

THE INFLUENCES OF COMPETITIVE VS. COLLABORATIVE APPROACH ON THE PERFORMANCE OF EMPLOYEES AND COMPANIES

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Abstract

Competition is an important component of all economies at some level whether it involves companies, job-seekers, or markets. Furthermore, some of the most successful companies are known for their hypercompetitive cultures that put the company's results first. However, nowadays more and more organizations are starting to embrace a distinctly collaborative approach to achieve success or goals and build successful teams. This scientific article was written to answer the following question: which approach, cooperative or competitive, has the best results in increasing the team performance? Our results lead to the fact that the collaborative approach has a higher impact on increasing the performance of companies by implementing programs that encourage teamwork and helping other colleagues grow. According to our research, the contests encourage competitiveness between employees. On the other hand, the programs increase teamwork and rewards employees based on how they have helped the team. In future work, this study could analyze the best working approach that might suit employees and companies over the years in different fields and countries, by reaching out to them.

Keywords: competitive approach, collaborative approach, employee performance, company performance, task-orientation, opportunities, cohesiveness, sub-optimal business

JEL Classification: P17, P27, P47, L25

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1. Introduction

Competition and collaboration often exist simultaneously in today's competitive work environments. To achieve organizational objectives for firms, employees need to collaborate in teams and projects. On the other hand, employees are equally concerned with their self-interests, increasing so the degree of competitiveness in their team.

The success of modern organizations depends on collaboration but also communication. As Edmondson and Nembhard pointed out [1], in almost every area of the economy, critical work is accomplished through collaboration. In fact, more than 50% of employees report spending a portion of their workday in collaborative groups.

On the other hand, to achieve recognition, promotions, raises, or assignments, employees compete between them. According to the analysis presented in "Top Dog: The Science of Winning and Losing" [2]: about 50% benefit from competition, 25% of people are not impacted by competition, and 25% strongly dislike competitive environments. In the article "Prosocial option increases women's entry into competition", Mary Rigdon [3] argues that competition affects differently both women and men. "We really have to ask what it is about this social incentive that drives women to compete," Rigdon says. She presents the fact that men tend to be less stressed by competition and the risks it generates and more overconfident in their abilities. Women tend to avoid a competitive environment and be conservative regarding their possibilities to impose themselves.

Independently of the gender, people are constructed in different ways: some benefit from a calm environment for high performance, and others do their best under stress. As Tjosvold [4] demonstrates, good managers balance the competitive view and the persons.

This article aims to describe the two approaches: competitive and collaborative within an organization. The article has the purpose of answering the following question: "How do these approaches affect a company externally (customers) vs internally (the employee's salary)?"

2. Previous work

It is a continuous debate between internal collaboration and competition as management techniques, as both approaches are strongly connected with organizational culture and performance. Various approaches to combining internal collaboration and competition can consequently range from exclusively internal collaboration, through a balanced mix between internal collaboration and internal competition, to exclusively internal competition.

The different management approaches can be graphically visualized below in Figure 1. Consequently, managers face the complex decision of which executive approach is the most effective.

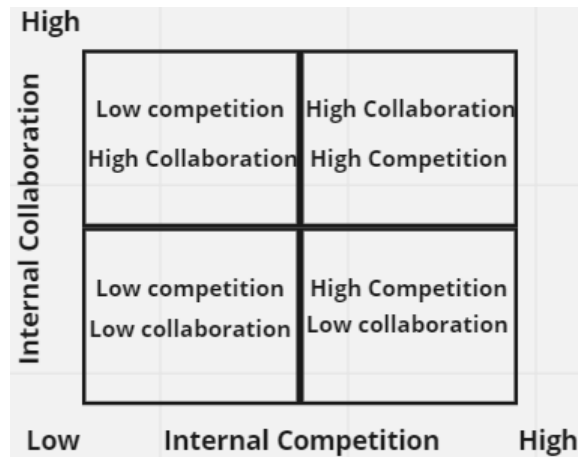


Figure 1: The management Paradox Model

2.1 Outcomes of Competition

Khoja [5] considers that there are clear benefits to supporting internal competition inside a company. In the article “Strategies for managing internal competition” [6], Birkinshaw and Khoja claim that these benefits include increased flexibility and active experimentation to keep up with the speed of environmental changes and enable strong innovation and performance inside the organization. They consider that an employee involved in competition because of a task to be executed [7] will look for improving performance in bringing the task to success.

Yet, different authors, Deutsch, Birkinshaw, Beersma, Hollenbreck, Bittner Heidermeier, [8] [9] [10] consider the negative consequences of competition inside an institution. Birkinshaw [11] argues that the competitive environments may generate higher costs as a result of overlapping within the organization and ambiguity around the strategic direction. In a later study, Tjosvold [4] enumerates several reasons for supporting competitive behavior: ego-orientation, task-orientation, extrinsic pressures, intrinsic pressures, and the wish to prevent others to benefit from success.

According to multiple studies conducted by the Harvard Business Review [12], competition can motivate employees, stimulate them to get more involved, and get better results. Competition stimulates physiological and psychological activation; the person will be ready to put more effort and seek better results. And also, if employees actively look to offer high-quality service to customers or to find ways to release new products faster, then internal competition can generate serious advantages for companies. They also claim that employees who feel anxious in competitive environments are more likely to use unethical means to get their work done. They are also less likely to be creative in their work. When a team member feels excitement in such an environment, he/she is more likely to be creative and less likely to be unethical.

Therefore, the competitive approach has positively affected salaries, increased flexibility, and highlighted employee skills, on the other hand, employees try to stand out within the organization, giving up working in a team and helping their colleagues. Although

financially and internally, employees earn higher salaries, externally, the company can lose important customers.

2.2 Outcomes of Collaboration

Beersma [7] claims that “collaboration promotes cohesiveness, trust, and supportive behavior amongst team members, which promotes performance in the organization”. Costs may be reduced by sharing resources between teams, the goals are defined and managed in a centralized manner. Through the collaborative approach, employees are determined to become more creative and vocal. Because they feel integrated into the team, they are encouraged to come up with ideas to achieve a common goal.

However, collaborative team environments shadow individual achievements or initiative, and individual performance levels vary, as Lock and Beersma said [13]. Beyerlein [14] believes that collaborative work may impact the decision capabilities and may bring disorder and repeated decisions of the same kind. These negative outcomes of the collaborative process “will result in sub-optimal business results and outcomes”.

Tracy Middleton [15] highlighted some advantages of teamwork and she claims that “great ideas don’t come from lone geniuses”. Furthermore, John J. Murphy [16] claims that “Behind every genius is a team”. Middleton also argues that “diverse perspectives help you come up with winning innovations” and when “you work in a team, you grow as an individual”. Other advantages would be that “sharing the workload eases burnout, dividing the work lets you grow your skills”, and recognition from other team members can improve your productivity.

According to Cameron Nouri [17], “a truly collaborative environment is judgment-free”. He claims that “employees should feel like their unique perspectives are valued, regardless of department or seniority level, so they’re comfortable proposing ideas, sharing feedback, and challenging the status quo, all of which moves the organization forward”.

Therefore, teamwork positively affects the company, attracting many more customers as a result of the services offered. On the other hand, for the employees, although they feel integrated and part of the team, from a financial point of view, end up being harder to notice (their salaries remain unchanged).

3. Proposed Approach

In this study, we would like to comparatively analyze the two approaches and the impact they have on employees and companies. To achieve this goal, we looked for achievement programs or contests/competitions present in companies. The participation of employees in these competitions, and also the answers given following the survey below, will reflect their preferred approach: competitive vs. collaborative.

For the collaborative approach, we followed internal programs/contests favoring teamwork and internal communication in front of the results. For example, hackathons generate actionable ideas and innovative thinking, they support collaboration and creativity. Another relevant example of presenting a collaborative approach during internal programs will be loyalty points. According to many companies which include this program in their benefits

for employees, giving loyalty points to your colleagues will increase teamwork. Assuming you are an employee who benefits from this program, you will receive some points, which you cannot use for individual purposes. These points can only be sent to a colleague who helped you or whom you respect. After collecting a large number of points, your colleague can benefit from certain items offered within the company: backpack, tablet, phone, etc. Therefore, people tend to help each other more in the team.

On the other side, to present the competitive approach, we found internal programs which promote competition between team members. For example, the internal mobility program. If you are noticed and you have exceptional results, you can be proposed for a better job, to get a promotion (to advance in the hierarchy). People who participate in this program can get a better salary, a higher status, or more benefits. Through this program, the competitive approach is promoted, because each employee pursues his personal goal. Another relevant internal contest will be finding the best idea. If you find the best idea to optimize an internal process, you will receive a prize (money, vouchers). This gives up sharing ideas within the team. Employees will become more competitive to stand out or gain benefits. Hackathons can obviously encourage the competitive side of employees, making them compete against each other.

Therefore, we created a survey to identify these internal programs/contests and the preferred approach by employees. This form examines people's preferences about how to work, what kind of programs or contests they are participating in, and how their work is influenced by these types of activities, either it helps both them and the company or it makes their productivity lower. We also tried to find out what the rewards are to see what motivates employees most to get involved in such activities. This research will provide a better understanding of whether these approaches will directly affect the companies and their employees. It's a significant environment to examine, engineers will understand how to work to get better results, how to improve their skills, and communicate with their teams.

4. Study Results

This chapter analyses the survey of our study concerning people's considerations about working competitively or collaboratively. Approximately 100 employees responded to our survey. These people are both women and men, aged between 18 and 45 years. Since the IT field has grown a lot in recent years, we have not been able to find retired people. On the other hand, this survey presents the answers of people with different positions: managers, developers, testers, and team leaders.

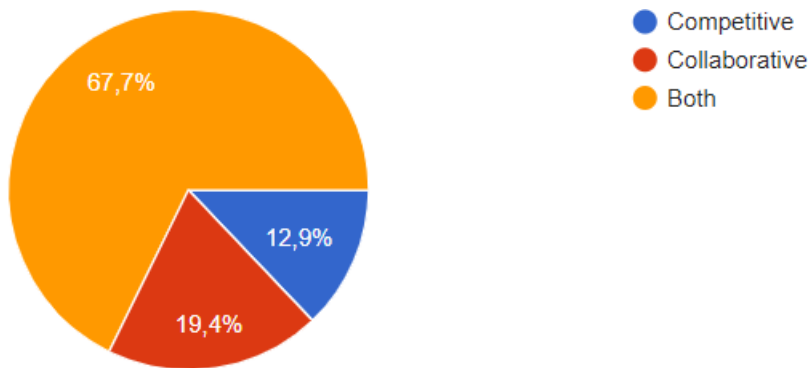


Figure 2: Do you consider yourself a competitive or a collaborative person?

As we can see in Figure 2, most employees consider themselves both competitive and collaborative persons, and a very small percentage of people (12,9%) have responded that they prefer competitive working. These results can outline that, as employees have said that they can both work competitively and collaboratively, the competitive work does not affect their collaborative work.

Figure 3 and Figure 4 reveal the fact that employees really enjoy these types of programs and activities. Almost all people have responded that they had participated in such a contest or achievement program at the company they work for. According to percentages from Figure 4, we can conclude that employees are trying to make time to participate in these programs, if not every time, at least from time to time.

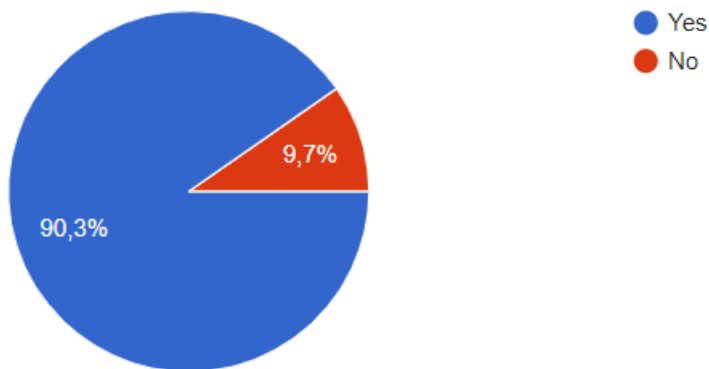


Figure 3: Have you participated in any contests/competitions or achievement programs at the company you work for?

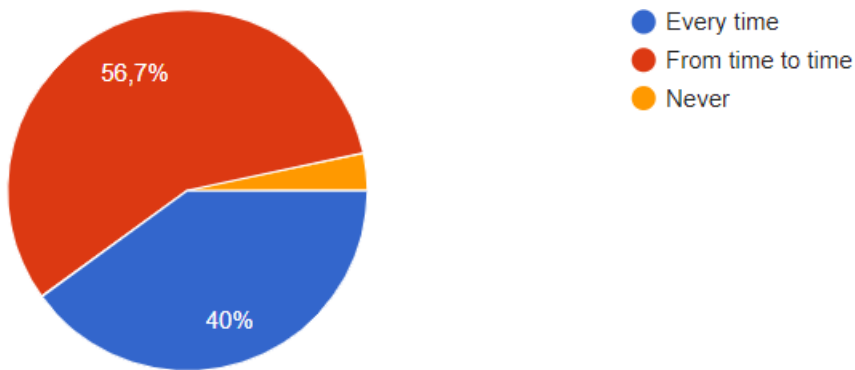


Figure 4: How often do you participate?

Figure 5 demonstrates that the prizes of these programs are mostly represented by money, so we can say that employees are more motivated to participate if they are rewarded with money. Motivation has a significant influence on the productivity of an employee. In a professional environment motivated individuals are always looking for better ways to achieve their goals, more quality-oriented more productive. According to Maslow's classical theory (A Theory of Human Motivation) [18], the energy invested by an individual is allocated according to a pyramid of individual needs. Money impacts the lower levels of Maslow's pyramid, so it's a strong motivator but not a lasting factor. Higher levels (self-esteem and reaching your full potential) give you a stronger and longer-term motivation.

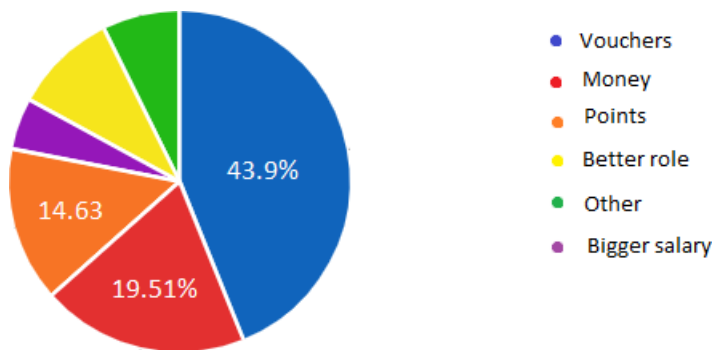


Figure 5: What kind of prizes are awarded?

We also asked them if they think these contests could affect collaborative work and what approach is most effective to make them stand out and here the opinions were divided. Employees who have participated in a contest based on independent work said that these types of activities affect collaborative work because “everyone wants to get a better job”, “everyone wants to win the contest” and “if you receive money, you will want to win” and, also, they believe that “you should be a competitive person if you want to stand out”. These quotes were taken from the completed survey, suggesting employees' ideas on a collaborative approach.

On the other side, the employees who have participated in programs that encourage teamwork, obviously said that these activities did not affect their collaborative work but on

the contrary, they improved and streamlined teamwork and they even claimed that “if you help your teammates, you’ll be noticed”.

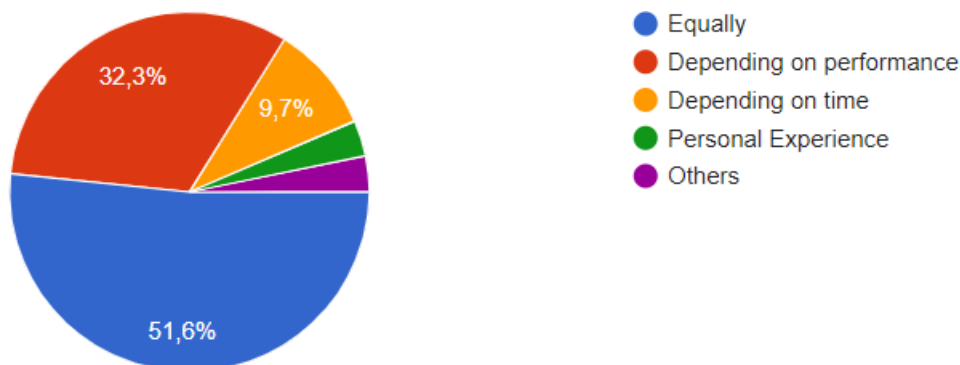


Figure 6: If you work in a team, how do you divide the tasks into it?

Figure 6 points out the fact that people tend to work in a team, sharing everything equally instead of dividing them according to their own performance. This means that most people are collaborative.

5. Conclusions

According to our research, the way of working is largely influenced by the type of activity organized by the company. Even if it's competitive or collaborative work, the competitive work has some influence on collaborative work.

The contests that encourage competitiveness between individual employees or even between teams have a big impact on making employees less collaborative, especially on competitive people, because they think that this is the only way they can stand out, and also, the financial reward has a big influence on this aspect.

The programs that encourage teamwork and rewards employees based on how much they have helped the team and other employees and contributed to the evolution of other employees have more chances to improve teamwork and, in this way, the company can increase its performance.

According to our research, at the question “Are there any contests/competitions or achievement programs at the company you work for?”, 93.5 % of the received answers said “Yes”. This means that performant companies are frequently using programs/contests and searching for ways to apply their results within their teams. For example, collaboration is beneficial both for the company and the employees as working together and exchanging ideas, they will benefit from other people's way of thinking and working. This favors the possibility to acquire strong knowledge and skills from other employees. If they will follow these programs that encourage teamwork, the teams will spawn more innovative ideas that increase the success of the business. On the other hand, employees can follow contests that help them to increase their personal skills. Maybe it would be better for these contests to be organized by the employees' companies, but to take place against the opposing companies. This idea will be better because these contests can motivate some people but working in a

competitive company for a long time can produce negative workplace stresses, ethical breaches in ethics, and increased risks.

To the question “Do you consider yourself a competitive or collaborative person?”, 67.7 percent of women and men respondents, aged between 18-and 45, believe they are both competitive and collaborative. Therefore, the best solution for IT companies is: to organize contests against opposing companies but also carry out achievement programs within the company.

That being said, the companies choose these types of activities to make employees perform better and grow both personally and professionally but to be able to do this, they need to choose wisely which kind of work they want to encourage, competitive or collaborative.

6. Future work

Our analysis can be extended in future work. We would like the survey to be conducted over a longer period, gathering more answers. The participants should be given the possibility to motivate the way they answered some questions (e.g., “Do you prefer working competitively or collaboratively? Why?”, “What do you think about listening to and respecting other people’s ideas? Why?”).

This study may continue by analyzing in different countries and different cultures the consequences that contests have on individuals regarding the process of teamwork and increasing the performance of the companies and which working approach might best suit them.

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