



Unit 5: International Business

Delivery guidance

Approaching the unit

Learners are likely to be familiar with a number of global business organisations in their role as consumers or in a workplace setting. This unit gives learners the opportunity to understand how globalisation can impact upon all businesses, regardless of their size. In approaching this unit, you therefore have the opportunity to focus not only on the major players in the global economy but also those small and medium businesses in the local economy who are directly involved in international business or who are influenced by changes in international markets.

You should refer learners to local, national and international businesses so that they gain an appreciation of the complex network of business relationships that exist in the global economy and how technology influences these networks. Additionally, learners should also consider the risks faced by those businesses who are involved in international business in order to understand that although the global economy gives businesses opportunities for growth and profits, it also brings with it considerable challenges.

You can use a range of delivery methods in this unit, such as:

- discussions, e.g. class and small group discussions on the international business environment
- presentations, e.g. covering the international economic environment
- case studies illustrating factors that influence international business
- videos.

Group work is an acceptable form of delivery, but you must ensure that each learner produces sufficient evidence on their own for assessment.

You can involve local employers in the delivery of this unit if there are local opportunities to do so.

Delivering the learning aims

When starting learning aim A it would be useful for your learners to have a broad understanding of the scope and scale of international business, including the UK's main exports and imports and how international business has helped shape the local, national and international economy. You could produce a data sheet drawn from official government sources which could be used by your learners to identify the features and characteristics of the country's trading activities. You could then highlight to them the nature of international business in terms of activities that involve trade in both goods and services. You could also refer to those features in the local economy that have been influenced by international trading activities. This could involve visits to businesses in a local retail or business park, or inviting a local business leader to talk to your learners about

the international dimension of their business operations, including the business' main markets and suppliers.

Engaging in the global economy requires the business to have access to a range of different payment methods. It would therefore be useful for you to explain these to learners to enable them to use this background knowledge to complete a case study that requires them to suggest how different payment methods could be used in different circumstances.

Your learners are likely to be familiar with some of the social, economic and political issues that have arisen as a result of globalisation. The focus of learning aim B, however, should be clearly directed at the implications for business of globalisation which, in this unit, include international communications and technology, international currencies, trading blocs and the notion of the international mobility of labour and capital. Learners should engage in activities that highlight how these features influence business operations. For example, you could introduce your learners to one of the major risks in international business – international currency fluctuations. You could ask learners to track international currency fluctuations and regularly update them each lesson. You could then use this information to identify some of the business risks or opportunities associated with these fluctuations and the implications for specific businesses.

You should prepare a presentation to your learners on the different types of trading blocs which exist in the global economy, and use the material from the debate regarding the UK's relationship with Europe as the basis for looking at barriers to international business and why they exist. Again, the focus should be on the implications for business rather than the wider social and political implications of globalisation.

Having identified the main macro-features of globalisation, learning aim C gives your learners the opportunity to look at these features from the perspective of specific international businesses. You should introduce your learners to the concept of the external business environment and the features that can be identified in this environment. You should make your learners aware of why it is important for a business to have a clear understanding of the environment in which it operates, and you should link this to the business risks which were identified in learning aim A. You can then guide your learners through the various models that can be used by businesses to analyse the external business environment in which they operate. Case studies involving online research of specific multinational corporations are particularly useful for conducting PEST and PESTLE analyses. Learners should use situational analysis to consider the impact of external factors on international business.

Learners are likely to focus on the role of technology and its influence on communications as a key factor in the development of the global economy. This could be used as the stimulus for introducing the impact of globalisation on the international business support systems utilised within the main functional areas. For example, engaging in the global economy requires the business to have access to a range of different payment methods. It would be useful for you to explain these methods to the learners to help them complete a case study that requires them to suggest how different payment methods could be used within the finance function in different circumstances.

A specific aspect of the external business environment that should be taken into account by businesses involved in international trading activities concerns the influence of cultural factors. In learning aim D, learners should focus on identifying business customs in different countries, including when negotiating

contracts, and cultural factors relating to language, religion, ethnic groupings and the role of women in society. Learners should consider these features based on their impact upon business practices, such as when management practices in one country are not suitable in another country. Similarly, recruitment practices and marketing strategies may have to take account of cultural differences. Your learners may get some enjoyment if you relate to them some of the unfortunate instances that have arisen in the choice of international brand names.

Learning aim E gives your learners the opportunity to apply the knowledge and understanding they have gained to considering the implications of operating internationally on business strategies. You should explain to your learners the types of business relationships and organisations that could be considered when engaging in international trade, such as licencing, agencies and outsourcing. Some of your learners may not be aware that many multinational corporations with which they are familiar operate as franchises. It is therefore useful for them to look at how franchises operate and how they may have to take into account local circumstances in certain countries and cultures, which will link to the material covered in learning aim D.

Finally, your learners should be introduced to some of the strategic and operational considerations relating to the resource requirements involved in international business. Research into the operations of specific multinational corporations covering such aspects as revenue, capital costs and income streams will give your learners an understanding of the organisational structures adopted by different multinational corporations. Understanding could be enhanced if you allocated your learners different businesses that they could then compare and contrast with other members of the class.

Assessment guidance

This unit is internally assessed through three assignments. The first covers learning aims A and B. The second covers learning aims C and D, the third covers learning aim E. Your learners should be given the opportunity of engaging in assignments which develop and support their knowledge of international business as well as their generic skills.

Research activities should involve your learners using different source materials which require them to present their findings in a variety of formats such as reports, business articles and presentations. In their completed assignments your learners should show evidence of data analysis and evaluation which are used to inform and justify any conclusions and recommendations that are included in the final submission.

Learners could make a video or podcast as a means of assessment for learning aims D and E.



Getting started

This gives you a starting place for one way of delivering the unit, based around the specification.

Unit 5: International Business

Introduction

The impact of globalisation is one of the key challenges faced by business organisations. It demands creative strategies which allow businesses to reap the rewards gained by operating in the global economy while, at the same time, addressing those risks which arise when conducting international business. The ultimate aim of this unit is for learners to evaluate the effectiveness of strategies implemented by international businesses.

Learning aim A – Explore the international context for business operations

- You could begin by introducing the aims of the unit, an overview of the content of the learning aims, and how your learners will be assessed. This would give a basis for the types of activities in which your learners will be engaged.
- It is important for learners to have an understanding of the scope and scale of international business. Learners could work in pairs to look at data related to the scope and scale of the UK's international trading activities. The Office for National Statistics (ONS) gives relevant international trading data, and you could use this to design a data sheet from which your learners could identify the UK's main exports, and exports by volume, value and type, along with identifying the UK's main trading partners by country and region.
- You could use the outcome of this data to discuss with them the degree to which the local economy mirrors the national picture, and the associated trends in the local economy that have been influenced by international business. A local business leader with experience of international business could be invited to talk with your learners about their business, or a local councillor could give an insight into the wider business implications of international business for the local economy.
- Your learners could complete a short case study and report of a specific international business so that they can start to investigate the range of international markets in which business organisations may operate. This is also the time to get your learners to understand that international business is not only concerned with very large and complex business organisations. Developments in technology have resulted in many SMEs engaging in international business. You might choose to use an example of an SME as your case study or to get your learners to undertake a comparative study in which they compare the international activities of an SME with those of a MNC.
- You could build upon the outcomes of the case study as the basis for a presentation to your learners on international payment methods and the support for those businesses who are engaged in, or who wish to commence, international business operations. Your learners could then research how the business organisations in the case study have been supported by various agencies and the international payment methods available to them.

Learning aim B – Investigate the international economic environment in which business operates

- This learning aim requires that your learners review, analyse and evaluate data and information drawn from a variety of sources to identify those macro factors that promote the development of globalisation and those that serve to restrict the growth of international business.
- You should start with a discussion that draws out the main features of globalisation. This should focus initially on the influence of mobile technology and the internet on personal and business communications, but broaden out to a wider discussion of the implications for business of international mobility of labour and capital and the role of international trading blocs in promoting and restricting international business. This could give a foundation for learner presentations based on their research of specific features of globalisation.
- You should make your learners aware of examples of the different types of trading blocs that exist in different regions of the global economy, paying attention to their similarities and unique features. Your learners should focus on the role and influence of the European Union (EU) on international business and specifically UK businesses. A class debate on the business case for remaining, or leaving, the EU will give the basis for introducing learning aim C, which focuses upon those external factors that influence international business.
- It is important at this stage that your learners start to recognise the nature of risks faced by international businesses. One way of doing this is for your learners to track international currency movements over the period of the unit and to record the changes in price of specific exported goods and imported supplies and their impact on identified businesses.

Learning aim C – Investigate the external factors that influence international businesses

- This learning aim gives your learners the opportunity to apply their knowledge and understanding of business drawn from other units to analyse the external international business environment using a variety of business models.
- You should discuss learners' understanding of the external business environment and those factors that will influence different types of businesses who are engaged in international business. Your learners need to understand the reasons for conducting an analysis of the external business environment. You need to stress to your learners why some features within the external environment will be more important to some businesses than others. This will help them to understand the approach to analysing business data and information drawn from an external analysis of the business environment.
- You should explain the various methods used by businesses to analyse their external business environment. Ask learners to research factors relating to political, legal, economic and environmental features. This will give a basis for your learners to undertake their own analysis of specific international businesses. It is advisable for you to choose the businesses to ensure that the importance of different elements within the analysis are covered in the various case studies.
- You can now introduce some of the strategies that businesses have implemented to address those challenges emanating from within the external business environment. You could introduce this by looking at the role of business support systems. Examples include how developments in information communications technology have influenced business planning, the amount of data and information available to the business, and changes in business practices relating to the functional areas, such as marketing and human resources. Your learners could then



investigate and report on some of the business practices and strategies that have been implemented by specific international businesses. You could ask them to make their own assessment of the effectiveness of these strategies, which will introduce them to the concept of evaluation.

- Your learners also need to be aware of the different international payment methods that assist businesses involved in international transactions. You could ask learners to investigate these payment methods and require them to suggest appropriate payment methods for a variety of different business scenarios involving small and medium businesses.

Learning aim D – Investigate the cultural factors that influence international businesses

- This learning aim builds upon those factors that can influence the external international business environment by focusing specifically on how a range of cultural factors can influence international business operations and practices.
- Your learners should understand the importance of cultural factors when engaging in international business. You should lead a classroom discussion that identifies the different cultural factors that have to be taken into account when a business engages in international activities.
- Learners could undertake research on different countries to ascertain the approach to business in areas such as conducting business meetings, contract negotiations, management practices and business hospitality. Separate research should be undertaken on wider social and cultural aspects, such as language, religion and gender, that may influence those business practices relating to recruitment, employment contracts and marketing strategies.
- You could lead a plenary session that looks at the implications of the influence of various cultural factors on international business. Give examples of how businesses have sought to adjust their business practices to take account of cultural factors.

Learning aim E – Examine the strategic and operational approaches to developing international trade

- This learning aim looks at some of the operational and strategic implications of engaging in international business, including its influence on business functions, structure and arrangements.
- You should introduce this learning aim by outlining the types of business relationships and arrangements that are present in the global economy. You should give examples of these relationships to your learners with reference to business organisations with which they may be familiar, such as Disney, Sony and Ferrari, which are major players in licensing arrangements. Your learners could then use this knowledge to investigate the benefits and drawbacks of the variety of business relationships you have identified.
- Your learners could engage in a more in-depth study of one type of business relationship that is prevalent in the global economy. This could be focused upon franchising since a number of international businesses with which your learners are familiar are likely to be based upon franchise contracts.
- By this stage, your learners should have a good understanding of the opportunities and challenges faced in international business. In the final part of the unit, your learners need to be able to quantify, analyse and evaluate business data relating to resource considerations so that they are able to determine the relative importance of revenue streams and profitability generated by specific international businesses. Your learners should also undertake research that enables them to understand the costs of major capital projects, including research and development, undertaken by large international corporations.



- Your learners should understand that a number of the factors they have considered in this unit, including the external business environment, cultural factors and managing business risks, will all influence the structure of international businesses. Learners should therefore undertake research on how international businesses are organised and you should lead a classroom discussion to highlight the various features, benefits and drawbacks of the different organisational structures. Learners could also use this activity to identify potential career routes in particular sectors of international business, or in specific international businesses, that could be incorporated into their careerplan.

*Full details for the assignment and scenario can be found in the relevant qualification specification.



Details of links to other BTEC units and qualifications, and to other relevant units/qualifications

Pearson BTEC Level 3 Nationals in Business (NQF):

- Unit 1: Exploring Business.
- Unit 20: Investigating Corporate Social Responsibility.

Resources

In addition to the resources listed below, publishers are likely to produce Pearson-endorsed textbooks that support this unit of the BTEC Nationals in Business. Check the Pearson website (<http://qualifications.pearson.com/endorsed-resources>) for more information as titles achieve endorsement.

Textbooks

- Ellis, B – *Edexcel A2 Business Studies/Economics and Business Unit 3: Student Unit Guide, International Business* (Phillip Allan, 2012) ISBN 9781444147971.
A good introduction to the issues involved in international business.
- Brewer, Q – *Edexcel A2 Economics Student Guide New Edition: Unit 4 The Global Economy* (Phillip Allan, 2011) ISBN 978144417919.
Includes a useful section on globalisation.
- Hewison, A – *International Business for A2* (Anforme Ltd, 2013) ISBN 97819055049992.
Includes relevant sections on global markets, cultural factors, the EU and corporate social responsibility.

Videos

- *International Business (2014)* (www.youtube.com)
Discusses how international business differs from domestic business, covering some of the factors to be considered when doing business in a foreign country.
- *International Business-Cross cultural communication (Integration Training)* (www.youtube.com)
An introduction to the cultural factors that influence business communications.
- *Cross-cultural communication/Pellegrino Riccardi/TEDxBergen* (www.youtube.com)
Considers the business implications of cultural differences with reference to specific countries and businesses.

Websites

- www.businesscasestudies.co.uk – Contains case studies on business organisations that cover a range of different business themes, including globalisation.
- www.beta.tutor2u.net/ – Contains a comprehensive set of resources for tutors of business studies including PowerPoint presentations, video clips accompanied by innovative teaching and learning strategies.
- www.economicsonline.co.uk – Covers aspects of globalisation including video clips plus links to global organisations including the WTO and the EU.
- The Raconteur supplement from the Times on the 10/09/2015 'Going Global' is very good and can be found at <http://raconteur.net/going-global-2015>
- <http://economictimes.indiatimes.com/> and <http://thechinatimes.com/business> are good sources of information.
- It is worth following the reports produced by McKinsey & Company.
- The websites of banks such as HSBC or Barclays have useful guides to international business.