

Mexico vs. China

A Comparison of Working Cultures

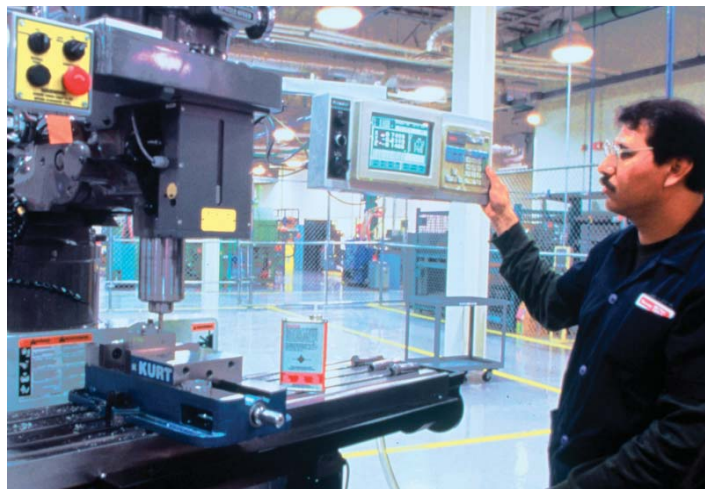
By Doreen Huro Michelini, C.P.M.

Whether in Mexico or China, the majority of the work forces have common goals: to hold a good job, be compensated for their performance, to be treated fairly, and to have the opportunity for advancement. However, it is fair to say that the road to get there and the rules to follow are not always the same. As a senior manager with manufacturing plants in both countries, I constantly struggle to find common ground between my two facilities regarding wages, labor laws, turn-over, cultural considerations, training, and local management philosophies.

Each of my plants produces the same products. Therefore, you can reasonably assume the same level of worker is needed in each facility. But this is where the similarities end.

New employees in both Mexico and China are put through an orientation program providing them with the skills and knowledge needed to do their jobs. These orientations consist of company policies and safety rules and have a probation period of one month in China and three months in Mexico. It is acceptable in Mexico to partner a new employee with an experienced peer who trains him/her for specific work tasks. During this period the trainee receives full pay and benefits at which they were hired and all training is completed during the regular workday. In comparison, most Chinese factories have a

more formal and structured training program. New workers are put through the same type of training as in Mexico, but in most cases are given both written and hands-on tests to assess the competency level of the worker. These programs usually last from two to four weeks and the pay is between 60% and 80% during this period. When the training is complete, the supervisors review the new employee to determine if he/she will be hired as a permanent worker. Criteria not only include how quickly and accurately the trainee learns each skill, but his/her ability to fit in with the other employees. This is very important as employees not only work together, but also live together.



Unlike Mexico, where the worker goes home each night, the Southern China worker comes from all over the country leaving family behind and lives in a dormitory connected to the manufacturing facility. Because of this, the Chinese worker is more open to classes after working hours. These classes include such subjects as ISO and QS procedures, SPC, Kaizen and Lean Manufacturing principles. Learning English is also popular since the road to

advancement starts when they can communicate with their mostly English-speaking customers. The Mexican worker, on the other hand, is reluctant to attend classes after working hours mainly due to family commitments.

In both Mexico and China, the average age in the factory is young, between 17 and 25, while the gender is mostly female. Due to dexterity, this is especially true in facilities where there is a lot of hand assembly. In contrast, the managers are mostly male, have college degrees, and are usually over the age of 30. Since labor is relatively cheap in China, the supervisor to worker ratio can be as low as 1:10. Mexican managers tend to be more costly and the ratio can be as high as 1:50.

Although employees are rewarded for years of service and contributions, advancement in China is more geared towards those with formal education. It is not uncommon to find production line workers with engineering degrees working their way up the ladder. In comparison, the Mexican production workers' education is more geared towards technical schools while the managers usually possess higher education. In both Mexico and China women do not suffer from workplace discrimination, but neither do they seek promotion as aggressively as their male counterparts.

The government determines pay level rises in Mexico with increases announced each year. It is common practice for the Mexican worker to know what their peers are being paid since



pay is based on a grade or level they have achieved. In China, pay and raises are negotiated with local government and tied directly to the economic conditions of the area. The average Chinese worker can expect a meager pay increase twice a year.

Length of employment in China usually averages of two years. Once the worker makes enough money, most of which is sent home each week, they return to their native towns, many to start

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LOS FUENTES
INDUSTRIAL PARK

Av. Vicente Guerrero 6965,
Tel: (656) 617-4117, 618-3727,
Fax: (656) 617-0844
Ciudad Juarez, Chih;
Mexico 32320

or call us at El Paso, Texas
(915) 778-9808

e-mail: cifadm@terra.com.mx



a business of their own. Mexico seems to have a higher turnover of one year or less especially in the border towns. Many leave for better or additional benefits and/or salary increases of as little as one more dollar per day. Both countries have major holiday shutdowns that affect worker return. In Mexico, the Christmas holiday often means increased employee flight, while in China, workers seem to leave during the New Year holiday.

Absenteeism is less than 1% in China due to labor laws allowing for firing with little or no compensation and no appeal process. Another deterrent to absenteeism is Chinese culture. Being fired and sent home will cause the Chinese worker “to lose face” and bring shame to his/her family. In Mexico the rate of absenteeism is higher, between 1.5% and 2.5%. Missed days not only put the Mexican worker’s job at risk, but affect his/her weekly attendance and punctuality bonuses.

Medical benefits are provided to workers in both countries. In Mexico it is required by law to have a nurse on duty in facilities with over 50 employees. Many smaller companies share medical personnel or have a traveling nurse who visits two to three times a week. This benefit mostly helps companies to avoid having employees leave work to visit the local hospital for minor ailments such as colds, coughs, earaches, and stomach problems. In Mexico it is not common for workers to have a family doctor. Often times they must seek treatment from the local medical facility, usually waiting several hours to be seen. In China when a worker becomes ill, they are taken directly to the local hospital for treatment. The costs of these visits are paid for by the manufacturing facility and are a part of the workers benefits. It is not unusual for the Chinese worker to go to the hospital for treatment and return back to work to finish his/her shift.

The keys to success in either of these countries are to understand the laws, be respectful of the cultures, and be aware that the laws are ever changing.

Because of the recession in the United States, layoffs are now more prevalent in both countries due to their dependence on the US market for export revenues. The average severance paid in China is one month per each year of service. In Mexico the severance is three months salary plus twelve days for each year of service. To put it in perspective, based on current wages, an employee with two years service in China can expect a total compensation package of US\$625, while the Mexican worker, with the same amount of seniority, would receive US\$1,353.

The average workweek in China is 48 hours, six days a week. Overtime is paid at 1.5 times for over 48 hours, 2 times for Sundays, and 3 times for holidays. In Mexico, the workweek is 45 hours, five days a week with overtime paid at 2 times for the first 9 hours and 3 times for all hours worked after that. It is my experience that the Chinese worker is more agreeable to overtime due to his/her living situation, while the Mexican worker prefers not to work overtime due to family obligations.

As an executive in a US based company, I am very sensitive to worker safety and well-being. I have been very concerned over the years of the lack of respect for the Chinese worker’s health and welfare. Although China claims to have government laws and regulations, I have witnessed the lack of safety glasses, proper ventilation, hearing protection, machine guards and safety shoes (or in one case, the wearing of shoes while working at a lathe). The same can be said for building code violations such as broken or uneven stairs, lack of stair handrails and open, unguarded elevator shafts. Mexico in contrast is more in tune with both safety and environmental issues with regular government inspections. Although in my facilities I require all workers to be protected to US OSHA regulations, I am constantly threatening suspension for non-conformance. I find that continued education is needed, teaching them why both hearing and eye protection is required for their own safety and well-being.

Both Mexico and China, with their differences and similarities, have a lot to offer as labor pools. The keys to success in either of these countries are to understand the laws, be respectful of the cultures, and be aware that the laws are ever changing. **MN**

Doreen Huro Michelini, C.P.M. is currently the Vice President, Global Operations for Dial Tool Industries, Inc. She is responsible for manufacturing facilities in Chihuahua, Mexico; Dongguan City, China and warehousing in Penang, Malaysia. Doreen is a past president of NAPM-Chicago and currently co-chair’s the board of the economic publication “Chicago Report on Business”. Doreen holds a Bachelors degree in Marketing and travels around the world as a guest speaker and seminar presenter on international business topics.

She may be contacted at:
dhuro@mexico-now.com