

# A Study of Competitive Intelligence Adaption in Textile Industry in Surat City

Sunil Hiralal Rajani

Associate Professor, Department of Commerce, SPB College of Commerce, Surat - 395001

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**Abstract:** *Studying the environment which has an immediate effect on our business and taking effective measures to be effectively ahead of others is a part of strategy of any organisation. Large businesses have a separate unit for scanning the environment and studying the perceived environmental uncertainty. But small business cannot afford to do so, yet if they do not scan the environment, they suffer a heavier loss of quitting the business. Competitive Intelligence remains unexplored by these small businesses. The purpose of this study is to examine and analyze whether textile traders in Surat adapt Competitive Intelligence practice into their business or not? What is the form of CI? and What are the sources of collecting CI? The data was collected from 320 textile traders from different textile markets in Surat through convenience sampling. The study result concluded that there was existence of CI but in an informal way. And customers played a prominent role in providing information for CI.*

**Keywords:** *Competitive Intelligence, Business Intelligence, formal or informal CI, Perceived environmental uncertainty.*

## 1. Introduction.

In recent years, Competitive Intelligence has become significant in management and strategic management. The goal of this activity is to provide actionable intelligence that will provide a competitive edge to the organization (Kahaner, 1998). Competitive Intelligence is the action of gathering, analyzing, and applying information about products, domain constituents, customers, and competitors for the short term and long term planning needs of an organization (Blenkhorn and Fleisher, 2003).

A firm which does not rigorously monitor and analyze key competitors is poorly equipped to compose and deploy effective competitive strategy and this approach leaves the firm and its markets vulnerable to attack.

The basis for CI revolves around decisions made by owners /managers about the positioning of a business to maximize the value of the capabilities that distinguish it from its competitors. Competitive Intelligence (CI) is a process for supporting both

strategic and tactical decisions, and in order to support CI, organizations need systems and processes to gather and analyze reliable, relevant, and timely information that is available in vast amounts about competitors and markets (Vella, C.M. and McGonagle J.J. 2000). Competitive Intelligence is more concerned with doing the right thing, than doing the thing right.

Competitive Intelligence (CI) is not an activity that is limited to a few countries or enterprises in certain industries, it is a worldwide phenomenon (Muller, 2007). Competitive Intelligence (CI) is mostly practiced by larger enterprises in industries such as banking, telecommunications and retail (Murphy 2006). Murphy opines that though it is not well practiced in small enterprises, however it can be practiced successfully by SMEs.

Competitive Intelligence may be more important for small business than it is for larger ones. Everyone needs to conduct Competitive Intelligence thrive and identify opportunities, but smaller companies cannot absorb market mistakes in the same way that large firms can. Organised properly, good Competitive Intelligence can level the playing field between small and large businesses. Smaller businesses must take advantage of Competitive Intelligence to grow. But they feel that they lack the resources necessary to develop full scale intelligence capabilities.

## 2. Review of literature.

Ulrich and Wiersema (1989) argued that in order for small business organisations to succeed in turbulent environments, they must be constantly aware of their competitors, moves, products, strategic directions and strengths so that they can anticipate and respond to competitors' strategic moves before discovering that competitors have made their products and procedures absolute.

Fann and Smeltzer (1989) researched the extent to which SMEs use Competitive Intelligence in long term and operational planning. Some of the arguments most commonly mentioned in the literature for the lack of formal planning in SMEs

can also be applied to the lack of formal CI process. These are :

- Lack of time.
- Lack of knowledge about information sources and analysis techniques.
- Management values and behavioural characteristics.

The general assumption is that managers in small firms tend to rely on their own experience and intuition to run the firm, as they think that planning is only for large business or that it decreases flexibility. (Fry & Stoner, 1995)

Jorge Postigo, (2000), made an investigation into current practices and future possibilities of CI in Spain with specific reference to small and medium sized Exporters. The main objective of the study was to evaluate the hypothesis "A formal approach to CI rather than informal or discontinuous approaches, gives businesses of all sizes advantage, and justifies the value of its implementation by Spanish Exporters". The research consisted of a survey with questionnaires and case studies. Questionnaires were sent to managing directors and export managers by email. Findings revealed that these firms operated in industries where technological changes are very high and majority of the businesses operate in a very competitive environment. These firms did not have a structured or formal way of doing CI. Company culture, lack of analytical skills are the main reasons for not having a formal approach to CI.

Wafaa R. Wafi (2013), undertook a study with an objective to understand the awareness and practice of small and medium size businesses in Gaza strip to Competitive Intelligence concept and its benefits. Results concluded that the SMEs manager's knowledge about the concept of CI was moderate.

De Pelsmacker *et al.* (2002) studied the CI practices of South African firms based on the Calof and Breakspear's (1999) set of questionnaire. They found that the firms were very poor in the formal organisation and processing of CI activities. The major source of CI was obtained from the employees. Marketing was the main function where CI was used in the strategic activities and thus the department was responsible for CI activities. Most firms spent the largest amount of time focusing on competitor sector. The study concluded that the South African firms were not as well equipped to conduct CI practices as other countries like Japan, Sweden, France, and the USA.

Tshildzi Eric Nenzhelele (2012) reveals that the majority of the SMEs gathered information about competitors product services, customers of

competitors and were aware of strength and weakness of competitors and their supplies. These concerns hired people or both businesses to collect information on their behalf. SMEs under study did not have any formal CI process. The enterprises that were operating 3 to 5 years and 1 to 2 years practiced CI more than those with 6 or more years. Enterprises with higher annual turnover practiced CI more than those with a lower turnover. Data for the research was collected from one hundred SMEs from nine geographical regions using a quota sample. The outcome of the study shows that there are four major challenges of SMEs, namely lack of time, budgetary constraints, lack of human resources and creating a participatory environment and awareness of CI. SMEs listed the following additional implementing challenges: lack of government support; lack of computer skills; unavailability of computers; size of business; unwillingness of employees to collect information; and lack of relevant skills.

### 3. Statement of the problem.

Surat Textile industry is facing many challenges posed by the competitive environment in the industry. There is no study that has been done on the Textile Industry adapting competitive intelligence sophistication. In this context, it is of fundamental importance for the Surat Textile Industry to obtain a competitive edge for which Competitive Intelligence is an inevitable tool. This study therefore seeks to fill the existing knowledge gap by carrying out an investigation of Competitive Intelligence practices adopted by Textile Industry . Hence answering the research question; what are the various Competitive Intelligence practices adopted by Surat Textile Industry.

### 4. Scope of the study.

This study enables to have clear insight about the CI practice adapted by textile traders in Surat City. This study covers only the small traders who are either retailers or wholesalers. What are the methods adapted by them in collecting information from different sources of CI.

Past studies show that CI sophistication depends on the perception of the decision maker. This study also undertook the relationship between qualification of decision maker and CI Sophistication.

An attempt is made to find out the way in which information is collected which forms the basic source of CI sophistication.

### 5. Objectives

The present study has been undertaken with two primary objectives :

- (1) Are the respondents aware of CI and its benefits ?
- (2) Is there any association between the qualification of the respondent and CI activity ?
- (3) What are the main sources for collecting CI ?

## 6. Methodology.

Data has been collected using a structured questionnaire. Data was collected using google drive for sending questionnaires where the response rate was low and time consuming. Majority of the questionnaires were filled in conducting personal interviews of the respondent by the researcher. Convenience sampling method has been used as the data to be collected was sensitive and confidential in nature. The respondents accessible at ease were selected. 320 questionnaires were used in this study. Statistical tools used to present analysis and interpret the collected data of the present study are tables, percentage analysis, arithmetic mean and correlation. SPSS (17) has been used to analyse the data collected for this study.

## 7. Analysis of the data.

**Table 1 Position Wise Classification**

| Position | No. Of Respondents | Percentage |
|----------|--------------------|------------|
| Owner    | 215                | 67.2       |
| Partner  | 56                 | 17.5       |
| Manager  | 49                 | 15.3       |
| Total    | 320                | 100        |

Majority of the respondents were the owners. The aim of the research was to target those who played a prominent role in decision making. 67.2 percent of the respondents were owners who are major decision makers of the business.

**Table 2 Qualification of the Decision Maker**

| Qualification | Position of the Respondent |         |         | Total |
|---------------|----------------------------|---------|---------|-------|
|               | Owner                      | Partner | Manager |       |
| U.Grad.       | 31                         | 12      | 8       | 51    |
| Diploma       | 24                         | 3       | 2       | 29    |
| Graduate      | 140                        | 36      | 33      | 209   |
| PG            | 20                         | 5       | 6       | 31    |
| Total         | 215                        | 56      | 49      | 320   |

Literature review reveals that there is a positive association between education and Competitive Intelligence adaption. The perception of the decision maker results into the intensity of CI practice in the organisation. Table 2 shows that 240 respondents of 320 were holding a graduate or a post graduate qualification. Correlation statistic was applied to know the correlation between the qualification of the decision maker and the Competitive Intelligence Sophistication. Results reveal that there is a positive

correlation between the qualification of the respondent and the Competitive Intelligence Sophistication.

**Table 3. Correlation between Qualification and CI**

|                 | CI Sophistication | Qualification |
|-----------------|-------------------|---------------|
| Spearman's Rho  | 1.00.             | <b>0.734</b>  |
| Sig ( 2-tailed) |                   | .000          |
| N               | 320               | 320           |

| Source of CI       | Mean   | Rank | S D   |
|--------------------|--------|------|-------|
| Employee           | 3.2313 | 5    | 1.309 |
| Supplier           | 3.6531 | 3    | 1.098 |
| Customer           | 3.9469 | 1    | 1.111 |
| Conference         | 1.015  | 10   | 0.124 |
| Industry Expert    | 1.078  | 9    | 0.311 |
| Own Sales People   | 3.415  | 4    | 1.189 |
| Personal Contacts  | 3.671  | 2    | 1.194 |
| Trade Publications | 2.378  | 7    | 1.192 |
| Internet           | 2.187  | 8    | 1.217 |
| Competitor Comm.   | 3.10   | 6    | 1.260 |

Result in table 3 shows a positive association between qualification of the decision maker and CI sophistication in the firms.

**Table 4. Sources of Competitive Intelligence**

Table 4 shows that organisations get information about competitors from different sources. The most used sources are employees, suppliers, customers, conference, industry expert, own sales people, personal contacts, trade publications, internet and a direct communication with competitor. The main sources if ranked would give a result that the highest used source was customer who collect the data in a snowball form, followed by personal contacts of the trader, ending up with the least source conference, with a reason that all the respondents may not be attending the conferences.

## 8. Findings

- Competitive Intelligence was not a known term to the respondents though they were involved in activities which resulted into Competitive Intelligence.
- Majority of the respondents were the owners.
- 80 percent of the respondents were well educated holding either a graduates degree or were post graduate.
- Educational qualification has a positive association with Competitive Intelligence Sophistication.
- Among several sources of collecting CI, majority of the firms collected CI through customers, personal contacts and suppliers.

- There was no formal way of Competitive Intelligence.

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## 9. Suggestions

- Competitive Intelligence should be given a priority and should be made easily understandable to every employee of the organisation signifying its importance.
- Adapting formal CI would be expensive for small organisations but training the employees for CI will reap better benefits.
- Decision makers should have a proper understanding of CI process for its successful implementation. Dissemination of CI should be given due importance to make the staff aware of competitors strategy.

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