### SESSION PLAN

**COURSE:** ABE Level 5 International Business Economics and Markets

**ELEMENT:** Element 1 – Economic Principles of international business

## **LEARNING OUTCOME 1**

**1 Analyse economic principles associated with international business. (Weighting 30%)**

1.1 Explain the reasons why organisations engage in international trade

1.2 Justify the arguments for and against free trade with reference to restrictions in trade

1.3 Demonstrate an awareness of the impact of international issues such as globalisation on organisations trading internationally

**NUMBER OF SESSIONS:** Three - approximately 20 hours in total, plus self-study

**SESSION TOPICS:** Session 1: Why organisations engage in international trade

Session 2: Arguments for and against free trade

Session 3: The impacts of Globalisation

**Note to tutors: this is the recommended session plan for learning outcome 1, element 1 of ABE Level 5 International Business Economics and Markets. You should follow the plan, using the resources (referenced as ‘slides’ here) and activities provided. It is important to enhance all sessions with local examples and case studies, involving the learners ACTIVELY wherever possible.**

#### SESSION 1: Why organisations engage in international trade

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| **Approx.**  **Duration** | **Topic** | **Tutor Activity** | **Slides** | **Learner Activity** | **Formative Assessment** |
| 8 hours | Introduction to session and learning outcome | Use file: **5UIBE Tutor Presentation E1**  The assessment criterion for this session is 1.1. Learners should be able to explain the reasons why organisations engage in international trade.  Icebreaker activity: *How international are we?*  First the facilitator, then all learners introduce themselves to the group and tell everyone these facts about themselves:   * Their country of birth. * The languages they speak. * The language they speak at home. * The countries they have visited or lived in.   Make a note on the classroom board, or on paper - of what languages are spoken, and of what many countries the group has first-hand knowledge.  Team activity: Brainstorm. *Why do organisations engage in international trade?* How many possible reasons can we come up with?  The group should be divided into teams of 3-5 for this activity. Each team appoints a scribe who makes a list of the team’s ideas.  Teams discuss and brainstorm, and the scribe writes down, as many reasons as they can think of.  When each team has a long list, call on each team in turn to give just one reason.  Reasons can be general or specific - serious or amusing.  For example:   * To make more money for the owner * To increase company profits * To buy goods not available in the home country * So the owner can go on overseas trips * To buy at a lower price * To buy better quality * To be able to sell goods competitors do not have   It should be possible for each group to make a long list of possible reasons.  The facilitator writes each different reason offered on the board. Answers have to be at least slightly different. A team that cannot produce an additional new and different reason when called on is eliminated. The team with the most different reasons becomes the last team remaining and is declared the winner. | 1-3  4  5  6 | Participate in icebreaker exercise.  Participate in team activity - brainstorm. |  |
| Theories of international trade | The facilitator directs learners to 1.1 of the study guide *Why organisations engage in international trade.*  Ask learners to read (or re-read) this chapter to understand these four theories of international trade. They should stop when they get to the heading *New trade theory.*  Review the four trade theories using the slides:   * Mercantilism - Jean-Baptiste Colbert * Absolute Advantage - Adam Smith * Comparative Advantage - David Ricardo * The Factor Endowment Theory of Eli Heckscher and Bertil Ohlin   Team activity: ACTIVITY 1  Learners work in teams to complete Activity 1 formative assessment. Use the same teams as for the previous activity, or form new teams. Teams will ideally be of 3-5 people.  Learners prepare and present presentations that compare and contrast two of the trade theories. Ask each group which two trade theories they wish to cover. If necessary assign theories to teams to make sure that all four trade theories will be covered.  Team presentations:  Allow presentations to proceed when all groups have well prepared presentations, that will include good examples, visual aids (flip chart, picture, presentation) and audience interaction.  After each presentation, ask questions and discuss any aspect of the theories that were not well explained by the team, or were incorrect.  Learners now work individually.  Individual study guide reflection:  Activity 1 Over to you: What is your country’s comparative advantage?  From Study guide 1.1  Once learners have had time to re-visit/complete this, ask each member to share their work with the group.  If the group is a large one, call on selected learners to share with the group. This is a chance to involve learners that have not been less involved in the team presentations.  As goods and services are put forward by individual learners as examples of imports, write them on a white board.  Ask the learner – what trade theories explain these imports? Discuss each example with the group – do they agree? This is an opportunity to make sure these theories are understood and can be discussed with real-life examples. | 7-11  12 | Read study guide chapter 1.1  Team activity: Complete Activity 1  Team presentations  Individual study guide reflection:  Over to you (Activity 1): What is your country’s comparative advantage?  From Study guide 1.1  Can you think of goods that are imported into your own country, even though your country could grow or create those products itself?  Can you think of services that are provided from outside your country, even though your country could provide those services?  How can you explain the benefits of sourcing these goods or services from outside your country? | **5UIBE E1 LO1 Activity 1- Theories of International Trade** |
| Contemporary approaches | The facilitator directs learners to return to 1.1 of the study guide *Why organisations engage in international trade* and continue reading from the heading *New trade theory.*  Discuss these ideas with the group one at a time:   * New Trade Theory * Porter’s Five Factors * Clusters   For each of these topics call on individuals to explain what they think it means. They can draw on the study guide but ask them if they can explain in their own words. Ask the group if they can improve or expand on the answers given. Write all useful answers on the white board under the topic heading.  Suggest learners imagine they must answer an exam question that asks them to explain each of these topics. Suggest they make revision notes that would help them answer that question.  Class discussion in teams:  Ask teams to list the benefits of industry clusters and present their findings to the group.  Localise this for your learners by using a local example of an industry cluster. If you have more than one good example you can assign different teams to consider different clusters.  Each team should appoint a scribe to write down their ideas. Teams should use a flip chart or white board to create their presentation if possible. | 13-14  15 | Read study guide 1.1 from heading *New trade theory* to end of 1.1.  Prepare to explain all of these ideas:   * New Trade Theory * Porter’s Five Factors * Clusters   Make revision notes for a possible exam question that asks you to explain   * New Trade Theory * Porter’s Five Factors * Clusters   Class discussion in teams: What are the benefits of clusters?  Work in teams of 4-5 to answer this question, and report your answers to the group.  How do you think businesses in the Cape vineyards, Sassuolo, London’s financial district or Silicon Valley might benefit in practical terms from being clustered close to competitors, customers, suppliers?  How many benefits can you list? |  |
| Government support for clusters | Individual activity:  Ask learners to work individually on ACTIVITY 2.  You will need copies of the journal article to distribute on paper - or have it made available by electronic means.  Learners practice the important academic skill of being able to summarise a journal article. They will also develop their ability to discuss the strategic benefits of clusters, not just to individual firms, but also to governments.  Class discussion:  Back in their teams, learners are now asked to discuss and present their ideas on how governments can support industry clusters.  Challenge learners to move from advantages to individual firms to thinking about the role of government. Build on the previous examples by considering this in the context of the same cluster examples.  After each team has reported, open a wider group discussion. Discuss, or if time permits divide the group into teams to debate, this question:  *Governments should not try to pick new industries they think are worthy to receive their support (called picking winners). Instead they should create a business environment where successful new firms emerge through market forces.* | 16 | Class discussion: Work in teams of 4-5 to answer this questions, and report your answers to the group.  What can governments do in the role of a catalyst and challenger to support clusters?  How many things can you list? Explain why are they helpful.  Discuss/Debate:  Participate in group discussion or debate about the role of government in supporting new businesses and industries. | **5UIBE E1 LO1 Activity 2 – Industry clusters** |
| Review of session and learning outcomes | Remind learners to study section 1.2 of the Study guide – *Arguments for and against free trade* - before the next session. | 17 | Individual reflective activity: What did I learn? Write a 200-250 word summary of the main points. |  |

#### SESSION 2: Arguments for and against free trade

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| **Approx.**  **Duration** | **Topic** | **Tutor Activity** | **Slides** | **Learner Activity** | **Formative assessment** |
| 6 hours | Introduction to session and learning outcomes | Use file: **5UIBE Tutor Presentation E1**  The assessment criterion for this session is 1.2. Learners should be able to justify the arguments for and against free trade with reference to restrictions in trade. | 18 |  |  |
|  | Benefits of free trade | The previous session covered the theories of international trade and in this session, we will move on to look at the arguments for and against free trade.  Begin with a group discussion in which learners are called on to put forward one benefit of free trade. As each new benefit is put forward, write it on the white board and ask the learner that suggested that benefit to explain or provide an example. Open each benefit for class discussion, call on other learners to offer different explanations and examples. When a benefit seems well explained and understood, ask for a different one and repeat the process.  You should end this activity when you have the following list of benefits listed on the white board:   * Economic growth * Increases jobs. * Increases foreign direct investment that provides capital for businesses. * Creates a more dynamic business environment, challenging businesses to compete globally. * Nations stop spending money to subsidise industries and put the funds to better use. * Technology and expertise can be transferred to developing countries.   Review with slide  The learners should now have an understanding of the benefits of free trade. We now want to challenge them to think critically about free trade. Does it cause job losses and social problems?  Individual exercise:  Ask learners to read or re-read the case study in Chapter 1.2 ‘What caused the loss of jobs in the Rust Belt?’, go online for more information and make notes ready for a team discussion.  What caused the loss of jobs in the rust belt? Was it free trade?  Team activity:  Learners work in teams of 3-5 people to discuss the case. Learners prepare and present presentations that answer the question posed by the case.  Team presentations:  Allow presentations to proceed when all groups have well prepared presentations that will include good examples, visual aids (flip chart, picture, presentation) and audience interaction.  After each presentation, write up the reasons put forward on a white board.  The list should include automation of jobs, changing consumer preferences, new manufacturing techniques for steel, new technology as well as reasons involving trade.  Ask questions and have a group discussion of any aspect of the presentation that were not well explained or justified by the team presenting. | 19  20  21  22 | Group discussion: Benefits of free trade – listed and explained with examples.  Individual exercise: Read case study in 1.2 ‘What caused the loss of jobs in the Rust Belt?’, go online for more information and make notes ready for a team discussion.  What caused the loss of jobs in the rust belt? Was it free trade?  Team activity: Working in a team of 3-5, prepare an answer to this question and present it to the group:  What caused the loss of jobs in the rust belt? Was it free trade? |  |
|  | Problems blamed on free trade | We have now examined benefits of free trade, and now must move to looking critically at the problems blamed on free trade in more depth. We want to move from the example of the United States discuss the issue in the context of our home country.  Individual preparation followed by group discussion:  *Our country needs to have some restrictions on free trade because ….*  Give learners the time to think about and write one or more reasons with an explanation and example.  Call on individual learners to finish the above sentence and explain why they hold that view.  Write reasons for restricting trade on the white board as they are raised. Ask the person raising the reason to explain and provide examples. Examples should be local ones if possible.  Call on other individuals to explain further or provide further examples. Continue until the following possible reasons are discussed (suggest reasons if necessary):   * Job losses * Social problems * Exploitation of workers * Exploitation of the environment * Loss of food security * Trade deficits and national debt * Defence technology falling into the wrong hands * Countries obtaining unfair trade advantages * Organisations competing unfairly – dumping   Review with slides  Class debate:  Organise learners into pairs. One is told to be ‘for’ fair trade and the other is told to be ‘against’ fair trade. Ask them to write a persuasive speech to make their argument. When they have had time to prepare, select some pairs of learners to deliver their speeches to the group. If there is not enough time, or if the speeches are becoming repetitive, ask the remaining learners to deliver their speeches to each other.  Individual activity:  Ask learners to work individually on the writing activity ACTIVITY 3  You will need copies of the journal article to distribute on paper - or have it made available by electronic means.  Learners practice the important academic writing skill of being able to summarise a journal article. They will also develop their ability to discuss the benefits of free trade and the forces that drive protectionism and trade restrictions. | 23  24-25  26 | Individual preparation followed by group discussion:  *Our country needs to have some restrictions on free trade because ….*  Prepare an answer with explanation and example.  Class debate:  Prepare and deliver a persuasive speech for or against Free Trade. | **5UIBE E1 LO1 Activity 3 – Free Trade** |
|  | How nations can control trade | Group discussion:  *How can nations control trade?*  Call on individual learners to answer this. Write answers on the white board. The answers are likely to fall under these headings:     * Import tariffs or duty * Non-tariff barriers * Currency manipulation   We will now try to find out if and how the first two of these types of restrictions work in your home country (we will deal with currency manipulation later).  Pairs exercise (can be set as a homework activity):  Divide learners into pairs, one member of the pair will go online and find out about how a local importer pays tariffs or duty? For example, how do they know if a duty is payable and at what rate? Who do they pay it to and when?  The other learner will go online and find out if local importers and exporters have to deal with any trade quotas or embargos. And are there less obvious non-tariff barriers that your country imposes on imports?  The pairs should share their findings with each other.  Reports and group discussion:  Call on some of your paired learners to report to the group.  Discuss these reports with the group – do others have different or additional findings.  Team activity:  Divide into teams of 3-4 learners and ask them to complete Activity 4. Their task is to find examples a non-tariff barrier that they consider necessary and important and one that restricts free trade for no good reason.  They should prepare to present their examples with arguments to support their view.  Study guide reflection – Activity 3:  This activity will give the learner an appreciation of how difficult it can be to overcome a non-tariff barrier using the example of food labelling. Learners may also discover the need for licenses, approval by government agencies and compliance with various laws.  After learners have had enough time for some online research, call on individuals to report what they discovered.  Group discussion:  How difficult would it be for a small business to export packaged food? | 27  28 | Group discussion:  How can nations control trade?  Pairs exercise: Go online and find information. Report to group if called on and/or share with paired learner.  One learner researches import tariffs or duty, the other non-tariff barriers for your country.  Report findings if called on. Participate in group discussion.  Team activity: Good and bad non-tariff barriers.  Individual Activity: Could you overcome the non-tariff barriers to exporting your noodles? | **5UIBE E1 LO1 Activity 4 – Trade rules and regulations** |
|  | Why nations might want to control trade | Class discussion:  Discuss each of these possible reasons for controlling trade in turn:   * Reducing unemployment * Protecting emerging industries * Promoting industrialisation * Trade strategy reasons * Non-economic reasons * Protecting essential industries such as defence   Call on different learners to examples, preferably local examples, for each of those reasons.  For example, Australia has for many years controlled the importing of new cars to protect jobs in car manufacturing.  Challenge learners to think of three examples where it would be a good idea to restrict imports into your country. Ask them to explain what imports they would restrict and what reason they should be restricted. | 29 |  |  |
|  | Review of session and learning outcomes | Remind learners to study section 1.3 of the Study guide *– The impacts of globalisation* - before the next session.  Assign Activity 5 as homework to be completed before the next session. | 30 | Individual reflective activity: What did I learn? Write a 200-250 word summary of the main points. | **5UIBE E1 LO1 Activity 5 - Globalisation**  Homework Activity |

#### SESSION 3: The impacts of globalisation

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| **Approx.**  **Duration** | **Topic** | **Tutor Activity** | **Slides** | **Learner Activity** | **Formative assessment** |
| 6 hours | Introduction to session and learning outcomes | Use file: **5UIBE Tutor Presentation E1**  The assessment criterion for this session is 1.3. Learners should be able to Demonstrate an awareness of the impact of international issues such as Globalisation on organisations trading internationally. | 31 |  |  |
|  | What is Globalisation? | In this session we move on from free trade to consider the changes the development of international trade and communication has brought to the world.  To begin we should ensure learners understand the concept and can define it.  Group discussion:  Call on individual learners to tell you what globalisation is in a few words. As key definition words emerge, write them on the board and see if a definition can be gently guided to emerge from those key words.  This is the sort of definition at which the group should arrive.   * Globalisation can be defined as an ongoing process by which societies, cultures and economies are becoming more joined together by the world's developing networks of trade and communication. * The economies of nations are brought closer together by trade, foreign direct investment, capital flows and the spread of technology and societies and cultures become more integrated as a result.   Review with slide  Free trade is an important driver of globalisation along with the influence of information and communication technology.  Once we have established what it is, the group needs to understand its effects, both positive and negative. We previously examined how free trade is blamed for job losses in countries such as the United States, but that there is another side to the story. In this session we will examine the influence of globalisation on people in developing countries.  Class debate:  Learners should be in teams of 3-4 with half of the teams told they are affirmative and half negative. Decide time for each speaker and how to conduct the debate depending on your group size. Ideally all learners speak to the whole group but large groups might need to be split to get through this in the time available.  Give teams enough time to prepare. Encourage them to assign different arguments to different individuals to avoid too much repetition of lists. | 32  33  34 | Group discussion: What is globalisation?  Class debate:  Debate this topic using the arguments you prepared in homework:  ‘Globalisation is good for the people in developing countries’ |  |
|  | Key drivers of Globalisation | Class discussion:  Call on individual learners to tell you what drives globalisation in a few words. As key ideas emerge, write them on the board and see if a list of causes can be gently guided to emerge from those key words.  This is the sort of list at which the group should arrive.   * Technology, * Trade liberalisation * Cooperation between nations * Services that support international business * More efficient transport   Review with slide  Let’s focus on what this means for a small business in your country that wants to do business internationally.  Class exercise: Organise learners into teams of 3-5 and challenge them to prepare an answer to this question and present it to the group:  *Review the case Beads by Bheka in 1.3. What sort of micro business could you start that would make use of buying, selling and payment platforms that support global business?*  Ask teams to present using slides, whiteboard or flipchart. What does the micro business do? What is it called? How does it use technology to do business globally? | 35  36  37 | Class discussion: What drives globalisation?  Class Activity: Working in a team of 4-5, prepare an answer to this question and present it to the group:  *Review the case Beads by Bheka in 1.3. What sort of micro business could you start that would make use of buying, selling and payment platforms that support global business?* |  |
|  | Globalisation of markets | We have looked at the influence of globalisation on people and small business. Let’s now look at how markets are changed by globalisation.  Class discussion:  Call on individual learners to suggest how globalisation changes markets. We should discover this idea.   * Formerly distinct world markets are tending to merge and integrate into single world markets.   Call on individual learners for ideas as to why this happens. We should realise from thinking about this that:   * The globalisation of markets is enabled by mass production of goods and the desire of businesses to globalise markets in order to increase profits and achieve company goals.   Single world markets mean we have global businesses selling goods and services worldwide. But are these goods and services always marketed the same way everywhere?  Call on learners to give examples of how global companies can change their marketing and products to suit different countries.   * Global businesses often need to adjust their marketing strategies to suit local conditions.   Review with slide  Individual activity:  ACTIVITY 6  Ask learners to reflect and write on how globalisation has brought changes to them and their families.  Class discussion:  Call on individuals to share their reflections. List the different changes that emerge on the board and count positive and negative responses.  On balance, does the group as a whole seem to be positive or negative about the changes to their lives brought by globalisation. | 38  39 | Class discussion: How does globalisation change markets? | **5UIBE E1 LO1 Activity 6 - The impact of globalisation** |
|  | Review of session and learning outcomes | Remind learners to study 2.1 of the Study guide – *How markets are selected* - before the next session. | 40 | Individual reflective exercise: What did I learn? Write a 200-250 word summary of the main points. |  |