

Cambridge **TECHNICALS LEVEL 3**

BUSINESS

Cambridge
TECHNICALS
2016

Unit 19

International business

A/507/8165

Guided learning hours: 60

Version 3 Assessment guidance and Opportunities for
applying learning across units updated - August 2016

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UNIT 19: International business

A/507/8165

Guided learning hours: 60

Essential resources required for this unit: Access to source material

This unit is internally assessed and externally moderated by OCR.

UNIT AIM

International business includes all business transactions that take place across national borders. Increased globalisation over recent years as well as greater use of the Internet has opened up new markets overseas for many businesses. Many of the products that we use in our day-to-day lives are available only because international trade takes place.

In this unit, you will gain an understanding of key decisions that businesses must make when deciding whether or not to operate internationally. You will have the opportunity to research a business and then consider how this business may benefit from operating internationally as well as the challenges that it may face. This unit will provide you with practical experience which will be valuable should you wish to undertake further study in this area or follow a career in a business which either operates or aims to operate internationally.

This unit will allow you to draw together all of your knowledge and understanding to identify a strategy that a domestic (local, regional or national) business could adopt to expand internationally.

TEACHING CONTENT

The teaching content in every unit states what has to be taught to ensure that learners are able to access the highest grades.

Anything which follows an i.e. details what must be taught as part of that area of content. Anything which follows an e.g. is illustrative. It should be noted that where e.g. is used, learners must know and be able to apply relevant examples in their work, although these do not need to be the same ones specified in the unit content.

For internally-assessed units you need to ensure that any assignments you create, or any modifications you make to an assignment, do not expect the learner to do more than they have been taught, but must enable them to access the full range of grades as described in the grading criteria.

Learning outcomes	Teaching content
The Learner will:	Learners must be taught:
<p>1. Understand the impact of globalisation on businesses, employees and consumers</p>	<p>(When introducing this learning outcome, tutors should cover the meaning of key terms such as globalisation (e.g. the integration of economies, industries, markets, cultures and policy-making around the world))</p> <p>1.1 The impacts of globalisation on businesses, using examples, i.e.</p> <ul style="list-style-type: none"> • why businesses may choose to operate in more than one country • reasons why businesses may become dependent on international trade for their survival • how increased international trade (i.e. imports and exports) may benefit an economy • the advantages/disadvantages to businesses of the growth in the number of transnational corporations <p>1.2 The impacts of globalisation on employees, i.e.</p> <ul style="list-style-type: none"> • how foreign investment may create job opportunities • how increasing the volume of exports may potentially create more jobs and inward investment • ways in which labour market inequalities may increase across countries • the need for employees to understand foreign languages • the need for employees to understand different administrative protocols when a business is trading internationally <p>1.3 The impacts of globalisation on consumers, i.e.</p> <ul style="list-style-type: none"> • ability to purchase products directly from overseas (e.g. via the Internet) • greater awareness of operating practices in different countries (e.g. consumer ethics relating to working conditions) • the possible benefits to consumers (e.g. greater choice, lower prices, improved quality due to increased competition) • the possible drawbacks for consumers (e.g. longer lead-in times, less home-produced goods)

Learning outcomes	Teaching content
The Learner will:	Learners must be taught:
<p>2. Understand the opportunities and challenges that businesses face when operating internationally</p>	<p>2.1 The opportunities available to businesses of operating internationally, i.e.</p> <ul style="list-style-type: none"> • acquisition of competitively priced materials, stock and resources unavailable domestically • diversify the business' product and/or market • expansion of market share • increased economies of scale • growth • increased profit • improved reputation and image • outsourcing • reduce production costs (e.g. labour costs) • increased revenue • spreading business risk (e.g. reducing reliance on local/national markets) <p>2.2 The potential challenges faced by businesses of operating internationally, i.e.</p> <ul style="list-style-type: none"> • cultural factors (e.g. beliefs and values, education, language, work ethics) • local preferences for products/services • social and environmental factors (e.g. environmental concerns, weather, infrastructure, legislation and regulation, time zones, political and economic instability) • economic and competitive factors, i.e. <ul style="list-style-type: none"> ○ increased competition from transnational corporations ○ increased trade leading to diseconomies of scale ○ increasing the business' carbon footprint ○ loss of jobs due to increased competition ○ over-standardisation of products, i.e. global branding ○ risks of interdependence of economies (e.g. reliance on raw materials from overseas, bringing greater risk of logistical problems) • technological factors, i.e. <ul style="list-style-type: none"> ○ breaking down communication barriers (e.g. immediately able to share information via internet) ○ enabling global marketing (e.g. via social media) ○ reducing costs (e.g. customer service centres in countries where labour costs are lower) ○ revolutionising how people work (e.g. connecting people without the necessity to travel) ○ access to technology (e.g. internet access is not easily available) <p>2.3 How the challenges of operating internationally may differ between each type of overseas market (e.g. European Union, non-European Union and emerging markets; Brazil, Russia, India and China (BRIC); and Mexico, Indonesia, Nigeria and Turkey (MINT))</p>

Learning outcomes	Teaching content
The Learner will:	Learners must be taught:
<p>3. Understand the international trading environment in which businesses operate</p>	<p>3.1 The mechanisms used to regulate international trade, i.e.</p> <ul style="list-style-type: none"> • embargoes • free trade • quotas • sanctions • tariffs • technical barriers (e.g. product labelling laws) • trade blocs (e.g. European Union, European Free Trade Association (EFTA), North American Free Trade Agreement (NAFTA), Mercosur (South American bloc)) • World Trade Organisation (WTO) <p>3.2 The benefits to businesses of operating in a country which is part of a free trade area, i.e.</p> <ul style="list-style-type: none"> • access to new markets • common trade agreements mean less barriers to international trade within the area • more rapid movement of goods, services and capital • competition may promote innovation • opportunities for growth and expansion (e.g. leading to economies of scale) <p>3.3 The reasons why governments attempt to regulate imports, i.e.</p> <ul style="list-style-type: none"> • political reasons (e.g. sanctions) • products may pose a threat (e.g. firearms) • protect vulnerable domestic producers • protect sources of government revenue (e.g. domestic taxation) <p>3.4 The monetary issues faced by businesses operating internationally, i.e.</p> <ul style="list-style-type: none"> • exchange rate fluctuations • non-payment for goods/services • trade credit risks (e.g. due to customer's credit worthiness)

Learning outcomes	Teaching content
The Learner will:	Learners must be taught:
	<p>3.5 The means by which businesses might overcome problems caused by monetary issues, i.e.</p> <ul style="list-style-type: none"> • methods that could be used by businesses to help to protect against exchange rate fluctuations, i.e. <ul style="list-style-type: none"> ○ cash-flow forecasting ○ currency risk sharing agreements ○ hedging products (e.g. forward contracts) • help provided by institutions (e.g. Export Credit Guarantee Department (ECGD), UK Trade and Investment (UKTI), European Monetary Union (EMU)) • international payment methods (e.g. letters of credit, trade credit, international clearance and banking) • trade insurance
<p>4. Understand different international expansion strategies used by businesses</p>	<p>4.1 The strategies used by businesses to expand internationally, i.e.</p> <ul style="list-style-type: none"> • direct investment (e.g. building a factory in a different country) • international franchising • joint venture with an overseas business • international business licensing • offshoring • use of e-commerce

GRADING CRITERIA

LO	Pass	Merit	Distinction
The learner will:	The assessment criteria are the Pass requirements for this unit.	To achieve a Merit the evidence must show that, in addition to the Pass criteria, the candidate is able to:	To achieve a Distinction the evidence must show that, in addition to the Pass and Merit criteria, the candidate is able to:
1. Understand the impact of globalisation on businesses, employees and consumers	P1*: Explain the impact of globalisation on a specific business and its employees	M1: Analyse the impact of globalisation on the operation of a specific business, its employees and consumers	
	P2: Explain the impact of globalisation on the consumers of at least two specific products		
2. Understand the opportunities and challenges that businesses face when operating internationally	P3*: Explain the opportunities and challenges that a specific business has faced when first operating in a new, international market		
	P4*: Identify the challenges a specific business could face if moving into a European market compared to moving into a non-European market		
3. Understand the international trading environment in which businesses operate	P5*: Describe how mechanisms used to regulate international trade have impacted on a specific business	M2: Analyse the benefits to a specific business of operating in a free trade area for the first time	D1: Evaluate the advantages and disadvantages to businesses of a range of mechanisms used to regulate international trade
	P6*: Explain the benefits to a specific business of operating in a country which is part of a free trade area		
	P7*: Explain reasons why governments attempt to regulate imports, with reference to a specific business		

LO	Pass	Merit	Distinction
	P8*: Describe monetary issues facing a specific business operating internationally and identify how they could overcome them		
4. Understand different international expansion strategies used by businesses	P9*: Explain the strategies that a specific business has used to expand internationally	M3: Explain how a strategy previously used by a business could inform the decisions of a domestic business to expand internationally	D2: Justify a strategy which a specific domestic business could adopt in order to expand internationally

ASSESSMENT GUIDANCE

It is important for learners to have the opportunity to learn and apply their knowledge and skills to meaningful substantial tasks, in order to successfully achieve the unit.

Feedback to learners: you can discuss work-in-progress towards summative assessment with learners to make sure it's being done in a planned and timely manner. It also provides an opportunity for you to check the authenticity of the work. You must intervene if you feel there's a health and safety risk.

Learners should use their own words when producing evidence of their knowledge and understanding. When learners use their own words it reduces the possibility of learners' work being identified as plagiarised. If a learner does use someone else's words and ideas in their work, they must acknowledge it, and this is done through referencing. Just quoting and referencing someone else's work will not show that the learner knows or understands it. It has to be clear in the work how the learner is using the material they have referenced **to inform their** thoughts, ideas or conclusions.

For more information about internal assessment, including feedback, authentication and plagiarism, see the centre handbook. Information about how to reference is in the OCR *Guide to Referencing* available on our website: <http://www.ocr.org.uk/i-want-to/skills-guides/>.

Most criteria can be assessed by considering one specific business. Careful consideration should be given to the business to make sure learners can meet the all of the criteria.

Learners must have access to primary information for a business and should not rely on internet or secondary research. It would also be beneficial to select a business which does not currently operate internationally as this will widen the scope for learners to make their own recommendations rather than repeating what the business may already be experiencing.

For LO2, P4, learners must outline the new market which they are considering their selected business expands into. They need to look at a business planning to move into a European market, but compare this to moving into a non-European market, and hence the benefits/challenges of each scenario. As the evidence produced by learners needs to be applied to a specific business, there should be reference to both the business and the chosen new market throughout.

For LO3, D1, we would expect a wide-ranging piece of work considering some of the mechanisms listed, the advantages/disadvantages to business of less regulation (free trade), and the impact on economies when they do regulate, coming up with an evaluative conclusion.

For LO4, M3 learners should consider how a strategy previously used could inform the decisions of a domestic business to expand internationally and for D2 learners must justify which strategy they think would be the most appropriate for this business.

SYNOPTIC ASSESSMENT

It will be possible for learners to make connections between other units over and above the unit containing the key tasks for synoptic assessment, please see section 6 of the centre handbook for more detail. We have indicated in this unit where these links are with an asterisk and provided more detail in the next section.

*OPPORTUNITIES FOR APPLYING LEARNING ACROSS UNITS

This identifies opportunities for developing links between teaching and learning with other units in the business suite.

Name of other unit and related LO	This unit and specified LO
Unit 1 The business environment LO6 Understand the external influences and constraints on businesses and how businesses could respond	LO2 Understand the opportunities and challenges that businesses face when operating internationally
Unit 2 Working in business LO1 Understand protocols to be followed when working in business	LO2 Understand the opportunities and challenges that businesses face when operating internationally
Unit 3 Business decisions LO6 Be able to use information to make and justify business decisions	LO4 Understand different international expansion strategies used by businesses
Unit 5 Marketing and market research LO1 Understand the role of marketing in businesses	LO2 Understand the opportunities and challenges that businesses face when operating internationally
Unit 6 Marketing strategy LO1 Understand the purpose of marketing strategies	LO2 Understand the opportunities and challenges that businesses face when operating internationally
Unit 8 Introduction to Human Resources LO1 Know the factors that are involved in human resources planning	LO1 Understand the impact of globalisation on businesses, employees and consumers
Unit 9 Human resources LO1 Understand the responsibilities of the human resources function and the factors that affect it	LO1 Understand the impact of globalisation on businesses, employees and consumers

Name of other unit and related LO	This unit and specified LO
Unit 10 Economics for business LO2 Understand how macroeconomic factors can impact on UK businesses LO4 Understand how the international economy can impact UK businesses LO5 Understand how businesses might respond to changes in the local, national and international economic environment	LO1 Understand the impact of globalisation on businesses, employees and consumers LO2 Understand the opportunities and challenges that businesses face when operating internationally LO3 Understand the international trading environment in which businesses operate
Unit 13 Management accounting LO5 Be able to prepare and use cash flow forecasts	LO3 Understand the international trading environment in which businesses
Unit 15 Change management LO1 Understand the drivers of change	LO2 Understand the opportunities and challenges that businesses face when operating internationally
Unit 17 Responsible business practices LO2 Understand the importance of adopting responsible business practice	LO2 Understand the opportunities and challenges that businesses face when operating internationally
Unit 18 Business operations LO1 Understand how business decisions influence business operations LO2 Understand how factors which influence location and supply chain management impact on business operations	LO1 Understand the impact of globalisation on businesses, employees and consumers LO2 Understand the opportunities and challenges that businesses face when operating internationally
Unit 21 Being entrepreneurial – evaluating viable opportunities LO4 Be able to evaluate the viability of opportunities	LO2 Understand the opportunities and challenges that businesses face when operating internationally
Unit 22 Delivering a business project LO1 Be able to scope a project	LO1 Understand the impact of globalisation on businesses, employees and consumers LO2 Understand the opportunities and challenges that businesses face when operating internationally

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