A Study of the Impact of Competitive Intelligence on Financial and Non-Financial Performance of Saman Gharb Cement Industries Company

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ABSTRACT

In today's word, competitive intelligence is undeniably one of the requirements for financial and non-financial performance of most managers to be able to boost their capabilities through the acquisition and analysis of information and to increase their knowledge and create awareness. Thus, the present study examines the impact of competitive intelligence on financial and non-financial performance of Saman Gharb Cement Industries Company. This cross-sectional study is applied in terms of objective, and it is descriptive-survey based on the method of data collection. The main data collection tool is questionnaire. To calculate the correlation between the variables, Pearson correlation test was applied due to the normality of the data test. The correlation between all the variables was confirmed at a confidence level of 99%. Significance level relevant the effectiveness of all the variables was 0.000 and less than 0.05. Therefore, we can say that there are significant correlations between all variables. The significance level of the hypotheses was 0.000 and less than 0.05. So, all of the study hypotheses are confirmed. Given that the amount of the effectiveness of the coefficients is positive and the type of the effectiveness of the independent variables on the dependent ones is direct, managers are recommended to pay special attention to competitive intelligence and every one of its aspects according to their industry.

KEYWORDS: Competitive Intelligence; Commercial Intelligence; Competitors’ Threats; Financial Performance; Non-Financial Performance

1. INTRODUCTION

In the current world of business, the concept of competitive intelligence (CI) has been proposed, and we live in a world of intense competition. Intense competition takes place where the business is large but labor is low. In other words, for all producers of goods and services, there is not sufficient demand. Basic knowledge to manage such intense competitive environment is competitive intelligence. Competitive intelligence is a process that gives us the ability to predict the near future. This process requires that we convert data into information and then into intelligence. In the recent years, the concept of intelligence has received attention of a variety of individuals and organizations. This newly emerged interest has been enhanced to some extent by an increase in access to information and data. The intelligence is a part of a marketing strategy that continuously attempts to increase the competitive ability and strategic planning processes (Johari & Stephens, 2006).

Nowadays, the concept of intelligence is considered as a process that improves the competitiveness and strategic planning process. In the existing literature in the field of intelligence, intelligence is regarded as the strategic planning presupposition and as an effective instrument to enhance the competitive power of a company and its strategic planning process (Aaker, 2007). Competitive intelligence is a big job that keeps managers challenged to think in new ways. In the recent years, the concept of intelligence has received attention of a variety of individuals and organizations. This newly emerged interest has been enhanced to some extent by an increase in access to information and data. The intelligence is a part of a marketing strategy that continuously attempts to increase the competitive ability and strategic planning processes (Johari & Stephens, 2006).

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2. Statement of Problem

Today, taking privilege of competitive power is the key to the survival of the company. On the other hand, achieving benefit and remain competitive, first of all, requires information. Competitive intelligence, art of
collecting, processing and storing information, helps the people to shape their future and protect them against competitive threats. Competitive intelligence is a promising concept, and corporations can feel more security and enjoy more survival by reliance on such intelligence in an environment that changes every day and will face more challenges (Kalof & Skinner 1998). Therefore, managers can use this information to make the right decisions in order to achieve organizational goals. Therefore, in this study we attempt to answer the question of whether competitive intelligence can affect the financial and non-financial performance of the Saman Gharb Cement Industry Company or not, in order to provide decision-makers and strategists with constructive suggestions to enhance the performance of the company.

3. Significance of Study

During recent years, competitive intelligence has become one of the important concepts of management and has been associated with the culture of the leading companies. Today, successful firms in a competitive environment are those which have understood the scope of their activities deeper and to provide themselves with additional competitive advantages. In today's world, with the characteristics of fast growing markets, relying on outdated information leads to decreased vision and opportunities facing the organization. To succeed in the future, firms should be more knowledgeable on themselves and environment (Pirayesh & Alipour, 2012). The competitive intelligence is undeniably one of the requirements for financial and non-financial performance of most managers to be able to boost their capabilities through the acquisition and analysis of information and to increase their knowledge and create awareness.

Thus, the necessity and importance of this study, given the concept of the competitive intelligence, is for several reasons:

- Naturally identify key competitors and better understanding of the market and key customers help maintain the viability and performance of the company. Knowledge about customers, markets, competitors, financial issues, economic policy and information technology are the issues that are of very high importance in the field of marketing and competition.
- Recognition of the biggest competitors in the market, their attempts to control and monitor market change.
- Identifying the weaknesses of your company that may offer the opportunity to competitor to utilize them and taking actions to destroy them.
- Helping organizations to achieve competitive mode.
- The reason for the selection of statistical population is the difference in the competitive situation and an uncertain external environment.

4. Study Objectives

Primary Objectives
Determining the impact of competitiveness intelligence on the financial performance of Saman Gharb Cement Industries Company.

Secondary Objectives
Determining the impact of market opportunities on the financial performance of Saman Gharb Cement Industries Company.
Determining the impact of market opportunities on the non-financial performance of Saman Gharb Cement Industries Company.
Determining the impact of the competitor's threats on the financial performance of Saman Gharb Cement Industries Company.
Determining the impact of competitor's threats on the non-financial performance of Saman Gharb Cement Industries Company.
Determining the impact of competitive risks on the financial performance of Saman Gharb Cement Industries Company.
Determining the impact of competitive risks on the non-financial performance of Saman Gharb Cement Industries Company.

5. Research Hypotheses
Primary Hypothesis (A): competitive intelligence influences financial performance.
Primary Hypothesis (B): competitive intelligence influences non-financial performance.

6. Study conceptual model
In the present study, using the presented model, the impact of the variables of competitive intelligence including market opportunities, competitive threats and competitive risks on the financial and non-financial performance is investigated.

7. Study Literature & Background

Competitive intelligence
The competitive intelligence is a systematic process to collect, analyze management and external information that can influence plans, decisions and operation of firms (Kalof & Skinner). The competitive intelligence is the art of collecting, processing and storing information that people at different levels of firms may access to it and help them to form their future and protect themselves against competitive threats (Tarokh, 2012).

Zhndal (2002) conducted a study entitled “competitive intelligence and its relation to the New Zealand manufacturing companies”. In this research, management competitive intelligence model is defined based on the theory of the French management school. The performance of firm is defined in the form of three variables including store growth, market share and profitability. The results showed a significant positive relationship between competitive intelligence of managers and corporate performance.

Market opportunities (MO)
It is a strategy to create market opportunities and identify new market opportunities. Opportunities are defined as new methods and means to develop values that can be manifested in the form of new products and solutions, development of existing product lines and redesign existing solution (Fahey, 2007).

Javid (2010) in an article entitled “the effect of competitive intelligence on customer satisfaction” concluded that, considering the hypotheses evaluation using the correlation test, the variables including technical and technological knowledge, awareness of competitors’ situation and knowledge on market situation, respectively, can influence customer satisfaction, and finally social and strategic strategy has the lowest impact on customer satisfaction.

Competitive threats (CT)
It is ways that can hinder the success of the company’s strategy in the market place (Fahey, 2007). Problems and limitations created by competitors, such as alternative products, price products and use of advanced technologies and companies, etc. can prevent firms form achieving competitive advantage (Aaker, 2007).

Pirayesh & Alipur (2013) in an article entitled “the relationship between competitive intelligence and effectiveness of marketing strategies in the public and private banks in Zanjan Province showed that there is a positive and significant relationship between competitive intelligence and marketing effectiveness. In addition, the
regression analysis was used to examine the simultaneous effects of competitive intelligence dimensions, and to investigate marketing effectiveness multiple regression was used. The results show that out of the five dimensions of competitive intelligence, four dimensions (market opportunities, awareness of the risks of competition, awareness of threats from competitors, key vulnerability) could significantly predict the effectiveness of marketing, and the central assumptions of multiple regression model was deleted from the model.

**Competing risks (CR)**

It can involve every variable in market situation that can change current and future strategy in a negative way (Fahey, 2007).

Noca & Francis (2009) conducted a study entitled “competitive intelligence and its relation to marketing effectiveness of Nigerian corporations. For competitive intelligence, five variables (market opportunities, threats, competitors, competitors’ risks, key assumptions, key vulnerability) and for the effectiveness of marketing five variables (customer satisfaction, marketing information, integrated marketing activities, strategic direction and operational efficiency) were defined. The results show that there is a significant positive correlation between competitive intelligence and the effectiveness of marketing of large companies.

**Performance**

It is assumed as a behavior conducted by organizations, groups and individuals. Campbell believes that "performance is behavior and should be distinguished from the results, because systemic factors can skew the results." If the performance is defined in such a way that incorporates both behavior and results, comprehensive views can be obtained (Mola Hossain et al., 2011). Financial performance (FP) includes return on assets, improved production costs, profitability, etc. and non-financial performance (NFP) is constituted by growth in the number of customers, employee satisfaction, customer satisfaction, etc. (Isabel and Elena, 2006).

Ansari & others (2011) in a study investigating the effects of financial and non-financial measures of performance evaluation on job satisfaction from the perspective of employees of the companies listed in the Stock Exchange” concluded that the use of financial and non-financial measures to evaluate the performance can impact job satisfaction, and the effects of non-financial measures on job satisfaction is not so much different from the use of financial measures.

### 8. Methodology, Population & Sample

This study is applied in terms of objective, and it is descriptive-survey based on the method of data collection. Also, the study is cross-sectional in terms of time to collect data.

The study statistical population is composed of 600 employees of Gharb Cement Industries Company. The sample size was calculated by the Cochran Formula. Considering the level of error of 5%, the sample size is 234 participants. According to the questionnaires retrieved from the statistical sample and data analysis, 171 questionnaires were examined.

The main data collection tool in the present study was a questionnaire. According to the study model, the questionnaire consists of 35 questions, and after evaluation of the validity and reliability, it was delivered to the sample. The validity of the present study was confirmed by the opinion of experts, and to do reliability assessment Chronbakh alpha was applied, and the reliability of the questionnaire was 0.893, as it is indicated in Table 1.

<table>
<thead>
<tr>
<th>Table 1 Cronbach's alpha values for each of the components</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factors</strong></td>
</tr>
<tr>
<td>Market Opportunities</td>
</tr>
<tr>
<td>Competitive Threats</td>
</tr>
<tr>
<td>Competitive Risks</td>
</tr>
<tr>
<td>Financial Performance</td>
</tr>
<tr>
<td>Non-Financial Performance</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

The analysis of data obtained from the questionnaire in this research was done by descriptive and inferential statistics through software SPSS. In order to test the causal relationships between the variables and the studied components, the multiple regression model was used, and finally to identify the optimal model AMOS was used for path analysis and determine the correlation and also the impact of the study variables.

### 9. Study structural model
The research hypotheses were tested using AMOS software and structural model was designed, as it is indicated in Fig. 2. The measurement model represents the factor loadings of the visible variables for each latent variable. The relationship between factor (latent variables) and visible variable is shown by loading factor. Loading factor is a value between zero and one. If the factor loading is less than 0.3, the relation is considered poor. Loading factor ranging from 0.3 to 0.6 is average and if it is higher than 0.6, it is very desirable.

The fit indices

The calculated values and data output should fit the standardized values of the fit index values. Here, with regard to the modifications, it could be said that the model has a good fit (Table 2).

<table>
<thead>
<tr>
<th>Overall Model</th>
<th>X2/df</th>
<th>RMSEA</th>
<th>NFI</th>
<th>CFI</th>
<th>IFI</th>
<th>RFI</th>
<th>PRATIO</th>
<th>PNFI</th>
<th>PCFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acceptable rate</td>
<td>&lt;2</td>
<td>&lt;0.05</td>
<td>&gt;0.9</td>
<td>&gt;0.9</td>
<td>&gt;0.9</td>
<td>&gt;0.9</td>
<td>&gt;0.50</td>
<td>&gt;0.50</td>
<td>&gt;0.50</td>
</tr>
<tr>
<td>Calculated Values</td>
<td>0.256</td>
<td>0.003</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>0.530</td>
<td>0.483</td>
<td>0.480</td>
</tr>
</tbody>
</table>

10. Results from test of the study hypotheses

The significance level of the hypothesis is equal to 0.000 and less than 0.05, so all of the study hypotheses are confirmed, given the fact that the amount of the effectiveness of the coefficients is positive and the type of the effectiveness of the independent variables on the dependent ones is direct. The results of the study hypotheses in are displayed in Table 3.

<table>
<thead>
<tr>
<th>Hypotheses Results</th>
<th>Standard Coefficient</th>
<th>Significance Level</th>
<th>Critical Proportion</th>
<th>Standard Error</th>
<th>No-standard Estimation</th>
<th>The general relationship between variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirmed</td>
<td>0.335</td>
<td>***</td>
<td>5/511</td>
<td>0.052</td>
<td>0.286</td>
<td>Market Opportunities</td>
</tr>
<tr>
<td>Confirm</td>
<td>0.301</td>
<td>***</td>
<td>4/357</td>
<td>0.056</td>
<td>0.245</td>
<td>Market Opportunities</td>
</tr>
<tr>
<td>Confirmed</td>
<td>0.299</td>
<td>***</td>
<td>4/665</td>
<td>0.047</td>
<td>0.220</td>
<td>Competitor Threats</td>
</tr>
<tr>
<td>Confirmed</td>
<td>0.297</td>
<td>***</td>
<td>4/089</td>
<td>0.051</td>
<td>0.209</td>
<td>Competitor Threats</td>
</tr>
<tr>
<td>Confirmed</td>
<td>0.299</td>
<td>***</td>
<td>4/898</td>
<td>0.050</td>
<td>0.243</td>
<td>Competitive Risks</td>
</tr>
<tr>
<td>Confirmed</td>
<td>0.251</td>
<td>***</td>
<td>3/634</td>
<td>0.054</td>
<td>0.196</td>
<td>Competitive Risks</td>
</tr>
</tbody>
</table>
11. Conclusion
Given that competitive intelligence influences performance, firm managers are recommended to pay special attention to their industry. Important factors in development and competitiveness are being equipped with sufficient knowledge and information at a systematic and academic level. This can lead to the achievement of competitive intelligence. In this regard, managers and employees are required to take advantage of higher education. In addition, establishing relations with universities and educational centers plays critical roles. To enhance their competitive intelligence, managers can utilize the following suggestions:

- With the continuous analysis of customers, markets, competitors, financial and industrial partners, they can ensure increased competitive intelligence.
- With the continuous strategic analysis through the achievement of direct and indirect information on current and potential competitors and great attention to all aspects of competitive intelligence, they can reinforce competitive intelligence of their firm.
- As obtaining information through external environment of business can influence firm competitive situation, and as information is the main deriver to achieve power, firms are required to achieve competitive advantage by using information technology.
- Companies should identify their strategic challenges and opportunities through a continuous and systematic process to take steps to create a competitive advantage and increase customer satisfaction.

REFERENCES


