

-SQA- SCOTTISH QUALIFICATIONS AUTHORITY

HIGHER NATIONAL UNIT SPECIFICATION

GENERAL INFORMATION

-Unit Number- **6420625**
-Superclass- **EB**
-Title- **INTERNATIONAL BUSINESS**

-DESCRIPTION-

GENERAL COMPETENCE FOR UNIT: Assessing international business in terms of the operation of Transnational Organisations.

OUTCOMES

1. analyse the changing global importance of Transnational Organisations (TNOs);
2. analyse the influence on international investment flows of the activities of TNOs;
3. analyse the main international institutions involved in financing and promulgating global trade;
4. analyse the major areas of economic integration which affect the global operations of TNOs.

CREDIT VALUE: 2 HN Credits

ACCESS STATEMENT: Access to this unit is at the discretion of the centre. However, it would be beneficial if the candidate had competence in basic economic theory. This may be evidenced by possession Higher National Units, 6420595 the Micro-Economic Environment and 6420605 The Macro-Economic Environment or similar qualifications or experience.

For further information contact: Committee and Administration Unit, SQA, Hanover House, 24 Douglas Street, Glasgow G2 7NQ.

Additional copies of this unit may be purchased from SQA (Sales and Despatch section). At the time of publication, the cost is £1.50 (minimum order £5).

HIGHER NATIONAL UNIT SPECIFICATION**STATEMENT OF STANDARDS**

UNIT NUMBER: 6420625

UNIT TITLE: INTERNATIONAL BUSINESS

Acceptable performance in this unit will be the satisfactory achievement of the standards set out in this part of the specification. All sections of the statement of standards are mandatory and cannot be altered without reference to SQA.

OUTCOME

1. ANALYSE THE CHANGING GLOBAL IMPORTANCE OF TRANSNATIONAL ORGANISATIONS (TNOs)

PERFORMANCE CRITERIA

- (a) Analysis of the operation of Transnational Organisation and changes in their country of origin over the past twenty years is correct in economic terms.
- (b) Analysis of the main areas of economic activity in which Transnational Organisations participate is accurate and comprehensive.
- (c) Assessment of the importance of Transnational Organisations in international trade is accurate with respect to developments over a twenty year timespan.
- (d) Analysis of the changing importance of newly-industrialised economies in TNO trade is accurate and comprehensive.

RANGE STATEMENT

Areas of economic activity: level of output; production categories in Standard Industrial Classification (SIC) terms.

International trade: volume of trade on a country-by-country basis; comparative trade volumes against non-TNO firms.

EVIDENCE REQUIREMENTS

Written evidence, as detailed in Performance Criteria (a) to (d) and covering all critical classes in the range statement, derived from internationally acceptable economic statistics.

OUTCOME

2. ANALYSE THE INFLUENCE ON INTERNATIONAL INVESTMENT FLOWS OF THE ACTIVITIES OF TNOs

PERFORMANCE CRITERIA

- (a) Analysis of the amount and level of international investment is accurate and differentiates between portfolio investment and direct investment.
- (b) Analysis of direct investment and portfolio investment is accurate with respect to investment made by TNOs, public authorities, firms and individuals.
- (c) Analysis of direct investment and portfolio investment is accurate in terms of how each may affect a host country.
- (d) Analysis of the setting up of subsidiary companies by TNOs, for domestic production of previously imported goods, is accurate with respect to the costs and benefits to an organisation.

RANGE STATEMENT

Portfolio investment: risk aversion; diversification; preferability of long-term over short-term investment.

Direct investment; foreign ownership of domestic assets; managerial control; technical input; capital control; destination of final profit and re-capitalisation.

EVIDENCE REQUIREMENTS

Written evidence, as detailed in Performance Criteria (a) to (d), and covering all critical classes in the range statement, derived from internationally acceptable economic statistics.

OUTCOME

3. ANALYSE THE MAIN INTERNATIONAL INSTITUTIONS INVOLVED IN FINANCING AND PROMULGATING GLOBAL TRADE

PERFORMANCE CRITERIA

- (a) Analysis of the role of the World Bank is accurate in relation to global investment by TNOs.
- (b) Analysis of the subsidiary organisations of the World Bank, is accurate with respect to their role in relation to global investment by TNOs.

- (c) Evaluation of the role of the World Trade Organisation (WTO). and the General Agreement on Tariffs and Trade (GATT), in relation to global investment by TNOs, is accurate.
- (d) Analysis of International Commodity Agreements is accurate in terms of their effect on the operations of TNOs.

RANGE STATEMENT

Role of World Bank: capital investment for reconstruction and development; channelling of private funds; preferential loans; government guarantors; funds contribution proportional to share of world trade; infrastructure loans; direct investment; private loans and guarantees.

Roles of GATT and WTO: tariff bargaining; multilateralism; elimination of trade barriers; price stabilisation; price-raising or maintenance; buffer stocks; support-price regimes.

EVIDENCE REQUIREMENTS

Written evidence, as detailed in performance criteria (a) to (d), and covering all critical classes in the range statement, derived from internationally acceptable economic statistics.

OUTCOME

- 4. ANALYSE THE MAJOR AREAS OF ECONOMIC INTEGRATION WHICH AFFECT THE GLOBAL OPERATIONS OF TNOs

PERFORMANCE CRITERIA

- (a) Analysis of a customs union is accurate in terms of the possible effects on the global operations of a TNO of such a union.
- (b) Analysis of a free trade zone is accurate in terms of the possible effects on the global operations of a TNO of such a zone.
- (c) Analysis of currency convergence is comprehensive with respect to the global operations of a TNO of such convergence.
- (d) Analysis of commonality of standards is accurate with respect to the possible effects on the global operations of a TNO of such commonality.

RANGE STATEMENT

Effects of customs union: removal of internal barriers; common external tariffs; trade-creation effects; trade-diversion effects; terms of trade; commodity patterns; geographical origins.

Effects of free-trade zone: duty-free processing; duty-free transactions.

Effects of currency convergence: speculation reduction; currency-strengthening; currency protection effects.

Effects of commonality of standards: design considerations; technical sourcing requirements; commodity resourcing requirements.

EVIDENCE REQUIREMENTS

Written evidence, as detailed in Performance Criteria (a) to (d), and covering all critical classes in the range statement, derived from internationally acceptable economic statistics.

MERIT A candidate who achieves all performance criteria for all outcomes will be awarded a pass. Candidates may be awarded a pass with merit if they are able to demonstrate superior performance by showing that they can achieve the outcomes and performance criteria within an extended context in which, for example, they:

as a result of individual initiative, make use of a number of relevant, up-to-date examples in relating the outcomes to the current practice of TNOs;
demonstrate the capacity to be innovative in assessing organisational issues;
provide comparisons, explanations and descriptions which, through their conciseness, coherence, clarity of expression and range of evidence covered, indicate that best possible use has been made of available time and resources.

ASSESSMENT

In order to achieve this unit, candidates are required to present sufficient evidence that they have met all the performance criteria for each outcome within the range specified. Details of these requirements are given for each outcome. The assessment instruments used should follow the general guidance offered by the SQA assessment model and an integrative approach to assessment is encouraged. (See references at the end of support notes.)

Accurate records should be made of the assessment instruments used showing how evidence is generated for each outcome and giving marking schemes and/or checklists, etc. Records of candidates' achievements should also be kept. These records will be required for external verification.

SPECIAL NEEDS

Proposals to modify outcomes, range statements or agreed assessment arrangements should be discussed in the first place with the external verifier.

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HIGHER NATIONAL UNIT SPECIFICATION**SUPPORT NOTES**

UNIT NUMBER: 6420625

UNIT TITLE: INTERNATIONAL BUSINESS

SUPPORT NOTES: This part of the unit specification is offered as guidance. None of the sections of the support notes is mandatory.

NOTIONAL DESIGN LENGTH: SQA allocates a notional design length to a unit on the basis of the time estimated for achievement of the stated standards by a candidate whose starting point is as described in the access statement. The notional design length for this unit is 80 hours. The use of notional design length for programme design and timetabling is advisory only.

CONTENT/CONTEXT This unit should be seen in the context of the diverse range of knowledge required for an understanding of the operation of international business, and particularly transnational organisations.

Corresponding to outcomes:

1. This outcome should show comparisons over time in an industry, chosen from the SIC, where the activities of TNOs can be clearly measured in terms of output. A suggested industrial sector could be computer, and computer components, production. The changing volume of trade should be shown through analysis of markets where TNOs have displaced domestic firms, and where newly industrialised economies are now displacing TNOs.
2. The difference in economic structure of economies which depend on portfolio investment, as opposed to direct investment, should be analysed in relation to the activities of TNOs. The corporatist structure of, for example, the German and Japanese economies, should be compared with the more laissez-faire economies of, for example, the US and Britain, in terms of their respective performance over the past twenty years, and the recent developments in terms of the declining stability of their stockmarkets.

3. The changing role of international organisations, and of the function which they are perceived to perform, should be analysed in relation to the activities of TNOs. The increasing globalisation of business, particularly in international rules which are applied in terms of environmental considerations and minimum standards for labour, ie health and safety at work, minimum wages, hours of work, holidays, etc, and the resulting effect on the competitiveness of factor markets and labour markets, should be subjected to comparative analysis.
4. The increasing role of common markets and customs unions, and the resulting effects on the activities of both international organisations and TNOs, should be analysed. For example, the effects of EU growth and the establishment of common standards for TNO importers into the EU, and TNO exporters out of the EU.

APPROACHES TO GENERATING EVIDENCE Whilst it may be studied in isolation, every opportunity should be taken to integrate the performance criteria for this unit with other appropriate units contained in the HND Business Administration course structure. The outcomes in this unit should also be integrated, and should not be seen as discrete components.

It is suggested that a candidate-centred, interactive approach to teaching/learning is adopted, with candidates being encouraged to carry out their own research, using the tutor/trainer as a facilitator at every possible opportunity.

To strengthen this approach, it is suggested that the notional eighty hours allowed for this unit should be broken down along these guidelines: 30% tutor/trainer exposition; 35% tutorial; 35% candidate research.

Candidates should be encouraged to work in groups as far as is possible.

There is no single appropriate text for this unit, so candidates should be given guidance from tutor/trainers on suitable up-to-date texts which they deem appropriate, and should be given references to current articles from publications such as the Financial Times, The Economist, etc, and from quality TV and radio broadcasts, which should then be used as part of the learning process.

ASSESSMENT PROCEDURES It is suggested that the instrument of assessment used for this unit take the form of a major project, the written evidence for which would be generated through the ongoing work of teaching and learning over the notional eighty hours duration of the unit.

Tutors/trainers should ensure that continual guidance and remediation on the content of candidates' projects takes place over the notional eighty hours duration of the unit.

The following are examples of assessment specifications:

Assessment one: Outcomes 1 to 4:

You are employed as an economist with a firm of management consultants, who have asked you to prepare a report for their new client, the recently elected Unitary Authority for your area. They are concerned at the lack of an industrial strategy for their constituencies, and have very little subject expertise in International Economics. However, they have noticed that an increasing amount of business across the whole economy appears to be carried out by Transnational Organisations, (TNOs) and that many of the recent investments made locally have been by TNOs. These investments have been made mainly in the fields of electronics and micro-electronics.

They have asked for a report of between 5500-6500 words, to cover the following brief:

- (a) what level of output is accounted for by TNOs in electronics and micro-electronics?
- (b) what level of output is accounted for by domestic firms in electronics and micro-electronics production?
- (c) how have these levels of output changed over the past twenty years?
- (d) what level of this output is accounted for by newly industrialised economies?
- (e) how has the volume of electronics and microelectronics trade changed on a country-by-country basis over the past twenty years?
- (f) what are the advantages and disadvantages of portfolio investment and direct investment to:
 - (i) investors;
 - (ii) host economies;
 - (iii) countries of origin of TNOs.
- (g) how do the rules laid down, and agreements made, by international organisations affect trading and investment decisions made by TNOs?
- (h) explain the effects of customs unions, free-trade zones, commonality of standards and currency convergence on:
 - (i) investors;
 - (ii) host economies;
 - (iii) countries of origin of TNOs;

Assessment two: Outcomes 1 to 4:

Select an area from the SIC which is of interest to you, and of relevance to your course, and produce a report of between 5500-6500 words, to cover the following brief:

- (a) what level of output is accounted for by TNOs in your chosen area of production?

- (b) what level of output is accounted for by domestic firms in your chosen area of production?
- (c) how have these levels of output changed over the past twenty years?
- (d) what level of this output is accounted for by newly-industrialised economies?
- (e) how has the volume of trade changed on a country-by-country basis in your chosen area of production over the past twenty years?
- (f) what are the advantages and disadvantages of portfolio investment and direct investment to:
 - (i) investors;
 - (ii) host economies;
 - (iii) countries of origin of TNOs.
- (g) how do the rules laid down, and agreements made, by international organisations, affect trading and investment decisions made by TNOs?
- (h) explain the effects of custom unions, free-trade zones, commonality of standards and currency convergence on:
 - (i) investors;
 - (ii) host economies;
 - (iii) countries of origin of TNOs.

REFERENCES

1. Guide to unit writing.
2. For a fuller discussion on assessment issues, please refer to SQA's Guide to Assessment.
3. Information for centres on SQA's operating procedures is contained in SQA's Guide to Procedures.
4. For details of other SQA publications, please consult SQA's publications list.

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