

variability in labor laws, union structure, workplace attitudes, and collective-bargaining processes created a complex, changing situation. Most MNEs reasoned that headquarters was poorly positioned to manage worldwide labor relations. Hence, they delegated responsibility to local managers.

This outlook is giving way to a trend toward greater coordination and control of global labor policies by the senior leadership of MNEs. Coordinating globally dispersed value chains spurs headquarters to preempt disruptions caused by sporadic workplace activism in once less but now more interlinked sites around the world. Moreover, companies whose value creation is sensitive to labor costs no longer can delegate labor relations to a series of local managers. Integrating global operations pushes MNEs to integrate labor relations. Growing attention to and integration of their relations creates powerful advantages for MNEs. They translate their understanding of how to use the threat of production switching or resource redirection to strengthen their collective-bargaining positions.

Tel-Comm-Tek (TCT)

In May 2010, Mark Hopkins of Tel-Comm-Tek (TCT) India, a company headquartered in the United States, announced his resignation and intention to return to his home in Vermont.¹⁶ At the time, he was the managing director of the Indian subsidiary of TCT. During his tenure, Hopkins oversaw steady growth in market share and profitability of the Indian operation. Upon his announcement, TCT began searching for his replacement.

TCT: A Brief Introduction

TCT manufactures a variety of small office equipment in nine different countries. It distributes and sells products such as copying machines, dictation units, laser printers, and paper shredders worldwide. TCT reported sales in more than 70 countries. TCT has sold and serviced products in India since the early 1980s even though it lacked its own in-country manufacturing facility. Originally, it hired independent importers to sell its products. It soon realized that generating higher sales required setting up its own operations. In 1992, it opened a sales office in New Delhi. Map 20.1 profiles features of India.

Today, TCT is poised to expand its Indian operations. Local sales have been increasing at double-digit rates, powered by a boom in the Indian information-technology sector. Forecasts saw this trend accelerating over the next decade. Headquarters projected TCT India evolving into a key element of its global value chain and, ultimately, the center point of its Asian operations.

India: The Next Economic Juggernaut?

Some see India developing into the world's next big industrial power. This projection has led global companies to increase their local operations. For example, IBM, a longtime customer of TCT, increased its Indian staff from a handful to more than 100,000 employees between the mid-1990s and 2010 through a series of acquisitions and investments. Moreover, internal company analysis indicates that the economic growth rate for the overall economy, along with the sectors that TCT serves, could move total sales of the Indian subsidiary past those in the company's home market.

Expansion: Pros

Improving Infrastructure Shaping TCT India's expansion plans is the ongoing improvement in India's transportation infrastructure. Improvements in highways, railways, and

