

Table 1.2: PESTLE analysis in the international business environment**Political**

- Political stability
- Form of government, e.g. democratic, authoritarian
- Level of freedoms, e.g. freedom of expression and association
- Incentives to foreign investors
- Level of transparency in political decision-making
- Level of corruption in business and political ties

Economic

- Level of economic development
- Trends in GDP
- Rate of inflation
- Wage levels and level of unemployment
- Strength of currency and convertibility
- Rates of taxation

Sociocultural

- Growth rate of population, and age distribution of population
- Language(s)
- Main religious and cultural groupings
- Educational attainment levels
- Level of social cohesion
- Role of women

Technological

- Government spending on R&D
- Legal regime for patent protection
- Energy availability and costs
- Transport infrastructure and costs
- Innovation system, including availability of skilled workforce
- Level of technology transfer

Legal

- Rule of law
- Independent judicial system
- Fair, impartial implementation of the law
- Contract law and procedural clarity
- Recognition of international law
- Adherence to human rights law

Environmental

- Environmental protection measures
- Climate change impacts
- Biodiversity
- Pollution, such as reductions in urban air pollution
- Clean technology
- Recycling technology

Dimensions and Layers of the International Environment

Table 1.3: Dimensions and layers of the international environment				
Layers and dimensions	Local community	National environment	Region of the world	Whole world
Sociocultural	Families; local customs; schools; urban or rural	National culture; language; sense of shared history	Cultural affinity across the region; movement of people between countries	Human rights; world religions; consumer culture
Economic	Local businesses; predominant industries	National industries; industrial structure; national income and economic growth	Degree of economic integration; regional trade relations	Global economic integration; WTO and multilateral trade agreements; global companies and industries
Political	Local government and politics	Political system; degree of civil and political freedoms	Degree of political cooperation; shared institutions (e.g. the EU)	International governmental cooperation (e.g. the UN)
Legal	Delegated lawmaking; planning; health and safety	Rule of law; independent judiciary and court system; national legislation	Legal harmonization; mutual recognition of court judgments	International law and the International Court of Justice (ICJ)
Technological	Schools and colleges; research centres	National school system; universities; government funding for R&D	Cross-border research ties; cooperation among universities	Global spread of breakthrough technology; global R&D networks
Financial	Penetration of banks and financial services	National financial system; regulatory system	Cross-border financial flows; regional regulation (e.g. the European Central Bank)	Global financial flows; international institutions (e.g. the IMF and World Bank)
Environmental	Ecosystems; pollution levels; air quality	Areas of environmental stress; environmental protection laws	Regional institutions; cooperation over regional resources (e.g. rivers)	Climate change; international cooperation on emissions reduction