

科目：商管英文文獻選讀 適用：國企所在職專

編號：832

考生注意：

1. 依次序作答，只要標明題號，不必抄題。
2. 答案必須寫在答案卷上，否則不予計分。
3. 限用藍、黑色筆作答；試題須隨卷繳回。

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Please read each article and answer the following questions in Chinese.

I. One of the rules of international production strategy is: manufacture the highest quality product and the world is likely to beat a path to your door. A number of firms help to illustrate this rule. One is Nike, the sports shoe producer. The company makes a wide variety of high quality shoes. The company catalogue lists more than 800 models for use in approximately 25 sports. In 1999 Nike had 35 per cent of the world's market for training shoes. In 2000, its sales were over \$9 billion. In an effort to keep ahead of the competition, Nike updates each shoe at least every six months. Most of these ideas are generated by Nike's R&D centre in Beaverton, near Portland, Oregon, where physiologists and mechanical engineers study the stresses on an athlete's feet and collaborate with stylists on new shoe ideas.

Although Nike sells its products in over 140 countries and produces in more than 50, it is really a "triad" MNE. Over 92 per cent of its sales are in the triad markets of the US, EU, and "Asia". In 2000 there was a 15 per cent growth of sales in the EU, due mainly to a new distribution facility in Belgium and a new design house in Holland. Nike is still strong in its home-market, with 40 per cent of all sales in the US athletic footwear market and over 65 per cent of the basketball footwear market. About 60 per cent of its sales are still in its US home base.

Nike's high quality production is matched by superb marketing skills. The world might be making a path to Nike's door, but the company makes sure the world knows where they are. Nike spends 11 per cent of its revenue on marketing and its "swoosh" brand is recognized the world over. The company continues to use sports stars to endorse its products. Besides US stars like Tiger Woods and Andre Agassi, it has used European soccer players like Eric Catona, cricket players in India, and is now in China preparing for the 2008 Olympic games in Beijing. The idea is: if you can make the "cool" guys wear your products, then the rest will follow.

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Perhaps the only thing Nike doesn't like to be remembered for is the bad publicity around its labor practices in Asia. Nike has outsourced all of its production to low wage areas. In 2000, China produced 43 per cent of its footwear; Indonesia 29 per cent; Vietnam 13 per cent; and Thailand 12 per cent. NGOs have criticized the poor working conditions in some of its Asian factories. In 1996, such criticism led to *Life Magazine* publishing a story on Pakistani children stitching Nike's soccer balls. Another famous case occurred in 1997 when a Vietnam factory, owned by a Korean subcontractor, was found to have unsafe working conditions. NGOs in the Western world started campaigns to boycott Nike and demonstrators protested in front of Nike's stores. Allegations of long working hours, bad ventilation, and physical abuse on a mostly young female work force has tarnished Nike's reputation.

Nike's industry dominance was a main reason for its being severely targeted. Many of its competitors were found to have the same labor practices, but were not subjected to the same level of criticism. Nike has a corporate responsibility initiative to improve working conditions in its own factories and to help influence its suppliers. Despite this, the University of Michigan ended use of Nike products in 2001.

1. What is the key to Nike's production strategy? Explain. (15%)
2. What are the advantages of frequent design changes in Nike's sneakers? (15%)
3. Why is it important for Nike to clean up its labor practices in Asia? How would you recommend the company approach the issue? (25%)

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II. Sunshine Farms, Inc., is a fourth-generation family business located in South Florida.

Sunshine began as a small farm devoted to citrus fruits and vegetables, and over the years the company has prospered. Sunshine Farms now grows and markets limes, lemons, mangos, snap beans, tomatoes, and other "row crops". Sunshine Farms has endured hurricanes, tropical flooding, freezes, and plant diseases; however, its most recent challenge appears to be its greatest.

Since the passage of the North American Free Trade Agreement (NAFTA), a number of Florida farms have been closed. With the reduction of tariffs on agricultural products, farmers have had difficulty competing with Mexican producers. Many Mexican farm products are imported into the United States and sold at a price that is considerably below the cost of domestic products. Row crop farmers, as compared to nurseries, have been particularly hard hit by the Mexican competition.

Domestic producers complain that lower labor costs, and fewer environmental regulations in Mexico, allow Mexican farmers to export their products into the United States at a price that will not allow American farmers to make a profit. Without tariffs on these goods, and given the inability to differentiate their products, some American farms have not been able to make a profit and stay in business.

Sunshine Farms possessed a strong competitive advantage prior to NAFTA. Florida weather allows for a growing season that is much longer than that in other parts of the United States. Florida farmers were able to grow products in December and January when much of the country was experiencing frigid temperatures. Mexican farmers were exporting agricultural products into the United States prior to NAFTA; however, the tariffs assessed on those products made Sunshine's prices competitive. With lower production costs, longer growing seasons, and the elimination of tariffs, Mexican farm products have become a significant threat to the survival of some domestic farmers.

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Ben McDonald, CEO of Sunshine Farms, is worried not only about the survival of his business, but the survival of the entire Florida farming community. "In 20 years you won't have a single row crop farmer left in Florida", McDonald predicts. Since farm products are commodities, it is difficult to brand the products and extract a premium price. "Consumers are usually not aware of where their tomatoes come from, and in most cases they simply don't care. All they care about is price", says McDonald. He has stated on several occasions that "We should learn from the country's dependence on foreign oil and the disruptions in supply. Just wait until this happens in food production".

Some have recommended that Ben and others shift their focus toward the nursery business. The nurseries of South Florida have been doing very well with the construction increases in the United States, and they seem less vulnerable to foreign imports. Others have recommended that American farmers begin to brand their products or place a "Grown in the USA" label on them in order to charge a higher price. Few row crop farmers have successfully made the shift into nurseries or seem willing to brand their products. As more farms continue to close each year, Ben wonders if Sunshine Farms can survive in a free-trade environment.

1. Is NAFTA unfair to American farmers? Explain. (15%)
2. Could Sunshine Farms differentiate its products by placing a "Grown in the USA" label on them in order to charge a premium price? (15%)
3. What would you recommend to Ben McDonald in order to save the farm? (15%)