

# Explanation of PESTLE Categories



## Political

These factors determine the extent to which a government may influence the economy or a certain industry. 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. Example Index Terms – Embargoes & Sanctions, Coups.

## Economic

These factors are determinants of an economy's performance that directly impacts a company and have resonating long term effects. 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. Example Index Terms – Ownership Changes, Bankruptcy, Company Relocations.

## Societal

These factors scrutinize the social environment of the market, and gauge determinants like cultural trends, demographics, population analytics etc. Example Index Terms – Child Labor Laws, E Coli, Medical Ethics.

## 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, workforce; anything that would disrupt the course of company to conduct business. Example Index Terms – Computer Crime, Labor Shortages, Labor Disputes.

## 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. Example Index Terms – Class Actions; Fines & Penalties, Patent Infringement.

## 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. Example Index Terms – Oil Spills, Hurricanes, Drought.