

Italy a pestel analysis



**ASSIGN
BUSTER**

Italy officially the Italian Republic (Italian: Repubblica italiana), is a country located in south-central Europe. To the north it borders France, Switzerland, Austria and Slovenia along the Alps. To the south it consists of the entirety of the boot-shaped Italian Peninsula, Sicily, Sardinia – the two largest islands in the Mediterranean Sea – and many other smaller islands. With 60.4 million inhabitants, it is the sixth most populous country in Europe, and the twenty-third most populous in the world. Italy's capital, Rome, was for centuries the political centre of Western civilization as the capital of the Roman Empire. Centuries later, Italy would become the birthplace of the Renaissance, an immensely fruitful intellectual movement that would prove to be integral in shaping the subsequent course of European thought.

Italy plays a prominent role in European and global military, cultural and diplomatic affairs. The country's European political, social and economic influence makes it a major regional power, alongside the United Kingdom, France, Germany, and Russia. The country has a high public education level, high labor force and is a highly globalised nation

PESTEL Analysis

Political Factors

The politics of Italy take place in a framework of a parliamentary, democratic republic, and of a multi-party system.

The judiciary is independent of the executive and the legislative

The President of the Italian Republic is elected for seven years. The president serves as a point of connection between the three branches of power he is elected by the lawmakers, he appoints the executive, he is the president of the judiciary and he is also the commander-in-chief of the armed forces

Italy elects a parliament consisting of two houses, the Chamber of Deputies, which has 630 members and the Senate of the Republic comprising 315 elected members and a small number of senators for life

Law-The Italian judicial system is based on Roman law modified by the Napoleonic code and later statutes

Foreign relations

Italy was a founding member of the European Union (EU). Italy was admitted to the United Nations in 1955 and is a member and strong supporter of the North Atlantic Treaty Organization (NATO), the Organization for Economic Co-operation and Development (OECD), the General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO), the Organization for Security and Co-operation in Europe (OSCE), the Council of Europe, and the Central European Initiative. Its recent turns in the rotating presidency of international organisations include the Conference for Security and Co-operation in Europe (CSCE), the forerunner of the OSCE, in 1994; G8; and the EU in 2009.

Italy supports the United Nations and its international security activities.

Italy deployed over 2, 000 troops to Afghanistan in support of Operation Enduring Freedom (OEF) in February 2003. In August 2006 Italy sent about 2,

450 soldiers to Lebanon for the United Nations' peacekeeping mission UNIFIL.

Military

The Italian Army, Navy, Air Force and Gendarmerie collectively form the Italian armed forces.

Total Italian military spending in 2010 ranked tenth in the world, standing at \$35.8 billion, equal to 1.7% of national GDP

Its best-known combat vehicles are the Dardo infantry fighting vehicle, the Centaur tank destroyer and the Ariet tank, and among its aircraft the Mangusta attack helicopter, recently deployed in UN missions.

Economic Factors

Italy has a capitalist economy with high gross domestic product (GDP) per capita and developed infrastructure.

According to the International Monetary Fund, in 2008 Italy was the seventh-largest economy in the world and the fourth-largest in Europe..

In the post-war period, Italy was transformed from a weak, agricultural based economy into one of the world's most industrialized nations

At 15 November 2010, the EU's statistics body Eurostat published that Italy (in 2009) has debt ratio 116% or second biggest debt ratio after Greece with 126.8%. Italy has now slipped to tenth (as ranked by the IMF and World Bank) in the list of countries by GDP on the basis of purchasing power parity..

Italian per capita GDP at purchasing power parity remains approximately equal to the EU average, while the unemployment rate (8.5%) stands as one of the EU's lowest.

Italy has the world's 4th largest gold reserve. The country is also well-known for its influential and innovative business economic sector, an industrious and competitive agricultural sector (Italy is the world's largest wine producer), and for its creative and high-quality automobile, industrial, appliance and fashion design.

In the latest Corruption Perception Index 2010, Italy is ranked the most corrupt among Western European countries.

Notwithstanding its many problems and challenges, as of the 2000s recession and more notably the 2008 recession and the 2009 recession, Italy was one of the few countries whose economy did not contract dramatically, and kept a relatively stable economic growth, yet figures for economic growth in 2009 and 2010 have showed a negative average, ranging from around -1% to -5%

Social Factors

Italy has been nominated 2009's sixth most internationally valued country, coming ninth in export branding 2008, first in tourism branding, second in cultural branding, third in people branding and ninth in immigration branding.

Today's Social Class Rank- A hierarchy of social class ranks in Italy today, going from highest to lowest.

Bourgeoisie (10% of the working population) includes high-class entrepreneurs, managers, politicians, self-employed people, etc.

White-collar middle class (17% of the working population) includes middle class workers not employed in manual work.

Urban petit bourgeoisie (14% of the working population), is mainly made up of shopkeepers, small-business entrepreneurs, self-employed artisans etc.

Rural petit bourgeoisie (10% of the working population) consists of small entrepreneurs or estate owners who operate in the countryside, mainly in agriculture and forestry.

Urban working class (37% of the working population) refers to the people employed in manual work.

Rural working class (9% of the working population) consists of people operating in the primary industry, such as farmers, loggers, fishermen etc

Technological Factors

Italy has given birth to some important people in scientific and technological history like Leonardo da Vinci made several contributions to art, biology, and technology, Galileo was a physicist, mathematician, and astronomer who played a major role in the Scientific Revolution. The physicist Enrico Fermi, was the leader of the team that built the first nuclear reactor and Guglielmo Marconi, who received the Nobel Prize in Physics for the invention of radio.

According to National Science Indicators a database produced by Research Services Group containing listings of output and citation statistics for more than 90 countries, Italy has an above-average record in physics (+24 points above the world-average), psychology and psychiatry (+21 points), and space science (+18); the academic disciplines in which Italy scores a lower impact factor related to the world average include economics and business (-23 points below world-average), biology and biochemistry (-21 points), microbiology (-20), and molecular biology

Environment Factors

Italy ranks 84th in the world for ecological sustainability.

Italy has become one of the world's largest producers of renewable energy, ranking as the world's fifth largest solar energy producer in 2009 and the sixth largest producer of wind power in 2008.

air pollution is a big problem, especially in the industrialized north, reaching the tenth highest level worldwide of industrial carbon dioxide emissions in the 1990s.

Deforestation, illegal building developments and poor land management policies have led to significant erosion all over Italy's mountainous regions, leading to major ecological disasters like the 1963 Vajont Dam flood, the 1998 Sarno and 2009 Messina mudslides.

Legal Factors

Justice of the Peace-The Justice of the Peace is the court of original jurisdiction for less significant civil matters. This court presides over lawsuits in which claims do not exceed €5, 000 in value or €15, 000 in certain circumstances.

Tribunale-The Tribunale is the court of general jurisdiction for civil matters. Here, litigants are statutorily required to be represented by an Italian barrister, or avvocato. When acting as Appellate Court for the Justice of the Peace, it is always monocratico (composed of only one Judge).

Court of Appeal-The Court has jurisdiction to retry the cases heard by the Tribunale as a Court of first instance and is divided into three or more divisions: labor, civil, and criminal.

ANALYSIS

As a member of the EU, Italy offers a well established economic and social climate in which to invest. Italy is considered to be a strong economy and as member of the G8 industrialized nations, it ranks among the world's leaders. These factors help to increase investor confidence in Italy as a safe and stable economy in which to purchase property.

Despite an often complex tax system, there is no capital gains tax on profits from Italian property. This allows the investor maximum returns on investment.

Italy has pioneered property tax reforms, offering great opportunities for the rural renovator, including substantial VAT discounts.

If you become a resident of Italy, you will have the ability to cut your purchase costs by as much as half. More details can be obtained from our recommended tax advisors.

Property prices remain relatively low, compared to many EU destinations and a modest rural property for renovation can still be purchased for as little as 60, 000 Euros.

Capital growth of 20% per year is being achieved in some locations, while an annual average today stands at 9%. Many new markets in Italy still remain undiscovered and ripe for investment. Little by little, visitors are experiencing the delights of easily accessible rural properties for renovation and resale or let. With careful strategies in place, they are experiencing high yields. Beautiful older Italian houses are also earning high rent in peak season.

Italy is at the hub of the low cost flights revolution, with connections to its many airports from just about any worldwide airport. This fact is forever enhancing its strong tourist industry and welcoming increasing numbers of tourists each year.

The Italian government actively encourages foreign investment, particularly in rural areas and today offers investors grants to reform rural properties.

Italy is an EU member country.

Italy is a peaceful country with long term economic and political security.

Italy is only 2¼ hours direct flying time from UK, making it easily accessible for investors and holidaymakers alike.

COMPETITIVE ADVANTAGE OF ITALY IN ICT SECTOR OVERVIEW

The Italian ICT sector is now growing rapidly, placing Italy at the forefront of developments in Europe in telecommunications (especially mobile telephony) and swiftly gaining ground in information technology. This progress has moved Italy into what the OECD calls the “ Medium ICT Intensity” group of countries, together with, among others, France, Japan, Netherlands and Germany.

Factor Condition

A fast growing market-The Italian ICT market is estimated to have grown by 12. 8%, the fastest pace in Europe after Greece and Spain. In 2001, this will place the Italian market in fourth place by size (at a forecast €67. 5 billion), trailing the United Kingdom, Germany and France.

A highly-trained labor force-Italy offers a vast pool of young, well-educated workers. In 2001-2002 alone, universities are expected to turn out some 50, 000 new professionals in technology sectors.

High productivity-With value added of more than \$80, 000 per employee, Italy has Europe’s highest productivity in the sector after Germany.

Low labor costs- Relatively low labor costs, high flexibility and low turnover rates are major advantages for firms investing in Italy.

High innovation rate-Investment by ICT firms is increasing steadily, as is R&D spending, which according to the OECD accounted for 27% of all R&D spending by Italian firms.

Demand condition

More and more ICT companies are discovering the South of Italy as one of the most convenient areas in Europe to invest. In a sector where availability of skilled human resources represent the main constraint, this part of Italy is emerging as a front runner in terms of investment opportunities. Thanks to low labor cost, skilled labor force, low turnover rates, growing involvement of local universities and fiscal incentives such as the new tax credit mechanism clusters of firms are growing in Naples, Caserta, Bari, Palermo, Catania and Cagliari. Leading Italian and International that have chosen to locate in these areas are: Alcatel, EDS, Ericsson, Siemens, HP, IBM, Omnitel, Sema, Bull, Philips, Nortel, Getronics, STMicroelectronics, Tiscali, Nokia, Marconi Communications, Telecom Italia, Wind and Infostrada.

Related or supporting industries

There are clusters of ICT firms are open in different areas of Italy-

Turin- Datamat, Lucent Technologies, Omnitel , Telesoft, Engineering, Marconi Communication, Oracle, Wind Telecomunicazioni , Motorola Philips

Milan-Albacom, Gruppo Formula, Nokia Italia, Sun , Alcatel Italia , HP Italia , Nortel Networks, TC Sistema, Bull, HN Information System Italia, IBM Italia, Omnitel Pronto Italia

Rome-Albacom Italia, Gruppo Formula, Motorola, Sun, Datamat , HP Italia, Nortel Networks, Telecom Italia,

EDS Italia, IBM Italia, Omnitel Pronto Italia, Telesoft.

Firm strategy, structure and rivalry

Strategy-Compared to other European countries Italy enjoys a clear competitive advantage in this area thanks to its large pool especially in the South of young, well-educated, flexible workers with a low turnover rate. One recent addition is the system of Advanced Technical Education and Training courses (IFTS), which are intended to train intermediate-level staff such as technicians, professional managers and qualified operators who can be quickly integrated into firms in a system that meets European standards.

Rivalry- The rivalry countries of Italy are growing at a very fast pace due to latest technology in telecommunication and IT sector by using special equipments and design. The countries are Finland, Hungary, Ireland, Korea , Sweden , United kingdom, United States , etc