

SWOT model as a mechanism for achieving competitive superiority: case study of Ben Houhou mills- Chetma- Biskra.

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Abstract:

This study aimed to highlight on the SWOT as a mechanism for diagnosis the internal and external environment of the organization, and how does it contribute to achieving competitive superiority in Ben Houhou mills- chatma- Biskra.

In order to achieve this goal, the study relied on the descriptive analytical approach in presenting data related to the variables of the study, and the case study of the Ben Houhou mills- chatma, in which the interview method, and accounting information were applied as data collection tools. The study concluded that the SWOT model is one of the most important strategic analysis tools that helps the organization must know Strengths, weaknesses, opportunities and threats in order to obtain a competitive superiority.

Keywords: Strategic analysis, SWOT analysis, competitive superiority

JEL Classification: L1 ; M30

Introduction

The organization operates in a business environment characterized by rapid changes and intense competition. Its pursuit of uniqueness and distinction is linked to its ability to achieve competitive superiority. Achieving this superiority requires relying on possessing competitive advantages that ensure its survival and continuity. To achieve its objectives, the organization needs to rely on diagnosing its environment by adopting several strategic diagnostic tools that help it assess its current situation, which in turn helps it maintain its market position and increase its market share.

This study relied on the SWOT model to perform a strategic diagnosis of the organization's business environment. To build the SWOT matrix, the study utilized the value chain as a tool for diagnosing the internal environment and Porter's Five Forces model as a tool for diagnosing the external environment. This approach was used to identify the organization's strengths and the opportunities available to it to achieve competitive superiority, as well as to identify the weaknesses that the organization must address and turn into strengths, and the threats it must confront and mitigate.

Based on the above, we can formulate the research problem as follows:

Does adopting the SWOT model as a mechanism achieve competitive superiority for organizations in the Ben Hohou Mills Company?

Within this problem, several sub-questions arise:

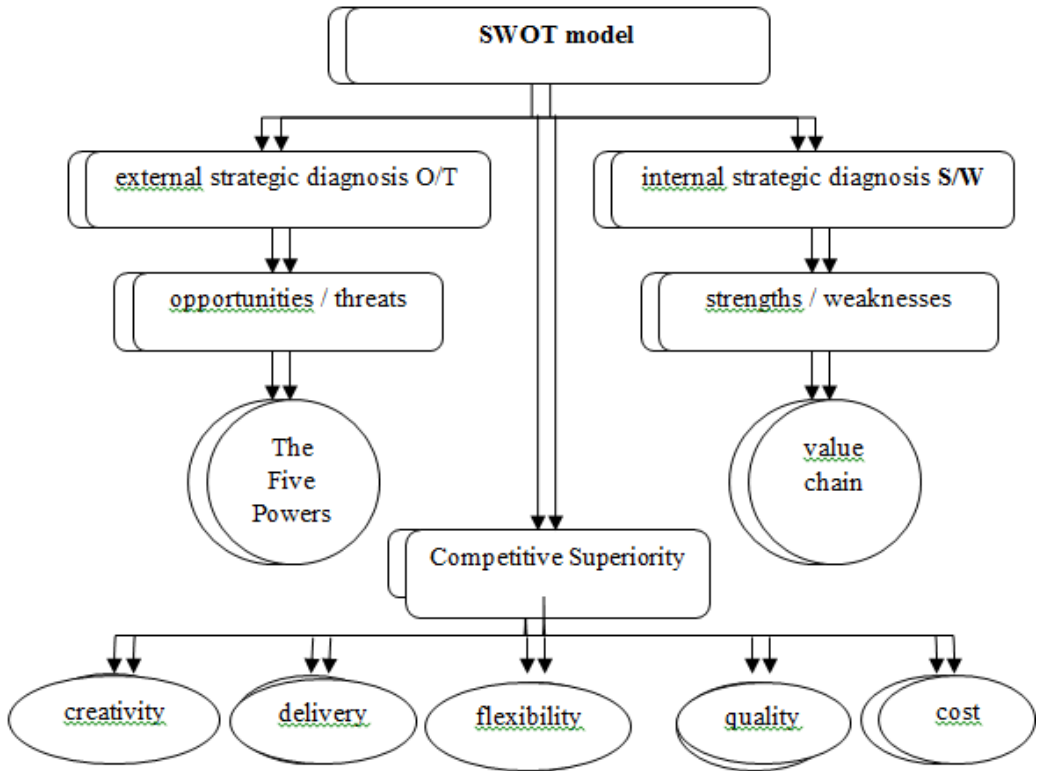
- What are the strengths the organization possesses, and what are the corresponding weaknesses?
- What opportunities are available to the organization that can be leveraged, and what are the corresponding threats?
- What is the level of competitive superiority indicators present in the organization under study?

Study Model

The study model below outlines the steps for conducting the case study:

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Figure No. (01): Study Model



Source: Prepared by the researcher based on previous studies

Study Objectives

- Highlight the elements of the internal and external environment of Ben Hohou Mills.
- Diagnose the current situation of the organization under study using SWOT analysis to identify strengths, weaknesses, opportunities, and threats.
- Determine the extent of competitive superiority indicators present in the organization under study.

Study Methodology

The study used a descriptive-analytical approach for presenting the theoretical aspects of the study variables, and a case study approach for the

practical side, relying on interviews as the primary tool for collecting and analyzing data and information from the organization's documents.

A. Theoretical Framework

1. Competitive Superiority

1.1 Definition of Competitive Superiority

Below are the views of some researchers on the definition of Competitive Superiority:

(safiullah, 2010) defined of Competitive Superiority as having a higher capability than competitors and achieving superior managerial performance (p. 210).

Willow and Al, as noted by (AL-Maawi & Twiti, 2016) ,defined it as the ability to create a value that customers perceive as superior to the value created by competitors (p. 267).

Pitts & Les, as noted by (Bouaissa & Ben Sahnoun, 2019), defined of Competitive Superiority as the organization's ability to leverage its internal strengths in performing its activities by generating a value that exceeds the value of competitors or cannot be achieved by other competitors in their performance of activities (p. 1006).

Mezher & Oleiwi, as noted by (AL-Zaydi & Baddan, 2023),emphasized that of Competitive Superiority refers to the extent to which an organization utilizes all its capabilities, activities, and values to produce a unique and distinctive product compared to competitors, in a way that allows the organization to attract the maximum number of customers and build positive relationships with them to retain them (p. 134).

It is also defined as the unique abilities, capabilities, and characteristics that an organization possesses, which distinguish it from others and allow it to enhance and maintain its leading position in the customer's mind for a longer period compared to competitors (Mohamed, 2020, p. 236).

From the above, we can say that competitive superiority is the position that an organization aims to achieve by creating value in the product or service that is consistently recognized by the customer, through the optimal use of the resources and capabilities it possesses.

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1.2 The Importance of Competitive Superiority

The importance of competitive superiority falls under the following: (Hirrèche & Ben Aouda, 2021, p. 236)

- ❑ It is a positive indicator for the organization to control a strong position in the market by obtaining a market share greater than that of its competitors, which indicates that the organization has more satisfied and loyal customers compared to its competitors.
- ❑ Competitive superiority is an important criterion for successful business organizations, as it serves as a means of continuously seeking new models for competitive advantage. This is because old models have become available and well-known and can be adopted by competitors.
- ❑ Competitive superiority is an important factor for organizations of all types and industries, as it forms the basis around which competitive strategies are formulated.
- ❑ Competitive superiority represents the primary competitive weapon with which an organization faces market and competitor challenges. This is achieved by developing the organization's competitive knowledge and its ability to respond to future customer needs.

1.3 Indicators of Competitive Superiority: (Hirrèche & Ben Aouda, 2021, p. 94)

- ↪ **Cost:** It is the process of offering a product or service at prices lower than those of competitors, which increases the organization's market share. To compete on the basis of cost, the organization must reduce the cost per unit of the product or service.
- ↪ **Quality:** It represents the ability to provide products and services that match the needs and desires of customers.
- ↪ **Innovation:** It is the process by which the organization employs its skills and resources to generate and apply new ideas, resulting in products that are characterized by novelty and originality, creating additional value for the organization and providing a competitive advantage.
- ↪ **Flexibility:** It refers to the ability to respond to rapid changes and events regarding product and/or service design or related to the volume of customer orders.
- ↪ **Delivery:** It represents the speed of delivering the product and/or service to the customer. Competition based on delivery involves the speed of delivery, which is measured by the time taken from receiving the

customer's order to fulfilling it, or delivering it by the agreed-upon deadline. This is measured by the frequency of the process and involves matching the agreed-upon delivery time with the responsiveness to customer requests.

2. Strategic Diagnosis: SWOT Analysis

2.1 SWOT Matrix

Table No. (01): SWOT Strategic Elements Matrix

	Positive Elements	Negative Elements
External Environment	Opportunities	Threats
Internal Environment	Strengths	Weaknesses

Source: (AL-shibli & AL-nsour, 2009, p. 118)

This matrix allows the organization to adapt to the requirements of both the internal and external environments in a way that enables it to leverage its strengths to seize available opportunities in the markets it operates in and avoid threats. On the other hand, it also works to address its weaknesses to be able to take advantage of opportunities when they arise and avoid threats (Haj Araibi, 2015, p. 173).

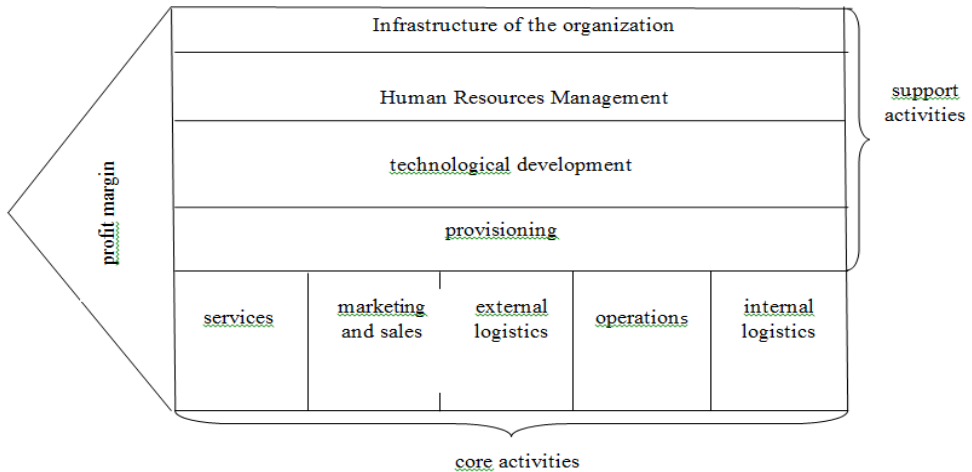
2.2 Strategic Diagnosis Tools

a. Value Chain

The figure below illustrates Porter's value chain:

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Figure No. (02): Porter's Value Chain



Source: (Porter, 1985, p. 37)

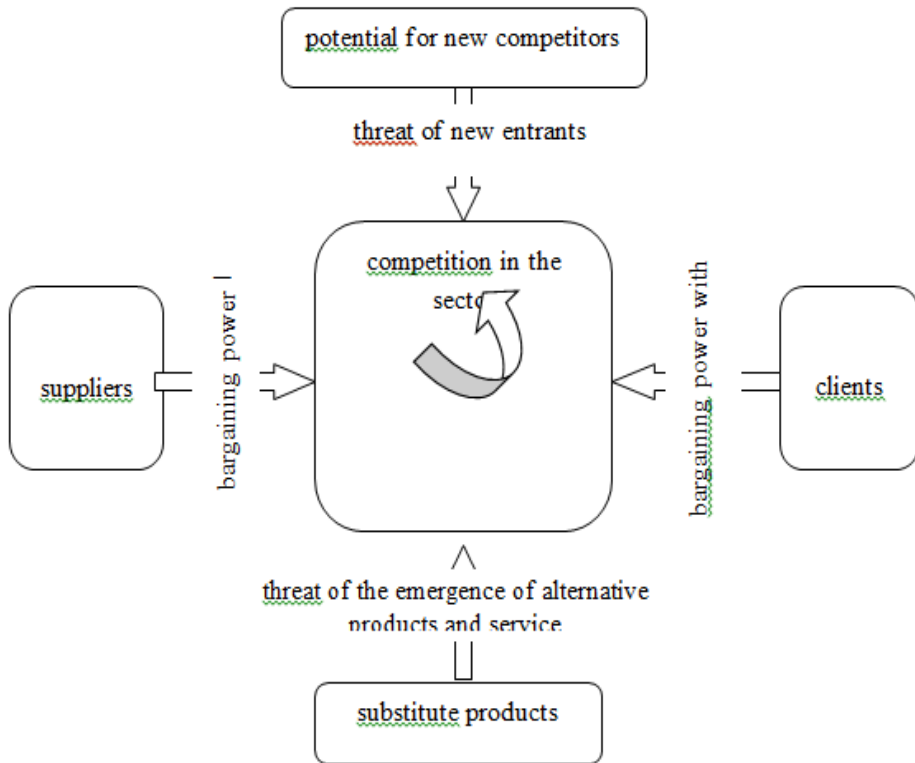
The value chain includes primary activities starting with internal supply, which refers to the handling of raw materials and storage. This is followed by operations where raw materials are transformed into products. After manufacturing, the products move to external supply (storage and distribution), then marketing and sales. As the final primary activity, we find services, which are activities related to sales support and after-sales services to achieve consumer satisfaction. These services include maintenance, installation, spare parts sales, training, etc.

In addition to the primary activities, there are a set of supporting activities represented by procurement (purchasing), technological development (research and development), human resources management, and the institution's infrastructure such as accounting, finance, and strategic planning. These supporting activities provide assistance to the primary activities to ensure their efficient performance (AL-salem, 2016, p. 133).

b. Porter's Five Forces

The figure below illustrates Porter's Five Forces:

Figure No. (03): Porter's Five Forces



Source: (Porter, 1985, p. 05)

These five forces refer to: (EL-Morsi, Abu Bakr, & Geba, 2007, pp. 171-173)

- ❖ **Current competitors:** The intensity of competition among current producers depends on several factors, the most important of which are the number of these producers, the level of commitment to the industry, the diversity of products and/or services offered, the presence of high fixed costs, and the existence of barriers to exit.
- ❖ **Potential competitors:** These are competitors who may potentially enter the industry. Their entry depends on the presence of barriers that prevent their entry, such as the required capital size, economies of scale, distribution channels, and product diversification.
- ❖ **Substitute products:** These are competitors identified as sources of competition that are less intense than direct competitors. However, their impact on the industry's growth rate and profitability remains significant.

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- ❖ **Customers:** When customers have relatively strong bargaining power compared to the product or seller, they can compel the producer to lower prices or increase the range of services, which affects the achieved profit margins
- ❖ **Suppliers:** Suppliers can also exert pressure on producers by threatening to raise prices or reduce the quality of the goods or services provided.

B. study methodology

1. study population and sample

The study population includes all employees of the Ben Houhou Mills - Chetma, while the study sample consists of the institution's managers, including the Manager, Head of Human Resources, Head of Production, Head of Finance and Accounting, and Head of Trade, with whom interviews were conducted.

2.SWOT Strategic Diagnosis for Ben Houhou Mills

Ben Houhou Mills was established on 12/02/2008 as a limited liability company (SARL) by two partners with a capital of 200,000 DZD. It began operations on 05/08/2009. The mill's activities are limited to the production of semolina and flour. The total area is estimated at 4,912 square meters, of which 1,670 square meters are covered

The table below shows the classification of Ben Houhou Mills according to the classification criteria

Table No. (02): Classification of Ben Houhou Mills in 2023

Criterion Name	Organization Name	Ownership Criterion	Activity Criterion	Legal Criterion	Size Criterion
	Ben Houhou Mills	Private	Production	Limited Liability Company (SARL)	Small

Source: Prepared by the researcher based on the institution's documents

From the table above, we observe that the ownership of the institution is private, as it was established as a limited liability company (SARL). Its activities are limited to the production of semolina and flour. Its classification as a small enterprise is based on the Guiding Law for the

Development of Small and Medium Enterprises (2017), which stipulates that a small enterprise employs between 10 to 49 individuals (p. 06) The number of employees at the institution reached 47 individuals in 2023.

First: The Internal Strategic Diagnosis of Ben Houhou Mills - Chetma

a- Human Resources Function

* The number of working hours is estimated at 42 hours per week, distributed over 6 days of the week with 7 hours per day. Production units operate 24 hours a day, 7 days a week, under a shift system

* The institution employs individuals with high experience and competencies suited to the nature of the work. It is also interested in attracting more individuals with skills and experience that match their capabilities and qualifications with the nature of the tasks assigned to them. However, the institution does not rely on training and development programs for its employees and relies solely on accumulated experience.

* As for the salary system, the institution does not rely on a specific system; instead, salaries are determined based on the market and what is agreed upon with the employee.

* The institution does not suffer from work-related problems except for occasional absences, which are minimal. The reasons for these absences include climatic conditions such as high temperatures, especially in summer, sick leave, personal reasons, etc.

b- Production and Operations Function

Product Range of Ben Houhou Mills –Chetma

Table No. (03): Product Range of Ben Houhou Mills

Product	Type	Capacity
Flour	Regular Flour	25 kg, 50 kg
Semolina	Regular Semolina	25 kg
	Premium Semolina	10 kg, 25 kg, 50 kg
Bran	Red Bran (from durum wheat)	25 kg, 40 kg
	White Bran (from soft wheat)	25 kg, 40 kg

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Source: Prepared by the researcher based on the interview with the
Production Manager on 30/05/2023

* Storage Capacity: The institution has full storage capability, with a storage capacity of 900 tons per day for finished products and 1,150 tons for raw materials

* Production Capacity: The institution has two production units, represented by:

- Flour Production Unit: The theoretical production capacity is estimated at 440 tons per day, while the actual production is estimated at 125 tons per day.
- Semolina Production Unit: The theoretical production capacity is estimated at 200 tons per day, while the actual production is estimated at 52.5 tons per day.

* The institution sources durum wheat and soft wheat from the Algerian Professional Office of Cereals (OAIC). However, there is no stability in the quality of the raw materials obtained, which affects the quality of its products. Additionally, the supply of raw materials is managed under a quota system, limited to 40% of the theoretical production capacity.

* The production and operations management of the mills has the capability to meet delivery requests on time and also adjust delivery times (delivery flexibility). The mills are known for adhering to delivery deadlines.

* Self-control is maintained through a specialized laboratory, DARIN MOUB, with which the institution contracts. This lab oversees all stages of the production process, from the entry of raw materials into the warehouses to the completion of the production process. Various tests are conducted on raw materials and products to determine the required specifications for purchasing or production. A sample is sent to the Production Manager and another sample to the laboratory to monitor the compliance of specifications with applicable standards.

c. Commercial Function

Development of the Revenue of Ben Houhou Mills - **Chetma**

The development of the revenue of Ben HouhouMills can be outlined as follows:

Table No. (04): Development of Revenue for Ben HouhouMills during the period 2012/2021

2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	Year
635 425 198.80	621 639 982.76	652 314 773.12	646 551 130.95	679 110 813.09	625 972 849.82	671 512 300.00	409 768 400.00	340 806 000.00	335 677 840.00	Revenue

Source: Prepared by the researcher based on data from the results account table

Figure No. (04): Graphical Representation of the Revenue Development for Ben HouhouMills during the Period 2012/2021



Source: Prepared by the researcher based on data from Table No. (04)

From the table and figure above, we observe that the institution experienced fluctuations in turnover, with both increases and decreases. This variation is due to a decrease in demand (due to competition from private institutions) for some products and, at times, a decrease in supply due to insufficient raw

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materials. Additionally, secondary products (bran) affect the increase or decrease in turnover due to fluctuations in their prices and the quantity extracted from raw materials. The institution does not control its production volume, as it is tied to the production of semolina and flour

* **Suppliers:** For raw materials, control is managed by the Algerian Professional Office of Cereals, which distributes them according to a quota system of 40% of the production capacity, which itself poses a barrier to the institution. The institution also deals with various suppliers for different materials such as packaging and product filling supplies, gasoline and oils, spare parts, cleaning materials, etc.

* **Customers:** The institution has a large number of customers (wholesalers and retailers) distributed in the Biskra Province and some neighboring provinces. The institution deals with 62 customers distributed as follows:

- **East:** Batna, Oum El Bouaghi, Guelma, Jijel, Skikda, Setif, Constantine.
- **West:** Tlemcen, M'sila, Djelfa.
- **South:** Adrar, Ghardaia, Tamanrasset, Laghouat

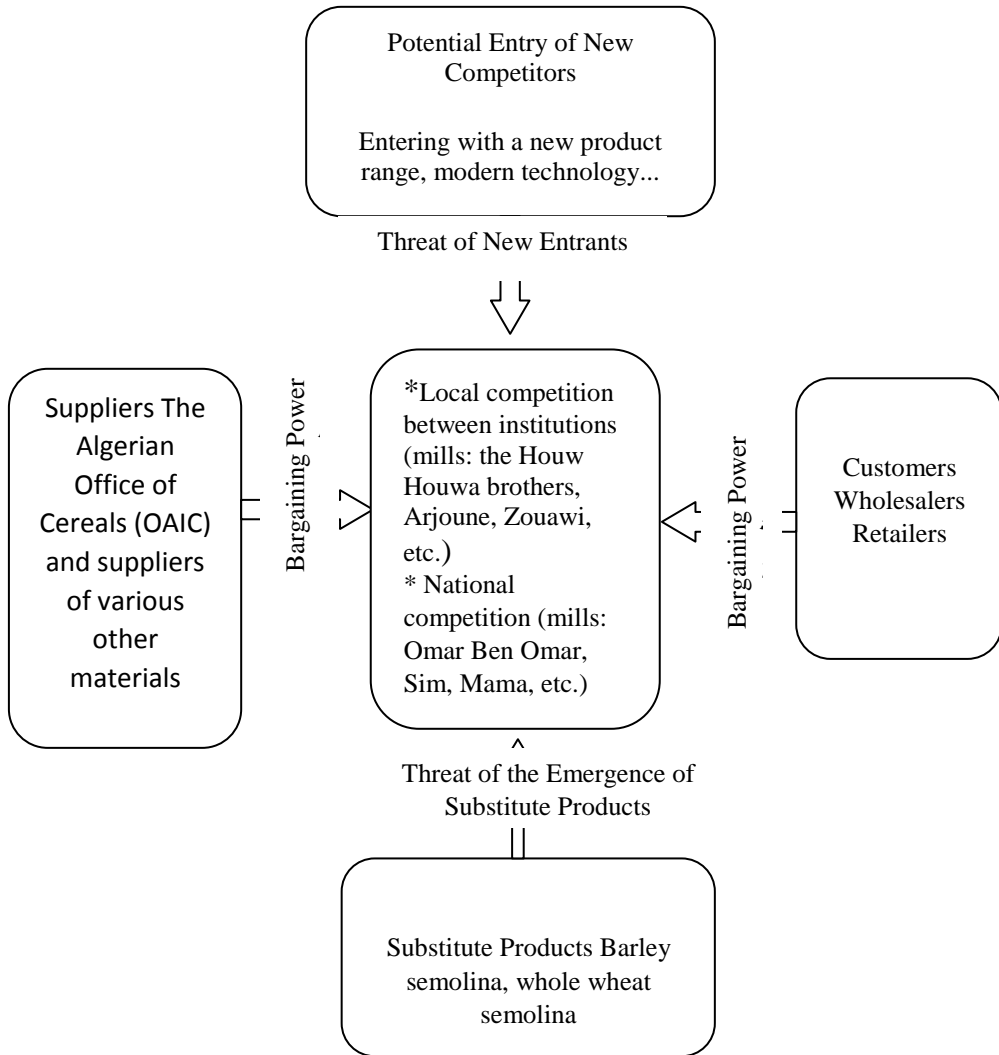
d- Accounting and Finance Function:

The finance and accounting function in the institution allows for monitoring its financial status, preparing various financial statements, budgets, income statements, and overseeing the movement of the institution's funds and obligations with various economic agents. As the institution is subject to tax laws, it is required to rely on the finance department. However, there is no analytical accounting due to the fact that raw material prices (wheat) and products are regulated public prices set by the state. Therefore, production costs are calculated approximately based on general accounting data.

Second: The External Strategic Diagnosis of Ben Houhou Mills - Chetma

We will use the Five Forces Model for the external strategic diagnosis, and the figure below illustrates the model:

Figure No. (05): The Five Forces Model for Ben Houhou Mills



Source: Prepared by the researcher based on the external strategic diagnosis

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Third: SWOT Matrix for Ben Houhou Mills –Chetma

Table No. (5): SWOT Strategic Diagnosis of Ben Houhou Mill

	Positive Elements	Negative Elements
External Environment	<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> - Increased demand for products - The good reputation that the institution enjoys locally and nationally - Wide customer base 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> - Fluctuation in the quality of raw materials. - Intense competition from private institutions. - Low entry barriers, posing a risk of new companies entering the sector. - Substitute products.
Internal Environment	<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> - Human capital skills. - Sufficient financial resources. - Adequate storage capacities. - Self-monitoring by contracting with a private laboratory for quality control 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> - Lack of training. - Actual production is estimated to be less than half of the production capacity. - Lack of marketing. - Non-adoption of analytical accounting

Source: Prepared by the researcher based on the results of the strategic diagnosis

Conclusion:

In this study, we relied on the SWOT model as one of the most important tools for analyzing the internal and external environments, which helps an

organization achieve a competitive advantage. Through the case study of the Ben Houhou Mills Company, we arrived at the following results:

* The absence of analytical accounting means that costs are calculated approximately based on general accounting data to determine the profit margin for each product.

*The company aims to control its product costs so that they do not exceed the prices set by the state on one hand, and on the other hand, to reduce costs as much as possible to increase the profit margin for each product.

*The company obtains its raw materials from a single supplier, the Algerian Professional Office of Cereals, which leads to significant fluctuations in the supply of raw materials. Wheat is often obtained through a quota system and is not always of good quality (unstable wheat quality), which affects the quality of the products and thus impacts the relationship between the mills and their clients.

* The company has the ability to achieve production flexibility in terms of adjusting production volume, based on increased quotas provided by the Algerian Professional Office of Cereals (increased wheat quantity), as well as according to demand for its products, as the company operates at less than half of its theoretical capacity. Additionally, the company boasts enormous storage capacity for raw materials and finished products, making it flexible if quantities change due to an increase in quotas provided by the Algerian Professional Office of Cereals (OAIC).

* The company ensures delivery from two aspects: firstly, on-time delivery according to scheduled deadlines, and secondly, expedited delivery by providing products before the agreed-upon deadlines (reducing waiting time).

Recommendations of the Study:

* Adopt analytical accounting to calculate product costs accurately.

* Focus on training and investing in human resources and conduct training programs as a source of creativity.

* Direct attention to marketing the company's brand by meeting the needs of current customers and attracting new ones.

* The company should use SWOT analysis as a tool to achieve competitive advantage by leveraging strengths, addressing weaknesses, taking advantage of opportunities, and mitigating threats.

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