



International Business Economics and Markets

ABE unit code	5UIBE
Ofqual code	A/615/7474
Unit type	Mandatory
Level	5
Credits	20
GLH	570
Assessment method	Timed Open Book Exam

This unit is aimed at developing a strong working understanding of economic theory and principles in the ever-changing and dynamic international economic marketplace. When a firm decides to engage in international trade, it has different options. The aim of this unit is to make you aware of the relevance of each method of entry with the analysis of case histories.

A key focus will be on how multinational firms and organisations operate internationally in an increasingly competitive marketplace. One of the key driving factors is the rise of information and communication technologies, and many markets that were previously limited to within nations are now truly international. The factors of production are increasingly mobile across the world with the movement of labour and capital being commonplace.

You will also gain a working knowledge of the organisations that facilitate the many processes involved within the international trading environment.

What you'll learn

The table below shows the learning outcomes of this unit (what you will be able to do or what you will know), along with the assessment criteria (what you will be able to do to demonstrate achievement of the learning outcome).

Learning Outcomes <i>The learner will:</i>	Assessment Criteria <i>The learner can:</i>	Weighting
1. Analyse economic principles associated with international business	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	20%
2. Evaluate markets from an international perspective	2.1 Evaluate the methods and criteria by which markets are selected 2.2 Assess the characteristics and applicability of the main market entry methods across a range of industry sectors 2.3 Conduct a structured analysis of a country/market from both external and internal perspectives 2.4 Recommend appropriate marketing mix strategies for different contexts	30%
3. Evaluate the significance of international trading blocs and organisations	3.1 Assess the characteristics of different types of economic cooperation and preferential trade arrangements 3.2 Evaluate the purposes and operations of intergovernmental bodies 3.3 Evaluate the international market in terms of the major trade blocs and regional groupings	30%
4. Discuss the key aspects of international finance	4.1 Analyse the aims and roles of key international institutions in the financial aspects of world trade 4.2 Evaluate the impact of foreign currency exchange and interest rates on international business 4.3 Analyse the trading position of a country with reference to balance of trade/payments	20%

Capabilities

Alongside academic learning and development, ABE qualifications have been designed to develop your practical skills and capabilities. These capabilities are highlighted as certain values, knowledge, skills, and behaviours that will help you in your professional development.

Below is an overview of the behaviours, skills, and attitudes that you will develop through this unit:

Element of learning	Key capabilities developed
Element 1 - Economic principles of international business	Awareness of the different economic and socioeconomic factors that affect how companies conduct business internationally and how the behaviours of customers and employees directly affect the workplace <i>Analysis, justification, presenting reasoned arguments, communication</i>
Element 2 - Markets from an international perspective	Ability to recognise and adapt to the impacts on products and markets arising from the availability of products, services and marketing communications from abroad Commercial awareness of cultural aspects and the direct impact of globalisation <i>Analysis, commercial awareness, cultural awareness, decision-making, communication</i>
Element 3 - International trading blocs and organisations	Ability to view the world not only in terms of an own country perspective, but to work within the wider sphere of global cooperation, treaties, and changing relationships <i>Global perspective, relationships, communication</i>
Element 4 - International financial aspects	Gaining an acceptance of the financial impacts and implications of being involved in global activity that are apparent in commercial activities of all businesses <i>Financial awareness, analysis</i>

Localisation

It is very important when studying for your ABE qualification that you consider your local business environment and try to apply what you are learning to relevant scenarios in your local business context. Doing this will help you to put your learning into practice and use it in your professional day-to-day activities.

Well known and established trading organisations operate internationally and have a presence in most countries, whether it be in manufacturing or distribution or both, and you should take note of their presence in your own country. You should also relate your studies to the economic and trading situations that prevail locally. Other aspects to be considered are your country's membership of trade organisations and the balance of payments situation of your country.

You should take into account the following when preparing for your summative assessment:

- How indigenous/domestic organisations operate internationally in a contemporary context
- The impact and importance of international trade in your country
- How foreign multinationals and globalisation impacts upon the local/domestic economy
- The membership of trade organisations your country may belong to
- The changing role of inter-governmental organisations
- The impact of international financial crises and other such international events on your country

Indicative Content

1. Analyse the economic principles associated with international business (Weighting 20%)

1.1 Explain the reasons why organisations engage in international trade

- How trade has developed internationally
 - Reasons for trade
 - Absolute and comparative advantage

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

- Protectionism and barriers to trade
- Winners and losers of trade

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

- Globalisation
 - Globalisation and its implications for regions, countries, markets and customers: the pros and cons of globalisation, i.e. prosperity and impoverishment, the key aim of globalisation: combining high cost reduction pressures and high pressure for local responsiveness
 - The two main components: the globalisation of markets (customers) and the globalisation of production to deliver 'best possible value' to all markets served by the organisation
 - The key drivers of globalisation and international trade i.e. ICT developments (internet, mobile phones), multinationals, transnationals, urbanisation, international consumers, together with the prevailing counter culture as typified by the G20 protests with the use of the internet (social networks) as responses to globalisation
- The impact of multinational enterprises upon countries – economies and cultures

2. Evaluate and assess markets from an international perspective (Weighting 30%)

2.1 Evaluate the methods and criteria by which markets are selected

- Country groupings by economic development
 - BRIC – Brazil, Russia, India, China
 - MIST – Mexico, Indonesia, South Africa Turkey
 - Less developed countries (LDCs)
- The role of market research
 - International market research
 - Desk research
 - Data sources – governmental and commercial published data
 - Field research
 - Decision criteria
 - Market analysis

2.2 Assess the characteristics and applicability of the main market entry methods across a range of industry sectors

- Exporting
 - Direct
 - Indirect – agents and distributors
 - Piggybacking
- Licensing
 - Franchising
 - Turnkey contracts
 - Contract manufacturing
- Joint ventures
- Strategic alliances
- Foreign direct investment
- Direct marketing

2.3 Conduct a structured analysis of a country/market from both external and internal perspectives

- Macro analysis - based upon political, economic, social/cultural, technological, legal, and environmental (PESTLE) factors
- Porter's Five Forces analysis
- Industry/market analysis from the micro viewpoints of buyers, suppliers/compliments, substitutes, new entrants, and intra industry rivalry
- Prioritised strengths, weaknesses, opportunities and threats (SWOT) analysis with further quantification in terms of threats/opportunity and weaknesses/strengths strategic development
- Conduct a structured analysis of a market in an internal context

2.4 Recommend appropriate marketing mix strategies for different contexts

- Marketing mix
 - Product decisions
 - Pricing factors
 - Distribution factors
 - Promotional mix
 - Extended services marketing mix (people, process, physical evidence)
- Strategy development
 - Adaptation
 - Standardisation

3. Evaluate the significance of international trading blocks and organisations (Weighting 30%)

3.1 Assess the characteristics of different types of economic cooperation and preferential trade arrangements

- The main types of trade agreements
 - Economic cooperation
 - Bilateral/multinational trade treaty
 - Sectorial free trade agreement
 - Trade preference agreement
 - Free trade area
 - Customs union
 - Common market
 - Economic union
 - Political union/federation

3.2 Evaluate the purposes and operations of intergovernmental bodies

- World Trade Organisation
- OECD
- G7 G20
- OPEC
- World Economic Forum

3.3 Evaluate the international market in terms of the major trade blocks and regional groupings

- The single European market
- North American free trade area
- APEC
- TPP
- Contemporary developments in a dynamic world such as RCEP and Brexit

4. Discuss the key aspects of international finance (Weighting 20%)

4.1 Analyse the aims and roles of key international institutions in the financial aspects of world trade

- World Bank
- International Monetary Fund (IMF)
- European Central Bank

4.2 Evaluate the impact of foreign currency exchange and interest rates on international business

- Factors causing exchange rate and interest rate volatility
- Different types of interest rates
- The impact of exchange rates and exchange rate volatility on international businesses
- The impact of interest rates on international business performance

4.3 Analyse the trading position of a country with reference to balance of trade/payments

- Visible trade
- Invisible trade
- Current account deficits
- Devaluation of currency