

Role of Competitive Intelligence in Multinational Companies

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Abstract. The recent innovations within the organizations have dramatically increased the competition. In order to survive in such a competitive environment the organizations need to make effective competitive intelligence strategy. This competitive intelligence strategy put enormous impacts on the average growth of the firms, higher quality and overall performance of the firms. Method; Survey was conducted to find out the role of Competitive intelligence in the growth, higher quality, and performance of the firm as a competitive advantage. Total one hundred professionals from the renowned organizations took part in this survey as respondents. Results; Survey showed that these companies use competitive intelligence, which is significantly associated with growth, higher quality and performance. Results indicate that the use of competitive intelligence impact positively on the growth; however the quality and performance receives less influence, as a competitive advantage of the organization.

Keywords: Competitive Intelligence, Higher Quality, Growth, Performance

1 INTRODUCTION AND BACKGROUND OF THE STUDY

Previously organizations kept their eyes on internal operations, when environments were relatively stable and decision-making was major aspect of managerial work. The environment become increasingly competitive day by day due to the advent of technology and certain innovations so as a result, companies focus on outdoor surroundings and keep on watching and tackling mystification of warning signs [5]. Competitive intelligence examining is key instrument to get information that is desirable for market adoption [7]. Organizations should focus the competitive environment and competitive intelligence strategies that are necessary for their survival in the market and on the other hand managerial work focuses” what is going on in order to decide what is to be done”. The effective process of competitive intelligence (CI) must hold two sets of strategic concerns:

- To gather information about the competitive environment

- To understand the information so that, organization can be aware of the environment that allows the organization to operate in such a way to build up its competitive position strongly and to shun the blindsided or grasped surprisingly.

CI is the process that refers to the attractive marketplace competitiveness. It can be categorized as a learning approach of the firm that deal with the activities and competences of existing and possible challenger participants and help in strategic decisions making [2]. Therefore highly intelligent professionals and renowned organizations carryout CI for setting a strategy towards large and small companies by making changes in their strategy in competitive landscape. It concentrates on identification of change and market, rivalry, technology, novelty, pattern of customer behaviors, and the future prediction trends, which are needed for competition. It shares intelligence associated with customers, competitors and any other environment that helps the managers and executives in strategic decision making for a firm [8].

In fact, CI is a process of figuring out what is happening and decide what steps and actions should be taken before your competitors is competitive intelligence. It is also “the art of locating, collecting, processing and storing information to be made available at all levels in the firm, with a view to shaping its future, but also protecting against competitive threat” [1].

1.1 Concept of Intelligence

These days competitive intelligence is necessary for organizations for their survival. If a company underestimates the competitive intelligence and intelligence strategy, it will no longer remain in the market [8]. Due to such importance, researchers conducted the present study in order to analyze the role of competitive intelligence for multinational companies of telecom sector of Pakistan. Analysis has made on a Pakistani frame of reference. The researchers has attempted to find out the effect of competitive intelligence on the factors like increase market growth, higher quality and performance of the firm. Although many companies focus on these; economies of scale, innovation in IT, just-in-time production techniques, distribution & support system, marketing skills, still they face a lot of obstacles in their success.

1.2 Overview of Multinational Companies

The multinational companies working in telecom sector includes Warid Telecom International, Mobilink GSM and Zong. Warid telecom is an Abu Dhabi based mobile telecommunication firm providing telephonic services in Congo, Pakistan and Uganda. Warid Telecom (Pvt.) Limited provides GSM services in Pakistan. Mobilink GSM is a telecommunication service provider at national and international level. It started operations in 1994 in Pakistan by Motorola Inc. later it was sold to Orascom Telecom which is an Egypt based multinational company. Zong is a first international brand of China Mobile Company launched in Pakistan in 2008 .The Company is regularly cited as China Mobile Company in Pakistan.

2 LITRATURE REVIEW

Competitive Intelligence, a marketing tool and sometimes-called marketing strategy significantly an impact on organizational overall growth and create an edge for it. Many studies from different researchers showed that CI is important for companies for their long and short-term objectives. Murphy [4] investigated from 1,025 executives of different Canadian Technology companies and concluded a framework or salient features required to conduct the Competitive Intelligence process.

Porter in 1980 proposed that Competitive Intelligence (CI) serves the idea of Intelligence; that is, to attain the strategic advantage. Therefore, competitive Intelligence take in competitor intelligence in addition to intelligence gathered on customers, suppliers, technologies, environments, or potential business relationships [4]. Scholl hammer, in 1994 went through an extensive literature review and recon that intelligence is not merely monitoring and examining the rivalry, but also the whole environment of the business.

According to Zangouinezhad & Moshabaki [8], companies that have proper modern advanced systems for supervising their competitors' tricks demonstrated superior quality, competitive advantage, lower price and general insight improvement. This literature review makes it quite evident that the importance of CI for firm is very crucial. As far as the company is up to date with its competitors, it can help improve its own loopholes or eradicate it.

2.1 Growth of the Firm

Market growth is important for the firm's position in the market. It helps in grabbing the market share. It enhances the market value and increase profitability of the firm. Similarly, the involvement of learning process, developing CI systems, competitive intelligence and source of information works as important factors to achieve the relative success in international market as well [3]. Managers should be aware of growing markets and market segments. CI and growth of the firm are interrelated with each other and have great importance for firms; that is why researchers have used this variable as follows:

H1. Use of competitive intelligence is positively associated with growth of the firm.

2.2 Higher Quality of the Firm

CI focuses on the competitive advantage of the organization. It provides a company a rivalry advantage. It also enhances competitive advantage for corporation by permitting the launch of new products successfully, better planning of business, and development of new products [8]. By using competitive intelligence information, the competitive advantage is signifying by higher quality [6]. It is a capability of differentiating position of one firm with regard to its

competitors. As quality, technological expansion, experienced staff, better supervision and novelty are the basic characteristics in improving the competitive intelligence (CI) of any firm. Therefore, due to its importance, the researchers have used this variable as follows:

H2. Use of competitive intelligence is positively associated with the higher quality.

2.3 Performance of the Firm

CI has three main events includes the gathering and managing the data, to analyze and interpret it and distribution of intelligence. Competitive intelligence involves scanning of environment for collecting and dealing with the information [4]. In fact, the significance of inspecting the environment has been associated to the performance and growth of the firm. It helps in dealing with information and strategic decision-making, which ultimately lead the organization to grab more market share. Non-satisfactory competitive practices lead to insufficient market value. The researchers have used this variable as:

H3. Use of competitive intelligence is positively associated with performance of the firm.

2.4 Research Framework

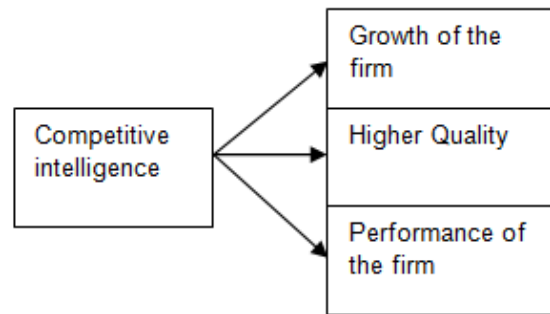


Figure 1 Theoretical Framework

3 RESEARCH METHODOLOGY

3.1 Research Design

Quantitative research technique has used in this research study. Survey technique has used to collect the data via primary source.

3.2 Population

The highly professional employees of the multinational companies like Warid, Mobilink and Zong from the Pakistan, are the target population of this study. Considering the relevancy of data with the strategic and competitive decisions of the firm, data has collected only from the selected higher-level employees.

3.4 Sample

The sample for this study is the high rank employees of Multinational Telecom Companies in Islamabad. This study encompass the comparison of three top ranking telecom companies; Warid, Zong and Mobilink. Data has collected from Executives, Senior Managers and Assistant Managers of the said companies. The questionnaires were distributed among the 150 respondents, out of which 110 respondents responded successfully, but out of these 100 questionnaires were useable. Hence, our sample size is one hundred (100). The questioners were evenly distributed among three companies; Warid =33, Zong = 33, Mobilink =34 and equally distributed in their offices at Islamabad.

3.5 Research Tools and Instruments

Questionnaire has used as an instrument .It was designed on five-point likert scale.

3.6 Measures

All the measures has extracted from reliable source. The scales for the Competitive Intelligence, growth, performance, higher quality has been adapted from Steffen (2002) MBA Dissertation and Oxford University Press (1996).

4 RESULTS AND FINDINGS

4.1 Descriptive and Reliability Statistic

The descriptive statistics showed that the decision makers were slightly agreed to the role and impact of competitive intelligence towards the Growth of the firm, higher quality and the performance of the firm together with the mean values 2.68, 2.73 2.60 and 2.51. The results of the descriptive analysis highlight the effective role of competitive intelligence in organizational growth, organizational higher quality and over all organizational performance.

Table 1: Descriptive statistic analysis

Variables	N	Mean	SD	Cronbach's Alpha
Growth of the firm	100	2.68	0.506	0.643
Higher quality	100	2.73	0.669	0.669
Performance of the firm	100	2.60	0.570	0.747
Competitive intelligence	100	2.51	0.364	0.682

4.2 Correlation Analysis

The analysis for our first hypothesis, Pearson Correlation matrix concluded that there is a very strong positive relationship exists between the competitive intelligence and the growth of the firms in Pakistan. The significance of this result is $p < 0.01$ and correlation figure for this relationship was found to be 0.744**. Hence, our first hypothesis that is the use of competitive intelligence is positively associated with growth of the firm is therefore supported from the Pearson correlation value. Correlation matrix concluded that there is moderate positive relationship exists between the competitive intelligence and the higher quality as the correlation figure for this relationship is found to be 0.428**. Hence our second hypothesis that is the Use of competitive intelligence is positively associated with the higher quality is therefore supported from the Pearson's correlation matrix.

Table 2: Pearson Correlation matrix

Variables	Growth	Higher Quality	Performance of firm	Competitive Intelligence
Growth of firm	1			
Higher quality	0.512**	1		
Performance of firm	0.295**	0.447**	1	
Competitive intelligence	0.744**	0.428**	0.313**	1

**, Correlation is significant at the 0.01 level (2-tailed).

*, Correlation is significant at the 0.05 level (2-tailed).

For our third hypothesis the correlation matrix concluded that there is moderate positive relationship exists between the competitive intelligence and performance of the firm. The significance of this result is found $p < 0.01$ and correlation figure is 0.313**. Hence our third hypothesis that is the use of competitive intelligence is positively associated with the performance of the firm is therefore supported from the Pearson's correlation matrix.

4.3 Regression Analysis

The results have measured using SPSS for the regression analysis, are mentioned in Table 3. It was required to measure the comparison of three companies; the linear regression is applied separately for each company's data to get the beta values. For that purpose the data is distributed on three columns, 1st column is for Warid, 2nd column is for Zong and 3rd column is for Mobilink. The beta values for each company are shown in Table 3.

Table 3: Regression Analysis

	Beta (β) for Warid	Beta(β) for Zong	Beta (β) for Mobilink
Competitive Intelligence & Growth of the firm	0.815***	0.707***	0.708***
Competitive intelligence and the higher quality	0.617***	0.338*	0.269
Competitive intelligence and the performance of the firm	0.389*	0.147	0.512**

The result of the regression analysis shows that Competitive intelligence is significantly associated with the growth of the firm having $\beta = 0.815***$ in Warid, $\beta = 0.707***$ in Zong and $\beta = 0.708***$ in Mobilink and proving the high significant level for all the three companies with the P value < 0.001 . It shows that the competitive intelligence is playing a key role in the growth of the firm.

The favorable association is found between the Competitive Intelligence and the higher quality of the firm especially in the Warid as the $\beta = 0.617***$, as the level of significance is $p < 0.001$. There is less favorable association between the Competitive Intelligence and the higher quality of the firm in Zong as the $\beta = 0.338*$ together with the significance level of $p < 0.05$ and with negligible significance in Mobilink as $\beta = 0.269$. It is showing that the Competitive Intelligence is playing

significant role in the Quality and competitive intelligence in case of the Warid telecom and least in case of Zong. However, Mobilink have negligible level of Competitive intelligence impact on Quality as a competitive advantage.

The association of competitive intelligence and the performance in case of Warid was found to be less as the $\beta=0.389^*$, the level of significance for this case is $p<0.05$. In case Zong this association was found to be negligible together with the negligible level of significance and a moderate relationship was found in case of Mobilink as the $\beta=0.512^{**}$ with level of significance of $p < 0.01$.

5 Discussion

It has proved from the results that the competitive intelligence is positively associated with the growth of the firm, higher quality and performance of the firm from the correlation matrix. The competitive intelligence and its association with growth of the firm is very high as the percentage beta value in the cases of Warid, Zong and Mobilink touches the peak of 81.50%, 70.70% and 70.80%. The association of competitive intelligence and the higher quality is moderate as the percentage beta value in the case of Warid, Zong and Mobilink is 67.10%, 33.80% and 29.90%. The percentage association between competitive intelligence and the performance is 38.90% in case of Warid, 14.70% in case of Zong and 51.20% in case of Mobilink.

Table 4: Companies Comparison

	Warid	Zong	Mobilink
Competitive intelligence and Growth	81.50%	70.70%	70.80%
Competitive intelligence and higher quality	67.10%	33.80%	26.90%
Competitive intelligence and Performance	38.90%	14.70%	51.20%

The result of the regression analysis among Competitive intelligence, Growth, Higher quality and Performance is showing the beta values of the three targeted companies is shown in Table 4. The table 4 is showing the comparisons of beta values of three companies in percentage form. These results have also represented in the following chart.

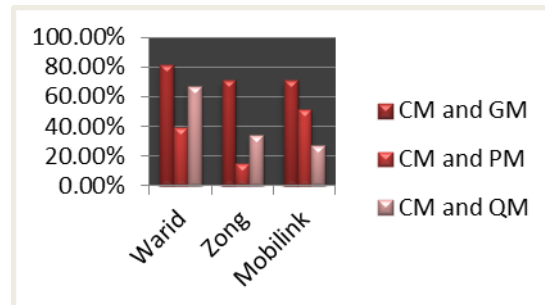


Chart1: Percentage relationship among the growth, higher quality, performance and competitive intelligence

The overall results are showing that the Competitive Intelligence strongly effect the growth of the firm but it effects a little on the performance and quality as a competitive advantage.

7 Conclusion

We have selected the multinational companies, which includes Warid, Zong and Mobilink because of their tough competition in the market. These companies use competitive intelligence, which is positively associated to growth, higher quality and performance as a competitive advantage. The results indicates that use of competitive intelligence have high impact on growth and less on higher quality and performance. The results of the research have based on a limited sample, therefore, these results cannot be generalized. After comparison, it has shown that CI plays an important role in the growth, higher quality and performance of the firm to attain a strong position in the market and to meet with competences against its competitors.

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