

# DIFFUSION OF A TWENTIETH-CENTURY INNOVATION

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## ABSTRACT

*“Has SWOT outlived its usefulness?” by Michael D. Meeks (2016) in the pages of this Journal is a breathtaking presentation of the obvious: SWOT has shown signs of aging. While we agree with Meeks’ comprehensive review and his meticulous findings, we disagree with his indictment: SWOT needs to be “abandoned.”*

## INTRODUCTION

One piece of fascinating new information that we had not previously been aware of prior to reading Meeks (2016) is that according to a study by Ghazinoory, Abdi, and Azadegan-Mehr (2011), of the 530 publications covering SWOT since 1982, only 7% (37 publications) were in business management or closely related fields. The rest—in fact the vast majority—of the SWOT-oriented papers was found in wide-ranging fields such as agriculture, health and healthcare, marketing, and tourism. Meeks (2016) interprets this finding negatively: “for a tool developed by business policy strategists as a cornerstone of strategic analysis, scholars central to strategic theory and the development of practitioner tools fail to see it as such.”

We disagree with Meeks’ (2016) pessimistic interpretation. Instead, we view this finding as *wonderful* evidence of the successful diffusion of an innovation originated from the business policy and strategic management field to the other disciplines. The diffusion-of-innovation literature asserts three points: (1) Innovation is “an idea, practice, or object that is perceived as new by an individual” (Rogers, 1983: 11). (2) Innovation takes time to diffuse from one domain to other areas (Bass, 2004). (3) Innovation adoption decisions can be classified into three groups: (a) “optional” (made by individuals), (b) “collective” (made by consensus by a group), and (c) “authority” (made by higher authorities) (Rogers, 1983: 29). It is possible that some innovations may be selected by some higher authorities. However, this is not likely in the case of academic research (Peng, 2001). In the intellectual marketplace, the adoption of a framework always represents an “optional” or “collective” decision made when researchers craft their individual or joint work. Therefore, we suggest that given its widespread diffusion beyond the strategy field, SWOT must have given its adopters—authors of the 530 publications surveyed by Ghazinoory et al. (2011)—the right theoretical tool via which to accomplish their research goals.

The diffusion-of-innovation literature also suggests that at some point, all innovations will lose their novelty (Rogers, 1983). It is not surprising that in the home discipline of SWOT analysis, SWOT is no longer viewed as novel subjects worthy of significant attention (Meeks, 2016). However, even if innovations depreciate with time, they become part of the knowledge base. Subsequent innovations build on this enlarged knowledge base. In the case of highly dynamic environments, perhaps few—or none—of analytic tools are truly useful. This does not mean

strategists should stop using them. Instead, they should devote resources to developing complementary analyses such as value-chain analysis or the resource-based view (RBV) focusing on the value, rarity, inimitability, and organization (VRIO) framework.

What is our recommended approach regarding SWOT in strategy teaching and practice? Instead of abandoning it (Meeks, 2016), we suggest teaching it—but without spending too much time and without misleading students that SWOT is “it.” Instead, the first author, who has over two dozen years of strategy teaching (and some consulting) around the world and who has authored a best-selling textbook *Global Strategy* (Peng, 2014) that has been translated into Chinese, Portuguese, and Spanish, would tell his MBA and EMBA students:

*“In presentations to boards, colleagues, and other audience members, if you only present SWOT analysis, this signals that your MBA is from the 20<sup>th</sup> century. To signal that your MBA is from the 21<sup>st</sup> century, you need to go above and beyond SWOT analysis, by presenting newer and more sophisticated techniques and analyses.”*

While preferences differ among strategy researchers and educators on what the newer and more sophisticated techniques and analyses are, we would recommend Barney’s (2002) resource-based VRIO framework. To the same extent that SWOT analysis is no longer a hot research topic that has generated much buzz in recent strategy publications (Ghazinoory et al., 2011), basing strategies on the resource differentials between firms may become so obvious that at some point in the future scholars are likely to drop the compulsion to note that an argument is “resource-based” (Peng, 2001). But by then, the purposes of the newer innovation, the RBV that is centered on VRIO, to influence strategy and allied fields—just like those of an earlier innovation, SWOT analysis—will have been well served. Such is the well-known evolution of innovations as they diffuse away from core domains to neighboring areas (Rogers, 1983).

In conclusion, SWOT analysis does not need to be jettisoned as suggested by Meeks (2016). But its novelty as an old innovation whose shine has been eroding needs to be noted.

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## ADDITIONAL SUGGESTED READINGS

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