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# Global business environment

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# INTRODUCTION

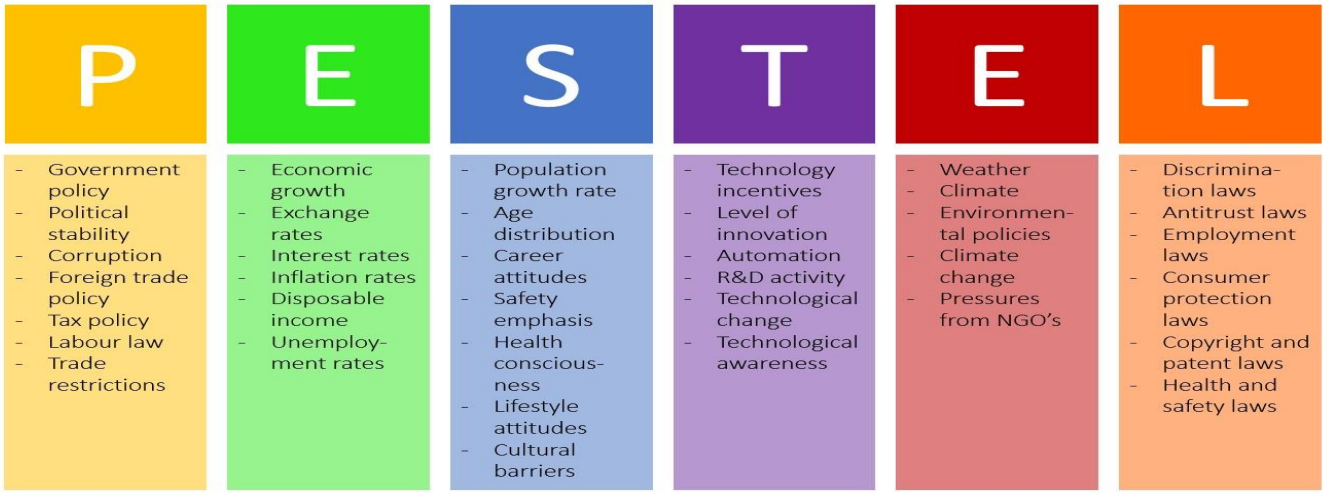
In recent decades, globalisation has increased to a greater extent because due to technological development, integration among all the countries increased that led to a significant rise in international trade & increasing globalisation. Additionally, globalisation has made a great contribution towards the world's economies. Advanced science & technology as well have also the businesses to easily cross over the territorial boundary lines (Zajda and Majhanovich, 2021). As a result, organisations tend to become very productive & competitive thereby raining good quality, service & world's living standard. In context to this, current report is based on "Dyson" that has decided to expand its manufacturing within South Africa. In context to this, respective report is going to cover different theories of the business environment on selected nation along with an evaluation of the challenges & opportunities which are present in that nation. Furthermore, there will be a discussion on the different barriers faced by business in selected nation. At last, this report will identify strategies to enable the firm to success in selected country.

Overview of the selected country

South Africa is located at southern tip of African continent. This country is popular for its incredible diversity, rich culture, and stunning landscape. It is a great cultural meeting point of African continent. It is a comprising territory which ranges from the rolling, fertile plain of high-veld & wide-open savannah of the Mpumalanga to Kalahari Desert & peaks of Drakensberg Mountains. Additionally, this country has been occupied by the modern humans for around 100,000 years, with first known inhabitant being San people. When it comes to the business, then it has been identified that workplaces within South Africa are hierarchical, and those in higher position take final decision after a consensus with the subordinates. Citizens within this country are generally loyal to their company for entire duration of their working life. Hence, it will be a good option for the Dyson to expand its manufacturing within South Africa.

Application of the business environment's theories on chosen nation

This analysis refers to an analytical toll used by companies to evaluate impact of different external factors on market. In relation to the Dyson, PESTEL analysis of the South Africa i conducted below:




**PESTEL Analysis**

- **Political factors**- South Africa has been seen as in midst of the local elections. But with its election, there are some individuals who want the corrupt in order to stay in a power (Scoppola, 2021). Hence, until these corrupt politicians or other powerful people can be removed, they will cause an inconvenience for the new business like Dyson. Because, being mixed up in the questionable, politics may put a damper on Dyson as it is about to invest in this country.
- **Economic factor**- Weak economy of country will cause the new corporation to be cautious when expanding their business within South Africa. In context to this, it will become difficult for the Dyson to move its manufacturing within this country- high exchange rate of this nation will make cost & expenses for the Dyson here.
- **Social factor**- In South Africa, economic inequality is a key social issue that impacts the businesses in different ways. Hostile labour relationship and service deliver protest have at their root uneasiness over allocation of the resources within South Africa. Along with

this, customer's taste, preference, culture also have impacts on the international business, hence, Dyson could not be greatly impacted through the employees, customers, and community pressure if it failed to understand South Africa's social dynamic.

- **Technological factor**- In term of technology, South Africa is an advanced country that has made an enormous progress in its business industry (Rahman, 2020). Hence, this factor will impact the Dyson positively. As Dyson is moving its manufacturing within South Africa, therefore company can exploit advanced technology of the South Africa.
- **Legal factors**- In South Africa, employees have received a fundamental protection. Its Employment Equity Act 1998 aims to attain an equality within workplace by promoting fair treatment in the employments. Hence Dyson, required to take this act significant, other it has to face impact of the legal consequences.
- **Environmental factor**- As it has been identified that South Africa is most popular destination for tourism; therefore, its government has made some laws regarding environmental protection so that business activities could not harm its beauty. Hence, Dyson should be aware about this when moving its manufacturing in this nation. For this, respective company should adopt eco-friendly practices.

**Porter five forces**

This framework is utilised to evaluate competitive landscape of market. It includes mainly 5 elements. In relation to the Dyson, these elements are mentioned below:

- **Threat of new entrants**- When any new firm enter within market, then it requires a big capital (Akinade and et.al., 2020). But, in South Africa, there is rare chances that someone starts own business because of low earning or less capital. As resulting it demonstrate a low threat for the Dyson.
- **Bargaining power of the customers**- In mostly industry or nations, customers bargaining power always high similarly in relation to the Dyson, a high bargaining power of the customers ash been identified that may create a high force of this threats.
- **Bargaining power of the suppliers**- As it has been identified that South Africa is a primary source of the natural resources; therefore, force of this threats is also high for the Dyson because of high bargaining power of the suppliers.
- **Competitive rivalry**- Business environment of South Africa is very competitive as many big players in same industry dominating the entire market. Hence, force of this threat is also very high for the Dyson.
- **Threat of substitution**- There are various substitute within of Dyson's product within South Africa. So customers can easily switch to the alternative brands. Hence, it will make it very challenging for the Dyson to survive here. Hence threat of this force is also very high.

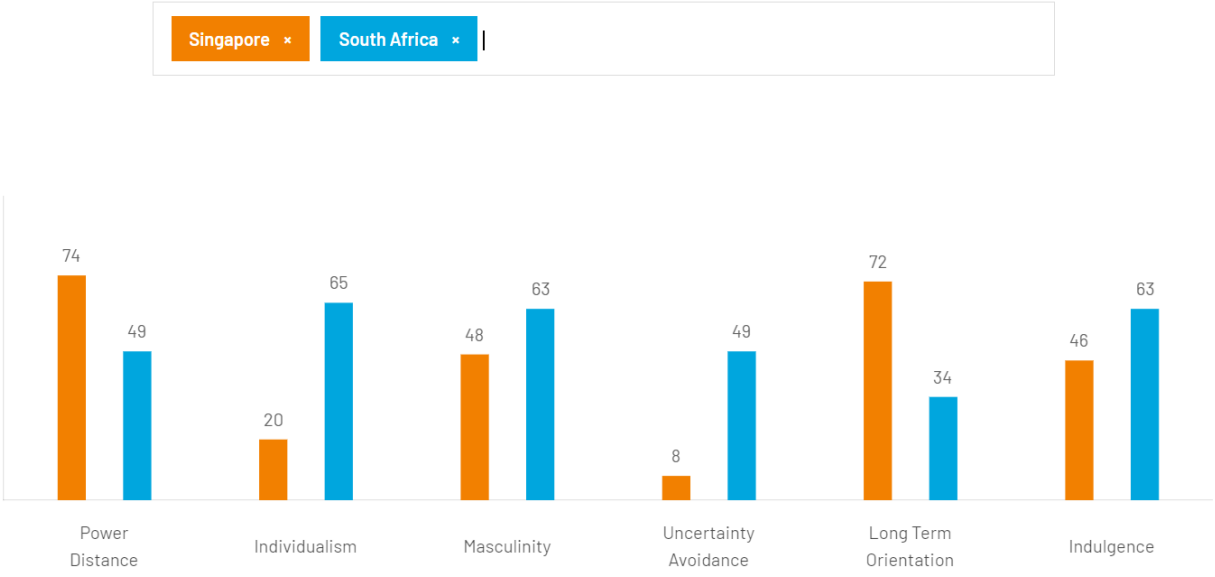
**Hofstded model**

This theory assesses that how culture can impact the business operation as well as management practices. There are mainly six dimensions, which are mentioned below:

- **Power distance**- South Africa has scored 49 on this index that demonstrate that its individuals work based on hierarchical order. All the individual have own place & all will stay in own place. On the other hand as Dyson is a Singapore based firm, therefore, this country has scored 74. If Dyson move its manufacturing here, then its Superior will tell the inferiors about what to do & inferiors have to listed & obey them
- **Individualism vs. collectivism**- South Africa has scored 65 on this spectrum that means its citizens are more individualistic. Then again, Singapore has scored 20 (Mutezo and

Mulopo, 2021). If Dyson want to move its manufacturing activities here, then its individuals will be responsible for themselves.

- **Uncertainty avoidance vs. uncertainty tolerance**- South Africa has scored 49 on this continuum that means its culture likes to avoid the uncertainty. Individuals value their time & keep themselves busy. Whereas, Singapore has scored 8. If Dyson, operate its manufacturing activities here, then its employees can pay more attention on the works instead of time wasting.
- **Masculinity vs. Femininity**- There is a masculine culture within South Africa that scoring 63 on this continuum. On the other hand, Singapore has scored 48. If Dyson move its manufacturing within South Africa, then, it has to live for work & its employees will be willing to do what they want to attain.
- **Long term orientation**- South Africa has scored 34 on this spectrum, whereas, Singapore scores 72. Hence, when moving the manufacturing activities within South Africa, then, Dyson has to adopt the nominative culture rather than pragmatic.
- **Indulgence**- At this dimension, South Africa has scored 63 and Singapore intermediated score of 46. It shows, there there are more positive individuals within South Africa who have a tendency towards the optimism.



Opportunities & threats within chosen country, also analyse how to manage aspect of business strategy, cultural sensitivity, and corporate governance in this county when doing business

When operating in another country, then business environment of that country provide various opportunities as well as create some threats (Chen and Cheng, 2019). In this situation, it become very significant for the organisations to mange aspects of the business strategy cultural sensitivity, and corporate governance so that company can survive within international market. In context to this, different opportunities or threats for Dyson are mentioned below:

**Opportunities**

- **Natural resources**- The South Africa has been identified as a resource-rich nation having numerous minerals or material that present a significant opportunities for the Dyson for its manufacturing activities.
- **Growing consumer market**- There is a growing consumer market within South Africa within having nearly 60 million individuals. Hence Dyson can grab the opportunities of table market with growing middle class.
- **Technological advancement**- As it has been analysed that in term of technology, South Africa is growing very well, therefore, Dyson can exploit its latest technology so that its manufacturing process can speedup and grow effectively with quality products.

**Threats**

- **Management**- in South Africa, there is a growing concern about host of teh political, economic. & regulatory elements which impacts foreign businesses like Dyson adversely. It include mainly report about the mismanagement & corruption in government, insufficient infrastructure, unemployment and many more [***South Africa-country commercial Guide, 2021]***
- **Unemployment**- As is has been analysed that there is lack of education within South Africa; therefore it leads to high unemployment. It is threat for Dyson as it leads to lack of the skilled employees within such highly competitive market.

**Manage business strategy**

In order to become successful within South Africa, Dyson must be strategic in its approach. It should consider different elements such as cultural awareness, competition, and many more when developing strategies.

**Managing corporate governance**

When moving the manufacturing activities within South Africa, Dyson requires complying with the corporate governance by considering the guidance based on sustainability, corporate citizens, accountability, leadership, and many more.

**Managing cultural sensitivity**

As South Africa is a diverse nation in which numerous language or culture can be seen, therefore, Dyson requires understanding such culture difference in order to operate effectively within this country. Along with this, it also needs to make a strong relationship with the local communities.

Different barriers experienced by the foreign business in selected nation

South Africa is most prominent country that provides various opportunities to the businesses, but it also demonstrates some barriers that become major hurdle in the way of organisational success. Therefore, in relation to the Dyson, few of these barriers within South Africa's market are discussed below:

**Lack of the infrastructure supply**

No matter what kind of a business is owned, infrastructure is very significant for the business [***What are the challenges of doing business in South Africa, 2022***]. It has been identified that within South Africa, there is lack of water, transportation, and electricity that leads to poor economic growth. As Dyson's manufacturing is moving in South Africa, therefore, it will require good electricity and water. But lack of all these thing may become a major barriers in its manufacturing activities.

**Lack of the skill & education in workforce**

Because of poor state of public education system within South Africa, talented employees or labour can be difficult to find in different technique & profession segments despite increasing unemployment. Hence, as Dyson is expanding its manufacturing within South Africa, it require to skilled workers, but lack of skill & education is a key barrier in this country.

**Cultural barrier**

Same as the other countries, South Africa has also its won culture, language, costumes, taboos, etiquette, religion, and attitude towards the international good & services (Schlemmer, 2019). Hence, when manufacturing within South Africa, culture is another barriers that need to be considered by Dyson. Along with this, when communicating with teams, there then, Dyson may also face the language barriers. It has been predicted that due to different customers, and taboos, respective firm may has to bring some change in its manufacturing.

Strategies & recommendations to get success in chosen company

**Strategies**

As it has been identified that market of South Africa has demonstrating various challenges or threats for international business therefore company should take holistic approaches in order to get cope up with challenges or get success within this market (Trollip, McCall and Bataille, 2022). In context to this, few strategies or recommendations for Dyson have been mentioned below:

- **Hire international team**- As Dyson's manufacturing is moving within South Africa, therefore, it I difficult to get success easily. In order to attain success within South Africa, Dyson can hire an international team that will assist the firm in customizing & tailoring its plans.
- **Build local partnership**- Dyson can build a partnership with the local suppliers, stakeholders, and distributors as it will help the respective firm in navigating economic as well as cultural landscape along with establishing a significant network across the market to succeed.
- **Explore the market**- Before starting the manufacturing activities within South Africa, Dyson is recommended to explore the culture within respective country in order to understand all the differences. Knowing language is not much significant, but awareness about the culture of a country is very essential to get success in specific nation.
- **Embrace innovation & technology**- As South Africa is technologically advanced, therefore, Dyson is recommended to exploit this competitive benefit in its manufacturing process as it will enable the respective firm to produce good quality product. It will highlight the Dyson’s name within market of South Africa

## CONCLUSION

From the above report, it has been figured out that understanding of the global business environment is very significant for the organisations looking to expand or move their operation al activities in foreign market. In context to this, current report has applied numerous theoretical frameworks such as Porter's five forces, PESTLE analysis, and Hofstede's cultural model so that an understanding about the market can be facilitated to help business organisations in identifying various challenges or opportunities within market. Apart from this, current report has also identified several barriers that restrict the international companies to move in specific nation. Therefore, in order to overcome these barriers, or challenges, current report has also recommended some strategies such as embracing technology, making relationship with the stakeholders, comply with the government guidelines, and many more, so that company can operate their businesses within international market in most effective & efficient manner.

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