



## **Selection of construction enterprises management strategy based on the SWOT and multi-criteria analysis**

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The paper proposes a methodology for determining management strategies in construction enterprises. For this purpose, the SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis as an instrument for formulating management strategies is recommended. The best practices for this reason are also analysed. The algorithm helps to select the most preferable strategies based on the AHP, expert judgment and permutation method of feasible alternatives. A perspective of construction enterprises management regarding the SWOT is carried out on a basis of selected description of the current state and the feasible future alternatives. Finally, the selected alternatives are ranked according to the permutation method of feasible alternatives. The case study shows the applicability of the proposed model to the real management problems solution.

*Keywords: management, strategy, enterprise, SWOT, AHP, expert judgment, permutation method, MCDM*

### **1. Introduction**

Strategic management has the crucial importance of providing a company's long-term success. The task of strategic management can be broken down into strategic planning, implementation of strategies, and strategic control. Strategic planning is a systematic process which defines the way to guarantee the permanent accomplishment of the company's overriding goals and objectives. Strategies are long-term managerial guidelines guaranteeing the permanent accomplishment of the company's overriding goals and objectives. The strategies of a company define its future way of doing business [21].

Development of successful strategies is an essential and a complex task. Evaluation of strategies focuses mainly on existing success potentials or those to be built up within the planning period. The first approach to assessing strategic options deals with financial evaluation: calculating the net present value resulting from the investments complementing discounted cash-flow analysis.

However it fails in many cases due to the impossibility of making realistic forecasts of the long-term financial outcomes of specific strategic options. The prediction of the effects of investments to protect existing success potentials is often fraught with considerable uncertainty.

Evaluation of success potentials is possible with the help of substitute assessment criteria. These must fulfil the following two requirements [21]:

- On the one hand, it must be possible to obtain the data required for the assessment of success potentials using the substitute criteria.
- On the other hand, there should be a high probability that assessment of the success potentials using substitute criteria will in practice select the strategic option whose positive effect on long-term success is greatest. So there needs to be a well founded link between substitute criteria and company success.

A systemic approach to strategic planning is seen by many company leaders and management researchers as an essential requirement for long-term corporate success. Many companies today view strategic planning as a task of top management. Unfortunately, despite the best efforts of those responsible the results are often unsatisfactory.

It is the principal objective of this research to present an integrated system of analysis and assessment tools. One of the most important factors leading to the success of a construction is its strategy development scenario and successful application.

Many researchers investigated the problem of success and the importance of rational decision-making in constantly changing and risky environment [3, 8, 45, 58, 67, 71]. Gudonavicius et al. [23] state that enterprise strategy formulation can be improved significantly by applying strategy planning tools, by widening dimensions that describe the types of entrepreneur, and by integrating them into a particular system. A company's success depends on the successful selecting of a governance strategy. The SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis as an instrument for forming management strategies is recommended. However, these instruments indicate the direction but their support is difficult to reach a final decision. There are a number of strategies (alternatives or actions) which can be ranked according to a number of criteria (criteria, aspects, or dimensions). Criteria can be cardinal or ordinal. It can be stated that the performance evaluation and optimal selection of strategy has multilevel and multi-criteria features, so it can be regarded as Multi-Criteria Decision Analysis. Multi-criteria decision analysis (MCDA), sometimes called multi-criteria decision making (MCDM), is a discipline of operations research aimed at supporting decision makers faced with making numerous and conflicting evaluations. MCDA aims at highlighting these conflicts and deriving a way to come to a compromise in a transparent process. Optimization models all so must be analyzed in the future [29, 51, 54, 64–65].

## **2. SWOT development and solving problem in construction**

In many cases SWOT analysis is a strategic planning method and can be used in conjunction with other tools for audit and analysis of an involved venture [25]. It's originated from is "SOFT" (Satisfactory, Opportunity, Fault and Threat) and came from the research conducted during 1960–1970. The SOFT analysis was presented in a seminar at Zurich in 1964, Urick and Orr changed the F to a W and called it the

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