

# Theoretical and Practical Issues of Competition Intelligence in Business Management: In Case of Electrical Industry

Sardor Tursunkhodjaev

Independent researcher, Tashkent State University of Economics,  
Tashkent, Uzbekistan

**Abstract-** The article explains the concept of "competitive intelligence". The author highlights the role and importance of competitive intelligence in business management.

**Keywords:** Intelligence, business intelligence, financial intelligence, competitive intelligence, business intelligence, competitor.

## I. INTRODUCTION

The dramatic changes taking place in the economy are forcing entrepreneurs to adapt to the strict requirements of the modern market, as well as the need to find new forms of competitive advantage and reconsider old methods and strategies. A new era is beginning, "whose main feature is flexible management and rapid response to external factors." Therefore, it is a priority to use all available resources as fully as possible, to preserve them and to search for new ones and use them effectively.

The search for innovative solutions in business management has become a necessity for local entrepreneurs, especially after the outbreak of the Covid-19 pandemic. As a result of integration into the world economy, competition between not only domestic but also foreign competitors is expected to increase significantly. In such a situation, timely and complete information about the surrounding business and competitive environment allows for effective asset management while making decisions based on an in-depth knowledge of the external and internal environment.

## II. LITERATURE REVIEW

Many modern researchers have high hopes for marketing, because zero marketing, according to experts, is a key factor in effective business management, allowing entrepreneurs to act properly in a competitive market and not miss opportunities to achieve goals. F. According to Kotler, according to the marketing concept, "an organization's achievement of its goals depends on how well it can identify the needs and desires of target markets, what they are trying to do, and give them faster, more efficiently, and more profitably than competitors." [1]

Content analysis of definitions showed that marketing consists of a set of the following types of activities:

- Timely provision of managers, decision-makers with reliable, accurate information about the market, the structure and dynamics of demand, the nature of customers and what they prefer, as well as the external conditions of the firm (enterprise);
- creation of a set of goods (assortment) of goods that fully meet the requirements of the market than the goods of competitors;
- Influence the consumer, demand, market in such a way as to ensure the highest possible level of control over the sale of products, to create conditions for market entry and a stable place in it, to expand sales of goods. [2]

F. Kotler suggests relying on marketing as a key complex tool to monitor the market and adapt to changes in it. Marketing, the author emphasizes, is a comprehensive process aimed at making the most of the emerging market opportunities. In this regard, the activities of the firm to forecast market development, as well as measures to improve such working methods are of particular importance.

Sometimes marketing cannot accomplish all of the tasks set before it, so it is necessary to use non-standard methods of analysis and forecasting. In such cases, a special place in the provision of information to enterprises is given to competitive intelligence - a "means of overcoming the thirst for information." [3]

Since the issues of defining the economic nature of competitive intelligence, its socio-economic functions and technologies have not yet been fully resolved, there is ambiguity in the definition of the term "competitive intelligence". According to the author, the concepts of "economic intelligence", "business intelligence", "business intelligence", "industrial intelligence", "competitive intelligence", "financial intelligence", "commercial intelligence" used in the economic literature today are different. are interpreted as competitive intelligence in dissertation research. [4]

The term "competitive intelligence" is derived from the foreign concept of "competitive intelligence", which

was coined in 1989 by G. Dresner (currently vice president of the Gartner Group) put it into circulation. The definition of "competitive intelligence" is widespread in the United States, and in Western Europe the term "business intelligence" is used.

### III. ANALYSIS AND RESULTS

In today's competitive environment, information about the intentions of competitors, the study of markets and business development trends, the analysis, management and assessment of risks in the economic activity of the enterprise are important. In the West, this science is called Competitive Intelligence. In addition to the term "competitive intelligence", concepts such as "business intelligence", "business intelligence", "economic intelligence", and "commercial intelligence" are also common in the literature. In the study, these concepts are synonymous with the concept of 'competitive intelligence', and such diversity is primarily explained by the novelty of the phenomenon and the fact that the term has not yet been fully defined.

The classic definition of "intelligence" that many authors refer to is: "Intelligence" literally means, on the one hand, the real and potential threats to the subject's existence and interests, from the individual (organized group of people to the state as a whole). the activity of obtaining information about the competitor, on the other hand - the organizational structure of this activity, the forces and means to implement it.

Applied to the issues considered in the study, the subject of competitive intelligence is a non-governmental enterprise or organization, the implementation of which is at the expense of the enterprise security service or a unit specially created for this purpose, or the forces and means of a specialized organization.

A prominent expert in the field of competitive intelligence, N.I. Bayandin defines competitive intelligence as follows: "Competitive intelligence is the activity of an NGO to obtain information about existing and potential threats to itself and its interests, in compliance with existing legal norms and regulations."

Thus, N.I. Bayandin distinguishes between intelligence itself and competitive intelligence on the subject of intelligence activities, and demands compliance with the rule of law. Similar definitions are given by other authors. (Table 1)

Table 1: Opinions of various authors on the concept of competitive intelligence

| Authors  | The essence of the concept of "competitive intelligence"   |
|--|--|
| V.I. Yarochkin<br>Ya.V. Buzanova                             | A set of human, material and information resources, technical means and technologies, procedures and organizational and legal measures that allow the Corporation to conduct competitive intelligence.   |
| A.I. Doronin   | Organizational structure that deals with the collection, verification, processing, analysis and synthesis of information on various aspects of economic activity of the enterprise, using the information obtained to solve specific tasks of economic activity  |
| N.I. Borisov   | A marketing tool for studying the competitive environment is to purposefully gather information about competitors to make management decisions on the next strategy and tactics of doing business.   |
| T. Kuglyakova  | Data collection, processing, evaluation and collection is a continuous process of analyzing them to make optimal decisions   |
| T. Suxadolets  | The main goal is to build a system of combating rivals, ie a narrow specialized direction aimed at obtaining information about the competitor: its property, financial and management resources, opportunities and weaknesses, as well as its near future and strategic plans and creating a set of measures |
| A.E. Ignatev   | A set of methods of analyzing competitors that meet the requirements of the time and enterprise policy   |
| The Society of Competitive Intelligence Professionals (SCIP) | It is a systematic and unethical program for collecting, analyzing and managing information about all participants in the competition area, which can be used by companies in planning their activities and making management decisions.   |

Following the approaches adopted in scientific dictionaries, in accordance with the content analysis of the definitions given in the table, the considered definitions can be divided into 4 main categories, in which "competitive intelligence" is defined as follows:

1. A type of activity related to the study (research) of something for a specific purpose.

2. The actions taken by individuals and their groups to obtain the required information about events and objects that fall within the scope of their professional interests.
3. Organizations (organizational units) that specifically study various aspects of any event related to science, industry, economy, politics, war and social relations within and outside the country, within the framework of the tasks to be solved by these organizations.
4. A set of methods and techniques for studying objects and events that fall within the interests of specific individuals, professional groups, and organizational units.

In our view, competitive intelligence is the ability to influence a company's competitive positions, its ability to effectively conduct a competitive war in the relevant market, as well as its ability to quickly restore and prevent stalled processes after one or another destructive event. marketing activities to collect and analyze business information about market conditions and business environment in order to identify real and potential factors.

According to the economic encyclopedia, the need for information is "the need for information that arises when the goal facing the consumer can not be achieved without a certain managerial influence, that is, without external information intervention." [6] Since information needs are primarily determined by objective descriptions of the specialist's professional activities (including the content and structure of an individual's daily work), each target group needs specific information that is of direct interest to him or her. The state of the external environment, in turn, determines which methods of information processing are most appropriate. In this case, "the higher the level of management, the greater the value of management information. The lower the level, the greater the need for information."

The strategic planning activities of senior managers are primarily concerned with the organization's future interactions with the environment. Accordingly, "information and management decisions mutually determine each other". This group should be provided with reliable and accurate information from more external sources.

As for senior and middle managers who perform management oversight, they need information from both internal and external sources. Accordingly, it is important for consumers to provide information in a timely manner for this group, as this information needs to be more detailed and accurate, as the time limits of decisions to be made will be shorter here.

For operational control purposes that perform a function relevant to day-to-day operations, the information should be as clear and concise as possible. The resources used in this case are internal only.

Based on the listed needs, the following types of business information can be distinguished:

1. Strategic information: consists of a set of analytically processed data, the use of which allows to develop conclusions about the main aspects and trends of the competitive market, as well as information and analytical support to achieve the set strategic goals.
2. Tactical information: consists of information about specific current events and facts.
3. Operational information - information related to sudden events and threats that require immediate action.

Depending on the type of business information, types of competitive intelligence are also divided into strategic, operational and tactical types.

Operational intelligence identifies threats and risks that suddenly arise, complicating the company's current and medium-term operations, as well as addressing the challenges of overcoming negative relationships with a particular competitor and identifying external environmental opportunities.

D. Montgomery and Ch. Weinberg distinguishes between passive, offensive, and defensive intelligence. According to the authors, passive intelligence serves to provide consumers with initial data, such information is needed for an objective assessment. The goal of offensive intelligence is to identify acceptable possibilities. The essence of intelligence for defense purposes is to obtain information that helps the company to avoid unforeseen risks.

The content of strategic competition intelligence is the collection and analysis of strategic information about the economy, policy processes that can affect the corporation, as well as to identify areas for further development of the corporation in the market of goods and services and the structure and dynamics of economic activity. The focus of strategic intelligence also includes strategically oriented risks, threats, and opportunities that affect the success of an organization's long-term goals.

Objects of strategic competitive intelligence include:

- environment (competitors, legislation, resources, new technologies, key aspects of driving forces and trends in the competitive market, etc.);
- firm environment.

The activity of tactical competitive intelligence consists of the collection and analysis of tactical information that allows to make decisions on current problems of a commercial and technological nature. At the tactical level, competitive intelligence experts are primarily interested in the specific facts concerning the day-to-day operations of the company.

The effectiveness of any firm depends on its ability to adapt to changes in the external environment, to see

future trends and to learn new skills, because these are important conditions for the success of the competition.

Organizations that fail to anticipate and anticipate events are losing their active positions in the market. Lack of understanding of the importance of information-analytical services and the importance of their use can lead to unreasonable risks and loss of competitive position, and even the loss of business.

One of the main reasons why competitive intelligence is not used in most enterprises is that many executives, as well as the authors of some scientific monographs, equate it with commercial and industrial espionage. The boundaries where competitive intelligence ends and espionage begins are extremely vague, especially when it comes to adhering to the code of ethics and conduct in conducting competitive intelligence. Although the sources on competitive intelligence and commercial espionage studied by the author were numerous and varied, it was not possible to determine the exact criteria for distinguishing them, only the differences in attitudes and methods of operation towards legitimacy. At the same time, it is not clear which methods are acceptable for competitive intelligence and which are only acceptable for espionage, so clarity is needed on this issue.

The concept of competitive intelligence is interpreted differently by different researchers. Often other synonyms are also used (business, economic and business intelligence). There is no official definition of the concept of competitive intelligence.

The boundary between commercial (industrial) espionage and competitive intelligence has also been blurred, which prevents many businesses from using its methods. The legal framework in this area is insufficiently developed.

Nowadays, the confusion of competitive intelligence and industrial espionage is quite common. An analysis of research by local authors confirms that most authors use these concepts as synonyms. For example, V.I. Yarochkin and Ya.V. Byzanova [7], understanding competition intelligence as a set of concerted efforts to obtain, interpret and disseminate information useful to economic entities, suggests the use of both legal and illegal methods of gathering information to ensure its own security.

However, in our opinion, the differences in the types of activities under consideration are clear: the legitimacy of the methods used: competitive intelligence, being an activity based on a strict code of ethics, uses and analyzes only open source information, monitors the competitive environment without violating laws and ethics. At the same time, methods of industrial espionage are of an illegal nature (theft, illegal copying of information, recording of conversations, abuse of trust, etc.), often carried out in violation of the law.

Yu.P. Voronov interprets industrial espionage as a narrow field of activity "aimed at inappropriately obtaining the industrial secrets of a competitor for use in their economic activities." Broadly interpreted, "it is the ratio of forces in the market: the illegal acquisition of industry secrets to understand how much you and your opponent have the same opportunities". There is another boundary between industrial espionage and competitive intelligence. According to the author, industrial espionage is "an active activity aimed at the subsequent use of technological information from the beginning, while competitive intelligence is the passive collection of information to prevent damage to the company due to the actions of competitors." [8]

Competitive intelligence and industrial espionage are united only by goals - predicting and modeling the future, minimizing risks, as well as gaining additional benefits and advantages from setting up a business. "Intelligence means learning, gaining detailed, in-depth knowledge." Applied to competitive intelligence and industrial espionage - it means gaining a deep knowledge of its competitive environment, the business environment - everything that affects the effective competitiveness of a business, its economic survival.

Industrial espionage is used to capture markets, discredit and eliminate competitors, disrupt business negotiations, steal information that constitutes a competitor's trade secret, blackmail, extortion, and even prepare terrorist attacks. Industrial espionage is an illegal activity, a form of unfair competition.

Competitive intelligence never and under no circumstances pursues such goals. This is also a fundamental difference from industrial espionage, but it is not obvious at first glance.

In order to achieve the above objectives, industrial espionage mainly uses the following illegal methods:

- obtaining information through the illegal use of technical means (hearing aids, surveillance devices, etc.);
- theft or unauthorized copying of drawings, diagrams of the opponent's working documents;
- control of the opponent's business correspondence;
- "entering" their spies into a rival company in order to obtain information;
- bribery, blackmail or harassment of employees of rival enterprises for the purpose of obtaining information;
- The use of corrupt law enforcement officials and government officials to obtain information.

While the illegality of the methods used is obvious, such activities are common and entrepreneurs suffer greater economic losses from them.

#### **IV. CONCLUSIONS**

In the course of a more in-depth study of the methods used by competitive intelligence and industrial espionage, the author concludes that a number of methods cannot be firmly incorporated into one or another area of activity. Under certain conditions, they can be used by both competitive intelligence and industrial espionage.

Such methods include, for example:

- persuading competitors to work in their own company;
- refusing to negotiate and conclude an agreement after receiving information;
- use of information obtained as a result of personal contacts;
- use of confidential information about an opponent obtained by chance (not intentionally).

There can be no objection to these methods in terms of their legitimacy, none of which is contrary to the law, but can be assessed differently from a moral point of view. The author is of the opinion that the method of gathering information should be strictly lawful in the first place, and that its conformity to the requirements of ethics is of no fundamental importance.

If an entrepreneur can offer better working conditions to an employee of a competitor, if the professional training of that employee is acceptable to him, the author believes that the entrepreneur should not feel any suspicion or embarrassment. An employee who receives such an offer should be skeptical, where it all depends on his or her moral values.

Fake negotiations, if their purpose is only to obtain information and do not intend to make a deal - this is more a method of industrial espionage.

Some companies in our country and abroad combine competitive intelligence and industrial espionage together, calling intelligence a legitimate part of espionage. The reality is this, but the author believes that as business develops in the country and the business culture gradually increases, the share of industrial espionage will decrease significantly, because the development of information technology and the Internet will create all the conditions for this.

#### **REFERENCES**

- [1]. Kotler P.C., Armstrong G., Saunders J.A., Wong V. Principles of Marketing: The European Edition, Hemel Hempstead: Prentice Hall. 1996.
- [2]. 2. Slovar // Azoev G.L. and dr. - M; Economics, 1999
- [3]. Bersenev V.L., Yushchuk E.L. The phenomenon of competitive intelligence; osnovy teoreticheskogo analiza: preprint. - Ekaterinburg: UrO RAN Institute of Economics, 2009. - S.Z.
- [4]. Doronin A.I. Business intelligence. -M .; Os-89, 2006. - S.43 .;
- [5]. Prescott Dj.E., Miller Stephen X. Competitive intelligence: Lessons from the trenches. - M .: Alpina Biznes Buks, 2004. - P.13 .;
- [6]. Economic Encyclopedia / Editor-in-Chief L.I. Abalkin. - M .: Economics, 1999.
- [7]. Yarochkin V.I., Buzanova Ya.V. Corporate intelligence. - M .: Os-89, 2005. - S.92, 105.
- [8]. Voronov Yu.P. Competitive intelligence. - Novosibirsk: Izd-vo Novosib. gos. un-ta, 2007. - S.40-41.