



## An Empirical Study: Investigating the Relationship between Threats and Risk of Competitors on Business Effectiveness in Distributor Companies of Detergent Material

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### **ABSTRACT**

In this study has done to investigate the Relationship between Threats and Risk of Competitors on business effectiveness in Distributor Companies of Detergent Material in Karaj City. With attention to this purpose was investigated top and middle managers of Distributor Companies of Detergent Material in Karaj City as the statistical population was selected. This study based on research methodology is descriptive-correlational method. For collecting the research data has been used by questionnaire that it is include of 27 questions. 12 questions are related to Threats and Risk of Competitors and 15 questions are related to business effectiveness. For analyzing the data has been used by Descriptive statistical method, inferential statistical method and SPSS software. For classification and interpretation of data by Tables and Figure of frequency distribution and for testing the Hypotheses by inferential statistical methods such as Spearman's correlation has been used. The results of testing show that there is significant and positive Relationship between Threats and Risk of Competitors on business effectiveness.

### *Keyword:*

- ✓ Competitors Threats
- ✓ Competitors Risk
- ✓ Business Effectiveness
- ✓ Distributor Companies of Detergent

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## INTRODUCTION

Today's technology development and world trade growth means that the business environment is changing rapidly and permanently (Eskandari, Beik Zadeh, 2010). One of the distinctive features of our time is incremental changes in knowledge and areas of social, economic, political, and technological (Javadi Poorfar, Chavoshi, 2012). One of the features of the new organizations is excessive accumulation of knowledge in the competition, as the increasing volume of information and the need for its use in corporate decisions is the phenomenon known as competitive intelligence. Competitive intelligence as a strategic management tool and one of the fastest growth areas of the business world is considered. Competitive intelligence is one of the most important techniques in the creation of competitive advantage (Moshabeki, Rezvanian Zadeh, Khorramgah, 2011). Threats and Risk of Competitors is dimension of competitive intelligence. Threats and Risk of Competitors seek to achieve competitive advantage through the collection and analysis of information about the market and its competition (Lubica & Gabriali, 2014).

The purpose of Threats and Risk of Competitors of management and risk reduction is creating useful knowledge, safety information and use of collaborative information (Shekarchizadeh, Rezai, Zeinali, 2011). According to the definition of Fleisher's Threats and Risk of Competitors is process of designating practical information about the competition and the competitive environment collected ideally and uses it for decision-making and planning in order to improve his own performance (Lubica & Gabriali, 2014).

Threats and Risk of Competitors to improve strategic decisions makes good business effectiveness and helps companies to maintain their competitiveness (Nwokah, Franciss, Oukwuaneh, 2012). Currently, the most successful institutions in developed countries use Threats and Risk of Competitors as a powerful tool to gain knowledge about environment. The future of serving the Threats and Risk of Competitors is very promising and will undoubtedly companies to survive in an environment where every day faced with more challenges. Relying on Threats and Risk of Competitors gathering and analysis capabilities to address the uncertainties of successful and dominate the competitive landscape, they would feel more secure. Therefore, managers can use this information to make the right decisions in order to achieve organizational goals (Eskandari, Beik Zadeh, 2010).

An effective distribution can be a competitive advantage of enterprise over its competitors, and many companies are using innovative distribution systems to achieve competitive advantage (Mirabi, Safarzadeh, Rezai, 2009). Based on the theory of Bartes Threats and Risk of Competitors searching predicts the future and strategic decisions made based on these predictions (Lubica & Gabriali, 2014). Threats and Risk of Competitors is one of the most important tools in strategic planning and management process and allows companies and organizations automatically transfer them anticipate what a competitive environment (Nwokah et al., 2012). In this study, there is a relationship between Threats and Risk of Competitors on business effectiveness.

## Research Problem

The fact is that today the competition occurred in global scope and globalization increasingly, supporting walls, countries from the national industry one after the other collapsed. In this context, countries and companies will be able to take advantage of global market opportunities that have the ability to create and develop competitive advantage (Moshabaki, Rezvanian Zadeh, Khorramgah, 2011). One factor creating competitive advantage for enterprises is competitive intelligence; Threats and Risk of Competitors is competitive environment control process in order to provide information is effective competitors (Shekarchizadeh, Rezai, Zeinali, 2011).

Threats and Risk of Competitors is the process of gathering data and information on the competitive environment and competitors activities and converts it into targeted intelligence. Intelligence strategic decision-making leads to enhance enterprise competitiveness. Threats and Risk of Competitors is an integral part of the phenomenon is the emergence of the knowledge economy (Mohammadian, 2014).

Webster believed that any business decision not formed based on competitive behavior, such as moving blindly in the dark (Javadi, Poorfar Chavoshi, 2012).

Although the information are radical axe of Threats and Risk of Competitors merely is not meant collecting information, as Fuld has pointed out, Threats and Risk of Competitors is analyzed data and the application of knowledge, in this process is important (Rouch & santi, 2001). Kahanr emphasize there has to distinguish between the information and intelligence. All data correspond to the facts. Intelligence, information analyzed. Threats and Risk of Competitors deeply between information and intelligence, he makes a distinction. Manager to decision-making process need to intelligent, not information (Tarokh, 2011). Threats and Risk of Competitors is targeted monitoring process on the competitive environment with the aim of making strategic decisions (Najafi, Haghi 2009). According to the two researchers, competitive intelligence, exploring art, collecting, processing, storing data to shape the future with threats competitors (Rouach & Santi, 2001). Threats and Risk of Competitors act as a factor to keep the organization from future risks and identifies the potential opportunities (1997, Hannon). According to "Leonard Fald" Threats and Risk of Competitors are the warning signals about the opportunities and threats (Fuld, 1998).

Threats and Risk of Competitors is trying to involve direct and indirect activities that organizations competitors are doing in various field (Qiu, 2008). Fahey recognize five important elements that researcher of Threats and Risk of Competitors must pay attention to it, these components are; 1 market opportunities 2 competitors threats 3 competitors hazards (competitive risk) 4 Important vulnerability 5 key assumptions. He noted that each of those factors for Threats and Risk of Competitors professionals have the justification and value added (2007, Fahey). Business effectiveness explains how a company can enter the market and improve their business power for short-term and long-term goals gain better results (Nwokah, Franciss, Ukwuan, 2012).

The simplest definition of business is to manage the profitable relationship with customer business twofold goals

are; attract new customers through a commitment to providing the highest or most of their value and add on number of current customers by providing them satisfaction (Kotler and Armstrong, 2015). In complex, dynamic environment and highly variable today, organizations need to design and adopt a strategy that could help them improve their performance increased. In such a competitive environment, organizations are able to survive because of competition are lost and keep pace with changing circumstances and dynamics of a competitive market (Sariaee and Mehraee, 2013).

However, extensive experimental studies regarding the effectiveness of business carried, but the concept criteria not in relation to the existing structure. Apia-Addo et al. and Kuttler business effectiveness combines the five elements of customer attitudes, business organization, business data, strategic direction and operational efficiency introduced (Nwokah, Frances, Ukwuan, 2012).

Lifang finds business effectiveness that effective business strategy, action-oriented business act as a reaction against the rule of the market for customer relationship with a brand or company brand and spreading the work of the society (Tuan, Trong, 2012). Due to the characteristics of the Detergent in Karaj City, such as the broad market (population of the country), requiring the full spectrum breadth of product portfolio, market standing, enter new items into the basket of commodity and interest of many companies to enter the field of Detergent material in Karaj City, competition is very intense in this area has been created. Therefore, it is necessary Threats and Risk of Competitors between distributor companies' established and appropriate techniques used to increase the effectiveness of business strategy.

#### **Literature Review:**

Rezaei and colleagues in 2011 in his research examine the effects of Threats and Risk of Competitors to create competitive advantage by defining the Threats and Risk of Competitors as a commercial tool in the process of strategic management in organizations helped business performance through increased knowledge; internal communications and quality of information required by means of a questionnaire and were analyzed through LISREL software. The results indicate that the use of a Threats and Risk of Competitors program is due to achieve a competitive advantage over its rivals and ensure the survival of the organization.

In other words, focus on planning, collection, analysis and dissemination of information and evaluation in order to strengthen the competitiveness of the company's top position in the market (Rezaei, Zamini and Shekarchizadeh, 2011).

Javadipoor in 2012 examine the Threats and Risk of Competitors of companies listed on the Stock Exchange of Tehran. To this end, the first company in the market in Tehran Stock Exchange for the period of 5 years 2004-2008 selected as the population. The number of company is 78 and the sample, 55 companies estimated using the relationship Cochran. In this study, we have tried using the model provided by the France School of Management the

company's Threats and Risk of Competitors measured and in relation to financial indicators derived from the financial statements of companies that include return on assets, return on equity, and earnings per share analyzed. For classification, interpretation of data the descriptive statistics method, inferential statistics, and hypothesis testing methods, such as Spearman correlation test used. Statistical analysis result indicated there is a significant positive relationship between Threats and Risk of Competitors of companies in the stock exchange (Chavoshi and Javadipoor Far, 2012).

Johan study in 2010 as Threats and Risk of Competitors in services market: new operating approach has a new look to Threats and Risk of Competitors and the benefits it provides to developing companies. In a four-element model, include competitive position, competitive intelligence, competitive strategy, and industry competition, competitive services and solutions from the bottom up. The four components of Threats and Risk of Competitors show that the competitive position is the strategic important factors. Having information about the competition, the company can create a market for the development of strategies for their differentiation (Mohammadian, 2014).

Smith and others in 2010, a descriptive qualitative comparison as experimental and survey relating to the implementation of Threats and Risk of Competitors pan for small and medium companies in France did. Results showed small and medium enterprise managers focus on re-run of Threats and Risk of Competitors and Threats and Risk of Competitors programs first and then the nature of the companies' own attitude, strategy and environment of related companies (Shafaghati, 2015).

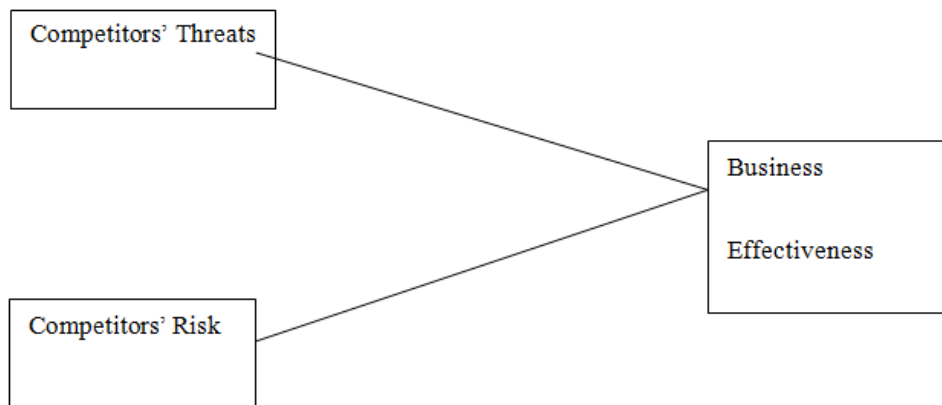
Wadi Nasri in the year (2011) in qualitative - exploring research aspects of Threats and Risk of Competitors in Tunisian companies in three advanced industry, manufacturing and retail is studied. The results showed that these companies in order to obtain information from potential customers, market opportunities, activities of competitors, distribution channels, development of technological and political environment. The results showed that Threats and Risk of Competitors as a competitive tool among the more unfamiliar Tunisian companies and a small number of these companies are familiar with them and for competitive than its competitors formally used. Thus, the emphasis of this study support the company's top managers and create a structure and culture that encourage greater use of Threats and Risk of Competitors activities for the purposes and activities of the company.

Pellissier & Nenzhelele (2013) in a research, Threats and Risk of Competitors process aspects with descriptive qualitative approach carried out. The results showed that this process is a cyclic that including of phases is connected together and the output of one phase is equal to input of other phase. Also these phases are under influencing the other factors such as: organizational decision makers, process and structure, Awareness and organizational culture and feedback. (Shafaghati, 2015).

Table 1: summary of background and literature Review

Javid	2010	Investigating the effects of Threats and Risk of Competitors on customer satisfaction in services organizations	The results show that there is positive and significant relationship between awareness of Competitors' Threats and Risk on customer satisfaction
Rezaei et al.	2011	Investigating the effect of Threats and Risk of Competitors in Creating Competitive Advantage	In this research with definition of Competitive Intelligence, as a commercial tool that help to process of strategy management in organizations and business performance increases through increasing the knowledge, internal communications and the quality of strategic plans, by providing a suggestion model to examine the effects of Threats and Risk of Competitors and its components on the competitive advantage in current firms in the scientific- Research town of Isfahan city has been considered.
Javadipour	2012	Investigating the relationship between of Threats and Risk of Competitors on performance of listed companies in Tehran Stock Exchange	In this study, by using provided model by the Management School of France, the Threats and Risk of Competitors of companies were assessed, and its relationship with financial indicators obtained from audited financial statements were analyzed. The Results of Statistical analysis indicate that there is significant and positive relationship between Threats and Risk of Competitors and its dimensions with the active company's performance in stock Exchange.
Johan	2010	Threats and Risk of Competitors on services Business : the new approach of operational	In one model shows the four elements of Threats and Risk of Competitors that it is conclude of competitive situation, competitive strategies, competition path and industry of competitive services and solution of from the bottom to up. Investigating the four elements shows that the competitive position and situation is the most important factors in organization strategies
Esmith	2010	Implementation of programs' Threats and Risk of Competitors in SMEs in France	The Findings of this research showed that the managers of small and medium enterprises (SMEs) were focused on Implementation of programs' Threats and Risk of Competitors and Implementation of programs' Threats and Risk of Competitors at the first was dependent to Managers' own attitudes and then was dependent to the company's nature, strategy and environment-related to company
Wadi Nasri	2011	Investigating the Threats and Risk of Competitors process in Tunisian companies in three items were categorized: advance industries, Manufacturing and Retails	The results showed that the companies activities usually are in order to obtain information from potential customers, current opportunities in market, activities which related to competitors, distribution channels, technological extension and political environment. In other word, the results showed that Threats and Risk of Competitors are as a competitive tool among Tunisian companies' unfamiliar.
Pellissier & Nenzhelele	2013	Investigating the Threats and Risk of Competitors process by Descriptive approach	The results showed that this process is a cyclic that includes of phases are connected together and the output of one phase is equal to input of other phase. Also these phases are under influencing the other factors such as: organizational decision makers, process and structure, Awareness and organizational culture and feedback.

**Conceptual Model:**



**Research Hypotheses:**

1- There is significant and positive Relationship between awareness of Competitor's threats on business effectiveness

2- There is significant and positive Relationship between awareness of Competitor's Risks on business effectiveness

**Research Methodology:**

The current research in terms of purpose is applied research. Because the results of this study will be used for facilitating the implementation operations and problems solving. Based on method, this research is research descriptive and correlational method has been used. And In terms of method of data collection, it is field and survey research.

**Methods and Tools for data collection:**

Field research:

1-Library studies: in the field of Theoretical principles and research literature has been used by resources, articles, theses, related books and Internet sites.

2- Field Research: For collecting the data and information, and also for analyzing the research data was used questionnaire. Questionnaire based on the proposed criteria for business effectiveness by Kottler and Threats and Risk of Competitors by Fahy and total 27 questions was designed. 12 questions are related to Threats and Risk of Competitors and 15 questions are related to business effectiveness.

**Sampling Method:**

The sampling method in this research is simple random sampling.

**Statistical population and Sample Size:**

Statistical population in this research includes the top and middle managers of Distributor Companies of Detergent material in Karaj City that the number of them is 170 people. According to Morgan table, 118 people as Sample size have been selected.

**Method of analyzing the Data and Information:**

For analyzing the information by Descriptive statistics, inferential statistics is used. For Descriptive statistical method, such as: table, Figure and Table of frequency distribution and in item of inferential statistical method, statistical tests such as Test of correlation coefficient has been used; the software which has been used to analyze data is SPSS software.

**Hypotheses testing:**

**First Hypothesis:**

There is significant and positive Relationship between awareness of Competitor's threats and business effectiveness

**Expressing Statistical hypothesis:**

There is not significant and positive relationship awareness of Competitor's threats and business effectiveness

H0:  $\rho = 0$

There is significant and positive relationship awareness of Competitor's threats and business effectiveness

H1:  $\rho \neq 0$

Variable		Competitor's threats	Business effectiveness
Competitor's threats	Spearman' correlation coefficient	1	0.379
	Significance level		0.000
	Frequency	100	100
Business effectiveness	Spearman's correlation coefficient	0.379	1
	Significance level	0.000	
	Frequency	100	100

	Frequency		
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Table 2: Correlation test between awareness of Competitor's threats on business effectiveness

According to results of testing in Table 2 that amount of significant level is less than 0.05 (sig <  $\alpha$ ) therefore Hypothesis H0 was rejected; and there is correlation between two variables awareness of Competitor's threats on business effectiveness. This correlation coefficient is positive and equal to 0.379.

**Second Hypothesis:**

There is significant and positive Relationship between awareness of Competitor's Risks and business effectiveness

**Expressing Statistical hypothesis:**

There is not significant and positive relationship awareness of Competitor's Risks and business effectiveness

H0:  $\rho = 0$

There is significant and positive relationship awareness of Competitor's Risks and business effectiveness

H1:  $\rho \neq 0$

Variable		Competitor's Risks	Business effectiveness
Competitor's Risks	Spearman' correlation coefficient	1	0.313
	Significance level		0.002
	Frequency	100	100
Business effectiveness	Spearman' correlation coefficient	0.313	1
	Significance level	0.002	
	Frequency	100	100

Table 3: Correlation test between Competitor's Risks and business effectiveness

According to results of testing in Table 3 that amount of significant level is less than 0.05 (sig <  $\alpha$ ) therefore Hypothesis H0 was rejected; and there is correlation between two variables awareness of Competitor's Risks on business effectiveness. This correlation coefficient is positive and equal to 0.313.

**Discussion and conclusion:**

In this study has done to investigate the Relationship between Threats and Risk of Competitors and effectiveness of business strategies in Distributor Companies of Detergent material in Karaj City. The results show that there is positive and significant Relationship between Threats and Risk of Competitors and business effectiveness; it means that whatever the score of Threats and Risk of Competitors increases, then business effectiveness will be increased.

Also through of Threats and Risk of Competitors respectively have more important: awareness of competitors' threats after that awareness of competitive risks. Among components of business effectiveness, respectively strategic direction, customer satisfaction, business data, integrated business and operational efficiency have significance and higher priority. Therefore, the results of this study indicate that the use of Threats and Risk of Competitors and strategic planning process, companies can operate more successful in a highly competitive

environment of other organizations. Companies can through awareness of Competitors ' threats and Risk, analyze the strengths and weaknesses of competitors, market development opportunities, and anticipate better performance in relation to their competitors.

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