

BASKETBALL FOR SOUTH AFRICA:

AN EXAMINATION OF THE BUSINESS LANDSCAPE IN SOUTH AFRICA AND THE NATIONAL BASKETBALL ASSOCIATION'S VENTURE INTO THE SOUTH AFRICAN MARKET

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NBA BUSINESS MODEL

- Board of Directors
- The Office of the Commissioner which has ten departments, including administration, internal and external liaison, major events, finance, human resources, legal affairs, basketball operations, player training, security, and team services
- Departments: Basketball Africa League, Basketball Operations, Basketball Strategy & Analytics, Communications, Content, Digital Media, Diversity, Equity & Inclusion, Facilities & Administration, Finance, Global Media Distribution, Global Partnerships, Global Strategy & Innovation, Human Resources, Information Technology, Legal, Marketing, Media Operations & Technology, NBA 2K League, NBA G League, Referee Operations, Regional Offices, Security, Social Responsibility & Player Programs, Team Marketing & Business Operations (TMBO) and WNBA



SOURCE: <https://pbs.twimg.com/media/ggnjwufwoaagsik.jpg:large>

ABSTRACT

This research paper was completed as an Honors Project for an SFASU International Management course in the fall of 2023. The paper covers the National Basketball Association's (NBA) overall business strategy and its expansion into the state of South Africa. The study introduces South Africa and its business environment, including its government structure, economic environment, trade environment, and political risks. Then, an analysis of how the NBA works in the international arena is done. The analysis examines the creation of NBA Africa and why the league targeted that area. The results of the research found that the NBA's Basketball Africa League is welcomed by citizens and that South Africa's environment could have more unforeseen challenges for the league.

NBA AFRICA IN SOUTH AFRICA

NBA AFRICA

NBA AFRICA, OR BASKETBALL AFRICA LEAGUE, IS THE LATEST EXPANSION OF THE NATIONAL BASKETBALL ASSOCIATION PROFESSIONAL LEAGUE. IT WAS FOUNDED IN FEBRUARY 2019 BY THE NATIONAL BASKETBALL ASSOCIATION AND THE INTERNATIONAL BASKETBALL FEDERATION (FIBA). IT HOUSES 12 TEAMS AND IS HEADING INTO ITS 4TH SEASON WHERE THE TEAMS WILL PLAY 48 GAMES. IT OPERATES IN 4 STATES IN AFRICA INCLUDING SOUTH AFRICA.

NBA AFRICA IN SOUTH AFRICA

NBA EXPANSION INTO SOUTH AFRICA

- **PRIOR TO THE NBA'S EXPANSION INTO AFRICA, THEY MOVED INTO CHINA AND INDIA**
- **THE BASKETBALL AFRICA LEAGUE IS STILL IN ITS INFANCY COMPARED TO THE MATURE OPERATIONS OF THE NBA**
- **SOME THINGS THAT THE LEAGUE SHOULD CONSIDER WHILE OPERATING IN SA FOR THE FIRST TIME ARE: THE CURRENT ENERGY CRISIS, THE POLITICAL CLIMATE LEADING INTO ELECTION SEASON, THE ECONOMY, AND THE TRADE ENVIRONMENT**

SOUTH AFRICA'S BUSINESS ENVIRONMENT

GOVERNMENT STRUCTURE

- Constitutional democracy with a three-tier system and independent judiciary
- National, provincial, and local governments
- Each level of government has its own legislative and executive authority
- National legislative authority is parliament, including the National Assembly and National Council of Provinces
- National executive authority is the cabinet which consists of the president, deputy president, and ministers
- Four types of courts in South Africa, these include: the Constitutional Court, Supreme Court of Appeal, High Courts, and the Magistrates' courts

ECONOMIC ENVIRONMENT

- **POP: 60 MILLION**
- **GDP PER CAPITA: \$6,965.20**
- **PRIVATE ENTERPRISE-BASED WITH LOTS OF STATE PARTICIPATION**
- **A WELL-DEVELOPED FINANCIAL SYSTEM WITH AN INDEPENDENT CENTRAL BANK**
- **USES THE "RAND" AS CURRENCY AND OPERATES AT A FLOATING EXCHANGE RATE**
- **THE COUNTRY IS CURRENTLY FACING AN ENERGY CRISIS**



SOURCE: <https://bal.nba.com/images/bal-logo-jshare.jpg>

SOUTH AFRICA'S BUSINESS ENVIRONMENT

TRADE ENVIRONMENT

- The state depends on foreign trade and is sensitive to global economic conditions
- Little FDI
- Coface rated South Africa as an increasingly risky country to invest in although it rated its business climate as an acceptable place to do business
- Trade heavily with the U.S., China, and Europe, but have worked to increase their trading with other African countries to help with Africa's economic growth
- WTO, AfCFTA, TFTA, SADC, and SACU Member

POLITICAL RISKS

- South Africa is divided into 14 political parties
- South Africa has appeared to be a one-party dominant (ANC) democracy for decades
- On the road to becoming a failed state due to its economic and political problems
- The ongoing energy crisis in the state led to a declaration of a state of disaster that has just been lifted
- Headed into an election cycle