

SWOT Analysis - Its Advantages & Disadvantages

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Abstract :

The process of analyzing the implications of these changes and modifying the way that the organization reacts to them is known as business strategy. The SWOT analysis is a business analysis technique that your organization can perform for each of its products, services, and markets when deciding on the best way to achieve future growth. By examining each of the four components of the SWOT analysis-strengths, weaknesses, opportunities, and threats- you may learn vital information about the probability of achieving your goal.

Introduction :

Now a day's the organizations find themselves operating in an environment that is changing faster than ever before. The process of analyzing the implications of these changes and modifying the way that the organization reacts to them is known as business strategy. The SWOT analysis is a business analysis technique that your organization can perform for each of its products, services, and markets when deciding on the best way to achieve future growth. The process involves identifying the strengths and weaknesses of the organization, and opportunities and threats present in the market that it operates in.

Advantages of SWOT Analysis :**➤ Simple and Straightforward Process :**

SWOT analysis does not require technical expertise or formal training. Instead, anybody with an understanding of the organization in a situation and the sector in which it operates can conduct it. The procedure includes facilitating a brainstorming session where the four SWOT analysis elements are explored.

➤ Offer Multi-Level Analysis :

By examining each of the four components of the SWOT analysis-strengths, weaknesses, opportunities, and threats- you may learn vital information about the probability of achieving your goal. A business person may be warned that a planned expenditure in a new manufacturing work area should be more properly examined if certain risks to the corporate environment, such as new government laws regulating a product design or the launch of competitive products, are discovered.

➤ Encourages Strategic Planning :

A key tool for strategic planning is the SWOT analysis. It is a systematic process for identifying the advantages, disadvantages, opportunities, and risks that might have an impact on a project, company, or organization. Organizations may create strategies to optimize their strengths and reduce their shortcomings by recognizing and comprehending these elements. This can increase their chances of success and help them stay competitive.

➤ Flexible or Versatile :

SWOT analysis is a versatile tool that may be applied in various contexts. It may be applied to discover and assess an organization's products, projects, or even an individual's strengths, shortcomings, opportunities, and threats. It may be applied to analyze the state of a firm or the viability of a new product or business endeavour.

➤ Shows Possible Opportunities and Threats :

SWOT analysis may be used by businesses to pinpoint the main opportunities and dangers present in any particular market. As a result of this tool's accessible

findings, every small community may have its data enlarged to the regional, national, or global levels. This enables the company to recognize and then take full advantage of its strengths and short comings.

Disadvantages of SWOT Analysis :

➤ Unpredictable :

The “unpredictability” of the SWOT analysis is a significant drawback since it is hard to foresee prospective threats, opportunities, and weaknesses that may emerge in the future. SWOT analysis frequently only considers the existing environment and is unable to recognize any outside influences that could have an impact on the organization’s future.

➤ Time-Consuming Process :

A SWOT analysis takes a lot of time to complete. To accurately pinpoint a company’s strengths, flaws, opportunities, and dangers, extensive study and analysis are needed. Evaluating the internal and external elements that have an impact on a business’s success might take some time.

➤ High Cost :

A significant drawback of SWOT analysis is its high cost. This is true because it takes a lot of resources-including time, money, and personnel-to do a successful SWOT analysis. Access to outside consultants or experts can also be necessary.

➤ Subjective Analysis :

Being a subjective analysis means that SWOT analysis is heavily reliant on the opinion of the individual or team conducting the analysis. This can lead to bias, as the opinion of the individual or team could be influenced by their personal beliefs or experiences rather than by the facts. This can sometimes lead to inaccurate or incomplete results and can limit the effectiveness of the analysis.

➤ Absence of Recommendations :

One of the primary drawbacks of SWOT analysis is the absence of recommendations that may be put into practice. This implies that even if the SWOT analysis

might spot prospective opportunities and threats, it does not offer comprehensive advice on how to seize these chances or reduce the risks brought on by threats.

Conclusion :

A SWOT analysis is useful for any kind of strategic planning. It's a relatively quick way to look at organizational strengths, weaknesses, opportunities, and threats. The overall purpose of a SWOT analysis is to examine the internal and external factors that help or hinder you in achieving each of your objectives. While the process is advantageous in that it allows businesses to analyze their position and create strategies to capitalize on their strengths and opportunities, there are also some drawbacks.

References :

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