

SWOT ANALYSIS AS A TOOL FOR MEASURING ORGANIZATIONAL PERFORMANCE FOR ECONOMIC RECOVERY AND NATIONAL DEVELOPMENT (A CASE STUDY OF FEDERAL POLYTECHNIC, BIDA)

Abdullahi Ndagi Yakubu & Salihu Shehu & Mohammed Musa Dankare

Department of Marketing

The Federal Polytechnic, Bida, Niger State.

Email: ndyakubu1976@yahoo.com,

Shehumunir2005@yahoo.com,

fawwazkdk@gmail.com

ABSTRACT

Business environment is increasingly and constantly changing. There is therefore uncertainty about the future as new situations such as technological advancement, new societal trends, new economic forces or newly enacted government regulations emerge. This study appraises the company SWOT analysis as a tool for measuring organizational performance for economic recovery and national development. In carrying out the investigation, the researcher adopted both primary and secondary source of data source, survey method of research in which questionnaire and personal interview were used as a major instrument for data collection. The sample size used was 25 out of over 100 administrative staff of federal polytechnic Bida. Hypothesis was formulated and tested with the statistical instrument called chi-square and goodness of fit test. The study revealed that SWOT analysis is an important tool for many organizations in evaluating themselves as against the environment. It takes into consideration what the organization's capabilities and their limitations and well as the opportunities and threats present in the environment in which they operate and recommended that, there is a need for financial improvement for the organization to be able to strive better, also, despite enough staff there is a need for staff training in order to improve on organization performance.

Keynotes: *SWOT, Analysis, Organization, Performance.*

INTRODUCTION

Many organizations spend most of their time reacting to unexpected changes and problems instead of anticipating and preparing for them. This is called crisis management. Organizations caught off guard may spend a great deal of time and energy playing catch up. They use up their energy coping with immediate problems with little energy left to anticipate and prepare for the next challenges. This vicious cycle locks many organizations into a reactive posture. Business environment is increasingly and constantly changing. There is therefore uncertainty about the future as new situations such as technological advancement, new societal trends, new economic forces or newly enacted government regulations emerge. In order to survive in a dynamic and fast changing turbulent environment and therefore succeed in competitive markets, an autonomous government institution must diagnose the changing situation or circumstances and accordingly put in place strategic measures.

Very simply put, strategic planning identifies where the organization wants to be at some point in the future and how it is going to get there. The “strategic” part of this planning process is the continual attention to current changes in the organization and its external environment, and how this affects the future of the organization. –

SWOT analysis is a set of managerial decisions tools and actions that determine the long-term direction and survival of an organization. SWOT analysis is also the activities that lead to the statement of goals and objective and the choice of strategies to achieve them (Dubrin, 1998). It is typically concerned with fundamental decisions about the future of the organization.

However, formulating and implementing a strategic plan should not be the end of strategic planning. Federal Polytechnic, Bida and other organizations need to know the impact or effects of SWOT on the organizational performance. The impact or effects should be measured not only in terms of typical output-oriented quantitative indicators, but also in terms of qualitative impacts of the strategic

planning process or activity itself. Measuring organization performance in this direction will enable management to know whether the resources devoted to strategic planning are worth their value or not.

STATEMENT OF THE PROBLEM

Business environment is increasingly and constantly changing. There is therefore uncertainty about the future as new situations such as technological advancement, new societal trends, new economic forces or newly enacted government regulations emerge

OBJECTIVE OF THE STUDY

The following are the objectives of the study

1. To investigate the impact of strategic planning on the performance of organizations
2. To give a structural analysis of the Concept of SWOT analysis
3. To examine the relationship between SWOT analysis and organizational performance
4. To observe the organization under study and its performance resulting from SWOT analysis.
5. To examine the effect of inadequate equipment on the organization performance.

RESEARCH QUESTION

1. Does Federal Polytechnic, Bida conduct SWOT analysis?
2. What is the impact of strategic planning on the organization?
3. Is there any relationship between SWOT analysis and organization performance?
4. Does inadequate equipment affect organizational performance?
5. To what extent are management and workers involved in the implementation of strategic planning process in most organizations?

Research Hypothesis

In this study, hypothesis was formulated and tested using Chi-square and test of goodness of fit.

Hi: Effective SWOT analysis enhance organizational performance

Ho: Effective SWOT analysis does not enhance organizational performance

Literature Review

As already noted above, SWOT is an acronym for Strength, Weaknesses, Opportunities and Threats. It is sometimes called situational analysis. According to Carysforth and Neeld (2004), SWOT is a technique for comparing or matching an organisation's internal strengths and weaknesses with opportunities and threats found in the external environment. It is a useful strategic planning tool for evaluating the strengths, weakness, opportunities and threats involved in a project or in a business. SWOT analysis is based on the assumption that if managers carefully review internal strengths and weaknesses and external threats and opportunities, they can formulate and select a useful strategy for ensuring organisational success. Lewis and Trevitt (2000) provide a useful insight into what constitute the strength, weakness, opportunities and threats of an enterprise as follows:

Strength

These are resources and capabilities of an organization that can be used as a basis for developing a competitive advantage. It is an important organizational resource which enhances an organisation's competitive position. Some of the internal strengths of an enterprise are:

- Distinctive competence in key areas.
- Manufacturing efficiency like exclusive access to high grade natural resources.
- Skilled workforce.
- Adequate financial resources.
- Superior image and reputation such as strong brand names.
- Insulation from strong competitive pressures.
- Product or service differentiation.
- Proprietary technology such as patents and resultant cost advantages from proprietary know-how.

Weakness

A “weakness” is a condition or a characteristic which puts the organisation at disadvantage. The absence of certain strengths may be viewed as weakness. Weakness makes the organisation vulnerable to competitive pressures. Weaknesses require a close scrutiny because some of them can prove to be fatal. Some of the weaknesses inherent in public service organizations include:

- No clear strategic direction.
- Outdated facilities.
- Lack of management vision; depth and skills.
- Inability to raise capital.
- Weak distribution network.
- Obsolete technology.
- Low employee morale.
- Poor track record in implementing strategy.
- Poor market image.
- Higher overall unit costs relative to competition reflected in:
 - A weak brand name
 - Poor reputation among customers
 - High cost structure
 - Lack of access to the best natural resources
 - Lack of access to key distribution channels, etc.

Opportunities

An “opportunity” is considered as a favourable circumstance which can be utilised for beneficial purposes. It is offered by outside environment and the management can decide as to how to make the best use of it. Such an opportunity may be the result of a favourable change in the external environment. It may also be created by a productive approach by the management in moulding the environment to its own benefit. Some of the opportunities may include the following:

- Strong economy.
- Possible new markets and an unfulfilled customer need.
- Emerging new technologies.
- Complacency among competing organisations.
- Vertical or horizontal integration.

- Expansion of product or service line to meet broader range of customer needs.
- Removal of international trade barriers.
- Loosening of regulations, etc.

It must however be mentioned that an organisation needs not necessarily pursue more lucrative opportunities. Rather it may have a better chance at developing a competitive advantage by identifying a fit between its strength and upcoming opportunities.

Threats

Change in the external environment also may present threats to an organisation. Management should anticipate such possible threats and prepare its strategies in such a manner that any such threat is neutralised. Some examples of threats include:

- Shifts in customer tastes away from the organisation's products or service.
- Emergence of substitute products.
- New regulations.
- Increased trade barriers.
- Entry of lower cost foreign competitors.
- Cheaper technology adopted by rivals.
- Raising sales of substitute products.
- Shortages of resources
- Recession in economy.
- Adverse shifts in trade policies of foreign governments.
- Adverse demographic changes.

SWOT analysis can help an organisation to formulate strategies that will take advantage of all these factors.

Organizational Performance as a Diagnostic tool of Analysis

Organizational performance is used here to refer to a wide range of intervention strategies into the social processes of an organization. These intervention strategies (which include but not limited to Survey research and Feedback, T- group, Team-Building and Grid Training) are aimed at the performance of individuals, groups and the organization as a total system. In a very general sense,

Organization Performance is concerned with attempts to improve the overall performance and effectiveness of an organization (Mullins 2007).

French and Bell (1999) defined organization performance as a long-term effort, led and supported by top Management, to improve an organization's visioning, empowerment, learning, and problem-solving processes, through an ongoing, collaborative management of organization culture – with special emphasis on the culture of intact work teams and other team configurations – Utilizing the consultant-facilitator role and the theory and technology of applied behavioural science action research.

French and Bell include culture prominently in their definition as they believe that culture is the bedrock of behaviour in organizations. They summarize the primary distinguishing characteristics of Organization Performance in terms of the following:

- A focus on culture and processes with specific encouragement of collaboration between leaders and members;
- A focus on the human and social side of the organization, the importance of teams of all kinds, and participation and involvement in problem-solving and decision-making;
- A focus on total system change with organizations viewed as complex social systems;
- Organization Performance practitioners as facilitators, collaborators and co-learners with the overarching goal to make the client able to solve problems on their own;
- A reliance on an action research model and the adoption of a performanceal view that seeks betterment of both individuals and the organization (French and Bell, 1999).

The relationship between Organizational Performance and change is emphasized by Hamlin, Keep and Ash (2005), who maintain that: 'For organizations that do manage change effectively, change itself becomes the driving force that perpetuates future success and growth. In these organizations, every change becomes welcome as an opportunity for increasing efficiency and building new

organizational success. For any organization to improve its overall performance, it needs a concrete data about its strength, weaknesses, opportunities and threats (SWOT). This helps in refocusing the organization vis-a-vis its competitors. SWOT analysis has therefore become a central tool in organizational performance. SWOT analysis emerged in the 1960s from research at Stanford Research Institute into the failure of current corporate planning methods (Lomax and Roman, 2005). It provides a framework for analysing the market position of an organisation and can be applied in a range of planning and strategic contexts including strategy performance, market planning, and the evaluation of strategic options for a whole business or an individual department.

In the Nigerian public service, SWOT analysis can be an effective way of identifying the strengths and weaknesses of public enterprises, and of examining the opportunities and threats they face. Carrying out a self-awareness exercise using the SWOT framework would help a public enterprise to focus its activities into areas where it is strong and where the greatest opportunity lie. For example, a SWOT analysis could be useful in deciding what to do with such an organization like the Ajaokuta Iron and Steel Company that has so much sunk costs.

According to Muhammed Assessing strengths and weaknesses strategy formulation should necessarily begin with a clear understanding of the organization's strengths and weaknesses. Understanding of its strategic capabilities. This is because one task of strategy is to fit the organization to its environment. It is by understanding organization's capabilities that management begins to formulates how best to develop and deploy them in pursuit of the organization's interests and objectives. Organization capabilities can be illustrated below

Resources	Threshold	Unique resources
Competences	Threshold competences	Core competence

Threshold Resources: These are the main resources needed to operate and stay in business. Every business has its own minimum resource requirement to initiate and sustain business operation.

Unique Resources: These are the resources that create competitive advantage for an organization. They are also difficult to imitate by the competitors.

Threshold Competences: These are skills, knowledge experience necessary to perform the organization’s business activities to create the product features, acceptable product/price ratio.

Core Competence: These are those competences that underpin the organization’s ability to outperform competitors by meeting the critical success factors better than the competitors.

According to Kotler and Keller (2009). The overall evaluation of a company’s strengths and weaknesses, opportunities and threats is called SWOT analysis. It is a way of monitoring external and internal environment.

External environment (Opportunity and Threat) Analysis. A business unit must monitor key macroenvironment forces and significant microenvironment factors that affect its ability to earn profits. The business unit should set up marketing intelligence system to track trends and important developments and any related opportunities and threats.

Internal environment (Strength and Weakness) Analysis. It is one thing to find attractive opportunities and another be able take advantage of them. Each business need to evaluate its internal strengths and weaknesses.

Clearly, the business doesn't have to correct all its weaknesses, nor should it gloat about all its strengths. The big question is whether the firm should limit itself to those opportunities for which it possess the required strengths or consider those that might require it to find or develop new strength.

Charles, Joseph & Carl (2004). Before specific marketing activities can be defined marketers must understand the current and potential environment that the product or service will be marketed in. A situation analysis is sometimes referred to as a SWOT analysis, that is, the firm should identify its internal strengths (S) and weaknesses (W) and also examine external opportunities (O) and threats (T)

When examining internal strengths and weaknesses, the marketing manager should focus on organizational resources such as production costs, marketing skills, financial resources, company or brand image, employee capabilities and available technology.

When examining external opportunities and threats, marketing managers must analyze aspects of the marketing environment. This process is called environmental scanning, the collection and interpretaion of information about forces, events and relationships in the external environment that may affect the future of the organization or the implementation of marketing plan. Environmental scanning helps identify market opportunities and threats provides guidelines for the design of marketing strategy.

METHODOLOGY

This research was carried out employing data collected from both primary and secondary sources. The primary data were collected through the administration of questionnaires to Twenty-five (25) out of Over Hundred (100) staff of Federal Polytechnic, Bida.

Tabulation was used to analyze the data and Chi-Square was used to test hypothesis.

Results and Analysis

Fifteen (15) questionnaires were distributed and all were completed and returned giving a 100% response rate.

Please tick indicating how much you agree or disagree with each of the following statements

S/ N	DETAILS	STROG LY AGREE	AGR EE	UNDECI DED	STRON GLY DISAG REE	DISAG REE
1	There is enough equipment					
2	We are better than our competitors					
3	Our staff are skillful and expert					
4	We have advantage over our competitors					
5	There is need for improvement					
6	Need for improvement in the area of finance					
7	Need for more labours					
8	SWOT analysis result to well performance					
9	Govt regulations affect performance					
10	Tremendours change for the past three yrs					
11	Presence of competitors in the market					

12. What can you suggest for the management to do to improve the organization performance?

.....

.....

.....

.....

.....

.....

13. Is the organization facing any environmental challenges? Yes or
NO

14 If yes,
specify.....

.....
.....

Test of Hypothesis

The Analysis Is Carried Out Using Spss Version 22.0 Statistical Tool
Chi- Square Test (Test Of Goodness Of Fit).

HO: SWOT ANALYSIS DO NOT RESULT TO A BETTER
PERFORMANCE

H1: SWOT ANALYSIS RESULT TO A BETTER PERFORMANCE

P- VALUE <0.05

DECISION RULE: REJECT HO IF PVALUE <0.05 OTHERWISE DO
NOT REJECT.

Chi-Square Test

Frequencies

SWOT ANALYSIS RESULT TO A BETTER PERFORMANCE

	Observed N	Expected N	Residual
STRONGLY AGREE	9	8.3	.7
AGREE	14	8.3	5.7
UNDECIDED	2	8.3	-6.3
Total	25		

Test Statistics

	SWOT ANALYSIS RESULT TO A BETTER PERFORMANCE
Chi-Square	8.720 ^a
Df	2
Asymp. Sig.	.013

P VALUE < 0.05 (STATISTICALLY SIGNIFICANT)

Conclusion: Since $.013 < 0.05$ We REJECT H_0 and Conclude that SWOT analysis result to a better performance in a Firm.

Summary of Findings

It was observed based on the survey analysis result affirmation using chi-square test for measuring goodness of fit of respondent opinion which was stipulated the following; based on hypothesis test result we Conclude that SWOT analysis result to a better performance, that there is enough equipment and on the other hand we can reliably say that, government regulation does not affect performance.

However, the frequency table also result the following findings using percentage of respondent choice there is enough equipment 13 respondent agree with highest observation, 12 respondent also have highest observation on if we are better than our competitor, 16 strongly agree on there is need for improvement which mark highest observation, 12 agree on our staff are skill full and expert which marks the highest respondent. 13 respondent agree on if we have advantage over our competitor which mark highest, 12 respondent has the highest observation on there is need for improvement in the area of finance, 8 respondent has the highest observation on need for more labours, 11 respondent has the highest observation presence of competitor in the market 9 respondent has the highest observation on tremendous change for the past three years. Which are statistically mode.

CONCLUSION

SWOT analysis is an important tool for many organizations in evaluating themselves as against the environment. It takes into consideration what the organization's capabilities and their limitations and well as the opportunities and threats present in the environment in which they operate. This is done by matching resources with opportunities, risks and expectations.

SWOT analysis has proved a veritable tool over the years as is widely used by organization across the globe. Business proliferation as a result of profit motive, opportunity and chance are the realities in today's burgeoning global business. Given the status quo,

competition is intensifying and market getting saturated as a result many companies strive for sustainable competitive advantage through premium marketing services. In order to achieve this feat, many resort to SWOT analysis.

RECOMMENDATIONS

From the analysis of data and findings from the research work it can however be recommended as follows:

- That there is a need for financial improvement for the organization to be able to strive better.
- That despite enough staff there is a need for staff training in order to improve on organization performance.
- That inspite of the fact that effective SWOT analysis actually affect the organization performance, there is a need for periodic scanning of the environment to be able to spot areas of improvement.
-

REFERENCES

Charles, W.L, Joseph, H.,& Carl, D. (2004). Marketing, Transcontinental Printing Inc. Beauceville QC 7ed

French and Bell (1999). "A SWOT analysis of social work education in Canada". Social Work Education: The International Journal. **20** (1): 35–56.

Kotler, P. and Keller L.K.(2009). Marketing Management. Pearson Education Inc, Upper Saddle Rivers, New jersey, Pearson Prentice Hall.13th ed

Lomax and Roman, (2005). "SWOT Analysis: It's Time for a Product Recall". Long

Range Planning. **30** (1): 46–52. doi:10.1016/S0024-6301(96)00095-7.

Mohammed A.G (2005) *Essentials of Corporate Strategy*. Published by Benchmark Publish Limited, Kano Nigerian. 3rd ed

Mullins (2007). "Campaigners Toolkit: Strategy". The Change Agency. Retrieved 28 September

Reference to this paper should be made as follows: Salihu Shehu et al., (2018), SWOT Analysis as a Tool for Measuring Organizational Performance for Economic Recovery and National Development (A Case Study of Federal Polytechnic, Bida). *J. of Management and Corporate Governance*, Vol.10, No. 4, Pp 1-15
