

COMPETITIVE INTELLIGENCE- THE TOOL FOR INCREASING COMPETITIVENESS

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Abstract:

The purpose of this article is to identify, by considering the specialized literature, how competitive intelligence can be used in an organization as a tool for increasing competitiveness,

In order to achieve this objective, the acceptance of the notion of competitiveness and competitive intelligence has been highlighted. The key factors of success and competitive intelligence's role in increasing the competitiveness of the economy have been evaluated.

By implementing the competitive intelligence process in an organization, one can obtain a range of capabilities that can significantly influence the growth of competitiveness within firms.

Key words : *competitive intelligence, competitiveness, factors of success*

JEL Classification : *O01*

Introduction

Increasing and maintaining the economic competitiveness at the state level or the companies' level represents one of the major concerns of the decisional factors involved in the process of governing and managing a public or a private organization. Considering the state level, competitiveness is approached through the macro-economic policies, social infrastructure and public institutions (M.Porter, M.Delegado, C. Keetels, S. Stern 2008), with the help of which the governors can create an optimal environment for initiating the unfolding economic activities. With regards to the companies' level, competitiveness is approached with the help of strategic management, which considers obtaining and maintaining the competitive advantage on the market as top priority. Therefore, in order to achieve this objective, companies need personalized tools for knowing, monitoring and managing all the critical factors which can ensure their competitiveness on the market, in real time and integrated way.

One of the most significant, but also complex capabilities which a company can use successfully for gaining and maintaining the competitive advantage on the market consists of the process of competitive intelligence (CI). This process is a complex process of structured, systematic and multi-disciplinary knowledge of the competitive background, within which companies function. The intelligence product resulted from the process of CI has the ability of intensifying the degree of knowledge regarding some issues with direct impact over the competitiveness of an organization. CI generates knowledge, and competitiveness creates the framework in which knowledge can be generated and developed (Waheeduzzaman 2002)

It seems to be difficult to quantify the impact of CI within an organization (Marin J. and A.Pulter 2003); nevertheless, much of research (N. Sewdass, A..D. Toit 2015) Gracanin S.,

Kalak E., Jovanovic D. 2015) done in this respect provided enough reasons to support the existence of a genuine connection between maintaining competitiveness of firms, and using the processes of CI developed in this respect.

Considering the big companies, especially the trans-national ones, different activities are taking place being associated with the process of CI on different levels of internal organization, such as the departments of sales, marketing, public relations, management of development, etc

However, the activities performed within these departments don't approach the process of knowing the competitive background from an integrated perspective, but by strictly reporting the characteristics of the targets each of these departments have to achieve.

The Concept of Competitiveness

Competitiveness is defined in various ways in published literature. A first meaning of competitiveness (Kitson M., Martin R. and Tyler P. 2004) implies the ability of a certain economy to draw and retain the economic investments, in a well defined area (country/region/city/town/village) by enhancing the standards of living and by ensuring an socio-economic climate which is optimal for the economic development of that area. A second definition considers the ability of countries and companies to fulfill their functions they have been created for, that is the prosperity of their citizens, and profit, respectively. (Bris A. 2015)

There are opinions which consider these definitions as being static. (Feurer, R., & Chaharbaghi, K, 1994) A dynamic approach of defining competitiveness would rather include sustainability in the process of interpreting competitiveness. Sustainability can be defined as the potential of an organization to maintain and enhance its competitive position for the customers and shareholders being thus able to act and react to the changes of the competitive background.

Considering an academic meaning, competitiveness is defined as an analysis of the phenomena and policies which shape the ability of a certain state to create and maintain a background which is supposed to generate more creativity for the companies who activate on the territory of that state and, therefore, more prosperity for its citizens (Garelli S. 2007). Thus, the state influences competitiveness through the legal and institutional background it creates. According to Annoni P. și Dijkstra L. (2013), competitiveness represents the ability of a company, industry, region or economic area to constantly generate a high level of employment and incomes, in specific conditions of competitive background. In his pursuit of identifying the genuine meaning of competitiveness, Rugman (2012) states that it is generated by the intersection of national dimensions with company-related ones. More exactly, competitiveness is determined by the interaction of the capabilities and specific advantages of companies with the background of the country where they perform their activities. Therefore, two levels for analysing competitiveness are defined, namely the macro analysis and the micro-economic one, respectively. Countries facilitate competitiveness, and the companies generate added value. The capabilities of companies and the external context within which they operate in are fundamental in the process of reaching and maintaining competitive advantage.

In order to analyse competitiveness at a national level (Bris A., & Cabalero, J. 2016), the criteria of assessing competitiveness consider a various range of components, regarding:

-the protection of the surrounding environment, which needs the assessment of the effort made by the state in minimizing the negative effects of pollution resulted from the economic activities of companies;

-filling in the market workforce, in order to evaluate the quality of the education system, the infrastructure of the health system, the safety and security of each individual.

For analysing competitiveness at the company level, its assessment criteria focus on the practices and behaviour of companies when impacting their sustainability, and also on the professional satisfaction of the employees. Due to the limited access of outsiders to the relevant data of companies, the analysis of competitiveness is mainly performed at the country/region area or the type of industry. Thus, in order to identify a relevant measurement tool for the competitiveness of companies, IMD World Competitive Centre has developed a research methodology, thus including sustainability, the self-development of professional satisfaction of employees.

Back in 2014 IMD World Competitive Centre was involved in elaborating a study of the competitiveness of companies in Switzerland for the first time. This centre, being involved in making up a global annuary of competitiveness at the states level, intended to elaborate a similar work at the companies' level, the ones which function within those states. This annuary is going to analyse the competitiveness of all the existing industries within those states, by using the self-development and professional satisfaction of employees as indicators for measuring sustainability.

The concept of Competitive Intelligence

Thus, in an extremely dynamic competitive market, identifying and keeping the competitive advantage is essential for those entrepreneurs with a long-term vision regarding the development of their business. The explosion of existing information and data within the process of identifying and maintaining the competitive advantage, generated the need for identifying and achieving some management mechanisms for the information which is capable to identify, select, analyse, assess and valorify all this input in due time.

There are numerous definitions of *competitive intelligence* in the relevant published literature. A first definition considers competitive intelligence as a complex, continuous, systematic, structured and personalized process of collecting, analysing, disseminating and interpreting the information regarding the economic background a company activates in (Brody, 2008). Another attempt to define this concept, it is regarded as a continuous and systematic process of knowing the internal and external backgrounds a company activates in. In order to do it, data and information from open sources are collected and analyzed, and the resulting *product of intelligence* is further provided to the decisional factors, in order to improve the quality of the strategic and operations decision, at a corporate level.

Considering other approaches, *competitive intelligence* is a mixture between knowledge about previous facts and events, and the predictive knowledge of events which are going to happen in a business field. The role of *competitive intelligence* is to facilitate the understanding of industry and of the competitive environment in which a company activate by providing relevant information to the decisional factors, in order to establish the strategy or the action plan.

A good part of the studies performed in the field of CI belong to the industries the authors activate professionally. The work of Michael Porter regarding *the competitive strategy and analysis techniques of industries and competitors*, published in 1980, represents the starting point of *competitive intelligence*. Thus, a significant starting point in defining the process of CI consists of collecting, analyzing, assessing and integrated disseminating of the relevant information about the five forces described by Porter as having the ability to influence competitiveness (i.e. the rivalry between existing competitors, the threat of new competitors to emerge, the suppliers' power of negotiation, the buyers' power of negotiation, and finally the threat of services or substituted products)

Following this study, while the concept of CI was being crystallized by elaborating and publishing new studies, a professional community was established in 1986 (SCIP), whose main mission has been to promote the principles and practises of this activity within both the business and academic environment. The multi-disciplinary character of the info used in the process of CI makes this activity to be situated in a zone of disciplinary interference, being circumscribed to a variety of branches of scientific study, including the economy, public policies, management, marketing and *intelligence*.

The role of *Competitive Intelligence* for increasing competitiveness

Based on studies performed in the field of competitive *intelligence* (Ghannay J.C and Mamlouk Z.A. 2014), there are some critical factors which cause a certain activity to be successful and efficient, namely:

- management ensuring a supportive sustainance
- identifying the needs for *competitive intelligence* within an organization
- the organizational culture
- the existence of instruments, strategies, techniques, own models for collecting and selectivng the information needed, in order to transform it into *competitive intelligence* products.

In his trying to quantify the direct impact of the activity of CI towards a certain business or even to a broader perspective, meaning a group of firms, an activity branch and even regions of different dimensions, one of the promoters of CI, Larry Kahaner (1996) states that such a procedure is similar to trying to measure the impact of good schools, modern hospitals, police and firemen services over the the life quality in cities. It's undisputable, Kahaner affirms that the highly qualitative public services, provided by the cities preoccupied to do so, draw educated, highly professional residents, who are looking for moving and living in these cities. Therefore, great opportunities for initiating and developing economic activities with high added value appear, and all this dynamics has a positive impact on the budget of the cities.

Other authors (Neil J. Simon și Albert B. Blixt, 1994) proposed another matrix for determing the success of CI, by related it to two measurement instruments of performance, named *hard measures (being objective)* and *soft measures (being subjective)*. The *soft measure* tools are scalated on subjective process of evaluating the activity of CI, being generated by *feeling, subjective perception, emotional feedback*. The *soft measue* indicators of performace are the following: the degree of satisfying the customers needs, the degree of loyalty fo customers, the degree of perceiving the utility of CI within the team, the number of repeatitive requests for providing a certain service to the clients. The *hard measure* tools are scalated on a standardized process of assessing the performance of a process of CI, based on performance indicators, such as output, costs, allocated time, quality of offered services.

By implementing the process of CI in organizations, a range of capabilities (Kahaner L. 1996) can be achieved, such as:

- *The substantial improvement if the knowledge degree of all the aspects involved in the process of making decisions*

Considering this perspective, the specialists in CI, through their continuous monitoring and assessing the critical parameters which influence the keeping the competitive advantage in a certain business, are the qualified ones for ensuring the decisional factor, in real time and exhaustive manner, all the information needed for making the correct and adequate decision to the situation they are confronted with.

- *Significant enhancing of knowledge regarding the needs of customers.*

Thus, one can state that identifying the customers' needs, together with knowing and monitoring the competition, the tendencies in the evolution of that specific industry, of being accustomed with the most recent technology associated with the products and services on the market, all represent one of the main objectives established in the process of CI. In order to achieve it, the specialists in CI build and activate a complex system of identifying and monitoring the customers feedback regarding the products and services they have purchased. The accurate understanding of the feedback provided by the customers who react out of their experience related to the goods or services they have used, facilitates the permanent calibration of the activity unfolded by that organization with the real needs of the customers.

The major part of the activity performed by a company is focused on selling the products or services on the market almost exclusively, and the feedback generated by the customer regarding his experience with them is mostly monitored only by relating it to the sales volume, not to the potential of permanently improving the sold products. With the help of *competitive intelligence* an official channel of communication with the customer is created, so that the latter is stimulated to share his positive or negative experiences regarding the purchased products or services.

- *Identifying in real time the tendencies in the evolution of that particular industry the organization activates in*

By knowing these tendencies is absolutely essential in winning and keeping the competitive advantage and can be achieved by participating at the most relevant fairs for presenting the goods and services offered by competitors, at significant conferences or seminars where innovations, tendencies or difficulties of that industry are presented. The information obtained by the CI specialists can be thus valorified in due time within the decisional process by adopting and implementing all the necessary measures in order to keep the competitive advantage of the products or services provided by that organization.

- *Identifying the opportunities for developing the business in real time*

The permanent monitoring of the external background, realized within the process of CI by pursuing some pre-established objectives, facilitates the real time observation of some phenomena or a favourable circumstance for making some decisions with positive impact on the

economic performances of a company. Only by comprehensively and integratedly understanding the peculiarities of a business, of the market it operates in, of the internal restraints it confronts with, of the industry it belongs to, of the values and strategy of developments, the opportunities for developing that business can be identified in real time.

- *Identifying the threats which can have a negative impact over the economic activities, in real time*

With the help of CI activities, one company can benefit from early warnings regarding the threats identified during the process of monitoring the external background. They can appear from the political area (political instability), the economic one (crossing economical crises), the legislative one (some normative acts with negative impact being adopted, thus affecting the rentability of business), but also from within the industry the company is part of (new competitors entering the market, competitors purchasing some important players on the market, new technologies and innovations with direct impact over the costs for producing/providing some goods or services, serious problems connected to the traditional suppliers).

CONCLUSIONS

The current studies regarding the impact of Competitive Intelligence over the competitiveness of an organization have resulted in two conclusions:

The first one is that the process of competitive intelligence has the ability to offer to the decisional factors the necessary capabilities for winning and keeping the competitive advantage on the market.

The second conclusion underlines the difficulty of identifying a method for quantifying the impact competitive intelligence has over the competitiveness of an organization, due to many variables.

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