

PESTLE ANALYSIS

UNDERSTANDING YOUR BUSINESS ENVIRONMENT

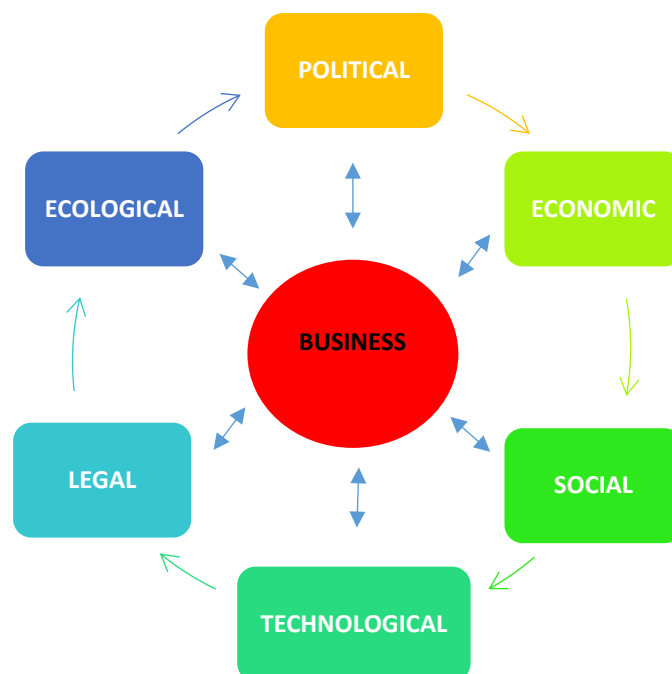
When developing future strategies, it is important to understand the business, or Macro, environment your organisation operates in. This understanding will ensure that you **highlight the opportunities and threats** that are present in your business environment and understand the **impact** those factors will **have on your organisation in the future**. You will be able to **identify the key drivers of change** for your organisation, **anticipate changes** before it happens and have the opportunity to **influence future change**.

HOW CAN I ANALYSE MY ENVIRONMENT?

You can analyse your environment using a **PESTLE Analysis**

PESTLE ANALYSIS

A PESTLE Analysis is a **strategic review** of your **business environment** based on **six categories**:



CATEGORY DESCRIPTIONS

- **POLITICAL:** This category considers how political forces, such as Governments and campaign groups, intervene in an economy or industry and how that intervention affects the way organisations can operate. Included in this category is political stability, trade policies, attitudes towards foreign trade and taxation.
- **ECONOMIC:** This category focuses on identifying financial changes that could affect the viability and long-term survival of an organisation. It could include economic growth rates, consumer confidence, interest rates, unemployment levels and inflation.
- **SOCIAL:** This category examines the changes in society that could affect an organisation's customers or markets. It includes demographic differences, population growth, education, and lifestyle trends.
- **TECHNOLOGICAL:** This category looks at technological changes at the sector, industry and economy level and how those changes will affect the way an organisation, or its customers, operates in the future. It includes disruptive technologies and new innovations such as automation and the Internet of Things as well as research, adoption levels and market awareness.
- **LEGAL:** This category assesses the legislative and regulatory changes that will affect how an organisation or sector can trade in the future. It includes UK and international laws on aspects such as discrimination, employment and health and safety.
- **ECOLOGICAL:** This category reviews all aspects of business operations that are influenced by changing ecological or environment factors. This could include customer's attitudes to the providence of goods and the impact of climate change.