

Pest analysis of usa, the largest economy of the world

Business



The United States of America is the third most populous country in the world, and the fourth largest by total area. With a population of over 318 million, the country is ethnically diverse and has the largest economy in the world. The country's growth slowed down after the 9/11 attacks and the recession in 2009 added to that as the economy contracted significantly. However, the economy is now moving on steady course forward thanks to increase in business investment, consumer expenditure and substantial decrease in unemployment.

Let's take a look at the PEST analysis of USA:

Political

USA has a strong democratic setup and effective rule of law, with elections that are considered fair and transparent. The country enjoys massive political and economic influence over both national and global policymaking, and is recognized as the leading superpower in the world. However, the country faces international criticism for its interventionist policies regarding the ' War on Terror' which is souring foreign relations, and at the same time fueling terrorist groups, increasing the threat of terrorism.

Economic

With a GDP of over \$16. 760 trillion, the US is the largest economy in the world. The economic system is well-developed and gathers its strength from its services and manufacturing industries. The recession in 2009 adversely affected the economy of the country and unemployment rates soared to an alarming point. But the economy bounced back with a growth of around 4%

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in the third quarter of 2014 as consumers and businesses have stepped up spending. However, the increasing budget deficit puts the economic prosperity of the country at grave risk as the deficit currently amounts to a staggering \$506 billion.

Social

Like most developed countries, the US faces the problem of an aging population which can lead to a serious labor shortage and rising tax rates in the future. Nonetheless, the education and healthcare system is one of the best in the world. A majority of the population has a liberal mindset, but rising racial intolerance is a serious concern. Additionally, increasing illegal immigration is another concern, as there are currently more than 11.7 million people living illegally in the US, further increasing the risk of racial discrimination.

Technology

Innovation and technology are the cornerstones of the US economy. Since its inception, the country has been leading in terms of adapting and applying technology. Though the country faces strong competition from rising economies, it is expected it will continue to retain a technology supremacy over its competitors. Additionally, the US has also been at the forefront in enhancing and developing technologies in areas such as nanotechnology, environmental technology and biotechnology, which opens up massive opportunities for companies with expertise in the mentioned fields. IT is

another field the US has been excelling in. However, it has also been facing intense competition from countries like China and India.

So, in this PEST analysis of USA, we examined briefly the various factors that are affecting the external macro environment of the country.

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