



Contents lists available at ScienceDirect

The International Journal of Management Education

journal homepage: www.elsevier.com/locate/ijme

Research notes

Rediscovering SWOT's integrative nature: A new understanding of an old framework

Geoffrey G. Bell ^{a,*}, Linda Rochford ^b^a Labovitz School of Business and Economics, University of Minnesota Duluth, 365Q LSBE, 1318 Kirby Drive, Duluth, MN 55812, USA^b Labovitz School of Business and Economics, University of Minnesota Duluth, 385K LSBE, 1318 Kirby Drive, Duluth, MN 55812, USA

ARTICLE INFO

Article history:

Received 15 January 2016

Received in revised form 13 June 2016

Accepted 22 June 2016

Keywords:

SWOT

Pedagogy

Threshold concept

Strategy formulation

Integrating internal and external analysis

ABSTRACT

SWOT is one of the oldest and best-known organizing frameworks in management. Originally intended as an integrative framework (Mintzberg, 1990), it often degenerates into a series of lists (Valentin, 2001). We seek to revitalize SWOT's role in the classroom by highlighting its critical role in integrating internal and external analysis by drawing upon advances in the field (Porter's five forces, PEST analysis, and the RBV) that occurred subsequent to its original development. This is vital because integration remains a critical, yet unrealized, goal of strategy (Barney, 2001a; Priem & Butler, 2001a), and "understanding parts and wholes is the first mission of teaching strategy" (Lampel, 2005, p.20). A revised model of SWOT could serve an important integrating function to help students understand parts and wholes, a task not done by other frameworks.

© 2016 Elsevier Ltd. All rights reserved.

A foundational goal of teaching strategy is helping students see and understand wholes and parts simultaneously (Lampel, 2005). More broadly, integration remains a critical, yet unrealized, goal of strategy (Priem & Butler, 2001a). The ubiquitous and popular SWOT (strengths, weaknesses, opportunities, and threats) organizing framework (Barney 1991a; Mintzberg 1990; Mintzberg, Ahlstrand, & Lampel, 1998) was originally developed to help managers formulate strategy in terms of the relationships and interactions between internal and external factors (Dess, Lumpkin, & Eisner, 2008; Marshall & Johnston 2010). However, over time, SWOT shifted from integrative framework to a set of checklists (Valentin, 2001). Because of that shift, SWOT has lost its ability to provide insight to the relationship between the firm's internal and external environments (Mintzberg, 1987). To reinvigorate and realize the potential of SWOT, we propose that it should be re-envisioned as a framework to integrate internal and external analysis (the RBV, PEST analysis, and Porter's five forces model) that were not developed at the time of its creation.

We begin by reviewing the literature, including both SWOT's initial development and subsequent critique, and we do so in light of the threshold concept literature. Much of the troublesome nature of the SWOT concept derives from the loss of its integrative function. We next examine the coverage of SWOT in the textbook literature and report the results of a survey of faculty teaching SWOT. Finally, we recommend changes in the pedagogy of teaching SWOT to highlight its integrative nature.

* Corresponding author.

E-mail addresses: ggbell@d.umn.edu (G.G. Bell), lrochfor@d.umn.edu (L. Rochford).

While our paper is primarily pedagogical in nature, we recognize that doing a better job of teaching SWOT in the classroom should translate into more effective use of the tool in practice.

1. Origins and development of the SWOT organizing framework

At the core of the so-called design or fit school of strategy (Learned, Christensen, Andrews, & Guth, 1965; Mintzberg, 1990, 1994; Mintzberg et al., 1998) is a model that “seeks to attain a match, or *fit*, between internal capabilities and external possibilities” (Mintzberg et al., 1998, p. 24, italics original). Harvard Business School faculty developed the SWOT organizing framework in the early 1960s (Bower, 2008; Novicevic & Harvey, 2004), drawing upon Selznick’s, (1984 [1957]) idea of matching an organization’s internal factors (capabilities, resources, and limitations) with its external environment as a first step in the process of formulating strategy (Bower, 2008). SWOT “is meant to spark strategic insight and distill fragmentary facts and figures into coherent backdrops for strategic planning” (Valentin, 2005, p. 91). It has “improved strategy scholars’ understanding and has been useful for practitioners” (Priem & Butler, 2001a, p. 30).

Subsequent to the development of SWOT, new tools and concepts for strategy formulation such as Porter’s five force model (Porter, 1980, 1985) and resource-based theory (Barney, 1991a, 2001b; Wernerfeld, 1984) were developed. This evolution and development in strategy may have inadvertently undermined SWOT’s originally integrative nature, because it led scholars to focus independently on internal and external analysis rather than drawing them together.

From a research perspective, Porter’s (1980) five force analysis assesses industry attractiveness and focuses on the external environment facing the firm. Its more analytic approach generates a better understanding of industry forces than does the “OT” of SWOT (Rumelt, Schendel, & Teece, 1991). The emergence of the resource-based view of the firm (Barney, 1991a, 1991b; Wernerfeld, 1984) extolled managers to look “inside” the firm at its resources and capabilities for sources of sustainable competitive advantage and resultant rents.¹ Internal evaluation highlights the firm’s strengths, although the RBV generally fails to consider firm weaknesses explicitly (Arend, 2004; West & DeCastro, 2001). Subsequently, because of the reductionist nature of the research process, the emergence and development of these distinct research paths resulted in a division of attention from the whole to an independent focus on external and internal environments. This was highlighted by Priem and Butler (2001b), who argued that Wernerfeld’s (1984) “two sides of the coin” conceptualization heightens the separate and independent consideration of internal and external analysis. While this may be conducive to research development, it impedes integrative analysis. Indeed, Priem and Butler’s (2001a) call for the development of a synthesis of the resource- and environment-based perspectives as a major new thrust of strategy research, which really highlights how SWOT is no longer regarded as an integrative tool but still might usefully fill such a role.

From a pedagogical perspective, most strategic management texts cover external and internal analysis in separate chapters, which leads students to conclude that they are distinct constructs, rather than components of an integrated whole. Rothaermel’s text (Rothaermel, 2015) presents an exception to this, in that he covers external analysis in chapter 3, internal analysis in chapter 4, and then presents SWOT as an integrator as a brief conclusion to chapter 4.

2. Critiques of SWOT analysis

SWOT is criticized for being circular in its logic and presenting checklists that inhibit integration. We briefly examine these claims. Because several of these critiques refer to the integrative vs. Checklist nature of SWOT, we begin by briefly defining what we mean by SWOT as an integrative concept.

Integrative concepts “build on previous knowledge and combine the old and new understanding of a topic” (Vidal, Smith, & Spetic, 2015: 500). They expose “previous interrelatedness of something” (Meyer & Land, 2005: 373) “as concepts are combined or seen through new conceptual lenses” (Burch, Burch, Bradley, & Heller 2015: 478). They cause students to compare their new knowledge with previous understandings and therefore rethink those prior understandings (Vidal et al., 2015). Integrative concepts brings new connections and patterns into view (Wright & Hibbert, 2015). They bring together and reveal interrelationships among basic concepts so they may be viewed holistically (Entwhistle, 2008).

Recall that SWOT was originally intended to help managers formulate strategy by examining the relationships and interactions between the firm’s internal and external environment (Dess et al., 2008; Marshall & Johnston, 2010; Mintzberg, 1987). Thus, SWOT is integrative in that it should help students see the relationships among its components – “S” and “W” from internal firm analysis, and “O” and “T” from external (environmental) analysis. It becomes a way for them to realize and observe that a firm resource is only a “strength” if it helps that firm respond to an opportunity or threat in the broader environment, and similarly a trend in the wider environment is only an “opportunity” if the firm has the resources internally to take advantage of that trend (Hofer & Schendel, 1978).

¹ While Barney (2001b) argues that the RBV considers both internal and external analysis, its primary focus remains on internal analysis. For example, Barney defines valuable resources as ones that “exploit opportunities or neutralize threats in the environment” (Barney 1991a, p. 106), but he provides no guidance how the manager should identify opportunities and threats, and therefore how to create value (Priem & Butler, 2001b).

Download English Version:

<https://daneshyari.com/en/article/357308>

Download Persian Version:

<https://daneshyari.com/article/357308>

[Daneshyari.com](https://daneshyari.com)