

(Following Paper ID and Roll No. to be filled in your Answer Book)

Paper ID : 270302

Roll No. 

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MBA

(SEM. III) THEORY EXAMINATION, 2015-16

International Business Management

[Time:3 hours]

[Maximum Marks:100]

Note: Attempt All questions.

**Section-A**

1. Attempt All Parts. all parts carry equal marks. Write answer of each part in **short**. (2x10=20)
- (a) What is the role of import quotas in protecting domestic economy?
- (b) Licensing proprietary technology to foreign competitors can result in loss of a firm's competitive advantage. Discuss.
- (c) As an international manager what techniques can you use to hedge your firm against exchange rate risk?

- (d) “WTO has been instrumental in promoting international development” Justify.
- (e) Critically evaluate the effectiveness of Eclectic theory in promoting foreign investments.
- (f) “Maintaining cordial international labour relations is very challenging”. Discuss
- (g) Other than cash, what are the various forms of subsidies?
- (h) Economic integrations across various regions have helped in development of economies? Justify
- (i) What are the effects of dumping by China and the East Asian countries on indian industry?
- (j) Compare and contrast the various staffing approaches.

### **Section-B**

2. Attempt any Five of the following: (10x5=50)
- (a) “The biggest challenge in capturing the global market is Environment”.
  - (b) “International Product Life Cycle Theory is an outdated theory”. Discuss this statement highlighting its key features.

- (c) Critically examine the Comparative Cost Advantage Theory of International Business.
- (d) Do you agree that various protectionist measures adopted by governments worldwide have well served their purpose? Discuss.
- (e) NAFTA & EU has produce significant net benefits globally. Discuss.
- (f) Debate the relative merits and demerits of fixed and floating exchange rate regimes. In your opinion which system is more desirable for international business?
- (g) Elaborate on the role of IMF in giving a boost to international business.
- (h) Discuss in detail the various dimensions of International Human Resource Management.

### **Section-C**

**3. Case study: (1x30=30Marks)**

It is 6:2 a.m on February 7 in the Equadorean town of Cayambe, and Mrs. Baker had just been dropped off for work by the company bus. She pulls on thick rubber gloves, wraps an apron over her dress, and grabs her clippers , ready for another long day. Any other time of the year, Maria would work

until 2 p.m, but it's a week before Valentine's Day , and Maria, along with her coworkers at the farm, are likely to be busy until 5 p.m. By then, Maria too will have cut more than 1000 rose stems. A few days later, after they have been refrigerated and shipped via aircraft, the roses Maria cut will be selling for premium prices in stores from New York to London.

Equadorean roses are acknowledged to be the best in the world. They have huge heads and unusually vibrant colours, including 10 different reds. Of the 200 million roses produced for American consumers on Valentine's Day, about 80 percent comes from Ecuador or neighboring Colombia. The rest are mostly grown in California. It used to be the case that many more were grown in the United States in places like New Jersey, once known as the nation's rose capital, but a combination of high costs, lower trade barriers and rapid intercontinental transportation led to the migration of production to countries like Ecuador. The last commercial rose grower in New Jersey shut down in 1999.

Most of Ecuador's 400 or so rose farms are located in the Cayambe and Cotopaxi regions, 10,000 feet up in the Andes about an hour's drive from the capital Quito. The rose bushes are planted in huge flat fields at the foot of snow capped volcanoes that rise to more than 20,000 feet. The bushes are protected by 20 feet high canopies of plastic sheeting. The

climatic conditions in Ecuador are ideal for growing roses giving it a competitive advantage in production of roses.

Ecuador's rose industry started some 30n years ago and was spurred on in the early 1990s when the U.S. government reduced tariffs on some South American imports, including flowers, to steer the countries from cocaine production. Rose farms support over 100,000 jobs in the country. The revenues and taxes from rose growers have helped to pave roads, build schools, and construct sophisticated irrigation systems.

For all of the benefits that roses have brought to Ecuador, the industry has come under fire from environmentalists. Large growers have been accused of misusing a toxic mixture of pesticides, fungicides and fumigants to grow and export pest free flowers. A study by International Labour Organization claimed that women in the industry had more miscarriages than average and that some 60 percent of all workers suffered from headaches, nausea, blurred vision and fatigue.

In view of all this, some environmental groups have pushed for stronger sanctions, including trade sanctions, against Equadorean rose growers that are not environmentally certified by a reputed agency. On February 14, however, most oblivious to these issues; they simply want to show their appreciation to their beloved with a perfect bunch of roses.

**Questions:**

- (a) How has participation in the international rose trade helped Equador's economy and its people?
- (b) Why do you think that Equador's rose industry only began to take off 20 years ago? Why do you think it has grown so rapidly?
- (c) Do you think governments in the developed world should place trade sanctions on Equador roses as a protectionist measure?

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