Studying the Driving Affecting Factors on Competitive Intelligence (Evidence from Iran)

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Abstract

In today's complex and competitive environment, competitive intelligence can help organizations to gain more competitive advantages rather than the others. Competitive intelligence like information explosion hand off all around the organizations and make them more productive. The main purpose of the current study is to survey the influence of competitive intelligence on business performance in Parsian Bank in Tehran/ Iran. The research is applicable from goal view and descriptive from data collection. Data gathering tool is questionnaire that library and fieldwork methods were utilized for its designing. Statistical society contains 2172 employees on Parsian bank which decreased into 327 ones applying sampling formula. Also sampling method is branch random. For measuring competitive intelligence seven main dimensions include market intelligence, technological intelligence and social intelligence were utilized. The results of applying Chi Square and Friedman tests showed that market intelligence, technological intelligence and social intelligence affect significantly and positively on competitive intelligence.

Keywords: competitive intelligence, market intelligence, technological intelligence, social intelligence

Introduction

Porter's (1980) seminal work on strategic management and competitive analysis, which focused on tracking specific competitor behavior and linking competitor analysis to competitive strategy, touched off an avalanche of publications on competitive intelligence (hereafter CI) (Peyrot et al., 2002). Much of the CI "research" consisted of anecdotal case studies of corporate CI activity in a variety of settings: a life insurance company (Fletcher and Donaghy, 1993), the forest products hardboard industry (Munk and Shane, 1994), electric utility regional cooperatives (Galing, 1995), banks (Boucher, 1996), the health care industry (Austin et al., 1995), and multi-industry examples (Lenz and Engledow, 1986; Ettorre, 1995). Ramaswamy et al. (1994) state that there has been little empirical research on CI, and the published quantitative research to date has been largely descriptive in nature, describing the distribution of CI skills, resources and capabilities across organizations (Peyrot et al., 1996; Prescott and Smith, 1989). The quantitative research that was conducted on CI practices of firms since then includes a global survey by Sawka et al. (1995) and a survey of high-technology firms in Canada by Calof and Breakspear (1999). If the firm wants to elaborate future opportunities, it had to develop the ability of practical realization of these new markets creation. In general, we can argue that business success in a market economy is related to predictions of opportunity and timely solutions of potential issues. In economics there are significant problems, which are called crises and there exists the threats of existence of many businesses. But always there are enterprises which emerge much stronger from the crisis. These are the companies which make in time their new business ventures mostly based on the value or disruptive innovation by properly created intelligence and they are able to implement them on market by right competitive strategy. The concept of intelligence is defined either as the process by which strategy makers search, collect, analyze and provide information or as a result of this process (Lowenthal, 2006). Another view of intelligence is a view on a characteristic of the subject, product or business entity. From the perspective of cybernetics the intelligence organizations have these abilities (Schwaninger, 2008):

- Ability to adapt to changing situations of external environment,
- Ability to influence and shape the external environment,
- If it is necessary, ability to find new environment where they can work, ability to change in these new environments,
• Ability to minister to sustainable development of larger units, which is part of.

According to Molnár (2012) this is just characteristic of the competitive intelligence, and it is also its main task - to create knowledge needed for intelligent performance of the organization. Because an intelligent business uses information obtained from various sources by internal analysis tools (e.g. VRIO) which are dealing with the analysis of competitive advantage in enterprise resources or by the analytical tools of the external environment (e.g. BCG model or competitor analysis). Growth-Share Matrix is only used to determine what priorities should be given in the product portfolio of a business unit. Competitive intelligence primarily solves the competitiveness of the organization as a whole and analysis of competitors is one of many components of CI, but not the main or not the only. Wright et al. (2002) differentiates competitor intelligence from competitive intelligence. According to her, competitor intelligence is defined as those activities by which company determines and understands its competitors, their strengths, weaknesses and expectations of their actions. Competitive intelligence on the other hand extends the role to include consideration of competitor responses to consumer/customer needs and perceptions and one’s own responses in the strategic decision-making process.

**Literature review**

We consider CI to be the component of business intelligence aimed at gaining strategic advantage, as proposed by Porter (1980). CI includes competitor intelligence as well as intelligence collected on customers, suppliers, technologies, environments, or potential business relationships (Guyton, 1962; Fair, 1966; Grabowski, 1987; Gilad, 1989). The Society of Competitive Intelligence Professionals (SCIP, 2008) defines CI as “a systematic and ethical process for gathering, analyzing and managing external information that can affect the company’s plans, decisions and operations”. This presents the definition of CI that we adhere to in this article. The concept of intelligence as a process has long been proposed as an effort to improve the firm’s competitiveness and its strategic planning process (Guyton, 1962; Montgomery and Urban, 1970; Pearce, 1971, 1976; Montgomery and Weinberg, 1979; Porter, 1980). Already in 1966 William Fair proposed the creation of a corporate “Central Intelligence Agency” within the firm whose function it would be to “collect, screen, collate, organize, record, retrieve and disseminate information” (Fair, 1966). Since that time, this proposition has grown to become an emerging business function with delineated job functions directly responsible for intelligence collection, analysis, and dissemination (Kahaner, 1996). Competitive intelligence’s goal is to provide “actionable intelligence” (Fahey, 1999; Fuld, 1995, 2000; Nolan, 1999), namely, information that has been synthesized, analyzed, evaluated and contextualized. Competitive intelligence presents part of the strategic information management process that is aligned with an organization’s strategy (Bergeron, 1996; Kennedy, 1996; Moon, 2000). The definition of competitive intelligence (CI) varies according to different authors and approaches in the field of business. Bartes (2010) defines CI as analogous to intelligence activities conducted by intelligence agency, which differs in that it uses only legal methods of work and legal information sources. Within the intelligence process there is CI information collected from legal sources on the basis of the layout, subsequently they are analyzed and presented with value-added to company management. According Bartes (2011) CI seeks to predict the future and on the basis of this predicting the strategic company decisions are based on. Another one of various definitions indicate the concept of CI as a system framework for process of definition, collection, analysis and distribution of information within the enterprise (Molnár & Střelka 2012). According to the Czech terminology database library and information science by Smeljakal (2010) Competitive Intelligence is ‘survey, monitoring and evaluation of the competitive environment (companies, organizations) to identify strengths and weaknesses of competitors, recognizing its strategic objectives.

**Conceptual framework of the research and hypotheses**

The figure below shows that the influence of competitive intelligence on gaining competitive advantage. In the model, competitive intelligence and its dimensions include market intelligence; technologic intelligence and social intelligence are independent variables and competitive advantage in dependent one.
Market intelligence

Technological intelligence

Competitive intelligence

Social intelligence

Figure 1: Conceptual framework

1. Market intelligence affects significantly and positively on competitive intelligence.
2. Technological intelligence affects significantly and positively on competitive intelligence.
3. Social intelligence affects significantly and positively on competitive intelligence.

Research methodology

Statistical society of the current research is 2172 employees of different branches of Parsian Bank in Tehran/Iran. As the number of employees is too much, so sampling strategy in limited society was done.

So statistical sample decreased into 327 people.

Current study can be considered as a descriptive survey if we observe it from data collection aspect and it would be an applied research if the goals of the study are considered. To collect the data, library method (refer to books, articles, libraries, etc...) and fieldwork (questionnaire) were used. To analyze the data, SPSS 19 and Kolmogorov-Smirnov, Chi Square and Friedman tests were applied. Management experts were asked to evaluate the validity of questionnaires. To do this, the questionnaires were given to some university professors and experts in management. Then, they confirmed the applied modifications and the questionnaires were given to the participants. To determine the questionnaires’ reliability, the ‘Cronbach Alpha technique’ was applied. For this purpose, 35 people were chosen randomly (from the participants) and the questionnaires were given to them. The ‘Cronbach’s Alpha’ value for competitive intelligence and competitive advantage questionnaires was calculated 0.791. The value supports the reliability of questionnaires, because the calculated results for Cronbach’s alpha are more than 0.7.

Data analysis

Kolmogorov-Smirnov test

This test was applied to survey normality of statistical society. The results are shown in tables 1:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Sig</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive intel.</td>
<td>0.014</td>
<td>Abnormal</td>
</tr>
<tr>
<td>Market intel.</td>
<td>0.000</td>
<td>Abnormal</td>
</tr>
<tr>
<td>Technological intel.</td>
<td>0.021</td>
<td>Abnormal</td>
</tr>
<tr>
<td>Social intel.</td>
<td>0.009</td>
<td>Abnormal</td>
</tr>
</tbody>
</table>

Table 1 illustrates that the sig amount for both variables are less than standard error (0.05), so abnormality of statistical society was accepted. Therefore to survey hypotheses, some non-parametric tests were applied.
Chi Square test
First of all to survey the relationship between organizational culture and its indices with human resource productivity, Chi Square test was applied. The results are shown in table 2:

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Sig</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market intelligence and CI</td>
<td>0.000</td>
<td>Positive and significant correlation</td>
</tr>
<tr>
<td>Technological intelligence and CI</td>
<td>0.000</td>
<td>Positive and significant correlation</td>
</tr>
<tr>
<td>Social intelligence and CI</td>
<td>0.000</td>
<td>Positive and significant correlation</td>
</tr>
</tbody>
</table>

Table 2 shows that there are positive and significant correlations between market intelligence, technological intelligence and social intelligence with competitive intelligence.

Friedman test
To survey the influence of market intelligence, technological intelligence and social intelligence on competitive intelligence, Friedman test was applied.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Sig</th>
<th>Standard error</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market intelligence on CI</td>
<td>0.017</td>
<td>0.05</td>
<td>Positive influence</td>
</tr>
<tr>
<td>Technological intelligence on CI</td>
<td>0.022</td>
<td>0.05</td>
<td>Positive influence</td>
</tr>
<tr>
<td>Social intelligence on CI</td>
<td>0.000</td>
<td>0.05</td>
<td>Positive influence</td>
</tr>
</tbody>
</table>

Table 3 explains that market intelligence, technological intelligence and social intelligence affect significantly and positively on competitive intelligence.

Conclusion and suggestions
In the current paper we tried to survey the influence of competitive intelligence and its dimensions on competitive intelligence in Kowsar insurance company. The results show that competitive intelligence and its dimensions affect positively and meaningfully on competitive advantage.

Considering the results, the managers can be suggested that:

- Creating customers’ data base
- Identifying customers’ needs and desires and representing services in terms of their wants
- Utilizing new and modern techniques like relationship marketing and market-orientation to gain more market share
- Contributing customers’ information all around the organizations
- Considering specified budget for employees’ research activities (book, paper and . . .)
- Making educational courses for all employees to make them more empowered
- Making higher and better connection to other colleagues

References