



CORRELATION SWOT ANALYSIS: A CASE OF ERCAN INTERNATIONAL AIRPORT IN STRATEGIC BUSINESS PLANNING AND MANAGEMENT

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Abstract

The article discusses the theoretical and methodological approaches to analysis of factors affecting on internal and external environment for the formation of strategic business planning and management in corporate structure. The case is researched on the example of Ercan International Airport (EIA) in Northern Cyprus where a special attention is paid to the correlation approach in the formation of zones for defining a matrix of qualitative strategic analysis through assessment and impact of its practical application.

From another avenue, the article has proposed two main aspects. The first is to evaluate general considerations in strategic planning and management. The second is an attempt to introduce a reputable SWOT model, a matrix for matching the environmental threats and opportunities with the company's weaknesses and especially its strengths. The elements of SWOT are considered to be viewed as veterans in strategic planning however what is contemporary and new is a way of description of links between these elements and basing strategies on them. Unquestionably, the philosophy of modern strategic management (as opposed to a traditional rationalism) is based on the system and situational approach. Business organization is seen as an "open" system. The main prerequisite for success is sought not inside but outside of it and the success of the activities associated with how quickly and successfully the organization adapts to the fast changing economic, socio-political, socio-cultural environment.

Introduction

Unpredictability and risk, political complication, financial and competitive environment - those conditions in which modern industrial organizations sustain in Northern Cyprus. The domestic market in almost all sectors of economy is full of products and services produced by foreign producers and sellers. Today's companies are becoming relevant not just to "plan, produce and sell" but also to create, implement and upgrade the competitive strategy of its organization development through adapting to the new conditions, opportunities for environmental and external factors; create flexible business management models and manage the changes themselves - that is qualitatively different problem to solve.

Ercan International Airport (EIA) operates in a very exclusive environment with challenges and opportunities that feasible to be established as substitutes of future development. As argued [1], EIA has been described at its infancy stage of development considering a significant influence of external factors affecting on current managerial and situational analysis of the organization. These factors include political instability, directive and authoritative method of management and strict state control. Thus, the key emphasis of the paper is to make a reasonable and practical application towards how opportunities and challenges are evaluated and having impact or influence by business planning and management in EIA. This approach is scrutinized through Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis. Following this way, it may allow the authors to examine specific cases in strategic positioning of EIA considering SWOT analysis as is a precursor to strategic planning and is performed by a panel of experts who can assess the organization from a critical perspective [2].

Restructured strategic planning and management in relation to unexpected changes in the environment, requires quick and appropriate response to the organization to maintain and strengthen its competitiveness, ambition and competence. Its dynamically changing environment and the ever-growing needs of the market demand sharpen interest of top management of the large companies to the problems of strategic management and adequate business planning. The primary aim of strategic planning is to bring an organization into balance with the external environment and to maintain that balance over time [3].

The term 'strategy' (which is derived from the Greek word 'strategos', meaning 'general') has been used in different ways. Different sources to explain it, [4] focus on both the end points (purpose, mission, goals and objectives) and the means of achieving them (policies and plans). Alternative writers such as [5], [6] emphasize the means to the ends in the strategic process rather than the ends.

Strategic analysis is an important step in the design, construction and choice of effective business strategy. Numerous studies provide evidence for the importance of marketing intelligence in effective strategic planning [7], [8], [9]. In conjunction with a systematic approach, it gives a fundamental assessment of own resources and capabilities on the state of the environment and the needs of the organization. As a tool for regular strategic management is often used a common method in large companies with a purpose to build high-quality strategic analysis matrix named SWOT: Strengths, Weaknesses, Opportunities and Threats. The



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main purpose of SWOT is to provide meaningful insights to marketers about organizational key competencies after evaluating data gathered through marketing intelligence and to enable them in making best use of that data in utilizing opportunities, linking those with organization’s strengths, identifying major threats, and minimizing weaknesses [10]. [11] argue that SWOT analysis is a valuable and prevalent tool in strategic planning.

The matrix shown in Figure 1, is a structured information field to coordinate the organization in outer space and making strategic management decisions. Construction of the information field and evaluation of key moments within organization is materialized by managers of the organization based on a consideration of various factors by synthesizing and harmonization of its own experience and vision. The founder and developer of the concept of corporate strategy (SWOT model analysis) is a scientist Kenneth R. Andrews who belonged to the Harvard group. The author aimed at the balance of power between the resources and internal capabilities of the organization as well as the conditions and factors of its external environment.

Strengths	Weaknesses
Opportunities	Threats

Fig.1, Classical view of the matrix of the primary strategic SWOT analysis

At the center of this proposed model, four core questions been put into the context and the answers to which it will be a starting point for the formation of strategy:

1. What can we do (strengths and weaknesses);
2. What do we want to do (general organizational and personal values);
3. What might we do (opportunities and threats of external environment);
4. What others expect us to do (standby intermediaries).

The proposed model was based on articulating and structuring of information and knowledge around the current situation and trends. The model has become a versatile tool for structuring information in a single logically coherent framework and analytical work.

More efficient technology for constructing and using SWOT model was proposed in 1965 by a group of scientists from Harvard University [1] in the form of a diagram LGAG. LGAG scheme is based on sequential analysis of 6 key areas leading to the choice of strategy: products, processes, customers, distribution, finance, administration

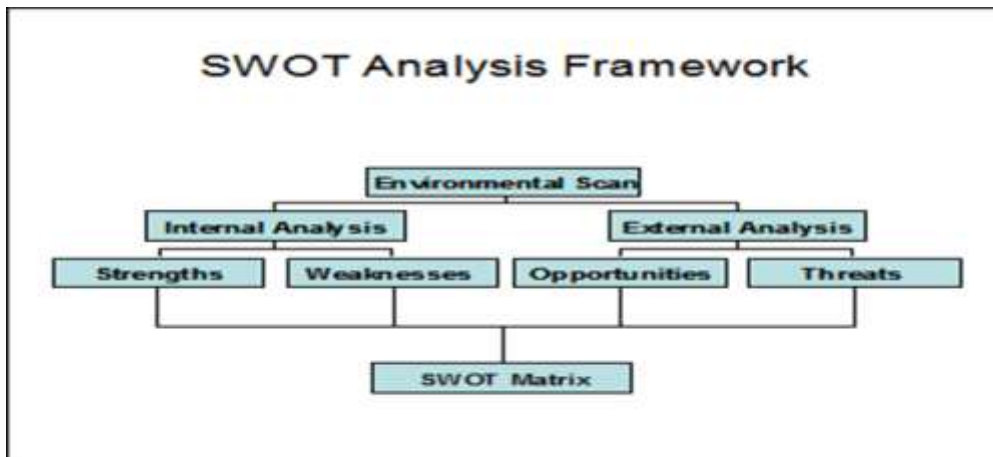


Fig.2, SWOT Analysis Framework

In 1982 Professor Heinz Weinrich published his work which offers TOWS-matrix as a new kind of SWOT-models and views it as a conceptual framework for a systematic analysis of organizations [12]. Scientist proposes to base the strategy on a continuous, systematic analysis of a specific time period pre-created lists of external factors with internal strengths and weaknesses which allows to track changes in the competitive environment in the construction of strategies. Currently, Weinrich’s model is used as extended (integrated) SWOT model (extended SWOT matrix) for the construction of several possible strategies tailored to the specific combinations of 4 sets of strategic factors.



External elements	Internal elements	Organizational strengths	Organizational Weaknesses
	Strategic options		
Environmental opportunities (and risks)	S-O: Strengths can be used to capitalize or build upon existing or emerging opportunities	W-O: The strategies developed need to overcome organizational weaknesses if existing or emerging opportunities are to be exploited	
Environmental threats	S-T: Strengths in the organization can be used to minimize existing or emerging threats	W-T: The strategies pursued must minimize or overcome weaknesses and, as far as possible, cope with threats	

Fig.3, Extended SWOT matrix

In the construction of the matrix SWOT analysis dichotomous procedure is used (dichotomy – Greek: Διχοτομία), which is applicable in many fields of science: mathematics, computer science, philosophy, logic, linguistics. It is also a method of forming mutually exclusive subsections of the concept or term and classification is used to form elements. “Dichotomies” (pairs of mutually exclusive characteristics) - these are elements of the matrix. This representation allows to reduce the risks and uncertainties, i.e. the entropy of the environment and the interaction of the system by enlarged representation of the situation.

After analyzing Figures 1-2-3, it is feasible to conclude that the formation of a competitive strategy of the organization development is largely due to external factors than internal problems. Thus, a complete SWOT analysis should cover both the micro and meso environment. The objective is to build the four groups of different strategies using certain pair combinations followed by a joint analysis of the following indicators: strength – opportunities (SO), strength – threat (ST), weakness – opportunities (WO), weaknesses – threats (WT). In practical construction, the number of factors on each axis SWOT matrix is significant and there are specific procedures for their ranking and clotting. Significant weight is considered for a subjective assessment, introduced the participants of the formation of strategic analysis.

Its result is complemented by a philosophy strategy which is the prism of managerial vision of the organization and which is not reflected in the particulars as it combines them into a single unit and serves as the basis for the company's mission. By constructing a correlation matrix SWOT analysis shown in Figure 1, the most effective corporate strategies of organization development are selected which are consistent with its internal parameters, market position, and in general to the external environment.

During the correlation characteristics of the environment and the organization itself for each of the four zones of the matrix, the basic strategy of the company is specified. Analysis of each specific market segment for each case (the assessment of timely market penetration or strengthening its position in targeted areas) are used as the fundamental basis for the development of optimal corporate development strategy.

The success of the strategic decisions taken on the basis of this analysis depends on the most complete, comprehensive description of the organization interaction with the external environment. Factor accumulation of the results and experience, being the basis of cost management also has a lot of weight and must be subjected to careful analysis, structuring, consideration and discussion.

Materials & Methods

Ercan International Airport (IATA: ECN, ICAO: LCEN) locates in the North part of Cyprus. Due to the fact that the airport is unrecognized for the most of the world community of nations it also has no official status of an international airport and its codes of IATA and ICAO are not included in the official record lists. All aircraft operating international flights to and from Ercan airport must make a stopover in one of the Turkish airports.

The airfield Ercan Airport has a length of 2.5 kilometers, its platform is designed for seven aircrafts and despite the fact that the runway is long enough for landing large aircraft, it is still not enough for them to take off. Reconstruction plan involves the construction of a new airfield, apron and terminal which should double the number of received aircraft.



Table.1, SWOT analysis of Ercan International Airport (Northern Cyprus)

<p>Strenght Subsidies greatly to economic activity a year and supports jobs. Development of aircraft utilization, increased technical facilities and provided reduced costs for airlines. The airport’s location is convinient to the city centre. Powerful and financial contribution to the local and national economies Tendency in innovation. Safe and quality operations. Modern equipment and technologic system. Due to ancient history and warm climate in Cyprus, makes it one of the attractions for tourists.</p>	<p>Opportunities Solution of Cyprus problem or political recognition Accession to the EU (freedom of movement of goods, people, capital within the EU) Improvement of road and technical infrastructure facilities of Ercan Airport Dynamics and expansion of passenger traffic. Competition between South Cyprus airport and North Cyprus airport that brings new investments. Gateway location between Asia and Europe. Quality services affect on increase traffic and satisfied passangers. After the agreement Ercan International Airport will be the easiest, in terms of access to the Northern part of the island.</p>
<p>Weaknesses Unrecognized by International Civil Aviation Organizations. Small domestic and limited market. Relatively old technical infrastructure. Lack of international partnerships. Location near to the South Cyprus bound. Weak institutional and financial structure of contractors. No direct flights and non stop landing to other countries except Turkey. Lack of communication between Government organizations. Full membership of South Cyprus in other International Civil Aviation organizations and it influences to North Cyprus negatively. Lack of communication between neighbour countries in terms of coordinations of flights except Turkey. Due to location of airport there is no instrument approach procedure to runway 11. Limited passenger transportation diversity from airport to cities. No alternative airport.</p>	<p>Threats Slow economic recovery in Europe. Low consumer confidence. Government restrictions related to aviation development. Economic slowdown can hamper traffic volume. Due to political problems as an unrecognized country it becomes not worth the investment to be made. Due to limited number of contractors affects the quality of services in every sense given by contractors. Location of airport is very close to south boundary. On going war threat neighboring regions. The threat of war that may occur in case of dispute. Lack of communication between Government organizations. Lack of communication between neighbour countries in terms of coordinations of flights except Turkey.</p>

Results & discussion

In today's world of the market economy, no organization functions without a preliminary assessment of the situation on the market for goods and services. Each company analyzes the problems that may arise in the way of its development: the competition, the threat from the competitors or Government regulators, the threat of a crisis and more - in order to avoid a whole range of such threats, each company creates its own strategy. The term "strategy" can be defined as a system of interrelated goals that lead to the desired result. In the case of today's businesses in all sectors, this result is to achieve a leading position in the market and maximize profits. But to create the optimal strategy is not easy and the organizations like Ercan International Airport has to consider a number of factors, such as the external and the internal sphere of the enterprise. It is necessary to take into account the activities of the company, its internal organizational form, the pace of development, financial resources, innovative capabilities, threats, which may adversely affect the operation of the company, the strengths and weaknesses of not only the organization but also competitors and regulators. To evaluate the effectiveness of the measures taken in the framework of the implementation of this strategy, it is necessary firstly, to identify expected outcomes and secondly, to focus on intermediate control strategies. The SWOT analysis of global and local trends in the development of EIA facilities for air transport services market has indicated that the capacity of airport infrastructure and unrecognized politically are a limiting factors for development of the airport in Northern Cyprus. However political recognition or solution of the Cyprus problem in the future may lead to a significant opportunity in the region and make the EIA as a center / hub connecting Asia, Europe, and Middle East and Africa continents.



Conclusions

Emplacing and allocating priorities by management, the managers of large organizations, holding companies and corporations form a system and a combination of strategies to grow business. Under the paradigm of strategic management is understood that currently the world market demand is focused on a high-quality innovative solutions and once formed a model of long-term phased development company can subsequently become the basis for the development of the whole industry. Strategic decisions in the new circumstances have a significant effect on the company's ability to generate profits relate to the company as a whole. For full integration in the global arena, the EIA is required to concentrate on high competitiveness and innovation, the ability to determine its unique place in a particular niche and identify its potential for implementation of joint projects. Correctly and on time taken strategic decisions, systematic internal and external analysis, comparison of current results with the intended objectives, continuous work on a self-assessment and quality play a key role today in the success of any organization, indicate its dynamics, consistency and maturity and have a decisive influence on competitive products and enterprise as a whole. EIA using strategic planning and management may play a crucial role in the aviation industry now and in the future.

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