

PESTLE

A PESTLE analysis is a popular tool used in business analysis. It can tell you all about the circumstances that an individual, product/service, or organization finds itself in, which can help in making decisions and understanding its current or future position in the market.

There are certain questions that one needs to ask while conducting this analysis, which give them an idea of what things to keep in mind. They are:

- What is the political situation of the country and how can it affect the industry?
- What are the prevalent economic factors?
- How much importance does culture has in the market and what are its determinants?
- What technological innovations are likely to pop up and affect the market structure?
- Are there any current legislations that regulate the industry or can there be any change in the legislations for the industry?
- What are the environmental concerns for the industry?

All the aspects of this technique are crucial for any industry a business might be in. More than just understanding the market, this framework represents one of the vertebrae of the backbone of strategic management that not only defines what a company should do, but also accounts for an organization's goals and the strategies stringed to them.

It may be so, that the importance of each of the factors may be different to different kinds of industries, but it is imperative to any strategy a company wants to develop that they conduct the PESTLE analysis as it forms a much more comprehensive version of the SWOT analysis.

It is very critical for one to understand the complete depth of each of the letters of the PESTLE. It is as below:

Political: These factors determine the extent to which a government may influence the economy or a certain industry. [For example] a government may impose a new tax or duty due to which entire revenue generating structures of organizations might

change. Political factors include tax policies, Fiscal policy, trade tariffs etc. that a government may levy around the fiscal year and it may affect the business environment (economic environment) .

Economic: These factors are determinants of an economy's performance that directly impacts a company and have resonating long term effects. [For example] a rise in the inflation rate of any economy would affect the way companies' price their products and services. Adding to that, it would affect the purchasing power of a consumer and change demand/supply models for that economy. Economic factors include inflation rate, interest rates, foreign exchange rates, economic growth patterns etc. It also accounts for the FDI (foreign direct investment) depending on certain specific industries who're undergoing this analysis.

Social: These factors scrutinize the social environment of the market, and gauge determinants like cultural trends, demographics, population analytics etc. An example for this can be buying trends for Western countries like the US where there is high demand during the Holiday season.

Technological: These factors pertain to innovations in technology that may affect the operations of the industry and the market favorably or unfavorably. This refers to automation, research and development and the amount of technological awareness that a market possesses.

Legal: These factors have both external and internal sides. There are certain laws that affect the business environment in a certain country while there are certain policies that companies maintain for themselves. Legal analysis takes into account both of these angles and then charts out the strategies in light of these legislations. For example, consumer laws, safety standards, labor laws etc.

Environmental: These factors include all those that influence or are determined by the surrounding environment. This aspect of the PESTLE is crucial for certain industries particularly for example tourism, farming, agriculture etc. Factors of a business environmental analysis include but are not limited to climate, weather, geographical location, global changes in climate, environmental offsets etc.

PESTLE	Examples of factors may be important to your organization	Your responses.
Political	<ul style="list-style-type: none"> • Government/Municipal Policies • Government/Municipal Subsidies • Lobby/Pressure Groups • International, Federal or Provincial Influence • Stakeholders • Trends • Grants, Initiatives, etc. • Wars • Other 	
Economical	<ul style="list-style-type: none"> • Tariffs • Constituent happiness • Country's or province's economy • Job availability • Seasonal Issues • Distribution • Business cycles • Production • Cash flow • Other 	
Social	<ul style="list-style-type: none"> • Advertising • Brand image • Constituent attitudes, opinions and consumption habits • Demographics • Earning capacity • Ethical issues • Buying trends • Immigration/emigration 	

PESTLE	Examples of factors may be important to your organization	Your responses.
	<ul style="list-style-type: none"> • Lifestyle • Living standards • Major events • Internal management style • Media views • Population shifts • Employee attitude • Other 	
Technology	<ul style="list-style-type: none"> • Emerging technologies • Scientific studies • Green technologies, solar, wind, LEED, etc. • Competing technologies • Rate of obsolescence • Internet • Social Media • Web Applications • Mobile • Research • Associated technologies • Other 	
Legal	<ul style="list-style-type: none"> • Employment law • Health and safety law • Municipal laws • Enforcement/compliance • Other 	
Environmental	<ul style="list-style-type: none"> • Weather • Climate change • Laws regulating environment pollution • Air and water pollution 	

PESTLE	Examples of factors may be important to your organization	Your responses.
	<ul style="list-style-type: none">• Recycling• Waste management• Attitudes toward “green” or ecological products• Endangered species• Attitudes toward and support for sustainability practices• Other	