

Pestle analysis: environmental factors affecting business

[Business](#)



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PESTLE analysis is a tool used in business to gain information about a company's circumstances (its "environment"), and what may come of them. This simple analysis, which revolves around the Political, Economic, Social, Technological, Legal, and Environmental factors that affect a business, is an extension to PEST analysis (which only looks at the first four of the aforementioned factors).

Conducting a PESTLE analysis, much like conducting a SWOT analysis, is as simple as listing all 6 of the categories, and filling them out with appropriate factors. However, plenty of individuals run into confusion when trying to decide what falls into which category, and why.

You might like: [SWOT Analysis Strengths: Definition & Examples](#)

In this series of posts, we're reviewing each of the 6 'PESTLE' categories separately to help you understand them thoroughly, which will in turn improve your analyses. We've already covered the 'P' for political factors (see this article), and the 'E' for economic factors (see this article), so be sure to check those out before moving on.

What are Environmental Factors?

In business analysis, the word 'environmental' can sometimes be used refer to all external factors that affect a business (just like in environmental analysis), from Political to Legal, and everything in between.

However, in the context of PESTLE analysis, environmental factors — which are also sometimes called 'ecological factors' — refer to variables regarding the physical environment (the climate of Earth, for example). This can <https://assignbuster.com/pestle-analysis-environmental-factors-affecting-business/>

include things like consumer health, climate change, the availability of energy, or any direct consequences of these things.

How can environmental factors affect business?

From the sound of it, it may seem that environmental factors have very little to do with business. On the contrary, though, environmental factors can affect many different important aspects of business. Examples include customer willingness to buy a product (who needs heaters in a hotter climate?), employee efficiency, and crop/resource availability.

Examples of environmental factors affecting business include:

Climate

Climate change

Weather

Pollution

Availability of non-renewable goods

And consequently,

Availability of certain renewable goods

Existence of certain biological species

Workplace efficiency

Environment-related laws

Here is how some of the aforementioned examples can affect business:

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Availability of non-renewable goods — The availability of non-renewable goods, especially popular ones like oil or natural gas, can vastly change the market. Should the supply of these goods drop (as is currently happening), prices might grow higher, greatly affecting businesses that use the fuels in any significant amounts — like industrial or logistical ones.

Existence of certain biological species — This point doesn't need too much explaining. Hypothetically speaking, if climate change were to make every cow and goat extinct, it would not mean good things for any businesses in the dairy industry.

Environmental Factors Affecting The UAE

The UAE has a hot, arid climate. Resultingly, the productivity of workers might not be as high, farming may not yield as much, and air conditioning systems may have a larger market.

The United Arab Emirates is situated near several coastal areas, allowing for convenient sea based trade.

You can find the rest of this PESTLE analysis of the UAE on our site here.

Environmental Factors Affecting Marriott

Falling fuel prices might increase business, thanks to cheaper travel.

Conversely, increased fuel prices would reduce business — especially that funded by international tourists who travel by airplane.

Over a greater span of time, climate change might affect the appeal of various resorts.

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Taken from this PESTLE analysis of Marriott.

To summarize what has been said, environmental factors that affect business refer to the physical environment on Earth, including everything from climate and weather to the availability of resources. This category is also sometimes quite appropriately named ' ecological'. There are many different examples of environmental factors that (contrary to what you might think) do actually affect business, which can be seen in big countries like the UAE or scene-dominating companies like Marriott.

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