

Analysis of Swot Research Method in Developing Accounting Strategies

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ABSTRACT

This research aims to analyze the use of SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) in the context of accounting strategy development. SWOT analysis is used to evaluate internal and external factors that influence the accounting practices of a business entity. Through collecting data from various sources, including analysis of financial reports and literature reviews, this research identifies internal strengths and weaknesses in the accounting system, as well as external opportunities and threats that may influence accounting strategies. The results of the SWOT analysis highlight specific advantages in the accounting system such as the efficiency of financial data management, the quality of human resources, and the technology used. On the other hand, weaknesses such as lack of system integration or limited resources are a major concern. From an external perspective, opportunities such as new technological developments or regulatory changes provide positive prospects, however, threats such as intense market competition or the risk of policy changes are challenges that must be overcome.

INTRODUCTION

In the ever-evolving digital era, technological transformation has changed the business landscape significantly. Companies are faced with demands to adapt to these changes, including the accounting function. Sustainable business growth no longer only depends on technological sophistication alone, but also on accounting strategies that are adaptive and responsive to changing market dynamics.

Previous research has mainly focused on the technical aspects of digital transformation in accounting, but not much has specifically explored the application of SWOT analysis as a strategic tool in this context. Therefore, this research aims to fill this knowledge gap by examining the use of SWOT analysis research methods in developing accounting strategies that enable companies to effectively adapt, compete and develop in the ever-changing digital era.

It is hoped that this research will provide in-depth insight into how companies can use the SWOT analysis approach appropriately to formulate accounting strategies that suit business demands in the digital era. Thus, the results of this research can provide a valuable contribution to practitioners, academics and other stakeholders in understanding the importance of adaptive accounting strategies in facing rapid changes in the digital era.

THEORETICAL REVIEW

Currently, the main challenge faced by many companies is how to develop effective accounting strategies in facing the digital era which presents great opportunities as well as significant risks. In this context, SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) becomes an important tool that can help companies to understand their business environment comprehensively. However, although the SWOT analysis method has become a common approach in planning strategy, its application in the context of developing accounting strategies in the digital era has not been fully explored. There is still a need for in-depth studies to evaluate how SWOT analysis can be optimized in an accounting context to identify key factors that influence business growth in the digital era. (Aini, 2021).

Harahap & Hasim (Harahap & Hasim, 2021) conducted a SWOT analysis of mobile phone retail companies, where strengthening digital marketing must continue to be carried out to increase the number of product sales. Aini et al. (Aini et al., 2021) also used SWOT analysis to evaluate the digital marketing position carried out by Dior retailers which already have quite high brand awareness. Rachmadewi et al. (Rachmadewi et al., 2021) also uses SWOT analysis to provide an overview of the best digital marketing strategies for furniture manufacturing SMEs.

Based on the problems above, the importance of research on the use of SWOT analysis in developing accounting strategies in the digital era is important, as well as showing the shortcomings of previous research and the need for more in-depth research in this context.

METHODOLOGY

This research uses a type of qualitative research by means of library research or literature study. There are two sources in this research, namely primary and secondary data sources. Relevant primary and secondary sources such as academic journals, books, scientific articles, research reports, and other related documents that discuss the use of SWOT analysis in developing accounting strategies in the digital era. The literature analysis focused on information about how SWOT analysis has been applied in an accounting context and how accounting strategies have adapted to the digital era.

RESULTS AND DISCUSSION

Namugenyi (2019), the SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis research method is a strategic analysis approach used to evaluate the internal and external conditions of an entity, such as a company, organization or project. In the context of developing accounting strategies, the application of the SWOT Analysis method can provide a comprehensive view of the key factors that influence the creation and implementation of effective accounting strategies, especially in facing the dynamics of the business environment in the digital era.

The following is an explanation of how the SWOT Analysis research method can be applied in developing accounting strategies: (Hill, & Westbrook , 1997).

Identification of Strengths in the Accounting Context

Evaluate the company's internal strengths related to the accounting field, such as the expertise of the accounting team , the quality of the financial information system, or efficient accounting processes. This strengths analysis will help in understanding what has been successful in the accounting area, as well as how these strengths can be optimized or used as a basis for developing accounting strategies in the digital era.

Strengths in SWOT analysis refer to internal factors that provide an advantage or advantage to an entity, such as a company, organization, or project, in achieving their goals or in developing accounting strategies. The following are several examples of strengths that may be identified in a SWOT analysis related to accounting strategy development: (Rangkuti, 2004).

- Excellent Accounting Team Skills, the strength of the accounting team's high expertise and qualifications, such as in-depth knowledge of accounting standards, financial analysis skills, or a good understanding of financial regulations.
- Advanced Financial Information Systems, the power of adopting sophisticated and integrated financial information systems, enables efficient data management, timely analysis, and accurate financial reporting.
- Efficient Accounting Processes, the strengths of a structured and efficient accounting process, including the use of good workflows, the use of technology for automation, and clear operational standards.
- High Quality Financial Reports, the strength of high quality financial reports, including the level of accuracy, readability and compliance with relevant accounting standards.
- Strong Resources and Skills, the strength of sufficient financial, human, or infrastructure resources to support operations and the development of effective accounting strategies.

Identification of these strengths in a SWOT analysis helps a company to understand and utilize the advantages it has in developing a successful accounting strategy, as well as to maintain and strengthen the aspects that provide competitive advantage.

Identifier of Weaknesses in Accounting Practices

Identify internal weaknesses related to the accounting area, such as a lack of technology skills within the accounting team, lack of system integration, or resource limitations. Evaluation of these weaknesses helps to understand areas where the company needs to improve or improve accounting performance to respond to changes in the digital era.

Opportunity Assessment in the Digital Business Environment

Opportunities in SWOT analysis refer to external factors that can provide benefits or opportunities for an entity, such as a company, organization, or project, to improve performance and achieve their goals in the context of accounting strategy development. The following are some opportunities that may be identified in a SWOT analysis for developing accounting strategies, namely: (Hill, & Westbrook, 1997).

- Adoption of New Technology, an opportunity to take advantage of the latest technological developments in the accounting industry. For example, applying artificial intelligence (AI) or blockchain technology to increase the speed and accuracy of accounting processes.

- Changes in Consumer Habits, Opportunities to understand changes in consumer behavior in using products or services, which can lead to new opportunities in financial analysis and reporting to measure business efficiency and effectiveness.
- Market Expansion Through Digital Platforms, Opportunities to expand the customer base or market through digital platforms, such as e-commerce or other digital markets, which require responsive accounting strategies to track transactions and understand business performance more broadly.
- Globalization and International Expansion, Opportunities to explore global markets and international expansion, require adequate accounting strategies to understand differences in finance and accounting policies between countries.
- Regulatory and Compliance Changes Opportunities to take advantage of regulatory or compliance changes that encourage financial transparency or new accounting standards, which can enable companies to improve the quality of reporting and disclosure.
- Product or Service Innovation, Opportunities to develop new products or services and pricing strategies that require changes in accounting methods to measure the performance and profitability of the new product or service.
- Strategic Partnerships or Collaborations, Opportunities to utilize strategic partnerships or collaborations with other entities that can expand the scope of the business or provide other benefits, which require creative thinking in implementing appropriate accounting strategies.

Introduction to Threats in the Digital Era

Identify external threats, such as increased competition, regulatory changes, or data security risks, that may impact the company's accounting strategy. Threat analysis helps companies anticipate and reduce the negative impact of changes and external risks that can affect the implementation of accounting strategies.

Threats in SWOT analysis refer to external factors that have the potential to become risks or obstacles for an entity, such as a company, organization, or project, in achieving their goals or in developing accounting strategies. The following are some examples of threats that may be identified in a SWOT analysis related to accounting strategy development: (Namugenyi, & Reiners, 2019).

- Technological Change, the threat of rapid technological change or technological obsolescence that can make accounting systems or financial software obsolete or unsuitable for business needs.
- Increased Competition, the threat of increasing competition in the market, which can put pressure on profit margins or require innovation in accounting management to remain competitive.
- Regulatory and Compliance Changes, the threat of changes in rules, accounting standards, or compliance regulations that may add complexity or increase compliance costs, or even cause difficulty in adapting to such changes.
- Economic Uncertainty, the threat of economic uncertainty that can affect a company's financial stability or liquidity, requires an accounting strategy that is responsive to volatile economic conditions.
- Data Security Risk, threats from data security risks or cyber attacks that can threaten the security of the company's financial information or the integrity of the accounting system.
- Changes in Consumer Behavior, the threat of changes in consumer behavior or market trends that can shift demand for products or services, require more adaptive accounting analysis and enable innovation in business management.
- Global Crisis or Natural Disaster, the threat of a global crisis or natural disaster that can affect business operations as a whole, requires responsive financial planning and accounting in managing the possible impacts.

Responsive Accounting Strategy Development

Synthesis of SWOT Analysis results to develop adaptive accounting strategies, exploit strengths, overcome weaknesses, take advantage of opportunities and reduce threats in the digital era. Follow-up plans are developed based on the results of the SWOT analysis, forming the basis for better strategic decision making in managing accounting in an ever-changing business environment. (Wood, 2016).

Through the application of the SWOT Analysis research method in developing accounting strategies, companies can gain a comprehensive view of the key factors that influence accounting performance and can lead to better decision making to respond to business conditions in the digital era.

CONCLUSIONS AND RECOMMENDATIONS

SWOT analysis is used to evaluate internal and external factors that influence the accounting practices of an entity or organization. The results of

this SWOT analysis are expected to provide in-depth insight into the company's internal conditions (strengths and weaknesses) as well as external factors (opportunities and threats) that can influence the accounting strategy implemented.

By carrying out this analysis, it is hoped that the research can provide a comprehensive view of the factors that need to be considered in designing accounting strategies that are effective and adaptive to changes in the business environment. In addition, it is hoped that the implications of the SWOT analysis findings will help in identifying concrete steps that can be taken to maximize strengths, overcome weaknesses, take advantage of opportunities and face threats in the context of developing sustainable accounting strategies.

FURTHER STUDY

This research can be expanded by delving deeper into the effectiveness of the SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis method in developing accounting strategies. Factors such as company context, organizational size, and industry dynamics can be considered to understand the extent to which SWOT is relevant and successfully applied in the context of developing accounting strategies. In addition, research may include an evaluation of the implementation of strategies resulting from SWOT analysis and their impact on the financial and operational performance of the firm. Comparing the experiences of different organizations or industry sectors in applying this method may also provide further insight into the potential advantages and disadvantages of this approach. Such research could provide a more critical view of the SWOT analysis method in the context of accounting strategy development and contribute to a deeper understanding of the success or failure of its application.

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