

PEST-EL Analysis

There are numerous factors that affect the global business environment and provide challenges and opportunities for doing business internationally. The model used to analyze these factors is called PEST-EL:



P – Political factors: includes tax policies (i.e., corporate tax rates), stability of government, trade barriers, social policies, trade agreements (e.g. the EU & NAFTA), potential conflicts or political unrest

E – Economic factors : includes exchange rate, inflation, economic growth, interest rates, unemployment and other economic indicators (more to come on this)

S – Socio-cultural factors : includes languages spoken, religion, customs, holidays, business practices, education levels, population age distribution, etc.

T – Technological factors: includes access to internet, cell phones, new technologies used in the host country, etc.

E – Environmental factors: includes waste disposal laws, energy consumption laws, environmental protection laws, natural disasters (i.e., hurricane, earthquake, etc.), climate, etc.

L – Legal factors: employment laws, health and safety regulations, advertising laws, competitive regulations, and any other laws pertaining to your business