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The Contribution of Human Capital to Analyzing Information in the Competitive Environment as Part of the Competitive Intelligence Process

Adrian MORARU[1]

Abstract: Like any added-value activity, the human capital plays an essential role in the information analysis from the competitive environment as part of the Competitive Intelligence process. Even if the analysis is carried out with the help of computer and technological means, the major impact on the results of this analysis is the human reason. If the results of the automated analysis show the presence of a pattern and lead to a series of conclusions, the analyst's reasoning, influenced both by previous experiences and the study of the existing factors in the given case, may indicate a completely different set of results. In this activity, qualitative research comes first; technological means will not be able to completely replace human capital. It is true that this increase in the level of technology involvement in the present society is exponential, but we are still far from translating into a computer a specific human, logical, rational thinking based on previous experience. Therefore, the level of employee engagement and training will significantly affect the performance of the firms doing this type of activity. In comparison to other important sectors, such as industry, constructions and even certain services (where technological means have a much more important place, the man being charged only with supervision and ensuring smooth running of the automated process) in the activity involving information analysis in the competitive environment roles are reversed, technology being just a means by which man can carry out this tasks.

Keywords: *intelligence, Competitive Intelligence, information analysis, human capital, competitive environment, durable competitive advantages.*

1. Introduction

Competitive intelligence (CI) and the information analysis from the competitive environment as part of this activity, addresses a current issue of the contemporary society, the need to obtain intelligence (Andrew and Dilks,

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1984)[2]. Considering the fact that postmodernism is characterised by finding an answer to a set of intellectual, cultural or academic questions, successive to the modernism, we consider CI one of the key activities used in order to answer those questions. The postmodern society faces challenges specific to today's technology and cultural levels. Alternative energy, innovative transportation or, obviously, the internet, are only a couple of components the postmodern society introduced in the world. Therefore, the mere possession of information is no longer sufficient, the way these are analysed and then used to become essential (Moraru, 2015). In the context, information analysis as part of the CI process is a systematic program of collecting and analysing information about competitors' activity and market developments to meet the goals of the company. Although Porter first laid the foundations for this concept in 1980, information analysis has not been yet assimilated into the organizational culture of entrepreneurs in Romania (Porter, 1980). The usefulness of this type of analysis is growing with the evolution of technologies. Due to the high volume of information in competitive markets, the need to reduce or even eliminate informational asymmetry[3] has developed (Ivan, 2012). The use of information on competitors 'wage policy, expected market developments, possible mergers or competitors' pricing policy is an essential element for the company's evolution on a highly aggressive and competitive market. In fact, the essence of Competitive Intelligence is to obtain legal and ethical ways of market intelligence and competitors so that a firm can have competitive advantages (Duncan, 2009).

Thus, besides the quantitative methods that are particularly important for the economic activity, the information analysis activity is observed as part of the Competitive Intelligence process, a qualitative method that adds value to the competitive market (Fleisher and Bensoussan, 2007).

With the accelerated evolution of technology, the needs of society grow in the same rhythm and the speed of the market response to these needs is a priority (Ivan, 2011). Alongside the intensive IT industry development, this need for prompt response has led to the search for

[2] Intelligence is the susceptible item to be encoded, to be kept, processed, or communicated; is the product of gathering, processing, integrating, analyzing, evaluating and interpreting the data available on areas of interest, Information Systems Management;

[3] Informational asymmetry theory is a concept introduced by 2001 Nobel Prize winners George Akerlof, Michael Spence and Joseph Stiglitz, and represents the study of transactional decisions in which one party holds more information than others.

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solutions to streamline production across the board. This is why replacing the human factor with automated means of production is an increasingly common practice. The industry, constructions and services have had to streamline production and speed by investing in machinery, equipment and appliances of limit the involvement of the human factor. If at economic level these actions can create added value and sustainable growth in terms of social impact, it is self-evident that replacing man with automated means creates very high social pressure.

However, recent studies, including a study by Forbes magazine in 2009, show that there are a number of areas where human input cannot be replaced. This study shows that professions where automation cannot succeed are those that involve the transfer of knowledge from one area to another, thinking in a broad sense and creativity, since these tasks require a significant contribution to logical thinking and human reason, not just a specialized thinking. Competitive Intelligence is one of the areas where human input is significant. Of course, there is a wide set of automatic means of collecting, processing and even analyzing information, but all relate strictly to quantitative analysis. Qualitative analysis is the key to innovation in the field of information analysis and can only be achieved through human interpretations and reasoning (Maag and Kalinowski 2013).

However, the present study underlines the importance of the human factor in this activity, its dispensable character and the major differences in the result obtained in the formation and improvement of human resources in the activity of information analysis. I believe that we need to move towards knowledge, innovation and sustainable development society where achieving sustainable competitive advantages is the key to increasing firms 'performance. For Romania, such an evolution is useful, especially in the context of a fragile market. Market stabilization is a necessity for a capitalist economy to function properly, and enhancing company-level competitiveness by using Competitive Intelligence is one of the means to achieve this stability.

Regarding the methodology used, I chose to study the literature in the field, both the national one and especially the international one. Also, for the elaboration of this report, the conclusions of 4 research studies conducted within the Bucharest University, the Master of Business Consultancy, regarding the number of Competitive Intelligence courses in several countries on all continents.

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Finally, this paper's objectives are to clarify the Competitive Intelligence activity considering the Romanian economic environment, to emphasize the importance of the human capital in this process and to set the foundation for further research which will deepen this field even in less developed markets. In this regard, the international literature, specifically the publications of M.E. Porter, Richards Heuer Jr., Leonard Fuld or Larry Kahaner, will surely be the starting point of new researches in Competitive Intelligence considering the particularities of Romanian labour and general markets.

2. Impact of training and improving human capital in Competitive Intelligence as a value-added activity on economic performance indicators

The types of information analysis in the competitive environment can be described according to the methods used. Richards Heuer Jr., one of the most well-known theoreticians in the field, proposes the classification into four general methods of information analysis (Fuld, 1995 and Fuld, 2010):

a) Quantitative methods using empirical data based on computational statistics and even econometric models that reveal the links between the indicators analysed. These methods are based on accurate data collected from the reference environment or resulting from the activities of systems (social, economic, etc.). In order to analyse this type, the analyst needs in-depth knowledge in the field of study;

b) Quantitative methods using data generated by experts, which are based on opinions and judgements formulated by experts in the field. Their takeover and use is subject to clear rules on the author and the context in which he expressed his opinion. It is also possible to consult experts so that they can formulate opinions/judgements predominantly with quantitative content regarding the subject under consideration. Dynamic modelling, etc are included in this method. Preparation of analysts for this type of analysis is done in the field if exact sciences, operational research, business, etc.

c) The method of unassisted decisions - or intuitive analysis (Heuer's disapproved phrase for lack of rationality from the intuitive definition) - which includes judgments based on: evidence; critical thinking; historical experiences (past); case study; analogy. Usually, this method involves an individual effort, and the ideas remain in the

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analyst's mind until the analysis is made. This is practically the distinctive feature of the method. The preparation for this type of analysis is carried out in humanities, especially in social sciences;

d) Structured analysis that uses structured techniques to mitigate the negative impact caused by cognitive limitations and cognitive traps known in the analysis process. The distinctive feature is that structured techniques exteriorize and break down mental processes in a way that allows other analysts to review and critique them. Preparing for this type of analysis is only achieved through exercise within the information community. Usually, these techniques are used by the analyst who lacks math studies or exact sciences.

Practically, the specific analysis for competitive Intelligence cannot be done without reaching to one of these methods. It can be noticed that each one needs a comprehensive set of skills that the analyst needs to have. If in the case of quantitative methods the analyst must have skills in the direction of mathematical science applied in the economy, the application of qualitative methods requires a good knowledge of human psychology, especially in an economic context, such as critical thinking or knowledge of differential diagnosis and competing hypotheses (Kahaner, 1997).

In this manner, carrying out all of these tasks successfully required by the above mentioned analytical methods call for rigorous prior preparation. Appropriate training and refinement of the analyst is essential to achieve performance in the field of question, no matter what type of method is he intended to focus on.

Consequently, we analysed many countries in order to see a link between the level of training of information analysis staff and the degree of development of that country. The database used was obtained as a result of a study carried out during the period 2012-2016 at the University of Bucharest, the Faculty of business Administration, the Business consultancy Program.

We chose the next countries according to their degree of development (it was taken into consideration the HDI index presented under the United Nations Development Program, November 2, 2011):

- Very high human development: United States of America; France;
- High human development: Romania, Ukraine;
- Medium human development: South Africa.

In terms of the results obtained at the end of the study, it can be concluded that the economic performance evolution is followed by the

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interest in training programs in the field of specific intelligence analysis for Competitive Intelligence. Even though in this study we highlighted only two very developed countries (United States of America, 29 training institutions in the field of competition information analysis and France with more than 10), many of the countries with a high level of living turned their attention to this domain.

On the other hand, as we lower the level of human development, the interest in information analysis activity is also diminishing. Romania and Ukraine, ranked 50, respectively 70 in the UN ranking, have not yet found useful the development of such training programs.

Among the medium human development countries, according to UN, there is a small number in which such courses can be found. These include South Africa (with the largest number of courses in this category), Egypt or Pakistan. South Africa is, however, an exception, as its recent evolution being significant. Not surprisingly, in the countries with the smallest index of human development no program has been identifies in the field of Competitive Intelligence.

The relationship between these programs and the macroeconomic performance functions as a continuous cycle. Economic development leads to a needs 'diversification, to a desire of growing more on the social scale, searching for new sustainable growth methods and, implicitly, to the innovation desire to support the creation of sustainable competitive advantages. These needs and wishes lead to the emergence of training programs in new and innovative areas such as the analysis of information from the competitive environment. The specialization of the staff in such fields leads to the fulfilment of the initial goals, to the increase of the national and international competitiveness and implicitly to a new stage of the economic development (Marinescu, 2001). Of course, this process is not only valid for the information analysis in the competitive environment, but also for other areas with high degrees of innovation, such as military intelligence (Central Intelligence Agency, 1999), artificial intelligence or genetics. The above cycle is resumed no matter what we are talking about, leaving behind sustained growth in the economy and living standards.

3. Implications of the manager and the particularities of managerial conduct in Competitive Intelligence

To emphasize the importance of the management in activities that involve information analysis, especially in intelligence creation, especially in

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intelligence creation, Henry Mintzberg shows that the manager performs three informational roles: monitor, speaker and spokesperson (Russu, 1996). Thus, the manager monitors the whole activity of the firm, both in terms of internal and external information. This whole process signifies the role of information speaker, and the manager has the task of transmitting valuable and substantial information. Regarding the role of spokesperson, it is often necessary for the manager to give information about the firm to outsiders, whether they are part of the general public or have a decision making role (Pugh and Hickson, 1989).

The manager is essential in the process of Competitive Intelligence, especially because of the fact that this process is used to take a wide range of decisions from the most strategic to the most tactical ones. It is a process that can reach all departments of a company and make them more efficient (Gilad and Gilad, 1988). The success of the process and its completion in order to create intelligence depends, first of all, on the manager's ability to carry out the five specific activities and to act accordingly at each stage. Also, the manager's response speed can make a difference between the success of an action to capitalize on the results of Competitive Intelligence and its failure (Gilad, 2008).

Competitive Intelligence involves a high degree of the management involvement. This is the most important pillar, because without its coordination the entire activity would be a failure (Livy, 1988). The final product is, actually, a sum of elements created in each stage of the cycle, the essential roles of the manager being those of supervising the activity and combining these elements, interfering whenever it's necessary in order to ensure a proper conduct of the process.

In Romania, these roles are all the more important as the activity itself is new. If the one who is in charge of Competitive Intelligence does not combine managerial activities with basic principles knowledge, management function particularities and in-depth knowledge of information analysis, the results cannot be positive. This is all the more so since the Romanian market has not yet been exploited, from the point of view of the Romanian companies, on the side of the analysis of the competitive environment, thus the guidance for certain directions of action becomes strictly necessary (Duvac, 2007).

However, this activity is known to have a low degree of predictability and, therefore, unexpected situations occur with a high frequency. Spontaneity, adaptability and ability to make competent decisions under

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pressure and in a very short time are other qualities a manager needs to have in this field.

4. Competitive Intelligence for Romanian companies. Perspectives of human capital

Romanian companies are still on a sensitive competitive market which has not reached yet the necessary stability for the good functioning of any structure based on market economy principles. The fact that this form of economic organization has been present in Romania for only 25 years, together with the difficulties encounters during the transition process, make the Romanian market still a new ensemble that tends towards maturity (Enache and Mecu, 2007). However, in this context, Romanian companies must take the risk of instability and unpredictability of events in the competitive environment.

Competitive Intelligence may turn out to be appropriate, especially for a country still in a period of modernization, which can help to increase convergence to the results of developed countries (Duncan, 2009). Competitiveness seems to be the engine that holds the capitalist market economy, always ensuring a correct relationship between price and quality and, thus, increasing the standards of living. In a monopoly situation, where the level of competitiveness of competing companies is insignificant, the quality of products and, implicitly, the lives of consumers are reduced. That is why a market with many producers and many consumers, with characteristics as close as possible to the market with pure and perfect competition, can ensure the sustainable growth and development that a country needs in the process of modernization (Hermann, 1998).

As a conclusion, the accomplishment of an activity that has the main effect of enhancing business competitiveness, such as information analysis in the competitive environment, certainly brings important benefits (Sharp, 2009). None the less, the study mentioned in a previous sub chapter regarding the further training of human capital shows that in Romania the interest for such an activity is still very low. The domain is almost non-existent because of the reduced number of specialized courses in educational institutes and reduced number of training programs in Romanian companies. However, there is a perspective that that more and more companies are looking for new solutions to obtain sustainable competitive advantages, show that such activity needs to be sustained at national level. The following years will certainly increase the number of courses and

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training programs in the field of information analysis in the competitive environment, especially in the context of enriching the Romanian literature with articles and publications explaining the importance of this type of market analysis in general and for companies in particular.

5. Conclusions

Competitive Intelligence represents an efficient and innovative mechanism to obtain sustainable competitive advantages for Romanian companies. The prospect that this mechanism offers is all the more important as markets become more and more crowded.

In this context, the human capital which activates in this domain plays an essential role. So, when discussing about qualitative analysis, often subjective, the quality of human capital involved in this kind of activity is in a direct relationship and closely follows the level of performance achieved (Harbison, 1973). Certainly, this qualitative human capital is heading for high value added areas, Western Europe, Japan and the United States of America being real examples of the fact that attention is increasingly being focused in the staff involved in information analysis.

Being such an important factor, further training programs on human capital in this area of expertise should be done on a large scale. In Romania, even though there's still a low interest, program's number will increase, with addition of university courses to be introduced in the near future. Most likely, the real effects will be seen in the years to come, after the first series of managers will be present at these courses and will try to implement the core business principles in their own businesses. It is true that the competitive environment and companies from Romania have a set of features distinct from the other developed countries, but the intelligence analysis activity from the competitive environment presents a wide range of methods that can be adapted to any market.

Therefore, Competitive Intelligence can answer questions specific to the postmodern era, such as "how do we manage big quantities of data and information?", "how do we find new competitive advantages in the crowded markets?", "how can we find different and efficient instruments for analysing information?" or "how can we innovate continuously?". Those answers can help any interested company and, consequently, any interested nation, grow healthy and sustainable, using intelligence in order to raise their performances.

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At the same time, the main purpose of this paper is to emphasize the importance of Competitive Intelligence in the development of firms and nations. Not coincidentally, the greater odds for the human capital to find top quality Competitive Intelligence training are if it is done in countries with higher Human Development Index score. Even if internationally this activity has been developing for more than 30 years, Romania still has a lot to learn in this area.

We consider that Competitive Intelligence represents one of the innovative elements whose development will help increase competitiveness at national level. Also, focusing on human capital quality in this domain can be one of the solutions to bring business environment and the competitive market in Romania to a level as close as possible to the performance of developed countries.

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