

Determining a Consistent Model Of competitive Intelligence to Gain the Competitive Advantage in Iran Banking Industry (Case Study: Melli Bank Branches)



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ARTICLE INFO

ABSTRACT

In competitive world, the rapid changes and growth of technology has led the organizations need to combine new approaches in the management of their intelligence processes. The last decade, innovations of the banking industry has led to an increase of competition in this industry significantly. In order to survive in competitive environment, they require the use of competitive intelligence. Competitive intelligence can have many effects on growth which enhance the quality, performance and profitability of banks. Many models have been introduced to take advantage of competitive intelligence by researchers. But considering environmental conditions and characteristics, any business requires itself consistent model. Deselect the appropriate model due to lack of correct understanding of organization in the environmental changes and slow respond to organizational issues and problems. This descriptive study has been conducted to determine the consistent model of Competitive intelligence to achieve the competitive advantage in the Iran Banking Industry. Studies and models related to competitive intelligence is collected. With regard to competitive and environmental conditions of Iranian banks, has been introduced suitable model for this business. Based on findings in this study suggest the combined approach. By using multi-dimensional thinking and of synergy different approaches, identify and prioritize the factors effecting on competitive advantage in Melli bank. So, banks by efficient suppliers, providing customers with quality service and customer satisfaction are attracted. Customer's satisfaction in organizations depends on the quality of product, service and feature capabilities of the organization is dependent on the relationship with suppliers.

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KEYWORDS: *Competitive intelligence, competitive advantage, competitive intelligence model of Iranian business, banking industry.*

1. Introduction

The pressure of globalization, expanding global trade, communications and information technology revolution, rising customer expectations and changing their behavioral pattern in the face of business, such as increasing the number and quality of domestic and international competitors in the current era, has become the concept of competitiveness and attempts to gain competitive advantage of countries as a critical issue.

In recent years, has become one important concept of competitive intelligence and it has been mixed by company culture. Increasing in competitive intelligence causes enterprise analyzes information in their environment faster and carefully and the results through appropriate method stored and as required it is available for managers who has decision-maker role within the organization. This has accelerated the exchange of information and knowledge within the organization and the effectiveness of decision-making and collective thinking process dramatically improved. Thus, CEOs with better understand of the competitor and challenging environment, competition may be based on specific tools and techniques, information associated with the feature evaluated strengths and weaknesses of competitors and timely decisions to choose appropriate strategies take action and always is one step ahead of competitors. Competitive intelligence is a continuous process that usable data gives decision makers.

The main objective of competitive intelligence is achieving data and information on the environment, competitors and market. Therefore, effective competitive intelligence requires information not only about competitors, but also requires information on other environmental trends such as industry trends, legal and regulatory trends, international trends, changes in technology, political developments and economic conditions. In today's world, acquiring competitive intelligence is one of the undeniable

requirements for most managers to acquisition and analysis of information, as well as increase knowledge and creates awareness increase their capabilities (Beykzadeh&Eskandari, 2010).

At present, most successful institutions in developed countries used competitive intelligence as a powerful tool to learn more about the environment. Recruiting competitive intelligence is a very promising in future and undoubtedly institutions to survive in an environment where every day will be faced with more challenges based on the capabilities of competitive intelligence, successful gathering and analysis of information and overcome uncertainty of the competitive landscape, they will feel more secure (NajafiHaghi, 2004).

1.1 Statement of the problem

In competitive world, the rapid changes and growth of technology has led the organizations need to combine new approaches in the management of their intelligence processes. The last decade, innovations of the banking industry has led to an increase of competition in this industry significantly. In order to survive in competitive environment, they require the use of competitive intelligence. Competitive intelligence can have large effects on growth which enhance the quality, performance and profitability of banks. Many models have been introduced to take advantage of competitive intelligence by researchers. But considering environmental conditions and characteristics, any business requires itself consistent model. Deselect the appropriate model due to lack of correct understanding of organization in the environmental changes and slow respond to organizational issues and problems.

2. Significance of the Study

Today, the market is becoming more global market, dynamic and customer-oriented market. This leads to face organizations with intense

competition in timely response to unanticipated demand of customers in terms of product variety, better quality and reliable service.

By increasing of environment setting, challenges and complexity of environmental conditions and inability of banks and institutions to meet these challenges and making proper decisions, are issues such as lack of awareness of effective techniques and procedures, lack of planning expert in bank branches for teaching, competitive intelligence techniques to staff, worn and inefficient and incompatible tools and equipment with the today's complex and changing needs, examples of problems in the bank branches. To solve the problems in the banks, managers and decision-makers evaluates the effect of competitive intelligence on competitive advantage in their banks.

1.3 Purpose of the Study

The main objective of this study is to evaluate proposed models in the field of competitive intelligence and determine the most appropriate model of competitive intelligence for competitive advantage in Iranian businesses.

1.4 The Main Question of Research

Due to internal and external competitive environment which Iran businesses are facing, what model of competitive intelligence to gain competitive advantage, is the most appropriate model?

1. Research Innovation

Considerable research is done about the effect of competitive intelligence on competitive advantage have not considered the features of variable environment businesses and environmental impact have be assumed fix, therefore have considered similar models for them. If the effect of environmental attributes for each business is different. Therefore this point is very important

that for any business should be considered an appropriate model.

2. Theoretical Framework and Literature of the Research

-Competitive Intelligence And Its Performance

Competitive intelligence is systematic process of obtaining information from competitors and consults with information in order to facilitate organizational learning, improvement, and isolation and targeting them in the field of industry, market and customers (Farzadfar& TabarDivkalanani, 2015).

Although competitive intelligence focus on decision-making, but its scope is broad and includes research on topics such as the capabilities of competitors, analysis alliances or joint investment with competitors, competitors' future plans, market strategies or specific product lines, reasons for change in corporate or strategic business units and... Now not only large companies but also many small businesses take advantage of the benefits of competitive intelligence (Weiss, A. Brief, 2002).

Important Of Competitive Intelligence

- Understanding the current environment of market,
- Predict future environment of market.
- Analysis of economic factors, political, technological associated with its business
- Identify the weaknesses and find solutions to them
- Change in current strategy or modification of its

Another goal of competitive intelligence in an organization can be demonstrated as follows:

- General understanding of an industry and competing companies.
- Identify areas that are vulnerable and strategic evaluation of the effect of competing companies.

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- Identify potential movement may do a competitor and thereby endanger the position or status of a company in a specific market(David, 1379).
- Recognizing the weaknesses of their company may competitors uses the opportunity, offering the steps and movements to eliminate them (Pirayesh and Alipoor, 2012).

Competitive Advantage

Competitive advantage includes a set of factors or capabilities enables the company to show better performance than the competitors (Bourgeois, 1999).The another definition, competitive advantage is factor or combination of factors that cause in a competitive environment an organization be more successful than other organizations and competitors cannot imitate it easily (Feurer and Chaharbaghi, 1995).

Strategies to Gain Competitive Advantage:

Four general strategies to gain competitive advantage is proposed include cost advantage,

differentiation advantage, focus on the corner of the market or the whole market. These strategies are described below (Jerab, 2011).

Cost advantage: the production with the lowest cost in industry. The cost advantage is created when companies offer similar products of competitors at a lower level of price.

The differentiation advantage: it occurs when the company offers broader and more value-added services to customers compared to competitors. So that despite the competitive prices of competitors, customers choose the company's services.

Time advantage: In this advantage, company can be an industry leader and because of its capabilities adaptsit's with environment changes quickly.

Types of Competitive Advantage

By considering the real and objective dynamics of competition, the competitive advantage can be divided into five types general in table1 (Mehri, 2002).

Table1. Types of competitive advantage

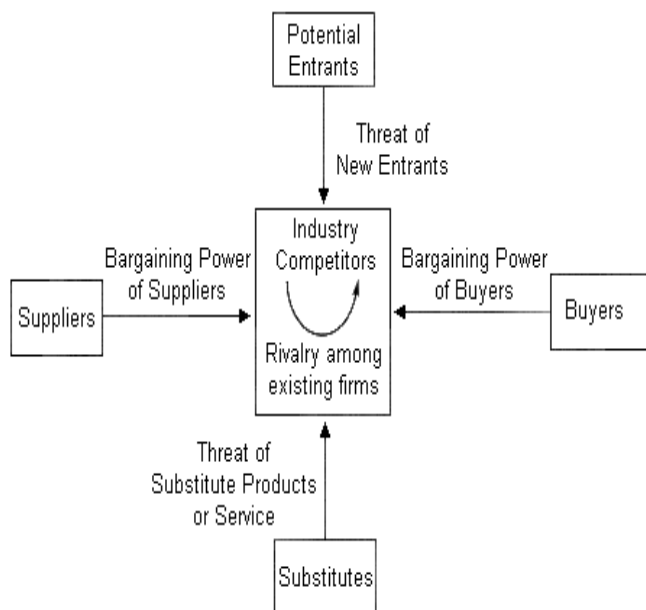
Type	Definition	Example
Positional advantage against kinetic advantage (dynamic)	Positional advantage arises from company features and assets. Causative factors of advantage are static usually. These are based on the ownership of sources and assets or accessibility.	Size - Accessibility - Technical standards
	The basis of this advantage is efficiency and effectiveness of companies in market. Because this advantage makes business perform their activities which are based on the knowledge and capabilities, more efficient and more effective than competitors.	Entrepreneurial capabilities, technical capabilities, organizational capabilities, strategic capabilities
Homogeneous advantage against heterogeneous advantage	The while company and its competitors are compete in same way, using the similar skills and homogeneous capabilities.	Performing similar activities better than competitors
	Fundamentally, distinct role in the game In general the role in the game is different.	Making a distinction in organizational culture, processes and organizational systems, organizational structure, different ways of coordination and cooperation, different ways of marketing and different strategies

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Obvious advantage against intangible advantage	This advantage caused by physical and visible resources as physical machinery data, equipment, etc.	Heavy investment in equipment
	This advantage caused by the capabilities of the organization: planning methods, management styles, processes, organizational structures and systems, how to learn, methods of coordination and teamwork	Trade secrets brand, reputation, learning and methods of learning and knowledge of employees, organizational culture
Simple advantage the advantage compound	Competitive advantage in terms of performance can be acted alone or as combination of advantages multiple and interacting with other advantages	Local position, unique physical assets, concessions, characteristics and mental capitals, collaboration agreements, high liquidity power
		More efficient coordination of assets and different skills to create competitive advantage, differentiation in quality product and services, low cost, fast response to market, continuous innovation.

Competitive Force in the Banking Industry

The structure of an industry rooted in the five basic elements (5 competitive forces of Porter) in the figure below. Collective force of these factors determines the profitability of industry. On the other side, these factors determine the competitive position of company within the industry. Determining these factors, identify the strengths and weaknesses of active companies in the industry. All these factors together determine the intensity of competition and its profitability in an industry, so it is essential be assessed in the analysis(Figur1) (Porter, 1988).



Figur 1. Competitive force in the banking industry

New Entrants:

In Iran banking industry, enter barriers to internal new entrants is low, but high for foreign new entrants. These barriers include:

1. Differentiation of products and services
2. The need for capital
3. Costs of change
4. Damages of cost (independent of the scale)
5. Government policies

- Rivalry among Existing

Competition among existing competitors is to two reasons:

1. These organizations are feeling the pressure.
2. These organizations feel that opportunities for advancement are provided. The barriers for this industry categorized into
3. economic, strategic, and emotional categories.

Threat of Substitute Products or Service

In a competitive environment takes planning to enhance the exchange. This means that alternative products reinforce and the capacity of the banking industry profitability decline.

Bargaining Power of Buyers

In the banking industry, buyers are companies and individuals who have used banking services.

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Despite the high volume of purchase of products, prominent role of banking products in the success, quality and cost structures of buyers, numerous costs of changes and in terms of cognitive, time and money, and enough information of buyers, considerable pressure of buyers is not to banking industry virtually.

Bargaining Power of Suppliers

In the banking industry except software and hardware suppliers of banking, depositors are one of the main suppliers which lot of existing competitions in the industry focused on the force.

3. The Methodology of Research

This research is a descriptive research, by collecting research literature through the research done of on the subject has been dealt to describe the competitive intelligence. In the data analysis,

- Model of levels of Competitive Intelligence

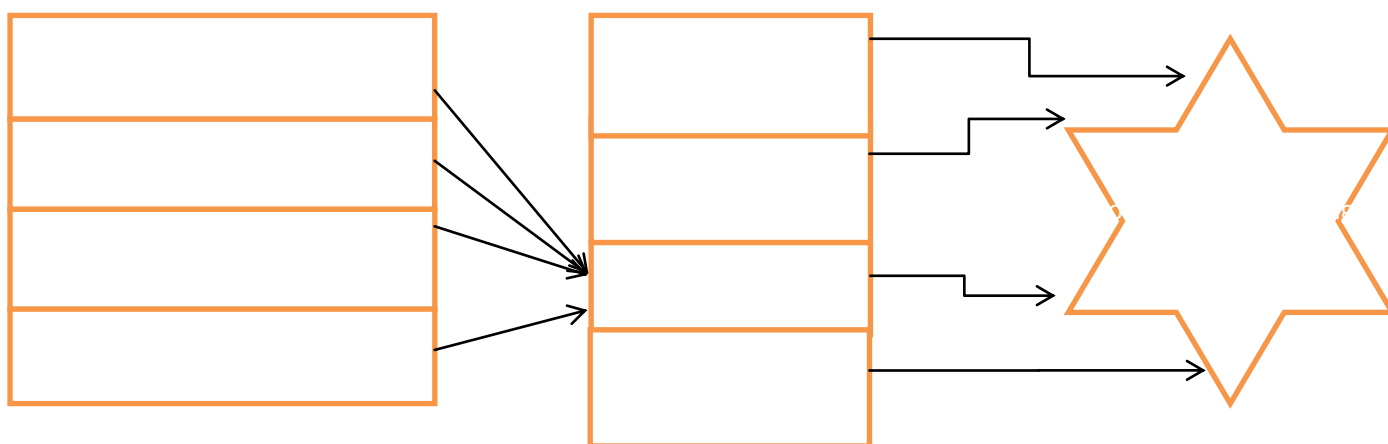


Figure 3. Model of levels of Competitive Intelligence

In order to gain competitive advantage, identifying and defining the levels of competitive intelligence is critical. In this respect, Dschampz and Nayak presented competitive intelligence in three levels. Market intelligence: collecting and analysis of the information of customers, suppliers, buyers and distributors mainly.

Competitor Intelligence:

The continuous and systematic study of changes in the structure of competition, substitute products and new entrants to the industry. Technological Intelligence: evaluation of existing and new technologies, predict of future technological leaps and associated with basic and applied research, innovation and patents (Figure3).

models of posed for competitive intelligence is presented and analyzed.

In the concluding section with respect to the models, a model according to environmental and competitive conditions of Iranian organizations and banks is selected, suggestions based on this model is presented.

4. Research Findings

The concept of competitive advantage as other human scientific phenomena, have evolution over time and in parallel with the development of science. Therefore, we can say that organizations and firms to competitiveness and gain competitive advantage in different times have used different approaches. These approaches include: Industrial Organization (I/O), Resource-based view (RBV), Competitive Intelligence View, Relational View (ZakiSkooie,2012).

- Competitive Intelligence model of Alessandru

Normally, competitive intelligence process divided into five basic steps is known as

competitive intelligence cycle (Figure 4) (Alexanderu, 2008).

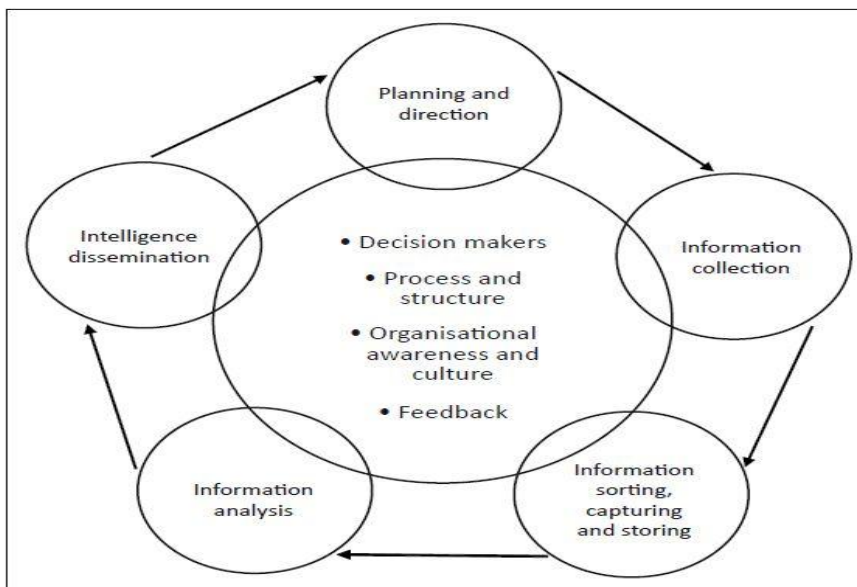


FIGURE 1: Competitive intelligence process model.

Figure 4. Competitive Intelligence model

The steps are:

1. Planning and guidance
2. Data collection
3. Isolation information.
4. Analysis
5. Dissemination-(Farzadfar&Divkalani,2015)

Competitive Intelligence Model of Processing the Information

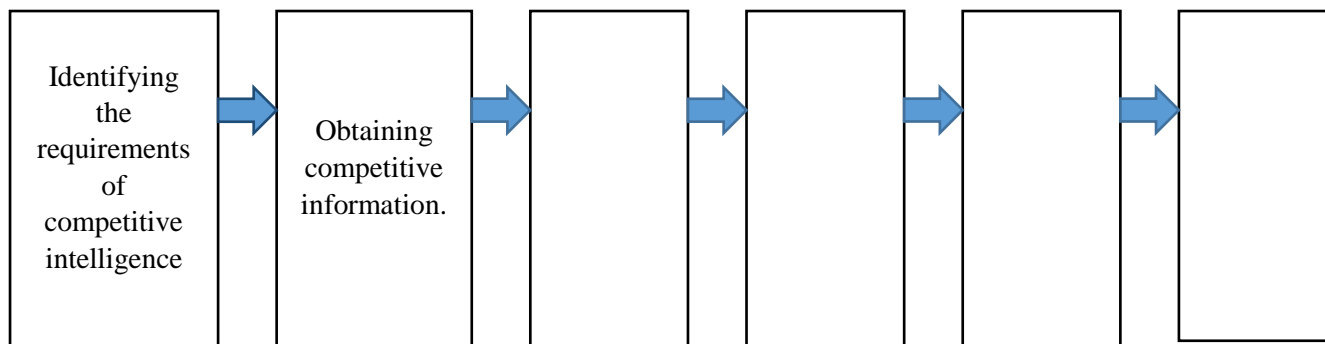


Figure 5. Competitive intelligence model

Despite the fact that there are many models for analysis and justification different functions of

competitive intelligence and, but a model of information processing for the cycle of

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competitive intelligence is available. This model consists of six distinct steps and each of these steps is an activity based on the information provided.

1. Identifying the requirements of competitive intelligence
2. Obtaining competitive information.

3. Organize, store and retrieve
4. Analyzing information
5. Developing the achievements of competitive intelligence
6. Disseminating the achievements of competitive intelligence (Figure5) (Hanolla, 2005).

- Competitive Intelligence Model of Dishman&Calof

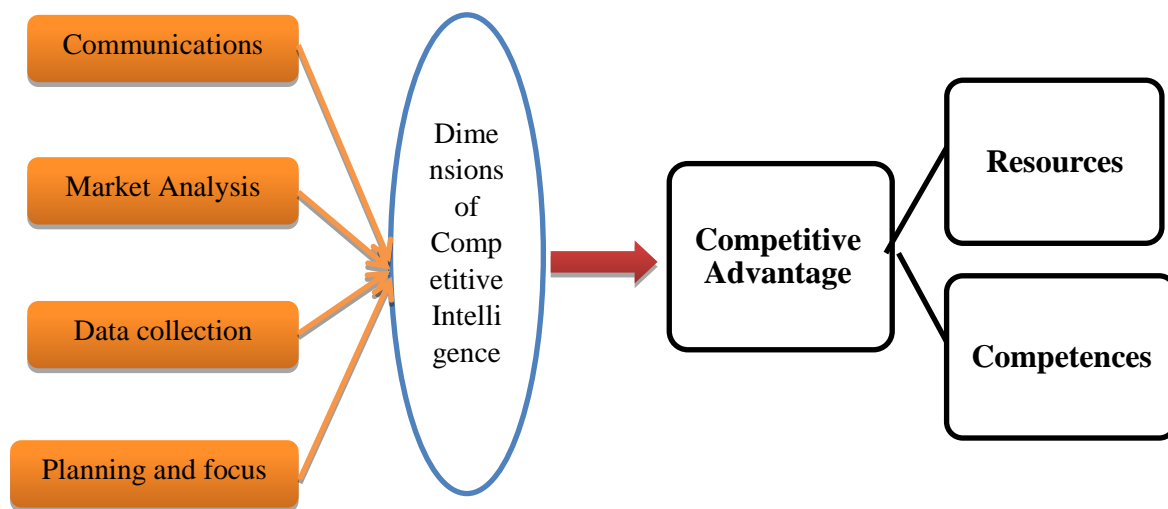


Figure 6. Competitive Intelligence model

The model of competitive intelligence taken by the paper titled ((Competitive intelligence: a multiphase precedent to marketing strategy)) Paul L. Dishman (Marriott School of Management, Brigham Young University, Provo) and Jonathan L. Calof (Telfer School of Management, University of Ottawa, Ottawa, Canada) published Emerald site in 2008 (Figure6).

5. Discussion and Conclusion

Although each of competitive intelligence approaches have been proposed in own particular period and were useful to formulation the competitive advantage strategy, but the one dimensional thinking, internal or external, will not be responsive to the needs competing in the new era. Therefore, based on the findings in this study suggest the combined approach. By using multi-

dimensional thinking and of synergy different approaches, identify and prioritize the factors effecting on competitive advantage in Melli bank. So it is essential Iran banks, because of the conditions faced (low threat of internal new entrants, High threat of foreign new entrants, High rivalry among existing, High threat of substitute products or service, High bargaining power of suppliers) by focusing on combined approaches pay more attention to the sections that are given below.

The financial sector, including "money market", "capital market", "foreign proceedings" and "budget" are large collection planned, researcher believed, at least as much planning for sectors such as real agriculture, industry, education and training is important. organization's functionality and capabilities in the speed and accuracy of

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communications and lower operational costs in the process, showing them are ready for achieving competitive advantage in the market.

suppliers of raw materials, equipment and services needed by banks such as telecommunications and technical support organizations and companies is one of the most important items of the orbital header competitive advantages. Banks by efficient suppliers, providing customers with quality service and customer satisfaction are attracted. Customer's satisfaction in organizations depends on the quality of product, service and feature capabilities of the organization is dependent on the relationship with suppliers.

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