Hemispheric Integration: An Essential Step For Coping With The Economic And Managerial Challenges Of The 21st Century In The Americas

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Abstract

This paper examines the series of adjustments that need to take place --at the macro and micro level-- in order for the Western Hemisphere to adapt to today's dynamics of the global business environment. This discussion is based on the contention that given current trends in the global economy, it is imperative for the countries of the Western Hemisphere to integrate themselves in an economic bloc to exploit economies of scale and be better able to compete with other regions. Furthermore, the paper analyzes the implications that such an economic bloc will have on managers, organizations and their labor force, business alliances, and government/education/ business cooperation efforts.

1.0 Introduction

Business firms in the U.S. and Latin America are facing very dynamic times. The trends towards liberalization and globalization of trade and finance are accelerating and the rapid spread of technological changes regarding computers, telecommunications, the Internet, and electronic commerce are creating a whole new business environment with numerous challenges and opportunities.

At the micro level, firms are now exposed to a number of new models, processes and methods that are spreading globally. Some of these management trends already under way are employee empowerment, multiskilled workforce, rapidly changing employee and customer demographics, self-managed teams, flexible production facilities, just-in-time inventory systems, organizational learning, total quality management, and customer focus. Unlike many situations in the past, in which some new approaches proved to be nothing more than short-lived "managerial fads", the evidence shows that most of these changes are of a more permanent nature and being adopted worldwide.

In the first decade on the new millennium we will see the intensification of a number of these trends, which will require a constant reevaluation of business strategies. This environment of ongoing learning and reassessment makes managers' job more challenging, as they struggle to find and maintain competitive advantages for their companies in order to survive in the global economy (Davis & Botkin, 1994; Drucker, 1994; Kanter, 1994; Ray, 1991). In this search, managers have been forced to understand that a big part of that competitiveness would come from the people in the payroll and their intellectual capacity (e.g., Stewart, 1994). The diversity of employees is a lot greater today than ever before making the task even more complex, and it is intensified by the increased participation of women in the labor force, the greater number of minorities, the higher levels of workforce education, technological advances, and the fact that the globalization has brought together people from different nationalities, languages, and cultures (e.g., Barnum, 1991; Fiedler & Blanco, 1996).

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Another source of global competitiveness comes from management's ability to develop and maintain multi-country/multi-business alliances, which may include business, government, and universities. This is a major challenge for managers in the western hemisphere who generally act independently, deal mainly with monofunctional situations, and mono-cultural environment. These managers also tend to be more concerned with the deal of any alliance than with the relationship (Kanter, 1994). The new challenges and dynamics of the emerging global order demand very high levels of interdependence, as opposed to independence. This is a major shift from the traditional "lone ranger" attitude to one where managers have to learn how to share information and consult with their employees inside their own companies; learn how to make concurrent decisions or engage in intense consulting relationships with external elements of their business, such as local and foreign suppliers, government agencies, distributors, research and development centers; and learn how to function effectively in a highly diverse environment.

There is, however, an important element in the business environment in the Western Hemisphere that has been lagging: the establishment of a hemisphere-wide free-trade agreement. There is indeed progress and consolidation at the sub-regional level. The North American Free Trade Agreement, NAFTA, established in 1994 and involving the U.S., Canada, and Mexico, has been quite successful, as has been the progress of MERCOSUR, the customs union binding Argentina, Brazil, Uruguay and Paraguay. But progress towards a wider hemispheric free-trade bloc has been prevented by the indifference and disinterest on the part of the political leadership in the U.S.

The deepening process of economic integration in the European Union is an excellent illustration of the growing trend towards joint and inter-dependent projects aimed at exploiting economies of scale and competitive advantages. The consolidation of economies into large trading blocs makes sense because the new business opportunities created by globalization and technological change cannot be tackled by individual countries or single companies anymore. These new opportunities demand high levels of collaboration among countries, their businesses, research centers, and their educational institutions.

The main thesis of this paper is that given current trends in the global economy, it is imperative for the U.S., Canada, and Latin America to integrate their economies in order to exploit economies of scale and competitive advantages, and be better able to compete with other regions. Furthermore, the paper will analyze the implications that such an economic bloc will have on managers, organizations, and their labor force.

2.0 Implications At The Macro Level

Latin America experienced a substantial expansion in the 1960's and 1970's. That was a time of optimism and hope that the region will be an example of successful developing countries pulling out of poverty and becoming prosperous and stable semi-industrialized nations. During the second half of the 1970's, that optimism was accompanied by a massive inflow of foreign capital, mostly in the form of private loans.

This rosy perspective overlooked a number of fundamental weaknesses and policy mistakes that led inevitably to the profound crisis of the 1980's. The generous foreign financing was wasted in mostly unproductive projects and in corrupt schemes. Local industries remained protected and inefficient. Governments maintained a pervasive influence on the economy through ownership of failing state enterprises and a wide variety of regulations and interventions that created numerous distortions of market mechanisms. Direct foreign investment was over-regulated and frowned upon. Macroeconomic policies showed excessive government spending, deficient tax systems, chronic budget deficits and a total absence of independent and credible monetary policies. To make matters worse, the bleak economic picture was accompanied by a great disregard for democracy by repressive political regimes, which in many cases were the result of military takeovers.

Discussions of economic integration are not new in the region. As early as 1960, the majority of Latin American countries signed the Treaty of Montevideo, which created the Latin American Association for Free Trade (ALALC) which aspired to develop into a full-fledged free trade area. However, the guiding economic ideology of ALALC was “import substituting industrialization”, which included very high tariffs and other barriers, and the member countries never displayed the political will to engage in substantial trade liberalization (SELA, 1999). In 1969 the Andean countries signed the Cartagena Accord, which led to the formation of the "Andean Group" that prospered in the 70's, but languished in the 80's It was revitalized in the 90's as the Andean Community.

Two other integration schemes were created in the 60's: the Caribbean Free Trade Association (CARIFTA), precursor of the Caribbean Common Market (CARICOM), which did not stimulate much new trade among its members, and the Central American Common Market (MCCA) which was more successful and resulted in the development of modern industry in Central America (Bulmer-Thomas, 1999). ALALC itself was reborn in 1980 as the Latin American Association for Integration (ALADI). The creation of ALADI introduced a number of new approaches to integration; e.g. the private sector was invited to participate in trade negotiations alongside governments. This enabled the conclusion of numerous sector agreements in such industries as glass, chemicals, petrochemicals, and photography. Furthermore, ALADI's flexible guidelines encouraged the conclusion of numerous bilateral agreements (SELA, 1999). But the main obstacle to economic integration was the acute crisis that prevailed in the region in the 1980's.

Latin America entered the 80's with a huge foreign debt and severe structural problems. Foreign capital flows dried up overnight, externally imposed belt-tightening became the norm and the region became a net-exporter of capital. Economic growth came to a standstill and per capita income fell sharply. The 1980's constituted a 'lost decade' of misery and despair.

During that decade, the U.S. and other industrialized countries underwent a total 'loss of interest' in Latin America. More exciting developments were taking place elsewhere. Japan was solidifying its position as an export-oriented capital-flooded economic giant. The 'four tigers' --Hong Kong, South Korea, Singapore, and Taiwan-- were becoming textbook examples of successful market-oriented developing countries. China began to liberalize important segments of its economy and to aggressively seek foreign investments. New 'baby-tigers' --Thailand, Malaysia, and Indonesia-- were sprouting in the horizon with excellent prospects. The European Community --realizing the burden on its growth rate of prevailing rigidities and obstacles to free trade-- launched in 1985 an ambitious program aimed at intensifying the economic integration of its member countries leading to the creation of a single European market by 1993.

The U.S. in the 1980's refused to look south. With a mixture of fascination, curiosity, and concern it looked at developments to the east in the EEC and to the west in the Pacific Rim, which were the main regions were its capital flowed into. It was also looking north to Canada, with whom it signed a Free Trade Agreement in 1988.

Beginning in 1989 the international political and economic arena was shocked by a series of major new developments: the fall of the Berlin Wall, the collapse of the Soviet Union, the transition to capitalism and democracy in most of Eastern Europe, and the end of the Cold War. As part of the reassessment of its role in the world, the U.S. attention finally started turning south to its own backyard. In 1990, the Bush administration entered into serious trade negotiations with Mexico and in June of that year President Bush proposed the Enterprise for the Americas Initiative (EAI). The EAI emphasized debt relief and free-market economic reforms including trade and investment liberalization. The longer-term objective was the formation of a hemispheric free-trade area.

The late 1980's and early 90's also mark the beginning of market-oriented reforms in country after country in Latin America. The region's governments and the local business elites reached the realization that previously tried approaches to economic development based on protectionist policies were bankrupt, and the time had come to give the free-market approach a serious chance. Governments began to privatize and downsize, protectionist barriers began to disappear, foreign investment was sought after, market distortions were phased out, and the private sector was viewed as the locomotive of economic growth. Import-substituting industrialization ceased being the main goal of economic development. It was replaced by export-oriented growth, based on non-traditional products. The traditional approach to economic integration was inadequate for the new paradigm (Bulmer-Thomas, 1999).

The radical turnaround in economic policies was supplemented by a return to democratically elected regimes. Neither poverty nor social problems were alleviated, but at least politically and economically the region was turning in the 'right direction' from the point of view of the U.S. and the leading international organizations (IMF, World Bank, Inter-American Development Bank).

However, the interest of the U.S. in a hemisphere-wide approach to economic integration signaled by President Bush's EAI proposal was not long-lived. In February 1991, the U.S., Mexico, and Canada announced their intention to start negotiations towards a North American Free Trade Agreement. Even though the establishment of NAFTA was and still is considered in Latin America as a step forward towards hemispheric integration, it is indisputable that the focus on Mexico and Canada resulted in the postponement of any serious consideration of an all-encompassing free trade agreement.

In the absence of a broad regional approach by the U.S., Latin American countries proceeded to intensify their progress towards partial sub-regional integration schemes: Mercosur, the Andean Community, the Central American Common Market (CACM), and the Caribbean Common Market (CARICOM).

Mercosur's progress, in particular, has been remarkable. It was created as a customs union with the Asuncion Treaty in 1991, signed by Argentina, Brazil, Uruguay, and Paraguay. Chile and Bolivia joined as associate members in 1996. Its charter aimed at a deep integration including the free movement of goods, services, capital and labor, and the coordination of economic policies. The results have been impressive. Intra-Mercosur trade increased four-fold, from US$5.1 billions in 1991 to US$20.4 billions in 1998 (SELA, 1999, based on ALADI data).

The NAFTA debate in the U.S. uncovered a fairly strong strain of protectionism in Congress, in labor circles, and in public opinion in general. The big concern centered on the perceived threat to American jobs. The NAFTA approval process also saw the emergence of two new issues in the U.S. trade agenda: concerns about low standards and poor enforcement of labor and environmental legislation. This amounted to the U.S. deliberately raising the 'readiness threshold' of Latin American countries in order to qualify for inclusion in a free-trade area with the U.S.

The U.S. appeared to return to a path of high priority for a broad trade agreement in December 1994, when it hosted with great fanfare the First Summit of the Americas in Miami. At the Summit, the two-year-old Clinton administration enthusiastically pledged to start negotiations immediately aimed at the expansion of NAFTA to include Chile, within two years, and the creation of a hemisphere-wide Free Trade Area of the Americas (FTAA) by 2005. Unfortunately, a constellation of political and economic developments, beginning with the eruption of the Mexican crisis merely two weeks after the conclusion of the Miami Summit, resulted in the Clinton administration not being able (or willing) to secure "fast-track" approval for undertaking substantive and timely trade negotiations on either Chile/NAFTA or the FTAA. The result was that the whole FTAA project was put in the "back burner".

In the meantime, partly as a result of the vacuum created by U.S. inaction, the European Union intensified its interest in strengthening economic linkages with Latin America. Foreign direct investment by European companies skyrocketed in the second half of the 90's, led by Spanish banks and utilities. Negotiations were started towards a Free Trade Area between the EU and Mexico, which were completed in record speed and the agreement was signed and implemented in 2000. At the June 1999, Rio de Janeiro summit between the EU and Latin America, agreement was reached on the start of negotiations in 2001 towards a FTA between the EU and Mercosur. The success and dynamism of the European Union itself in the early 90's, with the creation of the Single European Market and the signing of the Maastricht Treaty, constituted an attractive role model for the idea of intensified economic integration in the Western Hemisphere. Latin American leaders that visited Europe and could observe the improvement in standards of living of the poorer member countries, following their accession to the European Community (Bulmer-Thomas, 1999).

Since 1995 the FTAA process evolved relatively slowly, with several meetings at the ministerial level (Denver, 1995; Cartagena, 1996; Belo Horizonte, 1997; San Jose, 1998; Toronto, 1999; Buenos Aires, 2001), and the establishment of 12 technical working groups. Formal negotiations leading towards a FTAA began at the Second Summit of the Americas in Santiago, in April 1998. The scope of these negotiations was defined at the fourth ministerial meeting, which took place in San Jose, Costa Rica in March 1998. What came to be known as the "San Jose Declaration" represented an ambitious commitment by the 34 countries for the largest regional integration effort ever undertaken, involving free trade and investment in goods and services. The agenda for negotiations was designed to include not only the traditional areas of rules of origin, market access, safeguards and dispute resolution, but also, the "new generation" areas of trade in services, a common investment regime, government procurement, intellectual property, competition policy, and even labor and environmental issues.

In 2000, the last year of the Clinton administration, the pace of progress accelerated along two dimensions: work on the initial draft of the FTAA and negotiations towards a bilateral FTA with Chile. Clearly, the absence of "fast-track" authority remained a major obstacle. The victory of George W. Bush in the U.S. presidential elections has presented a new golden opportunity for a renewed ambitious initiative to jump-start the economic integration process in the Americas. Candidate Bush had promised a strong focus on Mexico and Latin America as close economic and political allies of the U.S. In his early days in office, President Bush tried to make good on those promises by scheduling a presidential summit in Mexico with the newly elected president Vicente Fox, and by raising the expectations of a speedy conclusion of the FTAA negotiations. However, the events following September 11, 2001, resulted in an abrupt shift in the geopolitical priorities and the resulting relegation of trade policy and Latin American issues. In August 2002, the Bush administration was finally able to secure passage in Congress of the trade promotion authority bill (fast track) and trade representative Robert Zoellick sounded enthusiastic about the prospect for the speedy conclusion of bi-lateral free-trade agreements with Chile and Singapore, and for accelerating the pace of the FTAA negotiations.

The U.S. needs the FTAA as much as the Latin American countries. From the U.S. perspective it boils down to a case of 'enlightened self-interest'. The FTAA will be a positive-sum game in which all member countries will benefit from better and cheaper products and a higher level of economic activity. Labor displaced from inefficient industries will need retraining and redirection into successful export-oriented firms. The FTAA will force countries and firms to intensify their search for niches of competitive advantage.

Schott and Hufbauer (1994) have estimated that if the FTAA had started in 1990, by 2002 Latin America as a whole could have increased exports by US$ 87 b. and imports by US$ 104 b. compared to a scenario of continuing reforms by individual countries. They also estimated that the FTAA, in conjunction with a more open economic system and greater trade would lead to a Latin American GDP greater by US$ 275 b. (18%) in 2002. Hufbauer (1999) estimated the likely impact of a free trade agreement on U.S.-Brazil trade flows to be a jump from US$25 in 1997 to US$56 billion within a few years. The FTAA has the potential of boosting trade between Latin America and the U.S. while also improving social conditions and living standards.

3.0 Implications At The Micro Level

As stated above, today's managers are facing tremendous challenges from the demands imposed by the changing competitive environment. It is a time of confusion, where it becomes very uncomfortable for managers who have to leave their habitats to move into grounds that they are not familiar with. "We are in mid-stride between an old and a new era, and we have not yet found our way. We know the old no longer works; the new is not yet formed clearly enough to be believed" (Nicoll, 1984, p. 4). The formation of new ways has become a concern not only of practitioners, but an increasing number of business schools are embarking in this search also. They are doing this both by conducting studies in the "organizational laboratories," timidly practicing with new approaches in their schools' administrations, and teaching them in their classrooms. One good example of these efforts is the transformation that took place at Babson College's School of Business (Engelkemeyer, 1993).

Management authors and "gurus" have devoted considerable time writing about different management methods or approaches that seem as the appropriate ways of coping with the new times. Vaill's Management as a Performing Art, Senge's The Fifth Discipline, Handy's The Age of Unreason, Kilmann's Managing Beyond the Quick Fix, Starr's Global Competitiveness: Getting the U.S. Back on Track, Lareau's American Samurai, Deming's

Out of the Crisis, Adams' Transforming Work, Hamel’s Leading the Revolution are a few examples of these efforts. Also traditional business publications have turned their attention to the new waves of management, e.g., U.S.'s Harvard Business Review and Fortune Magazine, Britain's Financial Times, or Venezuela's Gerente.

In the new environment, managers must learn anew how to manage the internal dynamics of their organizations, and the dynamics of the external relationships of their organizations. In both cases the transformation implies learning totally new skills such as learning to nurture relationships strategic alliance partners (Kanter, 1994). In some cases it will be necessary to learn how to re-formulate existing concepts and models, such as planning and organizing, and controlling. Also managers have to come to the realization that most of the traditional approaches and tools are no longer enough. The fact is that these concepts and models were not developed with today's dynamics in mind, and managers find themselves applying concepts that do not fit the situation anymore. The learning becomes more difficult because managers must first abandon what has worked for them for many years, which has been very familiar to them. It is not an easy transition.

Let's examine some of the new notions by contrasting them to more dated practices:

Quality. Traditionally, organizations would check quality by inspecting the products after they have been made or the services after they have been rendered. This approach has given way to the notion that ‘quality cannot be inspected’ it is built into the process of making a product or rendering a service. Inspecting quality at the end of the line is too late, because the product has already been made, and too expensive due to rework costs. Edwards Deming emphasized this notion in many of his writings.

Who Defines Quality? Traditionally managers, through designers and engineers, would be the ones defining what the customers needed. Many organizations might still be suffering from this habit, because they have not come to the realization that customers today are the ones who define what quality is. This understanding forces managers and employees to communicate with customers in nontraditional ways. Customers are now found in design rooms and in focus groups "teaching" companies about their needs.

Customers' Increased Power. Managers need to learn how to cope with smarter customers. It is now clear that customer power has increased as a result of the great variety of choices they find in today's global markets. Customers understand issues about product performance and features because they are much more educated about the products and services they use. This might be one of the reasons why customers have developed a strong sense of value (higher quality, better performance and service, and lower prices), which they demand. The impact on business from this is that companies must engage themselves in a constant search for ways of meeting customers’ needs to the point of delighting them and at reasonable prices.

Systems Thinking. "The people work IN a system. The job of the manager is to work ON the system, to improve it, continuously, WITH their help" (Tribus, 1994). But traditional management practices have concentrated on the management of the parts, and managers have not developed a true understanding of systems. "Systems thinking focuses on identifying the relationships between the parts... [So that managers] can gain insight into how changing these relationships may affect the behavior and performance of the system" (Cavaleri & Obloj, 1993). Managers must also understand the meaning of the loops, negative feedback and positive feedback so that they make more effective decisions (Kauffman, 1980). These notions of organizations as systems should apply also to how managers deal with the external relationships (customers, partners and other stakeholders), leading to an effective alignment of the organization with the external environment in general (Drucker, 1994).

Organizational Learning. Senge (1990) has devoted years of research and study to the notion that the true competitive advantage comes from the people. His five disciplines -systems thinking, personal mastery, mental models, shared vision, and team learning- are all important for organizational growth (Senge, 1990). So a learning organization is that which grows, develops, and evolves because it learns continuously, and does so with the help of its employees. Learning then is important and learning fast is even more so. But our traditional management practices do not facilitate this learning, and in fact they generally block it (Argyris, 1994). These accepted practices also promote the development of defense mechanisms that hinder organizational learning (Argyris, 1990). It could be said that managers have to learn anew how to promote learning in the organization, and understand concepts such as the "double-loop" learning (Argyris, 1994), and others. The challenge here is to learn how to learn, so that managers can see how to facilitate organizational learning.

Human Resource Management Systems. HRM practices are the ones where the greatest changes have been observed in the last decade or so. They evolved very rapidly from a notion that the employee was like any other factor of production, where a person would be hired for eight hours worth of work a day, to a situation where employees are now perceived as valuable assets of any organization. It is not enough anymore to develop a compensation package, a job description, and a system of reward and punishment to obtain adequate performance. Now, we read about reports such as Deutschman's (1994) who talks about Hewlett-Packard employees who are allowed to select their supervisor; or Urdaneta's (1993) who reports on the Caracas (Venezuela) Fire Department which is developing its own professionals all the way to the college level; or O'Reilly's (1994) who describes how the relationship between employers and employees is changing, and he emphasizes that "employers that deliver honesty and satisfying work can expect a new commitment from workers."

The single-minded practice of resolving everything with money has proven wrong today when many firms find themselves with US$ 17.00/hour workers, doing a job that a US$ 2.00/hour Mexican worker can do as well. We also see a need to increase the employees’ skill-mix, because there seems to be a move away from the traditional limited-focus job, to a position where the worker now performs the jobs that needs to be done for the good of the team, the organization and the workers themselves (e.g., Bridges, 1994). This new reality would force many organizations to re-tool their employees so that they can perform at a 17.00-dollar level to bring them in alignment with the workers of the world. It is also clear by now that empowerment is becoming more important as a way to increase the firm's ability to compete. Empowerment is a way for the firm to benefit from the employees’ experience, education, and understanding of the task(s) they perform. It is also a way to encourage employees to apply their "managerial minds" (Fearon & Blanco, 1996). These reports are just a few that support the notion that today's organizations must run on brainpower in order to succeed. Employees have to be empowered, treated with respect and honesty, their creativity and innovation have to be fostered, and they should be allowed to fully develop, grow, and evolve with the organization.

Multiculturalism And Globalism. An important characteristic of the new marketplace is that it is not only global, but also made up of multiple cultures. This creates increased complexities for managers who must now balance multiple-perspectives, geographic scope, and even some conflicting interests (Fiedler & Blanco, 1996, 2000; Rhinesmith, 1993). The global emphasis also requires managers to learn how to collaborate, create effective partnerships, network in information sharing efforts, and integrate (e.g., Rhinesmith, 1993). Now managers are also required to learn how to learn to function effectively in a multicultural environment, which requires that they improve their multicultural skills (e.g., Barnum, 1991). Some areas today demand need special attention: open-mindedness, respect for others' beliefs, trust in people, tolerance, personal control, flexibility, patience, adaptability, self-confidence and initiative, sense of humor, interpersonal interest, interpersonal harmony (Fetterolf, 1989). Managers in the U.S., for instance, can even benefit with the development of these attributes/skills at home, where they must deal with increased diversity in their own home companies. Learning how to learn to embrace diversity at home could be of great benefit in improving managers' performance in a multicultural environment at the global level.

4.0 An Agenda For Strategic Action

The opportunities for an integrated hemisphere are many, but the key players must take action. Two important initiatives should be pursued at the macro level. First, the U.S. should assume a leadership position towards the economic integration of the region. All the sub-regional integration schemes (e.g., NAFTA, CARICOM, MERCOSUR), must be brought together under a single all-encompassing umbrella. The region’s political umbrella must not lose the momentum of consolidating democracy and showing concern for human rights and the elimination of poverty.

The second major action at the macro level is that the U.S. should allocate funds for education and development for the Americas. This would allow for grants to be awarded to American universities that have shown interest in the region. The bulk of these funds should go into training and education programs in contemporary management, competitiveness, small business management, business development, and some more specific business process (e.g., productivity and quality, statistical control processes, materials management). This particular action should be taken with the same fervor with which the U.S. government has supported so many initiatives in Central and Eastern Europe. In fact, the U.S. stands to benefit in a very significant way from any investment in the Americas, because there is greater guarantees that the countries in the region would be more loyal to the U.S. than to any other industrialized nation. This may not be the case for Central and Eastern Europe, where most of what have been invested there would probably end up benefiting the European Union. As the U.S. allocates funds to support these initiatives in the Americas, it may be useful to create a single coordinating mechanism to monitor the efforts of different schemes to maximize the benefits and avoid duplication and waste.

At the micro level of analysis, U.S. firms should be expected to support and complement any new government initiatives. The main mechanism for doing this is by increasing their awareness of the numerous advantages of foreign direct investment in Latin America and the attractive mix of labor price and quality available in most countries.

The second micro level effort is that of the education and development of managers in the region. U.S. universities and corporations must increase their efforts in the design and delivery of business and management education and executive development programs for the region. Although a considerable number of universities in the region offer business programs, many of them could benefit from an increased emphasis on current trends in management and especially in the area of global competitiveness. The area of executive development is probably the one that needs the most attention at this point. The possibility here might be to develop executive training programs tailored to each region. There is also the possibility to develop and deliver executive development programs tailored to specific industries because there is a tendency for people to stay with either the same company or in the same industry for the duration of their careers.

On the labor side, there some clear needs as well. One of these needs is to increase the efforts in workers' training in the more current areas of operations, which would improve the performance of the firms. Areas such as statistical quality control methods, decision-making tools, and basic computer applications in operations are just examples of the training needs for workers in the region. The other aspect related to labor is the need for more labor-management cooperation efforts. These efforts will be very important, considering that labor unions in many countries in the region hold considerable more power and influence that most unions in the U.S. This influence extends in many cases to the political segment of the environment. Labor unions in the region could also use their power to affect performance of business in a significant way. Finally, most of us in the U.S. also need to improve our understanding of Latin American and Caribbean Cultures. It is customary for us to dump all the countries together in one cultural group. Learning to recognize the uniqueness of the culture of each country in the region is essential for the success of any integration effort.

5.0 Concluding Remarks

In this paper we have tried to show the series of adjustments that need to take place --at the macro and micro level-- in order for the U.S. and Latin America to adapt to the rapid and profound changes taking place in the global business environment. The whole Western Hemisphere has to consolidate its economic integration in order to be a more efficient competitor in the world scene. Business firms need to learn how to work together with government and universities and how to strike cross-border alliances with complementary foreign companies. Furthermore the whole approach to quality and to employee involvement needs to be reassessed.

This process of change is already under way in several countries in the region. Political leaders now have to make sure that it accelerates and spreads and that it does not derail as a result of short-term setbacks. A number of writers have called our attention to the fact that we are losing our future (e.g. Lareau, 1991; Starr, 1988). A decisive move towards hemispheric integration is a critical action to regain control over our future.

6.0 Suggestions for Future Research

Further research work should attempt to identify the proper mix of policies aimed at solidifying the commitment of the leaders and people of the Americas to economic integration, free-market reforms and the search for competitiveness. Such policies should include educational programs, training schemes, development aid, and coalition building, and should seek to counter the rise in skepticism that usually accompanies political and economic crises such as the recent examples of Venezuela and Argentina. 🕮

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