

Internationalization & Export Management (IEM 6CFU)

PEST & SWOT Analysis

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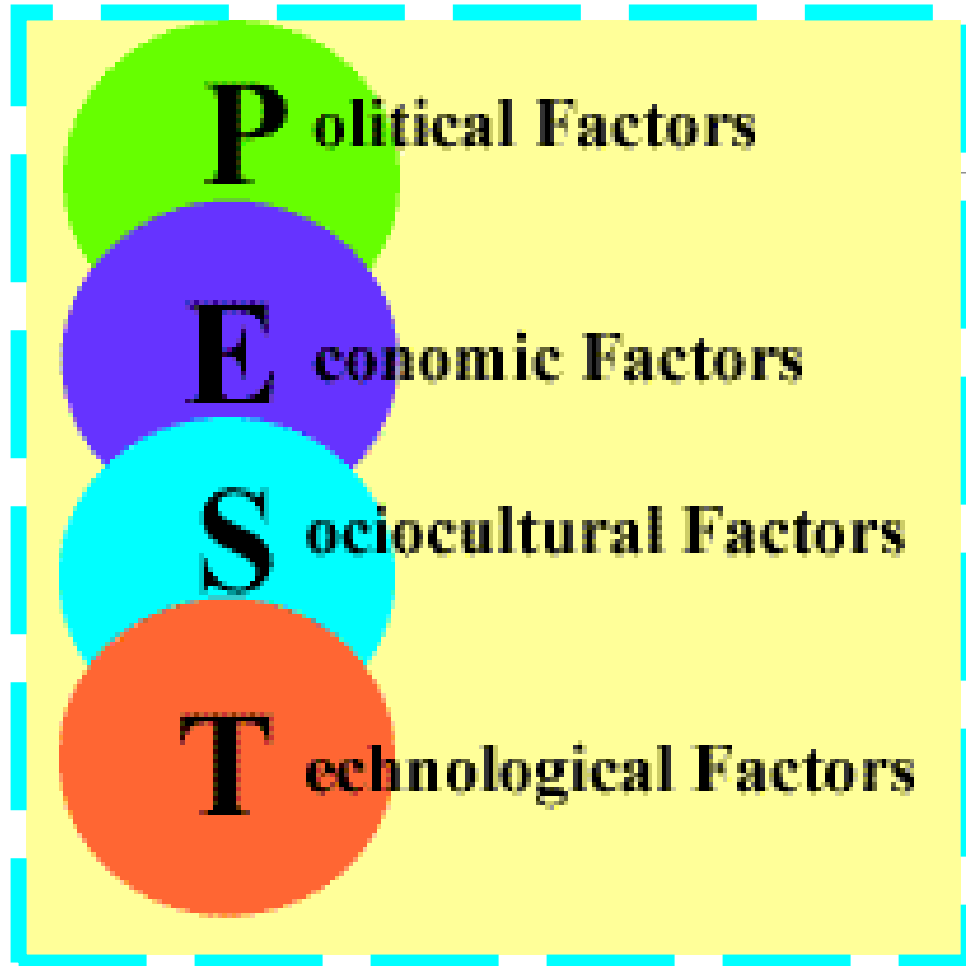
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TURNKEY

There are many tools available to conduct an external and internal analysis of the current environment in which an organization operates. The most useful for building are:

- ✓ PEST Analysis (external environment)
- ✓ SWOT Analysis (internal & external environment)

The results of these strategy analysis tools should be used to review the lobbying objectives set for the organization. Where necessary, the objectives will be amended to reflect the reality of the current situation. However, more often the analysis affects how the objectives are achieved rather than resulting in a change of objectives.



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- find out the current external factors affecting an organization;
 - identify the external factors that may change in the future;
 - to exploit the changes (opportunities) or defend against them (threats) better than competitors would do.
 - The outcome of PEST is an understanding of the overall picture surrounding the company

POLITICAL FACTORS

The current and potential influences from political pressures

SOME EXAMPLES:

- When is the country's next local, state, or national election? How could this change government or regional policy?
- Who are the most likely contenders for power? What are their views on business policy, and on other policies that affect your organization?
- Could any pending legislation or taxation changes affect your business, either positively or negatively?
- How will business regulation, along with any planned changes to it, affect your business? And is there a trend towards regulation or deregulation?

ECONOMIC FACTORS

The local, national and world economic impact

SOME EXAMPLES:

- Are key exchange rates stable, or do they tend to vary significantly?
- Are customers' levels of disposable income rising or falling? How is this likely to change in the next few years?
- Do consumers and businesses have easy access to credit? If not, how will this affect your organization?
- How is globalization affecting the economic environment?
- Are there any other economic factors that you should consider?

SOCIOECONOMIC FACTORS

The ways in which changes in society affect the project

SOME EXAMPLES:

What is the population's growth rate and age profile? How is this likely to change?

Are generational shifts in attitude likely to affect what you're doing?

How do religious beliefs and lifestyle choices affect the population?

Are any other socio-cultural factors likely to drive change for your business?

TECHNOLOGICAL FACTORS

How new and emerging technology and technology landscape affects the project

SOME EXAMPLES:

- Are there any new technologies that you could be using?
- Are there any new technologies on the horizon that could radically affect your work or your industry?
- Do any of your competitors have access to new technologies that could redefine their products?
- How have infrastructure changes affected work patterns (for example, levels of remote working)?
- Are there existing technological hubs that you could work with or learn from?

ISSUES OF CONCERN

The main problem with these external PEST factors is that they are continuously changing

Therefore PEST analysis should include a thorough analysis of what is affecting the organization or a project **Now**, and what is likely to affect it in the **Future**

The result of a PEST analysis is usually a list of positive and negative factors that are likely to affect a project

- However, by themselves, these factors mean very little
- It is important to bear in mind, that PEST analysis requires careful **Application** of results

SWOT ANALYSIS

The aim of any SWOT analysis is to identify the key internal and external factors that are important to achieving the objective. SWOT analysis groups key pieces of information into two main categories:

- ❖ **Internal factors** – The strengths and weaknesses internal to the organization.
- ❖ **External factors** – The opportunities and threats presented by the external environment to the organization.

A PEST analysis helps to identify external factors.

SWOT ANALYSIS

STRENGTHS Resources and products Innovative design e technology High quality products Distribution proficiency Strong partnerships Market share High Productivity	OPPORTUNITIES Government policy supporting new venture creation Emerging markets Innovation International expansion New products New technology Availability of raw materials
WEAKNESSES High advertising costs High prices Retail price sensitive	THREATS Domestic inflation is high in Argentina Production costs are rising rapidly Regulations on foreign currency Bad economy Political risk for its instability Government pressure on the private sector