

PESTLE

Political, Economic, Sociological, Technological, Legal, Environmental

PESTLE analysis is in effect an audit of an organisation's environmental influences with the purpose of using this information to guide strategic decision-making. The assumption is that if the organisation is able to audit its current environment and assess potential changes, it will be better placed to respond to changes.

A PESTLE analysis is often used as a generic 'orientation' tool, finding out where an organisation is in the context of what is happening outside that will at some point affect what is happening inside an organisation. The six elements form a framework for reviewing a situation, and can also be used to review a strategy or position.

The Model

The PESTLE model, on the next page, provides a series of headings under which users can brainstorm or research key factors.

P

Political

E

Economic

S

Sociological

T

Technological

L

Legal

E

Environmental

tax policy

economic growth/decline

cultural norms & expectations

new technologies

changes to legislation

ecological issues

employment laws

interest rates

health consciousness

rate of change

employment

environmental issues

environmental regulations

exchange rates

population growth

access to materials

economic or social factors

trade restrictions & reform

inflation rate

age distribution

quotas

tariffs

wage rates

career attitudes

resources

political stability

minimum wage

emphasis on safety

imports/exports

working hours

global warming

unemployment

credit availability

cost of living

Decide

how information is to be collected and by whom
(a team approach is more powerful than one person's view)

Identify

appropriate sources of information

Gather

the information – it's useful to use a template as the basis for exploring the factors and recording the information

Analyse

the findings

Identify

the most important issues

— The Process —

Identify

strategic options

Write

a discussion document

Disseminate

and discuss the findings

Decide

which trends should be monitored and what actions need to be taken

Do

Get other people involved to gain multiple perspectives.

Exploit any expertise and resources that are already available within the organisation.

Use PESTLE analysis in conjunction with other techniques, such as SWOT analysis, Porter's five forces, competitor analysis or scenario planning etc.

Incorporate your analysis within an ongoing process for monitoring changes in the higher education environment.

Organisations that regularly and systematically do analyses often spot trends before others, thus providing competitive advantage.

Don't

Do this in isolation - a more effective result is obtained with multiple views

Jump to conclusions about the future based on the past or the present

Get bogged down in collecting vast amounts of detailed information without analysing and understanding your findings appropriately.