

STRATEGY DEVELOPMENT PROCESS: ENVIRONMENT SCAN

PESTEL Analysis

A PESTEL analysis or PESTLE analysis (formerly known as PEST analysis) is a framework or tool used to analyse and monitor the macro-environmental factors that may have a profound impact on an organisation's performance. This tool is especially useful when starting a new business or entering a foreign market. It is often used in collaboration with other analytical business tools such as the SWOT analysis and Porter's Five Forces to give a clear understanding of a situation and related internal and external factors. PESTEL is an acronym that stands for Political, Economic, Social, Technological, Environmental and Legal factors.

P	E	S	T	E	L
Government Policy Political Stability Corruption Foreing Trade Policy Tax Policy Labour Laws Trade Restrictions	Economic Growth Exchange Rates Interest Rates Inflation Rates Disposable Income Unemployment Rates	Population Growth Rate Age Distribution Career Attitudes Safety Emphasis Health Consciouness Lifestyle Attitudes Cultural Barriers	Technological Incentives Level of Innovation Automation R&D Activity Technological Change Technological Awareness	Weather Climate Environmental Policies Climate Change Pressure from NGOs	Discrimination Laws Antitrust Laws Consumer Protection Laws Copyright & Patent Laws Health & Safety Laws

Political Factors are all about how and to what degree a government intervenes in the economy or a certain industry. Basically, all the influences that a government has on your business could be classified here. This can include government policy, political stability or instability, corruption, foreign trade policy, tax policy, labour law, environmental law and trade restrictions. Furthermore, the government may have a profound impact on a nation's education system, infrastructure and health regulations. These are all factors that need to be taken into account when assessing the attractiveness of a potential market.

Economic Factors actors are determinants of a certain economy's performance. Factors include economic growth, exchange rates, inflation rates, interest rates, disposable income of consumers and unemployment rates. These factors may have a direct or indirect long-term impact on a company, since it affects the purchasing power of consumers and could possibly change demand/supply models in the economy. Consequently, it also affects the way companies price their products and services.

Social Factors this dimension of the general environment represents the demographic characteristics, norms, customs and values of the population within which the organization operates. This includes population trends such as the population growth rate, age distribution, income distribution, career attitudes, safety emphasis, health consciousness, lifestyle attitudes and cultural barriers. These factors are especially important for marketers when targeting certain customers. In addition, it also says something about the local workforce and its willingness to work under certain conditions.

Technological Factors pertain to innovations in technology that may affect the operations of the industry and the market favorably or unfavorably. This refers to technology incentives, the level of innovation, automation, research and development (R&D) activity, technological change and the amount of technological awareness that a market possesses. These factors may influence decisions to enter or not enter certain industries, to launch or not launch certain products or to outsource production activities abroad. By knowing what is going on technology-wise, you may be able to prevent your company from spending a lot of money on developing a technology that would become obsolete very soon due to disruptive technological changes elsewhere.

Environmental Factors have come to the forefront only relatively recently. They have become important due to the increasing scarcity of raw materials; pollution targets and carbon footprint targets set by governments. These factors include ecological and environmental aspects such as weather, climate, environmental offsets and climate change which may especially affect industries such as tourism, farming, agriculture and insurance. Furthermore, growing awareness of the potential impacts of climate change is affecting how companies operate and the products they offer. This has led to many companies getting more and more involved in practices such as corporate social responsibility (CSR) and sustainability.

Legal Factors may have some overlap with the political factors, they include more specific laws such as discrimination laws, antitrust laws, employment laws, consumer protection laws, copyright and patent laws, and health and safety laws. It is clear that companies need to know what is and what is not legal in order to trade successfully and ethically. If an organisation trades globally this becomes especially tricky since each country has its own set of rules and regulations. In addition, you want to be aware of any potential changes in legislation and the impact it may have on your business in the future. Recommended is to have a legal advisor or attorney to help you with these kinds of things.

Assessment document guideline

The guide is designed to support your contribution to the NTAW Environment Scan by helping you explore and structure your analysis before submission. This acts as a research and preparation template. It helps you:

- Brainstorm and record relevant trends or factors.
- Organise your analysis before submitting your final inputs.
- It is not the official submission form instead; it's a tool to help you work through your ideas thoroughly and confidently.
- Jot down ideas, data points, or early insights under each category. This can be a solo or collaborative step.
- Refine your responses based on clarity, relevance, and evidence. These notes will help you complete the official form smoothly.

Submit your final responses

Once you've completed your research and preparation, head to the official form to submit your insights:

SUBMIT YOUR FINAL ASSESSMENT

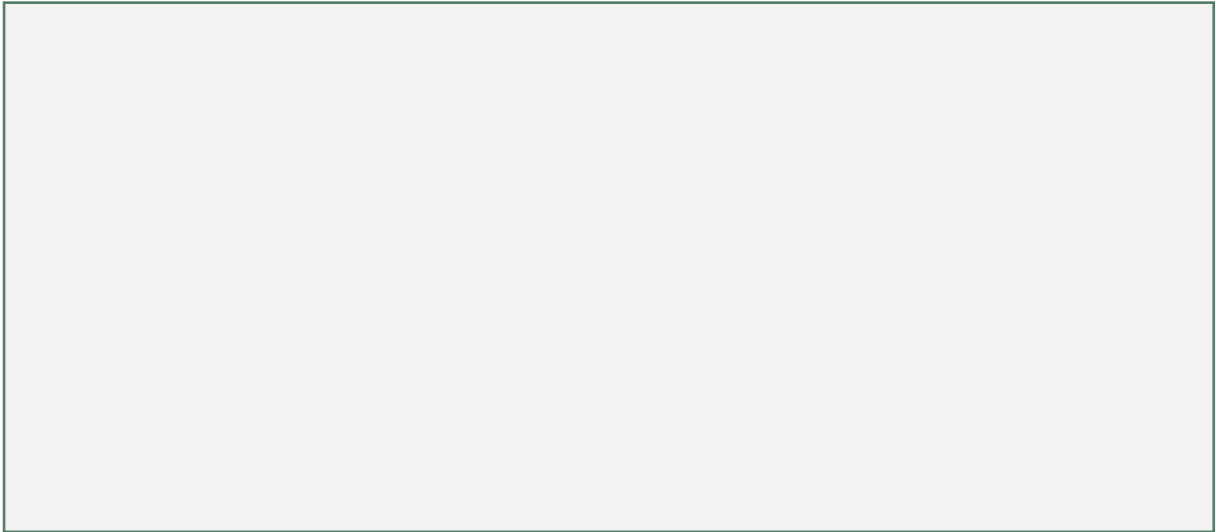
ASSESSMENT

POLITICAL

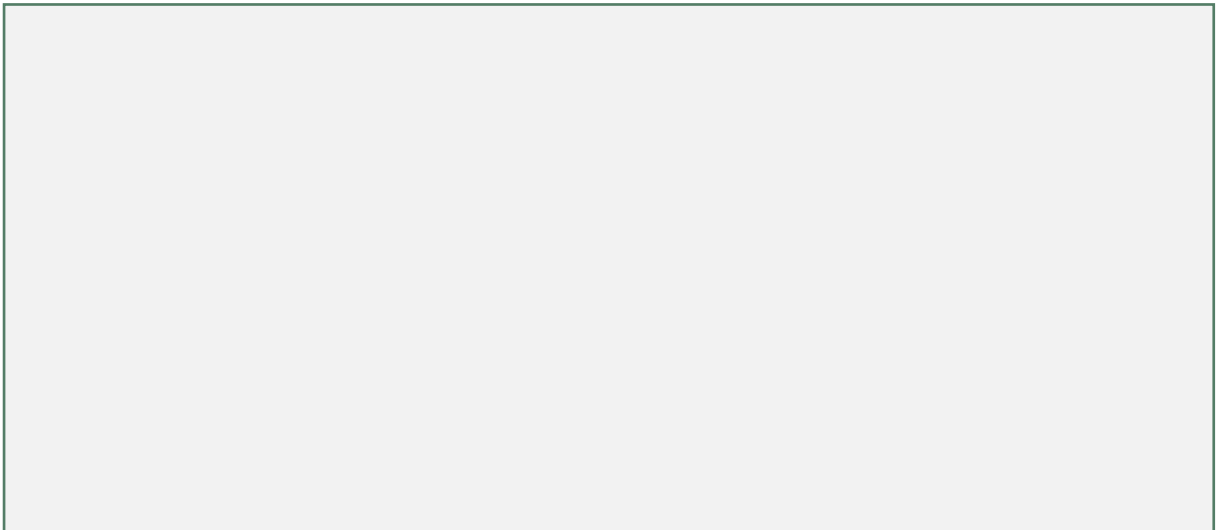
ECONOMIC

SOCIAL / DEMOGRAPHIC

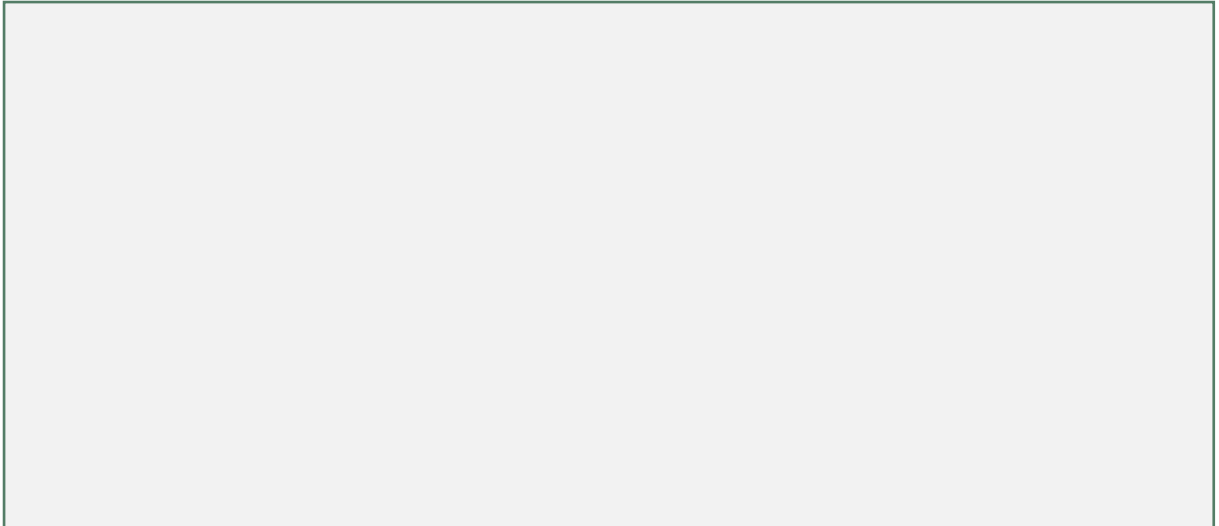
TECHNOLOGICAL

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ENVIRONMENT

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LEGAL

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