.  .75

Informant(s)  Rodriguez, Sergio
Firm Name  Max Recycling
Firm Type  Rubber product manufacturer
Employees  15  Family members  ?
Years Int'l  4  Years Mexico/U.S.  4

Informant(s)  Salizar, Ricardo
Firm Name  Bio-Century
Firm Type  Cleaning product manufacturer
Employees  8  Family members  2
Years Int'l  3  Years Mexico/U.S.  3

Informant(s)  Shannon, Mike
Firm Name  Performance Diesel
Firm Type  Fisheries equipment sales
Employees  16  Family members  ?
Years Int'l  7  Years Mexico/U.S.  7

Informant(s)  Sherman, Abraham
Firm Name  American Breco
Firm Type  Venture capital investing
Employees  7  Family members  0
Years Int'l  7  Years Mexico/U.S.  7
Informant(s) Siegel, Robert
Firm Name Texas Fibers
Firm Type Foam manufacturing
Employees 185 Family members 0
Years Int'l 3 Years Mexico/U.S. 3

Informant(s) Steagall, William R.
Firm Name Steagall International Management
Firm Type International business consultant
Employees 1 Family members 0
Years Int'l 3 Years Mexico/U.S. 3

Informant(s) Vasquez Ellzondo, Oscar
Firm Name Industrias Vago de Mexico
Firm Type Mechanical seal manufacturer
Employees 108 Family members 2
Years Int'l 21 Years Mexico/U.S. 21

Informant(s) Wales, Jon W.
Firm Name Amerimex, Inc.
Firm Type Conveyor belt manufacturer
Employees 24 Family members ?
Years Int'l 15 Years Mexico/U.S. 15

Informant(s) Warner, Warren
Firm Name Maya International
Firm Type International business consultant
Employees 4 Family members ?
Years Int'l 15 Years Mexico/U.S. 15
<table>
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<tbody>
<tr>
<td>Firm Name</td>
<td>Houston International Business Corp.</td>
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<td>Firm Type</td>
<td>International business consultant</td>
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<tr>
<td>Family members</td>
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<tr>
<td>Years Mexico/U.S.</td>
<td>?</td>
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</table>

Informant
Nationality German

Ownership
Nationality German
APPENDIX C

BICULTURALISM MEANS SUCCESS
FOR INTERNATIONAL BUSINESS CONSULTANT

Jorge Canavati
J. Canavati & Co.

"The biggest challenge is to do things the U.S. way," Jorge Canavati replied. I had asked him what he believed were the obstacles faced by small Mexican firms wanting to do business in the United States. It was my final interview with Canavati. Following four months of observations, travel and many conversations, I was asking a few final questions.

Canavati explained that the legal and customary ways of doing business are vastly different in the two countries. As an international business consultant, Canavati advises Mexican entrepreneurs, spending a great deal of time discussing U.S.-Mexico business differences.

"One of my guys was starting to do things the Mexican way until I slapped him around a little," Canavati laughed.

"I suppose that's where you are at an advantage," I commented. "Being raised in both cultures, you know how things work in both countries."

"Don't think we bicultural people have it easy," he snapped. "It's like there are two minds in me."

Biculturalism: Jorge Canavati was most adept at switching back and forth between the Mexican and U.S. styles of business behavior. Though he made it appear easy, he likened the culture shifting to having a split personality.

Schizophrenic or not, Canavati made a great case study, not only because he represented a successful international firm but also because
he highlighted for me, as I watched him in action, many of the major cross-cultural differences and challenges I identified in my research, including the importance of social relationships in Mexico, differences in time perception and differences in communication style.

**Jorge Canavati — the Man**

From my first conversation with him on July 23, 1996, Canavati was jovial, outgoing and talked with me as if I was an old friend. I recognized immediately that he had much knowledge of both Mexican and U.S. cultures. Between July and November, I met with Jorge on five separate occasions: three times in Houston, once in College Station and once (for two days) in Mexico City. We talked on the phone at least two dozen times and corresponded by e-mail several times.

Canavati is a large man. He stands about 6 feet tall, has broad shoulders, a large neck and jowls, and is a bit overweight (see photo). With the exception of a day when he brought a Mexican delegation to tour Texas A&M, he was always formally and impeccably dressed. He wears elegant suits, beautiful ties, fashionable shirts with his initials on the cuffs, and cufflinks.

Canavati, 39 years old, was raised biculturally. He was born in Saltillo, Mexico. When he was 2 years old, he moved with his family to New York City. At age 13, his family moved again to Mexico City. His father is a Mexican native, and his mother is an El Salvadorian native. His grandparents on both sides were born in Israel. Canavati said his paternal grandfather “considered himself Palestinian and hated Jews.” The grandparents spoke Arabic in their homes, but Canavati never learned the language. His grandparents were Orthodox Christians
growing up, but converted to Catholicism when they moved to Latin America. Canavati and his wife, Daisy, have two children: George, age 11, and Gabriella, age 8. The children are U.S. citizens.

Canavati has 20 years of international experience. He attended several colleges in the U.S. and Mexico for short periods of time, but never completed a degree. He spent his summers working for the Mexican Foreign Trade Institute, where he began learning about the world of international business. In 1983, he moved to Houston to help set up a coffee trading company, which ultimately failed. In 1992, he began working for the Port of Houston as the Latin American marketing manager. He left that position in 1995 to start his own company.

Canavati is a busy man. Half of the times I called he was on another phone line or in a meeting. He also is an active community volunteer. For example, he works with the Hispanic Business Association and the Greater Houston Partnership, where he is on the Mexican Task Force. He also volunteers with the Mexican Consulate, helping with special programs. In addition, he was recently appointed Honorary Trade Consultant for the Consulate.

Canavati is a high-energy person. If there is a lull in the conversation, he will pick up his cellular phone and make a call. If he doesn't call someone, he is visibly distracted, scanning the room, looking at his watch, fidgeting.

Canavati is impudent. He takes liberties that most U.S. professionals wouldn't dare take until knowing someone well. But, he does it in such a pleasant way that taking offense is difficult. For example, he frequently addressed me as "sweetheart." Canavati describes himself as "not protocol-ish," saying he doesn't worry about being politically correct. He tells a
story about embarrassing several Houston officials, who were hosting the new Colombian Consul General. The Consul was discussing a reception she was planning. Canavati joked that during the reception she could pass out samples of Colombia's primary crop (cocaine). He said the officials appeared to be very embarrassed at his comments, but the Consul laughed and wasn't offended. On another day, he said "I don't intend to offend people, but I do use bad language." I can imagine that he has stepped on toes from here to South America. However, I suspect his amiable nature probably gets him through many sticky situations.

Canavati is a passionate man. He often talked with his hands and arms moving in wide gestures to emphasize points. He also has strong opinions on many topics and doesn't hesitate to speak out.

Of all my contacts, Canavati was the nicest, frankest and most helpful. He seemed genuinely interested in assisting me, though he frequently failed to do precisely what I asked. For example, in our first conversation, I asked him to identify some businesses that I might solicit for my study. Despite four months of contacts with him, he never provided the list he promised. This turned out to be a pattern with Canavati. He seems very willing to help and, in fact, provided several great opportunities for me to observe him and participate in business dealings both in the U.S. and in Mexico. However, I suspect, even after all the time I spent with Canavati, that he never really understood exactly what I was doing.

**Jorge Canavati — the Firm**

Canavati's business card says "International Business Consultants/Agents-Representatives." He told me he considers himself an international consultant with a specialization in Mexico. Based in Houston,
Canavati also specializes in assistance to ports and the shipping industry. This area of focus came about from his work for the Houston Port Authority, where he made many shipping and port industry contacts, which he used to start his own consulting business. Currently his major clients are U.S. companies (e.g., Burlington Air, a freight company), but he is soliciting more Mexican firms.

Canavati spends most of his time helping businesses from one country get established in another country. For example, while in Mexico with Canavati, I met three managers of a shipping company who intend to open an office in Houston. Canavati is helping facilitate this.

In addition to advising companies in cross-border business development, Canavati will often act as an agent in one country for an organization in the other country. For example, when I traveled with him to Mexico City, he made a deal with the port authority officials of the State of Veracruz to be their official representative in the United States. In this role he is to attempting to expand the U.S. use of two Veracruz ports: Coatzacoalcos and Tuxpan. I asked him to explain his strategy to accomplish this. He said he simply connects shipping companies with firms that have stuff to ship. He is primarily knowledgeable of fruit and grain companies, but has worked with firms shipping “all kinds of things.”

Canavati says he wears “a lot of hats” acting as a consultant for various individuals and entities. For example, as a representative of Burlington Air, he introduced Burlington executives to Gabriel Camara of Grupo Naviero Peninsular, a shipping firm. Canavati made a point of saying that he would call in a commission only from Burlington and not from Camara or from his port, even though Canavati had previous consulting relationships with the latter two, as well.
Different Emphasis on Social Relationships

This business consultant believes that developing a network of friends is much more prevalent and important in Mexico. “Friends will do things to help you — even if it’s illegal,” he said. And, developing these friendship networks is a slow process. This dedication of time and energy to talk and nurture the relationship is essential for successful business in Mexico, according to Canavati.

Thus, it is no surprise I witnessed Canavati spending much of his time developing and maintaining relationships with business associates, clients and potential clients — particularly those in Mexico. He travels to Mexico about once a month to meet with people and keep his contacts alive, not necessarily to make deals. I accompanied him on one of these trips to observe his meetings for two days of his five-day visit to Mexico City. During his stay in the capital city, he met with 25 to 30 government officials and present and potential clients.

I observed him talking to Mexican associates over cocktails, during lunch, at a private home and in an office setting. In all cases, when discussing his meetings with these individuals and when introducing me to them, he referred to each as “my friend.”

Canavati explained that when he does business, whether with Mexican or U.S. clients, his policy is to discuss topics other than business until they start talking business. Once they broach the subject, then he discusses the deal at hand. On several occasions, when reporting to me a successful agreement had been reached with a new client, he seemed almost surprised that a deal had been made.
Differences in Time Perceptions

It was 9:45 a.m. Canavati was speeding east on the Katy Freeway in his sport utility vehicle with me and three Mexican business men whom he was hosting for a day of meetings in Houston. We were on our way across town to meet with the owners of a shipping firm.

“What time is your appointment at Texas Shipping?” Canavati asked.

“Ten o'clock,” one replied.

“We'll be late,” Canavati said as he picked up his car phone and called Texas Shipping for directions. The three Mexican visitors did not respond to his comment. No one seemed disturbed. It was as if he had said “today is Friday,” and everyone had said to themselves “yes, so?”

We were late for three of the four meetings we attended that day. On another day when I accompanied Canavati in Mexico City, we were late for each of the three appointments scheduled.

Interestingly, Canavati does not acknowledge this propensity to lateness as a cultural or perceptual difference between Mexicans and Americans. When I asked him to characterize Mexicans, one of the descriptions he gave was that the Mexican people will “sometimes” be late. However, he said the lateness was “mostly due to traffic.” He says Mexicans “are not always late ‘just because.’” He also believes government officials are more likely than the average business person to be late for appointments, and that most international-oriented business people are not often late. The latter belief obviously contradicts his own behaviors and those I observed among other Mexican business persons.

Canavati does recognize that the time needed to get things done is much slower in Mexico. However, he says turn-around times are improving as technology advances there. Regarding interruptions, Canavati said,
in general, Mexicans will take more interruptions, but it depends on the professionalism and rank of the employee and how much business education he has. The higher the rank and more professional or educated the person, the less likely he will be to take interruptions.

**Differences in Communication**

Canavati believes language is a significant issue in cross-border commerce. “U.S. Hispanics think they speak Spanish but they don’t,” he said. Canavati says one of the biggest mistakes U.S. companies make in Mexico is sending a U.S. Hispanic to run the branch office there. He argues that it is much better to “send a gringo with experience in Latin America” than to send someone with no experience who thinks she speaks the language and knows the culture just because she happens to have relatives from Mexico several generations back. In another conversation, Canavati said he advises young people to keep up their foreign language skills by continuing their vocabulary studies even after mastering Spanish grammar.

Americans who are fluent in Spanish may believe they can communicate well. However, Canavati says communication can still be a major obstacle. U.S. people “only see the shadows” of what the Mexicans are saying, and “reading the messages you get” can sometimes be tricky for the U.S. person, who doesn’t always get a direct “yes” or “no.” For example, Canavati explains if a Mexican says “So-and-so will be contacting you later” on a potential deal, then you’ve just been brushed off. U.S. people don’t always pick up on this.

He describes U.S. business people as unable to “read between the lines,” as Mexicans can do with each other. “What is said is not always
the truth," Canavati comments. "Mexicans speak in hieroglyphics and use smoke screens." People that grow up in the U.S. aren't able to decipher the symbols or recognize the screens, according to Canavati.

Noting another communication difference, Canavati said Mexicans are more flowery in their speech. For example, a Mexican will sign a letter "your humble servant" whereas the U.S. person will sign it "sincerely."

Regarding non-verbal communication, Canavati notes that Mexicans tend to be more affectionate physically, citing the abrazo, or big hug. In another aspect of body language, Canavati said if a Mexican moves from behind his desk to sit in a side chair or sitting area with you, that's a sign he likes you and wants to develop a close relationship. In contrast if the Mexican stays behind the desk or across a conference table, then he wants to maintain a distant, formal relationship.

Much of Canavati's concerns in intercultural communication comes together in a story he tells of a situation in which his client almost lost a deal due to a communication faux pas. Canavati was leading a delegation of people from the Port of Houston, including the commissioner, on a visit of potential port customers in Mexico. He said the commissioner wanted to meet with the chair of a particular transportation company to try to persuade him to bring his business to the Port of Houston. Canavati was told the chair was unavailable. However, the visitors had been invited to a dinner at the firm's place of business, hosted by the president of the firm. Canavati believed this was a good sign, but the commissioner was upset when he heard the chair was not going to meet with them.

In Latin culture, the most important person is always seated to the host's left, according to Canavati. For the dinner, Canavati was seated to the president's left while the commissioner was seated to the president's
right. Canavati says this meant the president saw Canavati as more important than the commissioner, but fortunately the commissioner didn’t notice this. At one point in the conversation, the commissioner said to the host, “Even though we couldn’t meet the chair, we are happy to meet you.” This greatly offended the president. Canavati said they would have lost the deal had he not “smoothed a lot of ruffled feathers” and convinced the president to do business with the Port of Houston.

**Technology, Productivity and Quality**

“Mexico has an image problem with Joe Six-pack,” remarked Canavati on the commonly held U.S. stereotype of Mexicans as stupid, lazy and technologically illiterate. Canavati says Mexicans suffer a “massively bad perception” from most U.S. citizens who don’t recognize that Mexicans are moving rapidly toward the U.S.-style of business and industries have become “very technically advanced” in recent years. “Their information systems are great,” Canavati says.

Mexico is a gold mine of opportunities for the U.S. firm that is willing to provide the appropriate training and technology, according to Canavati. Mexico’s cheap labor means a firm can have many more people working on a project than a firm can afford in the United States. Canavati believes Mexicans also work harder than the average U.S. employee.

“There are some goof-offs,” but most work very hard. He admits that “Monday absenteeism” is still a problem in some areas of Mexico, but only among low-level employees. In fact, executives and middle management in Mexico are “workaholics,” according to Canavati. They have very long days, working from 9 or 10 a.m. until 10 or 11 p.m., whereas the U.S. executive and middle manager is a “nine-to-fiver.”
Despite the extra labor and the longer hours, however, in Canavati's experience, the Mexican executive is less productive than the American. He thinks this is primarily because the U.S. business person is more organized. The discrepancy in productivity also is due to much "time wasted" in Mexico from socializing a great deal during the work day and the general slower turn-around time on many activities.

Regarding quality, Canavati believes one can't generalize as to which country is better. Some products are of higher quality in Mexico; some are made better in the U.S. He adds that it was once possible to make a generalization about poorer quality in Mexico. However, this is no longer true. The implementation of NAFTA and the resulting increased competition forced Mexico to improve its quality.

**Employee Relationships**

During the time I spent with Canavati, he was a one-person firm. However, during our last interview he said he was about to hire a secretary. For someone with no staff, Canavati had many interesting observations and insights about employee relations in Mexico. For example, he said the next person he hires for his firm will be someone with actual Latin American background or experience, not a U.S. Hispanic. He prefers to hire a Latin American over a U.S. citizen because, he believes Latins are more faithful than Americans.

One evening in a Houston bar, Canavati and I spent much time talking about the important relationship between a Mexican boss and his secretary. First, he explained that the typical Mexican executive is very dependent on his support staff. The Mexican will have three secretaries, compared to the U.S. executive who will have only one.
"For a Mexican, a secretary is like your life," Canavati told me. The secretary in Mexico, unlike a U.S. secretary, is expected to help with the boss's personal needs as well as business tasks. Canavati said the secretary gets the boss coffee, buys gifts for his wife and balances his checkbook. Another Mexican executive Gabriel Camara, overhearing my conversation with Canavati, commented that his secretary takes care of his personal checking account. "I don't have any idea how it works," Camara said.

Canavati went on to explain that the secretary is the "eyes and ears" of the boss, knows all that goes on in the office and is able to keep everything a secret, even from the boss's wife. "Even the boss's affairs," Canavati said. Camara, now a part of the conversation, asserted that often the boss's affair was with his secretary. Then, Camara joked that the typical secretary comes in at the end of the day and gives the boss his balanced checkbook, a cup of coffee, a stack of letters ready to sign, and all the projects and reports he requested during the day, and tells him she sent flowers to his wife since it's his wedding anniversary and gives him a gift to take home for the wife. Then she adds, "And by the way, asshole, I'm pregnant." Canavati and Camara laughed as if this was an old and beloved joke.

They said another difference with Mexican secretaries is that secretaries are expected to dial the phone calls for the boss and then put him on the line. I had heard about this previously in the context of Mexico's poor phone system whereby a caller often cannot reach a party on the first call. I suggested that secretaries do this to save the boss from wasting time on the phone. They both insisted that it had nothing to do with the phone system. Rather "that's just the way it is," Canavati said. They
describe it more as a status issue. As an executive moves up the ladder, he is expected to not have to lower himself to the mental task of dialing out and then dealing with receptionists and secretaries to get to the person he wants to talk to. So, the secretary calls instead.

Canavati commented also that one can distinguish an executive secretary at a high level. He or she will have almost as much power as the boss. Related to this, Canavati said that when he needs to deal with a government official at a high level, he doesn't try to make an appointment with that person, instead he goes directly to his chief of staff.

**Business Custom Differences within Mexico**

Echoing what I learned from other informants, Canavati says there are as many differences between the Northern Mexico and Southern Mexico ways of doing business as there are between Mexico and the U.S. The North has a highly developed economy that operates very much like the United States. "Doing business in Monterrey is like doing business in Houston," he said. In contrast the southern part of Mexico, Oaxaca and Chiapas, where one finds the natural resources and political uprisings, are very poor and conservative. Mexico City is different still.

In another conversation an American friend of Canavati's noted that business in the Yucatan is conducted in a more European style than the rest of Mexico. The area has a culture of its own. Canavati notes that Quintana Roo wasn't even officially a state of Mexico until 1971. According to these two businessmen, the style of business there developed because in the early days of trade, the Yucatan was not connected to the rest of Mexico by rail. Instead, all of their major trade was with Europe by ship. So, they evolved to a European style of business.
Differences in Values and Attitudes

Canavati and I spent much time discussing his perceptions of the contrasting social values in Mexico and the U.S., and how they impact the business environments of the two cultures.

On Family Values

Many informants felt strongly that family values are better/higher in Mexico. However, Canavati believes Mexicans are hypocritical. Parents work long hours and actually don't spend much time with their families. "The typical Mexican businessman barely sees his family except on the weekends," Canavati said. In contrast, he believes U.S. business men have more time to be with their families due to the schedule they work.

Also, he commented several times that it's typical for a Mexican husband to have a mistress on the side. Unfaithfulness in marriage is a big issue in Mexico, Canavati says. However, it may not be as big of an issue for the younger generation, who he suspects are more faithful marriage partners due to the influence of U.S. values. After I had known Canavati for several months, and felt we had a trusting relationship, I asked him if he had a mistress. He denied having one. Based on my observations, though, Canavati certainly likes to look at beautiful, young women, flirt with them and joke with other men about dating them.

On Entertaining Mexican Visitors

I asked Canavati to describe his experiences in hosting Mexican visitors in the United States. Another informant had indicated that Mexican business men love U.S. strip bars, but no one else had mentioned it. Canavati strongly asserted that "all business men from Mexico like to go
to titty bars," when visiting the U.S. He claims he is very tired of going to
the strip joints with Mexican visitors.

My question reminded him of a story about a time when he hosted a
group of Mexicans, including one high ranking government official, at a
Houston strip joint. He said his visitors got drunk, and when the head
man decided to leave, they all left. Canavati was left behind to pay the
tab, which was close to $1500. The next day, Canavati called a friend in
a Mexican government department related to the one run by the high-
ranking visiting official. He convinced his friend to wire him the money to
cover his expenses. The friend agreed. Later that day, the government
official's second in command tracked Canavati down and paid him in
cash for the previous night's affair. So, Canavati was paid twice for his
expenses. He said he called his wife that night and told her to start plan-
ning a trip to Hawaii.

On Bribery

Canavati says corruption is not as bad as it used to be. Unlike other
informants, Canavati believes the private sector is as corrupt as the pub-
lic sector, but believes it can be partly justified in the public sector. A
policeman makes "peanuts," and is expected to supplement his income
with citizens' bribes, he said. He sees this as a definite challenge in cross-
Canavati also comments that there is no difference between a "bribe" and
a "commission" as other informants have tried to make a distinction.
Canavati says commissions can make it easier to do business quickly,
but "it can also be a cancer." Commissions are appropriate, Canavati
believes, so long as they are not used for unethical purposes.
On Sexual Harassment

Sexual harassment is a big issue, Canavati says. Actions such as butt pinching and flirting happen more frequently in Mexico, so women are more aware of it there. But women in Mexico are less likely to do anything about it because they are scared of losing their jobs or simply criticizing their bosses. Canavati told me he more than once has had to advise Mexican clients to be more sensitive to sexist comments and gestures toward women in the U.S. He tells Mexicans not to flirt with women in the workplace because U.S. women are much more sensitive about sexual harassment than Mexican women are.

Bicultural Apologies

Canavati obviously has had a high level of involvement in both cultures. As a native Mexican who spent many years as a child and adult in the U.S., he is in a unique position to recognize many cultural differences. Interestingly, however, he seemed to want to diminish the differences between Americans and Mexicans on my first couple of visits with him. I also sensed a bit of defensiveness for the Mexican culture. In our last interview, I asked him if he was indeed defensive of Mexican society in our earlier meetings. He said he wasn’t sure if he was defensive, but he does like to “put things into perspective.” He believes there are too many negative perceptions of Mexico, and he likes to shatter the half-truths and stereotypes. However, he also said his responses to my questions depended on his mood that day. On another day, he might have been equally anti-Mexican and defensive of the American way.
APPENDIX D
PHOTOGRAPHS

Sample meeting one: Mexican and U.S. university officials discuss a proposal.

Sample meeting two: Meeting of business consultant with Mexican clients.
Case study: Jorge Canavati, international business consultant, talks on mobile phone with a business associate in a Houston parking lot.

Case study: Canavati leads a tour of the Port of Freeport for shipping industry clients.
Sample firm one: Texas Fibers, located in Brenham, Texas, manufactures urethane foam for bedding, furniture and other uses.

Sample firm two: Ricardo Salizar, owner of Bio-Century, a firm that manufactures cleaning products, talks with one of his secretaries.
Sample firm three: The courtyard of Casa Gonzalez, a bed and breakfast in Mexico City that has frequent visitors from the United States.

Sample firm four: Frederico Gerdes is general manager of ILC Exportacion, a financial and export consultant for Mexican firms doing business abroad.
Sample firm five: Fit-Biz is a fitness and social club in Mexico City.

Sample firm five: Fit-Biz produces attractive publications to market its services.
Typical Mexican bank: This bank is located near the main square in Ajijic, Mexico.

The Bolsa: One informant was a stock broker for this Mexican stock exchange.
APPENDIX E
INTERVIEW SCHEDULE

Firm: ____________________________ Date: __________

Informant: _______________ Title: __________________

Phone: ________________________

Address/Location:

Questions about the Company

1. Background on company: Nature of your business? How long in operation? Company history?

2. With which countries do you do business?

3. How long doing business in the international arena?
How long in Mexico?

4. How many times per month do you deal with Mexican firms or officials in Mexico compared to their counterparts in the U.S.?
Percent of business Mexican vs. U.S. vs. other?

5. Number of employees?
No. of Men?
No. of women?
No. of family members?

7. Do you have any particular traits, characteristics or experience that you look for in individuals you hire who will be doing international work?

8. How do you prepare your employees to deal with people of other cultures or to do business in a foreign country?
Questions about Cultural Differences

1. What do you think are the biggest cultural challenges facing your business? What are the biggest cultural challenges you personally face when doing business with individuals in Mexico/U.S.?

2. Specific incidents that were difficult to overcome or caused you embarrassment?

3. Myths? Heard something would be an issue but it hasn’t been?

4. How would you characterize the Mexican clients, associates or officials with whom you interact compared to their U.S. counterparts?
5. To what extent are the following a challenge or issue for you in your intercultural encounters with Mexicans/U.S. Americans?

*Not at all, somewhat, significantly*

- language differences
- infrastructure problems/differences
- policy/legal/regulatory issues
- differences in business customs
- differences in social values
- differences in communication styles

6. The following are behaviors and values that are differences in some cultures. Have you witnessed these as differences in Mexico-U.S. business dealings. If so, which culture is most likely to . . . ?

**Formal vs. Informal:**

- dress code
- respect for position or rank
- level of "ceremony," pomp and circumstance

**View of time/efficiency:**

- frequency of interruptions in meetings for calls, to meet others
- frequency of being late for appointments
- amount of time it takes to get things done
Work ethic:

amount of company loyalty

amount of loyalty to business associates

amount of unkept promises

level of team playing or cooperation

level of quality of service/product

level of hard work

amount of requests for monetary compensation (bribes, mordida)

amount of perceived sexual comments, harassment

Socializing/Networking:

amount of time talking about things other than business

amount of personal questions about family, private life

need for building network of friends to do business with

Interaction attitude/Personality

level of arrogance

level of aggression

level of forthrightness

level of criticism/feedback
7. How did you learn to deal with these issues?

8. Have you noticed any changes in the primary cultural issues/challenges over the years? If so, what?

9. Are there social or cultural changes that you would like to see take place to make doing business in Mexico/U.S. easier?

10. Are there existing customs or prevalent attitudes that make doing business in Mexico easier than in other countries?

11. Other comments?

**Personal info on informant:**

Where born and raised

Parents, siblings

training/education
international experience

age

years on the job

years doing international

other

**Personal Observations**

Setting, description of office

Mood of interview (rushed, informal, etc.)

Personality of informant

Dress and other pertinent characteristics

Amount of involvement in, knowledge of Mexico
APPENDIX F

SAMPLE RECORD FROM DATABASE

Summary title: Hospitable Apple: proud of abilities to work around Mexican system and to tell "how it is" in Mexico.

Firm: Bio-Century
Ownership: Mex

Informant: Salazar, Brands
Little Owner/Director

Line of work: Cleaning product manufacturer

Interview date: October 4, 1996

Phone: 361-2328

Address: Ignacio Comonfort #4400
Col. Rafael Ramirez 2 tax.
Guadalajara, N.L. Mexico

Location: Monterey

Firm Info:
Bio-Century was founded two years ago to manufacture and promote a line of cleaning products created by Salazar and his wife. He manages the firm; his wife is in charge of production.

Bio-Century is an outgrowth of another company, Agro Nutrientes, which produces animal food products and was founded by the Salazars in 1987. Although Agro Nutrientes still exists, and was the company name on the first business card that Salazar gave me, they no longer sell animal feed.

I suspect they have both companies for some tax or financial benefit, but Salazar did not explain.

The cleaning products sold by Bio-Century are all "user friendly and ecologically safe" according to Salazar. The line of products, sold under the brand name "Clean-Master," include seven sprays and cleaners, an air freshener and an automatic dish soap product that claims to increase fuel efficiency.

Salazar says all the Clean-Master products are biodegradable. His products do not contain sodium hydroxide, which takes 30 to 50 years to degrade, and is in many cleaning products. Salazar points out that although there's a relatively small amount in each cleaning product, when millions of people use sodium hydroxide, it causes major contamination of the country's lakes and streams.

Salazar also claims his cleaning products work better than most. (He gave me samples of his general-use cleaner and the floor cleaner (enough to last for the next five years!) and I tried them out. I found the cleaners no better or worse than the American products that I already was using. One thing I did like was the pleasant smell each had.)

Currently Bio-Century sells its products only for commercial and industrial uses, but Salazar says they plan to introduce, little by little, some products for residential use. Presently, his biggest clients are supermarkets. They use using non-toxic cleaners so close to food products.

All the ingredients used in their cleaning products are organic. In fact, Salazar said they are able to get the "food rate" on imports of their ingredients because they are not seen as "chemicals." They don't import these ingredients directly anymore, Salazar said. In an effort to keep the ingredients a secret, they now import through another company. The import firm doesn't know what he is using the products for.

When Salazar gave me a product list, I noticed that the product names were in English, albeit poor English (Multi-Clean, Floor Gard, Bactericide Soap, Hands Soap). I asked if this was a translation form the actual Spanish names. He said no; he uses the English-sounding names because Mexicans love American products so much, he thought it would increase his sales. In another marketing ploy, to prove the cleaners are non-toxic, during demonstrations he puts his finger in the cleaner, puts a little on his tongue and swallows.

I observed Salazar at his office on a Saturday, and I asked him how common it was for firms to work on Saturday. He said many companies have been forced to add a day to their work schedule because the economic downturn has forced them to layoff employees, therefore the remaining employees must work longer hours to maintain the same level of productivity. At Bio-Century, he says that Saturday is a more relaxed day. He arrives at 10 or 11 a.m. and has a staff meeting. The women on his staff meet together before he arrives. "On Saturday we relax," he said. "We don't do much." It's a time when the staff spends time talking with colleagues and exchanging information on clients. Salazar said it's like what U.S. staffs do after 5 p.m., but his staff doesn't have time during the week for casual exchange of information. So they do it on Saturday. "See those two," he said pointing at two women in an adjacent office talking. "I don't know what they are saying, but I know they are getting their work done." He said he allows them the freedom to talk, because he believes they are more creative that way. He then shared a Mexican proverb: "What's worse than a turkey is a thinking turkey." He said this is because they make more mistakes.
Company level of involvement:
- 3 Years International
- 3 Years Mexico/US
- 1 Days per month
- % Mex
- % US

Employees:
- 8 Total
- 3 Men
- 5 Women
- 2 Family

PERSONAL INFO
Where born/raised:
He was born in Monterey. Then his family moved to Arroyo (sp'?), where he lived until he was 15, when he moved back to Monterey.

About the Family:
Both parents are from Mexico.

Training/Education:
He has a B.S. in Agroecology and an M.S. in Poultry Science from Texas A&M. He also studied vet medicine at Monterey Tech. Before he began his firm, he had various occupations including director for a U.S. company, an inspector for the Mexican IRS, farm equipment sales, a nutritionist, and a Monterey Tech professor of physiology, poultry science, and statistics.

International Experience:
He lived two years in College Station and two years in California. He has traveled throughout the U.S. and Europe.

Age:
- 40 Years on the job
- 5 Years doing int'l
- 10 Nationality

Billing:
- 1

Observations:
I spent a total of about 10 hours with Salazar and gathered lots of information on his firm, his business, his opinions of U.S.-Mexican business issues, and his philosophies on Mexico and on life, in general. He was a friendly man with a quick smile who loved to talk and share his ideas. He was very open in response for many of the questions I asked him. He was a charming host. During my initial contact with him, he offered to make hotel arrangements and to meet me at the hotel rather than his business for the interview so I wouldn’t have to try to locate it in an unfamiliar city. We met on Friday afternoon, my first day in town. I got through most of my interview schedule during that afternoon meeting, the final few questions I asked him on the following day. The initial interview on Friday afternoon lasted two hours. Salazar was very talkative on both occasions.

After the interview, Salazar entertained Sam and I for the evening. He drove us to their home, where we met his wife, Angela, and their daughter. He and his wife drove us around Monterey and then took us to what he claimed was the best “real cabrito restaurant” in town. Others are too touristy or commercial, he said. We had several dishes of the goat meat, which we let the Salazars order. Sam had his first taste of a locally produced beer called Indio. Afterwards we got a driving tour of the downtown area to see all the major attractions. Then we went back to the Salazar home and had drinks and talked for a couple of hours before returning to the hotel about midnight. The next morning Salazar picked me up and took me to his office in a community called Guadalupe, just outside of Monterey proper. I spent about three and a half hours with him and his staff that morning, watching him at work, touring his facility and asking more questions.

His office is located in a residential neighborhood, as is his warehouse, a block away. The building from the outside (see photos) is pretty and discreet. One wouldn’t know it’s an office rather than a house. He said his resident neighbors are happy to have his business there because it isn’t noisy and he doesn’t have customers going in and out. He said he knows the neighbors, and that his staff sometimes buys things from them. (In fact, one woman sold the staff tamales just before we arrived. We ate them at 10:30 a.m. when we arrived.) The building is in the process of being remodeled. The staff is currently located on the first floor of the office, which is
APPENDIX F

SAMPLE RECORD FROM DATABASE

<table>
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<tr>
<th>Firm</th>
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<tbody>
<tr>
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<tr>
<td>Line of work</td>
<td>Cleaning product manufacturer</td>
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</tr>
<tr>
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</tr>
<tr>
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</tr>
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Bio Century was founded two years ago to manufacture and promote a line of cleaning products created by Salazar and his wife. He manages the firm, his wife is in charge of production. Bio Century is an outgrowth of another company, Agronutrientes, which produced animal feed products and was founded by the Salazars in 1997. Although Agronutrientes still exists, and was the company name on the first business card that Salazar gave me, they no longer sell animal feed. I suspect they have both companies for some tax or financial benefit, but Salazar did not explain.

The cleaning products sold by Bio Century are all "user friendly and ecologically safe" according to Salazar. The line of products, sold under the brand name "Clean Master," include seven soaps and cleaners, an air freshener and an automotive product that claims to increase fuel efficiency. Salazar says all the Clean Master products are biodegradable. His products do not contain sodium hydroxide, which takes 30 to 50 years to degrade, and is in many cleaning products. Salazar points out that although there's a relatively small amount in each cleaning product, when millions of people use sodium hydroxide, it causes major contamination of the country's lakes and streams. Salazar also claims the his cleaning products work better than most. (He gave me samples of the general-use cleaner and the floor cleaner (enough to last for the next five years) and I tried them out. I found the cleaners no better or worse than the American products that I already was using. One thing I did like was the pleasant smell each had.)

Currently Bio Century sells its products only for commercial and industrial uses, but Salazar and they plan to introduce, little by little, some products for residential use. Presently, his biggest clients are supermarkets. They like using non-toxic cleaners so close to food products.

All the ingredients used in their cleaning products are organic. In fact, Salazar said they are able to get the "food rate" on imports of their ingredients because they are not seen as "chemicals." They don't import these ingredients directly anymore, Salazar said. In an effort to keep the ingredients a secret, they now import through another company. The import firm doesn't know what he is using the products for.

When Salazar gave me a product list, I noticed that the product names were in English, albeit poor English (Multi-Clean, Floor Gard, Bactenocide Soap, Hands Soap). I asked if this was a translation from the actual Spanish names. He said no; he uses the English-sounding names because Mexicans love American products so much, he thought it would increase his sales. In another marketing ploy, to prove the cleaners are non-toxic, during demonstrations he puts his finger in the cleaner, puts a little on his tongue and swallows.

I observed Salazar at his office on a Saturday, and asked him how common it was for firms to work on Saturday. He said many companies have been forced to add a day to their work schedule because the economic downturn has forced them to lay off employees, therefore the remaining employees must work longer hours to maintain the same level of productivity. At Bio Century, he says that Saturday is a more relaxed day. He arrives at 10 or 11 a.m. and has a staff meeting. The women on his staff meet together before he arrives. "On Saturday we relax," he said. "We don't do much." It's a time when the staff spends time talking with colleagues and exchanging information on clients. Salazar said it's like what U.S. staffs do after 5 p.m., but his staff doesn't have time during the week for casual exchange of information. So they do it on Saturday. "See those two," he said pointing at two women in an adjacent office talking. "I don't know what they are saying, but I know they are getting their work done." He said he allows them the freedom to talk, because he believes they are more creative that way. He then shared a Mexican proverb: "What's worse than a turkey is a thinking turkey." He said this is because they make more mistakes.
Countries doing business with U.S. and Mexico.

Company level of involvement

- 3 Years International
- 1 Days per month
- % Mex: 3
- % US: 8

Employees

- 1 Total
- 8 Men
- 3 Women
- 2 Family

PERSONAL INFO

Where born/raised: He was born in Monterey and then his family moved to Auyenda, where he lived until he was 15, when he moved back to Monterey.

About the Family: Both parents are from Mexico.

Training/Education

He has a B.S. in Agronomy and an M.S. in Poultry Science from Texas A&M. He also studied vet medicine at Monterey Tech. Before he began his firm, he had various occupations, including a director for a U.S. company, an inspector for the Mexican IRS, farm equipment sales, a nutritionist, and a Monterey Tech professor of physiology, poultry science, and statistics.

International Experience

He lived two years in College Station and two years in California. He has traveled throughout the U.S. and Europe.

Age: 40 Years on the job
9 Years doing int'l
10 Nationality: Mex
Billing: 1

Observations

I spent a total of about 10 hours with Salazar and gathered much information on how his business, his opinions of U.S.-Mexican business issues, and his philosophy on business and life, in general. He was a friendly man with a quick smile who loved to talk and share his ideas. His opening line of response for many of the questions I asked him was "Here's how it is..."

Salazar was the consummate host. During my initial contact with him, he offered to make hotel arrangements and to meet me at the hotel rather than his business for the interview since I wouldn't have to try to locate it in an unfamiliar city. We met on Friday afternoon, my first day in town. I got through most of my interview schedule during that afternoon meeting, then the final few questions I asked him on the following day. The initial interview on Friday afternoon lasted two hours. Salazar was very talkative on both occasions.

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very crowded, but they have recently remodeled and added on to the second floor where the staff will be once the remodeling is complete. Their eating office has a beautiful pink tile floor and attractive furniture, but the white walls are a waste of paint. The new second floor also has a beautiful tile floor, brown and white walls, a patio and new mahogany on cherry desk and furnishings—all very elegant. The third floor has a kitchen, lunch table and a sitting area. He is a cook that makes his staff meals every day so that they don't have to leave for lunch. The third floor also has a bed, nightstand and TV on one side of the room. I asked him if the bed was for overnight guests of the firm. He said no, that it was for employees, to rest, take a nap or he doesn't feel well so that they don't have to go home to do this.

Salazar's personal office was average in size (see photo). His desk was very neat and organized although his inbox was piled high. He had diplomas and certificates hanging on the wall. He had his cellular phone from the car and put it on the desk as well. There were two holes, standard features, were used for lighting. Air condition units were built into the walls of each office. I sat in his office for most of the three hours that I was with him. I intermittently asked him questions in between his phone calls and interactions with staff.

On both days that I met with Salazar, he was dressed casually. He wore shorts and a polo shirt. One button was replaced on the first day. The second day he wore pants and a long-sleeved polo shirt. The only jewelry he wore was a watch and his Agnaya ring.

The mood of our discussion, with Salazar were all unceasing:comparable. However, I took a couple of times I did see Salazar's foot tapping. Was this the indication that he didn't want to believe? Or was he just feeling uncomfortable? Salazar was very much about showing many of the things he had to work and to work that I believe would be considered unethical by most U.S. businesses. In some cases, even illegal. But Salazar seemed rather proud when showing us all of his contacts around the Mexican system (see other comments section). It was almost as if he was saying, "Look how clever I am!"

In our discussion, there were a number of times when Salazar contradicted himself. I was given an answer that sounded out of line for his experience. When I would question him, we sometimes launched into an elaborate analysis or explanation of an example that sometimes confused him for me and sometimes he didn't see (see butcher). I wasn't sure if this confusion resulted from not explaining well enough what I was getting at or him not understanding my questions about the language barrier; sometimes he answered questions differently from what he told me was because he didn't want to criticize Mexico. Then when I asked for clarification as to why he came up with any logical argument to support his answer. He also said things that were unbelievable to believe, but he said that he had been taught: if you believe, for example, he said his or his employer's products has ingredients that have been shown to reduce a "satisfaction response in the brain." Thus, if it is used in a restaurant, the patient will think the food is actually better than it really is. Because the aroma is registering satisfaction on an unconscious level.

A very generous man, Salazar insisted on buying the coffee at our first meeting and dinner Friday night. At his home, he and Angelo gave Sam and I silver keys chains that his brother, also a jeweler, had made and coozies with the company logo. He also gave us samples of his cleaning product. He asked me to take a sample of his products to one of his former committee members I agreed but now (three months later) I have yet to connect with Professor Vanguy to get the products to him.

Salazar has a dual citizenship. His mother went across the border to Brownsville when he was an infant and claimed he was born by a midwife. Thus, he received an American birth certificate. He claimed he only uses the U.S. citizenship when it benefits him to do so. For example, he bought his Ford truck in the U.S. because he could get the features he wanted, and it was cheaper. Mexicans are not allowed to import vehicles purchased in the U.S. for personal use, but U.S. citizens living in Mexico can bring their vehicles into. He said the broker agent asked him why, with his U.S. citizenship and education, he would want to live in Mexico when so many Mexicans want to live in the U.S. He answered that there are better opportunities in Mexico now for people like him. He said the border official "didn't understand."

Salazar talked a lot about his business philosophy and his relationship to his employees. For example, at one point in our conversation at his office, he opened his desk drawer and pulled out an envelope which he showed me was full of cash. He said his employees know where he keeps his cash because he uses it to pay their salaries. Also, his accountant uses it to pay incidental expenses. However, no one has ever stolen from it, even though he keeps it unlocked. He
believes there is much trust between he and his employees.

All of the staff I was introduced to were females, who appeared to be in their early or mid-20s. He appears to have a congenial relationship with them. For example, when we arrived, the staff had the radio playing contemporary Mexican and U.S. rock music. It was loud enough that I had to cover my ear to hear clearly when I was talking on the phone, but not so loud that it interrupted my conversation with Salizar. He told me he teased them about their listening to too-loud rock music, that it would make their hearing go bad like his teenagers. They laughed and didn't turn the music down. He told me his employees believe he is hard to work for, but they seem to like him a lot. In my observations, he went in and out of their offices talking and laughing. He would pat them on their shoulder or back. Although I didn't understand much of the conversations in Spanish, they appeared to be teasing him at times, and yet very respectful, also.

He said he believes everyone makes mistakes because they are ignorant, but once they are taught differently, they "must not" make the same mistakes. He told me about a recent incident when the car of a chauffeur his staff had hired broke down and he had to make other arrangements. He said he reprimanded his staff for not evaluating the chauffeur better before hiring them. He said he works with his staff to teach them how to talk and act professionally. He told me he hired his bookkeeper from a copy store when she was very young and taught her how to keep his books. Now she feels very indebted to him and will be very loyal, he believes. When I asked if his staff might look at him like a father, he responded that he didn't know, but he feels they look at him with respect. He added that one must gain that kind of respect, it can't be imposed on the employees.
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Salazar's personal office was average in size (see photo). His desk was very neat and organized
although his desk box was piled high. He had diplomas and certificates hanging on the wall. His
desk and the credenza behind it held three standard phones, plus, he brought in a cellular
that sat on the desk, as well. Floor-mounted bulbs in standard fixtures were
used for lighting. Air condition units were built into the walls of each office. I sat in his office
for most of the three hours that I was with him. I unintentionally asked him a question about
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around the Mexican system (see other comments section). It was almost as if he were trying to
look deep into him.

In our discussions, there were a number of times when Salazar contradicted himself. It would
have been impossible to keep up with his issues. He was always doing things that seemed to be
contradictory, sometimes even opposing. He sometimes just assumed that he was correct in his
beliefs and didn't bother to explain why. I was always thinking that he was making a point and
not explaining enough what he was getting at or him not understanding my questions. It is the
language barrier. I sometimes think he answered questions differently from what he
thought because he didn't want to compete. Then when I asked for clarification, he would
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entirely true to believe, but he said them with such confidence that he appeared to believe them. For
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Informant: Salizar, Ricardo  
Firm: Bio-Century

Salizar believes the biggest challenges are knowing both cultures. "Many people want to do business with the U.S., and they think knowing English gets them there. It doesn't," he said. Salizar said it's hard to admit, but what happens is failure to sell your product if you don't know all the ins and outs of the system and all the rules that apply. He gave a personal example. He had a product that softens water and makes it more drinkable by reducing the level of chlorine. He wanted to market the product in Brownsville. When he attempted to do so, the Texas authorities told him he had to have an FDA approval number to sell the product. He said he told them that according to NAFTA, he doesn't need FDA approval. They told him that while the NAFTA provisions may allow it, the State of Texas still will not accept products that have not been approved by the FDA. He never sold his product in Brownsville. He said after that experience, he decided it was easier to sell and market in Mexico. He now has channels to promote his product in Mexico.

Specific incidents

Myths: Salizar believes every society has "good and bad people."
Characterizations

More and more, U.S. business people are becoming knowledgeable of other cultures. This, he believes, is very important. "If I go to Argentina, I need to know how Argentinians act and speak," Salazar said.

The characterization of Mexican business persons depends on the area in which they work. "If you look at persons from Northern Mexico, they are creative, looking for ways to do things," he said. In contrast to the Northern Mexican, a typical U.S. person doesn't try as hard to accommodate his customers. For example, he said, suppose an American sells screws and someone calls to buy 3-inch screws. The American will say "we have no 3-inch screws" — end of conversation. In contrast, a screw salesman from Northern Mexico will say "call me back tomorrow," and he'll go out and try to find some 3-inch screws to accommodate his customer. As another contrast, Salazar says a business person in Southern Mexico is less creative. "The average one always wants to do business, but wants to do it tomorrow," he said. He gave an example of someone in Cancun who wanted to sell his products. Salazar agreed and told the man that if he set up several appointments with potential clients then Salazar would come down and demonstrate the product. He told the guy if sales were like they had been in Monterey the guy would make a lot of money because sales would be easy. The guy never got around to setting up any meetings for him.

Another difference is that Mexicans have deep roots that they can trace, and the "culture is very rich." In the U.S., "the melting pot has stripped people of their roots," he said. Americans have no culture anymore. He believes if parents pass on their roots or heritage to their children, it's like passing on prestige. There is more trust and words mean more, he said. In Mexico, employees bring their employer's families, and the employer feels a greater sense of commitment to the employee because of it. (see additional related info in other comments)

Why Mexico easier

Salazar believes that it's now "easier to make business," since the passage of NAFTA.

Changes would like

Salazar would like to see the U.S. and Mexico know and understand more about each other. He suggests a program, jointly funded by the U.S. and Mexican governments that will help small and middle-sized businesses to do trade with one another. He thinks this will also help fight some of the stereotypes and ill will on both sides. "Some guys here [in Mexico] are still angry with the United States because they took land from Mexico over 100 years ago," Salazar said. He thinks this kind of program is important because it's especially difficult to get information in Mexico on doing business in the U.S. He said the U.S. Chamber of Commerce and U.S. Consulate in Monterrey have no information on the cultural differences in the two countries. When he ordered a list of masdeuladoras from the Chamber, which was simply a 10-page photocopied list, they charged him 60 pesos (about 8 dollars) for it.
Salazar, Ricardo

Firm: Bio-Century

Biggest challenges: Salazar believes the biggest challenges are knowing both cultures. "Many people want to do business with the U.S., and they think knowing English gets them there. It doesn't," he said. Salazar said it's hard to admit, but what happens is failure to sell your product if you don't know all the ins and outs of the system and all the rules that apply. He gave a personal example. He had a product that softens water and makes it more drinkable by reducing the level of chlorine. He wanted to market the product in Brownsville. When he attempted to do so, the Texas authorities told him he had to have an FDA approval number to sell the product. He said he told them that according to NAFTA, he doesn't need FDA approval. They told him that while the NAFTA provisions may allow it, the State of Texas still will not accept products that have not been approved by the FDA. He never sold his product in Brownsville. He said after that experience, he decided it was easier to sell and market in Mexico. He now has channels to promote his product in Mexico.

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<td>This has not been a challenge for him, because he knows the language.</td>
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<td>infrastructure</td>
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<td>Sometimes, this can be a major problem, Salazar said.</td>
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<td>laws &amp; regs</td>
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</tr>
<tr>
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<td>1</td>
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</tr>
<tr>
<td>communication style</td>
<td>0</td>
<td>He sees no difference in communication style.</td>
</tr>
<tr>
<td></td>
<td>Differ</td>
<td>Who Does More</td>
</tr>
<tr>
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<td>Time to get done</td>
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<td>This has not been a challenge for him, because he knows the language.</td>
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<td>infrastructure</td>
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<td>Sometimes, this can be a major problem, Salizar said.</td>
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<tr>
<td>laws &amp; regs</td>
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<td>He said this was not an issue because &quot;laws in Mexico are more strict than in the U.S.&quot; but they don't enforce them. He believes that at high levels in the U.S., people are doing whatever they want and getting around the law. So this is not really a problem. Even dealing with the FDA is not a problem for his business, because you only have to pass their standards when a product is for human consumption, which his is not. [This contradicts statements he made in biggest challenges.]</td>
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<td>0</td>
<td></td>
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</tr>
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</table>
Assoc. Loyalty  | 1  | 0  | 1  | The culture in the U.S. is to be loyal to associates, Salazar said.

Unkept Promises | 1  | 0  | 1  |

Team Playing    | 0  |

Quality Level   | 0  |

He sees no difference in the level of team playing, but says there are different approaches. He thinks the U.S. encourages its employees to compete, but also be team players. U.S. managers are able to manage because they know things that all ten of their employees don't know. Mexicans try to be more individualistic. However, they compete less by specializing in different things, even if they work for the same company. In the U.S., marketing is more standardized.

When Mexicans have a way to achieve high quality (e.g., money), they have higher quality than in the U.S. However, the U.S. has more money to spend, so they generally have higher quality products.

Hard Work Level | 1  | 1  | 0  |

Bribes          | 1  | 0  | 1  | He said there was more bribery in the U.S. but that he sees it in a different way than most people do. He gave this analogy, which I don't understand. He said in the U.S., firms will budget to sell 1,000 oranges. Of that, 150 will be the profit and 800 will be for benefits. In Mexico, a firm will only budget for 100 oranges, but will want 150.

He said, the world economy is based on dollars. All the world pays when the U.S. economy is bad. He added that the residents of Canada, the U.S. and Mexico are "like this," as he locked his hands and fingers together. When I indicated I agreed but was confused as to how that was related to bribes he asked how much it costs in the U.S. to meet a senator. Then he answered "$7,000 to $10,000." The senator doesn't take the money but his "friend" will.

Salazar said bribery is "more delicate" in the U.S. than in Mexico. "Your lobbyists do it for you," he said.
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<td>Forthrightness</td>
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There is more socializing in Southern and Central Mexico than in the U.S. "They have to socialize first before doing business," he said. However, in Northern Mexico it is more similar to the U.S. He added that certain areas of the U.S. are different, also. He believes people in the southern U.S. like to socialize more with business.

When they compete in the same market, Mexicans are more aggressive. He said Mexicans need to be aggressive because they are "just now building up." I asked if he meant building up the economy. He said no, he was referring to building up the country resulting from opening the country to foreign business. He said in the past, a company knew it could easily have a monopoly and didn't have to try hard to be aggressive or compete. But "opening the market makes it easier," he said.
Mexicans are more critical. In the U.S., people will just sue if a product doesn't work.

He wants his sales people to be bilingual, "because English is the universal language," he said. "If you go to Japan they do business in English," he said. He also prefers for them to know the U.S. culture.

He said he does not train his employees to interact with businesses abroad, rather he hires people with skills already.

He learned it by living in both countries. He called himself "very curious," saying he asks a lot of questions. To learn English when he was in the U.S., he lived with people who didn't speak Spanish, so he was forced to learn the language.

He believes the working hours in Mexico have increased for the average employee. He also sees firms taking advantage of people who are aging (add comments from recorder). Mexican employers are cutting pay and increasing worker hours to make ends meet in this poor economy. He thinks there are a lot of executives out of work right now. Technicians don't have trouble finding jobs, however. U.S. executives have come to Mexico (??).
Other comments

In answer to this question, he said he thinks we'll all become one nation: U.S., Mexico and Canada.

"Here [in Mexico] we deal by the hour," he said. In Central America, however, deals take longer. "It takes three days to make a decision." However, he said Central America should be considered more frequently as a potential market by Mexican business people. He said, if you lined up 50 Mexican companies, 49 would be wishing to do business with the U.S. and only one would be interested in Central America. He said most American firms are unfamiliar with Mexican products. "Americans think they are the world," he said. However, the opposite is true in Central America because they see Mexico as a producer of quality products compared to their own.

Salizar said he prefers women working for him rather than men because women are more responsible — so long as they are unmarried. "After they marry, you have to deal with the ideas of the husband," he said. And, many Mexican men don't want their wives to work. However, despite the Mexican reputation for machismo, Salizar said U.S. people are more machismo because in the U.S., a woman looses her name when she marries, whereas in Mexico she keeps it and passes it on to her children.

Salizar said he had a tough time at A&M. The university made him attend more semesters of the English Language Institute than he thought he needed. [From personal experience, I know this is a common complaint among international students.] Also, he said he had an advisor at A&M who "wanted to see him fail." He told me this story twice and seemed very bitter about his experience with this one professor. He doesn't believe all professors at A&M were bad, he liked his other committee members, and also Dr. Creager (sp.) helped him work out his problems with his advisor. He spent at least 15 minutes talking about this situation giving me his thesis defense in detail. Because of this situation and because he has been successful in business, he would no longer consider doing a PhD.

Salizar talked about the relationship of employer to employee and how the family plays a part in that. He said he knows his employee's families, which helps him in two ways. First, by knowing who their families are before he hires them, he knows he can trust them more. Second, with an employee knowing Salizar has a relationship with their family, the employee is less likely to let him down because the employee doesn't want to embarrass his or her family. But he said this goes both ways, and he has responsibilities, too. He must take care of his employees. "I must fill their needs or they will steal from me," he said. When Salizar hires a person, he asks them what their needs are. He has different salary and work arrangements with different employees based on their skills and their family needs.

Some companies have two secretaries when one will do, Salizar comments. He thinks this is partly related to status; they would rather say they have 20 employees than 10. He says it's also partly that "some are just not thinking." He believes it is better to have one person doing the work of three than three doing the work of one.

Respect and trust were themes throughout Salizar's discussions. He said he put his wife in charge of the production of the cleaning products. This is not the traditional Mexican way for the wife to be involved in the husband's business. However, he said she was the only one he could trust with his cleaning formulas. The formula is partly mixed in the U.S. and shipped via a broker who thinks the product is something other than cleaning ingredients. After it arrives, the final chemicals are added. He said a chemical analyst once tried to determine the formula, so that he could imitation it, but the analyst couldn't figure it out. He says this is because they were looking for conventional cleaning chemicals, but that he uses non-conventional ingredients, not normally used in cleaning products.

He talked again about trust related to the 21-year-old former copy center worker turned bookkeeper. He said he felt he could really trust her, and that he has to have an accounting person he can trust. He said his bookkeeping is not only complex but also "delicate." He sometimes "buys receipts" from companies that have losses, so that it can appear he has more expenses and less profits, which means less taxes. This exchange helps the other companies as well because they don't want to continually show losses. They want a little profit to show the IRS.
Feedback/criticism

Mexicans are more critical. In the U.S., people will just sue if a product doesn't work.

Traits sought

He wants his sales people to be bilingual, "because English is the universal language," he said. "If you go to Japan they do business in English," he said. He also prefers for them to know the U.S. culture.

Worker preparation

He said he does not train his employees to interact with businesses abroad, rather he hires people with skills already.

How learned to deal with differences

He learned it by living in both countries. He called himself "very curious," saying he asks a lot of questions. To learn English when he was in the U.S., he lived with people who didn't speak Spanish, so he was forced to learn the language.

Changes noticed

He believes the working hours in Mexico have increased for the average employee. He also sees firms taking advantage of people who are aging (add comments from recorder). Mexican employers are cutting pay and increasing worker hours to make ends meet in this poor economy. He thinks there are a lot of executives out of work right now. Technicians don't have trouble finding jobs, however. U.S. executives have come to Mexico [??].
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"There are many problems," he said. However, the opposite is true in Central America because they see Mexico as a producer of quality products compared to their own.

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## APPENDIX G
### QUESTIONS AND INFORMANT RESPONSES
#### ON BEHAVIOR AND ATTITUDE DIFFERENCES

<table>
<thead>
<tr>
<th>Question Asked</th>
<th>What Tested</th>
<th>Total Answers</th>
<th>No Diff</th>
<th>Answers Mexico</th>
<th>U.S.</th>
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<td>Individualism vs. Collectivism</td>
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Answers in bold are statistically significant (probabilities less than .05) for the predicted responses per a binomial test.
## APPENDIX G

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<td>... do business people provide more feedback and criticism?</td>
<td>Communication Context</td>
<td>34</td>
<td>10</td>
<td>9</td>
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<td>... are business people more aggressive?</td>
<td>Communication Context</td>
<td>31</td>
<td>14</td>
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<td>... are business people more arrogant?</td>
<td>Communication Context</td>
<td>34</td>
<td>11</td>
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<tr>
<td>... does it take longer in general to get things done?</td>
<td>Polychronic vs. Monochronic</td>
<td>35</td>
<td>5</td>
<td>29</td>
<td>1</td>
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<td>... are business people more often late for appointments?</td>
<td>Polychronic vs. Monochronic</td>
<td>35</td>
<td>10</td>
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<td>... do business people allow more interruptions in meetings?</td>
<td>Polychronic vs. Monochronic</td>
<td>34</td>
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<td>15</td>
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<td>Question Asked</td>
<td>What Tested</td>
<td>Total Answers</td>
<td>Answers No Dif.</td>
<td>Mexico</td>
<td>U.S.</td>
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<td>--------</td>
<td>------</td>
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<tr>
<td>In which culture...</td>
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<td></td>
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<tr>
<td>... do business people spend more time talking about business in a business setting?</td>
<td>Emphasis on Social Relations</td>
<td>34</td>
<td>4</td>
<td>28</td>
<td>2</td>
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<tr>
<td>... are business people more likely to develop a network of friends to do business with?</td>
<td>Emphasis on Social Relations</td>
<td>30</td>
<td>11</td>
<td>17</td>
<td>2</td>
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<tr>
<td>... is bribery more often found in a business setting?</td>
<td>Bribery</td>
<td>33</td>
<td>9</td>
<td>23</td>
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<tr>
<td>... do employees work harder in general?</td>
<td>Hard Work</td>
<td>32</td>
<td>5</td>
<td>20</td>
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<td>... is sexual harrassment more common in a business setting?</td>
<td>Sexual Harrasment</td>
<td>30</td>
<td>13</td>
<td>14</td>
<td>3</td>
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<td>... are business people more loyal to business associates?</td>
<td>Associate Loyalty</td>
<td>32</td>
<td>13</td>
<td>13</td>
<td>6</td>
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<tr>
<td>... are business people more likely to break a promise?</td>
<td>Commitments</td>
<td>32</td>
<td>14</td>
<td>14</td>
<td>4</td>
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<td>... are the quality of products and services better?</td>
<td>Quality</td>
<td>31</td>
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Answers in bold are statistically significant (probabilities less than .05) for the predicted responses per a binomial test.
APPENDIX H
RECOMMENDATIONS FOR U.S. AND MEXICAN FIRMS

For U.S. Firms Doing Business with Mexicans

- Recognize that, as one international business consultant said, "Americans are the exception in international business." The challenge for U.S. firms is not so much to learn how to do business with Mexico, but rather to learn how to do business the international way.

- Spend more time building long-term, personal relationships and less time pitching your product or service. In other words, ditch the "get-in, make-a-deal, get-out" mentality.

- Relax when you visit Mexico or deal with Mexicans. Learn to recognize the positive aspects of having a less rigid view of time, including partaking more in the social aspects of life.

- When communicating with Mexicans, be careful not to offend by being too blunt or direct. Lean toward formality in correspondence and speech.

- Drop the stereotype of the lazy, uneducated Mexican. Recognize that Mexican laborers are hard-working and capable of the same levels of productivity and quality as in the U.S. if given the proper training and technology. Remember that Mexican business executives are often more highly educated than their U.S. counterparts.
For Mexican Firms Doing Business with U.S. Americans

- When dealing with U.S. business people, be careful to be punctual, follow agendas and meet deadlines. Recognize that the benefits to a rigid approach to time often include higher efficiency and productivity.

- When communicating with Americans, be as direct as possible in explaining your position. Don't be afraid to say "no," if you can't deliver what is requested of you.

- Bribery is illegal and enforced in the United States. Don’t put your U.S. business partner in an awkward position by requesting a bribe, commission or gift.

- Company representatives sent to negotiate a deal with a U.S. firm should be given the authority to make and keep commitments. You can be sure the American firm representative will have that authority, and will be annoyed at delays required to get further approvals at your firm.

- Drop the stereotype of the rich, obnoxious American who can't be trusted. Recognize that U.S. business people are as interested in win-win business deals as you are.
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VITA

Rhonda Snider received her bachelor's degree in journalism from Texas A&M University in 1985. She has had a career in communications and public relations, serving in various positions in newspaper and higher education. Snider's most recent full-time position was as Director of International Coordination for Texas A&M University. She completed her masters of arts degree in anthropology in 1997. Snider is accredited in business communication (ABC) by the International Association of Business Communicators. Her areas of specialization are intercultural communication and the socio-cultural dimensions of international business. She can be reached at 202 W. Duncan, Bryan, Texas, 77801.