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X. ACRONYMS AND ABBREVIATIONS

SI	Slogging International (PTY) Ltd
BMG	Bearing Man Group (PTY) Ltd T/A BMG
GDP	Real gross domestic product
CPI	Consumer Price Index
(PPI)	Producer Price Index
(WPI)	Wholesome Price Index
(GNP)	Gross National Product
(RER)	Real Exchange Rate
(EER)	Effective Exchange Rate
(COP)	Cost of Production
(USD)	United States Dollar
(ZAR)	South African Rand
(RMB)	Chinese Yuan
(BBBEE)	Broad Based Black Economic Empowerment
(NTT)	New Trade Theory

1. Introduction

All organizations are influenced by Global Business Challenges. These challenges can be classified as either internal or external and will be investigated and explained within this assignment. Imperative discoveries, analysis and literature will be discussed and could be relevant to all industries. To be competitive in business one should investigate the literature discussed and apply the theory to evaluate one's own entity.

2. Organizational Background

The following two companies are to be discussed within this project, Slogging International (PTY) Ltd (SI) and Bearing Man Group (PTY) Ltd (BMG).

SI is a family owned company, established in 2015 and currently located in Midrand, South Africa. The two directors of the company came up with a concept to produce a product for the Transport Industry (including military, agriculture and construction) to assist with wheel changes in a safe and time saving manner. After 3 years of research and development, local manufacturing, international manufacturing and product sourcing, the Wheel Slogger and Slogging Hammer was patented in 96 countries and ready to be introduced into the market.

SI is the Intellectual Property owner and does not require a major labour force, but a strategy had to be implemented regarding the marketing and distribution of the products.

The decision was made to make use of market leading distributors within the specific sectors per country as they would already have invested greatly into their distribution channels, branch outlets and sales representatives.

BMG, established in 1974 in Durban, South Africa, had a complete company makeover in 2014 and is currently headquartered in Johannesburg, South Africa. BMG is Africa's leading distributor of engineering components and has over 130 branches throughout Southern Africa and a workforce of a couple of thousand personnel.

BMG was approached by SI and a distribution agreement was reached with the potential of a complete company buy-out over time.

With this strategy SI would not have to invest funds to replicate what BMG has to offer, but merely setup distribution and wholesale discount structures to benefit both parties concerned.

3. Objectives

The objective of this assignment is to examine the global business challenges that SI and BMG face. This will be achieved by investigating the micro and macro economical factors that influence both these organizations. A detailed literature review will be completed so that a comprehensive understanding of globalization of organizations, free trade, protectionism, exchange rate, GDP factors, inflation rate, unemployment rate, PEST analysis, SWOT analysis, rivalry, strategic planning, secondary and primary research can be obtained. Thereafter the organizations will be examined as one entity to determine how these factors influence them.

4. Literature Review

4.1. Microeconomics factors

Microeconomics examines how organizations and individuals prioritize their decisions and the interaction of the various decision makers (Mankiw 2016, p. 14).

4.1.1. SWOT analysis

SWOT analysis comprises of the accumulation and depiction of information about factors that are external or internal and that might or might not have an influence on the organization (Pickton and Wright 1998, p. 103). The SWOT analysis is frequently represented as a 2 x 2 matrix and consists of internal organizational factors "strengths and weakness" and external factors that consist of "threats and opportunities" (Pickton and Wright 1998, p. 104). The SWOT analysis is uncomplicated and perhaps its biggest advantage is that it permits the organization's management to concentrate on key aspects that affects the organizations growth and development (Pickton and Wright 1998, p. 104). A SWOT analysis example can be seen in Table 1 of the Appendices.

4.2. Macroeconomics factors

Macroeconomics examines the entire economy, including prices that change, augmentation in income, unemployment rate (Mankiw 2016, p. 14), increase of production, inflationary price increases, government deficiencies and import and export levels (OpenStax college 2014, p. 14).

4.2.1. PEST analysis

The PEST analysis defines a structure of factors that are macro environmental, it deliberates the external organizational environment which consists of "political, economic, social and technological" components (Gupta 2013, p. 35). The PEST analysis is a method that is most generally used to consider the external organizational environment and organizations need to respond to the influences that affects it (Gupta 2013, p. 35). A PEST analysis example can be seen in Table 2 of the Appendices.

4.2.2. SWOT analysis

SWOT analysis is applicable in microeconomic and macroeconomic factors. Please see above.

4.2.3. GDP factors, Inflation rate and Unemployment rate

To evaluate the performance of an economy it is imperative to examine "three macroeconomic variables", these variables include "real gross domestic product (GDP), the inflation rate, and the unemployment rate" (Mankiw 2016, p. 40). Economically, GDP evaluates the full income of every person, altered for the various levels of prices and, it refers to the entire disbursement of the economy's production of services and merchandises (Mankiw 2016, p. 18). GDP is frequently deliberated to be the greatest measure of how good an economy is performing (Mankiw 2016, p. 18). GDP can be measured

in two phases, Normal GDP and Real GDP. Normal GDP can augment due to prices and quantities that increase, whereas Real GDP is measured using a steady set of prices (Mankiw 2016, p. 24).

The inflation rate is an evaluation of how the level of prices upsurges over time (Doepke *et al.* 1999, p. 67). Three methods can be applied to evaluate inflation, Consumer Price Index (CPI), Producer or Wholesome Price Index (PPI or WPI) and Gross National Product (GNP) (Bayo 2011, p. 262). Inflation is a main concern for policymakers and economists (Mankiw 2016, p. 34).

The unemployment rate can be defined as the percentage of the entire workforce who is not employed and who are searching for paid employment (BusinessDictionary 2019, "[approx. 3 screens]"). Unemployment rate is a statistic that is carefully monitored because an increasing rate of unemployment can be an indicator of an economy that is weakening (BusinessDictionary 2019, "[approx. 3 screens]").

According to Blanchard and Katz (1997 cited Friedman 1968, p. 51) natural rate of unemployment can be defined as:

"The natural rate of unemployment is the level which would be ground out by the Walrasian system of general equilibrium equations, provided that there is imbedded in them the actual structural characteristics of the labor and commodity markets, including market imperfections, stochastic variability in demands and supplies, the cost of gathering information about job vacancies and labor availabilities, the costs of mobility, and so on."

4.2.4. Globalization of organizations

Globalization consists of more than just the straightforward distribution of services and goods to other nations (Stefanović 2009, p. 50). When defined, globalization is the development of specific markets of services and goods into globally unified markets of services and goods (Stefanović 2009 cited Carpenter and Sanders 2007, p. 50). In global organizations, imported goods are standardized, stratagems of organizational competition are incorporated into the different global markets and uniform marketing tactics exist, but organizations that are not able to contend at an international level would not be able to attain an advantage that is competitive (Stefanović 2009, p. 50).

4.2.5. Free trade

Free trade is a method in which the trade of commodities and services between or within countries flows unobstructed by government-imposed restrictions and involvements (Fouda 2012, p. 351).

4.2.6. Protectionism

Protectionism is an economic policy of controlling trade between nations and countries. Trade may be controlled by introducing high tariffs on imported or exported commodities, restriction on quotas, a diversity of restrictive government regulations developed to dampen imports, and anti-dumping laws developed to protect domestic industries from international rivalry (Fouda 2012, p. 351).

4.2.7. Exchange rate

Exchange rate is defined as a factor value of one currency versus a different currency (Yang and Zeng 2014, p. 45). Exchange rates could also be measured as "real" or "effective".

Real exchange rate (RER) is defined as the comparative national price levels between two financial systems with the analogous nominal exchange rate being an secondary to change the unit of account such that two price levels are calculated as a single currency (Yang and Zeng 2014, p. 45).

Effective exchange rate (EER) is a evaluation that captures the whole growth and progress in the exchange value of a currency comparative to all other currencies (Riley et al 2005, p. 54). The effective exchange rate (EER) presents a superior indicator of the macroeconomic outcome of exchange rates than any single bilateral rate (Klau and Fung 2006, p. 51).

4.2.8. Rivalry

Rivalry is essentially about why, how, when, where and who is competing. Such questions and investigations are important because industries yield a misproportioned competitive threats that change framework externally and status internally (cited Baum & Korn 1999; Chen 1996). Regardless of the irregularity, researchers have alleged a high degree of shared aims, depicting rivalry in terms of companies operating in a similar industry, using similar resources and providing analogous or substitutable offerings to mutual consumers in related product markets (Markman *et al.* 2009, p. 423).

4.2.9. Comparative advantage and Cost of Production (COP)

Comparative advantage is defined as the key factor in competitiveness. An entity is said to have a comparative advantage in producing a particular commodity if it has the maximum return per unit of set resources. The proposition of comparative advantage is that each entity should produce those commodities where they have a comparatively copious supply of fixed resources. The COP and delivering product to market, then serve as the basis for measuring comparative advantage (Schoney *et al.* 1990, p. 1283). A COP formula example can be seen in Table 3 of the Appendices.

5. Research Methodology

Throughout the data collection procedure for SI and BMG the main objective was to obtain essential information, through interviews, questionnaires and observations (Cummings and Worley 2009, p. 123). During the interviews, both group and individual interviews were conducted at SI and BMG, this was done so that direct questions could be asked during the interviews and to determine what the feelings and private opinions of the employees are (Cummings and Worley 2009, p. 126). Unstructured questions were also asked to gain knowledge on direct concerns, but interviews however are more time consuming and can take longer to analyse (Cumming and Worley 2009, p. 126).

Questionnaires can examine numerous features of organizations with fixed answers, it can be conducted for larger groups, examine a selection of aspects and additional complete characteristics (Cummings and Worley 2009, p. 124). Questionnaires however have certain weaknesses, answers can only be given according to the questions asked, answers cannot be clarified and additional questions on answers given cannot be asked (Cummings and Worley 2009, p. 126).

Observations are a direct way of data collection, this data collection technique doesn't have any biases and it also doesn't depend on the employee's perceptions (Cummings and Worley 2009, p. 127). All of the abovementioned techniques were utilized to ensure the data that was collected was comprehensive.

CUMMINGS, T.G. AND WORLEY, C.G., 2009. *Organization Development & Change*. 9th ed. Mason: South-Western.

The questionnaire can be seen in Table 4 of the Appendices. The questionnaire was conducted according to a Likert Scale which consisted of certain statements for a real situation and the employees were asked to indicate their level of accordance, answers were given from "strongly agree" to "strongly disagree" (Joshi *et al.* 2015, p. 397)

6. Economics Discussion

"discuss BMG and SI economic factors on each company"

6.1. Microeconomics factors

6.1.1. SWOT analysis

Internal organizational factors " strengths and weakness "

Strengths:

- BMG is financially sound.
- BMG sales representatives are well trained per product.
- BMG has product specialists that concentrates on selected products only.
- BMG inter branch transfers are efficient.
- BMG has a state of the art warehouse facility.
- BMG is a market leader in the industry.
- BMG has monopoly with SI products in Southern Africa.
- BMG has a strong buying power over its nearest rival.

Weakness:

- High Staff turnover.
- BMG should promote more via face to face meetings.
- BMG sometimes lose interest in certain products.
- Continuous training is needed for staff.
- Continuous visits to branches is required from the product specialist.
- SI and BMG should meet more often to discuss and plan for "scenario planning".

External factors that consist of " threats and opportunities "

Threats:

- Rivalry with BMG is significant.
- BMG's basket of products on offer are becoming too big.
- BMG and SI can improve on Environmental analysis.
- BMG and SI can improve on Environmental forecasting.

Opportunities:

- Demo days must be arranged at customers.
- Continuous marketing via social media on certain products into certain industries are required.

- Protectionism benefits BMG in South Africa.
- BMG is working personally with communities in projects to uplift their standards and living conditions.

After summarizing SWOT and producing the TOWS matrix, the following results are options to be considered. For this analysis, Table 5 in the appendices is applicable.

- Use the power of BMG brand name and buying power to increase product marketing by involving specialists in the marketing field that would assist with social media publicity and online presence.
- Build BMG brand name presence more by continuous involvement with public and community projects.
- BMG's state of the art facility should also be used as a marketing venue for customer open days, demo days as well as private invitations to high end consumers.
- Develop a mobile application for the sales representatives to ease the ordering process and display daily specials that can be offered to relevant customers on the applicable industries. This will also encourage the sales representatives and this could lead to less staff turnover and continuous brand advertising so staff won't lose interest in certain products.
- Scenario planning offers an advantage over forecasting, thus this is an important topic that needs to be addressed on a continuous bases and not to be set aside.
- Encourage rivalry as BMG financial position is strong and this could lead to brand awareness and also lesson the competition.

6.2. Microeconomics factors

6.2.1. PEST analysis

Political:

- Local government laws influence BMG and SI business
With South African law that requires businesses to have a level of Broad Based Black Economic Empowerment (BBBEE) to deal with government institutions and alike business in South Africa, this requires financial funds and restructuring of managerial positions to employ previous disadvantaged personnel and staff.

The required BBBEE status is also one of the reasons why SI signed a distribution agreement with BMG, as BMG has the required BBBEE status and so SI does not need to adhere to the requirements and restructure a family owned company to suit government laws.

- International politics also influences local business, all due to the fact that investment uncertainty occurs, exchange rates gets influenced and as in the case with China and the USA in current standings, protectionism and free trade are major factors globally.

Economic:

- With the ZAR that is volatile to the USD and RMB, exchange rates affects the import on products if forward cover is not negotiated when the order is placed. With BMG, SI and the Chinese manufacturer, BMG has the option to remunerate the Chinese manufacturer in USD or RMB, whichever one currency is more beneficial for us, as the RMB and USD has a fixed ratio with each other, as which is not the situation with the ZAR.

Social:

- When assessing SI product which BMG distributes within Southern Africa and into parts of Africa, one can see that demographic layout and consumer habits and tastes plays a huge role in product sales. When comparing a 1st world country like Australia to a 3rd world country like South Africa, many factors are at different standards and customer mindsets are different per industry, for example:

In South Africa Health and Safety is not on the same standard vs. Australian standards. Locally in South Africa some transport companies still require the driver to replace the wheel by means of a pipe and human power. People get injured and is time consuming. SI has a product called Wheel Slogger which BMG promotes and distributes. The product assist the driver to loosen, tighten and torque the wheel to specification of the OEM safely and in very little time, but still some companies will not purchase this product as they say that a pipe has been working for all these years and still works.

This argument in a 1st world country like Australia will not happen due to Health and Safety being a major concern and products like these sell easier within these countries. Thus demographic layout and people's habits and tastes does influence business.

Technological:

- BMG's world class facility warehouse has been upgraded with an amount of R400 million. This allows for automated processes and less handling errors.
- Analysing the patented product of SI, constant product upgrades take place to adhere to consumer recommendations, specifically in industries like the mining sector and military sector.

6.2.2. SWOT analysis

SWOT analysis is applicable in microeconomic and microeconomic factors. Please see comments above.

6.2.3. GDP factors, Inflation rate and Unemployment rate

According to StatsSA (2018, "[approx.10]") the GDP in South Africa rose by 1.4% in the fourth quarter of 2018. The figure is a combination of production, transport, manufacturing and finance industries

Within the primary sector, the agriculture, forestry and fishing industries increased by 7.9%, thus contributed to 0.2% towards the GDP. The mining sector decreased by 3.8%, thus negatively affected the GDP by 0.3%.

Within the secondary sector, which includes manufacturing, petroleum, chemical products, rubber and plastic products, motor vehicle and parts, food and beverages. The manufacturing industry was the biggest contributor and increased by 4.5% in the fourth quarter of 2018.

According to StatsSA (2019, "[approx.10]") the unemployment rate in South Africa is at 27.6% . This is alarming as the percentage increased by 0.5%. We know that importing of products leads to a decrease in employment opportunities. BMG and SI imports the patented product "Wheel Slogger" from China due to financial reason, and thus in return contributes to the increase in unemployment. This all said, BMG and SI exports the product and thus in return create opportunities for employment.

According to StatsSA (2019, "[approx.10]") the inflation rate measured by the consumer price index (CPI) is at 4.4%, which decreased by 0.1% from 4.5%. A major contributor to this sector is the alcohol and tobacco sectors that decreased by 0.1%.

As inflation rate is the main concern for policymakers and economists (Mankiw 2016, p. 34), BMG and SI rely on the needed information as this affects local prices, stock holding calculations and strategic forecasting and planning.

6.2.4. Globalization of organizations

Globalization has affected BMG and SI positively as BMG now has branch outlets outside of South African borders. This means that BMG is a globalized entity, exporting products and services from South Africa into various nations. This has a positive outcome for the consumer as prices stay competitive, not only for SI products, but for various products that BMG in addition market. Globalization also assist "poorer" countries to grow at a faster rate compared to "richer" countries due to the fact that "poorer" countries import less products and rather produce more.

6.2.5. Free trade

Free trade would definitely be in BMG and SI favour when one only investigates the patented product of SI. Due to the fact that it is a unique product and combines various products into one assembly and out-performs the nearest competitor, distribution and exporting of the product without tariffs, duties, quotas and additional laws would be beneficial. This would result in sustaining a low cost when importing our product from China and in return exporting the product from South Africa at competitive pricing.

Free trade has its benefit and also disadvantages. The benefit is that countries trade freely across borders and in return the consumer benefits as pricing is competitive and also offers many products of similar kind. The disadvantage of free trade is that one country could flood another with export product "dumping" and then local businesses can't compete and become insolvent. To counter this occurrence protectionism is put in place.

New Trade Theory (NTT) is an economic theory that was developed in the 1970's as a way to predict international trade patterns. It explains why, even if a good or service is produced in our country, we end up with comparable products from other countries. (Paul Krugman)

When applying the New Trade Theory principles, the following factors are influenced and leads to increase in production which in return leads to lower costs. Geographical location is influenced by transport cost and labour cost etc. With labour and transport costs low, investment increases and so this leads to total economic growth. New Trade Theory involves scale of production which is influenced by Industrial organization, increase returns to scale and International trade.

6.2.6. Protectionism

As discussed in free trade, protectionism is the opposite. Protectionism protects the country from imports by imposing tariffs, duties and additional laws on commodities from other countries. The benefit is that local job opportunities increase.

In South Africa the steel industry has received increased tariffs when importing steel from China. This has since boosted job creation in South Africa within the steel industry and also Arcelor Mittal South Africa's production and profits, but had a negative influence on the consumer in the manufacturing industry as steel is more expensive and the end user should now pay more. This leads to export prices increasing and now alternative products are more in demand.

Protectionism could influence a country's economy both positively and negatively. As stated by Prof. Friedman when he quoted Henry George (Progress and Poverty, 1980)

"In time of war, we blockade our enemies in order to prevent them from getting goods from us. In time of peace we do by ourselves by tariffs what we do to our enemies in times of war."

Related to BMG and SI, the protectionism law in South Africa in recent years had forced SI to investigate the alternative to fully manufacture the Wheel Slogger and Slogging Hammer in China as a whole. Total cost of the products decreased by more than 40%, importing the products decreased local logistical issues in regarding of sourcing of materials, components and factory staff.

6.2.7. Exchange rate

As discussed in the PEST analysis under "economic":

With the ZAR that is volatile to the USD and RMB, exchange rates affect the import on products if forward cover is not negotiated when the order is placed. With BMG, SI and the Chinese manufacturer, BMG has the option to remunerate the Chinese manufacturer in USD or RMB, whichever one currency is more beneficial for us, as the RMB and USD has a fixed ratio with each other, as which is not the situation with the ZAR.

6.2.8. Rivalry

Rivalry is well defined within the Five Competitive Forces that shape Strategy (Michael E. Porter 2008, p. 25-40).

- Rivalry among existing competitors
- Threat of new entrants
- Bargaining power of suppliers
- Threat of substitute products or services
- Bargaining power of buyers

Rivalry could have a positive outcome when it is a win-win situation for the two rivals competing on different attributes and features within the same market and each attract a sector of the market and consumer.

BMG has many rivals within the market as they distribute various industrial products and is not the only distributor for certain products as is the case for SI products where BMG has sole distribution rights within Southern Africa. Thus rivalry is eliminated on SI products.

For the additional products on offer from BMG, rivalry is a daily occurrence due to economic difficulties currently in South Africa. Some distributors work on minimum profit levels as their overheads could be less than BMG's, but BMG being the market leader in South Africa with industrial products, BMG has bargaining power from at the supplier and thus in return counter the rivalry.

6.2.9. Comparative advantage and Cost of Production (COP)

As mentioned before, BMG is Africa's leading distributor of engineering components and has over 130 branches throughout Southern Africa. BMG imports products from all over the world, thus sourcing products from countries that offer the most competitive "comparative advantage" to BMG as a company, thus in return making BMG competitive within international markets and local market. Therefore, BMG will purchase products from China and India which they have an abundance of at economical rates and prices versus countries which could offer the same commodity but at elevated costs.

7. Conclusion

Concluding Global Business Challenges, applying the literature and investigating the information presented, it is essential to note that certain factors are more relevant to specific industries. This said, every sector, industry and private owned entity are influenced by various global business challenges in some or other way.

According to brainyquote (2019 cited Elon Musk [no data], " [approx 3 screens]"):

"If you're trying to create a company, it's like baking a cake.
You have to have all the ingredients in the right proportion."

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9. Appendices

Table 1

A SWOT analysis example according to Picton and Wright (1998 cited Brown and McDonald 1994, p. 104)

INTERNAL	EXTERNAL
STRENGTHS	OPPORTUNITIES
WEAKNESSES	THREADS

Table 2

A PEST analysis example according to (HO 2014, p. 6482)

The 4 categories of PEST factors	Specific factors of PEST
Political factors (P)	
Economic factors (E)	
Social factors (S)	
Technological factors (T)	

Table 3

A COP formula as per Wallstreetmojo (2019, "[approx. 10 screens]")

COP	=	PRODUCT A
		PRODUCT B

∴ it Cost "x" amount of product A to produce product B

Table 4

Research Methodology questionnaire

QUESTION	STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE
SWOT Analysis section					
Would you agree that BMG is financially sound ?					
BMG sales representatives are well trained per product					
Should BMG have product specialists per product ?					
BMG inter branch transfers are efficient					
BMG has a small staff turn over					
BMG has a state of the art warehouse facility					
BMG should promote more via face to face meetings					
Demo days must be arranged at customers					
BMG's basket of products on offer are becoming too big					
BMG is a market leader in the industry					
BMG sometimes lose interest in certain products					
Continuous training is needed for staff					
Continuous visits to branches is required from the product specialist					
Continuous marketing via social media on certain products into certain industries are required					
BMG has monopoly with SI products in Southern Africa					
Does protectionism benefit BMG in South Africa ?					
Rivalry with BMG is significant					
BMG and SI can improve on Environmental analysis					
BMG and SI can improve on Environmental forecasting					
SI and BMG should meet more often to discuss and plan for "scenario planning"					
BMG has a strong buying power over its nearest rival					
BMG is working personally with communities in projects to uplift their standards and living conditions					
PEST Analysis section					
Does local government laws influence BMG and SI business ?					
Politics plays a significant role on business					
Do international politics influence local business ?					

Exchange rate influences the import cost of products unexpectedly					
Should BMG work with forward cover on the currency ?					
Does certain products sell better due to the demographic layout					
The sale of SI products gets influenced by people's habits, tastes and mindset					
Is SI products technological advanced ?					
Do SI products solve current problems on hand ?					
Can BMG improve on processes within the industry ?					
Do trade deals with China benefit BMG and SI ?					
BMG and SI has improved SI products to keep up with the consumers' recommendations					
GDP factors, Inflation rate and Unemployment rate section					
The high unemployment rate in South Africa influences the industry and trade					
BMG and SI strictly factor the inflation into products and commodities as this is a main concern					
BMG does its part to counter unemployment					
GDP is influenced by inflation and unemployment					
Due to BMG importing products, this leads to lower prices for the consumer but contributes negatively to the unemployment rate					
With BMG and SI exporting products internationally, this leads to higher profits, positively decreasing the unemployment rate by creating work and bringing foreign capital into South Africa					
Globalization of organization section					
Globalization has a positive outcome for BMG and SI					
Does competition keep prices lower for the consumer ?					
Free trade section					
Free trade positively influence BMG and SI sales					
BMG has branches and outlets in Africa, thus free trade between these countries keeps the product price similar as to in South Africa					
Does BMG recognize the floating of the exchange rate between countries when exporting					
Free trade positively influences international relationships					
Protectionism section					
Protectionism does lead to more job creation, in return leads to a optimistic outcome for the country					
If protectionism is not negotiated well and has a win-win outcome for all countries concerned, this leads to a negative outcome on relationship and foreign investment					
Protectionism also influences BMG positively as an example against a foreign country that would dump excess product into our local market at cheaper prices as well as inferior quality					

Exchange rate section					
The weakening rand and fluctuation does influence BMG and SI importing of the product from China					
BMG and SI has the choice to pay China in different currencies, example in USD or RMB, and this option does provide a positive price benefit within reason					
It does make sense to have a Dollar account in South Africa for the following reason: When exporting, the consumer pays in dollar into the dollar account and not with ZAR, and when importing and paying China the cost of product as quoted in USD, this cancels the exchange rate fluctuation					
Rivalry section					
Rivalry influences BMG and SI profit on sales					
Rivalry is positive for the consumer, keeps prices low					
Rivalry has a constructive outcome for market leading players like BMG to shift smaller players out the chain					
Rivalry is at the highest when the industry is slow					
Rivalry introduces substitute products into the market as this is sometimes the only lifeline for smaller players to stay in the market					
Comparative advantage and Cost of Production (COP) section					
Does comparative advantage positively affect BMG and SI					

Table 5

BMG and SI SWOT analysis illustration:

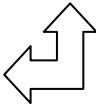
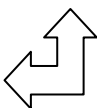
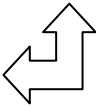
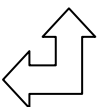
	STRENGTHS	WEAKNESS
OPPORTUNITIES		
THREATS		

Table 6

BMG and SI PEST analysis:

The 4 categories of PEST factors	Specific factors of PEST
Political factors (P)	
Economic factors (E)	
Social factors (S)	
Technological factors (T)	