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DEFENCE MANAGEMENT AND PESTLE ANALYSIS

Abstract:

Militaries are in a changing and evolving environment. Defence management, with references to both military science and general management field, is seeking possibilities, opportunities and methods for being transformed in this dynamic environment and contexts. Managing, commanding and leading requires to know what is around, how is the surrounding atmosphere of organizations, what are the current socio-political, economic, environmental, scientific and legal situations to be considered? PESTLE analysis is giving a chance to defence managers for answering these questions. In this article we will discuss PESTLE model and try to find a solution how we can enhance it through a strategic approach.

Keywords:

PESTLE, defence management, military organization, security management, military science

Introduction

Peace is among the highest values of humanity universally. Peoples of the world have suffered too much from wars and conflicts in ancient and modern times. Military, with its all components, is an institution deeply related to the notions of war, defence and strategy. All real militaries, without exception, are organizations functionalized, specialized and focused on war and defence matters by definition. A military is expected to be strong, powerful and effective not only for fighting, even more, for not fighting. Well, all the issues of security dilemma, realist assumptions in international security field, critical military studies' objections, etc. are well known in our academic/scholarly circles. However, we can be sure that everybody would have consensus

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regarding the features mentioned above work about all conventionally shaped militaries. In the wide and sometimes vague field of social sciences of course on the same topic many arguments can be developed: similar, slightly or entirely different ones with millions of possible variations. Social scientists should “ask themselves if they have designed their research in such a way as to allow for coherence between purpose, theory, methods, and results.”² Actually, if the scholar in “the field of military studies finds that the answer to this question is increasingly yes, then (...) it will maintain and further develop coherence as an interdisciplinary, applied field in the service of both theory and practice.”³ Academic studies need to focus for such an ‘interdisciplinary coherence’.

Fig. 1. A Military March.



Source: A. İzgi, *Turkish military units moving to Libya, says Erdogan*, <<https://www.trtworld.com/turkey/turkish-military-units-moving-to-libya-says-erdogan-32726>> (30.06.2020).

Although militaries are organized with the main function of war, fortunately physical confrontations do not always happen in the history of societies; which means we have sometimes a ‘comparative’ peace situation. In peace times (and also war times):

² P. M. Shields, T. A. Whetsell, *Doing Practical Research and Publishing in Military Studies*, [in:] *Routledge Handbook of Research Methods in Military Studies*, (ed.) J. Soeters, P. M. Shields, S. Rietjens, 2014, p. 324.

³ *Ibidem*.

1. Militaries exist, reproduce themselves as they are and in an evolving dynamism.
2. They are running other activities directly, indirectly related or unrelated to war, ranging from agricultural or industrial production to media, health sector or R&D activities.
3. All these diverse activities of militaries besides defence functions require incorporation of management methods, concepts and related leadership skills.

Saying this we can have a closer look to defence management, it's possible definition, theoretical approaches and main notions.

Defence Management

In military studies there is not a consensus on defining defence management. What we can say that it is in an interdisciplinary intersection with overlapping topics of military science, security studies and the field of management. It is said that defence management refers simply “to the idea that defence organisations need to turn defence policies into practice, and in doing so, to develop appropriate and sustainable planning mechanisms, support systems and infrastructure”⁴. It is considered “as an institutional process” by this way defence management “is situated between defence policy formulation and actual command and control of the military forces. The process should address areas of action such as defence resource management, personnel management, and acquisition management”⁵. So, it includes other sub-levels of management components as well.

Defence management is employing “a vast set of working methods such as operational, system and structural analyses, planning and programming, modelling and simulation, creation of alternatives, measuring performance and process improvement, project management, assessment of risks”⁶ beside others which are “applicable to different aspects of formulating and implementing a defence policy”⁷. Practitioners, leaders and researchers in defence management should have maximum flexibility in order to understand and being adopted to all these methods.

It is emphasized that defence management is a dynamic and changing process. This dynamism inevitably is bringing flexibility. It is not in a linear character “that moves from strategies to forces on hand. Rather, the ends, ways, and means co-evolve because the environment changes faster than the military

⁴ *About Defence Management*, securitysectorintegrity.com, <<https://securitysector-integrity.com/defence-management/about-dm>> (30.06.2020).

⁵ *Ibidem*.

⁶ V. Ratchev, *Governance, Management, Command, Leadership: Setting the Context for Studies of Defence Management*, [in:] *Defence Management: An Introduction*, Geneva 2009, p. 42.

⁷ *Ibidem*.

can develop new capabilities and available resources are never sufficient to satisfy the national strategies”⁸. Because of this reason, “defence management is also an exercise in managing risk. Ensure the vital interests are covered, and address the rest when one can”⁹. These features of defence management is having it interacting with risk management.

Management in general is “a process of planning, organising and staffing, directing and controlling activities within an organisation in a systematic way in order to achieve a particular common (institutional) goal”¹⁰. Management, with its features, “is both a scientific method and an art of empowering people and making an organisation more effective and efficient than it would have been without management and managers (...)”¹¹. Considering this, defence management emerges as a cycle with four pillars: planning, organizing (and also staffing), directing / leading, monitoring / controlling¹². All of these pillars have to be taken in a strategic way.

Fig. 2. Defence Management Cycle.



Source: *About Defence Management, op. cit.*

⁸ T. Galvin, *Defense Management:Primer for Senior Leaders*, School of Strategic Landpower, U.S. Army War College, Carlisle 2018, p. IX.

⁹ *Ibidem.*

¹⁰ *About Defence Management... op. cit.*

¹¹ *Ibidem.*

¹² *Ibidem.*

Defence managers, like other military or management leaders, “require strong strategic thinking skills, manage strategic problems, envision the future, understanding complexity, lead change, build consensus, negotiate, render best military advice, and perform effectively in joint, interagency, and multinational environments”¹³. These aspects may support “the idea that defence management is essentially one form of applied strategic leadership. The main difference between defence managers and principles on flag-officer staffs is largely context, not function”¹⁴. We may also add that the contexts defence managers are confronting and dealing with will create always the need for incorporating some analytical methods toward understanding the contextual reality. PESTLE is highly functional for this purpose.

PESTLE Model

PESTLE, also called PEST, is an analytical tool created by Francis Aguilar in 1967, it has the purpose of functioning as a “strategic planning and analysis framework” for the study of “micro-environment and macro environment” and developing “strategic thinking”¹⁵. Aguilar used it as ‘ETPS’, stands “for the four sectors of his taxonomy of the environment: Economic, Technical, Political, and Social”¹⁶. PESTLE is a concept “used as a tool by companies to track the environment they’re operating in or are planning to launch a new project/product/service etc.”¹⁷ PESTLE is a mnemonic expression, “P for Political, E for Economic, S for Social, T for Technological, L for Legal and E for Environmental. It gives a bird’s eye view of the whole environment from many different angles that one wants to check and keep a track of while contemplating on a certain idea/plan.”¹⁸. This powerful advantage makes it functional for defence management as well.

¹³ T. Galvin, *op. cit.*, p. 93-94.

¹⁴ *Ibidem*.

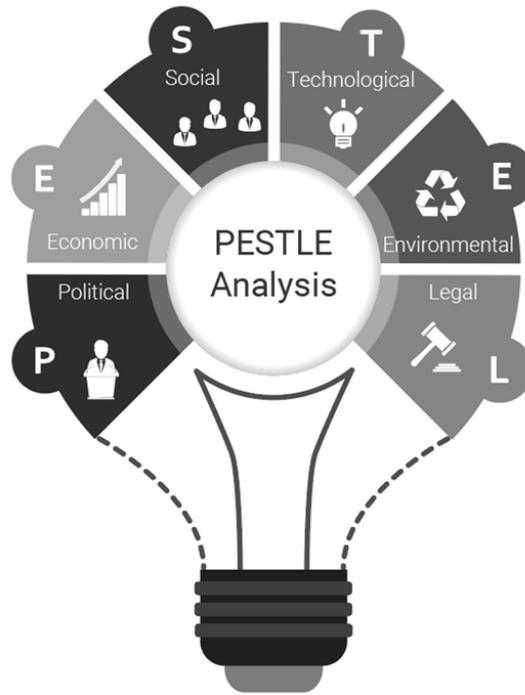
¹⁵ *Grab your Mortar – PESTLE Analysis Explained*, <<https://bstrategyhub.com/grab-your-mortar-pestle-analysis-explained>>, (30.06.2020).

¹⁶ *PESTLE Analysis Overview*, p. 1, <<http://www.tacitintellect.co.za/wp-content/uploads/2012/02/PESTLE-Analysis.pdf>>, (30.06.2020).

¹⁷ *What is PESTLE Analysis? A Tool for Business Analysis*, <<https://pestleanalysis.com/what-is-pestle-analysis>>, (30.06.2020).

¹⁸ *Ibidem*.

Fig. 3. PESTLE



Source: A. Green, *How to Use IBISWorld Research in a PESTLE Analysis*, <<https://www.ibisworld.com/industry-insider/how-to-use-industry-research/how-to-use-ibisworld-research-in-a-pestle-analysis>> (30.06.2020).

In PESTLE analysis “political and legal factors” such as “stability, taxes, state policy of foreign trade activity regulation, political stability, legislative system, level of judicial system” are analyzed. As for “economic factors” we may focus on “GDP, GNP, investment climate, inflation rate, currency stability, market capacity”. Social and cultural dimensions are also considered like “religion, education, communication means, language, customs, norms of behaviour”. Of course “scientific and technological factors” are also very important in this process: “technological support of production, availability and application of new technologies in business, expenses on R&D”¹⁹. Therefore the combination or synthesis of all these factors is creating PESTLE model.

Several advantages and disadvantages of applying the PESTLE model are mentioned for decades. As for advantages PESTLE “is simple and easy to understand and use”, it “helps understand the business environment better”, “encourages the development of strategic thinking”, “helps reduce the effect of

¹⁹ T. V. Shtal, M. M. Buriak, *Methods of analysis of the external environment of business activities*, “Espacios”, vol. 39, no. 12, 2018, p. 22

future business threats”²⁰. PESTLE “can help an organisation to anticipate future difficulties and take action to avoid or minimise their effect”; and it “enables projects to spot new opportunities and exploit them effectively”²¹. On the contrary it is also said PESTLE has some disadvantages such as the model:

- “allows users to over-simplify the data that is used. It is easily possible to miss important data”, it “needs to be updated regularly to be effective;
- requires users to have access to data sources which could be time consuming and expensive;
- much of the data used by the tool is on an assumption basis, business environments change deeply;
- it is becoming increasingly difficult for projects to anticipate developments;
- there is risk of “paralysis by analysis” for users when they gather too much information and forget the objective of this tool which is identification of potential threats so that proper action can be taken”²².

Thus, users of PESTLE/PEST have to take into account both advantages and disadvantages of the model. This is the realistic way and always better to consider any tool used in any process as it is objectively.

The question is that whether we will use PESTLE model in defence management studies as it is taken in other sectors, fields and research areas, without any interpretation or transformation? Half century passed from the first definition and application of PESTLE. It is really a long time and a great proof of durability, functionality and effectiveness of the concept. During this time we have witnessed several interpretation and changes in the model. For such practical, functional and pragmatic concepts it is very normal to change them by the demand of time, particular sectors and specific field. It is not only about PESTLE, same approach would work with SWOT, Porter’s Five Forces or any other tool or method in management. Therefore, in this article we will try to problematize how could be a new approach about PESTLE particularly thinking about its applicability in defence management.

A New Approach: SEPSET

We know that anything new, if really has the potential to exist and survive, is usually not ‘new’ at all. Its roots already have appeared, conditions for defining or stating it have come, just when we name it we only acknowledge what is staying there for us. It can be said that SEPSET is just a modified version of

²⁰ N. Rastogi., M. K. Trivedi, *PESTLE Technique – A Tool to Identify External Risks in Construction Projects*, “International Research Journal of Engineering and Technology”, vol. 03, Issue 1, 2016, pp. 384-388.

²¹ *Ibidem.*

²² *Ibidem.*

PESTLE for military/security purposes. The concept of SEPSET, which is first time suggested in this article, stands for *Strategic – Economic – Political – Societal – Ecological – Technological*. As you may see it is almost the same with PESTLE; the most important addition is “strategic” here. Any concept related to military and defence fields necessarily needs to refer to strategy.

Defence management is located “at the nexus of national security policy, strategy, campaigning, and strategic leadership”²³. Strategic perspective is obligatory for defence management process. It requires “continuous critical evaluation and modification to ensure the completeness of analysis and acceptability of any strategic decision among internal and external stakeholders”²⁴. For critical analyses and evaluations like this defence managers needs analytical tools. In a strategic perspective “a nuanced understanding of the actors, processes and dynamics of the external environment can help in prediction”²⁵ to defence managers. PESTLE or with our interpretation SEPSET can support defence managers with this functionality. It can be of course also an interesting topic of discussion for academics-researchers in military studies, management and security studies.

Strategy generally defined as a “plan” including “the concept or the idea of how the organisation aims to achieve its goals”²⁶. The term of strategy is coming from *strategos* in Greek which means interestingly “general”. In military view “strategy involves the planning and directing of battles or campaigns on a broad scale, that is, the responsibility of the general” In management, as Peter Drucker emphasized “strategic management does not deal with future decisions. It deals with the futurity of present decisions. It involves more than doing things right. It is concerned primarily with doing the right things”²⁷. Therefore, as a tool dealing with today’s issues and environment, PESTLE should consider strategic dimension. When we realize that “social” and “legal” are highly related in society then using the term of “societal” in SEPSET makes sense too apparently.

PESTLE is a perfect technique for analyzing the environment. However, even the conventional users of PESTLE admit that it should be located in a more comprehensive strategic picture²⁸. This is one of the supporting reasons for discussing about SEPSET.

PESTLE analysis traditionally focuses on six important levels: Political factors are very influential in economic and management processes. International

²³ T. Galvin, *Defense...*, p. IX.

²⁴ *Ibidem*, p. X.

²⁵ D. Waters, *National-Level Challenges Affecting Defense*, Galvin 2018, p. 41.

²⁶ K. Mäkinen, *Strategic Security: A Constructivist Investigation of Critical Security and Strategic Organisational Learning Issues: Towards a Theory of Security Development*, Helsinki 2005, p. 68.

²⁷ A.W. Steiss, *Strategic Management for Public and Nonprofit Organizations*, New York-Basel 2003, p. 1, 340.

²⁸ *PESTLE Analysis – Strategy Skills*, <<http://www.free-management-ebooks.com/dldebk/dlst-pestle.htm>>, (30.06.2020).

relations, national security and strategy approach of a country, their preferences in local and regional contexts, Etc. all effect other components of societies as well. The legal factors which include “labour laws, tax policies, consumer protection laws, employment laws, environmental regulations, and tariff & trade restrictions” have many impacts in economy. The conditions of economy “have the highest influence on a business regardless of the industry”. Social conditions are following the political and economic conditions in PESTLE. Environment, especially when humanity suffers from its environmental/ecological mistakes severely, seems as the post important element of PESTLE (or with our expression SEPSET). Technological factors are including “technological changes, R&D activity, obsolescence rate, automation and innovation”²⁹, besides many other possible aspects. Strategic analysis is like the cornerstone of SEPSET which is connecting it to the heart of its analytical function in defence management. Both military/defence level of study and management require a strategic evaluation in the most possible comprehensive way.

Conclusion

PESTLE or with the interpretation in this article SEPSET is an analytical technique/tool which is very functional for understanding surrounding societal, political, economic, environmental and technological conditions. Each of these elements has to be tested through a strategic analysis. Defence managers like any other managers and social scientists researching on these topics have to keep in mind what strategy and strategic obligations are directing the existing interactions and dynamism of these elements. Strategy should be like the framework to maintain composition of all the components. PESTLE/SEPSET is like SWOT an analytical tool. Analyzing something is different, changing or transforming it is different. A beneficial analysis makes sense when it finds its highest value and meaning in a successful change management process. Understanding does not automatically bring the process of “changing”. Change is always related to bravery and strength. Strong and brave leaders would be capable to perform progressive changes and transformations based on their scientific and realistic analyses.

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²⁹ L. Loveson, *Using Strategic Analysis to Develop A Business*, (Bachelor's Thesis), Lahti University of Applied Sciences, 2015, p. 18-22.

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