

Afghan Sun – Summary PEST Analysis



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IB BUSINESS MANAGEMENT – PRE-RELEASED CASE STUDY NOV 2017: SUMMARY PEST ANALYSIS

Political:

- Weak or no rule of law in tribal areas
- The government fiscal position is strong
- Corruption
- Limited political space to express dissenting political and other views
- Limited freedom of expression
- Much of Afghanistan operates in a critical threat security situation.
- Parliamentary elections in 2018
- Legal framework, regulatory enforcement, and dispute resolution mechanisms make it difficult to resolve business disagreements in country.
- Foreign legal persons may not own land, and securing clear title to land is a long, time-consuming, expensive process.

Economic:

- One of the least developed countries
- Poor 'ease of doing business' rankings
- Low average incomes
- Low economic growth
- Insecurity curtails private investment and consumer demand
- 11% or more of the nation's economy is derived from the cultivation and sale of opium
- Growth remains principally driven by agriculture
- Poverty has increased
- Currency depreciation
- Poor infrastructure development including limited access to power and transportation, is prevalent throughout the country
- The commercial banking system provides limited commercial financing.
- The government and the private sector both face a shortage of skilled labour and trained personnel.
- Customs regulations and procedures are neither transparent nor consistent

Social:

- Islamic country (Islamic Republic of Afghanistan)
- Afghanistan is mostly a tribal society with different regions of the country having its own subculture
- Local distrust and fear of international agencies

Technological:

- Demand for electricity growing
- Solar cells falling in price
- Solar cells increasing in efficiency
- Production technology
- Limited telecommunications infrastructure – phones or internet
- Installation of solar power systems

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| <ul style="list-style-type: none">▪ Tribal power structures▪ Readiness to use force to settle disputes▪ Limited equality and influence for women▪ Multiple languages▪ Limited education opportunities▪ Low illiteracy rates, especially among rural populations and women | <ul style="list-style-type: none">▪ Repairs of solar power systems▪ Complementary technologies – battery storage, LED lighting, etc▪ Research and development (e.g., worlds largest solar manufacturer has 980 solar patents) |
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