

SWOT-THE ESSENCE AND METHODOLOGICAL PROBLEMS OF ANALYSIS

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ABSTRACT

The article considers the methodology for the implementation of SWOT – analysis. The article also presents methodological problems identified on the basis of the results of the study and proposals for their elimination.

Keywords: SWOT – analysis, strengths, weak aspects, opportunities, risks, strategy, strategic management, strategy formation, strategic plan.

INTRODUCTION

In 1963, at a Harvard conference on Business policy issues, professor K. Andrews first announced SWOT (Strengths, Weaknesses, Opportunities, Threats), that is, an akronim that means “strength”, “weakness”, “opportunities”, “risks”. From the 1960s to the present, SWOT analysis has been widely used in the strategic planning process. With the advent of the SWOT model, analysts got an instrument for their intellectual work. In a way that is known, but different from the much more scattered and unsystematic concepts about the organization and its environment, SWOT analysis gave analysts the opportunity to form a logically agreed scheme of the relationship of power, powerlessness, opportunities, and risks.

METHODOLOGY

Usually, SWOT analysis (that is, the analysis of the strengths and weaknesses of the organization, the opportunities, and the risks that the external environment creates) is carried out using auxiliary tables (matrices).

RESULT AND DISCUSSION

The simplest form in which SWOT presents the results of the analysis is presented in the table below:

1 table. SWOT Matrix.

	Opportunities	Risks
Strong aspects	SO	SR
Weak aspects	WO	WE

In addition to this table, auxiliary matrices can be formed. The information presented in auxiliary matrices is transferred to the main Matrix and used to summarize the results of the analysis. Such matrices are two: the matrix of possibilities and the matrix of risks.

Also, during the implementation of the SWOT analysis, it is proposed to draw up an environment profile (that is, a table in which environmental factors that are influencing or may transfer significantly to the organization are indicated). Then, for each factor, the amiability of the network is calculated, the impact it carries on the organization, the direction of this influence, and the degree of general and private influence on each factor. All auxiliary matrices of SWOT analysis are presented in Table

2 table. Matrix of possibilities.

Possibility of using opportunities	Degree of influence		
	Strong	Moderate	Insignificant
At a high level	HLS	HLM	HI
At a moderate level	MLS	MLM	MAIL
Low level	LLS	LLM	LLI

Due to its conceptual simplicity, SWOT analysis, in addition to being lightweight and widely used by managers, has led to its misuse. For this analysis to be carried out, neither an extensive database nor formal training is required. Any person with a minimum understanding of the organization and the market in which it operates can compose a simpler SWOT. On the second hand, the simplicity inherent in the analysis can lead to conclusions that do not have a complete meaning to such ambiguous and different meaning-giving concepts as “the expropriation description of the product”, “modern equipment”, and “price”. In addition, users from SWOT rely on outdated or untrustworthy information, keeping objectivity out of mind.

To eliminate the errors mentioned above and get the most out of the SWOT analysis, it is necessary to follow the very simple rules that are shown below.

1 Rule. It is necessary to determine each SWOT area of analysis. Organizations in most cases carry out a general analysis that covers all aspects of the activity. As a result of this, the result is very general and does not provide any benefit to managers. Because managers are more interested in the specific market or the opportunities in its

segments. The orientation of the SWOT analysis to a particular, for example, separately taken segment of the market makes it possible to identify strong and weak aspects, opportunities, and risks that are important for the organization.

2 Rule. It is necessary to realize the difference between SWOT elements (strength, weakness, opportunity, and danger). Strong and weak aspects are internal characteristics of the organization, which means that they can be controlled by it. Opportunities and risks are associated with the characteristics of the market environment and remain outside the sphere of influence of the organization.

Rule 3. Strengths and weaknesses can only be expressed by buyers. The analysis should take into account the advantages and disadvantages associated with the work. And they are usually determined within the framework of the proposals of competitors. The strong aspect only comes out as a strong aspect when it is recognized by the market. For example, if the quality of the product is better than that of competitors, it will become a force. Finally, strong and weak aspects can accumulate in large quantities, and as a result, it becomes impossible to determine which of them is the main one. Therefore, the advantages and disadvantages must be grouped in terms of importance in the eyes of buyers.

Rule 4. It is necessary to be objective and use various incoming information. Of course, not all the time it will be possible to conduct an analysis based on the results of large-scale marketing research, but on the other hand, it is also impossible to transfer it only to one person. It should be borne in mind that SWOT analysis is not a simple list of suspects of managers. He is obliged and necessary to rely on objective facts and the results of research.

5 Rule. It is necessary to abandon conclusions that can be interpreted in general and in different ways. The introduction of such conclusions into the composition of the SWOT analysis leads to its weakening. The accuracy of the conclusions increases the degree of usefulness of the analysis.

The table below lists the categories that are usually included in the SWOT analysis. Each SWOT is unique and can take two or all of its content. Each item may have strengths or weaknesses (in internal component analysis) as well as capacity or risk (in external component analysis) appropriately, depending on the acceptance by the buyers.

Today, the following main areas of development of SWOT analysis can be noted:

- Reflection of dynamic changes in the organization and external environment in the model;
- Accounting for the results of the analysis of the organization and its competitive environment using classical models of strategic planning;

- Creation of SWOT models in such a way that different scenarios of market situation changes are taken into account.

SWOT analysis is used for:

- To analyze the factors of the competitive environment. Currently, SWOT analysis PEST, Porter, and x within the framework of strategic planning technologies. it is considered as a separate stage of evaluation and grouping of responsible persons assembled in a manner consistent with their models.

- To plan the implementation of strategies. To plan the implementation of strategies developed based on SWOT models, balanced scorecard matrices are used. This instrument provides an opportunity to identify the most important directions and implementers of strategic development.

- For the implementation of competitive intelligence. Available data analysis SWOT analysis is evidence of widespread use in competitive intelligence.

We need to ask ourselves the question of how the SWOT analysis procedure can be used technically. There are many options for this. If we consider the opinions expressed by many authors on the surface of this issue.

In the textbook of M.Meskon and others (“ОСНОВЫ МЕНЕДЖМЕНТА”. 1988 г.) SWOT analysis is not specified as a matrix, but the authors suggest a clear algorithm of actions: first, to determine whether the organization has internal forces to take advantage of external capabilities, and second, to identify weak aspects of the organization that complicate problems with external risk.

Also in Russia, the authors who are considered to be notable are O.S.Vikhansky and A.I. In Naumov's textbook “МЕНЕДЖМЕНТ”, the technology for conducting SWOT analysis is shown in detail, and a rather long procedure of analysis is proposed:

- Making a list of strengths and weaknesses;
- Making a list of risks and opportunities;
- Identification of links between different elements of the list;
- Positioning options, creating profiles, etc.

During the provision of advisory services to organizations, it is usually limited to a list of the strengths and weaknesses of the organization "in the length of 36 punk". The Bank of risks and opportunities in the market is also formed in approximately such quantities. It is not possible to calculate how many combinations (options for Strategic Actions) will occur in compliance with the above algorithm.

The stages and technology of the analysis do not change. Only at the intersection of strong and weak aspects with opportunities and risks are the questions posed during the formation of events changed.

1. Square “strong aspects opportunities”:

- How can you avoid using strong aspects by taking advantage of opportunities?
- What factors prevent the use of strong aspects?

2. Square “strong aspects risks”:

• When and in what way do the strengths (in what situations) not make it possible to eliminate risks?

- How increased risk reduces the strong aspect.

3. Square “weak aspects opportunities”:

• In what and in what situations does the change of weak aspects prevent the use of opportunities?

• In what and in what situations do the expected opportunities contribute to the elimination of weak risks?

4. Square “weak aspects risks”:

In what and in what situations do risks exacerbate weak aspects?

With this, we create a list of measures that prevent the implementation of the strategy.

With the transfer of Anti SWOT-analysis, we can get the following results:

1. Square “strong aspects opportunities”. Inefficiency in new areas of product sales does not provide access to the entire potential of the person; low economic development does not provide access to modern capacities and production technologies.

2. Square “strong aspects risks”. Competitors can attract part of the persona, and with this, the personal potential is weakened, and the chances of attracting investors will decrease as a result of a decrease in the demand for payment.

3. Square “weak aspects opportunities”. We cannot organize the complete conduct of market analysis and there is no possibility to identify trends in economic development, inefficiency in conducting market analysis does not provide an opportunity to take advantage of new areas of product sales.

4. Square “weak aspects risks”. The decline in the level of consumer resistance to payment has been overlooked in the result of the lack of market analysis.

Of course, this list of hypothetical antirabies of strategy implementation may seem much more ridiculous at first glance, but in reality, it turns out the same.

For example, when considering economic growth in our country in a way of opportunity, we must take into account what economic growth is an opportunity for us. Especially, below a certain (normative) indicator, we are faced with risk, and above it with opportunity.

CONCLUSION

Therefore, when conducting a SWOT analysis, it is necessary to take into account the following points:

- Along with traditional SWOT analysis, an anti-SWOT analysis must be performed, which provides an opportunity to determine what actions (under the influence of factors) the strategy may remain unfulfilled.
- Traditional SWOT analysis should be developed in two directions: to clarify in such indicators that opportunities and risks are opportunities and risks; to clarify how strong and weak aspects are in reality.

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