

- (b) Suggest possible ways through which a company in this situation can make the transition effectively.
- (c) What are the ethical implications of Green Giant's move?

[This question paper contains 8 printed pages.]

**Your Roll No.....**

**Sr. No. of Question Paper : 6442**

Unique Paper Code : 61017937

Name of the Paper : International Marketing

Name of the Course : **Bachelor of Management Studies (BMS), 2022 (LOCF)**

Semester : V

Duration : 3 Hours

Maximum Marks : 75

**Instructions for Candidates**

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **All** Questions.

1. During the study of International Market entry modes, we see that there are two distinct ways of undertaking the above, Production in Home country and Production

in Host Country. Elaborate the various forms of contractual and investment modes under Production in host country. Please exemplify under each head.

2. "As the newly appointed Export Manager for a French cosmetics company, you have been asked to look into and visit Oman and Saudi Arabia to evaluate potential markets for expansion and submit a report to the CEO." Employing Pankaj Ghemawat's CAGE framework, evaluate the impact of relevant international factors that would be there in your recommendations. Support your answer with examples.
3. "Getting down and dirty in a new market in order to understand how the market works and the needs and wants of the customers seems to be the only sensible course of action of MNCs seeking to enter new markets." Comment on the importance of understanding a new market that an MNC wishes to

a dollar less for broccoli is as good as a dollar raise in salary, but that is little consolation for the newly unemployed.

Green Giant did not merely walk away from the problems in Watsonville. The company gave some severance pay to the displaced workers and provided them with resources for retraining and job relocation. The federal government also contributed half a million dollars to the effort, which bore some fruit, although in 1991 the unemployment rate in Watsonville approached 15 percent. For 25 years, Green Giant was a good corporate citizen, paying taxes and supporting a variety of community services. So what does the company owe the community now that it is leaving?

**Answer the questions that follow:**

- (a) What are the benefits and problems associated with Green Giant's move to Mexico?

came in search of economic opportunity and now find that American companies are going to Mexico for the same reason. The irony of the situation is understood by one worker who remarked: "The company is going away to get rich. Just like we did."

Green Giant's move imposed great hardships on those workers who have few job skills. The average laid-off worker has been described as a 45-year-old Hispanic woman with no high school diploma and 14 years experience at the single task of trimming broccoli. An expanding economy, sparked in part by an increased demand for American products in Mexico, will create new jobs for other workers, but few of these jobs will be filled by the workers laid off by Green Giant. The transfer of low-wage jobs to Mexico might increase the job prospects of American workers as a whole, but the gain of some workers will come at a painful cost to others. American consumers also gain as cheaper vegetables imported from Mexico stretch everyone's pocketbook. Spending

enter operates. Taking examples, suggest ways through which an MNC can gain local knowledge that can be used to succeed in a new market. Further, take some examples to explain why some MNCs are forced to exit new markets due to poor understanding of the local operating environment and the market.

**OR**

Strategic analysis is generally done without taking into consideration the relationship between organization's strategic choice and institutional framework of a country. Institutional analysis becomes imperative when firms consider entering new operating environments. Michael Porter's Diamond Model is a tool that highlights that along with industry structure and firm's resources, firms must also consider the constraints of the institutional framework. Comment.

4. Answer the following: (5 marks each)

(a) Trade Embargos and Trade Sanctions

(b) Levels of International Economic Integration

(c) Challenges of Pricing for international sales

5. Case Study

The idea that companies such as Green Giant are part of the American economy and will stay put, providing job, for local residents and benefits for communities, is deeply ingrained. The citizens of Watsonville, California, were shaken, when Green Giant, which once employed more than one thousand people in plants that packaged frozen broccoli and cauliflower, began laying off workers and hiring new employees at a facility in Irapuato, Mexico. Today, Green Giant employs fewer than 150 people in Watsonville and over 850 in Irapuato, and in California as a whole, roughly one-half of all frozen-food

processing firms. have gone south, taking over 16,000 jobs with them. An estimated 40 percent of all frozen vegetables sold in the United States are now imported from Mexico.

The economic benefits for Green Giant's move to Mexico are immense. The wages of plant workers in Watsonville averaged \$7.50 per hour or about \$15,600 annually. Their counterparts in Irapuato receive \$4.50 a day for an annual income of around \$1,400. Even after other costs are counted, Green Giant is estimated to save \$13,224 per worker by moving jobs to Mexico. With fringe benefits that raise the pay by almost 60 percent, Green Giant's wages are slightly above the local rate, and unsuccessful union organizers have had to admit that the company's workers are quite content. Still, their income allows them only a very minimal standard of living and falls short of the guarantee in the Mexican constitution of a minimum wage sufficient to support a wife and children. Many of the unemployed in California are legal immigrants who