

A Theoretical, Diagnostic Review of SWOT, PESTLE, Porter's 5 Five Forces Models, as a Strategic Analytical Planning Tools for the Business Environment

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Abstract

This paper examines three strategic tools used by organizations globally. This examination would be a theoretical diagnostic perspective in analyzing these strategic planning tools. The three strategic tools that would be investigated are SWOT analysis, PESTEL analysis, Porters 5 forces. These strategic planning tools play an important role in the fields of strategic planning, assessing the business environment, mitigating risks, assessing external and internal factors, developing strategies, analyse the competitive industry, profitability. These three pivotal strategic marketing and business analytical tools, each of these offers an exceptional perspective for assessing internal capabilities, and external environments factors, business dynamics, and marketing strategies. SWOT analysis presents a systematic method for recognizing strengths, weaknesses, opportunities, and threats, fundamental for strategic decision-making. The PESTEL analysis proposal several insights into macro-environmental factors, these include political, economic, social, technological, environmental, and legal that heavily influence an organization. Porter's Five Forces model investigates the competitive forces within an industry, emphasizing impending threats and market attractiveness. By incorporating these frameworks, businesses can enhance they, competitive positioning, strategic planning and market responsiveness in a progressively complex business landscape. These insights from the study would be critical for firms aiming to enhance they organizations using these strategi tools. This study analysed, accessed, and synthesized the SWOT, PESTEL, Porters five forces literature, acknowledging for new theoretical perspectives and frameworks to surface.

Keywords: *Analysis, Analytical tools, Competitiveness, Marketing, Strategic Planning.*

Introduction

With the current dynamic and evolution in the global business environment, that is rapidly changing very frequently, organizations must seek to understand the factors in the environment in which they operate. This theoretical research paper seeks to dissect three very well-used strategic planning tools which are SWOT analysis, PESTEL analysis, and Porters 5 Forces model. These strategic planning tools are used by organizations globally. The research would be investigating the advantages, disadvantages, and usefulness,

a comprehensive review will be done on these three strategic tools. Organizations worldwide face a myriad of challenges when it comes to strategic planning, because of the ever-changing business environment, with the utilization of these strategic planning tools that are going to be examined in this paper would seek to help organizations choose the most appropriate tool (s) for their planning purposes.

Aim of Research

The aim of this paper is to examine three strategic analytical tools, SWOT, PESTEL

analysis and Porters five forces models, and the roles it plays in organizations.

Objectives

1. To identify the key factors of these analytical tools that affect organizations.
2. Investigate the drawbacks and benefits of these tools.
3. Discuss the main facets of these tools.

Data Collection

For this study only secondary data was used, a comprehensive and extensive search and review of literature was conducted on the topic area.

Methodology

This study was conducted with the utilization of secondary research being the main method in this research. It was used in collecting and analysing prevailing data and information to generate research outcomes that can benefit the study. It provides crucial insights on these various strategy models. A comprehensive and detailed examination of the literature was conducted by the research on the topic area.

The first strategic planning tool that would be diagnosed is SWOT analysis; this is a management tool used by firms for strategic planning and management purposes there in

organizations. This strategic planning tool can be very effective to build organizational strategies also competitive strategies. Organization exists in two fundamental environments, one being in itself (internally) and the other being outside (externally). It is essential for organizations to analyse these environmental factors for strategic management practices. This method of examining the organization and its environmental factors are illustrated as the (acronym) SWOT Analysis [1]. Which means strengths, weaknesses, opportunities, threats. Further defining the SWOT analysis, it's an analysis approach used to assess the strengths, weaknesses, opportunities and threats comprised in organizations, projects, plans, programs, or even individuals or any type of business activities. SWOT analysis is a very frequently used strategic planning tool to appraise or rate the internal and external factors of any firm. This strategic planning tool is considered as a valuable framework to manage and plan the organizational resource to accomplish certain goals and objectives in a specific time period. The reason for implementing a SWOT analysis in an organization is to develop the strategy of the business established and existing internal and external factors that is affecting the firm, in either a positive or negative manner [2].

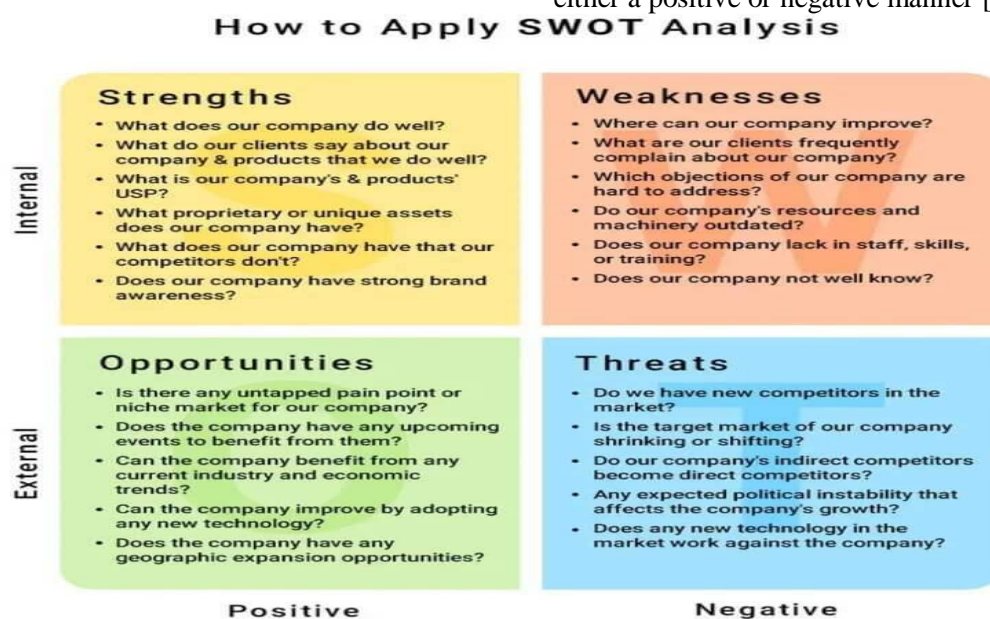


Figure 1. SWOT Analysis

SWOT Analysis

This strategic tool incorporates both internal and external factors, internal factors are those that the individuals and the organization have control over what goes on in the firm and where adjustments can be made, strengths and weaknesses are internal factors. External factors are those which the firm has very little or absolutely no control over, opportunities and threats, these are external factors. Strengths are internal and helpful to the firm; strengths are factors or elements that support the organization to overcome threats to give the organization an advantage over its competitors. Strengths involve financial strengths, having a robust and healthy balance sheet, also good cash flow and good credit rating from suppliers. Additional strengths are technological and manufacturing/production advantages these include state of the art plants, machines, and associated techniques to produce products more efficient than the competition. Customer service advantage these factors include marketing, sales and very importantly reputation. Talented and dedicated and well-trained workforce.

The weaknesses are internal and harmful to an organization; weaknesses are components of a business that mean the firm are unable to benefit from an opportunity or are susceptible to a threat. Weaknesses may include financial weaknesses, such as very high debt service ratios, old and inflexible technologies, customer weaknesses, this involves long delivery times, poor communications to customers, skills shortage and poor staff morale [3]. Opportunities are external but very helpful and beneficial factors over which the firm have no control however could be very helpful. Opportunities appear from venturing into new markets, new social trends taking place, technological innovations, restricted legislation this can also be viewed as an opportunity if the organizations competitors view it as a threat. Threats are outside the organization considered external and harmful factors over which the

firm have no control over these threats can be either tangible or intangible. A tangible threat can be a hostile takeover of the organization, new competitors in the market. Intangible threats comprise of potential loss of reputation or brand damaging elements [4].

Having a clear and comprehensive understanding of the business environment is essential to an effective strategic planning process. Amongst the most imperative tools to enable such an understanding is the SWOT analysis [5]. This analytical tool aids organizations to improvement and get a better understanding of their internal and external business environment while developing strategic plans and decisions by examining and positioning the organization's resources, capabilities and environment in four strategic quadrants which are strengths, weaknesses, opportunities and threats [6].

This strategic analytical tool in the SWOT analysis, this tool has been acclaimed for its simplicity and has been used constantly over five to six decades. Conversely, in practice the SWOT analysis cannot present efficient results and occasionally may lead to incorrect business decision being made [7].

Limitation of the SWOT Analysis

The conventional approach of SWOT analysis is grounded on qualitative analysis in which these factors of the SWOT analysis are likely to influence subjective assessments of managers and the planners' decisions. Furthermore, the SWOT factors in every region are either not quantifiable or classified by the magnitude towards an organisation's performance. Additionally, the SWOT analysis ought to be assessed by considering the customer's standpoint rather than being evaluated and appraised exclusively on the organisation's point of view to confirm that the competences perceived by the organisation are acknowledged and valued by the organization customers [8].

Studies on the SWOT analysis indicates there are several critiques, which contain the misappropriation of the SWOT analysis as a method that can be quickly developed without diagnostic and critical thought that results in the misrepresentation of strengths, weaknesses, opportunities, and threats within an organization's internal and external environments. Research presents another limitation which involves the development of a SWOT analysis merely to warrant the previous decided organizational objectives and goals. This misuse results to limitations on brainstorming possibilities, opportunities and real identification of barriers to the organization. This misuse also places the firm's interest beyond the well-being of the community. Furthermore, the SWOT analysis ought to be formulated in collaboration with a diversity of contributions made by participants including all stakeholder members. The design of the SWOT analysis by one or two of the managers or planners is limited to the realities of the impacts the organization that exist in the business environment, particularly the external factors and undervalues the possible contributions of all stakeholders [9].

Further investigating has found additional limitation/ disadvantages of the SWOT analysis which includes. The "unpredictability" the SWOT analysis has very notable drawbacks because it is difficult to predict prospective threats, opportunities, and weaknesses which can emerge in the future. The SWOT analysis normally only considers the present environment and is not capable of recognizing any external influences which could have an effect on the organization's future. Additionally, the SWOT analysis is listed as a time-consuming process. The SWOT analysis consumes a lot of time that must be completed by firms. To precisely determine an organization's strengths, flaws, opportunities, and dangers, comprehensive, extensive studies and analysis are required by the organization. Assessing the internal and external factors that

have influences on organizations success may possibly take up a lot some time.

In addition, high cost, a significant disadvantage of SWOT analysis is it can be very costly to conduct. This is mainly because it takes a multiplexity of resources, these includes time, money, and personnel to perform a successful SWOT analysis. The employment of outside consultants, subject matter experts can also be needed in conducting the SWOT analysis. Also, the SWOT analysis is said to be a subjective analysis which indicates that the SWOT analysis is greatly dependent on the judgment of the individuals and team performing the analysis. This can lead to some level of prejudice, as the outlook of the persons and/or team could be affected by their personal views or experiences relatively than by the facts of the matter. This can occasionally lead to incorrect or incomplete findings and could have limits the effectiveness of the SWOT analysis. Another drawback is the absence of recommendations; a primary weakness of the SWOT analysis is the nonexistence of recommendations that could be put into action. This suggests that even if the SWOT analysis could spot probable opportunities and threats, it does not propose significant advice on by what method the organization can grasp these chances or decrease the risks caused by threats in the environment [10].

Further analysis on the limitations and drawbacks on the SWOT analysis revealed that, this analytical tool only represents the fundamental steps of the business planning process. For complicated and complex issues, more in-depth research and analysis involving the external environment and internal method needs to be conducted in order to stipulate valuable inputs and scenarios design and ultimately in the business strategies and decision making. The SWOT analysis only contains issues that can absolutely be reflected as a strengths, weaknesses, opportunities or threats. For the reason using a SWOT analysis it's challenging to address unreliable or two-

sided factors, such as elements that could either be susceptible or opportunity, strength or weakness or even both [11]. Additional issues associated with the SWOT analysis involves historical data may be utilized for analysis and available to present this data that could be used for decision making which could be limited. Individuals could have difference in opinions from the results of analysing the SWOT analysis. Often time the results are just a listing of data with superficial, incomplete, inaccurate and inadequate items. There is no possibility to quantify the impact of strategic factors on alternatives of the SWOT analysis [12].

Advantages/ Benefits of the SWOT Analysis

SWOT analysis as a critical element of strategic planning, the analysis is instrumental in aiding organizations recognise and leverage their strengths at the same time address their weaknesses. This dual converges analysis permits organizations to enhance their internal capabilities and align the competences with external opportunities and how to mitigate threats. Imperial studies also observe that the SWOT analysis enables a holistic understanding of the business environment, which is essential for presenting informed strategic decisions [13]. This strategic tool has been touted by several organizations about the usefulness that aids organizations worldwide in their planning and strategy formulation activities, further literature on this subject area stated.

The SWOT analysis gives organizations balanced view of itself and the environment in which firm operates. It's additionally one of the simplest bits of strategic analysis which the organization can execute, also it's an excellent approach to have individuals in the firm think very strategically without getting into the full elements of strategy development. The SWOT analysis aids in understanding the organizations competitive advantages and its disadvantages, the analysis also identifies methods to improve the organization operations. Additionally, it

understands the reasons why some aspects of the organization are struggling in certain operations, it also gains insight in the competitive environment and activity prioritizing actions. The SWOT Analysis, this tool is a very valuable framework for getting the entire organization on the same level regarding the current affairs of the firm, and where the management of the organization wants to achieve or venture next. Also, the analysis is a useful addition to the organization's strategy evaluation methods when the firm is considering refining the direction of the organization [14].

PESTLE Analysis

This analytical tool, PESTLE analysis is a key tool that is used to analyse and identify the crucial drivers of change in the organizational environment. The acronym for the PESTLE analysis is political, economic, social, technological, legal and environmental. The PESTLE analysis, this is an organization audit facility of its operations to ascertain the different set of factors and forces in the external dynamic business environment that affect the accomplishment of the organization. This analytical tool allows the organization to assess the current environmental factors and impending changes. It's cantered around the assertion that organizations which constantly scan their business environment have competitive advantage over its competitors, because it aids in collecting, analysing, and utilizing the information to enhance organizations performance. Moreover, it's used in forecasting and estimating the future situation of the firm [15].

The PESTEL analysis has two fundamental functions for organizations. The first function, it identifies the environment within which the firm operates. The second central function it supplies data that will facilitate the company to forecast situations and situations that the organization could encounter in future. The PESTEL analysis is consequently a

precondition analysis, which must be utilized in strategic management [16].

Political, this factor is used to examine how the organization are influenced by the political environment. The analysis can produce results on the political situations of the country on whether the nation is political stability with favourable factors to the organizations. Conversely an unfavourable political climate with situation of war and uncertainty of governments can adversely affect the firm. Recognizing opportunities and dealing with the threats with this political factor can significantly benefit the organization.

Economic factor, this element of the analysis using PESTLE formulates data on economic condition, this involves, interest rates, terms of taxes, minimum wage, tariffs, economic growth, recession, unemployment, inflation rate, financing availability, exchange rate, wage rates, cost of living, working hours, level of economic growth, credit availability. The data from the analysis would provide these results on the economic condition and how it could impact the organization and aids the firm to respond appropriately. For example, economic recession can negatively affect the performance and continued existence of organizations.

Social dimension, this factor includes the values, attitudes, beliefs, opinions, and lifestyles of stakeholders. The social beliefs, values and lifestyles has a major impact on clients. The analysis of demographic components incorporates the investigation of the human population with respect to size, age, geographic distribution, income distribution and education levels. By creating demographic data, it aids the organization to delineate its apparent market and relevant workforce.

Technological dimension, by generating intelligence from this part of the analysis

regarding technological developments it will enable the firm to be prepared for more applicably change and function using the most appropriate technologies. With new technologies identified this would advance production and probably reduce cost of production, contingent to the technological advancement. Though, these transformations identified in the technological environment might exhibit opportunities and threats to the organization.

Legal dimension, the legal factor in the analysis comprises of the laws/legislations and regulations of the country that is being analysed. The PESTLE analysis produces information on government regulations, rules and procedures that will influence the approach in which the organization will produce, market and sell its products. These laws could negatively or positively alter the organization operations. Firms should examine and identify these legal factors.

Environment factors, this also includes nature and the physical environment this consists raw materials, together with other natural resources such as the land, marine and physical space on which organization operates. PESTLE analysis explores the natural environment to create data factors like pollution, government regulations and raw materials on the protection of natural resources. The organizations pollution generated and other elements that can negatively affect the firm's operation and standing particularly if the operations damage the environment. Therefore, it's imperative to produce information using the PESTLE analysis on environmental protection policies and procedures, pollution, waste management and other damaging factors for the environment [17].

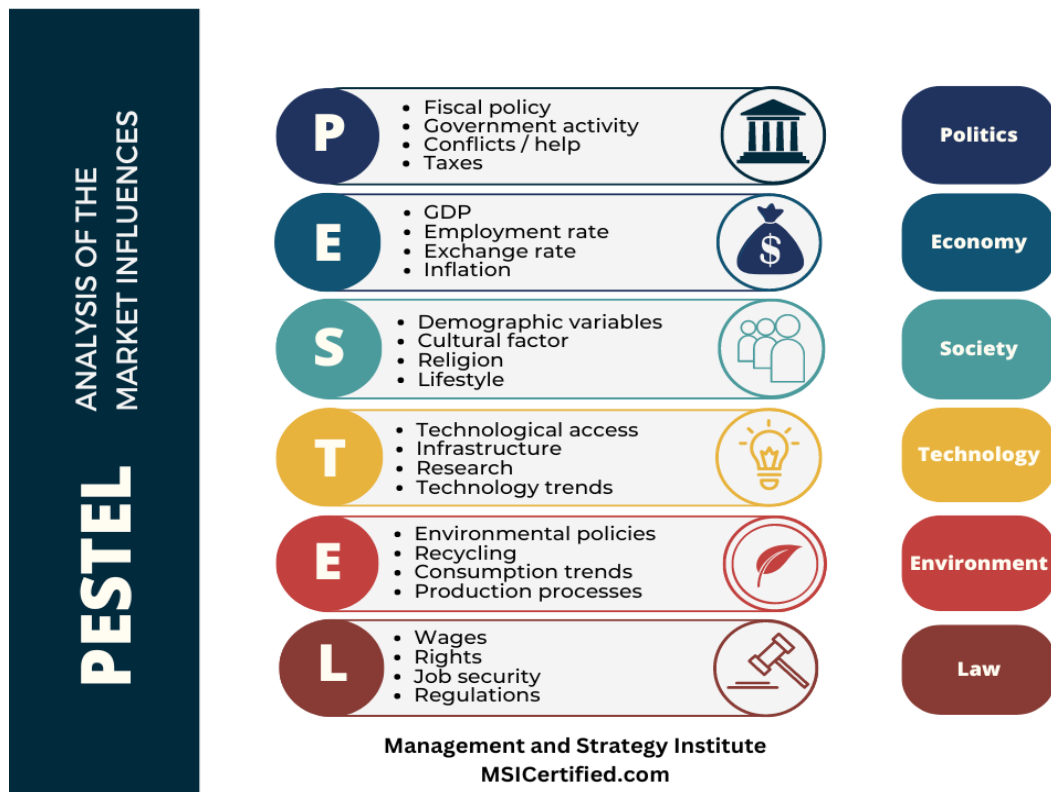


Figure 2. PESTLE Analysis

Limitation of the PESTLE Analysis

One of the problems met is the evaluation, measurement and dimension of PESTEL analysis, is that this tool does not take on a quantitative approach to measurement. While the PESTEL factors largely have a qualitative composition, measurement cannot be generally comprised or is otherwise qualitatively assessed. Employing such an evaluation, does not allocate the factors representing the external environment of the organization to be independently and rationally analysed. Accordingly, the current technical structure of PESTEL analysis ought to be formulated with respect to its evaluation and measurement. Another issue is that, even though the conceptual elements of PESTEL analysis specifies a universal approach, this is not considered in the measurement and assessment dimension. The examined factors are generally calculated and evaluated separately. Conversely, effected degrees in practice, elements within the external environment will not be anticipated to have equivalent influence

on commercial undertakings. During which several of the factors have substantial and significant effects on the organization operations for success, others could have reduced effects [18].

Another problem that should be taken into account in a complete perspective in terms of the relations and connections between PESTEL elements or factors. Independent evaluation and measurement of every macro environmental PESTEL factor may not exhibit the real or current situation present in the environment. For instance, there is no possibility to consider legal understandings or economic conditions in separation from political conditions [19]. Political circumstances could give rise to economic and socio-cultural consequences. The PESTEL analysis does not adopt this type of approach of inter-dependence of the factors [20]. Performing an intense PESTLE analysis requires considerable time and significant resources, accordingly, making it impractical to several organizations to conduct this type of assessments [21].

The PESTLE investigation depends on analyst understanding of information leading to contrasting outcomes across different analysts. The subjective methodology to data analysis and results in variable analysis outcomes that decreases the assessment reliability [22]. The continuous flux of external situations in the business environments designates the PESTLE analysis subject to becoming obsolete when analysts do not sustain regular updates [23]. The PESTLE analysis estimates very broad macro environmental aspects; the analysis ignores essential performance-shaping and small-scale factors. This strategic planning tool, PESTLE analysis needs the aid of additional analytical tools for business environment analysis subsequently it has several limitations [24]. Implementing strategic planning with the PESTLE analysis data exhibits great difficulties due to its complexities in the business environments. Firms should completely examine and investigate the collective effects between each factor together with their operating effects [25].

Advantages of the PESTLE Analysis

This strategic analysis is conducted when organizations want to analyse the external business environment to see what influences it may have on the business and that may affect it in the future. The significance of the PESTLE analysis is to recognize a few vital factors that are possible to have a significant effect on the organization. Factors that are likely to co-operate with each other could be especially important as they might have greater consequences on the organization or industry [26]. The following shows the invaluable contribution to the of the PESTLE analysis.

Identification of opportunities and threats, although the PESTLE analysis concentrates on political, economic, social, technological, legal, and environmental factors, firms can recognise emerging opportunities and potential threats and put measures in place to address these matters. Knowing how these external dynamics

in the business environment impacts the organisation's operations and market complexities enables proactive planning and risk mitigation strategies. Decision making and strategic planning, provided with insights from a PESTLE analysis, companies could formulate additional informed strategic plans and construct data-driven decisions for the organization. The firm can now anticipate fluctuations in the external environment and now align the strategies effectively. By studying the external factors, organisations can improve its position in the marketplace to capitalize on opportunities and minimise or mitigate risks.

Risk Management, the PESTLE analysis aids organisations to recognize and identify also assess risks occurring from the external environmental factors. By having a comprehensive understanding of the political, economic, social, technological, legal, and environmental landscape, firms could anticipate the possibility of risks and create strategies to mitigate them any type of risks that may negatively affect the business. Proactive risk management facilitates organisations to defend their interests and safeguard against any type of unexpected challenges from the business environment. Additionally, another benefit of the PESTLE analysis is, it can provide comprehensive knowledge of market entry and expansion. When organisations are considering market expansion and entry into new territories/ markets, the PESTLE analysis stipulates valuable understandings and vast insights into the external elements influencing those markets. Identifying and understanding the political, economic, social, technological, legal, and environmental specifications of a target-market aids organisations measure its attractiveness and feasibility.

Regulatory compliance, legal and regulatory influences play a substantial role in shaping an organization operations and industry changing dynamics. The PESTLE analysis facilitates organisations remain informed regarding any

changes in legislation, regulations, and compliance requirements. By staying ahead of regulatory developments, organisations can adapt their strategies and operations to ensure compliance and mitigate legal risks. Opportunity identification, in addition to recognizing threats in the business environment, the PESTLE analysis also emphasizes opportunities developing from external factors. By evaluating and examining societal trends, technological advancements, and economic shifts, companies can now identify product innovations, new markets, or strategic business partnerships. Capitalising and capturing on good opportunities they can help organisations gain a competitive advantage and drive growth and sustain a competitive advantage.

Long-term strategic planning, the PESTLE analysis supports organisations with great insights into long-term developments and trends also macroeconomic factors that could impact their industry/ sector and business environment. By gaining comprehensive knowledge on how political, economic, social, technological, legal, and environmental factors progress over time, organisations could create and formulate robust long-term approaches and strategies that foresee future challenges and opportunities, in the macro environment. The PESTLE analysis empowers firms to gain comprehensive knowledge and to identify their external environment, and recognise opportunities and threats, make educated decisions, manage risks, and develop plans for long-term success. The PESTLE analysis a critical tool for organizations strategic management and navigating the complexities of the business landscape [27].

Porters Five Forces Model

The other major strategic planning tool this paper will diagnostically review is the Porter's Five forces model. The five forces design and model were coined and formulated by Harvard Business School professor Michael E. Porter to improve organizational performance, additionally to solve various challenging issues, evaluate the industry's competitive business environment, and create corporate strategies suitably to meet the needs of the ever-changing landscape. The Porter framework allows organizations to explore and analyse the major forces that impacts and determine the industry profitability [28]. This framework involves assessments of rivalry of existing competitors, threat of new entrants, power of suppliers and buyers, substitute products and services. This model is based on the assessments that organizational strategy would come across the several opportunities and threats in the organization's external environment.

A competitive strategy must rest on the comprehensive examination and understanding of the industry structures and the circumstances they change. The model argues that the main objectives of the organization would be to recognize and deal with the competitive environment by expansively viewing the competitors in the market and consider a broader standpoint that competes against the organization [29]. The model elaborated exactly how the competition in the industry plays a role and resulting in the attractiveness and profitability of an organization. Using corporate strategies, an organization must aim to structure all the forces to strengthen its position in the marketplace [30].



Figure 3. Porter Five Forces Model

Bargaining power of suppliers, this factor can have detrimental effect on the organizations profitability in an industry, as suppliers can threaten firms with massive increases in prices of products and services that they supply. When organizations are incapable of recovering the cost escalates in its own prices. There are several reasons that could be perceived as indicators of high bargaining power of suppliers. This reason could be, domination inside an industry might be controlled by a few very large firms and is therefore, more concentrated than the industry the supplier sells to, or this particular industry is not a very important customer of the supplier group [31]. There is a critical need to keep great and steady relationship with the organization suppliers. Based on the industry intensity and underlying forces, suppliers stay in the position to demand their terms and conditions, establish prices and determine timeline availability for products or services. Strong suppliers can manipulate raw

material prices without affecting the volume of their own sales or reduce sale quantities [32].

The bargaining Power of buyers, while there is a monopoly marketplace situation, buyers have the biggest bargaining power when these buyers are large and are capable of switching effortlessly to alternative suppliers that are very few in numbers [33]. Other comparative buyer concentrations are (a) competitiveness, this means many buyers and suppliers, (b) mutual dependence, this is few buyers and suppliers, also (c) monopoly power, where there are few suppliers and many buyers. Additionally, buyers compete with the industry by driving prices down [34]. When buyers are powerful in the market, sellers might create methods where buyers are willing to pay a premium price for some of the products. This can be, sellers should accept that there is an inequality of power, and that profitability would be lowered or even to take a rate of profit that is near to the cost of capital. Moreover, sellers might find alternative methods for increasing the price that

buyers incur when converting from one seller to another seller. Though, this is problematic as most buyers would identify that they would not appreciate when they are locked into a particular buyer. Even though, the sellers could overcome being locked in by making a buyer loyalty program that stipulates more value than the competition they can provide, such as a just-in-time (JIT) delivery scheme or increasing the level of quality and services [35].

Threat of substitute products and services, recognising substitutes in the market is looking for products or services that can accomplish the same purpose as the products of the industry of the deemed industry. Causes that possibly will influence the threat of substitute products and services are (a) the switching costs, involving substitute products or services and industry products, or (b) the buyer's compulsion to buy substitute products [36]. Furthermore, the substitute commodities of another industry could meet the needs of the same industry. The additional substitutes of several product imply a much larger competitive environment; this indicates less probability for profits. For example, for the boxed fruit juice maker, coconut water, fresh juice, and soft drinks remain general substitutes, even though these products are from different categories. The substitutes can affect the organization's cost of products, resulting in, reduces profits. Otherwise, lower substitute costs can elevate sales and attract more consumers, decreasing the sales of existing organizations [37].

Threat of new entrants, new entrants to an industry conveys with it new capacity, and the aspiration of gaining market share that puts further pressure on prices, costs and the rate of investing more capital necessary to compete [38]. Conversely, the threat of entry would largely depend on how elevated the barriers to entry, are and how many companies are in the industry [39]. Additionally, new entrants can unsettle and disturb already established players in a specific market, this can directly affect the organisations competitive advantages. When

the demand for the products is not increasing or decreasing, any further supply of goods or services will reduce profit margins of the organisations in the market. There are seven critical barriers to enter the market, (1) supply-side economies of scale, (2) demand-side benefits of scale, (3) customer switching cost, (4) capital requirements, (5) incumbency advantages independent of size, (6) unequal access to distribution channels, and (7) restrictive government policy. This is an essential exercise for companies to employ when analysing barriers to entry and to foresee possible retaliation methods from competitors when considering entry into a new industry. It is of highest importance for a new entrant into the industry to overcome entry barriers without invalidating, through substantial investment, the profitability of connection in the industry [40].

Competitive rivalry, this critical force indicates the intensity and concentration of rivalry in the industry. Any additional organizations competing, this will result in further competitive pressure in the industry that will influence prices and most importantly profits; hence the changes in strategies [41]. When rivalry amongst existing competitors is substantial, profitability within the industry decreases and companies could introduce new measures including price discounting, introducing new products, marketing/advertising campaigns and service improvements [42]. This will vary according to the intensity of the competition, and how the industry is impacted, these factors involve industry growth rate, storage and fixed costs, the number of firms competing against each other, differentiation, exit barriers and switching cost between competitors [43].

Limitation/ Critiques of Porter's Five Forces

Researchers in this field have called the modern-day organization's 'gazelles' that far outcompete the '800-pound gorillas' which follows the Porter's five forces model of

competitive advantages; affirming that in the current world, organizations need to be 'fluid, fast, flexible', and use forces of the 'social-era' including as social media, move towards a 'pull' strategies where customers want the products before the organization can manufacture the product. Henceforth build upon these gaps amongst markets in the digital era, that establish organizations position in the marketplace these 'gazelles' can out-manuever the '800-pound gorillas' that dominate the 'jungle' and accomplish a competitive advantage. For instance, as was in the case of Netflix (the gazelle) that interpose and took the entire market from Blockbuster (the gorilla). Here the potential of agility, is given further prominence than market dominance [44].

This model totally overlooked the outcome of complements on the industry, while identifying substitutes in the industry, for instance, the market for digital games is rigorously affected with the introduction of a new gaming console this includes the 'Microsoft Xbox' or a 'Sony PlayStation'. Whereas the model mentions it in the revised edition, it states that 'they can be comprehended through the lens of the five forces', however several management theorists consider this to be a sixth force [45]. This model oversimplifies the industry value chains, in specified situations, buyers might need to be both segmented and differentiated among channels, intermediate buyers and the end customers, for instance in markets where the producer sells both personally and has distributors in the market. The model does not identify which buyers are given greater importance, and consequently their position with respect to priority. This can be essential in several industries where the distributor could eventually compete against the manufacturer, and maybe by selling a comparable or even a competitor's product [46].

Advantages of the Five Forces Framework

Even though some researchers and academics has criticized this model, however several studies have shown that Porter's five forces model has many advantages and benefits to firms, these include. The model places emphases on an external analysis, shifting away from other traditional models like the SWOT analysis approach, allowing firm's to put focus to gravitate on its responses to a change in the external environment. The five forces framework is similarly inter-linkable with other business models widely used by organization, such as the PEST forces (Political, Economic, Social, Technological) to aid in understanding and leveraging on dynamism. It also emphasised the importance of searching for imperfect markets which offer more opportunities in the business environment, as evolutionary markets generate opportunities for supernormal profits, but this likelihood does not happen in perfect competition [47].

Further benefits offered by the Porters five forces model comprises. Comprehensive analysis, the model delivers a structured methodology to assess the dynamics industry's competitive comprehensively. Additionally, the five forces model provide strategic insights, that helps organizations make educated decisions about entering markets, pricing, and allocation of resources. The model focuses on external factors; it highlights external influences on the industry that can affect the firm's competitive position which is exceptionally valuable for strategic planning [48].

Discussion

These three strategic planning tools are significantly important for organizations in today's dynamic evolutionary business environment. Organizations globally have used these three major tools for various reasons, either for scanning the internal and external factors that affect the organization, or for high level planning, to enter international markets/

industries. The usage of these three tool ranges far and wide for organizations strategic management purposes, the empirical evidence illustrates that these tools bring about both benefits and drawbacks to organizations.

SWOT Analysis, this model has been applied to organizations over the last five decades in the field of strategic management, the model is a valuable method for strategic planning and decision making. In the development of strategic management, several analysis procedures are used to accomplish the long-term goals and objectives of an organization. The SWOT analysis has been an extensively used technique in the examination of internal and external environmental factors to support strategic decision situations. The SWOT techniques has been engaged in myriads of areas requiring strategic analysis for several industries, an organization, products, individuals, projects, just to name a few. The SWOT includes the establishing of an objective and to ascertain the internal and external influences which are favourable and unfavourable to the organization achieve objectives and goals. The strategic management procedures start with evaluating of the firm's internal analysis. The internal analysis is employed to identify the internal resources capacity and capabilities for gaining a competitive advantage.

The external analysis is applied to identify the current market opportunities and threats by investigating the general business environment, competitive industry setting and rivals. Although the internal analysis appears that the resources need to be enhanced and sustained, the external analysis permits a firm to align its strategies in accordance with the organization's environment. The SWOT analysis compares factors including strengths, weaknesses, opportunities and threats. Strengths and weaknesses are evaluated in the context of present and future opportunities and threats. The comprehensive understanding of strengths and weaknesses, the less likely unfeasible

opportunities should be pursued, this information is of critical importance for firms. The data from the SWOT analysis would present feasible opportunities, this can be used to respond to threats, weaknesses can be counteracted through strengths identified, and strengths can be utilized to respond to the threats from the business environment. The SWOT Analysis reveals an organization's present circumstances and makes it viable to create future action plans for the firm. When the SWOT analysis is used accurately, it can supply a very strong basis for strategy formulation [49]. The SWOT analysis has shown that is one of the most viable strategic planning tools in modern day strategic planning.

The PESTLE analysis, which is bit different from the SWOT analysis, the PESTEL looks at all the macro external factors in the environment that affects the organization at a macro level in the planning and decision-making processing for organizations. The PESTEL analysis facilitates the identification of business opportunities and threats and modification to market dynamics in a timely manner. Indirectly, the findings of PESTEL analysis suggest there are opportunities and threats present in the environment, these factors are later addressed in SWOT analysis, as one of the most fundamental tools for defining organizational strategy [50]. The PESTEL analysis examination is a multifaceted method to measure the big-picture forces in the macro environment to have a better understanding and strategic alignment of an organization [51], additionally to lend assistance in making measured and informed decisions regarding organizational activities.

The PESTEL analysis framework is predominantly concerns with six factors: Political, economic, social, technical, environmental, and legal. As a systemic method in organizing environmental factors, the PESTEL is applied to analyse, examine and map how the external environment impacts the industry. The PESTEL tool specifies a synopsis

of the macro level environmental factors that the organization should consider in its decision-making process. By considering the key external environmental drivers of change, the PESTEL framework could encourage organizations to consider the long-term goals, objectives and to select sustainable business innovation. improvement and investment strategies [52].

Porter's five forces, also delivers external scanning to the macro environment for organizations to assess several factors affecting the firm from the business environment, especially the creation of competitive strategies. Porter's five competitive forces model has helped shape strategies on competition, this model is organized and centered around three fundamental categories: (1) competition and strategy, explaining the core concepts; (2) the competitiveness due to location; and (3) the competitive solution to societal obstacles and problems. The five forces model explained, by examining the five competitive and imposing forces, the organization could identify great opportunities to position the firm more strategically in the market. This would lead to the organization achieving sustainable value and advantage by gaining an upper hand over competitors by sustaining distinctive methods and elements of the organization.

The firm strategic position and locations centres on performing various actions like competitors do or executing very similar activities, however, in a different method. They emerge from three resources, (1) serving a few, but precise requirements of several customers, (2) serving a wide and broad requirements of particularly limited customers in the market. (3) Serving a large and broad requirements of several customers in a modest and restricted market segment [53]. This model has proven to be one of the best tools used by organizations globally, to measure the competitiveness and market attractiveness of markets.

Globalization has changed to landscape of doing business in the current dynamic and evolutionary environments, now with the inclusion of the digital economy has caused organizations to re-strategize to adhere to market changes. Three of the main business tools used by firms today for planning purposes is the SWOT, PESTEL analysis and the Porters five forces model. In order to accomplish a final, strategy examination using the systematic SWOT analysis, an imperative prerequisite is to firstly map the strategic landscape, encompassing the external industry and market structure, together with all the tangible and intangible internal capabilities and the organization's strategic capacities. This strategic environment is derived by combining both the SWOT and PESTEL analysis. Consequently, all dynamics of PESTEL and finally SWOT are distributed between all key drivers, risks, and factors that influences the firm [54].

The PESTEL, SWOT analysis, and Porter's five-force model are investigative tools that give organizations an impression and full view of its external and internal environments. These tools help in informing and notifying organizations about opportunities these firms should leverage on and also the risks they should evade. These strategic tools aid in defining the organization's operational framework and strategic intents/objectives that can transpose an organization in its industry [55].

Results

These three major strategic analytical planning tools SWOT, PESTLE, and Porter's Five Force from this comprehensive study it can be argued these are of critical importance to businesses organizations and they operations. The SWOT analysis is extensively utilized across multiple sectors of businesses, ranging from governments, small, medium, large, and multinational organizations, it can also be used at individual levels to begin strategy

development by having a comprehensive understanding of internal capabilities and external conditions. The SWOT analysis bring with it multiple strengths and also some limitations. Overall, this is one of the best used analytical tools for scanning internal micro and external macro environments.

PESTLE Analysis, this tool is used to examine and monitor the firm's macro external environmental factor that outline market conditions, these include regulatory frameworks, consumer behaviours, technological shifts, societal trends. This tool can aid organizations in wide environmental scope helping to capture systemic drivers and risks to the firm, guiding the organization in the right direction. This tool also has its drawbacks, research indicate it can overlook cultural and human aspects when developing strategies, additionally some researchers argue it does not give a prescriptive analysis. From the comprehensive research provided the PESTLE analysis is seen as one of the most significant analytical tools used by organizations globally.

Porters five forces model, developed by one of the most influential professors in today's business world, this model dissects industry-level competitiveness through five forces. This model brings several benefits to firms globally by evaluating potential profitability and industry attractiveness. This model has proven to shape market-entry strategies, long term planning and organizational/positioning. This model has demonstrated success, competitive insight in an industry beyond internal firm boundaries, it places strategic focus on market-level dynamics which influence strategic opportunities and threats. Also, many academics and researcher have criticized this model indicating, difficulty to apply to firms operating across multiple industries, unclear industry boundaries are the main disadvantages. Although a few drawbacks, this model is

regarded at one of the most used framework in modern day business.

Although SWOT, PESTLE, and Porter's Five Forces, individually offer valuable lenses for understanding the business environments, these model's greatest usefulness lies in a combined, context delicate, and dynamic application. Each produces a diagnostic step from macro scanning (PESTLE) to industry analysis (Porter) to internal self-reflection (SWOT). This builds upon a pragmatic follow-up with additional tools like gap analysis or adapted issue frameworks to enable actionable strategic planning. These three tool are regarded as substantial to firms especially multinationals in their strategic planning.

Conclusion

In conclusion, three of the most effective and appropriate strategic tools for mapping factors that impact organizations and operations are the SWOT, PESTLE analysis and the Porters five forces. This paper has theoretically diagnosed three very strategic planning models that has major advantages for organization when developing their strategies. Although the empirical evidence has shown there are some drawbacks with all these models the benefits has totally out weighted any downsides. These strategic tools can prove to be very useful for managers which can improve on their strategic decision making. Initially, regarding the general managerial implications, the study demonstrates that the SWOT, PESTLE and five forces model is effective for strategic planning, additionally can be used in different contexts in which businesses can be essentially evaluated.

Acknowledgement

Nil.

Conflict of Interest

None of the authors have any conflicts of interest to disclose.

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