Chapter 4: SWOT Analysis

Overview: You will prepare an analysis of the organization’s internal strengths and weaknesses in Section I of this chapter while Section II will offer an analysis of the opportunities and threats associated with the organization’s external environment. This discussion of Strengths, Weaknesses, Opportunities, and Threats will form the basis of a SWOT analysis for the organization. Finally, Section III of this chapter will offer an evaluation of the SWOT analysis. You will reference this analysis again in Chapter 5 when formulating recommendations for the organization. While conducting this analysis, recall the Hill & Jones advice on how to proceed:

- Remember that the SWOT analysis is the key to a solution
- Balance strengths/weaknesses against opportunities/threats
- Based on the overall balance, include your evaluation of the company’s positive or negative position
- Determine, in this evaluation, if the company can remain profitable
- Further evaluate whether it can turn its weaknesses to strengths & threats to opportunities

You should again refer to “A SWOT Checklist” (Table 1 in Appendix C4, Hill & Jones) to help in preparing a comprehensive SWOT analysis in this section. Include references to business concepts and theories learned in the BAS program. Your analysis will consider the following factors:

- Planning
- Organizing
- Leading
- Controlling
- Porter’s Five Forces Model
- Macro-environment forces

To streamline the preparation of the SWOT analysis, you may regard any Leadership or Control problem as an internal weakness. On the other hand, Planning or Organizing problems may relate to either an internal weakness or an external threat. For example, a company may be aware of its external threats but it could fail to upgrade its planning function or avoid a needed reorganization. You may evaluate this “failure” to address a known external threat as an internal weakness. If you see evidence of internal problems due to a failure to address the external environment, be sure to discuss them later in Section II (the external analysis portion) of this chapter.

To simplify further, you will focus on one primary weakness or threat while offering only a cursory review of the other elements in this SWOT analysis. For example, your research question and hypothesis might point to a problem with leadership (an internal weakness) so you aimed the majority of your literature review at leadership issues. Here, you will assign a negative evaluation to the leadership component and focus much of your SWOT analysis on this primary internal weakness. Subsequently, you will assign a “positive” evaluation to the other components (planning, controlling, organizing and external issues) while offering only a brief (perhaps one paragraph each) discussion for them.

Finally, SWOT analysis discussions (particularly those focused on the thesis) should again include brief references to the theories or concepts learned throughout the BAS program. Refer to the resource guide entitled Theories & Concepts Associated with Learning Outcomes (provided with this course) for assistance in recalling or categorizing this information.

Details for Section I—Internal Weaknesses and Strengths: In preparing this section, you will outline the four major elements of the management process and demonstrate how each function is related to a
strength or weakness in the company. For this first section specifically, you will outline evidence for problems (weaknesses) or strong points (strengths) in the following components.

- **Leading**: If *leadership* is the primary internal weakness identified in the thesis, focus much of the SWOT analysis on this section. If not, a brief discussion with a “positive” evaluation is appropriate here. Include observations, comparisons, and contrasts of at least two leaders in the organization—perhaps executives or lower-level managers. You should:
  - Examine traits, skills behaviors and effectiveness
  - Explore motivational effectiveness
  - Evaluate communication effectiveness (upward and downward)
  - Compare their situational leadership and empowerment strategies
  - Include any emotional intelligence or gender-related leadership traits if appropriate

The discussion should assess each component for each leader either positively (as a strength) or negatively (as a weaknesses)

- **Controlling**: If organizational control is the primary internal weakness identified in the thesis, then focus much of the SWOT analysis on this section. If not, a brief discussion with a “positive” evaluation is appropriate here. At a minimum, the organizational control discussion should:
  - You discussed financial documents (Income Statements and Balance Sheets) in Chapter 3. If you have decided that Organizational Control is the primary internal weakness, then simply mention that information from your Chapter 3 analysis and add a few standard stability measures and/or financial ratios here. *Refer to pages C8 to C12 in the Case Study section of the Hill and Jones text to assist in this analysis.*
  - Examine productivity controls in place
  - Evaluate quality practices such as TQM, 6-Sigma, ISO, or other systems
  - Investigate the type and effectiveness of the organization’s information technology
  - The discussion should assess each component of organizational control either positively (as a strength) or negatively (as a weaknesses).

- **Planning**: If *planning* is the primary internal weakness causing a failure to address *external* threats (as identified in the thesis), then focus much of the SWOT analysis on this section. If not, a brief discussion with a “positive” evaluation is appropriate here. At a minimum, review the short-term and long-term planning processes to
  - Determine if the organization has planning in place for the current and future competitive environment
  - Evaluate the planning process for weaknesses in addressing industry environment changes political or legal forces, changing ethical and environmental requirements, or technological forces and changes
  - As mentioned previously, you may be able to relate some of these *internal* weaknesses to the company’s failure to address (*plan for*) its *external* threats or opportunities, so mention this issue again with respect to the
organization’s threats in Section II. The discussion should assess each planning component positively (as a strength) or negatively (as a weaknesses).

- **Organizing**: If organizing is the primary *internal* weakness associated with a failure to address *external* threats (as identified in the thesis), then focus much of the SWOT analysis on this section. If not, a brief discussion with a “positive” evaluation is appropriate here. At a minimum, analyze various aspects of the company’s organization. Elements include the following:
  
  - Examine the overall organizational design (functional, divisional, matrix, product, etc.) to determine if the chosen system is creating problems.
  - Analyze any issues surrounding job design or descriptions.
  - Investigate any human resource factors such as salary and wage scale issues or collective bargaining concerns.
  - Evaluate any issues with organizational culture, especially with respect to flexibility for future necessity to change.

As mentioned previously, you may be able to interpret some *internal* organizational weaknesses as a failure to address (that is, re-organize for) *external* threats or opportunities. For example, perhaps the company has failed to circumvent a threat because it overlooked an opportunity to integrate vertically or horizontally to gain an advantage. If you suspect this to be the case, mention the issue again with respect to the threats in Section II. The discussion should assess each organizational component positively (as a strength) or negatively (as a weaknesses).

**Section II–External Opportunities and Threats**: After considering the above internal components, you will concentrate on the challenges inherent in the external environment. If these threats represent the primary concerns confronting the organization (as identified in the thesis), then focus much of the SWOT analysis on this section. If not, a brief discussion with a “positive” evaluation is appropriate here. At a minimum, incorporate the following concepts outlined in the Hill & Jones text:

- Consider “Porter’s Five Forces Model” including
  - Bargaining power of suppliers
  - Risk of entry by potential competitors
  - Bargaining power of buyers
  - Threat of substitutes
  - Intensity of rivalry among competitive firms

- Consider the role of the macro-environment forces and how each factor is relevant
  - Global forces
  - Demographic forces
  - Political & legal forces including changing ethical and environmental requirements
  - Technological forces and changes
  - Social forces

The discussion should assess each of the above environmental factors either positively (by finding the opportunity) or negatively (by detecting the threat).
Section III: Evaluating the SWOT Analysis (leading to future recommendations)

You will discuss the company’s ability to achieve a competitive advantage by referring to the above analysis as well as the discussions of structure, controls, and corporate and business level strategies. For example, evaluate the ability of the company to address threats without making any changes. If you determine that the company must change leadership, controls, organizational structures, or strategic plans, then discuss this opinion as well. Consider this discussion again in Chapter 5 when preparing final recommendations.

Chapter 4 Checklist

The following Checklist exercise will help you identify any problems in your chapter prior to submitting. If you complete this checklist (assuming you have answered “Yes” to each item) and you still need personal feedback, contact your professor for further instructions (see Chapter 4 Checklist, next page).

**Chapter 4 Checklist**

*Before submitting, self-assess your completed chapter by completing this checklist*

<table>
<thead>
<tr>
<th>Item to Check</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>Does the chapter meet SAFE ASSIGN Matching Index rules?</td>
<td>Safe Assign Matching Index Score</td>
</tr>
<tr>
<td>Have you provided Subheadings for the various sections as suggested in the outline?</td>
<td>Provide subheadings for Section I—Internal Weaknesses and Strengths (include subheadings for planning, leading, organizing, &amp; controlling); Section II—External Opportunities and Threats; Section III: Evaluating the SWOT Analysis. Suggestion: Circle the required elements and/or subheadings on the corresponding section of your paper. This will help to make sure you (and your instructor) can identify the required elements.</td>
</tr>
<tr>
<td>For Section I, have you provided subheadings and discussed the strengths or weaknesses in the planning, leading, organizing, and controlling functions of your company? Did you include financial ratios where appropriate?</td>
<td>Provide examples and details for each of the four functions as explained in the outline. Define which of the four functions represent corporate strengths. If you are focusing on internal weaknesses for your primary research, identify one of the functions for further analysis. This selection should correspond to your original thesis. You should modify your thesis at this point if the thesis is not consistent with this weakness assessment.</td>
</tr>
<tr>
<td>For Section II, have you provided subheadings and fully discussed external threats and opportunities? Did you consider Porter’s 5 Forces Model as well as macro-environmental issues?</td>
<td>Did you provide additional subheadings for each threat and opportunity as well as headings for Porter’s model and the macro-environmental forces? If you are focusing on external threats for your primary research, identify one of the factors for further analysis. This selection should correspond to your original thesis. You should modify your thesis at this point if the thesis is not consistent with this threat assessment.</td>
</tr>
<tr>
<td>For Section III, did you provide subheadings and evaluate the ability of the company to address threats or weaknesses with or without changes? Did you discuss these opinions in relation to your thesis?</td>
<td>Provide subheadings for these discussions. Make sure your opinions reflect your thesis statement. Modify your thesis if it is not consistent with your opinions at this point. This discussion will become the basis for your recommendations and conclusions in Chapter 5.</td>
</tr>
<tr>
<td>Have you prepared and submitted an accurately formatted cumulative reference list for your in-text citations?</td>
<td>Your instructor expects you to check this before submitting the chapter. Your professor will not provide detailed feedback for improperly formatted reference lists but grades are reduced accordingly. Suggestions:</td>
</tr>
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</table>
Is your APA style accurate for your in-text citations

Your instructor expects you to check these before submitting the chapter. Your professor will not provide detailed feedback for improperly formatted in-text citations but grades are reduced accordingly. Suggestions:

Grading for Chapter 4
Your instructor will use a grading scale similar to the table presented below. Note that instructors may modify this scale as appropriate for each class and each situation. Inquire as to the specific grading table your instructor is using.

The table offers feedback by allowing you to “decode” or interpret the assigned numeric grade. For example, a grade of 70–79 is interpreted to mean your SAFE ASSIGN originality report is acceptable, your grammar & spelling is acceptable, but your content AND APA style needs improvement. A grade of 59 or below reflects a failure to meet the SAFE ASSIGN originality report Similarity Index percentages. Continued unacceptable percentages will result in plagiarism consequences. Where this generic grading scheme is not adequate to reflect wholly accurate or complete feedback, your instructor will provide specific information to identify the problem.

<table>
<thead>
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<table>
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<tr>
<th>Safe Assign Matching Index Score</th>
<th>90-100</th>
<th>80-89</th>
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<td>15% or less for this course</td>
<td>OK</td>
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<tr>
<td>Grammar/Spelling/ Punctuation at College Grad Level</td>
<td>OK</td>
<td>OK</td>
<td>OK</td>
<td>Needs Improvement</td>
<td>Not Reviewed</td>
</tr>
<tr>
<td>Content/Length OK &amp; Follows Research Paper’s Requirements --see Chapter 2 Checklist for details. Provide subheadings &amp; discussions: Section I—Internal Weaknesses and Strengths Section II—External Opportunities and Threats; Section III: Evaluating the SWOT Analysis). Subheadings &amp; discussions for threats and opportunities; Subheadings &amp; discussions for Porter’s Model &amp; macro-environmental forces;</td>
<td>OK</td>
<td>OK</td>
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modify thesis for consistency; evaluate company’s ability to address threats & weaknesses with/without changes.

APA Style Reflects Scholarly Effort
Avoid copy & paste; properly summarize any researcher’s conclusions; provide proper quotation marks, in-text citations & reference list

| OK | Needs Improvement | Needs Improvement | Needs Improvement | Not Reviewed |

Objectives and Expectations. In performing the leadership analysis in Section 1, you will address LO-1 by analyzing “the strategies leaders use to motivate and evaluate individuals and teams.” You will also demonstrate an ability to “comprehend and apply ethical practices in professional activities” as defined by the organization’s leaders (LO-2); and, finally, you will demonstrate an ability to “analyze strategies and frameworks used by leaders to initiate change in organizations” as described in LO-5. In performing the planning analysis in Section 1, you will demonstrate LO-6, the ability to “apply information management practices to the business/organization environment and adapt to future technology changes.” In performing the organizing analysis in Section I, you will demonstrate LO-4 (“management theories and practices in program and resource management”). You will also exhibit an aptitude for “apply(ing) the framework underlying the principles of finance, budgeting and accounting” (LO-3). Finally, you will also reveal proficiency at “applying skills acquired in management, international business, marketing, business law, accounting, finance, economics, and management information systems to different business environments” as expressed in LO-8-B2. In each section (Sections I, II, and III), you will also demonstrate “the knowledge acquired in the Supervision & Management program to analyze a business to identify its strengths and weaknesses and develop an improvement plan” (LO-8-B1).

Length: Research Paper Chapter 4 is 8 or 9 pages (2400 to 2700 words). You may exceed these targets if required to address the subject thoroughly.