

The Contribution of SWOT Analysis in the Competitiveness of Business Enterprises in Rwanda

T. Habimana, D. Mutambuka, and P. Habinshuti

Abstract—The purpose of this research was to assess the contribution of Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis to the competitiveness of Business enterprises and was carried out in Banque Populaire Kimironko as the case study with the following objectives; to identify various ways through which SWOT analysis is carried out in Banque Populaire, to find the factors that contribute to improvements in competitiveness of Banque Populaire and to find the ways through which SWOT analysis facilitates competitiveness of Banque Populaire. The research design that the researchers used was both descriptive and analytical based on qualitative and quantitative data. The population of the study was 65 employees of Banque Populaire Kimironko branch. The researchers collected data using questionnaires and interviews for primary data and documentary review for secondary data. The collected data was presented using tables and figures while statistical methods were used to ascertain the percentages and frequencies upon which analysis and interpretation were based. The researchers found out that all the factors that stimulated respondents to carry out SWOT analysis are related to increase in the competitive power of Banque Populaire. The researchers concluded that the contribution of SWOT analysis to Banque Populaire are the increased competitiveness, large market share, improved performance, knowing the market and increased size of customers. There is a positive relationship between SWOT analysis and competitiveness of institutions. The researchers recommended that all institutions should concentrate on SWOT analysis in order to improve their competitiveness; this is so because SWOT analysis helps institutions to know the environment in which they are operating and how to go about it.

Index Terms—Weaknesses, opportunities, threats, SWOT, analysis, performance.

I. BACKGROUND OF THE STUDY

Managing a business in the home country seems to be easier than going global; however, there are certain factors responsible for improving or hampering the competitiveness of business operations, both at home and abroad. These factors are sometimes controllable but mostly the factors like inflation, unemployment, and those which take place due to the boom-and-bust of economic conditions are uncontrollable. The developing or Third World countries mostly have to keep these external and internal factors of doing business in focus, as it may harm their economic condition or spoil their goodwill. For the purpose of identifying such underlying factors, many tools like SWOT

and PEST analyses are used. They evaluate the hidden forces and enable the country or organization to judge their vulnerability of success or failures against those factors [1].

SWOT analysis is a strategic planning method used to evaluate the Strengths, Weaknesses/Limitations, Opportunities, and Threats involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective. A consistent study of the environment in which the firm operates helps in forecasting/predicting the changing trends and also helps in including them in the decision-making process of the organization [2].

SWOT analysis is just one method of categorization and has its own weaknesses. For example, it may tend to persuade companies to compile lists rather than think about what is actually important in achieving objectives. It also presents the resulting lists uncritically and without clear prioritization so that, for example, weak opportunities may appear to balance strong threats [3]. Competitiveness is a widely used concept in economics; usually it refers to the commitment in market competition in case of companies and success in international competition in case of countries. In the last two decades, in parallel with recruitment of globalization, competitiveness became one of the key concepts in which the successful participation and the phenomenon of global competition among new conditions is described in case of companies, countries and regions. Competitiveness includes the ability to enhance business efficiency, which is the basis of profitability (profit rate). In terms of efficiency improvement, besides most important other things, development of productivity, unit labour costs, the level of used technology, utilization of capacity and flexibility of production system are really important [4].

The research focused on the assessing the contribution of SWOT analysis on competitiveness of business enterprises. The research was carried out in Banque Populaire Kimironko branch near Kimironko market, Gasabo district in Kigali City, Rwanda. The research covered the period between 2008 and 2016. This helped to ensure that research is specific to ascertain period of time.

II. PROBLEM STATEMENT

All institutions operate in dynamic environments that need to be clearly assessed so as to determine the degree which they are likely to affect the institutions; competitiveness. In order for the institutions to survive in the competitive industry, they have to assess the challenges and the opportunities in the environment to see how they

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will affect the organisation in relation to the organisation strength and opportunities [5].

SWOT analysis is taken as one of the steps that increase competitive power of institutions. Institutions are being incapable to compete in the market due to failure to analyze their strength and weakness as well external threats and opportunities because they do not recognize the impact of SWOT analysis on competitiveness of business enterprises. There is a need to identify how environmental scanning through SWOT analysis helps to increase the competitive power of institutions because some of the employees or companies that underrate the contribution of SWOT analysis in their operations tend to remain behind in business. Banque Populaire du Rwanda (BPR) has different partners, among them there are some projects in which it partners with the government These Government projects comprises of Girinka project, HUP (Hanga Umurimo Project), Rural Sector Support Project (RSSP), Rural Investment Facility (RIF), National Domestic Biogaz Project (NDBP-BIOGAZ), and PPPMER (Projet pour la Promotion des Petites et Micro Entreprises Rurales), but the majority of these projects failed to meet its contractual goals [6], and these projects did not eventually arrive at their desired success. This therefore calls for a research on the contribution of SWOT analysis on competitiveness of businesses, and it is against that background that the researchers carried out this research with reference to Banque Populaire du Rwanda, Kimironko Branch in order to establish the contribution of SWOT analysis to competitiveness of the business.

III. OBJECTIVES OF THE STUDY

The general objective of this research was to assess the impact of SWOT analysis on the competitiveness of business enterprises. The specific objectives of this research were the following: To identify various ways through which SWOT analysis is carried out in Banque Populaire; To find the factors that contribute to improvements in competitiveness of Banque Populaire; To establish relationship between SWOT analysis and competitiveness of Banque Populaire du Rwanda.

IV. RESEARCH QUESTIONS

In carrying out this research, the researchers formulated the following questions to guide the research. The main questions were: What are the various ways through which SWOT analysis is carried out in Banque Populaire? What are the factors that contribute to the improvements in competitiveness of Banque Populaire? Is there any relationship between SWOT analysis and competitiveness of BPR?

V. RELATED LITERATURE

According to [7] when an analysis of competitors' performance indicators is complete, it is necessary to develop a strategy for taking advantage of market opportunities. According to Virtual Adviser, a SWOT

analysis "helps to see how the strengths stack up against competitors' weaknesses and suggests ways to take advantage of marketplace opportunities. Marketing strategies that may be developed from a SWOT analysis include offering the products at the lowest price, developing a special product differentiation, and finding a market niche company can fill. 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.

[8] carried out a research called Quantitative SWOT analysis on global competitiveness of machine tool industry and found that Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis is one of the most effective approaches used for analyzing strategic management policy of an organization. However, the use of conventional SWOT analysis was based on the qualitative analysis. In their study, they use the pair wise comparison matrices.

According to [9], in today's business environment, competition is order of the day. The International or global environment consists of all those factor that operate at the transactional, cross-cultural and across the border level which have an impact on the business of an organization. Before the complexity of environmental analysis started, traced back to post-second world war period, then it was characterized as essential political in nature with little in common with the interests of business and industry. However nothing was indicated on how best the competition that exists in the market can be overcome by institutions so as to enjoy a big market share. This research will therefore concentrate on analyzing the contribution of SWOT analysis on competitiveness of business enterprises.

According to [2], undertaking a SWOT analysis effectively is not as easy as it may seem. First managers have to correctly identify what all the relevant factors are and how important each one is. Too often managers have their own perspective on a situation and therefore may only see what they want to see. This is known as "perceptual filtering". Secondly, managers need to work out the most appropriate strategy that combines the strengths and opportunities and actually implement the plan successfully. The strength and opportunities in the market were not directly linked to competitiveness of institutions and how institutions can take such advantages in order to become more competitive as compared to other in the market. [4] noted that a company's external environment consists of threats and opportunities.

The researchers presented the critical review of existing literature on SWOT analysis and competitiveness of companies was done to identify the gap that needs to be filled. [10] carried out a research called a conceptual framework on evaluating SWOT analysis as the mediator in strategic marketing planning through marketing intelligence. Even if they found that SWOT analysis have a positive effect on marketing planning, their research was designed qualitatively and used secondary data only.

[9] analyzed global environmental analysis using SWOT as a tool, but nothing was indicated on how best the competition that exists in the market can be overcome by institutions so as to enjoy a big market share. This research will therefore concentrate on analyzing the contribution of

SWOT analysis on competitiveness of business enterprises.

[8] in their study found that, the use of conventional SWOT analysis is based on the qualitative analysis and has no means of determining the importance of each SWOT factor. In their study, a newly structured SWOT analysis has been proposed for weighting and rating individual SWOT factors using the pair wise comparison matrices method. Their research has been carried out qualitatively, thus the present researchers found a gap on the basis of data used and methods, he intends to carry out his research called SWOT analysis and the competitiveness of business enterprises, with a case study of Banque Populaire Kimironko Branch, using self-rating method and primary data.

VI. RESEARCH METHODOLOGY

This part presents the methods that the researchers used when carrying out the research, the research design; target population and sample size are presented. The chapter further presents the methods through which data was collected from both primary and secondary sources. Data presentation and analysis methods were also presented. The researchers adopted both descriptive and analytical research design with the intention of ensuring that issues related to the effect of SWOT analysis on competitiveness of business enterprises were described and analyzed.

The descriptive research design was used to ensure that the characteristics of variables of interest in a situation are described, and analytical based on qualitative and quantitative data both from primary and secondary sources were considered. The study was based on the views of respondents to make conclusions and recommendations.

The research used both descriptive and analytical design in order to analyze and describe issues related to SWOT analysis and competitiveness of business enterprises.

The target population of this research was 65 employees of Banque Populaire Kimironko Branch. The bank was considered because it is one on the institutions operating in a competitive environment and striving to improve its competitiveness through SWOT analysis. The branch is located in areas with so many banks and therefore needs to analyze the market.

The researchers used a whole population of 65 respondents, including: 8 relationship managers, 11 human resources managers, 10 Credit administration officers, 11 recovery officers, 10 accountants and financial managers, 15 from marketing. The population under study was 65 employees of Banque Populaire Kimironko Branch. As the sample size is calculated if the researchers have some constraints like financial or time constraints and when the population is of a big number, the researchers used a whole population of 65 permanent employees of BPR Kimironko Branch.

Sampling techniques are different approaches used by the researchers to get a useful size according to the research objectives and population under study. In this research, the researchers used census method to question all employees (total target population) 65 employees of BPR Kimironko branch, including: 8 relationship managers, 11 human resource, 10 Credit administration officers,

11 recovery officers, 10 accountants and financial managers, 15 from marketing. The population under study was 65 employees of Banque Populaire Kimironko Branch.

The researchers used various instruments that helped in acquiring the sufficient data required from both primary and secondary sources. The researchers in this case used questionnaires and interview guide to collect data from employees of Banque Populaire. Questionnaires: A questionnaire is a set of well-designed questions intended to help the researchers acquire the required information from respondents. The researchers in this case formulated questions regarding the study variables and give them to respondents to express their views on the study topic.

Interview guide: The researchers formulated an interview guide which to help in getting data from some of the employees of Banque Populaire who were very busy with limited time to fill questionnaires. Documentary review: The researchers further reviewed various literature related SWOT analysis and competitiveness of Small and Medium Enterprises. The researchers did this by visiting various libraries, book centres and internet. In order to ensure validity and reliability of the research instruments, the researchers set objectives that are clear and understandable questions that are related to the objectives of the study.

The main techniques of primary data collection were interviews and questionnaires given to the staff and population around the enterprise. Therefore, primary data were collected from respondents in the form of answers to the administered questionnaire as well as responses where interviews were applied. Primary data were collected specifically to address the problem in question and were conducted by the decision maker. The researchers distributed the questionnaire to the BPR employees and wait for 5 days to ensure that the questionnaires have been properly well filled.

The validity of this study was constructed by the use of sources of evidence during the data collection, the establishment of a chain of evidence which is based on the principle of allowing the external observer to follow the source of any evidence from initial research questions to the conclusions of the case study. The validity of the data collection instrument was based on the intervention of experts, such as supervisor and other external experts, whereby supervisor and other external experts helped the researchers to well understand research instrument. The information collected from respondents was edited in order to avoid any form of errors.

For reliable research, the researchers tried as much as possible to ensure that the findings of the research are properly analyzed and interpreted for accurate conclusions. Therefore, the researchers first carried out a pilot study by testing six members from the respondents in BPR before going into data collection and found that Cronbach coefficient equal to 7.84%. Hence, the questionnaire was reliable to the research objectives. The test of validity was done by using experts in the field under study.

This involved presenting findings in a logical and sequential way so that conclusions could be drawn from them. The data presented according to research questions and research objectives. Tables and figures used to present data. Data analyses were based on the percentages and

frequencies of the views collected from respondents.

VII. RESULTS AND DISCUSSION

This part presents the summary of the research findings in view of the objectives of the research, the findings in relation to strategic SWOT analysis and competitiveness of institutions. The researchers found out that the contacted respondents were of reasonable age and in position to give careful and well analysed information that could facilitate making of necessary and relevant conclusions, employees of Banque Populaire were educated enough to understand issues related to SWOT analysis strategy and competitiveness of Banque Populaire. Therefore, the views they gave were important and relevant in making reliable conclusions that can facilitate decision making and that respondents had worked with the bank for the period long enough to make them understand issues related to SWOT analysis and how it has helped to increase competitiveness of the bank thus giving sufficient data that provides a strong basis for making relevant conclusions.

The researchers further found out that Banque Populaire carries out SWOT analysis that is likely to contribute to increase competitiveness in the bank, the ways through which SWOT analysis is carried out in Banque Populaire signified that they are all aimed at increasing financial strength of the institution in the banking industry of Rwanda hence increasing its competitiveness and that all the factors that affected the bank before SWOT analysis were limiting its competitiveness so SWOT analysis in the bank helped to solve such challenges and increase the bank's competitiveness.

It was also established that all the factors that stimulated respondents to carry out SWOT analysis are related to increase in the competitive power of Banque Populaire, respondent's expectations were achieved due to the ability of the SWOT analysis to make the bank more competitive through increased market share and improved performance, SWOT analysis has been able to make Banque Populaire move to greater heights in business, market share and increased competitiveness and that respondents were happy with what the bank has so far attained in terms of competitiveness as a result of attainment of sufficient market information through SWOT analysis.

The researchers realized that the increased performance of Banque Populaire depends on analysis and scanning the environmental in which they operate and that the comments that respondents gave signified that they really appreciate the relationship between SWOT analysis and competitive advantage. The researchers established that all the factors necessary for the improvements in competitiveness of institutions exist in Banque Populaire hence meaning that it is a development institution in terms of increased competitiveness and that SWOT analysis has improved competitiveness of Banque Populaire hence increased market share and bank reputation. This research found significant positive relationship between SWOT analysis and competitiveness of Banque Populaire du Rwanda.

According to Table I, respondents contacted revealed that the factors contributing to competitiveness of bank populaire are market availability (10%) while 18% of

respondents said employee skills and 15% said availability of customers. 13% of respondents said market performance while 21% said business opportunities availability and 8% said institutional strength. Only 15% of respondents said environmental scanning. The researcher realized that all the factors necessary for the improvements in competitiveness of institutions exist in bank populaire hence meaning that it is a development institution in terms of increased competitiveness.

TABLE I: THE FACTORS THAT CONTRIBUTE TO IMPROVED COMPETITIVENESS

Factors	Frequency	Percentage
Market availability	7	10
Employee skills	12	18
Availability of customers	10	15
Market performance	8	13
Business opportunities	13	21
Institutional strengths	5	8
Environmental scanning	10	15
Total	65	100

Source: Primary data

VIII. CONCLUSION AND RECOMMENDATIONS

The researchers concluded that said SWOT analysis is carried out in Banque Populaire through identifying capacity of the institution to suit in the environment, through identification internal strength and weakness, through market survey, environmental scanning and through preparation of product performance reports.

The researchers concluded the factors contributing to competitiveness of Banque Populaire are market availability, employee skills, availability of customer, market performance, business opportunities availability, institutional strength and environmental scanning. The indicators of competitiveness in Banque Populaire are increased market share, reputation of the bank, ability of the bank to satisfy its customers, provision of multiple products and services.

The contribution of SWOT analysis to Banque Populaire are the increased competitiveness, large market share, improved performance, knowing the market and increased size of customers. There is a positive relationship between SWOT analysis and competitiveness of institutions. The researchers recommended that all institutions should concentrate on SWOT analysis in order to improve their competitiveness; this is so because SWOT analysis helps institutions to know the environment in which they are operating and how to go about it.

The researchers further recommended that the government should help institutions by offering them trainings on how to carry out SWOT analysis and how it helps in improving competitiveness. The researchers also recommended the institutions should increase their competitive attributes in order to win the market share and enjoy market leverages over their competitors. The researchers suggested the following areas as necessary for future research in order to exhaust the field related to SWOT analysis and competitiveness of institutions

Future researches should look into other areas in which

SWOT analysis is important to the institution other than concentrating on competitiveness of the institution. Future researchers should also look into other attributes of competitiveness in the institution other than SWOT analysis. Future researches should also look into the benefits that accrue from increased institutional competitiveness. This will provide the institution with valid reasons for striving to increase competitiveness.

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