

# AN EMPIRICAL STUDY ON THE SWOT ANALYSIS: CONCEPT AND A THEORETICAL REVIEW

CMA MD. JAHIR HOSSAIN

Finance Officer

University of Gour Banga

Malda, (W.B)

**Abstract:** SWOT analysis is a strategic planning tool used to assess an organization's Strengths, Weaknesses, Opportunities, and Threats. It provides a comprehensive evaluation of both internal and external factors that can impact the organization's performance and efficiency over the long term. This paper aims to provide a complete understanding of the SWOT analysis concept and overview its functions, methodological outline, and its application in various sectors in the society. By exploring the backgrounds, components, and applied executions of SWOT analysis of principle of management, this article explains its key role in long term strategic management in an organization.

**Keyword** - Strength, Weaknesses, Opportunities, Threats, Components, Components, Strategic.

## 1. INTRODUCTION

The long term strategic planning is an important process for all type of organizations striving to achieve their long-term goals and objectives. Among the many type of tools available in SWOT analysis has occurred as a fundamental method for measuring an organization's internal and external atmosphere. It has established in the year 1960s by eminent management scientist Sir Albert Humphrey at the Stanford Research Institute, According to him the SWOT analysis has become a cornerstone in business strategy formulation and for management decision making. This paper seeks to offer a exhaustive overview and concept of the SWOT analysis in all type of organizations, observing its theoretical fundamentals, methodological attitude, and practical applications through various type of institutions and industries.

## 2. THE CONCEPT AND THEORETICAL REVIEW OF SWOT ANALYSIS

SWOT analysis is a structured planning method utilized to assess the strengths, weaknesses, opportunities, and threats associated with a business venture, institution, or project. The primary objective of this analysis is to identify both the internal and external factors that can either support or hinder the achievement of the organization's goals and objectives. By systematically evaluating these elements, organizations can develop strategies to leverage their strengths, address their weaknesses, seize opportunities, and mitigate potential threats. The responsiveness of the threats and opportunities are noticed in the external atmosphere and the strengths and weaknesses are notice in the internal atmosphere of the organization, a comprehensive analysis of these elements contributions in providing an accurate considerate of the organization in connection to its internal and external environment. This comprehensive analysis is documented as SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) of an organization. This analysis would care in the development of policies making that take maximum the advantage of internal strengths and opportunities while diminishing the negative effects of weaknesses and threats of an institution, corporate and non-corporate organization.

## 3. STRENGTHS

The strengths of an organization refer to the internal qualities and resources that improve an organization's capability to achieve its goals and objectives. These may include healthy financial fitness, a strong unique reputation, advanced technological abilities, expert human resources, and efficient working processes. Recognizing strengths empowers organizations to leverage their core competencies to improve a competitive superiority. The key developments are:

- a. Distinguishing competence
- b. Business effectiveness
- c. Expert work force
- d. Satisfactory financial resources
- e. Product or service diversity
- f. Lagging from strong competitive pressures.
- g. Greater image and reputation
- h. Economies of scale
- i. Higher advance technology.

## 4. WEAKNESSES

The weaknesses are internal factors of an organizations that can hamper an organization's efficiencies and performance. These may encompass financial limitations, poor quality of organizational structure, obsolete technology, lack of innovation, and inadequate human resources. Identifying weaknesses is critical for organizations to address and lessen these issues, in that way improving overall performance. The main points are:

- a. No clear long term strategic direction
- b. Difficult overall unit costs relating to competition.
- c. Excessively narrow a product line
- d. Low employee confidence
- e. Deprived market image.
- f. Outdated technology
- g. Deprived track record in implementing strategy.
- h. Obsolete facilities
- i. Weaker distribution network
- j. Absence of Innovation
- k. Feebler distribution network
- l. Poor research and development programs.
- m. Incapability to raise capital
- n. Lack of management deepness and skills.

## 5. OPPORTUNITIES

The opportunities are the external factors that an organization can achieve to its advantage. These could include market development, technological progressions, supervisory changes, and moves in consumer behavior. By recognizing opportunities, organizations can grow long term strategies to exploit on satisfactory external conditions, promotion growth strategy and wide expansion. The key points are as follows:

- a. Developed economy
- b. Available new market
- c. Advance technologies
- d. Vertical integration
- e. Contentment among competing organizations
- f. Extended product line to meet the demand of customers
- g. Decreasing trade barriers in attractive foreign markets.

## 6. THREATS

Threats are external influences that may posture challenges to an organization's achievement. These can consist of economic recessions, increased competition, and changes in regulatory frameworks and developing market tendencies. Accepting threats allows organizations to grow contingency plans and long term strategies to mitigate potential hazards. The important factors are:

- a. Expensive new regulatory requirements
- b. Raising sales of substitute products
- c. Opposing demographic changes
- d. Entrance of lower cost foreign competitors
- e. Lack of resources, recession in economy
- f. Altering buyer's needs and tests.

## 7. METHODOLOGICAL FRAMEWORK OF SWOT ANALYSIS

Showing a SWOT analysis involves a methodical approach to gather, classify, and examine data regarding the internal and external atmosphere of an organization.

### 7.1 Data Collection

The preliminary step in accompanying a SWOT analysis is meeting relevant data and information. This contains collecting information from numerous sources, including internal reports, market research studies, business analyses, and competitor assessments. Appealing stakeholders across different levels of the organization safeguards a comprehensive standpoint.

### 7.2 Identification of Factors

If data is collected once, the next step is to identify and categorize the factors into strengths, weaknesses, opportunities, and threats. This includes critical thinking and cooperative brainstorming sessions with key stakeholders to certify a systematic and impartial assessment. The 7 P's of SWOT analysis are:

- a. Products
- b. Price
- c. Place
- d. Promotion
- e. People
- f. Process
- g. Physical evidence

### 7.3 Analysis and Evaluation

The standard factors are then analyzed to grow their import and potential impact on the organization. This analysis helps in influential the organization's strategic position and developing actionable dreams.

#### 7.4 Strategy Formulation

Based on the examination, organizations frame strategies that influence strengths, discourse weaknesses, exploit on opportunities, and mitigate threats. These strategies serve as the foundation for the organization's strategic planning and decision-making procedures.

### 8. PRACTICAL APPLICATIONS OF SWOT ANALYSIS

#### 8.1 Case Study 1: Technology Industry

In the technology sector, companies such as Apple and Microsoft employ SWOT analysis to direct the fast growing market scenery. Strengths for these companies might encompass a strong brand, wide R&D competences, and a varied product portfolio. Weaknesses could include over-reliance on confident product positions. Opportunities might be documented in emerging markets and innovative technological predispositions, while threats could include strong competition and cyber security encounters.

#### 8.2 Case Study 2: Healthcare Sector

Healthcare organizations spread over SWOT analysis to discourse the problems of the industry. Strengths might comprise advanced medical technology and a skillful workforce, whereas weaknesses could integrate high operational costs and regulatory compliance challenges. Opportunities frequently lie in the rising demand for healthcare services and technological developments in medical treatments. Threats may encirclement changes in healthcare policies and economic disparities affecting subsidy and funding in this sector.

#### 8.3 Case Study 3: Non-Profit Organizations

Non-profit organizations also use SWOT analysis to transport into line their mission with community needs and resources. Strengths could be robust community provision and volunteer networks, while weaknesses might cover limited investment and dependence on external grants. Opportunities could cover potential partnerships and innovative funding sources. Threats might encompass changing public rules and economic situations affecting sponsor assistances.

### 9. BENEFITS AND LIMITATIONS OF SWOT ANALYSIS

#### 9.1 Benefits

Simplicity: The methodology is open, making it handy to numerous stakeholders.

Flexibility: Applicable across diverse industries and organizational frameworks.

Wide-ranging Vision: Provides a complete view of internal and external factors inducing the organization.

Strategic Planning: Facilitates arrangement of organizational resources by way of external opportunities and threats.

#### 9.2 Limitations

Bias: The study may be influenced by personal biases, affecting its accurateness.

Lack of Ranking: SWOT analysis does not fundamentally rank the importance of identified issues.

Frozen Nature: It may not adequately apprehension dynamic changes in the atmosphere.

### CONCLUSION

SWOT analysis remains a vital instrument in strategic planning, providing an organized method to identifying and measuring internal strengths and weaknesses, as well as external opportunities and threats. While it has its limitations, the benefits of appealing SWOT analysis make it a vital part of strategic management in various organization. By leveraging this instrument, organizations can cultivate factual strategies to achieve their goals and undergo competitive advantage.

### REFERENCES

- [1] Hill, T., & Westbrook, R. (1997). SWOT Analysis: It's Time for a Product Recall. *Long Range Planning*, 30(1), 46-52.
- [2] Humphrey, A. (2005). SWOT Analysis for Management Consulting. *SRI Alumni Newsletter*.
- [3] Dyson, R. G. (2004). Strategic development and SWOT analysis at the University of Warwick. *European Journal of Operational Research*, 152(3), 631-640.
- [4] J S Chandan, Management concepts and strategies, Vikas Publishing House Pvt Ltd.