providers of such schemes (such as law firms and public accounting firms), as well as going after the corporate clients that are adopting such schemes. In addition, they and other OECD countries are going after tax-haven countries and trying to break down the barriers to bank secrecy so that they can get access to the records of individuals and companies who they suspect are illegally avoiding taxes. As companies establish strategies to take advantage of tax havens, they need to make sure that they are very careful to avoid strategies that will turn them into the next Enron or Parmalat. The move to drive down costs can't come at the expense of the future viability of the company.

The explosion of information and technology and the growing number and sophistication of hedging instruments (financial derivatives such as options and forwards) will significantly influence the cash-management and hedging strategies of MNEs in the future. Advances in information systems will continue to enable companies to get information more quickly and cheaply.

In addition, electronic data interchange (EDI) will allow them to transfer information and money instantaneously worldwide. Companies will significantly reduce paper flow and increase the speed of delivery of information and funds, enabling them to manage cash and use intercompany resources much more effectively than before. Consequently, companies will reduce not only the cost of producing information but also interest and other borrowing costs.

Investment and commercial banks will continue to develop new derivative instruments that will help companies hedge their currency and interest-rate exposures in the short and long term. However, new standards in accounting for derivative financial instruments by the FASB and IASB will force companies to mark most derivatives to market and recognize gains and losses in income. Despite of the tightening of accounting standards, derivatives will be a big help to companies as they attempt to hedge their cash flows and protect against the erosion of earnings in an unstable financial environment.

The OECD, the IMF, and the EU are three institutions that will help countries narrow their tax differences and crack down on the transfer of money for illegal purposes. Although illegal financial transfers have occurred for years, especially due to drug trafficking, the attacks on 9/11 and subsequent moves to track down money laundering by Osama bin Laden and other terrorists have created a more urgent need to reform the global financial system. This will continue to narrow the options of companies to move funds, but that isn't a bad idea.

Dell Mercosur: Getting Real in Brazil

In 2009, Dell announced that it was moving aggressively in Brazil by significantly ramping up its product line that will be sold in retail stores and customizing products specifically for the Brazilian market. Only two years after deciding to sell computers in retail outlets, Dell is focusing on Latin America—where 10 percent of its retail outlets exist—and Brazil is the key to its Latin American sales. With the Brazilian economy rebounding from the global economic crisis and the Brazilian real relatively strong against the U.S. dollar, the future looked bright for Dell's business in Brazil. Agreements with supermarket giants Carrefour, Wal-Mart, and Ponto Frio (a local Brazilian company) should give Dell significant retail space to expand its market.

However, things haven't always been that smooth. Travel back in time to 2002. Todd Pickett, CFO of Dell Mercosur, was facing the end of 2002 with conflicting predictions of the value of the Brazilian currency (the real) and what to do to hedge Dell's operation in Brazil.[42] Although Pickett was concerned about Dell's exposure in the other MERCOSUR countries—especially Argentina—Brazil was clearly the largest concern.

The year 2002 began with the shocks resulting from the Argentine financial crisis, which started at the end of 2001, and it ended with the election in October of Luiz Inácio Lula da Silva (known simply as "Lula") as president of Brazil. Lula, the leader of the Workers' Party and a longtime leftist politician, had held the lead throughout the year. The markets were skeptical of Lula's potential leadership, a factor that caused the real to weaken from 2.312 reais per U.S. dollar at the end of 2001 to a record four reais to one U.S. dollar at one point just prior to the election. After the election, the real began to strengthen somewhat, but

Pickett had to base his strategies on whether the real would continue to strengthen or would weaken again.

A Little Background

U.S.-based computer company Dell was founded in 1984 by Michael Dell. In 2002, at the time of our case, Dell was operating in 34 countries with 36,000 employees, of which about 14,400 are outside the United States, and recorded $32 billion in sales. In the previous five years, Dell had expanded beyond PCs to servers, storage, and communications equipment. Most PC manufacturers have claimed poor results since the technology bubble burst in 2000—IBM left the industry in 2000 and Compaq and HP merged in 2001 in the hopes of boosting their competitive position. Unlike its competitors, Dell had thrived in the previous few years, moving from a market share of 12 to 15 percent in 2001, the number-one spot in the industry.

Fiscal 2002, however, was one of the toughest years to date in the PC industry. Because of the softening of the global economy and the events of 9/11, demand for PCs was down sharply. Dell responded with an aggressive price strategy, reducing costs through workforce reductions and facility consolidations. Although global industry shipments fell by 5 percent in 2002, Dell's unit shipments increased by 15 percent, thus enabling Dell to retain its number-one position.

Dell bases its success on its build-to-order, direct-sales model. Dell has eliminated resellers and retailers (although it decided to expand into the retail space in 2007), and it sells directly to the customer by phone or over the Internet. Dell customizes every computer to the customer's needs and waits to build the computer until it is ordered. As a result, Dell requires little inventory (four days on average) and is able to deliver the newest technology to its customers. Costs are kept to a minimum compared with its competitors because it has no costly retail outlets and little inventory.

Dell began assembling computers in Round Rock, Texas, in 1985, and it moved to global production in the following order:

1990: Opened manufacturing plant in Ireland
1996: Opened manufacturing plant in Malaysia
1998: Opened manufacturing plant in China
1999: Opened manufacturing plants in Tennessee and Brazil

Dell in Brazil

Dell's business center in Brazil is in Eldorado do Sul, the capital of Rio Grande do Sul (the southernmost state in Brazil) and close to Porto Alegre. Its manufacturing facilities were moved from Eldorado do Sul to nearby Hortolândia in 2007. In addition, its call center in Brazil—which is similar to Dell's call center in Bray, Ireland—services both Brazil and Argentina. Its Brazilian manufacturing facility, consisting of 100,000 square feet of leased property, is the smallest of its facilities outside the United States, but the potential in Brazil and Argentina is huge, and Dell is planning further expansion.

Because of the tariff-free provisions of MERCOSUR and the close proximity of Dell's manufacturing facilities in the south of Brazil, Dell is well positioned to service all of MERCOSUR with its Brazilian manufacturing operations. In fiscal year (FY) 2002, it held a 4.5 percent market share in Brazil, behind HP/Compaq, IBM, and a Brazilian company. However, it was rapidly moving up to third place in the market and growing quickly.

Although Dell is divided into products and customers, it is managed generally geographically. Terry Kahler, the general manager of Dell Mercosur, reports to Rosendo Parra, the vice president of the Americas/International Group in Austin, Texas. Pickett works very closely with Kahler to decrease currency risk and meet budget targets in dollars, but he reports directly to the CFO staff in Austin to coordinate hedging strategies.

Dell's revenues in Brazil are denominated in reais, and most of its operating costs are also denominated in reais. However, about 97 percent of Dell's manufacturing costs in Brazil are denominated in U.S. dollars, because Dell imports parts and components from the United

States. Most general and administrative costs are in U.S. dollars. It translates its financial statements according to the current-rate method, which means that assets and liabilities are translated into dollars at the current exchange rate, and revenues and expenses are translated at the average exchange rate for the period. Because of business development loans from the Brazilian government, Dell's net exposed asset position in Brazil is quite small, but it is subject to foreign-exchange gains and losses as the rate changes.

How Dell Hedges Its Bets

In its Form 10K for FY 2002, Dell describes its foreign-currency hedging strategy as follows:

> *The Company's objective in managing its exposure to foreign currency exchange rate fluctuations is to reduce the impact of adverse fluctuations on earnings and cash flows associated with foreign currency exchange rate changes. Accordingly, the Company utilizes foreign currency option contracts and forward contracts to hedge its exposure on forecasted transactions and firm commitments in most of the foreign countries in which the Company operates. The principal currencies hedged during fiscal 2002 were the British pound, Japanese yen, euro, and Canadian dollar. The Company monitors its foreign currency exchange exposures to ensure the overall effectiveness of its foreign currency hedge positions. However, there can be no assurance the Company's foreign currency hedging activities will substantially offset the impact of fluctuations in currency exchange rates on its results of operations and financial position.*
>
> *The Company uses purchased option contracts and forward contracts designated as cash flow hedges to protect against the foreign currency exchange risk inherent in its forecasted transactions denominated in currencies other than [the] U.S. dollar. Hedged transactions include international sales by U.S. dollar functional currency entities, foreign currency denominated purchases of certain components, and intercompany shipments to certain international subsidiaries. The risk of loss associated with purchased options is limited to premium amounts paid for the option contracts. The risk of loss associated with forward contracts is equal to the exchange rate differential from the time the contract is entered into until the time it is settled. These contracts generally expire in 12 months or less.*
>
> *The Company also uses forward contracts to economically hedge monetary assets and liabilities, primarily receivables and payables that are denominated in a foreign currency. These contracts are not designated as hedging instruments under generally accepted accounting principles, and, therefore, the change in the instrument's fair value is recognized currently in earnings and is reported as a component of investment and other income (loss), net. The change in the fair value of these instruments represents a natural hedge as their gains and losses offset the changes in the underlying fair value of the monetary assets and liabilities due to movements in currency exchange rates. These contracts generally expire in three months or less.*

Based on these general statements of principle, Dell's strategy is to hedge all foreign-exchange risk, which is a very aggressive hedging strategy. Because there is no options market for Brazilian reais, Pickett uses forward contracts to hedge the foreign-exchange risks in Brazil.

Corporate financial management monitors currency movements worldwide and provides support to Pickett's Brazilian financial-management group in terms of currency forecasts and hedging strategies. Within the broad strategy approved by corporate finance, the Brazilian group establishes a strategy and then works with corporate on specific execution of the strategy.

The Two-Part Strategy

There are two key parts to the strategy. One has to do with forecasting exposure, and the other deals with designing and executing the strategy to hedge the exposure. Although the balance-sheet exposure is not material, it still must be forecast and is partly a function of the cash flows generated by revenues. Because the revenue side is more difficult to forecast, Pickett hedges about 80 percent of forecasted revenues.

However, the Dell team in Brazil has become very adept at forecasting revenues and in executing a strategy to reach its target forecast. The team works hard on identifying the challenges for reaching its target and in devising policies to overcome those challenges. Its execution strategies vary widely quarter by quarter, and the management team has become very good at meeting its targets by working closely together and being flexible. Pickett and Kahler also work closely daily to execute their strategy.

The second key to the strategy is designing and executing the hedging strategy. Because revenues vary every day, Pickett does not enter into contracts all at once. Instead, he works with corporate finance to enter into contracts of different amounts and different maturities, depending on when they expect to generate the operating revenues. Revenues are generally lower at the beginning of the quarter and are always higher in the last week or two of the quarter, so he enters into contracts accordingly.

Timing is a crucial issue. The gain or loss on a forward contract is the difference in exchange rates between when the contract is entered into and when it is settled. The key is to unwind (or settle) the contracts while the rate is still favorable. Pickett noted that if Dell began to unwind the contracts in the last week or two of the quarter instead of the last day or two of the quarter, it could get much more favorable foreign-exchange gains. His strategy was so successful that in some quarters, Dell was generating more financial income than operating income.

Although Pickett and his finance team have some flexibility in designing and implementing strategy, corporate finance keeps in close touch, depending on their forecasts of the exchange rate and the strategy that Dell Brazil is following. Corporate finance uses a consensus forecast of exchange rates that is provided by a group of banks, but banks have different scenarios. For example, in the last quarter of 2002, corporate was relying on bank forecasts that the real would revalue even more by the end of the year.

Pickett's dilemma was that his gut feeling was telling him the real would actually fall instead of rise. That would indicate a different hedging strategy. He was resisting entering into hedges, while corporate was pressuring him to do just that. But he was closely watching the forward market, and when it began to move, he decided it was time to enter into the contracts. He was also considering entering into operating strategies that would provide natural hedges for Dell in Brazil. But who knows what will happen to Brazil if Lula, Brazil's new president, loses fiscal control of the ninth-largest economy in the world, resulting in another round of inflation and a falling currency? Dell has significant market opportunities in MERCOSUR, but the financial risks will make for exciting times in years to come. ■

QUESTIONS

1. Given how Dell translates its foreign-~~currency-financial~~ statements into dollars, how would a falling Brazilian real affect Dell Mercosur's financial statements? What about a rising real?
2. Dell imports about 97 percent of its manufacturing costs. What type of exposure does that create for it? What are its options to reduce that exposure?
3. Describe and evaluate Dell's exposure management strategy.
4. What are some programs or strategies that management in Dell Mercosur could implement to provide it with operational hedges?

SUMMARY

- The corporate finance function deals with the acquisition of financial resources and their allocation among the company's present and potential activities and projects.
- CFOs need to be concerned with the international dimensions of the company's capital structure, capital budgeting decisions, long-term financing, and working capital management.
- Country-specific factors are the most important determination of a company's capital structure.

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)

CASE

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.[116] 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.

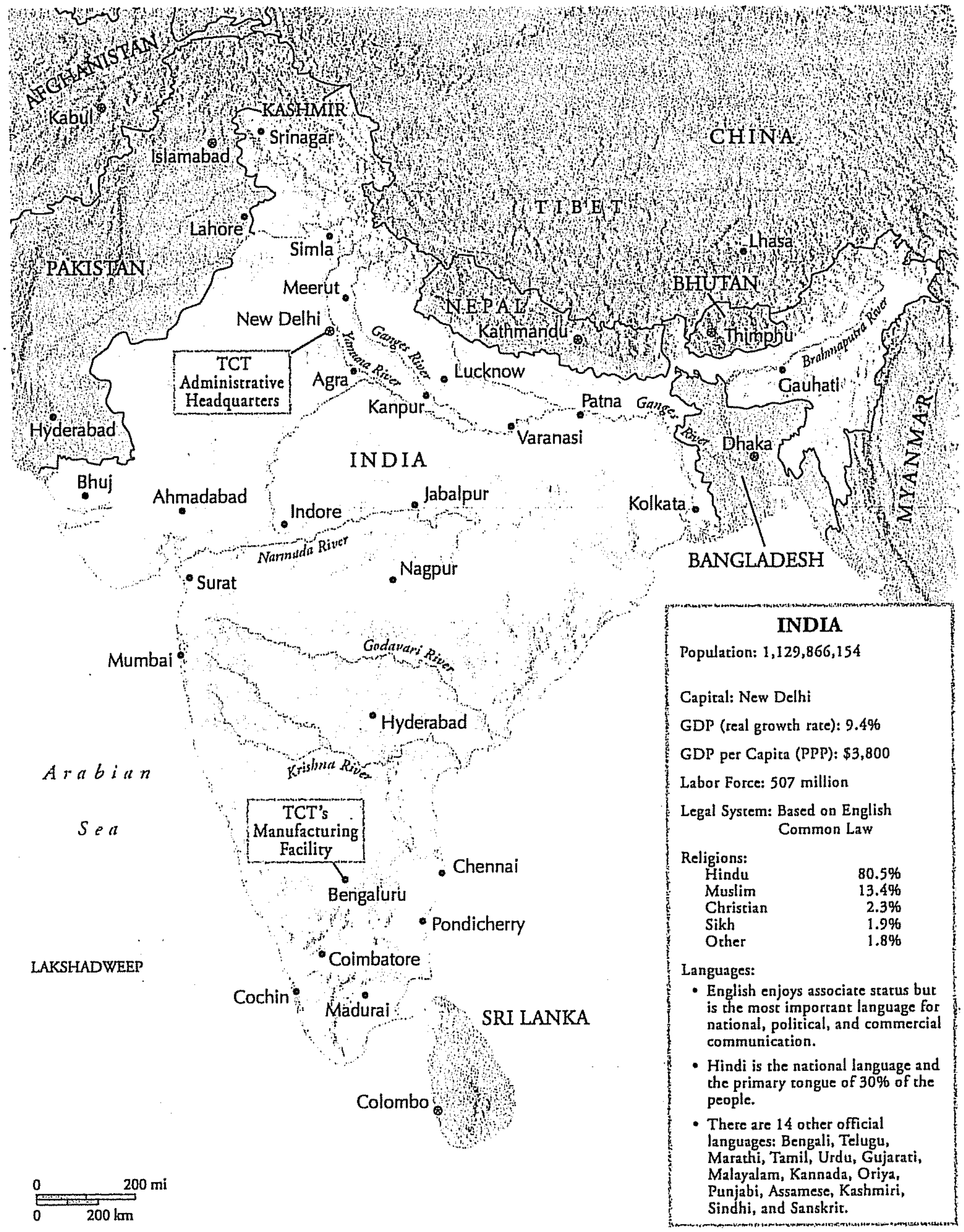
India: The Next Economic Juggernaut?

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

MAP 20.1 India



U.S.-based Tel-Comm-Tek (TCT), which makes small office equipment in nine countries and sells in more than 70, opened an Indian sales office in the capital of New Delhi in 1992 and broke ground on a manufacturing plant in Bengaluru in 2009. India is a competitive location from which TCT can supply markets locations throughout Asia. The company expects that total sales through its Indian subsidiary will eventually surpass total sales in the United States.

Source: Central Intelligence Agency, "India," *The World Factbook 2009*, www.cia.gov (accessed October 23, 2009).

seaports increase the efficiency of product movement both in and out of the country. Management envisions making the local subsidiary a vital link in TCT's increasingly sophisticated supply chain. Presently, TCT's supply chain integrates input suppliers, production, and wholesalers in the United States and Europe. Long-term plans outlined integrating supply points throughout Asia.

Democratic Norms India's independence in 1947 institutionalized strong democratic norms of accountability, transparency, and freedom. Progress on the economic front had been even more dynamic. From 1947 through 1990, India's decision to have a centrally planned economy led to the infamous "License Raj," a situation marked by elaborate licenses, regulations, and bureaucracy that were required to open and run a business. In 1991, India began a transition toward a free market economy with the intended demise of the License Raj. This transition, an ongoing process, has helped stabilize the economic environment and boost India's attractiveness as a manufacturing site. Still, India's business environment poses problems.

Expansion: Cons

Problematic Legal Environment The Indian legal environment, although endorsing the principles of the rule of law, struggles with corruption. The primary driver of corruption, in many observers' eyes, is the country's vast bureaucracy, a legacy of the previous centrally planned economy. Partial success in dismantling the License Raj has resulted in a civil administration that influences many aspects of economic life. Notably, Western high-tech companies run into problems with intellectual property violation. Patent infringement and business-process piracy are not uncommon.

Outmoded Labor Laws The legal system creates other complications. For example, India's labor laws, little changed since they were enacted after independence in 1947, make it difficult to lay off employees even if a company's fortunes hit hard times or the economy slows. Companies are reluctant to hire workers, given the risk of being unable to fire them if circumstances change. Necessary terminations are difficult to execute and often involve extensive negotiations and settlements. "[C]ompanies think twice, 10 times, before they hire new people," said Sunil Kant Munjal, the chair of the Hero Group, one of the world's largest manufacturers of inexpensive motorcycles.

Anticompetitive Legislation In addition, Indian laws bar companies with more than 100 employees from competing in many industries. These laws protect small enterprises operating in many villages scattered throughout India, often at the expense of larger-scale operations. Another challenge is high tariffs. These had been put in place to promote domestic production and still apply to many classes of imports, including some that are inputs into products manufactured by TCT. Some of India's labor laws discourage flexibility; for example, some prohibit companies from allowing workers to clock more than 54 hours of overtime in any three-month period, even if workers are willing to do so.

TCT Moves Forward

In late 2009, TCT began building a factory in Bengaluru, the center of India's Silicon Valley (see Map 20.1). The plant will make a full range of laser printers, from entry level to high end. The first production run has been set for June 2010. Logistically, TCT plans to supply the factory with components from its manufacturing facilities in Europe and the United States. Eventually, management plans to find local suppliers or backward integrate into the local production of those components.

The scale of the production operation requires 150 to 200 production workers. TCT anticipates no problems in hiring a skilled labor force, given other companies' success stories. For example, the South Korean conglomerate LG looked to staff 458 assembly-line jobs at its consumer electronics factory opening in India. It required each applicant to have at least 15 years of education—a condition that translates into having both high school and technical college certification. Seeking a young workforce, the company also decided that no more than 50 workers could have prior work experience. Despite these restrictions, 55,000 people qualified for interviews.

TCT enlisted a U.S. engineering firm to supervise construction of its plant in Bengaluru. Upon completion, TCT will "turn over the key" to the on-site factory director, a U.S. expatriate sent to run the operational plant. This director reports to TCT's U.S. headquarters on production and quality-control matters. He or she will report to TCT India's managing director in New Delhi (the position made vacant by Hopkins's retirement) on all other matters, such as accounting, supply-chain logistics, finance, and labor relations. The managing director of TCT India, in turn, will report to the Asian Regional Office at TCT's U.S. headquarters.

Selecting a Managing Director

TCT prefers to fill executive vacancies by promotion from within the company. TCT uses a mix of home-, host-, and third-country nationals. In addition, TCT rotates its managers among its foreign and U.S. locations. Headquarters sees international experience as an important facet of executive leadership.

The Candidates The Asian Regional Office charged a selection committee to nominate the new managing director for TCT India. The committee identified six candidates:

Tom Wallace A 30-year TCT veteran, Wallace is experienced in the technical and sales aspects. He has supported some supply-chain initiatives in the U.S. market. Although he has never worked abroad, he has toured the company's foreign operations and always expressed interest in an expatriate position. His superiors rate his performance as proficient. He will retire in about four and a half years. He and his wife speak English. Their children are grown and live with their own families in the United States.

Presently, Wallace supervises a U.S.-based operation that is about the size of that in India. However, the merger of Wallace's unit with another TCT division will eliminate his current position within six months.

Brett Harrison Harrison, 40, has spent 15 years with TCT, both running line activities and supervising staff. His superiors consider him highly competent and poised to move into upper-level management within the next few years. For the past three years, he has worked in the Asian regional office and has regularly toured TCT's Southeast Asian operations.

Both he and his wife have traveled to India several times in the last 20 years and are well acquainted with its geography, politics, customs, and outlooks. The Harrisons know many U.S. expatriates in the Bengaluru region. Their children, ages 14 and 16, have also vacationed in India with their parents. Mrs. Harrison is a midlevel executive with a multinational pharmaceuticals company that presently does not have an operation in India; there were rumors of a sales office opening in a few years.

Atasi Das Born in the United States, Das joined TCT 12 years ago after earning her MBA from a university in New England. At 37, she has successfully moved between staff and line positions, with broader responsibilities in strategic planning. For two years, she was the second in command of a product group that was about half the size of the Indian operations. Her performance regularly earns excellent ratings. Currently, she works on a planning-staff team based at TCT headquarters.

When she joined TCT, she noted that her ultimate goal was to be assigned international responsibilities, and she pointed to her undergraduate major in international management as evidence of her long-term plan. She recently reiterated her interest in international responsibilities, seeing it as an essential career step. She speaks Hindi and is unmarried. Her parents, who live in the United States, are first-generation immigrants from India. Several family members and relatives live in Kashmir and Punjab, northern states of India.

Ravi Desai Desai, 33, is currently an assistant managing director in the larger Asian operation. He helps oversee production and sales for the Southeast Asian markets in Singapore, Malaysia, and China. A citizen of India, he has spent his 10 years with TCT working in operational slots throughout Southeast Asia. He holds an MBA from the prestigious Indian Institute of Management. Some in TCT see him as a candidate to eventually direct the Indian operation. He is married, has four children (ages two to seven), and speaks English and Hindi well. His wife, also a native of India, neither works outside the home nor speaks English.

Jalan Bukit Seng Seng, 38, is the managing director of TCT's assembly operation in Malaysia. A citizen of Singapore, Seng has worked in either Singapore or Malaysia his entire life. However, he did earn undergraduate and MBA degrees from leading universities in the United States. He is fluent in Singapore's four official languages—Malay, English, Mandarin, and Tamil—and sees himself learning other languages as needed.

His performance reviews, with respect to both the Malaysia plant and other TCT plant operations around the world, have consistently been positive, with an occasional ranking of excellent. Seng is unmarried, but he is close to extended family members who live in Singapore and Malaysia.

Saumitra Chakraborty At 31, Chakraborty is the assistant to the departing managing director in India. He has held that position since joining TCT upon graduating from a small private university in Europe four years earlier. Unmarried, he consistently earns a job performance rating of competent in operational matters and excellent in customer relationship management. Although he excels in employee relations, he lacks direct-line experience. Still, he has successfully increased TCT India's sales, somewhat owing to his personal connections with prominent Indian families and government officials, along with his skillfulness in the ways of the Indian business environment. Besides speaking India's main languages of English and Hindi fluently, Chakraborty speaks Kannada (the local language of Bengaluru). ■

QUESTIONS

1. Which candidate should the committee nominate for the assignment? Why?
2. What challenges might each candidate encounter in the position?
3. How might TCT go about minimizing the challenges facing each candidate?
4. Should TCT offer all candidates the same compensation package? If not, what factors should influence the features of each package?
5. Returning to material covered in Chapter 15, specifically that dealing with the idea of a matrix organization, do you see any benefit to appointing two of the individuals described here to the post? Operationally, one individual would be in charge of internal affairs, and the other would manage external affairs. What might be the benefits and problems with this arrangement?

SUMMARY

- HRM policies that support the company strategy create superior value. Still, many MNEs struggle to develop effective HRM policies.
- HRM's task is to staff the right person in the right job in the right place at the right time for the right salary.
- Executives in the MNE belong to one of three classes: locals, citizens of the countries in which they are working, or expatriates.
- Three frameworks guide how companies set about staffing their international operations: the ethnocentric, polycentric, and geocentric frameworks.
- Changing markets, growing cost consciousness, and evolving strategies are resetting established notions of who is an expatriate, how he or she should be compensated, and the duration of an international assignment.
- An ethnocentric staffing approach fills foreign management positions with home-country nationals. A polycentric staffing policy uses host-country nationals to manage local subsidiaries. A geocentric staffing policy seeks the best people for key jobs throughout the organization, regardless of nationality.
- Executives transferred from headquarters to local operations are more likely to understand the company's core competencies. However, an ethnocentric framework can result in a narrow perspective in foreign markets.
- MNEs often employ more locals than expatriate managers because the former better understand local operations and demand less compensation.
- Hiring locals rather than expatriates demonstrates that opportunities are available for local citizens, shows consideration for local interests, and is far cheaper.
- The selection of an individual for an expatriate position considers the candidate's technical competence, adaptiveness, and leadership ability.
- MNEs transfer people abroad to infuse technical competence and home-country business practices, control foreign operations, develop managers' business skills, and diffuse the organization culture.
- Training and predeparture preparations often include general country orientation, cultural sensitivity, and practical training.