

CHAPTER 2.

LITERATURE REVIEW

2.1 Introduction

The purpose of this research is to know how Indian retailers practice Competitive Intelligence and how they use it. To satisfactorily address this objective it will be necessary, to begin with clarifying what is Competitive Intelligence and how it is used in this research. This chapter starts with the discussion of the origin of CI and then discusses the status of CI in the six largest economies of the world. It also discusses the link between the theory of strategy formulation and competitive intelligence then discusses business performance. In the end, it discusses the research gap and contribution of this research.

2.2 Origin of Competitive Intelligence

CI has been practised since ages. It has its root in the military. Many articles consider the work of Sun Tzu, as the origin of competitive intelligence. Sun Tzu wrote “The art of war” a prominent text which provides a meticulous explanation as to how to build up military intelligence (Calof & Wright, 2008). One of the quotations from “The art of war” says “if you know your enemies and know yourself, you will not be put at risk even in a hundred battles. If you only know yourself, but not your opponent, you may win or may lose. If you know neither yourself nor your enemy, you will always endanger yourself”. The work of Sun Tzu was the basis for much development in military intelligence (Prescott, 1999). In India, around 300 BC Chankaya replaced the dynasty without any war. He also emphasized intelligence. In 1815 Nathan Rothschild made his

wealth on the London Stock Exchange because of his timely intelligence about the Battle of Waterloo (Ferguson, 1998). In the nineteenth century, China had a monopoly over tea production. East India Company secretly gathered seeds and information from China and started tea plantation in India (Live Mint E-Paper, 2016). It means the use of information for commercial purposes had started long back.

In the Second World War, intelligence activities increased but only for a military purpose. In the cold war period, the world witnessed intelligence and spying activities for military advantage. At the same time industry also started looking for information to increase production. William T. Kelly first purposed the term “Marketing Intelligence” and justifies the use of intelligence on following factors: expansion of time horizons, better machinery for information gathering, better production of finished intelligence, reduced confusion of top policy makers, prevention of distortion of information, new and better source of information and creative intelligence functions (Kelley, Marketing Intelligence for Top Management, 1965). In 1966 Fair predicted that the business should establish the corporate CIA and in consequence of that, it would increase the covert and illegal activities (Fair, 1966). Due to the military origin of competitive intelligence, it still has images of spying (Prescott, 1999). The article published by Aguilar used the term environment scanning the first time for the activities of external information collection in the business (Aguilar, 1967). In 1968 Kelly published a book titled “Marketing Intelligence: The Management of Marketing Information”. The other contributors in this phase include Frank T Pearce, David B Montgomery and Charles B Weinberg (Montgomery & Weinberg, 1979; Pearce, 1976). Up to 1980 competitive intelligence was established in the field of business and academics, but it was confined only to information gathering and marketing

intelligence (Prescott, 1999). Prescott (1999) considered that the first phase of the evolution of CI in business and academics ended in 1980.

The second phase of Competitive Intelligence started in 1980. “Competitive Strategy: Techniques for Analyzing Industries and Competition” a book authored by Michel Porter considered to be the starting point for second phase. The focus of competitive intelligence was no longer confined only to information collection but included the analysis of competitive position within the Industry. Porter reported that “even as companies were carrying out the activity of Competitive Intelligence informally, in his view this was nowhere near adequate. He advocated the need for a planned intelligence process at all times in order to continuously and methodically identify business opportunities and threats”(Porter, 1980). During the second phase of CI, practitioners and consultants contributed to the publication. In the second phase, academic writing started appearing but it was still very limited in numbers (Prescott, 1999).

Up to the year 1987, no efforts had been made to change the image of competitive intelligence work. In 1987 Society for Competitive Intelligence Professionals (SCIP) was established. Now organizations started formalizing the activities of competitive intelligence. SCIP started publishing ethical and legal guidelines of practice for its members. In the third phase, academicians started publications on competitive intelligence and started theorizing the field. The year 1988 saw the establishment of a dedicated journal “Competitive Intelligence Review”. Competitive Intelligence no longer remained the field of marketing. It has started a strong association with organizational decision making. “Although Competitive Intelligence evolved out of marketing, the activities of the discipline have come to serve all business functions. Research and development people seek to scrutinize rival organizations while safeguarding their own data. Possessing information such as the production

capabilities of a competitor's factories, furthermore, can provide valuable insights. The financial health of a competitor may influence a decision to confront the rival head on or (as an alternative) to strategically avoid direct conflict. Competitive Intelligence started as a part of marketing research but it has grown beyond its origins and it started providing information to all business areas” (Walle, 1999).

Up to the year 1999, Competitive Intelligence had passed through three stages as shown in Annexure-B. Prescott reported that the in next stage competitive intelligence would start as a core competency of the organizations.

Prescott in his study predicted the orientation of competitive intelligence as a Strategic Tool. In 2007, Global Intelligence Alliance reported that “87 per cent of the companies interviewed had some form of integrated intelligence capability with a systematic approach for collecting and analyzing information about their external environment. These studies covered Asia-Pacific, Belgium, Brazil, Canada, Finland, Germany, India, Mexico, Netherlands, Norway, Spain, Switzerland, UK and USA” (Global Intelligence Alliance , 2007a ;Global Intelligence Alliance, 2007b). “In the literature, it has been established that Competitive Intelligence process generates strategic input for organizations” (Fahey, 2007; Wright & Calof, 2006) and most of the entrepreneurs are agreed that “competitive intelligence will be useful in making long term strategic decisions for their business” (Fatoki, 2014). Competitive Intelligence is now passing through it’s fourth stage. Appendix-C has the abstract of papers and books cited in this section.

2.3 Definition of Competitive Intelligence

In business and academics there are many synonymous terms for competitive intelligence used by different researchers, For example Environmental Scanning

(Saxby, Parker, Nitse, & Dishman, 2002), Business Intelligence (Pearce, 1976), Competitor analysis (Ghoshal & Westney, 1991), Marketing Intelligence (Kelley, 1965) and Market Intelligence (Maltz & Kohli, 1996). “Intelligence helps the business maintain and build up diverse competitive advantages by using the whole business and its networks to build up actionable insights about the business environment. It uses an organized and fair process connecting, planning, collection, analysis, communication and management” (Calof, 2008). According to Kahaner (1998) “Competitive Intelligence is a systematic programme for gathering and analyzing information about your competitor’s activity and general business trends to further your own companies’ goals” (Kahaner, 1998). The SCIP defines CI as follows: “Competitive intelligence is the process of monitoring the competitive environment. It enables senior managers in companies of all sizes to make informed decisions about everything from marketing, R&D and investing tactics to long-term business strategies. Effective competitive intelligence is a continuous process involving the legal and ethical collection of information, an analysis that doesn't avoid unwelcome conclusions and controlled dissemination of actionable intelligence to decision makers”. The SCIP describes Competitive Intelligence cycle “A process by which raw data is acquired, gathered, transmitted, evaluated, analyzed and made available as finished intelligence for policymakers to use in decision making and action. There are five phases which constitute this cycle: Planning and Direction, Collection, Analysis, Dissemination and Feedback”. The fundamental element of a Competitive Intelligence system is the intelligence cycle as Shown in figure 2-1. The intelligence cycle use to convert raw data in to intelligence.

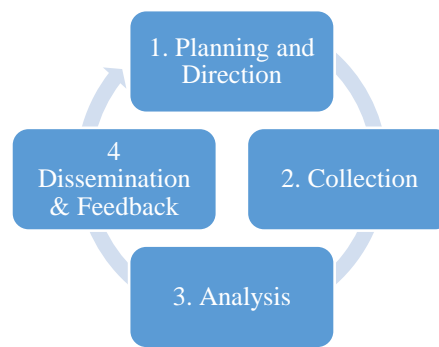


Figure 2.1: Intelligence Cycle

1. **Planning and Direction:** At this stage, businesses do need assessment and decide what issues need to be investigated and what information management required.
2. **Collection:** At this stage actual gathering of raw information from internal and external sources take place. Most of the information required from an external source is available in the public domain.
3. **Analysis:** It is the process of connecting information from various sources and identifies patterns and builds different scenarios. The analysis must forecast what a firm is likely to do and it should be responsive to business's need.
4. **Dissemination:** It involves communicating the intelligence output to those who required it in the organization.

Appendix-D has the abstract of papers and books cited in this section.

2.4 Competitive Intelligence Scenario in Other Countries

Competitive Intelligence practice of a company reflects its individual culture, government involvement and corporate idiosyncrasies. Culture impact the practice of competitive intelligence in any economy (Adidam, Gajre, & Kejriwal, 2009;Kahaner,

1998). The difference in competitive intelligence practices of emerging markets and the developed markets is based on the following five aspects:

1. **Maturity:** Developed countries have more mature competitive intelligence system.
2. **The Role of the Government:** Government in developed countries played a significant role in developing competitive intelligence capabilities of the countries.
3. **The Infrastructure:** Developed countries have more open source information whereas developing economies do not have recorded data.
4. **Size and Time spent on CI:** In developed countries, more investment is done on competitive intelligence in terms of people and time.
5. **The Techniques used for CI:** In developed countries, more advanced technology is used as compared to developing countries.

Although the SCIP was started in the US, it has spread out to the whole world. Most of the literature on Competitive Intelligence is US based. According to the World Bank, India is at 7th place in terms of Gross Domestic Product (World Bank, 2017). The six countries bigger than India are United States, China, Japan, Germany, the United Kingdom, and France. The following section discusses the practices of competitive intelligence by the seven largest economies.

2.4.1 United States of America (USA)

United States of America (USA) is the biggest economy of the world in on the basis of GDP (World Bank, 2017). According to the Economic Intelligence Unit, it would be the fourth most attractive business location in the world in 2017-21. It improved one place from the previous period 2012-17 (The Economist Intelligence Unit

Limited, 2017). Competitive Intelligence practices have been more widely accepted and established in the United States business community than any other country in the world. Most of the literature on competitive intelligence is from United States (Blenkhom & Fleisher, 2005 ;Wright, Eid, & Fleisher, 2009).

2.4.2 China

China plays a significant role in world trade. It is the second largest economy after the US. It will overtake the US economy by 2037 (The Economist Intelligence Unit Limited, 2017). It is significantly different from the US economy in terms of the institutional environment for business (Tao & Prescott, 2000). According to the Economic Intelligence Unit's (EIU 2017) report, there is an overall improvement in China's business environment in 2017-21, but the country's ranking slips in global term from 53rd to 62nd place. The Society of Competitive Intelligence in China was established in 1994 after that academic activity of Competitive Intelligence has increased. In China research has advocated the use of competitive intelligence for higher education development (Liu & Oppenheim, 2006). Although leaders in China consider Competitive Intelligence as a useful tool (Tao & Prescott, 2000) but Competitive Intelligence implementations in Chinese businesses are still performed at a medium level in the organizations. At the same time, Competitive Intelligence practices in China are progressively increasing towards an advanced level of superiority (Xie & Jin, 2011).

Although Competitive Intelligence in China has not yet reached the level of institutionalization or sophistication but it is promoted by academics, consultants, governments, and managers as a technique of enhancing the company's

competitiveness. Competitive Intelligence in China is considered less developed than in Japan and the US (Fleisher & Wright, 2009).

2.4.3 Japan

In the Second World War, the Japanese economy was devastated. After the Second World War, Japan has progressed a lot in terms of its GDP contribution to the world economy. In 1951 the size of Japan's economy was half of West Germany. By 1970 it had overtaken all European Economies. It is the 3rd largest economy in terms of GDP (World Bank, 2017). How did a country with few natural resources become an industrial country? According to Kahaner(1998), the Japanese have unbending belief in Competitive Intelligence. Japanese trade culture promotes information collection as a continuous process. Japanese give value to information. Americans think information is cheap because it is easily available (Kahaner, 1998). The government provides competitive intelligence supports to the businesses through the Ministry of International Trade and Industry (MITI), Ministry of Finance, Trade and Culture, and Japan's External Trade Organization and Embassies (Ikeya & Ishikawa, 2001). Although Japanese companies have a strong interest in competitive intelligence they are lacking in using advanced analytical techniques as compared to the US (Adidam, Gajre, & Kejriwal, Cross-cultural competitive intelligence Strategies, 2009). Comparison of Japan and US Competitive Intelligence practices is shown in Appendix-F.

2.4.4 United Kingdom

The UK's business environment has been predicted to improve in 2017-21 as compared to 2012-17 but its global ranking (15) remained the same (The Economist Intelligence Unit Limited, 2017). According to the World Bank, UK is the fifth biggest economy of

the world on the basis of GDP. (World Bank, 2017). There has been a very high expansion in the number of databases and electronic information sources for competitive intelligence information (Kahaner, 1998). In UK Competitive Intelligence is perceived to be the instrument of big organizations and cannot be practiced without a massive amount of financial and human resource investment. But in reality, it is not the case (Wright, Pickton, & Callow, 2002). In the empirical research of competitive intelligence in UK retail banks, it was found that senior managers backing the Competitive Intelligence system and process but there is no standard process of Competitive Intelligence followed in UK's Banking industry. In the same study, bank managers agree that Competitive Intelligence is a significant part of the strategic forecast and decision making. (Wright, Eid, & Fleisher, 2009). On four parameters of Wright-Pickton's best practice model, the UK banking industry has not followed any best practice of Competitive Intelligence (Wright, Eid, & Fleisher, 2009).

2.4.5 France

According to the World Bank, the seventh leading economy of the world in terms GDP is France (World Bank, 2017). The global ranking of its business environment is expected to rise from 17th place to 16th place for the period of 2017-21 (The Economist Intelligence Unit Limited, 2017). Competitive Intelligence in France has been influenced by the United States of America. (Smith J. R., 2012). France has examined the relationship between Intelligence, Government and Society (Dedijer, 1994) and implemented the state sponsored programme of Competitive Intelligence through Chamber of Commerce and Industry (Clerc, 2009). These programmes have improved

the national competitiveness, awareness and attitude of small and medium industry (Smith, Wright, & Pickton, 2011).

2.4.6 India

According to the World Bank, India is the sixth major economy of the world. (World Bank, 2017). The global ranking of business environment attractiveness of India is 63 for 2017-21; the business environment will improve due to gradual reforms (The Economist Intelligence Unit Limited, 2017). The literature on Competitive Intelligence in India is very limited. The researcher comes across only one book titled “Competitive Intelligence: An Introduction” on Competitive Intelligence edited by an Indian author. This book does not cover the practices of Competitive Intelligence by any Indian firm. In this book, two out of twelve chapters are written by Indian Authors (Ghose, 2007). One journal article titled “Competitive Intelligence and firm’s performance in emerging markets: An exploratory study in India” is authored by three people of Indian Origin, but all of them are based in the United States. The study of Indian companies has shown that companies “which exhibit a higher level of competitive intelligence activities achieve better financial results. Competitive Intelligence in Indian companies is at a moderate level and needs an advanced level of practices” (Adidam, Banerjee, & Shukla, 2012).

There is a lack of literature on Competitive Intelligence theory and practice in Indian firms. Out of the seven largest economies of the world practice of CI in India and Germany have not been studied by researchers. This research is filling the gap in

studying the practice of CI in Indian firms. Appendix-E has the abstract of papers and books cited in this section.

2.5 Empirical Studies on Competitive Intelligence

As discussed in section 1.2.1, the organizational intelligence is developed through a hierarchal process as shown in Figure 1-1. Data is converted in to information by processing and synthesis. With the help of knowledge, information is converted into actionable recommendation or instructions, through instructions knowledge transfer is also possible (Ackoff R. L., 1989). In 1966 William Fair had already proposed the formation of a corporate “Central Intelligence Agency” within the firm whose function would be to collect, screen, collate, organize, record, retrieve and disseminate information. Since that time the proposition has grown to become an emerging business construct with delineated job functions directly responsible for intelligence collection, analysis and dissemination (Kahaner, 1998). Turkish small and medium enterprises organizations strongly believe that the lack of formal process to share information, and inability to pull information together are influential in reducing the effectiveness of competitive intelligence application. (Koseoglu, Ross, & Okumus, 2015).

According to Prescott the competitive intelligence is passing through its fourth stage, where it is used as core competence for organizations (Prescott, 1999). In earlier stages, competitive intelligence has been practiced as an informal activity, Porter reported it as inadequate to get competitive advantage (Porter, 1980). Initial empirical research on competitive intelligence practice of the firms are more concerned with how practitioners perceive the impact and level of uncertainty in the environment, administration and structure of competitive intelligence programs, objective of the program, where is the

competitive intelligence program located, who do CI professionals report to and who are their primary users? What budget is allocated to the CI function? (Tao & Prescott, 2000). There are four types of competitive intelligence practices adopted by firms 1) Ad Hoc, (2) Continuous-Comprehensive; (3) Continuous-Focused; and (4) Project-Based (Cartwright, Boughton, & Miller, Winter 1995). The study of competitive intelligence practices of UK's firms based on attitude, Intelligence gathering style, use of competitive intelligence and location of competitive intelligence activity. Based on this typology in UK's firms, the best CI Practice consist of strategic attitude, hunter gathering, strategic User and designated location (Wright, Pickton, & Callow, 2002). Small organizations are not concerned with gathering intelligence on competitors because of satisfaction with current intelligence. A significant difference was found between organizations with high and low revenues concerning satisfaction with the current intelligence system. Organizations with high revenues are more satisfied with current intelligence. (Groom & David, 2001)

Several efforts have been made to evaluate company's intelligence capabilities. (Subramanian & IsHak, 1998; Tao & Prescott, 2000; Wright, Pickton, & Callow, 2002; Koseoglu, Karayormuk, Parnell, & Menefee, 2011; Koseoglu, Ross, & Okumus, 2015; Koseoglu, Chan, Okumus, & Altin, 2019; Adidam, Banerjee, & Shukla, 2012). In analyzing the varied applications of the intelligence terms in the literature, it may be a more appropriate to define competitive intelligence as the process in which relevant information is gathered, analyzed and interpreted and in which resultant intelligence is disseminated to enhance a firm's competitiveness. Using this description, the Calof and Breakspear (1999) study identified six key phases of the process Planning and Focus, Collection, Analysis, communication, Process/structure and Organizational awareness/culture. Calof and Disman (2002)

empirically proved the existence of various phases in competitive intelligence process by using factor analysis with Varimax rotation and eigenvalue cutoffs of 1.00. Analysis produced six factors, which have been labeled “Planning and focus”, “Collection”, “Analysis”, “Communication/ dissemination”, “Process/structure”, and “Awareness/culture”.

Planning and Focus

Effective intelligence processes do not attempt to collect all possible information or research everything related to a subject, but focusing on those issues of highest importance to senior management (Aguilar, 1967; Montgomery and Weinberg, 1979; Porter, 1980). This phase is required to set required resources for the intelligence project or process as well as to establish the purpose and result of the findings.

Collection

Collection comes from a variety of different sources and acquisition methods including environmental scanning (Aguilar, 1967) Miller and Calof (1998), in their study of the intelligence process in Society of Competitive Intelligence (SCIP) members, found that roughly 25 percent of all intelligence time involved collection activities.

Analysis.

This is where “true” intelligence is created, that is converting information into “actionable intelligence” on which strategic and tactical decisions may be made (Calof and Miller, 1997; Kahaner, 1998)

Communication.

The results of the intelligence process (or individual project) needs to be communicated to those with the authority and responsibility to act on the findings. Kahaner particularly emphasized the importance of proper communication of intelligence results to provide managerial decision support (Kahaner, 1998).

Process/structure

Intelligence requires appropriate policies, procedures, and a formal (or informal infrastructure) so that employees may contribute effectively to the intelligence system as well as gain the benefits from the intelligence process. There is much support for a formal structure and a systematic approach to intelligence (Porter, 1980). However, many firms' intelligence efforts are short-term projects and, thus, they do not have ongoing or formal processes in place, but still conduct intelligence activities.

Organizational awareness/culture.

For a firm to utilize its intelligence efforts successfully, there needs to be an appropriate organizational awareness of intelligence and a culture of competitiveness. There has been support for this awareness/culture construct in the area of market orientation (Narver and Slater, 1990; Slater and Narver, 1994,).

Based on the previous research by Viviers et al. (2002) and Calof and Dishman (2002) the validation of constructs of the competitive intelligence process has been done by Saayman et. al. (2008). The model further improved and published by Disman and Calof (2008). The model is shown in figure 3.2, page number 51.

2.6 Competitive Intelligence and Strategy Formulation

According to the theory of strategy formulation, the knowledge of the competitive environment is crucial to earning above average return. Competitive Intelligence connects the competitive environment of the organization with strategy formulation. CI provides the strategy inputs (Fahey, 2007; Liu & Oppenheim, 2006; Trim & Lee, 2008), which help the organization to establish strategy intent. CI is a predecessor of marketing strategy formulation (Calof & Wright, 2008). Competitive Intelligence positively influences the competitive advantage (Zangouinezhad & Moshabaki, 2009) and superior customer value of the organization (Slater & Narver, 2000). “The success of new innovation has a positive relation with Competitive Intelligence” (Nemutanzhela & Tiko, 2011). “The use of CI practices by salesperson increases customer satisfaction and brand loyalty.” (Rapp, Agnihotri, & Baker, 2011). A study on the attitude of immigrant entrepreneurs in South Africa finds that the majority of the respondents were in agreement that Competitive Intelligence is essential in executing long term strategic decision for their business (Fatoki, 2014). There is an established positive link between Competitive Intelligence practice and strategy formulation in literature.

Strategic competitiveness is acquired when organizations successfully formulate and execute a value creating strategy but it achieves competitive advantage only when competitors are incapable to follow its strategy. Firms without a competitive advantage at best earn an average return. “The probability of achieving strategic competitiveness in the 21st-century competitive landscape is enhanced for the firm that realizes that its survival depends on the ability to capture intelligence, transform it into usable knowledge and diffuse it rapidly throughout the company” (Ethiraj, Kale,

Krishnan, & Singh, 2005), Therefore the firm must increase knowledge, incorporate it in to the organization to create capabilities and be relevant to develop a competitive advantage. To be strategically flexible, a firm has to develop the capacity to learn. A company has to learn and apply the knowledge throughout its business faster than its competitors. There are two modern schools of thought who describe how firms generate information for strategic flexibility and Competitive Advantage:

1. The Industrial/Organization (I/O) Model of Competitive Advantage.
2. The Resource-Based Model of Competitive Advantage.

2.6.1 The Industrial/Organization Model of Competitive Advantage

This model explains the external environment's dominant pressure on an organization's strategic position and factors of industry explain the difference in the profitability of the firms in the same industry. The basic unit of analysis in Industrial/Organization model is industry structure and profitability of the organization is a function of industry structure (Porter, 1980). This model is grounded in economics and has four underlying assumptions. "First, the external environment is assumed to impose force and constraints that determine the strategies that would result in above average returns. Second, most firms competing within an industry or within a segment of that industry are assumed to control similar strategically relevant resources and to pursue similar strategies in light of those resources. Third, resources used to implement strategies are assumed to be highly mobile across firms, so any resource difference that might develop between firms will be short-lived. Fourth, organizational decision makers are assumed to be rational and committed to acting in the firm's best interest" (David, David, & David, 2013).

2.6.2 The Resource Based Model of Above Average Return

According to resource based model, “each organization is a compilation of distinctive resources and capabilities. The rareness of its resources and capabilities is the starting point of the organization’s strategy and its capacity to earn above average returns” (Wernerfelt, 1984). “Individual resources alone are not sufficient to attain a competitive advantage. Resources are causes of competitive advantage only when they are converted into capabilities. Resources and Capabilities that provide a competitive advantage to the organization over its competitors are called core competencies” (Barney, 1991).

2.7 Resource Based View and Competitive Intelligence

Wernerfelt concluded that “considering a firm in terms of its resources leads to different immediate insights from the traditional product perspective. Firms that can identify the resources lead to high profit. The acquisition can be seen as a purchase of a bundle of resources in a highly imperfect market. Strategy for a bigger firm involves striking a balance between the exploitation of existing resources and the development of new ones” (Wernerfelt, 1984). Firm’s resources are heterogeneous and immobile. In order to attain sustained competitive advantage, the firm’s resources should be “valuable, rare, imperfectly imitable, and not substitutable. These resources and capabilities can be viewed as bundles of tangible and intangible assets, including a firm’s management skills, its organizational processes and routines, and the information and knowledge it controls (Barney, 1991). Resource based model explains the difference in profit of the organizations that cannot be explained by differences in industry conditions. Resource based model theory says “the firm’s

performance is determined by the resources it owns. Competitive Intelligence capability of an organization can be considered intelligible resource and used as a core competency to earn above average profit.

2.8 Business Performance

The use of business performance construct in research is perhaps one of the controversial issues faced by an academic researcher. With the quantity of writing on this topic constantly increasing, there appears to be slight optimism of attainment of any accord on basic terminology and definitions. The strategic management researchers have to define organization performance because performance improvement is the heart of strategic management. Organization performance is different from organizational effectiveness. Organizational effectiveness is a general concept which includes organizational performance (Venkatraman & Ramanujam, 1986). “Organizational performance encompasses three specific areas of firm outcomes: (1) financial performance (profits, return on assets, return on investment, etc.); (2) market performance (sales, market share, etc.) and (3) shareholder return (total shareholder return, economic value added, etc.)” (Richard, Devinney, Yip, & Johnson, 2009).

“Organizational effectiveness is a broader concept. It captures organizational performance plus internal performance outcomes associated with more efficient operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers or customers) such as reputation” (Richard, Devinney, Yip, & Johnson, 2009).

Organizational performance is a multidimensional construct. It has different stakeholders. Primary stakeholders include owners, employees, suppliers, distributors. Secondary stakeholder includes NGOs and Society. Due to the multidimensionality of business performance, it is operationally difficult to include all dimensions of business performance. Management researchers adopt a narrow definition of organizational performance that considers only two of the highest legitimacy stakeholder categories (owner and managers of a company) who have an economic interest in the organization (Adidam, Banerjee, & Shukla, 2012; Martinez-Simarro, Devece, & Llopis-Albert, 2015). Due to that, financial and accounting measures get popularity in measuring the performance (Mitchell, Agle, & Wood, 1997). Researchers find some serious limitation with financial and accounting parameters to measure the performance. According to Dixon (1990), financial measures are historical in nature (Dixon, 1990). Accounting measures are internally focused and they have little regard for competitors, customers and intangible assets such as skills, motivations and capabilities of its employees (Kaplan & Norton, 1992). To counter these deficiencies in the financial accounting performance measures Kaplan and Norton proposed the Balance Scorecard. To measure the overall performance of the organization the performance should be measured on four perspectives: Financial Perspective, Internal Perspective, Learning and Growth Perspective, and Customer Perspective. Balance Scorecard integrates financial and non-financial measures (Kaplan & Norton, 1992).

Balance Scorecard has challenges of implementation in empirical studies because of its uncertainty on content (Albertsen & Lueg, 2014). This problem forced the researcher to look for alternative methods of measuring performance. “One technique

is to approve indirect measures of financial indicators, for example, asking managers to assess their firm's performance in relation to their major competitors. This kind of performance data has been characterized as a subjective or indirect method". "In conceptualizing organizational performance, research must address two basic issues, selection of a conceptual frame work to define organizational performance and second identify accurate, available measures that operationalize organizational performance" (Dess & Robinson, 1984). Due to these issues, a subjective measure of performance starts getting a place in organizational performance measurement research. "A high correlation was found between the subjective and objective measures of organizational performance." (Dess & Robinson, 1984).

2.9 Competitive Intelligence and Business Performance

Competitive Intelligence helps organizations in following ways: "providing intelligent estimates, assessments, briefings and foresights about markets, and competitors' and firm's own actions" (Dishman & Calof, 2008; Tao & Prescott, 2000). CI is a precedent of marketing strategy formulation (Dishman & Calof, 2008). A study of the attitude of immigrant entrepreneurs in South Africa finds that Competitive Intelligence is useful in making long term strategic decision for their business (Fatoki, 2014). A relation was found between future studies and Competitive Intelligence. If the manager finds early warning signals in competitive intelligence, then it helped in finding the trends as early as possible and scenario building can be done by using early warning system, and it also helps us in war gaming (Schwarz, 2007). There is a positive perception that Competitive Intelligence can help in improving business performance and in making a strategic decision (Fatoki, 2014). For long term continued

existence of the organization, CI plays an important function (Gilad, 2011). "CI is positively related to superior customer value" (Slater & Narver, 2000). Competitive intelligence is positively correlated to business performance in Indian Industries (Adidam, Banerjee, & Shukla, 2012). The study conducted in Indian Industries was an exploratory study in which only one objective measure (Return on Investment) of performance was considered.

2.10 Research Gap

The operating environment of Indian Retail Industries has changed from being static to being highly open, dynamic, and competitive with new players entering the market. The rapidly changing environment includes technological innovations and growing customer demand. All of which leads industry players to take a strategic decision under the condition of increased unpredictability. Due to that, there are high chances of strategic failure of the firm. Organizations of the 21st century must grow extraordinary capabilities of learning and constantly develop their capabilities. Competitive intelligence helps organizations to develop learning capability. Therefore, maintaining pace with the fast shifting in a business environment is possible through the effective administration and implementation of CI.

CI has been studied in different developed countries of the world USA (Fleisher & Bensoussan, 2007; Subramanian & Ishak, 1998), France (Smith & Kossou, 2008) and the UK (Wright, Pickton, & Callow, 2002). It has also been studied in the context of emerging markets like China (Tao & Prescott, 2000), South Africa and Belgium (Pelsmacker, Muller, Viviers, Saayman, Cuyvers, & Jegers, 2006). Studies on

Competitive Intelligence practices in India are still lacking. Although India's position in global trade has improved a lot due to internationalization and liberalization, a lot remains unexplored about Indian Industries. So the proposed study will focus on Competitive Intelligence practices in Indian retail industry it includes the study of the current status of competitive intelligence in the Indian retail industry, the role of competitive intelligence in strategy formulation. The research also examines the relationship of competitive intelligence with the business performance of Indian retail firm