Business Environment

External Factors – these are changes that happen outside the business (and that are beyond their control) which can have an impact on the future of the business.

External factors are usually known as PESTEC:

Political

Economic

Social

Technological

Environmental

Competitive

|  |  |
| --- | --- |
| POLITICAL | Change in Government |
| This can impact on a business because… |
| POLITICAL | Change in Legislation |
| This can impact on a business because… |
| POLITICAL | Change in Taxation Levels |
| This can impact on a business because… |
| ECONOMIC | Change in Interest Rates |
| This can impact on a business because… |
| ECONOMIC | Change in Exchange Rate |
| This can impact on a business because… |
| ECONOMIC | Recession |
| This can impact on a business because… |
| ECONOMIC | Boom |
| This can impact on a business because… |
| SOCIAL | Change in Society’s Tastes |
| This can impact on a business because… |
| SOCIAL | Changes in Demographics of Society |
| This can impact on a business because… |
| ENVIRONMENTAL | Changes in Environmental Awareness |
| This can impact on a business because… |
| ENVIRONMENTAL | Weather Conditions |
| This can impact on a business because… |
| TECHNOLOGICAL | Introduction of New Technology |
| This can impact on a business because… |
| COMPETITIVE | Competitor Introduces New Product |
| This can impact on a business because… |
| COMPETITVE | Competitor Introduces New Offer |
| This can impact on a business because… |