

Using SWOT Analysis To Understand The Institutional Environments: A Guide For Can Tho University

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Abstract

Strategic planning has become the practical approach to organizational management in most of organizations in the new era, when the world has undergone major social, political, economic, technological and demographic changes. Like other organizations, in this hyper-competitive world, universities have to analyze their environments both internally and externally to identify their strengths and weaknesses as well as to optimize their opportunities and reduce the threats to their institutions. The purpose of this article is two fold. Firstly, the concept of SWOT analysis as a strategic tool to help universities to adapt to changes is discussed. Secondly, a SWOT framework to analyze Can Tho University is also presented.

Of many management concepts, strategic planning has received much attention since the early 1960s (Delahaye, 2000). Business management literature has provided complex insights into the philosophies, processes and techniques of strategic planning. As Micklethwait and Wooldridge (1996 cited in Delahaye, 2000) commented: 'For most of this century, strategic planning was regarded as the very kernel of management thought: indeed it often had a department devoted to it. Planning – a neat, definite, military concept – was adapted and required into what seemed to be an even more precise science'. There are a number of definitions of the term from different perspectives. Generally, strategic planning is considered as a complex and ongoing process of organizational change (Lerner, 1999). According to Olsen and Eadie (1982 cited in Hughes, 1994), 'strategic planning is a disciplined effort to produce fundamental decisions shaping the nature and direction of governmental activities, within constitutional bounds.' Bell (2002) stated 'at its simplest strategic planning may be understood as an approach to establishing the long-term future of an organization and then moving that organization in an appropriate direction to achieve the future state to which its member, or at least its key members aspire.' Quinn (1980 cited in Bell, 2002) emphasized the link between strategies, planning and the future development of the organization. He defined "strategic planning as the integration of an organization's major goals, policies, and actions into a cohesive whole.'

In business environment, it goes without saying that strategic planning is the key to enhance organizational performance when it helps to match the activities of an organization to its environment and to its resource capabilities (Johnson and Scholes, 1989; Miller and Cardinal, 1994; Hahn and Powers, 1999). Business literature has revealed that well-developed strategic plans can result in a variety of benefits. A number of authors like Bryson (1988); Hughes (1994); Byrne (1996); Porter (1997); Stahl (1998);

Schraeder (2002) argued that strategic planning can help an organization to clarify future direction, to establish priorities, to diversify its products or services, and to deal with effectively with rapidly changing circumstances. In this era of globalization when the world has undergone many rapid changes of all fields (Navarro and Gallardo, 2003; Uvalic-Trumbic, 2003), the environment in which organizations operate is no longer stable and predictable, strategic planning then can provide an operation framework allowing organizations to lead changes and gain their competitive advantages, as Navarro and Gallardo (2003) claimed, ‘in the world today, organizations that are determined to survive and maintain a sustainable competitive advantage must adapt themselves rapidly to continuous change.’

Education, especially higher education, cannot stand apart from this global phenomenon. For the past decades, the educational sector has begun to recognize that planning is necessary to maintain its own responsiveness to a rapidly changing environment (Kriemadis, 1997). Cameron (1983) stated that ‘the future of colleges and universities as organizations includes conditions of decline which require a new set of administrative and organizational responses.’ To survive and prosper in this hyper-competitive environment, institutional leaders are required to identify their strengths, reduce their weaknesses, take advantage of the opportunities and minimize the effect of threats. One simple, yet effective way is to conduct a SWOT analysis, a common component of most strategic plans (Schneider and De Meyer, 1991).

SWOT analysis is not a new idea in the business practice. This model originated from the Harvard Business School (Delahaye, 2000), and has dominated strategic plans since the 1950s (Lerner, 1999). Many people commonly misperceive SWOT as synonymous with strategic planning. In fact, a SWOT analysis is only one of many tools that can be used in an organization’s strategic planning process for environmental scanning. There are a number of methods of environmental analysis. PEST or sometimes called STEP analysis (an acronym with P for *political*, E for *economic*, S for *social* and T for *technology*) and Porter’s Five-Forces framework (including *the risk of new competitors* entering the market, *threat of potential substitutes*, *the bargaining power of buyers*, *the bargaining power of suppliers*, and *degree of rivalry* between the existing competitors) are common for scanning the external environment whereas the Value Chain analysis and Functional Audit are merely for internal environment analysis (Kheng-Hor and Munro-Smith, 1999). SWOT analysis, which is by far the most popular, can serve a dual function: it can be used for both internal and external environment scanning (Kheng-Hor and Munro-Smith, 1999; Lerner, 1999). SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. Interestingly, this acronym SWOT makes a nice sound, which rhymes, and it also implies the order the strategy planners should follow in the strategic planning process.

During the process of strategic planning, the SWOT analysis is neither the first nor the last step. The first step in the strategic planning process should be a thorough analysis of the organization’s mission or vision statements. These statements should serve as a foundation of all planning activities. If the organization does not have a mission or vision statement, the development of such a statement should precede any further plan

development activities. In very broad terms, for any organization, overall objectives or 'missions' have to be defined, then internal resources need to be assessed and relevant parts of external environment need to be analyzed before conducting a SWOT analysis and following planning steps (Schraeder, 2002).

To understand SWOT in the whole process of strategic planning, it is essential to position this step into a relevant framework. One useful model developed by Johnson and Scholes (1993) is used popularly. The model consists of three main areas arranged in a triangular form. They are: strategic analysis, strategic choice and strategy implementation, and all these areas are closely interlinked. The strategic analysis includes three elements such as the environment, the resources, and the stakeholders' expectations. During strategic analysis, the strategy planners have to identify the organization's strategic position in its environment. Strategic choice follows strategic analysis and also includes three elements: strategic options, option evaluation, and strategy selection. In this step, strategy planners have to generate options, then find ways to evaluate these options and finally, to select a strategy or strategies that are most viable. That is, the chosen strategies must 'reflect the organization's values', must be 'economically justifiable' and 'politically attainable' (Schraeder, 2002; Tsiakkios and Pashiardis, 2002). More specifically, Dobson and Starkey (1994 cited in Tsiakkios and Pashiardis, 2002) pointed out three different kinds of strategies the planners should consider. They are *competitive strategies* 'to achieve a superior profit compared with competitors'; *development strategies* 'to decide the most appropriate direction or method for the organization's development' and portfolio strategies to maintain a portfolio of activities. The last step in the model, strategy implementation, deals with planning and allocating resources, organization structure and managing strategic change.

From the whole process of strategic planning, SWOT analysis is the early but very important step in the area of strategic analysis, as Pashiardis (1996) commented, 'environmental scanning is essential for an effective planning. One needs to know the environment in which one operates before making any decisions about the organization, so as to be able to match one's capabilities with the environment in which the organization operates.' SWOT consists of two main parts: the analysis of the internal situation (strengths and weaknesses) and the analysis of the external environment (opportunities and threats). It is important to note that the external environment should be described in a dynamic sense by considering the actual situations, namely existing threats, unexploited opportunities as well as probable trends. The internal situations should also be discussed on the basis of the existing factors. In other words, the SWOT analysis should not contain speculative, future weaknesses or strengths, but real, actual ones (Horn, Niemann et al., 1994).

In the world of business, a strength can be of any internal asset such as motivation, technology, finance, which will help to exploit opportunities and to fight off threats. A weakness can be understood as internal deficits hindering the organization in meeting demands. An opportunity is defined as any external circumstance or trend that favors the demand for an organization's specific competence. A threat, on the other hand, is a challenge posed by an unfavorable trend or development in the environment (Horn,

Niemann et al., 1994). The results of the SWOT analysis compose the framework for choosing a strategy oriented towards meeting the demands of the environment while taking into account the existing internal potential, as Christensen (1997) commented, the SWOT analysis refers to as ‘mapping and identifying the driving forces the organization needs to consider’ and once these forces have been identified, ‘relevant strategies can be developed to address these forces.’

To reap the full benefits of a SWOT analysis, it is important to apply the tool properly. It is advisable that the analysis should provide the strategic planners with information relevant to make strategic decisions. That means, lists of strengths, weaknesses, opportunities and threats are not themselves helpful. It is only when the potential implications of this information on the organization are conducted that the planners can get really significant analysis. A SWOT analysis is designed to help an organization understand how it relates to its external environment. In other words, ‘to act as a way of seeing if the organization is aligned with the world going on around it’ (Robinson 2003).

For an effective analysis, a focus or purpose is essential. When scanning internal environment, the analysis is not concerned about past successes or failures. The analysis needs to be future oriented (Kheng-Hor and Munro-Smith, 1999). According to these authors, there are two important roles for internal environmental analysis. Firstly, organization managers need an accurate assessment of the organization’s capability before they can develop goals and strategies. It is also important to note that the organizational goals or objectives are not only challenging but also SMART, which means the objectives must be *specific, measurable, achievable, relevant and timed* (Kheng-Hor and Munro-Smith, 1999). Secondly, the internal environment analysis should help to develop an agenda of action. That is to develop plans that aim to build on the organization’s strengths and overcome any weaknesses. These two purposes of internal environmental scanning help to have a clear picture of an organization’s current situation with both strengths and weaknesses. Necessary information for an organization’s internal analysis may include finance, reputation, staff commitment or motivation, skills, organization systems and structures (Horn, Niemann et al., 1994). Porter (1985) suggested a very useful ‘7S framework’ for internal environments, which include structure, system, style, staff, skills and strategy and the center, shared values.

To find out internal information about one organization is certainly very challenging. The common method is based on an analysis of organizational performance such as information about products or services, market shares, or organizational structure. However, as Kheng-Hor and Munro-Smith (1999) commented, ‘internal figures for internal performance monitoring can be insufficient if used for statistic thinking because they are heavily influenced by the status quo.’ It is advisable for organization managers to collect a wide range of views of the organization’s strengths and weaknesses from their staff, their clients or customers, their suppliers and other interested groups as well. Most importantly, consultants can analyze and provide valuable information of an organization’s internal environment’s situations.

The process of external environmental analysis to identify organization's opportunities and threats provides information related to political, economic, social and technological changes. Generally, external environmental analysis consist of some important steps. They are: *deciding what to analyze, gathering the data, identifying current trends, forecasting the trend orientation, assessing implications for the organization, and lastly identifying opportunities and threats for the organization* (Kheng-Hor and Munro-Smith, 1999). Of these steps, deciding what to analyze is a vital step because 'if you choose the wrong things to look at, you run the risk of being caught out by unexpected change; but you cannot analyze everything' (Kheng-Hor and Munro-Smith, 1999). Defining opportunities is really a challenging task. Generally in a business, opportunities may exit or arise in view of the market gaps such as non-existence of certain products or services, or non-availability in certain locations; favorable trends such as a growth of urban population, an increase in incomes; weaknesses from the competitors such as their products' low quality, high prices; and exclusive access to new technologies such as licenses (Horn, Niemann et al., 1994). In principle, the approach applied for identifying opportunities can also be used for identifying threats. So it is possible to treat opportunities and threats in one step. However, Horn, Niemann et al. (1994) advised that it is better to separate these two parts of SWOT in order to prevent threats being identified merely as opposites of opportunities. Horn, Niemann et al. (1994) also suggested a guideline called 'competitive forces' covering possible fields of existing or arising threats in the business world. These forces include new competitors, substitute products, problems with customers and suppliers.

In education, especially in universities, there are also two environments to be analyzed. By nature, universities can be considered as organizations of both internal and external complexity (Navarro and Gallardo, 2003). The internal complexity is based on 'the quantity and degree of sophistication of the various areas of knowledge and skills of the staff.' The external complexity is derived from 'the degree of uncertainty and instability of the environment' (Lowendahl and Revang, 1998). Environmental analysis is an attempt to identify changes that affect the institution. In this era of globalization, universities have experienced rapid changes such as changing technology, increasing competition, rising costs, funding cuts and aging faculties (Kriemadis, 1997). The survival of each university and its ability to compete for its future rely on its capability for strategic planning and implementing to adapt to changes. However, most universities lack the capacity to respond to the turbulent situation effectively and efficiently (Navarro and Gallardo, 2003).

Like a business, higher education has to respond to the changes and challenges that are happening through its environmental scanning as the crucial step in the strategic planning process (Tsiakkuros and Pashiardis, 2002). Robinson (2003) suggested key steps to conduct a SWOT analysis: firstly, brainstorm lists of strengths, weaknesses, opportunities, and threats; secondly, arrange lists of ideas with each category and reduce them to the top five to ten ideas per category; thirdly, review each category separately and discuss each of these ideas and the potential implications to the organization; and fourthly, look at the internal strengths and weaknesses of the organization and see how they relate to the opportunities and threats to the organization; and finally, analyze the

received information to determine whether there is both a strength of the organization and an opportunity in the external environment: representing a potential area for growth, or there is both a weakness of the organization and threat in the external environment: representing an area for improvement. These suggested steps are more entrepreneur-oriented, but most universities are also predominantly market-oriented; consequently the procedure described can be followed without major modifications.

Under the management of the Ministry of Education and Training, MOET, Can Tho University (CTU), founded in 1966, is among the leading universities in Viet Nam. It is also the biggest multidisciplinary institution in the region, offering a wide range of training programs leading to Bachelor, Master, and Doctoral degrees in various fields. Presently, the university has more than 15,500 students on campuses and an additional 14,500 students at satellite training centers around the neighborhood provinces. Like other universities in this hyper-competitive world, to meet the dynamic conditions, Can Tho University has been recently required to develop a strategic planning approach because the university has begun to recognize that 'planning is necessary to maintain its own responsiveness to a rapidly changing environment' (Kriemadis, 1997). There are mainly three levels of planning: budgeting and scheduling; short-range planning; and long-range planning. While the first two types of planning are more operational, the last involves strategic thinking. Every five years, the university creates a five-year plan, a strategic plan for an intended course of action. For CTU situation at present, the main reason to invest time and energy in strategic plans is to analyze the institutional strategic position, raise awareness about current challenges and finds ways to overcome them. It is critical to note that at the institutional level, most universities are generally just good at operational planning level; that is, they are most concerned with 'doing the things right' rather than 'doing the right things' (Kotler and Murphy 1982 cited in Conway, Mackay et al. 1994). Evidently, the two factors, effectiveness or 'doing the right things' and efficiency or 'doing the right things' are both necessary for any organization's success. However, 'doing the right things' seems to be somewhat more important (Conway, Mackay et al., 1994; Horn, Niemann et al., 1994; Davies and Ellison, 1998). It is obvious that an organization doing the wrong things will probably go down even if it works with reasonable efficiency.

The SWOT analysis of the CTU has been conducted with the participation of the staff members at every step under the leadership of the university rector. This broad participation is necessary to advance a shared vision that would guide common goal-setting from both teaching staff and administrators. To facilitate this inclusive, bottom-up strategic planning process, the school leaders together with academic deans and administrators work with the staff to select outstanding members and appoint them to the university's strategic planning committee with at least one representative from each department or the school's unit. This helps to encourage an open two-way communication between the committee and the respective units, and helps the school leaders to receive a wide range of information from their staff. In addition, drafts of the strategic plans are posted on every department bulletin board and uploaded on the university's website for the staff review and discussion.

It is also important to note that this SWOT is just a critical self-analysis for the university's internal use, and is mainly used as a tool for informing the planning processes campus-wide. Among the strengths, skilled and committed employees are considered the most prominent as 'the school's greatest asset' (Choppin, 1996). The CTU's staff members have contributed a lot to the school development. In addition to teaching hours, they have spent significant time advising their students, involving undergraduates and graduates in a wide range of research projects, many of which turn to be very applicable and profitable in practice. Other strengths of the university are of the various academic programs that are nationally accredited and highly competitive such as agronomics and rural development, hydraulic engineering, environmental engineering. The updated curricular and modern teaching aids are also the university's strengths. In addition, a high priority is given to training and professional development through many onsite workshops and financial assistance. Staff members have new more chances to pursue their further studies, and many take advantage of them. The positive reputation in the community is also the strength of the institution. Needless to say, the university has constantly capitalized on these strengths.

On the other hand, there still exist a number of weaknesses, of which time constraints are a major barrier to the teaching staff. Teachers usually complain about their heavy workload. Another weakness deals with the bureaucratic management in administrative department, which negatively affects many school's activities. For example, campus procedures such as staff recruitment, equipment purchase are still complex and time-consuming. Financial constraint is also the big problem hindering many institutional activities, especially research projects. Staff performance appraisal is also the big problem at present when the university has applied the same content and procedures for both academic and non-academic staff.

For the opportunities, the university should explore advantages created by the process of globalization and the new economy. There are different fields which the university can investigate for its opportunities. Firstly, as more and more people recognize that a college degree is essential to their economic status, the demand for higher education will increase. As a result, the university enrolment is expected to keep increasing. Lifelong learning is also the trend in the society when the workplace, especially among the regional businesses, is changing rapidly. Expanded programs at satellite training centers provide an opportunity to serve the various sources of students better, and establish a close links between the university and the local community. Advanced information and communication technology such as Internet, the World Wide Web, and electronic libraries are providing new tools for teaching and learning. Distance learning programs and electronic syllabi will be the university's focus. State-funding and the national priority on education are currently at high levels, providing a good climate for implementing new programs. In addition, additional financial sources can be from international cooperation projects, from donors, and most importantly from the institutional for-profit research activities in agronomics, biochemistry and high-tech industries. Successful alumni, who have been in many important political positions in government levels, provide many supports to the school activities, especially in

fundraising matters. All these opportunities should be exploited to the fullest extent to help the university to lead many changes in this turbulent world.

At the same time, much attention has to be given to the threats confronting the university. As Handy (1995 cited in Bell, 2002) argued 'we are faced with an unpredictable world in which the only certainty is uncertainty.' Frequent changes from the MOET policies and regulations negatively influence the institutional development. The transition from the government-supported to the market-oriented university also raises new difficulties, particularly in fundraising efforts. The comparability of quality and standards is also the institutional concern when there is a common situation that credits earned at CTU are not equally transferred to other universities. Despite many efforts until now, the MOET and universities leaders have not officially agreed on the common standards of quality assurance among universities and colleges. Lack of the comparability of these standards has resulted in difficulties in program and school transferring. Further, if the growth of student population exceeds the staff capacity, the quality of programs may be diminished. The CTU's capability to cope with the social needs is another threat. When the educational needs to be more specialized and applied, the university has to modify and update many programs, especially technology and science related disciplines. Moreover, there are continuous advances in technology, and the cost of adopting them is expensive. Another threat for most higher education institutions in this new market-oriented economy is the high demand of accountability of their activities. Brain drain is also the big threat for CTU in the process of globalization. Thanks to the open-door policies and economic progress, many institutional employees have opportunities to pursue their further studies abroad, but many of them do not return. Consequently, the university and society have lost many talented academics. Intellectual property is also the big challenge for CTU, especially problems related to software copyright. In the new economy, knowledge is also commercialized. Individuals and institutions providing online courses and research expect to be paid for the use of their intellectual property. This 'privatization of knowledge' is obviously creating new constraints for the university's development.

It is important to note that the information from the SWOT analysis of Can Tho University does not simply mean listing all the strengths, weaknesses, opportunities and threats. The university's strategic planning committee members then have to match internal factors with external factors to highlight possible areas for organizational action. For example, when organization's strengths are related to environmental opportunities, they indicate the organizational leverage, positional advantage for the institution to prosper. At the same time, identified weaknesses have to be analyzed in more detail to define necessary supportive action. For transforming the SWOT information into operational planning, immediate and important steps are to be followed as indicated in the model developed by (Johnson and Scholes, 1993). It is also important to note that once the strategy is defined, the SWOT results, especially those concerning the internal strengths and weaknesses have to be re-examined for in-depth analysis of the underlying process of strategy implementation.

In conclusion, SWOT analysis is a crucial element of strategic planning process to help organizations to understand their strengths, weaknesses, opportunities and threats. The SWOT analysis can be simple or complex subject to the specific organizational situation. For Can Tho University, to face many challenges posed by the globalization and the new market-driven economy, the university has to develop strategic planning approach, and SWOT should be the first systematic attempt to establish strategic planning. It is unlikely that the twenty first century universities will succeed unless they are able to respond to social needs with speed, efficiency, effectiveness and quality (Navarro and Gallardo, 2003). Institutional leaders and their planning partners now have to think and plan strategically. In the context of the rapidly changing world, this will be a prerequisite for any organizational survival and prosperity.

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