

2. PESTEL

Purpose, participants and application

- **Purpose**

- To analyze macroeconomic factors that may influence the company.

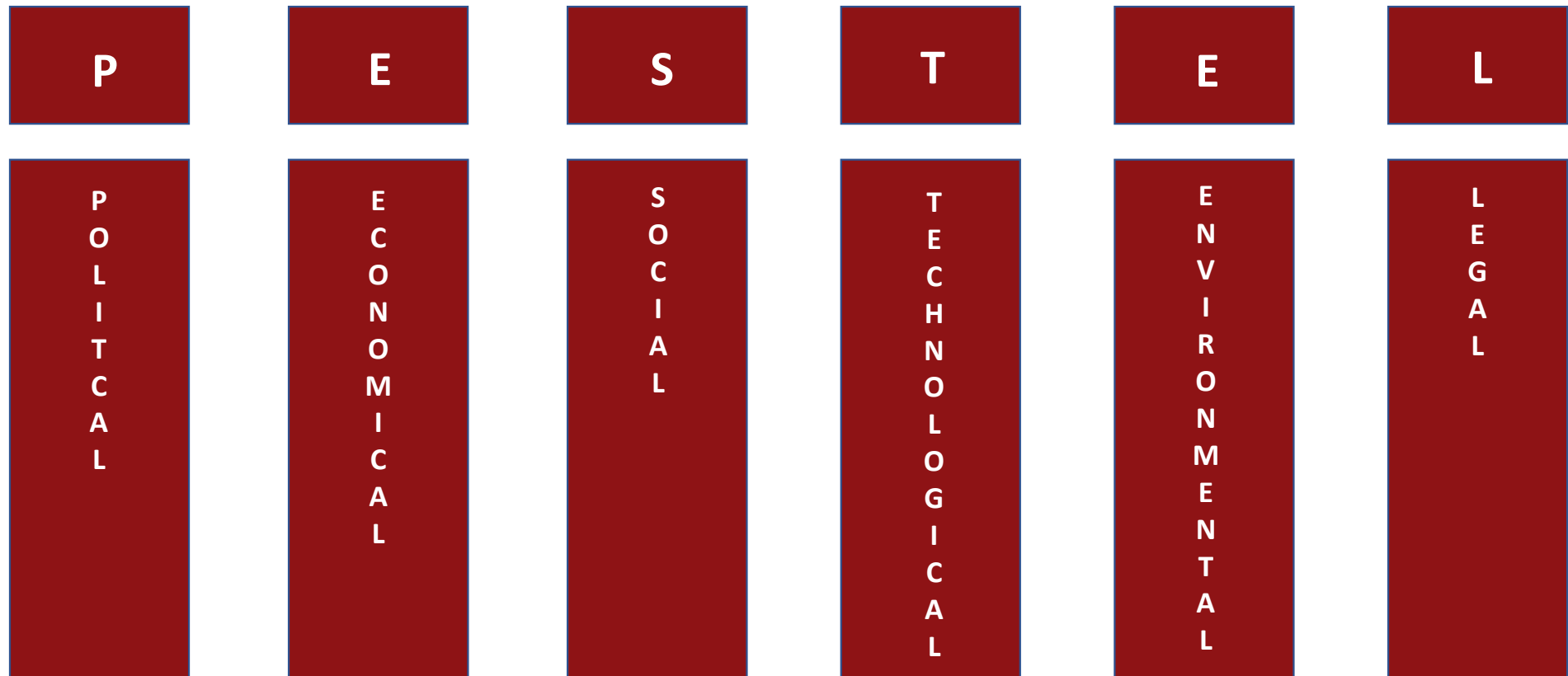
- **Participants**

- The management team.

- **Application**

- Can be carried out as preparation for the first day of mapping:
 - Which areas in society are relevant to the company?
 - What drives societal changes?
 - How will the changes affect the company?

PESTEL



PESTEL

Theme	Description
Political conditions	Local and national political interference, regulation, and political stability. Scope of public investments.
Economic conditions	Financial policy conditions such as tax policy, inflation, interest rates, etc.
Social conditions	Demographics, culture, and the need for social relationships. Sustainability agenda. Changes in social structures and demographics can impact the demand for a company's products and services.
Technological conditions	The speed of innovation, development of technical standards. New technologies create new products and processes. Technology can lead to cost reductions, improved quality, and innovation.
Environmental conditions	Natural resources, natural disasters, waste disposal, recycling, weather and climate changes. Changes in, for example, temperature can affect industries such as agriculture, tourism, and insurances.
Legislative matters	Legislation and regulation, contracts, compliance, and accountability that affect the behavior of companies and individuals (e.g. competition laws, labor conditions).

Application

- One can use PESTEL analysis to reflect upon which factors are most likely to undergo changes. How does this affect the company?
- This can be done by ranking the various factors – what are the risks/opportunities associated with each of them, and what is their likelihood?
- PESTEL can be applied at the business unit level if a company has very different business areas.
- Additionally, PESTEL can be applied across different levels of global setups (from local to national to global).