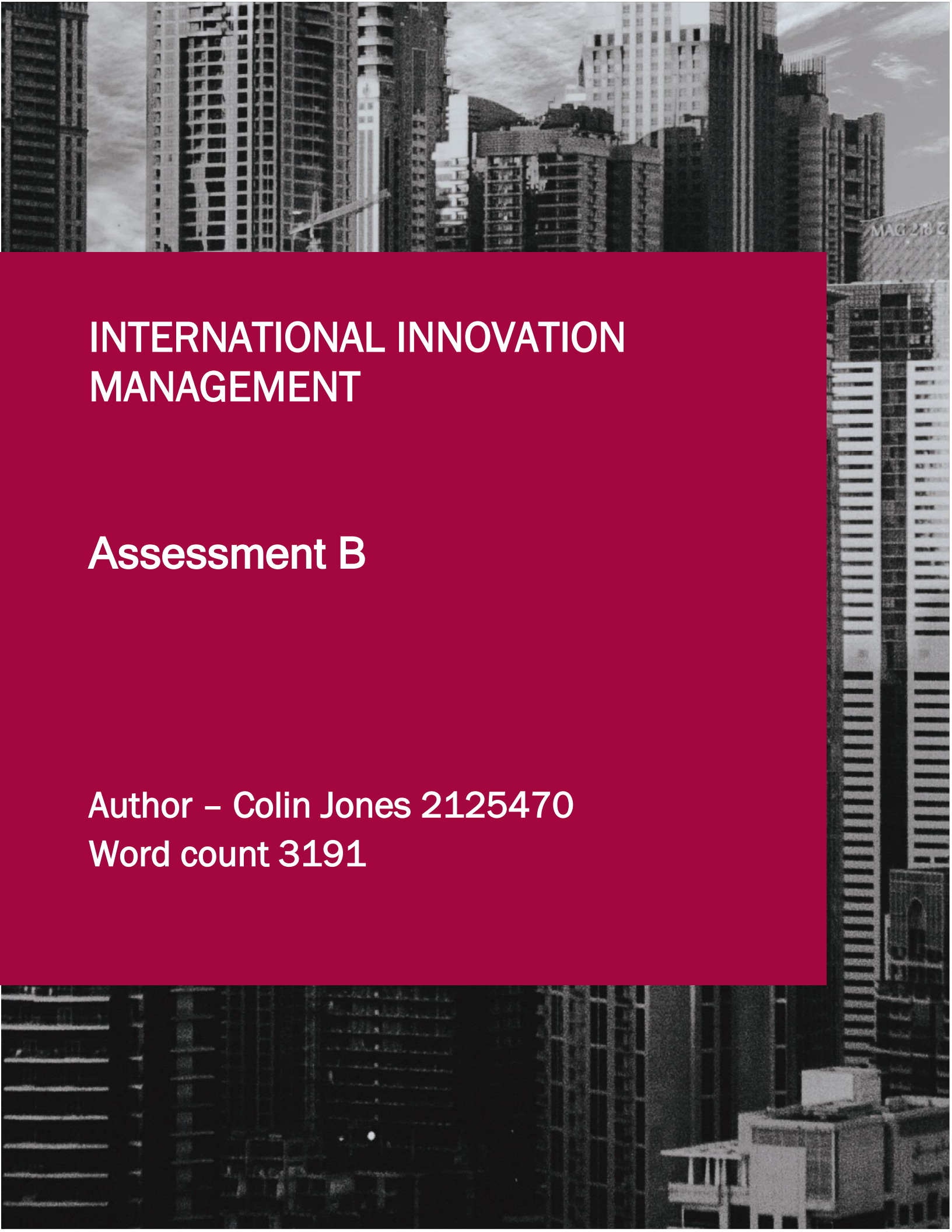




INTERNATIONAL INNOVATION MANAGEMENT

Assessment B

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Word count 3191

A brief introduction the assessment.

As part of a consultancy firm that is aiding Griffiths and Hughes to expand, you must produce a report that includes:

1 The selection of three locations that would appear to be more suitable for the company (one from each of the identified global regions). Considerations may include but not be limited to the following factors:

- Manufacturing and Production
- Marketing and business engagement
- Skills of the local workforce
- Logistics and transportation
- Political issues
- Cultural and social implications

2 Report on how innovation management standards such as the ISO56000 series may be of benefit to the organization as it grows to a sustainable and prosperous future.

Shortlisted Global Regions and Locations.

South America	Porto Alegre (Brazil)
	Montevideo (Uruguay)
	Buenos Aires (Argentina)
Asia	Shenzen (China)
	Mumbai (India)
	Taipei (Taiwan)
Africa	Durban (South Africa)
	Bulawayo (Zimbabwe)
	Tunis (Tunisia)

A generalized description of each Country along with a “Positive and Negative consideration” format and City benefits are shown at the start of each submission, however, a P.E.S.T.L.E. analysis was used also for the assessment of each location this covered Political, Economic, Social, Technological, Legal and Environmental aspects of the Country.

South American Region

Brazil – Porto Alegre

General detail of Porto Alegre

Porto Alegre is the capital city of the Rio Grande Du Sol region of Southern Brazil, it is home to circa 1.45 million people with an official language of Portuguese.

Positive Considerations

Large Consumer Market

Brazil has the fifth largest population in the world with a rapidly expanding number of what would be described as “Middle Classes” complete with increasing levels of disposable income.

“The results indicate that internal market growth represented by aggregate consumer sales was a significant determinant of FDI into Brazil. Increase in interest rate on consumer financing was negatively related and the attractiveness of the Brazilian market had no impact on FDI flows during the captioned period.

“While factors such as inflation and exchange rates might be more important for smaller, less stable markets, in the case of larger emerging markets such as Brazil, multi-national firms might be less concerned with short-term fluctuations and more guided by internal market growth that affords greater opportunities to achieve economies of scale and scope.”

Felisoni de Angelo, C., Eunni, R.V. and Manoel Martins Dias Fouto, N. (2010), "Determinants of FDI in emerging markets: evidence from Brazil", *International Journal of Commerce and Management*, Vol. 20 No. 3, pp. 203-216

Receptiveness to Foreign Direct Investment

The Government is committed to the facilitation of FDI. It has also recently modified regulations to allow for 100% foreign ownership of businesses within Brazil.

“The Brazilian Trade and Investment Promotion Agency (APEX-Brasil) plays a leading role in attracting FDI to Brazil by working to identify business opportunities, promoting strategic events, and lending support to foreign investors willing to allocate resources to Brazil. APEX-Brasil is not a “one-stop shop” for foreign investors, but the agency can assist in all steps of the investor’s decision-making process, to include identifying and contacting potential industry segments, sector and market analyses, and general guidelines on legal and fiscal issues.”

<https://www.state.gov/reports/2022-investment-climate-statements/brazil/>

International Trade Facilitation and Accessibility

Brazil is a key member of the Southern Common Market and the BRICS trade group. This trade group is made up of five of the worlds increasing economies, Brazil, Russia, India, China and South Africa.

“Luiz Inacio Lula da Silva’s victory in Brazil’s Presidential elections can be expected to help develop ties with both China and Russia. Lula, as he is informally known as, was responsible for ushering Brazil into the BRICS grouping in 2009. More left-wing socialist than his predecessor, Lula also helped develop stronger ties with both Beijing and Moscow in his previous Presidency. As a result, China today is Brazil’s top trade partner, with the two countries achieving US\$135 billion in bilateral trade last year. Trade with Russia is also increasing, and becoming increasingly valuable - Russia is a major source of fertilizers for Brazil while Russia is also building nuclear power plants for the country. As Moscow seeks new trade partners, this trend can also be expected to grow.”

<https://www.silkroadbriefing.com/news/2022/11/01/brazils-lula-presidential-victory-likely-to-lead-to-potential-brics-expansion/>

National infrastructure

Brazil enjoys extensive road and rail networks as well as numerous freight ports.

"The success in São Paulo state is transforming how PPPs are implemented countrywide. IFC is leading work with the federal government, with support from the BNDES-IDB-IFC partnership and the [Global Infrastructure Facility](#), to improve four federal highways that stretch 2,000 kilometers through 10 states in Brazil's Northeast, South, and Southeast regions, serving as the central nervous system of the country's transport network. Meanwhile, in the state of Paraná, IFC will advise on the structuring and implementation of eight federal road PPPs that span 4,000 kilometers. The two projects will total more than \$16 billion in investments and benefit from adherence to IFC's Environmental and Social Performance Standards."

<https://blogs.worldbank.org/ppps/scaling-private-sector-participation-build-better-roads-brazil>

Economic Growth

Brazil currently has an economy growing at 2.8% (www.oecd.org/economy/brazil) with continued growth forecast. It also alongside the benefits that BRICS offers enjoys strong economic co-operation from the US.

"BRASILIA, Sept 15 (Reuters) - Brazil's economy ministry on Thursday upgraded its forecast for economic growth this year to 2.7%, from 2% expected in July, after official data for the second quarter showed brisk activity. The Ministry's Secretariat for Economic Policy said the upbeat revision comes after GDP growth between April and June surprised expectations with a 1.2% rise. Activity will continue to grow in the second half, though more slowly, it added."

<https://www.reuters.com/markets/rates-bonds/brazils-economy-ministry-improves-2022-gdp-forecast-27-2022-09-15/>

Negative Considerations

Crime

Crime is an issue within Brazilian culture particularly within the cities. Violent crime (mainly robbery) is apparent with concerning levels of gun and weapons related crimes.

Most cities in Brazil have slum areas, there are substantial investment programs that are having positive impact on these areas and it is a improving situation as outlined by the Borgen Magazine and noted by the World Bank.

"It has been a great success in Porto Alegre, leading to huge improvements in housing, education, healthcare and sanitation. The World Bank notes the program has inspired other cities to implement similar programs."

<https://www.borgenmagazine.com/poverty-porto-alegre-brazil/>

Bureaucracy

The reform of the laws and regulations for opening and running a business in Brazil has not adapted at the rate with which the economy has grown, presenting many hurdles to overseas corporations.

On average, it takes 11 procedures and around 90 days of work* to start a business in Brazil and 404 days to finally get authorised.

Corruption

While Brazil is among the world's leading investment destinations and is formally a well-functioning business environment, corruption and bribery are still serious obstacles, however, this is something the government is fighting hard through a so-called integrity programme.

Political Instability

Since the new President of Brazil was sworn in, the political situation has become unstable. At the time of writing this report the supporters of the ex President had stormed political buildings, the Supreme Court and the Presidential Palace.

General PESTEL analysis for Brazil

<https://www.chamber-international.com/export-import-key-markets/about-import-export-trade-with-brazil/how-to-set-up-a-business-in-brazil/>

"While the average Brazilian isn't seeing much improvement in their personal circumstances, at a corporate level there's lots of M&A activity with international investors, particularly China," explains Philip Gray, director of the Brazil Business Hub, which helps UK firms seeking to make inroads. "The oil price is recovering, fintech is doing well here and consumers are starting to spend again."

One of these international investors is Jaguar Land Rover, which in 2016 opened a £240m factory in Itatiaia, 100 miles north-west of Rio. It has been joined in Brazil by McLaren, which plans to open a showroom in São Paulo by the end of this year.

Shell is investing heavily in Brazil's oil sector, while Amazon has been looking at leasing warehouse space near São Paulo with a view to gaining a foothold in the world's fifth-most populous nation.

"Everybody is interested in a country of 200 million people," says Gabriela Castro-Fontoura, director of Sunny Sky Solutions, which helps British firms expand into Latin America. "It's impossible not to be."

<https://crowjack.com/pestle-analysis/brazil>

Political factors affecting different industries in Brazil

Brazil is a democratic country but the businesses in the country can expect a bumpy ride ahead as the country is going through political downturns and violence. The Afro-Brazilian and indigenous community in Brazil named Samba has cornered the government and is regularly demonstrating on the streets against the discrimination meted out to them (Phillips, 2022). Further, the current president of the country is calling for the active role of the military in running the country and he supports the closure of the Supreme Court and congress (Stuenkel, 2021). This behavior from the country's top rulers is not a good sign for the companies to expand their business in the country as there can be major uncertainties in the political environment and as a result, there can be a total overhaul of the rules that would result in difficulties for the companies. However, there are many positive aspects for the industries as well, the government is trying to improve its position in the ease of doing business index.

Going by this mission, new policies have been formulated that include completing the process of applying for and granting the business license through automatic mode without any human interference. This would ease the process and reduce the risk of corruption.

Further, the businesses face difficulties while dealing with taxes as lots of agencies like the municipality, state, and the federal government are involved and all of them have different tax policies but now registration for all these agencies has been unified, and now the companies do not need to register separately. Further, the companies can cheer as now they can source experts from overseas with ease as the government has given relaxation in norms concerning the requirement of residency for recruiting directors from foreign countries.

All these changes would streamline the operations of the companies. Another major problem that companies face is obtaining various connections from departments and to ease the process of obtaining electricity a 5-day deadline has been set within which the connection would be approved (Rage, Salzano, Monteiro, 2021).

The small and medium enterprises are being promoted by the government and it is in the process of launching a Simple Credit Company that would act as a financier for the SME industry, especially the forms and companies that are not served by the banks. The Brazilian government has digitized the reporting system for the companies and the companies now are required to report employee labor, tax, social security, and payroll information to the Brazilian government via the social platform. This would be beneficial for the companies as the process would be more streamlined and they would be protected from the administrative hurdles with the faceless service.

Moreover, the government has modified the working system that is implemented by the companies, until now remote work was not legally included in the working hours but the new laws state that only the work that is performed based on tasks or production are exempted from laws governing working hours and all other regular jobs and tasks would be included in the working hours of employees. Hence, the companies would now need to install an electronic timekeeping system to track the time of employees and also would have to shell out extra amounts for the overtime by the employees (Neeser, 2022).

Economic factors affecting different industries in Brazil

Brazil is among the [top 50 economies](#) of the world. The COVID-19 pandemic resulted in the boost of e-commerce business in Brazil with the sector registering a growth of 70% and 30% during 2020 and 2021 respectively. Further, the interest rate in the country has been hiked the most compared to the last 20 years to contain inflation. The interest rates have been raised to a record high of 10.75% compared to a record low of 2% the last year (Ayres, 2022).

Besides, the central bank has announced that it would raise interest rates further if need be. This can make the business of the fintech industry more difficult as these companies already operate on low margins and provide credit at lesser rates but now they would have to increase the rate of borrowing which can result in a decline in demand for credit from the customers.

The power companies in Brazil can expect a good infrastructure in the future as according to McKinsey, the federal government has set up a target to invest \$120 billion for enhancing the power generation capacity and improving the transmission lines. The power companies can also increase their profitability as the demand for power in the future is also expected to rise in the industrial sector as the government has decreased the tariff rate by 11%.

Further, the companies dealing in agricultural products are predicted to register a positive growth as Brazil is forecasted to export almost half of its seaborne soybean by 2027 and more positive news is that China is expected to import 2/3rd of soybean imports, it is considered to be one of the top consumer markets so Brazilian soybean companies can earn hefty profits in the future. The businesses where entrepreneurship is most common in Brazil include restaurants, apparel, and catering along with auto mechanics, beauty salons, and cosmetics.

The banking industry of Brazil is in a good state and performing above the international banking companies in terms of return on equity. [McKinney's report](#) states that in 2018, the top banking players of Brazil including Itau, Santander, Bradesco, and Banrisul generated ROE of 21.7%, 20.8%, 19.5%, and 16.7% respectively as compared to an average of 16.5% in Africa, 13.5% in North America and 10.4% in emerging Asian economies. The road contractors may have a positive future ahead as 57% of roads in the country are classified as moderate, low, or very low and the government would be keen to upgrade the infrastructure which would require huge investment, thus private contractors can play a huge role.

The federal government is trying to modernize the airport infrastructure by transferring the concessions to private players, hence the companies that are experts in developing and managing airports can utilize the opportunity to expand their footprints.

Social factors affecting different industries in Brazil

The people in Brazil are increasingly becoming tech savvy and currently, there are 189 million mobile phones in use in the country and internet usage among the people is considered the fifth largest in the world. Further, around 122 million people use social media frequently and the usage of social media is also high with the average person spending 3 hours and 40 minutes on social media each day.

Moreover, as per McKinsey, 39% of Brazil's population is classified as early adopters of digital apps and this proportion is one of the highest in the world. Such hi-tech infrastructure and the ever-increasing tech-oriented population of the country present a significant opportunity for the companies dealing in digital and innovative products and services like video games, software, e-commerce, and ed tech among others. The [e-commerce trends](#) are thriving in the country at a rampant pace.

The e-commerce companies currently operating or that want to expand their footprints in Brazil must be aware that people greatly prefer those platforms which offer free shipping, discounts and promotions, and lower prices. The traditional banking and fintech startups stand a great chance to benefit from the fact that over 45 million people in the country still do not have access to banking facilities. These people can be targeted by providing them with facilities including zero balance accounts and credit facilities at a nominal cost.

The companies from China, the US, and Japan can establish their base as over 23 million Brazilian people purchase products from companies belonging to these nations and if the companies establish their base in Brazil then they would be able to provide the goods at an affordable price as the customers would not have to worry about paying customs (Martins, 2020).

Technological factors affecting different industries in Brazil

The Brazilian government promotes research and development by providing incentives to companies. As per the data highlighted by [OECD](#), the tax incentives vary in the range of 60% to 100% for the cost incurred by the companies depending upon the type of innovation. Further, if the companies become successful in getting a patent registered then they can avail an extra 20% of the cost incurred on developing a patent.

In addition, Brazilian businesses can take advantage of various emerging technologies like the conversion of carbon dioxide into useful chemicals like fertilizers, and textiles through the use of sunlight. This can be helpful for the companies that emit high volumes of gasses. Further, the pharmaceutical industry can acquire great benefits from virtual patients. To explain, the pharma companies can leverage the data generated from high resolution images processed through complex mathematical algorithms and models have the capability to control the functioning of human organs. The various algorithms can resolve the consequent equations and in this way, virtual organs resembling real organs can be generated.

This would ensure that pharma companies do not have to delay the testing process because of delays in finding dead bodies and also this process is much quicker, safer, and affordable. The construction industry would be relieved in the future and would not have to face accusations of releasing emissions as many scholars are researching developing low carbon releasing cement by changing the volume of ingredients that are used in making cement (Elliott, 2020).

Legal factors affecting different industries in Brazil

The government has recently formulated new laws wherein the companies need to compulsorily hire an independent board member if they want to function in the country. This would increase the cost of operations for the companies as they would need to provide salary to an additional employee along with other required facilities. Further, till now the agencies presumed that the businesses do not act in good faith and asked the businesses to undergo various formalities if there was any doubt over something but now the government has formulated a new law called Economic Freedom MP wherein the agencies cannot ask for any extra document if that wasn't mentioned upfront.

In addition, the government agents are now forbidden to interpret the laws and act differently for different companies and now the same procedure would be held for the companies committing the same mistake. The companies operating in or are looking to start operations in Brazil must be aware of the corruption laws wherein the companies cannot bribe any government official for availing undue advantage. Though the individuals running the company cannot be tried under the law, the companies can be fined from 0.1% to 20% of the gross revenue in the last year before the start of the administrative proceedings. This can have a significant impact on companies' [profit margins](#).

Not only the financial penalty but the company would be barred from receiving any incentives, subsidies, grants, donations, or loans from public agencies or entities and public financial institutions or institutions controlled by the government, for up to five years and in severe cases, the entities can be partially suspended from conducting operations in the country.

Now, the companies are not allowed to donate anything to political parties. The mandatory facilities that the organizations in Brazil must provide to the employees include paid sick leave of up to 14 days if the employee has a doctor's note.

Further, both the mothers and fathers of newborns are eligible for the leave and the period for maternity leave is 120 days can be extended up to 180 days wherein [paternity leave](#) is granted for five days with a possible extension up to 20 days. The employees are also entitled to bereavement leave in the event of the death of an employee's parent, sibling, spouse, or child for two days along with paid marriage leave of three days. The data protection laws in the country states provide customers many rights that include the right to access the data anytime they want, the right to get the data deleted or blocked and to get the data ported anytime along with the right to revoke the consent for the usage of data by companies.

To ensure compliance with the laws, the companies must appoint a data protection officer and the companies are allowed to keep the data with them as long as it is required to solve the original purpose (Martinez, 2020). The enterprises failing to comply with the legal norms may be subjected to penalties of up to 2% of their annual revenue up to 50 million reals. The organizations that fail to abide by the law could face penalties of 2% of their yearly revenue up to 50 million reals. The requirement of an additional officer would unnecessarily increase the expenses for the companies.

The startup ecosystem is being made friendlier and a new legal framework has been introduced wherein the startups are now mandated to have just one statutory officer as compared to earlier when the requirement was for two officers. The startups could save on the cost with this.

Further, costs could be reduced as now the private companies with gross revenues (annual) amounting to BRL78 million can now indulge in the legal publications of their corporate acts electronically and free of charge on a government platform (Mori & Abdalla, 2022). The payment system for the local companies that have to deal with the exporting firms has been eased under the New Brazilian Foreign Exchange Framework wherein for a few agreements, the companies can now pay or receive the amount in foreign currency.

The agreements where this law will prevail involve wherein there is an exporter on one hand and companies holding concession, permission, authorization, or lease in the infrastructure sector on the other. This would benefit the power industry as the local companies would be able to procure electricity on easy terms and without needing to worry about payment issues. Another industry that could take advantage of this law is the logistics industry as these companies are required to deal with the port terminals for the handling of cargo (Baker McKenzie, 2022).

The government has changed the way the sanitation practices are implemented in the country and now the municipalities should engage in a fair tender process before allotting any project and form a proper concession agreement containing clear investment commitments. This would promote competition and allow the private sanitation companies to avail the opportunity of investing in waste collection and water programs. The investment opportunities are huge as 80 percent of the population does not have sewage collection and 30 percent of people do not have a water supply system (Engel & Baumgaertner, 2020). The business of the Forex industry would increase as now the individuals are allowed to hold foreign currency in Brazilian bank accounts unlike earlier.

Further, the corporates operating in Brazil and dealing with foreign companies can benefit from the new guidelines wherein the foreign and Brazilian entities companies that hold receivables and payables against each other are allowed to offset mutual debts. Further, earlier the Brazilian companies that had money deposited in foreign banks abroad were only allowed to use that amount for investments or to pay their tax liabilities generated from the values of goods or services exported but the new law gives Brazilian companies more flexibility in deciding the conduct of using amounts from foreign accounts (EY, 2022).

Moreover, the social media companies may be impacted by the new law wherein the platforms cannot remove content or deactivate the accounts of their own will (TRT World, 2021). This would lead to a reduction in their brand image if the users upload content that spreads misinformation or any other disturbing content.

Environmental factors affecting different industries in Brazil

With most nations toughening the environmental laws, the Brazilian government has turned heads and tried to seize the opportunity for investments in the country by weakening the 57 environmental laws that would enable the companies to conduct their businesses without the need to adhere to such obligations.

To exemplify, the government 2020 declassified the toxicity of dozens of pesticides which can benefit companies in various industries including agriculture and other related ones. Further, the positive news for the companies is that the government has reduced the number of fines issued for environmental violations, in the pandemic, there was a decline of 70% in the number of fines issued to the companies.

Hence, the companies will need to work on effective **change management** strategies to ensure compliance with environmental norms in a swiftly changing regulatory framework.

To encapsulate, Brazil being the largest economy in South America has a positive environment for industries to flourish in the country. Also, the economy seems to be recovering from the setbacks brought by the COVID-19 pandemic and the social trends are changing rampantly in the country. Speaking of compliance measures, companies will have to adhere to stricter legal and environmental frameworks to operate in the country in hassle free manner.

<https://crowjack.com/pestle-analysis/brazil>

South American Region

Uruguay- Montevideo

General Detail of Montevideo

The nation's capital and home to nearly half of Uruguay's population, Montevideo is a vibrant, eclectic place with a rich cultural life. Stretching 12.5 miles (20km) from east to west, the city wears many faces, from its industrial port to the exclusive beachside suburb of Carrasco near the airport. In the historic downtown business district, art deco and neoclassical buildings jostle for space alongside skyscrapers that appear airlifted from Havana or Ceaușescu's Romania, while to the southeast the shopping malls and modern high-rises of beach communities such as Punta Carretas and Pocitos bear more resemblance to those of Miami or Copacabana. Music, theater and the arts are alive and well here - from elegant older theaters and cozy little tango bars to modern beachfront discos - and there's a strong international flavor, thanks to the many foreign cultural centers and Montevideo's status as administrative headquarters for Mercosur, South America's leading trading bloc.

<https://www.lonelyplanet.com/uruguay/montevideo>

Positive Considerations

Overall stability

Uruguay enjoys political and social stability, this leads international investors to expect the right environment for success. It currently leads the Latin American region in both the Democratic and Political stability indexes.



Source: World Bank, The Worldwide Governance Indicators, 2016.



Source: World Bank, The Worldwide Governance Indicators, 2016.

<https://www.uruguayxxi.gub.uy/en/invest/why-uruguay/pais-confiable/>

Geographical Location

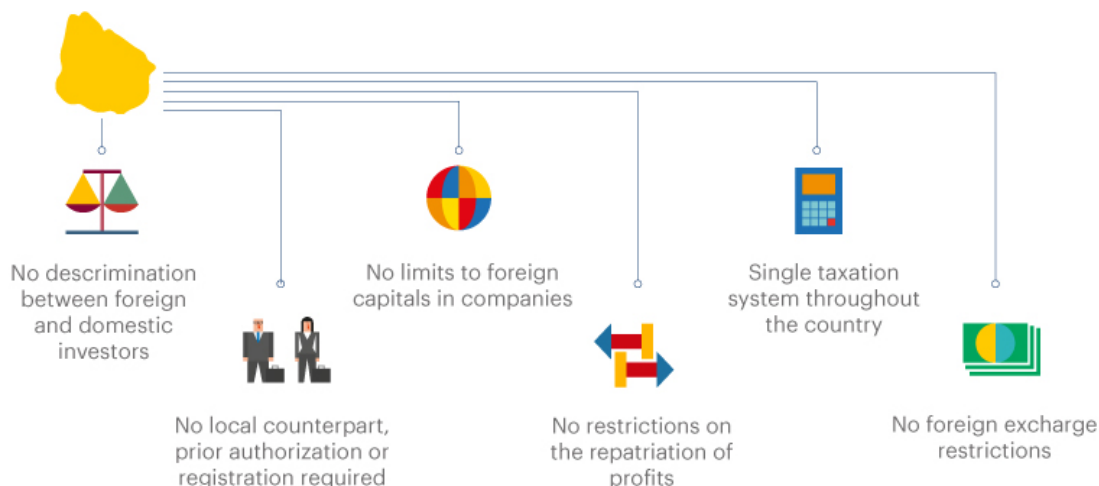
Uruguay's strategic location offers access to approximately 400million people. From Montevideo you are able to travel by air to many cities in the region as shown below.



<https://www.uruguayxxi.gub.uy/en/invest/why-uruguay/puerta-entrada-america-latina/>

International Trade Facilitation and Accessibility

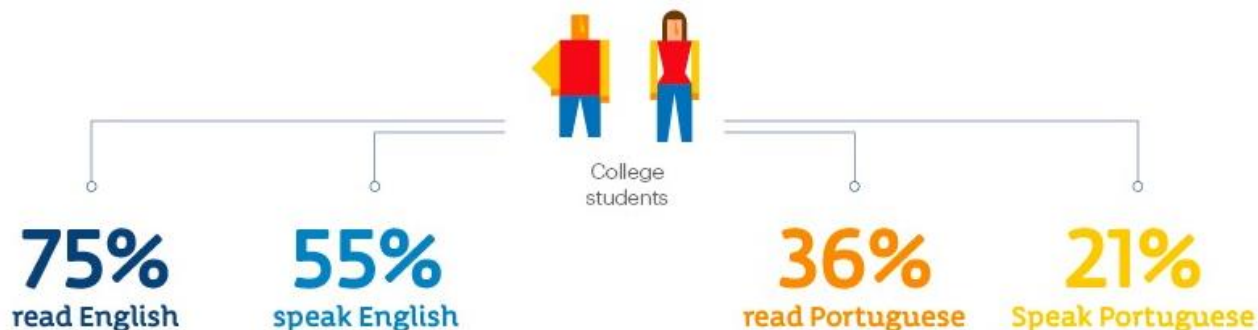
Uruguay is a key member of the Southern Common Market and has become a recognized destination for FDI. There is no restriction of the repatriation of commercial profit.



<https://www.uruguayxxi.gub.uy/en/invest/why-uruguay/mejor-socio-para-desarrollar-negocios/>

Potential workforce

The majority of the people are middle class and Uruguay has the best-educated workforce on the continent. People enjoy a good education, compulsory for nine years and free through post-graduate studies. The literacy rate is 96%, one of the highest in South America.



Economic Growth

The economy continues to grow quarter on quarter since Covid, as such as such it offers healthy opportunities for export. It also enjoys strong economic co-operation from the US, this further enhances the opportunities for commercial development and innovation.

“Uruguay’s gross domestic product expanded by 3.7 percent year-on-year in the third quarter of 2022, easing from the upwardly revised 7.7 percent in the previous period. It was the sixth consecutive quarter of growth, albeit the slowest in the sequence, as the Uruguayan economy continued to recover from the impact of the Covid pandemic. Household consumption continued to grow sharply (7 percent vs 6.4 percent), while net foreign demand contributed positively to the GDP as exports rose by 18.9 percent and imports increased by 18.8 percent, adding 0.8 percentage points to the GDP growth. In the meantime, gross fixed capital formation advanced at a slower 10.1 percent from the 13.4 percent in Q2. On the other hand, government expenditure contracted by 3.9 percent after expanding by 4.7 percent in the previous period”

. source: [Banco Central del Uruguay](#)

Economic statistics and projections using gross domestic product (GDP) for Uruguay⁶:

Economic statistics	2019	2020	2021	2022
Economic growth, using GDP in real terms, compared to the previous year	0.4%	-6.1%	4.4%	5.3%
GDP per capita in \$USD (in thousands)	17.3	15.2	16.7	20.0

Negative Considerations

Inflexible Labour Laws

It has relatively inflexible labour laws, this however, does not seem to have posed an undue issue to existing Foreign Direct investments.

“Argentina and Uruguay are the only democracies in Latin America (among few in the world) that have developed sustained, state-oriented national and sectoral wage bargaining between employers and unions after 2005.”

[The Rise of Segmented Neo-Corporatism in South America: Wage Coordination in Argentina and Uruguay \(2005-2015\)](#)

Sebastián Etchemendy

Comparative Political Studies 2019 52:10, 1427-1465

“Drawbacks to doing business in Uruguay include its small market size (3.5 million inhabitants, approximately half of which reside in the capital, Montevideo); lack of trade financing; inflexible labor laws; limited flexibility in setting wages; and tripartite salary council-influenced wage inflation”.

<https://www.trade.gov/country-commercial-guides/uruguay-market-challenges>

Small market size

Uruguay has a relatively small population, with only 3.5million inhabitants, approximately 52% of which reside in Montevideo.

“While there are some challenges in Uruguay’s business climate, Uruguay is one of the more business-friendly countries in Latin America. In addition, the income distribution in Uruguay is one of the most evenly distributed in Latin America according to the World Bank’s Gini Index report, resulting in one of the largest middle classes in Latin America on a per capita basis. “

<https://www.trade.gov/country-commercial-guides/uruguay-market-overview>

Bureaucratic Complexity

The bureaucratic process can be particularly complex, as an example it can take in excess of eight month to obtain a permit for the building of a new plant. It may also require the navigation of around 30 compliance procedures.

Public procurement processes in Uruguay can be slower than one would expect. Formal competitor complaints are a common practice and can slow the process significantly. Companies interested in participating in Uruguay's public procurement processes should seek competent legal advice prior to submitting an offer.

<https://www.trade.gov/country-commercial-guides/uruguay-market-challenges>

Complex Corporate Tax Regime

The Corporate tax regime can be time coming, there is a requirement to make 33 tax payment each year.

Other challenges include Uruguay's high duties and taxes on imported products. Uruguay's market price structure reflects world market prices plus import tariffs, taxes, and transportation costs. Local taxes, like the value-added tax (VAT) and excise tax (IMESI) apply on retail sales prices. VAT and IMESI can significantly increase the prices on certain imported products. Products subject to IMESI rates are alcoholic beverages, tobacco, refined petroleum, cosmetics, and cars. Rates vary according to the item.

<https://www.trade.gov/country-commercial-guides/uruguay-market-challenges>

General PESTEL analysis for Uruguay

Political Factors that Impact Uruguay

Political Governance System - Based on the information provided it seems that the country has a stable political system.

Regulatory Practices - The regulatory practices are streamlined with global norms which have helped the country to improve its "ease of doing business" ranking.

Judiciary Independence - In the matter of commercial and business decisions, judiciary of the country is independent to a large extent. Business do face problems when the conflict is between public interest and proprietary technology.

Segregation of Political Responsibilities between Different Government Agencies - There are numerous government agencies which reduces the risk of overwhelming pressure by one agency. But on the flip side it does increase both time and cost of doing business and getting certifications and clearances.

Transition of Government and Changes in Policy - There is consistency in policy making from one government to another. Secondly governments from all parties adhere to the treaties made by the previous governments.

International Trade & Other Treaties - The country has a good record of adhering to international treaties it has done with various global partners. The government of each party has adhered to the treaties done by previous governments, so there is a consistency in both rule of law and regulations.

Role of Non-Government Organization, Civil Society & Protest Groups - The country has a vibrant civil society community. Civil society groups are influential not only in policy making but also in building a society wide narrative.

- Threat of Terrorist Attacks - We believe in the world of post 9/11, corporations have to live with operating under the shadow of a terrorist attack. The prudent policy should be to take insurance and other types of hedging instruments to mitigate the losses occurring because of the terrorist attacks.

Economic Factors that Impact Uruguay

Financial Market Structure and Availability of Capital at Reasonable Rates - The quantitative easing policy of Federal Reserve has led to liquidity flooding all across the global financial markets. But this strategy entails risks when interest rate will go up.

Work Force Productivity - Work force productivity has grown by 25-30 % in last two decades even though the salaries are not reflecting those gains.

GDP Trend & Rate of Economic Growth - The higher GDP growth rate signals growing demand in the economy. Companies can leverage this trend by expanding its product range and targeting new customers. One way to start is by closely mapping the changes in - consumer buying behavior and emerging value proposition.

Inequality Index / Ranking on Gini Index - Gini Index and level of inequality are a great barometer for harmony and development of a society. If there is huge income inequality in the society then the likelihood of conflict and crime increases. It can lead to uncertainty and suppression of consumption in both short term and long term.

Government Spending - As mentioned in the political factors, government of the country is running deficit budgets. The implication for companies is that it can boost sales of its product in short run but also expose it to medium term forex and currency depreciation risks.

Foreign Exchange Rate - Number of companies have incurred losses in past few years because of forex risk in Venezuela, Brazil, and Argentina. Companies should be careful about the history of forex risk before entering new market.

Social Factors that Impact Uruguay

Education Level in Society - Education level of the society impacts both the quality of jobs and level of income. High level of education often results in better jobs, higher income and higher spending on complex and aspirational products.

Level of Social Concerns & Awareness in Society - Higher level of social concerns in the society often result in higher consumer activism and pressure from non-governmental organizations, & pressure groups.

Nature of Social Contract between Government & Society - Before entering into the market companies need to understand the nature of social contract between government and society. For example it has been extremely difficult for US companies to enter UK health market as UK health system is a nationalized system and everything goes through contracts at national level.

Birth Rate - Birth rate is also a good indicator of future demand. USA has avoided the European Union style stagnant economy on the back of slightly higher birth rate and higher level of immigration.

Attitude towards Leisure - Companies should conduct an ethnographic research to understand both attitude towards leisure activities and choice of leisure activities. Experience economy is one of the fastest growing segments both among millennials and among baby-boomers.

Demographic Trend - The demographic trend is one of the key factors in demand forecasting of an economy. For example as the population of USA and EU is growing old the demand for products mostly catering to this segment will grow. Uruguay Novick should consider demographic trends before new product developments and integrate features that cater to this segment. As population is ageing it will require less tech intensive products.

- Attitude towards Authority - Various cultures in different part of the world have different attitude towards authority. In Asia authority is respected while in west it is something to rebel against. Uruguay Novick should carefully analyze the attitude towards authority before launching a marketing campaign for its products and services.

Technological Factors that Impact Uruguay

Mobile Phone & Internet Penetration - Companies should assess the level of internet and mobile phone penetration in the country as it will be in building a requisite business model based on local needs and realities. E-Commerce & Related Infrastructure Development - As E-Commerce is critical for most companies business model. It should evaluate the e-commerce infrastructure, technology infrastructure etc before entering a new market.

Cost of Production and Trends - Companies should assess - What are the cost of production trends in the economy and level of automatization. It is believed that in near future the sector most disrupted by technological innovation is manufacturing and production.

Transparency & Digital Drive - Companies can use digitalization of various processes to overcome corruption in the local economy.

Likelihood of Technology Disruption - If the country is hub of technology companies then there is a high chance of technology disruption among various industries. Companies have to assess whether it can live with the fast pace of technology disruption in its industry.

Intellectual Property Rights and Patents Protection - Before entering new market companies should focus on the environment for intellectual property rights.

Empowerment of Supply Chain Partners - Companies should analyze areas where technology can empower supply chain partners. This can help companies to bring in more transparency and make supply chain more flexible.

Preparedness for 5G Related Infrastructure - Countries across the world are trying to prepare themselves to install 5G infrastructure. Companies should assess to what level the local market is prepared to roll out the 5G connectivity.

Environmental Factors that Impact Uruguay

- Corporate Social Responsibilities Culture - Are the companies present CSR efforts applicable in the new market or does it need to have new initiative to cater to the prospective market.

Paris Climate Agreement and Commitment of National Government under the Agreement - What are the commitments of the country under the Paris Agreement and what is the general level of consensus regarding Paris Climate Agreement in the country. For example Trump not standing by US commitments created an environment of uncertainty.

Waste Management - What is the policy of waste management in the prospective market and how the company can adhere to the waste management requirements in that market.

Recycle Policies - What are the recycle policies in prospective market and how the company can adhere to those policies.

Focus & Spending on Renewable Technologies - How much of the budget is spent on renewable energy sources and how the company can make this investment as part of its competitive strategy.

Environmental Regulation Impacting Absolute Cost Advantage Dynamics in the Industry.

Environmental Standards and Regulations both at National & Local Levels - Often the environment policy at national and local level can be different. This can help the company in numerous decisions such as plant location, product development, and pricing strategy.

Legal Factors that Impact Uruguay

Consumer Protection Laws - Uruguay Novick needs to know what are the consumer laws, what is the rate of enforcement, what is the attitude of authorities towards consumer protection laws, and what is the role activist groups in enforcement of consumer protection laws.

Independence of Judiciary and Relative Influence of Government - The judiciary independence often reflect both strength and credibility of the institutions in the country.

Health & Safety Laws - What are the health and safety laws in the country and what Uruguay Novick needs to do to comply with them. Different countries have different attitude towards health and safety so it is better for the company to conduct a thorough research before entering the market.

Intellectual Property Rights Protection - The company should assess the level of protection that intellectual property rights get under the legal system of the country.

Time Taken for Court Proceedings - Even if the country has best of the laws, it doesn't mean much if they can't be enforced in a timely manner. Uruguay Novick should do a primary research regarding how much time it often takes to conclude a court case in the country given the sort of legal challenges the company can face.

Data Protection Laws - The company needs to assess what are the data laws in the country and what it needs to do to comply with them. For example most of EU countries now want the EU citizen data to be saved in EU countries only.

Adherence to Common Law - Is the country following common law which is uniform for all parties - whether domestic or international.

<https://crowjack.com/pestle-analysis/uruguay>

South American Region

Argentina- Buenos Aires

General detail of Buenos Aires

Buenos Aires is the capital and most heavily populated city in Argentina and is the financial, industrial, and commercial hub of Argentina. The city's service sector accounts for 76% of its economy. Manufacturing is also still prominent and benefits from a large local supply of skilled labour.

Positive Considerations

Educated Workforce

Argentina has an outstanding educated population with over 43 million citizens completing secondary education. In fact, they have some of the higher rates of English in Spanish Speaking Latin America.

The Promotion of FDI

The Argentinian Government has active initiatives to increase FDI, these include parity between local and international investments.

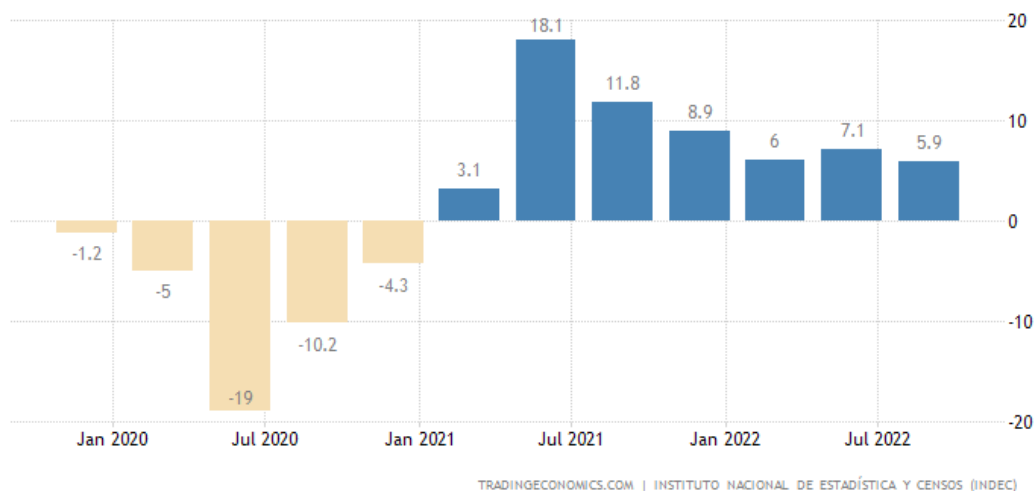
MERCOSUR Membership

A significant advantage of doing business in Argentina is its membership with MERCOSUR. The block offers access to a population of more than 250million and makes up almost three quarters of total economic activity in South America.



Global Player

Argentina has one of the largest economies in Latin America. It is able to boast a GDP of some \$400billion. It has a growing economy with growth for 2022 hitting 5.9% as can be seen in the diagram below.



According to HSBC, Argentina's presidency of the G20 in 2018 was a major signal of its commitment to "connecting with the global economy and playing its part on the world stage."

As a member of a trading block, companies in Argentina benefit from Mercosur's relationships with its largest trading partners, China, the European Union, and the United States.

Argentina has benefited from significant international trade and investment in recent years. The EU is Mercosur's number one trade and investment partner.

<https://www.globalization-partners.com/blog/how-to-navigate-the-challenges-of-expanding-to-argentina>

Negative Considerations

Economic and political instability

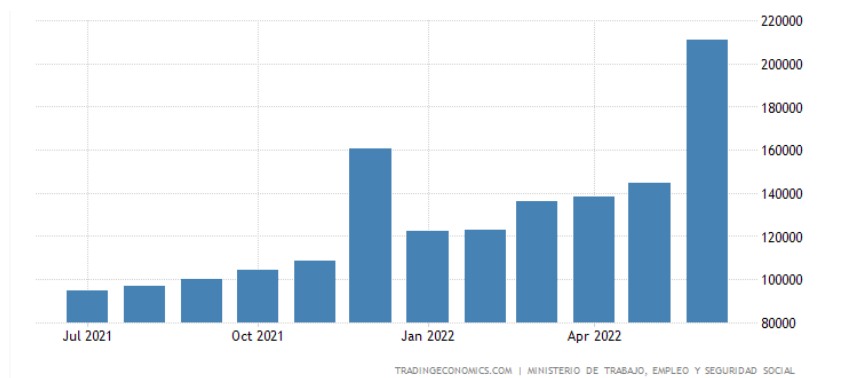
Argentina has a history of instability. During the recent pandemic, it suffered a 10% decline of GDP. It is struggling to reach its inflation target for 2023 which is set at 15%.

"Argentina has a long history of political and economic instability - with significant growth fluctuations every year. In 2021, the country had an estimated growth in GDP of 7.5%, mainly driven by the recovery of investments and private consumption, as well as the vigour shown by exports favoured by the high prices of commodities. South America's second largest economy is expected to continue to recover in the coming years, albeit at a slower pace, with the IMF predicting a GDP growth of 2.5% for 2022 and 2% for 2023".

<https://santandertrade.com/en/portal/analyse-markets/argentina/economic-political-outline>

Higher-priced labour

Trade unions are common in Argentina, and they actively engage with employers for employee rights. Wage rates are among the most expensive in the South American region.



Compliantly employing professionals

Due to recent monetary instability, professionals may demand terms that are not always beneficial. It has become a common place practice to request payment by “direct deposit in US dollars. This practice is illegal and it also makes it challenging to employ what may be the best talent.

“Under Argentina’s Civil and Commercial Code, foreign currency, such as US dollars or euros, is defined under Article 765, and is not legal tender (which it was during the Convertibility Plan). Foreign currency is included in the so- called notion of “Payment-In-Kind”.

In addition, under the Employment Contract Act (Ley de Contrato de Trabajo) Payment-In-Kind may account for 20% of salary (Sections 105 and 107). In other words, salary may be paid in foreign currency up to 20%, as provided by the law.

Given the currency restrictions in place, foreign currencies cannot be freely and unlimitedly purchased, and if a salary is paid in foreign currency, it must be converted at the official exchange rate.”

<https://www.libertadyprogreso.org/en/2022/10/06/salaries-in-dollars-as-a-way-to-attract-and-retain-talent/>

General PESTEL analysis for Argentina

POLITICAL FACTORS AFFECTING ARGENTINA

STABLE GOVERNMENT

Argentina has a stable political environment in the country for the past one and a half-decade. The government of Alberto and Cristina are developing the country's infrastructure, attracting foreign investors, and launching new policies to promote regional trade.

RELYING ON INTERNATIONAL POLICIES

Many critics say that the Argentinean government is overly relying on the international policies and IMF to solve issues like lower economic growth, corruption, and higher inflation rate. As a result, the popularity of Alberto and Cristina among voters has declined.

FOREIGN POLICY

Argentina has been maintaining effective relations with the UN. The government is working on improving the relationship with the UK government in order to develop its science and tech industry. However, her relationship with the UK over the issue of the Falkland Islands is not good.

ECONOMICAL FACTORS IMPACTING ARGENTINA

GDP

According to an estimate, the annual nominal GDP of Argentina in 2020 was **444.458** billion US dollars, it's **25th** world's highest. Out of which, the per capita income of the country was **9890**, and it's **53rd** world's highest.

ECONOMIC GROWTH

Argentina has expanded the trading relationship with the **Chinese** government; it has helped the country's economy to make the trade surplus. However, the country is facing a severe crisis of inflation. There's a gap of **15%** between the official and private sources measuring the inflation rate. Most importantly, the government has recently increased the economic regulations and it resulted in the form of lower economic freedom.

NATIONALIZATION

The Argentinean government has recently nationalized the private pension funds and the YPF Spanish oil Company Repsol. This step has confused many foreign and local investors. However, many economists suggest that the country is in an economic recession because of the lower foreign reserve, high public debt, and inconsistent economic growth.

AUTOMOBILE INDUSTRY

The automobile industry has been growing consistently in Argentina for the past few years. Now, the government is working to attract investment in the automobiles sectors. In fact, she's offering incentives and easy licensing to lure investors.

IMPORTS & EXPORTS

Argentina's main imports are Iron & Steel, chemical goods, medical equipment, organic chemicals, pharmaceuticals, plastics, mineral fuels, electrical equipment, machinery, and vehicles. She imports it from Mexico, **Germany**, the USA, China, and Brazil.

SOCIAL FACTORS AFFECTING ARGENTINA

DEMOGRAPHY

Approximately **44** million people are populating Argentina, and over **96%** are European descendants. However, **79.6%** believe in Christianity, and **18.9%** don't believe in any religion. The country has a high standard of living, education, the healthcare system as compared to the other Latin American countries. The national language of the country is Spanish, and she's the world's largest Spanish-speaking country.

SOCIAL CHALLENGES

Argentina is facing social challenges like an increasingly aging population and high urbanization by migration from rural areas. The school dropout rate is very high, and it resulted in the form of an unskilled workforce. According to an estimate, the unemployment of Argentina in 2021 is **12.3%** and it has amplified during the pandemic of covid-19.

TECHNOLOGICAL FACTORS AFFECTING ARGENTINA

TECH GROWTH

Argentina has made significant progress both in the IT and telecom industries. It's because of the government investment and penetration in the country's rural areas.

TECH ISSUES

Argentina is facing a severe energy crisis, and the net energy import is increasing. That's why the country is showing great interest in science and technology. The country has limited funds to support research and development in the tech industry. It resulted in the form of lower-tech innovation and limited patents.

LEGAL FACTORS IMPACTING ARGENTINA

REGULATIONS

Argentina has a federal republican government and comprehensive legal system, and every province has its constitution. The government relations with the worker unions increase the annual wage by approximately **25%** to **35%**. However, the corporate and personal income tax rate is **35%**. The high taxes are pushing away the potential foreign investors.

ENVIRONMENTAL FACTORS AFFECTING ARGENTINA

ENVIRONMENTAL CHALLENGES

Argentina has a lot of natural resources and biodiversity. The country is exploiting natural resources to a great extent in order to achieve economic growth. However, the country is facing environmental challenges like air and water pollution, destruction of natural resources and habitat, deforestation, and industrial waste.

GOVERNMENT INITIATIVES

The Argentinean government has realized the degradation of natural resources and climate change. Therefore, the government has started collaborating with multinational companies to produce biofuel and develop clean energy.

Argentina is also working with the Chinese government to launch the largest wind power project in Latin America. It would fulfill **4%** of the country's energy requirement.

<https://wiselancer.net/pestle-analysis-of-argentina/>

Asian Region

China- Shenzhen

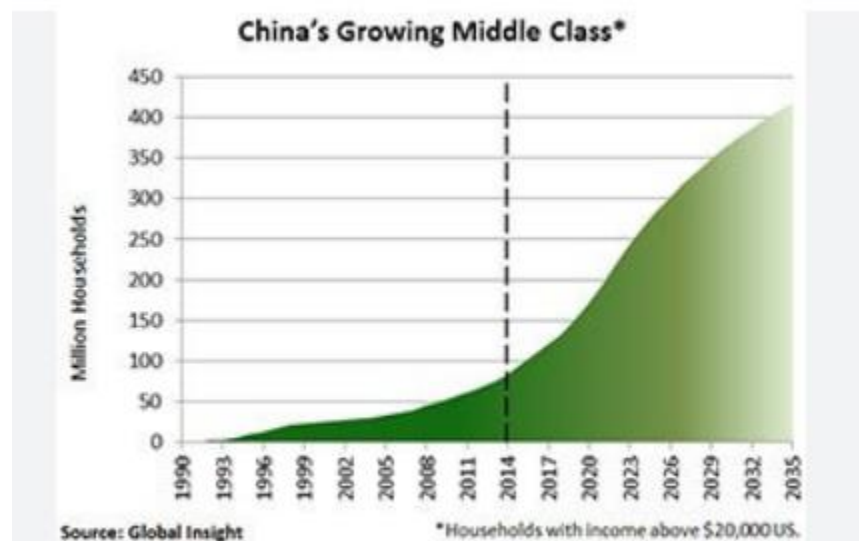
General detail of Shenzhen

Shenzhen is in the south of Guangdong Province and is only 41 km from Hong Kong, it gathers more than 14,000 high-tech companies. It is also an innovation hub with a new generation of start-ups emerging.

Positive Considerations

A growing middle class

China has a massive population with an expanding number of “Middle Classes” complete with disposable income. This has the potential for a large internal consumer market.



Increasing reforms to facilitate international investment

As the economy grows, it continues to facilitate more development for greater international and domestic investment.

In 2019, the World Bank ranked China as one of the top 10 most improved economies in which to do business.

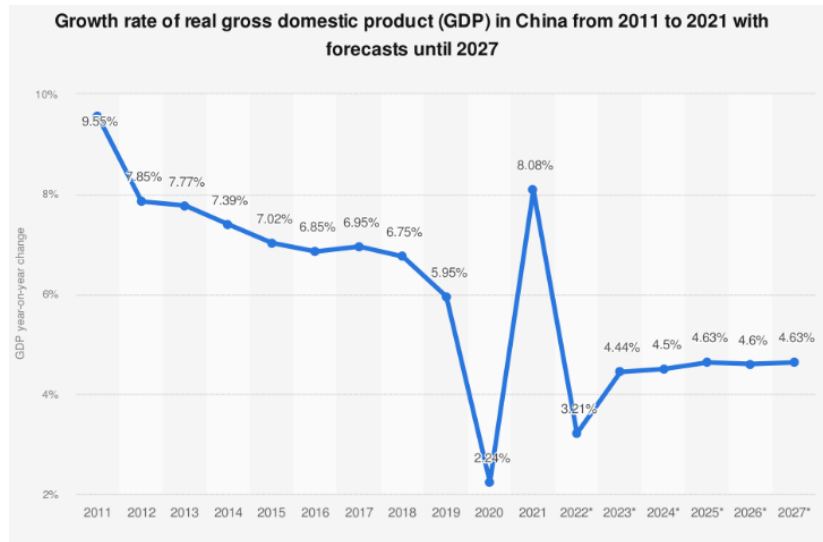
Cultural commitment to innovation

China has considerably invested in innovation. These innovations will draw attention to their growing market.

As a result, Chinese workers have a range of skills that are advantageous to any employer.

Significant current and predicted economic growth

The middle class isn't the only expanding sector of the Chinese economy. Every aspect of the Chinese market has grown substantially in recent years.



<https://www.statista.com/statistics/263616/gross-domestic-product-gdp-growth-rate-in-china/>

Domestic companies exemplify the significance of China's expansion. Chinese businesses now account for a substantial portion of [Fortune Global 500](#) brands including some of the most valuable companies in the world. Experts attribute this exponential Chinese growth to:

Decades of Western imports of inexpensive Chinese goods have increased the value of their economy and nationwide buying power

Increased domestic debt management and risk mitigation regulations, helping China secure its existing capital and responsibly manage their future profits

Reduced tariffs and relaxed laws that facilitate foreign investment, helping international companies and consumers continue to inject money into the Chinese economy

For businesses considering expansion into China, the country's growing economy provides a fertile ground for potential profits and employment success.

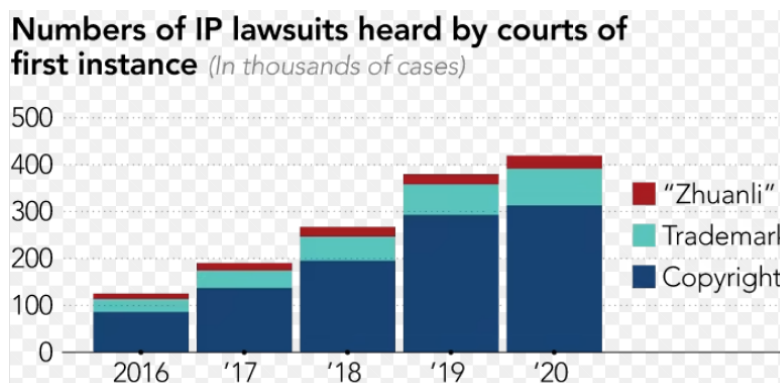
<https://www.safeguardglobal.com/resources/blog/pros-and-cons-of-doing-business-in-china>

Negative Considerations

Intellectual property protection gaps

IP laws in China leave much to be desired.

For companies with market leading and innovative products, working in China can endanger IP security.



<https://www.ft.com/content/c78b69e3-82bd-4f72-881c-12b2ca1ce926>

Prioritization of domestic businesses

China has become very protective of its current domestic prosperity.

Despite increased international presence and competitiveness, the Chinese economy protects its own first.

"China makes it difficult for international businesses to gain a foothold in a few ways:

Chinese law isn't particularly transparent, making it difficult for a foreign company to research compliance and employment procedures.

While changing regulations have made it easier for Chinese companies to operate, developing laws have made it slightly more difficult for foreign investors to secure licenses, permits and patents.

Domestic legislation promotes and protects a Chinese company more than its foreign business counterparts, exposing international brands to increased risk. "

<https://www.safeguardglobal.com/resources/blog/pros-and-cons-of-doing-business-in-china>

Market break-in difficulties

Success stories of foreign brands in China certainly exist, but it's increasingly difficult for international companies to overcome Chinese market entry hurdles.

Rising costs

As demands for higher life quality increase, prices will no doubt do the same and it's becoming more expensive for international companies to do business in China.

This is partly due to growing numbers of workers expecting higher wages and improved terms and conditions.

General PESTEL analysis for China

Political factors affecting China

China is one of the most powerful countries in the world. It is a permanent member of the Security Council of the United Nations. It is also the 4th largest country in the world by land area. Beijing is its capital.

The Communist Party of China is the founding and ruling political party of the People's Republic of China.

Although the country enjoys a stable political environment, the lack of political freedom is an area of major concern. Many analysts question the lack of openness in the country's political system.

China is permanent member of the UN security council. It is also a member of the WTO, APEC, BRICKS, BCIM, ASEAN Plus, and G20. It maintains good diplomatic relations with many great powers in the world trade and politics.

However, its relationships with the United States particularly over the issue of Taiwan has been very challenging for a long time. This strained relationship between the two is a cause of major concern for the rest of the world.

Likewise, recent protests in Hongkong, tensions in the South China Sea, sanctions by the US, and China's retaliatory sanctions on some US and Canadian citizens have been big causes for concern.

Economic factors affecting China

The next topic of focus in the PESTEL analysis of China is the economic environment. As mentioned above, China is the 2nd largest economy in the world by nominal GDP. However, it is the largest one on a purchasing power basis.

China has made a shift from a centrally planned to a market-based economy and the GDP growth has averaged nearly 10% in the last many years (The World Bank, 2023). The growth was fuelled by investment, low-cost manufacturing, and massive exports.

However, it is worth noting that economic development has also caused some challenges for China. High inequality, rapid urbanisation, and environmental damages are some of the challenges that the country needs to deal with in order to maintain its economic sustainability.

One of the reasons why many global companies manufacture their products in China is the availability of cheap labour. Cheap labour is a great source of competitive advantage for China; however, some analysts argue that the rapid economic growth has also led to a rapid increase in wages in the country.

China's average wage level has gone up significantly and now it is higher than that in Argentina, Brazil, and Mexico. Does it mean 'cheap labour in China is over'? Well, the analysts are divided and there is no unanimous position concerning this question.

China is a dominant overseas investor. Its foreign direct investment has reached many countries over the years. The United States, the UK, Australia, Pakistan, Bangladesh, Indonesia, the United Arab Emirates, Venezuela, Argentina, Angola, Chad and Niger are some of the countries where its investment has been stunning.

China's multibillion-dollar Belt and Road Initiative (BRI) to connect Asia, Africa and Europe has already attracted support from many countries. This initiative offers huge opportunities for regional and global organisations.

It is worth noting that with a cheap labour and improved infrastructure, China positions itself as a great destination for foreign direct investment (FDI). In fact, it has recently overtaken the USA to become the top destination for new FDI in the world.

China is a manufacturing giant. It has made a global name for its manufacturing power and become a specialist location to produce automatic data processing machines and components, clothes, clothing accessories, mobile phones, textiles, integrated circuits, and many other products (Ma, 2022).

The standard corporate income tax rate is 25%; however, the Chinese government may reduce the rate to 15% for qualified businesses which operate in industries encouraged by the government. The individual income tax rates range from 3% to 45% (PwC, 2022).

Social factors affecting China

China is the most populous country in the world with a total population of over 1.45 billion (Worldometers, 2023). This is a massive market for consumer products. As mentioned above, average wage level has gone up over the years resulting in an increase in consumer spending.

It is also worth mentioning that many people in China, like the citizens of other emerging economies, long for status symbols such as luxury cars, latest smart phones, and designer clothing to demonstrate their success.

No doubt that increased consumer spending and status symbols are great opportunities for both domestic and foreign companies.

The literacy rate in China is 96.4%. Like the impressive progress in literacy rate, the country has also made stunning progress in poverty reduction. It has lifted over 100 million people out of extreme poverty in the last eight years

However, some people question about the measurement of extreme poverty in the country which is defined as earning less than \$620 (£440) a year (BBC, 2021). This figure is lower than that in many developing countries. Though China has made very good progress in eradicating extreme poverty, there are some social challenges facing it today. For example, ageing population is an area of concern. So, how should the country meet the incredible demands for labour?

Many analysts suggest that China should increase the birth rate and invite more foreign workers. Likewise, wealth gap, poor health care, and the rising cost of housing are some other challenges.

Technological factors affecting China

A very important issue that has a massive significance in the PESTEL analysis of China is the technological environment. China has the world's largest online population with over 1.02 billion users (Statista, 2022).

There are some big tech giants in the country e.g. Baidu, Alibaba, and Tencent. These companies and some others are so powerful that many big companies from other countries have failed in China.

China has set a vision to be a global leader in science and technology. To achieve this, it launched 'mass entrepreneurship and innovation' programme several years back. This programme aims to spread entrepreneurship throughout the country.

China also focuses on moving away from a labour-intensive economy to an innovation-driven one. It is therefore not difficult to imagine how great the opportunities are in China for both domestic and international companies, particularly in science and technology sectors.

However, many analysts argue that the country is facing regulatory challenges and struggling with how to accommodate the tech industry and giant tech companies into its socialist market economy.

Environmental factors affecting China

China's rapid economic development has impacted on its natural environment severely. Water and air pollution, industrial waste, deforestation, climate change, and biodiversity loss are some of the examples of environmental challenges facing it today.

However, it is worth mentioning that the Chinese government has taken a number of initiatives to address the environmental concerns. Examples of initiatives include but not limited to decentralization of responsibility to local levels and encouraging public participation in environmental protection.

Legal factors affecting China

Legal environment is the last element to discuss in the PESTEL analysis of China. There are a number of laws that regulate business and employment practices in China. For example, labour standards, employee remuneration and benefits, labour disputes, and other relevant issues are regulated by several Acts and various administrative regulations (Chen, 2021).

The Catalogue of Industries for Guiding Foreign Investment regulates FDI in the country. It divides FDI into four categories i.e. encouraged, restricted, prohibited, and permitted.

Encouraged category includes 384 industries. Agricultural machinery manufacture, and fruit and vegetable drink production are some of the industries in this category.

Restricted category includes 35 industries. Construction and operation of power grids, banks, and securities companies are some of the industries in this category.

<https://www.howandwhat.net/pestel-analysis-china/>

Asian Region

India - Mumbai

General detail of Mumbai

Mumbai is the capital city of the Indian state of Maharashtra and the de facto financial centre of India with a population of around 20 million people. Mumbai is the centre of the sixth most populous metropolitan area in the world with a population of over 23 million.

Positive considerations

Massive Population

With its population of 1.3 billion people, India becomes a huge market for companies intending to set up in India. A large population accompanied by a market without any borders and a skilled workforce are undoubtedly the major advantages to starting a business in India.

Increased spending power

India has been recognized as a powerful economy in the world. It has been observed that younger Indians are interested in relocating to the urban areas which would mean a large population will join the middleclass group of the country.

Low Operational Cost

Foreign companies investing in India can look forward the low operational cost of setting up a business. The cost of incorporating a company in India is very nominal, depending on the authorized share capital and the professional fees chargeable on the incorporating of the Company.

Startup Ecosystem

The Government has introduced reforms to increase FDI. These developments have thus enhanced India's ranking under the World Bank's parameters of the "Ease of Doing Business".

Extensive Trade Network

India has a wide network of numerous technical and management institutions with the highest international standards. Furthermore, there are diverse business partners to conduct the business.

English Speaking Population

Approximately 125 million people in India speak fluent English and have good command over other Indian local languages.

Negative Considerations

Electricity and Registration Issues

Registering a property costs a lot of money and can take several days. The cost of electricity connection in India is cheap, but the procedures involved are tedious and time-consuming.

Permits for Construction Cost a Lot

The process of obtaining construction permits can be costly and take up to 195 days. You must first get the Building Proposal Office's Intimation of Disapproval and pay the fees, this can take up to two months.



<https://www.bridl360.com/construction-permits-in-india-2022/>

Concept of investor protection

New bodies such as the Securities and Exchange Board of India are setting up these new laws and effects. Enforcing contracts is also an important area which is a matter of concern for foreign investors.

India is perhaps one of the worst countries in the world having a process to enforce a contract which takes up around 1,420 days.

Lack of infrastructure

The construction of railroads, airports, roads, seaports, telecommunications, power grids, and more are delivering a huge challenge to the economic status of the country when it comes to delivering the best service to their public.

With growing urbanization and a rise in incomes, the government is functioning under huge pressure to improve the country's infrastructure.

General PESTEL analysis for India

Political factors that affect India

India is one of the most powerful countries in the world. New Delhi is its capital. It neighbours two powerful countries i.e. China and Pakistan. Other neighbouring countries are Bangladesh, Myanmar, Nepal, Bhutan, & Sri Lanka.

India is the largest democracy in the world and enjoys a relatively stable political environment. However, its dispute with Pakistan over Kashmir has been an issue of grave political uncertainty.

Likewise, the recent Citizenship (Amendment) Act has led to mass protests and violence in many states of the country. Therefore, more needs to be done to listen to the concerns of the public to identify solutions.

Democratic will of the people reflected in the local and national elections is mostly respected and accepted by the political parties and people in general. This political culture of tolerance contributes immensely to maintain a stable political climate which is in fact a very important factor to attract foreign direct investment (FDI).

A major area of concern in India is corruption. It badly affects the business and political environment, posing a challenge to the country's economic growth. It increases the cost of business operations and often negatively affects foreign direct investment.

Likewise, a lack of transparency in the political system, and an inefficient bureaucracy also need to be addressed. However, a growing public awareness and government initiatives are combating the challenges of corruption and lack of transparency.

Economic factors that affect India

A key element of this 'PESTEL analysis of India (Country Profile)' is the economic environment. India is one of the largest economies in the world in terms of nominal GDP. Its GDP in 2022 was worth around \$3.46 trillion (O'Neill, 2022).

However, the consumer demand has weakened recently. Consequently, the economy is slowing down causing people a lot of concern. The recent lockdowns were also devastating for the country with a job loss of around 122 million people.

The corporate tax rate in India is 34.94%. It is worth noting that the country witnessed frequent corporate tax rate changes over the years (Trading Economics, 2022).

India is one of the largest coffee producing countries in the world. It is also one of the top agriculture producing countries. It has over 100 unicorns with a total valuation of \$332.7 billion (IBEF, 2022). It has recently signed several free trade and other agreements with some of its trading partners. India is also home to many global companies' customer service centres. Its key exports are petroleum products, jewellery, pharmaceutical products, transport equipment, machinery, and readymade garments to name but a few. On the other hand, India imports crude petroleum, gold, silver, electronic goods, pearls and precious stones and many other things. Some of the top trading partners of India are China, UAE, Switzerland, Saudi Arabia, USA, and Qatar. India's domestic market offers numerous opportunities for both local and international organisations. The main sectors that are booming currently are information technology, telecommunications, healthcare, retail, and infrastructure. India offers cheap labour and is likely to become one of the top three global economic giants over the next 10-15 years (IBEF, 2022).

Social factors that affect India

India has a gigantic consumer market with a total population of over 1.4 billion (Worldometer, 2022). Such a huge market is a great opportunity for multinational companies. No wonder why so many multinationals are operating in India!

India is a multi-ethnic, multi-lingual, and multi-religious country. Communal harmony is a great strength; however, it sometimes witnesses tensions in ethnic lines.

India is a melting pot of different cultures and religions. It is a secular country. Hinduism is the most widely practiced religion in India, followed by Islam, Christianity, Sikhism, Buddhism, and Jainism.

India's caste system is an ancient system of social stratification that is still in practice today. The caste system is based on a hierarchical structure. However, over time, it has become less rigid, and there is now a lot of social mobility.

India has a world-renowned film industry. It is also world renowned for some of the sports e.g. Cricket and Hockey. IPL (Indian Premier League) attracts cricket legends and talents to the country.

Indian cuisine is world-renowned for its delicious flavours and spices. It is heavily influenced by different regions and cultures. Common dishes include curries, dals, biryanis, and tandoori. Therefore, tourists can enjoy a wide variety of traditional dishes!

India is a very attractive market for multinational companies. Standard of living is gradually improving, and the country has a growing middle class with good disposable income. However, it is worth noting that India still suffers from poverty with millions of people live on less than \$2 a day. Likewise, poor wealth distribution is also another massive problem.

Technological factors that affect India

An important element of this 'PESTEL analysis of India (Country Profile)' is the technological environment. India is very advanced technologically. No wonder why more and more tech giants including but not limited to Facebook, Microsoft, Amazon, and Apple are investing billions of dollars in the country!

India is a key destination for outsourcing work in IT. With an advanced IT infrastructure and highly skilled IT work force, it offers enormous opportunities for entrepreneurs to embark upon technological projects such as software development and upgrades, e-commerce, mobile apps, business solutions, and many more.

The Indian government is investing heavily in technology, with initiatives such as Digital India and Make in India. These initiatives are aimed at creating an environment that encourages innovation and entrepreneurship. However, prestigious Indian Institutes of Technologies (IITs) need to carry out more research on areas such as 5G, artificial intelligence (AI), and biotechnology to prepare graduates for future employment opportunities and challenges.

Environmental factors that affect India

While India has made a lot of progress over the years, it still faces a number of environmental challenges e.g. air pollution, water pollution, floods, resource depletion such as water and forest, loss of biodiversity, and diversion of consumer waste into rivers. Expatriates may sometimes find it difficult to live under some of these environmental challenges.

However, it is worth mentioning that India has some of the greatest tourist attractions on earth that attract millions of tourists each year. Attractions such as Taj Mahal, Char Dham, Red Fort, Qutub Minar, the Golden Temple of Amritsar, and the Gateway of India mesmerise people with their stunning looks.

Likewise, affordable hotel price, delicious food, incredible wildlife, and wonderful rail journeys are some other factors that many tourists consider while selecting India as their holiday destination.

India is home to a wide variety of wildlife, including elephants, tigers, leopards, rhinoceroses, and sloth bears. It is also home to over 400 species of birds, including peacocks, parakeets, and flamingos.

Legal factors that affect India

The last element to address in the 'PESTEL analysis of India (Country Profile)' is the legal landscape. As mentioned above, India is a famous destination for foreign direct investment. Depending on the scope and the business needs, foreign investors can set up a company, branch, or a limited liability partnership in the country. The Constitution of India protects people from discrimination. Likewise, people's sensitive personal data is protected by the Sensitive Information Rules. However, a report by Outlook India (2022) has questioned about the rampant corruption in the lower courts of the country.

<https://www.howandwhat.net/pestel-analysis-india/#:~:text=A%20key%20element%20of%20this,consumer%20demand%20has%20weakened%20recently.>

Asian Region

Taiwan – Taipei

General detail of Taipei

Taipei is the capital city of Taiwan, it is also the country's political, economic, and cultural centre with approximately 2.47 million residents. Sixty percent of the Taipei workforce has higher education backgrounds, and top professional talent continues to drive industrial innovation and entrepreneurship.

Positive considerations

Dynamic Government Regulations and Policies

Unlike some countries, where a foreigner is not allowed to have a full ownership of a company, the Taiwanese government allows a foreigner to own 100% of a Taiwanese company. There is no minimum paid-up capital requirement for setting businesses in Taiwan.



<https://www.tetraconsultants.com/blog/opening-a-business-in-taiwan-top-advantages/>

Diverse Incentive Programs

Tax incentives are strongly promoted by the Taiwanese government for companies that plan to establish themselves in specific locations eg. science parks, export processing zones and free trade areas.

"Where companies that introduce new production technologies or products from overseas or use patents, trademarks, or other special permits owned by foreign profit-seeking enterprises, the royalties they have paid to foreign enterprises may be applied toward income tax exemptions".

<https://investtaiwan.nat.gov.tw/showPageeng10310016?lang=eng&search=10310016>

Solid Industrial Clusters

Taiwan offers world renowned industrial clusters for investors and manufacturers.

In general, the industrial clusters in Taiwan are categorised into electronics and technology in the north.

Educated Labour Force

Taiwan has a well educated workforce available to any potential employer, with more than 300,000 fresh graduates each year,

Negative considerations**Starting a Business**

There are three procedures to complete when starting a business. Once the company seal has been made an audit report must be submitted showing that the amount of capital invested is sufficient to cover company establishment costs.

Dealing with Construction Permits

Construction has seen substantial improvement over the past year in terms of red tape and bureaucracy, however, there are still many areas of the application that will require local help to navigate.

Getting Electricity

The Taiwan Power Company (TPC) is responsible for electrical connection and takes an average of 24 days to plug a property into the national grid.

Getting Credit and Protecting Investors

Private bureau coverage is excellent in Taiwan, although the lack of a public registry can limit the supply of credit.

Paying Taxes

Tax payments take an average of 221 hours per year to complete, and there are several levies that are likely to be unfamiliar to overseas firms.

Trading Across Borders

As an island economy, Taiwan relies on the efficient import and export of goods. There are six documents to prepare when trading across borders, which can be time consuming.

"The pandemic, structural changes, and geopolitical competition have all led to an acute supply chain crisis. Taiwan stands to benefit, but it needs policy changes and technology investments first."

Evan A Feigenbaum, Michael R Nelson 24/11/2021 Carnegie Endowment

<https://carnegieendowment.org/2021/11/24/taiwan-s-opportunities-in-emerging-industry-supply-chains-pub-85850>

General PESTEL Analysis for Taiwan

Political Landscape

Taiwan's (Province of China) system of political governance has put an end to the 50-year dominance of the Kuomintang of China (KMT) and recorded a marked improvement since 2000. Several political reforms have been undertaken to improve democratic institutions, and the emergence of a multi-party system has boosted the country's democratic aspirations.

In November 2022, according to Taiwan's (Province of China) Deputy Minister of Economic Affairs, Taiwan (Province of China) and India signed an MoU in the fields of electronic manufacturing, environment, and non-traditional medicine. Moreover, both nations also signed an MoU on traditional medicine to promote cooperation in traditional medicine research and industry.

Economic Landscape

The country has achieved the "Free" status category for the first time in 2022, caused by gain in index score and due to increase in judicial effectiveness and labor freedom. Therefore, improvements in business freedom and financial freedom would propel economic freedom in the country driven by a competitive manufacturing sector.

As an open economy, Taiwan (Province of China) economic outlook depends largely on the economies of its major trading partners. In this regard, it is vulnerable to fluctuations in demand due to its heavy reliance on export of electronics. A large proportion of China's export components are assembled in the country; therefore, any slowdown in the Chinese economy adversely impacts Taiwanese manufacturers.

Social Landscape

Taiwan (Province of China) has been improving its healthcare landscape over the past decade. As a result, life expectancy has gradually improved from 76.9 years in 2001 to 81 years in 2021, according to GlobalData. Moreover, the country is also increasing its expenditure to improve the healthcare sector.

In October 2022, Taiwan (Province of China) and the US introduced a program to boost the economic prospects of women in four diplomatic allies in the Pacific region, namely Palau, Nauru, Tuvalu, and the Marshall Islands. The jointly funded three-year program seeks to enhance women's ability to thrive through involvement in the competitive business environment, demonstrating the benefits of inclusive development, women's economic empowerment, and democratic values that foster participation from all.

Technological Landscape

In February 2022, the Taipei Economic and Cultural Representative Office in the United States (TECRO) and the American Institute in Taiwan (AIT) agreed to a new MoU to extend the existing cooperation between Taiwan and the US for cooperation on science and technology and satellite program. In June 2022, Taiwan (Province of China) and Lithuania held a meeting to deepen cooperation and exchanges in the field of science and technology.

In February 2022, Taiwan's (Province of China) legislature passed a bill with respect to transforming the country's Ministry of Science and Technology (MOST) into a National Science and Technology Commission. In July 2022, the National Science and Technology Council (NSTC) announced attracting

more young talent, including women, to work in research and development to ensure Taiwan's (Province of China) continued development and progress in the technology sector.

Legal Landscape

In September 2021, the Taiwanese government proposed tightening a law to prevent China from stealing technology from Taiwan (Province of China) and aims to boost further technology development since the country leads in terms of the semiconductor industry. The government is concerned about Chinese efforts to copy some of the technology. The government aims to propose fines up to \$360,555 on violation of law.

Environmental Landscape

In September 2022, the Ministry of Economic Affairs unveiled a draft on energy conservation strategic plan to reduce electricity use in Taiwan (Province of China) by 35.1 billion kilowatt-hours (kWh) by 2030. The plan also seeks electricity saving target of 35.13 billion kWh by 2030, of which industry users are expected to be responsible for nearly 50% of reduction to reach net-zero emissions by 2050.

<https://www.globaldata.com/store/report/taiwan-pestle-macroeconomic-analysis/>

African Region

South Africa – Durban

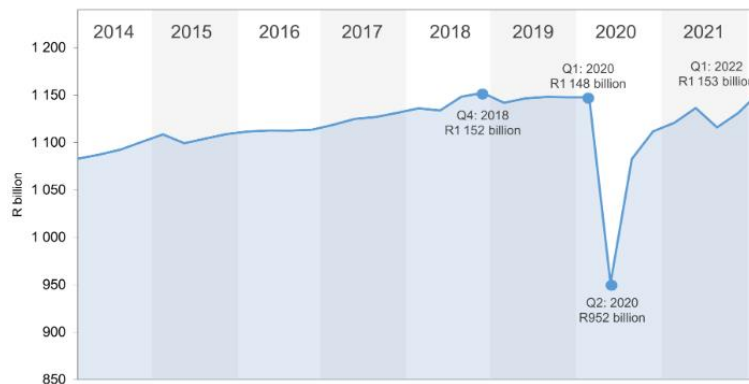
General detail of Durban

Durban is the third largest city in South Africa with a general population of approximately 3.7million people. The city was given a general facelift for the 2010 football world cup and has had numerous developments carried out by the municipal authorities since.

Positive Considerations

Economic growth

The African continent is on the brink of substantial growth, with increasing levels of entrepreneurship and ample of opportunities for new business solutions. Africa has a 1.2billionn-person marketplace, and this number is expected to double over the next 30 years.

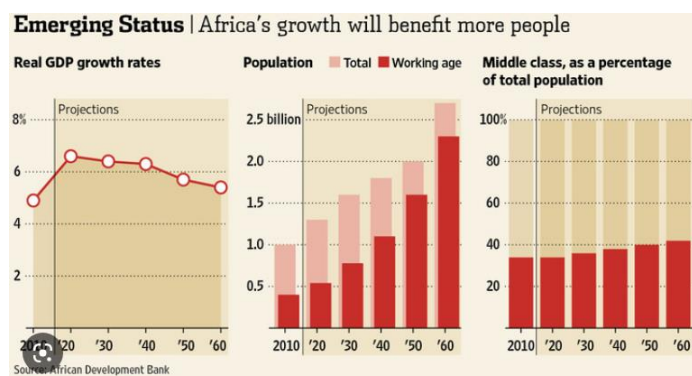


Large economy

South Africa is the second largest economy on the continent, only exceeded by Nigeria. Over the past decade, South Africa has experienced rapid change and is ranked by the World Bank as an “upper middle-income country”. The country has a well-developed infrastructure and world-class financial sector to support business activities.

Growing middle classes

Since the fall of Apartheid South Africa has experienced rapid economic growth, and in recent years South Africa’s black middleclass has expanded. This can be seen in the graph below.



Gateway to Sub-Saharan Africa

It is the gateway to Sub-Sahara, where its well-developed infrastructure allows for transportation into Africa. South Africa is a good place to establish a business, and many companies expand their business activities from South Africa to the rest of the region.

Growing population and insufficient status quo

Currently infrastructure and health care is adequate to meet the needs of the population. The population growth and further development in South Africa will increase demand in the future.

Negative Considerations**Starting a Business**

Starting a business is a lengthy procedure in sub-Saharan Africa and can cost a significant proportion of income per capita.

Getting Electricity

Getting electricity is a big concern for businesses in South Africa, taking 226 days and involving a string of lengthy procedures.

Registering Property

It takes 23 days and six procedures to register a property.

Paying Taxes

Paying taxes takes 200 hours to complete per year and requires nine payments.

Trading Across Borders

South Africa is a notoriously tricky place to conduct overseas trade, although big strides have been made in rectifying difficulties experienced when trading across borders.

Enforcing Contracts

Trial and judgement can take almost 500 days on average when enforcing contracts in South Africa, and the cost of an attorney and court fees can make the procedure an expensive ordeal.

Culture

There are multiple cultures and a number of different languages spoken in South Africa. South Africans can be rather direct in their approach. Although South Africa is a transactional culture, they are a personable people who have deeply rooted traditions.

General PESTEL analysis for South Africa

Political environment in South Africa

South Africa is a parliamentary republic with the president being both the head of state and the head of government. The president appoints a Deputy President and Ministers to form the Cabinet to administer the state affairs. Up until 1994 the country was ruled by an apartheid government (BBC, 2019). However, a lot of things have changed since the country's first fully democratic election in 1994.

Pretoria is the administrative capital of South Africa, while Cape Town is the legislative capital. Similarly, Bloemfontein is the judicial capital of the country. The neighbouring countries of South Africa are Botswana, Mozambique, Swaziland, Lesotho, Namibia, and Zimbabwe. South Africa has coasts on both the South Atlantic and Indian Oceans.

The South African political environment is often clouded by corruption, mismanagement, political intolerance, popular protests, and violence. These problems often slow down economic development and progress.

Therefore, winning the support and confidence of general public and investors in light of the political challenges becomes one of the most important jobs of the president of South Africa.

Economic environment in South Africa

The next element to address in the PESTEL analysis of South Africa is the country's economic environment. South Africa is the 42nd largest economy in the world in terms of nominal GDP (Statistics times, 2020). The GDP stands at around 282 billion USD. However, it was higher in 2019. This shows the impact of global lockdown on the country's economy in 2020.

South Africa has a system of mixed economy in place. It is one of the five BRICKS economic giants. BRICKS stand for Brazil, Russia, India, China, and South Africa. South Africa exports gold, diamonds, platinum, cars, metals and minerals, machinery and equipment to a number of countries, notably China, the UK, the United States, Germany, India, and Saudi Arabia. Some of the top imports of South Africa are machinery and equipment, chemicals, petroleum, scientific instruments, and food materials.

Corporate income tax in South Africa for both resident and non-resident companies is a flat 28% (PwC, 2020). However, small businesses pay a lower rate of tax. Similarly, there are some special rates for certain industries e.g. mining and long-term insurance. Individual income tax starts at 18% and goes up to 45% depending on the amount an individual earns.

Social environment in South Africa

Nelson Mandela's South Africa is often referred to as the 'rainbow nation'. Archbishop Desmond Tutu first coined the term to describe South Africa's multicultural diversity. There are 11 official languages in the country and Christianity, Islam, and indigenous beliefs are the major religions. The current population of the country is around 59.7 million (Worldometer, 2021). Life expectancy is estimated to be almost 64 years (O'Neill, 2020). However, there are some big challenges South Africa faces today. For example, unemployment is high and the public health system is ailing. Social mobility and economic growth are often halted by poor and inadequate infrastructure. South Africa remains a divided society with growing tensions between immigrants from other parts of Africa and the local communities.

However, putting these challenges aside, South Africa offers these days good business opportunities in industries such as building and construction supplies, eye care, beauty and cosmetics, automotive, telecommunications, education and utility services. People in general in the country desire for better education for their children, rewarding employment opportunities and faster economic growth that offer great opportunities for both local and international organisations.

Technological environment in South Africa

South Africa is one of the most technologically advanced countries in Africa. It has made an enormous progress in mobile software, security software and electronic banking services (The International Trade Administration, 2020). A number of international tech and social networking companies already operate in South Africa often through subsidiaries. Amazon, IBM, Microsoft, Facebook, LinkedIn, Intel, Dell, Novell, and Apple are some of the companies that can be considered in this regard.

Online shopping is on the rise in South Africa. Consequently, there are great opportunities for online retailers. Likewise, due to a number of high-profile cyber-attacks and other online vulnerabilities, demand for IT security products and software is high as well. It is worth mentioning that South African companies sell a lot of ICT products to growing African markets.

Environmental factors in South Africa

South Africa is one of the most popular tourism destinations in the world. Unsurprisingly, the readers of Telegraph (a British newspaper) rated Cape Town 'the World Best City' in 2016. Indeed, according to many sources, Cape Town is regularly voted as one of the top holiday destinations in the world for families, couples and solo travellers.

Abundant wildlife, scenic beauty, impressive coastlines, brilliant penguin-filled beaches, whale watching, and vivacious coral reefs have all contributed to the development of South Africa as a tourist destination. However, the country faces some environmental challenges such as water pollution, air pollution, land degradation, solid waste pollution, and deforestation.

Legal environment in South Africa

Legal environment is the last element to discuss in the PESTEL analysis of South Africa. South Africa encourages *Foreign Direct Investment* in all sectors of the economy. However, there are some restrictions on foreign shareholders in some sectors e.g. mining, defence, insurance, broadcasting, telecommunications, and banking. Employees receive fundamental protection in South Africa. The Employment Equity Act 1998 (EEA) aims to achieve equality in the workplace by promoting equal opportunity and fair treatment in employment (Kleitman, 2020).

<https://www.howandwhat.net/pestel-analysis-south-africa/>

African Region

Zimbabwe – Bulawayo

General detail of Bulawayo

Bulawayo is the second largest city in Zimbabwe with a population of 1.5million people . Bulawayo forms the axis of a well-planned road and rail network to the north, south, east and west of Zimbabwe.

Positive Considerations

With all due respect to Zimbabwe and Bulawayo there are few or no positive considerations when it comes to looking into setting up a manufacturing site. For each potential positive there seems to be a much stronger negative to offset it. There are much stronger contenders when it comes to looking at a potential site to cover the African region and the wider area.

Negative Considerations

Political overview

Since gaining independence in 1980, the ruling ZANU-PF party has held uninterrupted power in Zimbabwe, led first by Robert Mugabe, and then Emerson Mnangagwa from 2017.

Economic overview

Zimbabwe faces varied challenges including both economic and humanitarian. These challenges include prohibitive foreign exchange controls, high inflation, fragile property rights, and corruption. Electricity shortages are common, although this situation has improved in more recent years.

Human rights

Zimbabwe has a poor record on human rights. Continued abuses have resulted in the placement of targeted sanctions (travel bans and asset freezes) on five security chiefs.

Business environment

Doing business in Zimbabwe can be challenging, with a number of obstacles and pitfalls. Repatriating profits and paying overseas suppliers is cited as the main challenge, and the high and volatile inflation also makes the business environment more uncertain. Zimbabwe sits at 140 (out of 190 economies assessed) in the 2020 World Bank Ease of Doing Business report, an increase from 155 in 2019.

Bribery and corruption

Corruption in Zimbabwe is widespread. Politically connected individuals are often awarded large state contracts, or allocated state-controlled resources, such as foreign currency.

Trade restrictions

As well as targeted sanctions on the five individuals referenced on the UK sanctions list, the UK implements an arms embargo and transit restriction on military and dual-use goods trade with Zimbabwe as part of Export Control Order 2008.

General PESTEL analysis for Zimbabwe

What are political factors?

'Political factors' are the first component of the PESTEL framework that exert a strong impact on the business and play an important role in determining the business' long-term sustainability. Some examples of political factors are taxation policies and trade regulations that governments can levy around the year and it may influence the overall business environment. A strong presence at the international stage increases the vulnerability of Zimbabwe to a variety of political, structural, and systematic risks. To ensure long-term survival, Zimbabwe should consider the following political factors to enhance the readiness to changing political environment dynamics:

Political stability is important for business organizations as it influences customer and investor confidence, and therefore, has a wide impact on the economy. High political instability has serious implications for the consumption, investment, and economic growth of businesses. Currently, the geographic area in which Zimbabwe is actively present is experiencing some political instability due to internal and external conflicts. Inability to understand and handle the prevailing political chaos can inhibit the company from achieving its growth objectives, and management will be reluctant to invest in new capital.

The current governance system is based on democracy, which makes the business environment friendly for Zimbabwe. Zimbabwe can benefit from the economic freedom offered by the democratic governance system, which promotes entrepreneurship and free trade.

Pressure groups can affect the business environment by finding strong allies in the media. These groups pressurize the organizations by arranging protests and running marketing campaigns. Zimbabwe Grappling with Hyperinflation needs to keep an eye on the activities of these pressure groups as they can influence the government's policies, which may ultimately affect the overall business environment. Zimbabwe should closely collaborate with these groups to win their trust and should invest in ethical and social activities to develop closer ties with society.

A transparent governance structure is crucial for promoting a friendly business environment. Zimbabwe is currently facing several issues due to corruption and lack of transparency. This lack of transparency is mainly linked with the prevailing political uncertainty and instability. Due to corruption, fraudulent activities are on the rise, business activities like licensing and contracting have become more challenging, and law enforcement has weakened, which is hampering the stakeholders' trust in the business entities and government institutions. Overall, rising bureaucratic corruption is halting economic growth, resulting in reduced growth opportunities for business organizations.

While making the expansion decisions, Zimbabwe should carefully review the industry-specific taxation policies. The taxation policies will be more favourable for industries that are on top government priorities. Currently, governments in many developing countries are interested in reducing corporate taxes to attract foreign direct investment.

The business expansion decision of Zimbabwe should also consider the prevailing trade regulations, and management should prefer the regions with free or flexible trade agreements. The region under consideration is currently reducing the trade restrictions to ease the environment for foreign business players, which increases the attractiveness of this region.

Economic factors in the PESTEL framework

Economic factors- the second component of PESTEL framework, comprise multifaceted variables that directly affect the businesses' ability to achieve their economic objectives. Zimbabwe must gain an in-depth understanding of these factors to anticipate the short-term and long-term business growth in the chosen sector. Some of the key economic factors are explained below:

High financial market efficiency shares a strong positive relationship with overall economic growth, making capital accumulation and goods/service production easier. Therefore, Zimbabwe needs to choose the countries with highly efficient financial markets so that it could easily accumulate financial and human capital. By keeping an eye on the financial market efficiency, Zimbabwe can successfully stay ahead of the competition. Zimbabwe should review the economic growth rate of the countries while making international expansion decisions. Countries with high economic growth rates provide more opportunities to pursue long-term growth objectives. A slow economic growth rate leads towards more cautious spending by consumers, which can directly affect Zimbabwe's revenue growth.

The rising inflation rate can have a negative impact on the revenue growth of Zimbabwe as it decreases the purchasing power of money and discourages consumer spending on goods and services.

Fluctuations in the exchange rate can affect business profitability. Zimbabwe should study the exchange rate fluctuations to make accurate anticipations so that the undesired trade and business performance consequences could be avoided. High-interest rate means Zimbabwe will make high-interest payments and taken loans will cost more in the long run.

Social factors in the PESTEL framework

In the PESTEL framework, social factors represent the key demographic characteristics, social values, norms, and customs of the society in which business organization functions. Zimbabwe must carefully handle the social factors, as failure to adapt according to the socio-cultural environment has driven many highly successful business organizations towards failure.

The consumption behaviour shares a strong link with the economic factors. When consumers have more disposable income and are willing to spend more on goods and services to improve their lifestyle, it provides exciting growth opportunities to Zimbabwe, as introducing new products and services to these customers is easier, and revenue growth chances also remain higher. However, as modern consumers are becoming more demanding, it is important for Zimbabwe to carefully analyze their consumption/spending patterns preferences so that the marketing mix strategies could be adapted accordingly. It is also important for Zimbabwe to understand whether the consumption is driven by utilitarian or hedonic motivations. Another important consumer behaviour variable that can affect Zimbabwe's performance is the degree of ethnocentrism. High population growth and rising proportion of young population segment are two favourable demographic indicators for Zimbabwe, when it specifically targets young consumers with its products/services. Other than that, it is also important for Zimbabwe to study the host country's attitude towards migration, as a positive attitude in terms of welcoming the immigrants from different cultural backgrounds indicates the importance of adopting effective diversity management practices. Zimbabwe should adapt its marketing strategies to ensure diversity and inclusion. A positive attitude towards migration also reflects that Zimbabwe can easily recruit staff from diversified cultural backgrounds. High workplace diversity is often linked with higher productivity, better innovation, and improved overall firm performance.

Social class stratification and respect for hierarchy are some important social factors that can influence the business, marketing, and human resource management strategies of Zimbabwe. A hierarchal structure with formal work culture suits Zimbabwe. Grappling when entering countries with high power distance. Similarly, higher social stratification also indicates the need to adopt effective market segmentation strategies, as Zimbabwe cannot target multiple segments from different social classes with the same marketing mix. Each country has its unique cultural norms, values, and traditions, which reflect consumer behavior. Inability to adapt the product/service offerings according to local cultural traditions can cause serious harm to the business. Zimbabwe must conduct extensive research to gain local consumer knowledge. Being an international firm from a culturally distant home market, it could be difficult for Zimbabwe management to understand the delicate cultural nuances. For this purpose, Zimbabwe can develop a business partnership with local market players that could offer in-depth information about cultural norms and values that influence consumers' perceptions and attitudes towards the brand.

Another important factor to be considered when developing business strategies is the gender role in that particular society. The marketing and advertising strategies in a highly patriarchal culture would be adapted according to prevailing patriarchal norms, otherwise, Zimbabwe can receive a backlash from consumers and general society. The gender roles in that particular society could also affect the human resource management strategies of Zimbabwe, as the company will find it difficult to ensure gender diversity across all management levels in countries where women are considered primarily responsible for managing domestic responsibilities.

Technological factors in PESTEL framework

In today's business world when technological development pace is accelerating, and business organizations are extensively investing in emerging technologies to stay ahead of the competition, it is important for Zimbabwe to study and anticipate the existing and future technological trends to ensure long-term business survival.

Zimbabwe should prefer countries with well-developed technological infrastructure, as supportive technological infrastructure makes it easier for a firm to achieve its cost reduction, innovation, and value creation objectives. Well-developed technological infrastructure also reflects that it will be harder for Zimbabwe to derive sustainable competitive advantage from technology, which could be easily imitated by competitors.

Technological innovation rate and development can affect the overall market and industry. By studying the emerging technological innovation trends, Zimbabwe will be able to understand the new product development rate, product life cycle length, and innovative features being mostly liked by consumers. Research into consumers' attitudes towards emerging innovative digital technologies can help Zimbabwe in understanding whether shifting to e-commerce will benefit more than opening a physical outlet. Competitors' investment in

automation technologies to reduce costs can compel the Zimbabwe to shift from manual to automated procedures, particularly when people in general in that particular society are tech-savvy. By investing in the right technological innovations, Zimbabwe can optimize the user experience, achieve operational efficiencies, and position itself as an innovative organization.

Environmental factors in the PESTEL framework

Environmental analysis has gained significant importance in the contemporary business environment due to the increased vigilance of stakeholders towards sustainability and environment protection. Zimbabwe should gain an in-depth understanding of environmental regulations to avoid lawsuits and reputational harm in the market. Implications of some important environmental factors are discussed below.

Stringent environmental regulations in many countries are pressurizing business organizations to reduce environmental harm. In response, Zimbabwe should adopt responsible production practices, encourage responsible consumption practices among its targeted consumers, try to improve its brand image on sustainability grounds, and ensure full compliance with the international and local environmental regulations, as inability to do so can draw the serious, reputation damaging criticism from relevant stakeholders.

The emergence of renewable technologies to reduce dependence on natural resources has emerged as a powerful trend in various sectors. Zimbabwe should evaluate the extent to which a country's technological infrastructure supports the use of renewable technologies to capture this environmental trend. In some world regions, governments offer attractive subsidies on the use of renewable energy sources. By taking the advantage, Zimbabwe can incur investment in renewable energy sources to achieve sustainable business development objectives.

In some countries, the adoption of the closed-loop, circular economy principle is becoming a common norm in some industries/regions. Industries with supportive institutional mechanisms can make material recycling and re-using easier. Similarly, in some countries, customers take an active part in the recycling process. Zimbabwe can benefit from these sustainability trends and use them as a tool to not only reduce the environmental costs but also achieve economic objectives in form of reduced production costs.

Lastly, weather conditions need to be considered as operational cost, efficiency, and employee productivity can derive a strong influence from the local weather conditions. Weather conditions also shape consumer behaviour and require Zimbabwe to integrate flexibility into its supply chain operations.

Legal factors in the PESTEL framework

Unlike political factors that offer a broader view, legal factors provide more detailed and specific information related to different laws and regulations, mainly including- employment laws, health and safety laws, intellectual property laws, and consumer protection laws. Zimbabwe can face expensive lawsuits if it fails to comply with the host countries' legislations.

Employment law is an umbrella term that covers various laws protecting employees' rights, such as fair wage, equality, equity, inclusion, fairness, health, and safety. In some countries, there is no effective enforcement of employment laws, but some countries impose strict penalties upon violation of any of the employees' stated rights. While entering/operating in those countries, Zimbabwe should ensure work environment safety. Proper mechanisms must be placed to discourage any sort of direct and indirect discrimination. Effective compliance with the employment laws can help Zimbabwe in strengthening its employer brand image, which is important for attracting and retaining the top talent from the market amid the ongoing war for talent.

Strict compliance with the intellectual property laws makes the business environment safer for firms like Zimbabwe, as their patents are protected from imitation, leading towards sustainable competitive advantage. In many countries, a variety of federal and state-level laws are in place to protect consumers from potential exploitation by businesses. In the information technology age, the laws have even become stricter to ensure consumers' privacy. In the case of online transactions, Zimbabwe must strictly comply with the data protection regulations to avoid lawsuits.

<https://www.essaypandas.com/case/Zimbabwe-Grappling-with-Hyperinflation-37081-Pestel-Analysis>

African Region

Tunisia – Tunis

General detail of Tunis

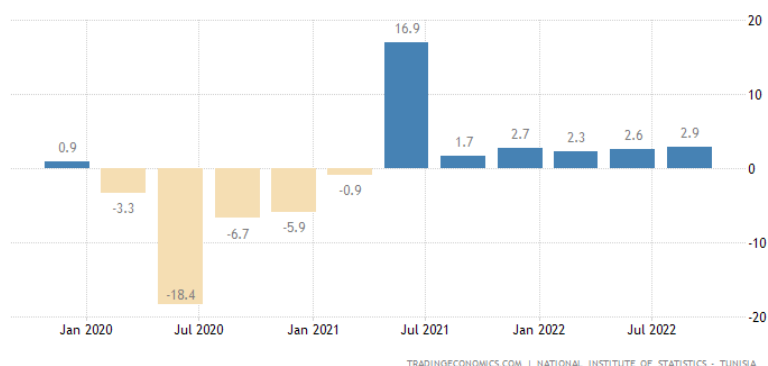
Tunis is the capital and largest city in Tunisia and has a population of approximately 2.7million people. As of 2020 it is the 3rd largest city in the Maghreb region and the 11th largest city in the Arab world.

As the city has grown and native Tunisians gradually began to replace the extensive European population, the conflict between the Arab city and the European city has gradually decreased with the arabisation of the population.

Positive Considerations

Economic growth

Tunisia's economy grew by 2.9% from a year earlier in the third quarter of 2022, picking up from a downwardly revised 2.6% rise in the previous period. It is the sixth consecutive quarter of economic expansion and at the quickest rate since the second quarter of 2021.



https://www.theglobaleconomy.com/Tunisia/economic_growth/

Gateway between North Africa and Europe

Not only is Tunisia itself an important emerging economy, it is also a gateway to Europe, where its well-developed infrastructure allows for transportation into North Africa. The country is a regional leader and a member of COMESA. North Africa is a good place to establish a business, and many companies expand their business activities from North Africa to the rest of the region.

*"In addition to a considerable Italian presence, Mr. Ghanmi underlined how the country "today also represents a hub towards other European markets, towards the Middle East and towards African markets". According to Mr. Ghanmi, much of the merit goes to **Comesa**, the Common Market of East and Southern Africa, and to the implementation of the Continental Free Trade Area, which makes **Tunisia** "a privileged place for Italian companies seeking to expand operations to the rest of the African continent".*

<https://indiplomacy.it/en/tunisia-italy-strategic-partner-gateway-africa/>

Negative Considerations

Political and Economic

On 25 July 2021, the President Kais Saied announced a series of measures including sacking the prime minister, assuming all executive powers and suspending the work of parliament. Since then, President Saied has legally formalised this rule by decree. He appointed a new Prime Minister in September 2021 and a new government.

Human Rights

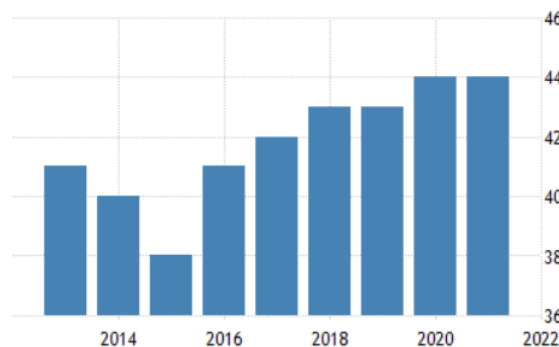
Since 2018, the FCO has not identified Tunisia as a “Human Rights Priority Country”, however there are still ongoing human rights concerns, including torture; the impunity of security forces; arbitrary arrests and prolonged periods of detention.

Labour Market and Practices

British Nationals are not required to obtain entry visas for Tunisia for stays up to 3 months. Foreigners are not allowed to do jobs which Tunisians could normally fill. There are special provisions for foreign-owned or off-shore companies.

Bribery and Corruption

Tunisia ranked 69 out of 180 countries in 2021 in the Corruption Perceptions Index, with its score improving by one point since 2019.



<https://tradingeconomics.com/tunisia/corruption-index>

Terrorism Threat

Terrorists are still very likely to try to carry out further attacks in Tunisia, including against UK and Western interests. Attacks could be indiscriminate, including in places visited by foreigners. You should be vigilant with regard to your personal security whilst you are in Tunisia.



<https://www.nytimes.com/2017/06/25/world/africa/corruption-crackdown-intensifies-in-tunisia-and-the-people-cheer.html>

General PESTEL analysis for Tunisia

Political

Tunisia has a relatively stable political environment that is supportive of business activities in the nation. The country is marked by democratic form of government and a relatively open economy as compared to other African nations. The government has realised the need for liberalisation of the economy to promote growth within the nation (African Development Bank Group, 2012)

Environmental

Tunisia's business environment offers a unique challenge because despite favourable location along the sea, the country is set in the neighbourhood of a much disturbed Libya (Libya's Security Crisis, n.d.). Complex and large scale projects being launched by the government offer a favourable business environment. The country is also marked by the presence of tough local players (Doing Business, n.d.).

Social

The country has seen a marked decrease in poverty levels. It is expected that by 2020, the country shall have 20% people within the poor category rather than the present 45%. Rapid urbanisation and increasing number of wealthy people is expected to bring in favourable demand conditions (Business Monitor International, n.d.).

Technological

The country functions within a very large informal economy in terms of cash transactions and sparse consumer spending data. Accenture can mitigate such issues in technology by connecting with banks and such institutions that can help with formalised data of spending patterns and thus help the company in devising sound business strategies.

Economical

Trade among African nations was restricted by hefty tariff impositions on imported products. The continent is now marked by opening up of trade barriers for international as well as regional trade. There exist numerous trade blocks in the country that facilitate transactions within and outside Tunisia (US Commercial Service, 2012).

Legal

Tunisian government has liberalised the economy but there is some sort of control still in the mechanism. The tax structure has been simplified and its laws have attracted FDI into the country. 7 Foreign companies can also benefit from free trade of manufactured goods with EU through Tunisia. However, public sector dominates core sectors of operations like energy, pharmacy, transport, basic food and telecommunications (Greenwood, 2002).

(Source: Pinson, 2008; Lorat, 2009; Delta Partners, 2011)

Conclusion

With the exception of Bulawayo, all the locations were able to offer positive considerations that outweighed any negative implications, however overall, there was a location for each global region that offered significant advantages over the others.

As such and based on factors including suitability for work/life balance, manufacturing and production capability, logistical positioning, political stability and soundness and cultural suitability I would recommend the following for **further consideration and scrutiny** pending any further decision.

South American Region

Montevideo - Uruguay

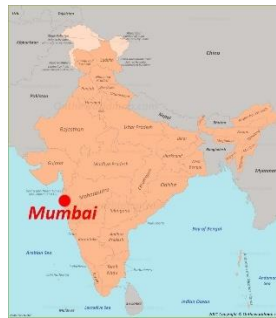
I would state that recent political occurrences in Brazil impacted this decision.



Asian Region

Mumbai - India

This was a more complicated decision, with three outstanding locations all with huge potential.



African Region

Durban - South Africa

This choice was in general based on the readymade marketplace available and the possible entry to Sub Saharan Africa, if a potential entry to Mediterranean Europe was preferred then the African location may be Tunis.



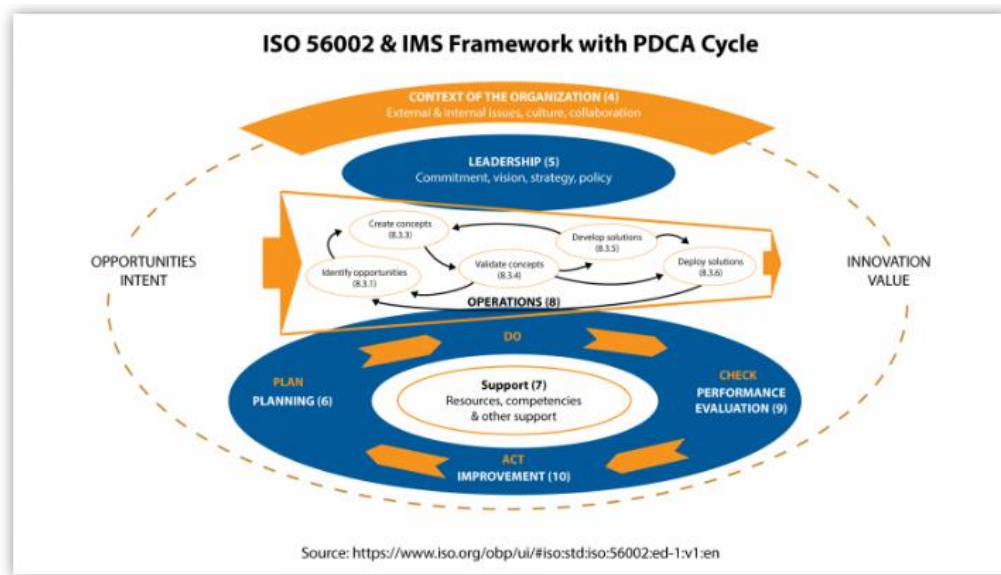
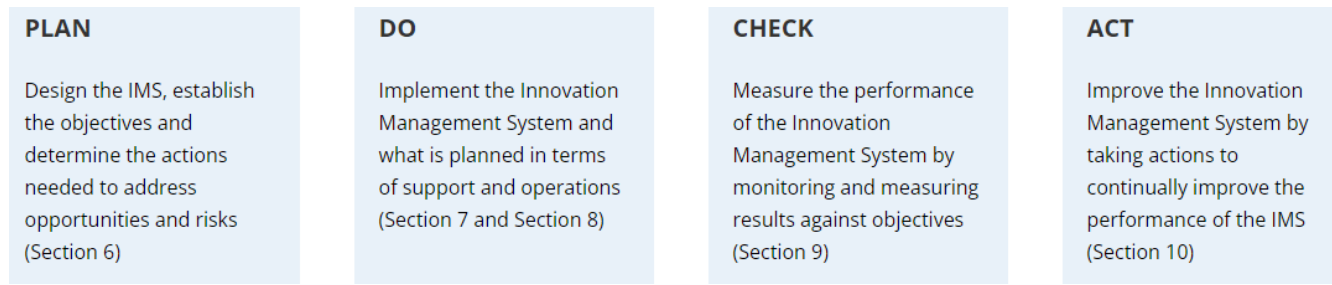
Additional Comment

I would like to take this opportunity to introduce you to a potentially beneficial set of standards (ISO56000 series) that you may wish to consider as part of your ongoing commercial planning and decision making process as your business continues to expand and prosper, especially with further overseas development.

They are designed to be of benefit by setting an internationally level playing field when it comes to your Innovation management strategies, they cover everything from fundamentals and vocabulary (56000) to ideal management (56007)

ISO56000 Innovation Management	Fundamentals and vocabulary
ISO56002 Innovation Management	Innovation management system guidance
ISO56003 Innovation Management	Tools and methods for innovation partnership
ISO56004 Innovation Management	Assessment guidance
ISO56005 Innovation Management	Intellectual property management
ISO56006 Innovation Management	Strategic Intelligence management guidance
ISO56007 Innovation Management	Idea management

The Innovation Management System (IMS) is designed to work through a Plan, Do, Check and Act cycle, an example of which is shown below.



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